Digital Realty Trust, Inc.
Form 424B3
December 13, 2010
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Filed Pursuant to Rule 424(b)(3)
Registration Nos. 333-169752 and
333-169752-01

PROSPECTUS

DIGITAL REALTY TRUST, L.P.

OFFER TO EXCHANGE

Up to $375,000,000 aggregate principal amount of its

4.50% Notes due 2015,

which have been registered under the Securities Act,

for any and all of its outstanding 4.50% Notes due 2015

Guaranteed by Digital Realty Trust, Inc.

The exchange offer expires at 5:00 p.m., New York City time, on January 12, 2011, unless extended.

We will exchange all outstanding notes that are validly tendered and not validly withdrawn for an equal principal amount of a new series of notes which are registered under the Securities Act.

The exchange offer is not subject to any conditions other than that it not violate applicable law or any applicable interpretation of the staff of the SEC.

You may withdraw tenders of outstanding notes at any time before the exchange offer expires.

The exchange of notes will not be a taxable event for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

The terms of the new series of notes are substantially identical to the outstanding notes, except for transfer restrictions and registration rights relating to the outstanding notes.

The outstanding notes are, and the new series of notes will be, fully and unconditionally guaranteed by Digital Realty Trust, Inc., a Maryland corporation, our sole general partner, which has no material assets other than its investment in us.

You may tender outstanding notes only in denominations of $1,000 and integral multiples thereof.

Our affiliates may not participate in the exchange offer.

No public market exists for the outstanding notes. We do not intend to list the new notes on any securities exchange and, therefore, no active public market is anticipated for the new notes.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. The letter of transmittal delivered with this prospectus states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act of 1933, as amended. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for outstanding notes where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities.

Please refer to Risk Factors beginning on page 11 of this prospectus for a description of the risks you should consider when evaluating this investment.

We are not making this exchange offer in any state where it is not permitted.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is December 13, 2010.

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You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information contained in this prospectus, as well as information that we have previously filed with the Securities and Exchange Commission and incorporated by reference, is accurate only as of the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since those dates.

This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus, and such information is available without charge to holders of the notes upon written or oral request to Investor Relations, Digital Realty Trust, Inc., 560 Mission Street, Suite 2900, San Francisco, California 94105-2712 (telephone: (415) 738-6500). In order to obtain timely delivery, note holders must request the information no later than five business days prior to the expiration of the exchange offer contemplated by this prospectus, or January 6, 2011.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer will acknowledge by participating in this exchange offer, as a condition to participating in this exchange offer, that it will deliver a prospectus in connection with any resale of such exchange notes. By so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act of 1933, as amended (the Securities Act). This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding private notes where such outstanding private notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that for a period of up to one year after the consummation of the exchange offer, we will make this prospectus, as amended or supplemented, available to any broker-dealer that requests it for use in connection with

any such resale. See Plan of Distribution.

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PROSPECTUS SUMMARY

You should read the following summary together with the more detailed information regarding our company and the financial statements appearing elsewhere in this prospectus or incorporated by reference in this prospectus, including under the caption Risk Factors.

Explanatory Note

This prospectus includes combined disclosure for Digital Realty Trust, Inc. and Digital Realty Trust, L.P. Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus 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., 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 prospectus 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 general partner of Digital Realty Trust, L.P. As of September 30, 2010, Digital Realty Trust, Inc. owned an approximate 94.2% common general partnership interest in Digital Realty Trust, L.P. The remaining approximate 5.8% common limited partnership interests are owned by non-affiliated investors and certain directors and officers of Digital Realty Trust, Inc. As of September 30, 2010, Digital Realty Trust, Inc. owned all of the preferred limited partnership units 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.

There are few differences between our company and our operating partnership, which are reflected in the disclosure included or incorporated by reference in this prospectus. We believe it is important to understand the differences between our company and our operating partnership in the context of how Digital Realty Trust, Inc. and Digital Realty Trust, L.P. 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 debt of Digital Realty Trust, L.P. and its consolidated subsidiaries. Digital Realty Trust, Inc. itself does not issue any indebtedness but guarantees some of the unsecured debt of Digital Realty Trust, L.P., as disclosed in this prospectus. Digital Realty Trust, L.P. holds substantially all the assets of the company and holds the ownership interests in the company s joint ventures. Digital Realty Trust, L.P. conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for net proceeds from public equity issuances by Digital Realty Trust, Inc., which are generally contributed to Digital Realty Trust, L.P. in exchange for partnership units, Digital Realty Trust, L.P. generates the capital required by the company s business through Digital Realty Trust, L.P. s operations, by Digital Realty Trust, L.P. s direct or indirect incurrence of indebtedness or through the issuance of partnership units.

The presentation of noncontrolling interests in operating partnership, stockholders equity and partners capital are the main areas of difference between the consolidated financial statements of Digital Realty Trust, Inc. and those of Digital Realty Trust, L.P. The common limited partnership interests held by the limited partners in Digital Realty Trust, L.P. are presented as limited partners capital within partners capital in Digital Realty Trust, L.P. s financial statements and as noncontrolling interests in operating partnership within equity in Digital Realty Trust, Inc. s 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 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 financial statements. The differences in the presentations between stockholders equity and partners capital result from the differences in the equity issued at the Digital Realty Trust, Inc. and the Digital Realty Trust, L.P. levels.

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Our Company

Overview

We own, acquire, develop, redevelop and manage technology-related real estate. As of September 30, 2010, our portfolio consisted of 95 properties, excluding two properties held as investments in unconsolidated joint ventures, of which 81 are located throughout North America and 14 are located in Europe. Our properties 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 U.S. and the Amsterdam, Dublin, London and Paris markets in Europe. The portfolio consists of Internet gateway and corporate datacenter properties, technology manufacturing properties and regional or national headquarters of technology companies. Digital Realty Trust, Inc., a Maryland corporation, operates as a REIT for federal income tax purposes. Digital Realty Trust, L.P., a Maryland limited partnership, is the entity through which Digital Realty Trust, Inc. conducts its business and owns its assets.

As of September 30, 2010, our properties contained a total of approximately 16.4 million net rentable square feet, including approximately 1.9 million square feet held for redevelopment. As of September 30, 2010, our portfolio, excluding space held for redevelopment, was approximately 95.0% leased at an average annualized rent per occupied square foot of $50.04.

Our principal executive offices are located at 560 Mission Street, Suite 2900, San Francisco, California 94105. Our telephone number is (415) 738-6500. Our website is located at www.digitalrealtytrust.com. The information found on, or accessible through, our website is not incorporated into, and does not form a part of, this prospectus or any other report or document we file with or furnish to the United States Securities and Exchange Commission, or the SEC.

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THE EXCHANGE OFFER

The Exchange Offer

We are offering to exchange the 4.50% Notes due 2015 offered by this prospectus (the exchange notes) for the outstanding 4.50% Notes due 2015 (the private notes) that are properly tendered and accepted. You may tender outstanding private notes only in denominations of $1,000 and integral multiples thereof. We will issue the exchange notes on or promptly after the exchange offer expires. As of the date of this prospectus, $375,000,000 principal amount of private notes is outstanding.

Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, on January 12, 2011 (the 21st business day following commencement of the exchange offer), unless extended, in which case the expiration date will mean the latest date and time to which we extend the exchange offer.

Conditions to the Exchange Offer

The exchange offer is not subject to any condition other than that it not violate applicable law or any applicable interpretation of the staff of the SEC. The exchange offer is not conditioned upon any minimum principal amount of private notes being tendered for exchange.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement with respect to the private notes and the applicable requirements of the Securities Act, the Securities Exchange Act of 1934, as amended (the Exchange Act), and the rules and regulations of the SEC.

Procedures for Tendering Private Notes

If you wish to tender your private notes for the exchange notes pursuant to the exchange offer, you must complete and sign a letter of transmittal in accordance with the instructions contained in the letter and forward it by mail, facsimile or hand delivery, together with any other documents required by the letter of transmittal, to the Exchange Agent (as defined below), either with the private notes to be tendered or in compliance with the specified procedures for guaranteed delivery of notes. Certain brokers, dealers, commercial banks, trust companies and other nominees may also effect tenders by book-entry transfer. Holders of private notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee are urged to contact such person promptly if they wish to tender private notes pursuant to the exchange offer. See The Exchange Offer Procedures for Tendering.

Letters of transmittal and certificates representing private notes should not be sent to us. Such documents should only be sent to the Exchange Agent. Questions regarding how to tender private notes and requests for information should be directed to the Exchange Agent. See The Exchange Offer Exchange Agent.

You do not have any appraisal or dissenters rights under the indenture in connection with the exchange offer.

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Acceptance of the Private Notes and Delivery of the Exchange Notes	Subject to the satisfaction or waiver of the conditions to the exchange offer, we will accept for exchange any and all private notes which are validly tendered in the exchange offer and not withdrawn before 5:00 p.m., New York City time, on the expiration date.
Withdrawal Rights	You may withdraw the tender of your private notes at any time before 5:00 p.m., New York City time, on the expiration date, by complying with the procedures for withdrawal described in this prospectus under the heading The Exchange Offer Withdrawal of Tenders.
U.S. Federal Tax Considerations	The exchange of notes will not be a taxable event for U.S. federal income tax purposes. For a discussion of material federal tax considerations relating to the exchange of notes, see United States Federal Income Tax Consequences.
Exchange Agent	Deutsche Bank Trust Company Americas, the registrar and paying agent for the notes under the indenture governing the notes, is serving as the exchange agent for the notes (the Exchange Agent).
Consequences of Failure to Exchange	If you do not exchange your private notes for the exchange notes, you will continue to be subject to the restrictions on transfer provided in the private notes and in the indenture governing the private notes. In general, the private notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not currently plan to register the resale of the private notes under the Securities Act.
Registration Rights Agreement	You are entitled to exchange your private notes for the exchange notes with substantially identical terms. This exchange offer satisfies this right. After the exchange offer is completed, you will no longer be entitled to any exchange or registration rights with respect to your private notes.

We explain the exchange offer in greater detail beginning on page 34.

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THE EXCHANGE NOTES

The summary below describes the principal terms of the exchange notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of Notes section of this prospectus contains a more detailed description of the terms and conditions of the exchange notes. For purposes of this section entitled The Exchange Notes and the section entitled Description of Notes, references to we, us, and our refer only to Digital Realty Trust, L.P. and not to its subsidiaries or Digital Realty Trust, Inc.

The form and terms of the exchange notes are the same as the form and terms of the private notes, except that the exchange notes will be registered under the Securities Act and, therefore, the exchange notes will not be subject to the transfer restrictions, registration rights and provisions providing for an increase in the interest rate applicable to the private notes. The exchange notes will evidence the same debt as the private notes, and both the private notes and the exchange notes are governed by the same indenture.

Issuer of Notes	Digital Realty Trust, L.P.
Securities Offered	$375,000,000 principal amount of 4.50% notes due 2015.
Maturity Date	July 15, 2015, unless earlier redeemed.
Interest	4.50% per year. Interest will be payable semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2010.
Ranking of Notes	The notes will be our direct, senior unsecured obligations and will rank equally in right of payment with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. However, the notes will be effectively subordinated in right of payment to all of our existing and future secured indebtedness (to the extent of the collateral securing the same) and to all existing and future liabilities and preferred equity of our subsidiaries, including guarantees by certain of our subsidiaries of indebtedness under our revolving credit facility and the notes issued to Prudential Investment Management, Inc. and certain of its affiliates pursuant to the Note Purchase and Private Shelf Agreement dated July 24, 2008, as amended, which we refer to as the Prudential shelf facility. As of September 30, 2010, we had outstanding $1.1 billion of senior unsecured indebtedness (exclusive of intercompany debt, trade payables, distributions payable, accrued expenses and committed letters of credit) and our subsidiaries had $1.1 billion of total indebtedness (exclusive of intercompany debt, guarantees of our debt and trade payables). Except for our subsidiaries that are prohibited from doing so by the terms of secured indebtedness, substantially all of our domestic subsidiaries, together with Digital Realty Trust, Inc., guarantee our obligations under our revolving credit facility and the notes under the Prudential shelf facility.
Guarantee	The notes will be fully and unconditionally guaranteed by Digital Realty Trust, Inc. The guarantee will be a senior unsecured obligation of Digital Realty Trust, Inc. and will rank equally in right of payment with other senior unsecured obligations of Digital Realty Trust, Inc. from time to time outstanding. Digital Realty Trust, Inc. has no material assets other than its investment in us.

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Optional Redemption

The notes will be redeemable in whole at any time or in part from time to time, at our option, at a redemption price equal to the sum of:

- an amount equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest up to, but not including, the redemption date; and
- a make-whole premium.

Notwithstanding the foregoing, if the notes are redeemed on or after 90 days prior to the maturity date, the redemption price will not include a make-whole premium. See Description of Notes Optional Redemption in this prospectus.

Certain Covenants

The indenture governing the notes contains certain covenants that, among other things, limit our, the guarantor s and our subsidiaries ability to:

- consummate a merger, consolidation or sale of all or substantially all of our assets; and
- incur secured and unsecured indebtedness.

These covenants are subject to a number of important exceptions and qualifications. See Description of Notes.

Further Issuances

We may from time to time, without notice to or consent of existing noteholders, create and issue additional notes having the same terms and conditions as the exchange notes in all respects, except for the issue date and, under certain circumstances, the issue price and first payment of interest thereon. Additional notes issued in this manner will be consolidated with and will form a single series with the previously outstanding notes, provided, however, that such additional notes may not be fungible with the previously outstanding notes for U.S. federal income tax purposes.

No Public Market

The exchange notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the exchange notes on any securities exchange or for quotation of the exchange notes on any automated dealer quotation system.

Book-Entry Form

The exchange notes will be issued in book-entry only form and will be represented by one or more permanent global certificates deposited with a custodian for, and registered in the name of a nominee of, DTC, in New York, New York. Beneficial interests in the global certificates representing the exchange notes will be shown on, and transfers will be effected only through, records maintained by DTC and its direct and indirect participants and such interests may not be exchanged for certificated notes, except in limited circumstances.

Risk Factors

You should read carefully the Risk Factors beginning on page 11 of this prospectus for certain considerations relevant to an investment in the notes.

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SUMMARY HISTORICAL FINANCIAL DATA

The following tables set forth summary historical consolidated financial and operating data for Digital Realty Trust, L.P. and Digital Realty Trust, Inc. and their respective subsidiaries. You should read the following summary historical financial data in conjunction with the consolidated historical financial statements and notes thereto of each of Digital Realty Trust, L.P. and Digital Realty Trust, Inc. and their respective subsidiaries and Management s Discussion and Analysis of Financial Condition and Results of Operations, included elsewhere or incorporated by reference in this prospectus.

Digital Realty Trust, L.P.

The consolidated balance sheet data as of December 31, 2009 and 2008 and the consolidated statement of operations data for each of the years in the three-year period ended December 31, 2009 have been derived from the historical consolidated financial statements of Digital Realty Trust, L.P. and subsidiaries, which are included elsewhere in this prospectus and which have been audited by KPMG LLP, an independent registered public accounting firm, whose report with respect thereto is included elsewhere in this prospectus. The consolidated balance sheet data as of December 31, 2007, 2006 and 2005 and the consolidated statement of operations data for each of the years ended December 31, 2006 and 2005 have been derived from the historical consolidated financial statements of Digital Realty Trust, L.P. and subsidiaries, not audited by KPMG LLP. The consolidated balance sheet data as of September 30, 2010 and the consolidated statement of operations data for each of the nine months ended September 30, 2010 and 2009 have been derived from the unaudited condensed consolidated financial statements of Digital Realty Trust, L.P. and subsidiaries, which are included elsewhere in this prospectus. The results for the nine months ended September 30, 2010 are not necessarily indicative of the results to be expected for the full year.

	Nine Months Ended September 30,		Year Ended December 31,				
(Dollars in thousands, except unit and per unit data)	2010	2009	2009	2008	2007	2006	2005
	(unaudited)					(unaudited)	
Statement of Operations Data:							
Operating Revenues:							
Rental	$ 495,099	$ 374,477	$ 510,772	$ 404,559	$ 319,603	$ 221,371	$ 150,072
Tenant reimbursements	131,630	92,677	125,308	107,503	75,003	50,340	35,720
Other		214	1,062	15,383	641	365	5,829
Total operating revenues	626,729	467,368	637,142	527,445	395,247	272,076	191,621
Operating Expenses:							
Rental property operating and maintenance	181,804	130,152	176,238	151,147	109,225	59,917	39,519
Property taxes	39,499	27,655	36,004	31,102	27,181	26,890	20,189
Insurance	5,749	4,439	6,111	4,988	5,527	3,682	2,653
Depreciation and amortization	187,520	145,926	198,052	172,378	134,419	86,129	55,702
General and administrative[(1)]	42,185	30,802	42,165	38,391	30,786	19,717	12,061
Other	226	689	783	1,084	431	449	1,355
Total operating expenses	456,983	339,663	459,353	399,090	307,569	196,784	131,479
Operating income	169,746	127,705	177,789	128,355	87,678	75,292	60,142
Other Income (Expenses):							
Equity in earnings of unconsolidated joint venture	3,994	2,948	2,172	2,369	449	177	
Interest and other income	392	736	753	2,106	2,287	1,270	1,274
Interest expense	(100,801)	(63,991)	(88,442)	(63,621)	(67,054)	(50,598)	(35,381)
Tax expense	(1,593)	(1,061)	(1,038)	(1,109)	(814)	(724)	(554)
Loss from early extinguishment of debt	(2,624)			(182)		(527)	(1,021)
Income from continuing operations	69,114	66,337	91,234	67,918	22,546	24,890	24,460
Net income (loss) from discontinued operations					1,395	314	(103)
Gain on sale of discontinued operations					18,049	18,096	

(1) General and administrative expense includes transactions expense.

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(Dollars in thousands, except unit and per unit data)	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Year Ended December 31, 2009	2008	2007	2006	2005
	(unaudited)	(unaudited)				(unaudited)	
Net income	69,114	66,337	91,234	67,918	41,990	43,300	24,357
Net (income) loss attributable to noncontrolling interests in consolidated joint ventures	29	(614)	(140)	(335)		15	12
Net income attributable to Digital Realty Trust, L.P.	69,143	65,723	91,094	67,583	41,990	43,315	24,369
Preferred units distributions	(29,396)	(30,303)	(40,404)	(38,564)	(19,330)	(13,780)	(10,014)
Costs on redemption of Series A preferred units	(4,203)						
Net income available to common unitholders	$ 35,544	$ 35,420	$ 50,690	$ 29,019	$ 22,660	$ 29,535	$ 14,355
Per Unit Data:							
Basic income per unit available to common unitholders	$ 0.41	$ 0.43	$ 0.62	$ 0.39	$ 0.33	$ 0.47	$ 0.26
Diluted income per unit available to common unitholders	$ 0.40	$ 0.43	$ 0.61	$ 0.38	$ 0.32	$ 0.46	$ 0.26
Cash distribution per common unit	$ 1.49	$ 1.02	$ 1.47	$ 1.26	$ 1.17	$ 1.08	$ 1.00
Weighted average common units outstanding:							
Basic	87,638,416	81,553,114	81,715,226	75,160,263	68,754,024	62,562,820	55,525,443
Diluted	89,365,656	82,288,488	82,785,746	76,766,756	70,799,336	63,870,029	55,760,887

(in thousands)	September 30, 2010 (unaudited)	December 31, 2009	2008	2007 (unaudited)	2006 (unaudited)	2005 (unaudited)
Balance Sheet Data:						
Net investments in real estate	$ 4,349,465	$ 3,157,193	$ 2,748,220	$ 2,302,500	$ 1,736,979	$ 1,194,106
Total assets	5,170,899	3,745,059	3,281,045	2,809,791	2,185,783	1,529,170
Revolving credit facility	220,565	205,547	138,579	299,731	145,452	181,000
Unsecured senior notes	1,065,817	83,000	58,000			
Mortgages and other secured loans	1,061,163	1,063,663	1,026,594	895,507	804,686	568,067
Exchangeable senior debentures	374,054	432,234	161,901	158,224	154,786	
Total liabilities	3,122,030	2,110,258	1,705,969	1,673,361	1,320,317	880,228
General partner s capital	2,001,059	1,586,942	1,553,424	1,053,788	719,386	384,853
Limited partners capital	57,470	60,875	71,041	74,356	141,890	262,239
Accumulated other comprehensive income (loss)	(45,343)	(30,630)	(53,747)	3,358	4,190	1,644
Noncontrolling interests in consolidated joint venture	35,683	17,614	4,358	4,928		206
Total liabilities and capital	$ 5,170,899	$ 3,745,059	$ 3,281,045	$ 2,809,791	$ 2,185,783	$ 1,529,170

	Nine Months Ended September 30, 2010	Year Ended December 31, 2009	2008	2007	2006	2005
Other Data:						
Ratio of earnings to fixed charges (unaudited)[(1)]	1.56	1.82	1.58	1.13	1.38	1.68

(1) The ratios of earnings to fixed charges are computed by dividing earnings by fixed charges. Earnings consist of net income (loss) before noncontrolling interests and fixed charges, and fixed charges consist of interest expense, capitalized interest and amortization of deferred financing fees, whether expensed or capitalized, and interest within rental expense. Earnings and fixed charges exclude 7979 East Tufts Avenue (sold in July 2006), 100 Technology Center Drive

(sold in March 2007) and 4055 Valley View Lane (sold in March 2007).

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Digital Realty Trust, Inc.

The consolidated balance sheet data as of December 31, 2009 and 2008 and the consolidated statement of operations data for each of the years in the three-year period ended December 31, 2009 have been derived from the historical consolidated financial statements of Digital Realty Trust, Inc. and subsidiaries, which are incorporated by reference in this prospectus and which have been audited by KPMG LLP, an independent registered public accounting firm, whose report with respect thereto is incorporated by reference in this prospectus. The consolidated balance sheet data as of December 31, 2007, 2006 and 2005 and the consolidated statement of operations data for each of the years ended December 31, 2006 and 2005 have been derived from the historical consolidated financial statements of Digital Realty Trust, Inc. and subsidiaries, audited by KPMG LLP, whose report with respect thereto is not included or incorporated by reference in this prospectus. The consolidated balance sheet data as of September 30, 2010 and the consolidated statement of operations data for each of the nine months ended September 30, 2010 and 2009 have been derived from the unaudited condensed consolidated financial statements of Digital Realty Trust, Inc. and subsidiaries, which are incorporated by reference in this prospectus. The results for the nine months ended September 30, 2010 are not necessarily indicative of the results to be expected for the full year. Certain prior year amounts have been reclassified to conform to the current year presentation.

	Nine Months Ended September 30,		Year Ended December 31,				
(Dollars in thousands, except share and per share data)	**2010**	**2009**	**2009**	**2008**	**2007**	**2006**	**2005**
	(unaudited)						
Statement of Operations Data:							
Operating Revenues:							
Rental	$ 495,099	$ 374,477	$ 510,772	$ 404,559	$ 319,603	$ 221,371	$ 150,072
Tenant reimbursements	131,630	92,677	125,308	107,503	75,003	50,340	35,720
Other		214	1,062	15,383	641	365	5,829
Total operating revenues	626,729	467,368	637,142	527,445	395,247	272,076	191,621
Operating Expenses:							
Rental property operating and maintenance	181,804	130,152	176,238	151,147	109,225	59,917	39,519
Property taxes	39,499	27,655	36,004	31,102	27,181	26,890	20,189
Insurance	5,749	4,439	6,111	4,988	5,527	3,682	2,653
Depreciation and amortization	187,520	145,926	198,052	172,378	134,419	86,129	55,702
General and administrative[(1)]	42,185	30,802	42,165	38,391	30,786	19,717	12,061
Other	226	689	783	1,084	431	449	1,355
Total operating expenses	456,983	339,663	459,353	399,090	307,569	196,784	131,479
Operating income	169,746	127,705	177,789	128,355	87,678	75,292	60,142
Other Income (Expenses):							
Equity in earnings of unconsolidated joint venture	3,994	2,948	2,172	2,369	449	177	
Interest and other income	392	736	753	2,106	2,287	1,270	1,274
Interest expense	(100,801)	(63,991)	(88,442)	(63,621)	(67,054)	(50,598)	(35,381)
Tax expense	(1,593)	(1,061)	(1,038)	(1,109)	(814)	(724)	(554)
Loss from early extinguishment of debt	(2,624)			(182)		(527)	(1,021)
Income from continuing operations	69,114	66,337	91,234	67,918	22,546	24,890	24,460
Net income (loss) from discontinued operations					1,395	314	(103)
Gain on sale of discontinued operations					18,049	18,096	
Net income	69,114	66,337	91,234	67,918	41,990	43,300	24,357
Net income attributable to noncontrolling interests	(2,041)	(3,062)	(3,572)	(2,664)	(3,753)	(12,570)	(8,256)
Net income attributable to Digital Realty Trust, Inc.	67,073	63,275	87,662	65,254	38,237	30,730	16,101
Preferred stock dividends	(29,396)	(30,303)	(40,404)	(38,564)	(19,330)	(13,780)	(10,014)
Costs on redemption of Series A preferred stock	(4,203)						
Net income available to common stockholders	$ 33,474	$ 32,972	$ 47,258	$ 26,690	$ 18,907	$ 16,950	$ 6,087

(1) General and administrative expense includes transactions expense.

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(Dollars in thousands, except share and per share data)	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Year Ended December 31, 2009	2008	2007	2006	2005
	(unaudited)						
Per Share Data:							
Basic income per share available to common stockholders	$ 0.41	$ 0.44	$ 0.62	$ 0.39	$ 0.31	$ 0.47	$ 0.25
Diluted income per share available to common stockholders	$ 0.40	$ 0.43	$ 0.61	$ 0.38	$ 0.30	$ 0.45	$ 0.25
Cash dividend per common share	$ 1.49	$ 1.02	$ 1.47	$ 1.26	$ 1.17	$ 1.08	$ 1.00
Weighted average common shares outstanding:							
Basic	82,111,128	75,714,757	75,950,370	68,829,267	60,527,625	36,134,983	23,986,288
Diluted	84,137,205	76,450,131	77,020,890	70,435,760	62,572,937	37,442,192	24,221,732

(in thousands)	September 30, 2010 (unaudited)	December 31, 2009	2008	2007	2006	2005
Balance Sheet Data:						
Net investments in real estate	$ 4,349,465	$ 3,157,193	$ 2,748,220	$ 2,302,500	$ 1,736,979	$ 1,194,106
Total assets	5,170,899	3,745,059	3,281,045	2,809,791	2,185,783	1,529,170
Revolving credit facility	220,565	205,547	138,579	299,731	145,452	181,000
Unsecured senior notes	1,065,817	83,000	58,000			
Mortgages and other secured loans	1,061,163	1,063,663	1,026,594	895,507	804,686	568,067
Exchangeable senior debentures	374,054	432,234	161,901	158,224	154,786	
Total liabilities	3,122,030	2,110,258	1,705,969	1,673,361	1,320,317	880,228
Total stockholders equity	1,959,469	1,558,995	1,503,921	1,057,167	723,576	386,497
Noncontrolling interests in operating partnership	53,717	58,192	66,797	74,335	141,890	262,239
Noncontrolling interests in consolidated joint ventures	35,683	17,614	4,358	4,928		206
Total liabilities and equity	$ 5,170,899	$ 3,745,059	$ 3,281,045	$ 2,809,791	$ 2,185,783	$ 1,529,170

	Nine Months Ended September 30, 2010	Year Ended December 31, 2009	2008	2007	2006	2005
Other Data:						
Ratio of earnings to fixed charges (unaudited)[(1)]	1.56	1.82	1.58	1.13	1.38	1.68

(1) The ratios of earnings to fixed charges are computed by dividing earnings by fixed charges. Earnings consist of net income (loss) before noncontrolling interests and fixed charges, and fixed charges consist of interest expense, capitalized interest and amortization of deferred financing fees, whether expensed or capitalized, and interest within rental expense. Earnings and fixed charges exclude 7979 East Tufts Avenue (sold in July 2006), 100 Technology Center Drive (sold in March 2007) and 4055 Valley View Lane (sold in March 2007).

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RISK FACTORS

In addition to other information contained in this prospectus, you should carefully consider the risks described below and incorporated by reference to Digital Realty Trust, Inc. s Annual Report on Form 10-K for the year ended December 31, 2009, Digital Realty Trust, L.P. s General Form for Registration of Securities on Form 10 filed with the SEC on September 3, 2010, as amended, and other subsequent filings of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. under the Exchange Act, in evaluating our company, our properties and our business before making a decision to exchange your private notes for the exchange notes in the exchange offer. These risks are not the only ones faced by us. Additional risks not presently known or that are currently deemed immaterial could also materially and adversely affect our financial condition, results of operations, business and prospects. The trading price of the private notes and exchange notes could decline due to any of these risks, and you may lose all or part of your investment. This prospectus and the documents incorporated herein by reference also contain forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus and the documents incorporated herein by reference. Please refer to the section entitled Forward-Looking Statements.

Risks Related to Our Business and Operations

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

Recent U.S., European and other international market and economic conditions have been unprecedented and challenging. Significantly tighter credit conditions and recession in all markets in which we own properties and conduct our operations persisted throughout 2009 and such markets have not fully recovered. Continued concerns about the systemic impact of potential wide-spread and long-term recession, energy costs, geopolitical issues, the availability and cost of credit, global financial and mortgage markets, corporate and consumer debt levels and declining residential and commercial real estate markets have contributed to increased market volatility and diminished expectations for the U.S., European and other economies. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, continue to contribute to substantial global volatility.

As a result of these conditions, general economic conditions and the cost and availability of capital have been and may continue to be adversely affected in all markets in which we own properties and conduct our operations. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease, to provide credit to businesses and consumers. Continued turbulence in the U.S., European and other international markets and economies may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our tenants. If these market and economic conditions continue, they may limit 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 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 continuing long-term disruptions in the global economy and the continuation 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 operation, cash flows and financial condition could be adversely affected.

If we do not have sufficient cash flow to continue operating our business and are unable to borrow additional funds, access our revolving credit facility or raise equity or debt capital, we may need to find alternative ways to increase our liquidity. Such alternatives may include, without limitation, curtailing

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development or redevelopment activity, disposing of one or more of our properties possibly on disadvantageous terms or entering into or renewing leases on less favorable terms than we otherwise would.

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

In order for Digital Realty Trust, Inc. to maintain its qualification as a REIT, it is required under the Internal Revenue Code of 1986, as amended, which we refer to as the Code, to annually distribute at least 90% of its net taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain. In addition, Digital Realty Trust, Inc. will be subject to income tax at regular corporate rates to the extent that it distributes less than 100% of its net taxable income, including any net capital gains. Digital Realty Trust, L.P. is required to make distributions to Digital Realty Trust, Inc. that will enable the latter to satisfy this distribution requirement and avoid tax liability. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary acquisition or redevelopment financing, from operating cash flow. Consequently, we rely on third-party sources to fund our capital needs. We may not be able to obtain equity or debt financing on favorable terms or at all. Any additional debt we incur will increase our leverage. Our access to third-party sources of capital depends on a number of factors, including general market conditions, the market s perception of our business prospects and growth potential, our current and expected future earnings, funds from operations and growth thereof, our cash flow and cash distributions, and the market price per share of Digital Realty Trust, Inc. s common stock.

We cannot assure you that we will be able to obtain debt financing at all or on terms favorable or acceptable to us. Further, equity markets have experienced high volatility recently and we cannot assure you that we will be able to raise capital through the sale of equity securities at all or on favorable terms. Sales of equity on unfavorable terms could result in substantial dilution to Digital Realty Trust, Inc. s common stockholders and Digital Realty Trust, L.P. s unitholders. In addition, we may be forced to dispose of one or more of our properties, possibly on disadvantageous terms.

If we cannot obtain capital from third-party sources, we may not be able to acquire or develop properties when strategic opportunities exist, satisfy our debt service obligations, pay cash dividends to Digital Realty Trust, Inc. s stockholders or make distributions to Digital Realty Trust, L.P. s unitholders.

Declining real estate valuations and impairment charges could adversely affect our earnings and financial condition.

We review the carrying value of our properties when circumstances, such as adverse market conditions (including conditions resulting from the recent global economic recession), indicate potential impairment may exist. We base our review on an estimate of the future cash flows (excluding interest charges) expected to result from the real estate investment s use and eventual disposition. 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 evaluation indicates that we may be unable to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair value of the property. These losses have a direct impact on our net income because recording an impairment loss results in an immediate negative adjustment to net income. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results in future periods. A worsening real estate market may cause us to reevaluate the assumptions used in our impairment analysis. Impairment charges could adversely affect our financial condition, results of operations and cash available for distribution.

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

Our portfolio of properties consists primarily of technology-related real estate and datacenter real estate in particular. A decrease in the demand for datacenter space, Internet gateway facilities or other technology-related real estate would have a greater adverse effect on our business and financial condition than if we owned a

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portfolio with a more diversified tenant base or less specialized use. Our substantial redevelopment activities make us particularly susceptible to general economic slowdowns, including recessions, as well as adverse developments in the corporate datacenter, Internet and data communications and broader technology industries. Any such slowdown or adverse development could lead to reduced corporate IT spending or reduced demand for datacenter space. Reduced demand could also result from business relocations, including to markets that we do not currently serve such as Asia. Changes in industry practice or in technology, such as virtualization technology, more efficient or miniaturization of computing or networking devices, or devices that require higher power densities than today s devices, could also reduce demand for the physical datacenter space we provide or make the tenant improvements in our facilities obsolete or in need of significant upgrades to remain viable. In addition, the development of new technologies, the adoption of new industry standards or other factors could render many of our tenants current products and services obsolete or unmarketable and contribute to a downturn in their businesses, thereby increasing the likelihood that they default under their leases, become insolvent or file for bankruptcy.

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

As of September 30, 2010, the 20 largest tenants in our property portfolio represented approximately 48% of the total annualized rent generated by our properties. Our largest tenants by annualized rent are Savvis Communications and Equinix Operating Company, Inc. Savvis Communications leased approximately 2.0 million square feet of net rentable space as of September 30, 2010, representing approximately 8.0% of the total annualized rent generated by our properties. Equinix Operating Company, Inc. leased approximately 700,000 square feet of net rentable space as of September 30, 2010, representing approximately 4.3% of the total annualized rent generated by our properties. In addition, 41 of our 95 properties are occupied by single tenants, including properties occupied solely by Savvis Communications and Equinix Operating Company, Inc. Many factors, including consequences of recent global economic conditions, may cause our tenants to experience a downturn in their businesses or otherwise experience a lack of liquidity, which may weaken their financial condition and result in their failure to make timely rental payments or their default under their leases. If any tenant defaults or fails to make timely rent payments, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment.

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

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

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

If any tenant becomes a debtor in a case under the federal Bankruptcy Code, we cannot evict the tenant solely because of the bankruptcy. In addition, the bankruptcy court might authorize the tenant to reject and terminate its lease with us. Our claim against the tenant for unpaid, future rent would be subject to a statutory cap that might be substantially less than the remaining rent actually owed under the lease. In either case, our claim for unpaid rent would likely not be paid in full. As of September 30, 2010, we had no material tenants in bankruptcy.

Our revenue and cash available for distribution could be materially adversely affected if any of our significant tenants were to become bankrupt or insolvent, or suffer a downturn in its business, or fail to renew its lease or renew on terms less favorable to us than its current terms.

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

Our properties are located in 28 metropolitan areas. We depend upon the local economic conditions in these markets, including local real estate conditions. Many of these markets experienced downturns in recent years and are currently experiencing downturns as a result of the global economic crisis or other factors. Our operations may also be affected if too many competing properties are built in any of these markets or supply otherwise increases or exceeds demand. Our operations and our revenue and cash available for distribution could be materially adversely affected by local economic conditions in these markets. We cannot assure you that these markets will grow or will remain favorable to technology-related real estate.

As of September 30, 2010, our portfolio was geographically concentrated in the following metropolitan markets.

Metropolitan Market	Percentage of September 30, 2010 total annualized rent[1]
Silicon Valley	13.7%
San Francisco	10.3%
Chicago	9.9%
Northern Virginia	9.8%
Phoenix	9.2%
Dallas	8.3%
Boston	8.3%
New York Metro	8.1%
Los Angeles	4.9%
London, England	3.6%
Dublin, Ireland	2.8%
Paris, France	2.5%
Other	8.6%
	100.0%

(1) Annualized rent is monthly contractual rent under existing leases as of September 30, 2010, multiplied by 12.

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

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

We had approximately 1.9 million square feet held for redevelopment at September 30, 2010, including five vacant properties. We are and intend to continue building out a large portion of this space on a speculative basis at significant cost. Our successful development and redevelopment of these projects is subject to many risks, including those associated with:

- delays in construction;
- budget overruns;
- changes to the plans or specifications;

construction site accidents and other casualties;

increased prices for raw materials or building supplies;

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

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

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

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

At September 30, 2010, we owned approximately 1.9 million square feet held for redevelopment. Of this space, we are currently redeveloping 209,000 square feet. We intend to continue to add new space to our redevelopment inventory and to continue to redevelop additional space from this inventory. A substantial portion of the space that we redevelop is, and will continue to be, redeveloped on a speculative basis, meaning that we do not have a signed lease for the space when we begin the redevelopment process. We also develop or redevelop space specifically for

tenants pursuant to leases signed prior to beginning the development or redevelopment process. In those cases, if we failed to meet our development or redevelopment obligations under those leases, these tenants may be able to terminate the leases and we would be required to find a new tenant for this space. In addition, in certain circumstances we lease data center facilities prior to their completion. If we fail to complete the facilities in a timely manner, the tenant may be entitled to terminate its lease, seek damages or penalties against us or pursue other remedies and we may be required to find a new tenant for the space. We cannot assure you that once we have redeveloped a space we will be able to successfully lease it at all, or at rates we consider favorable or expected at the time we commenced redevelopment. If we are not able to successfully lease the space that we redevelop, if redevelopment costs are higher than we currently estimate, or if lease rates are lower than expected when we began the project or are otherwise undesirable, our revenue and operating results could be adversely affected.

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In addition, as of September 30, 2010, leases representing 10.3% of the square footage of the properties in our portfolio, excluding space held for redevelopment, were scheduled to expire through 2011, and an additional 5.0% of the net rentable square footage excluding space held for redevelopment was available to be leased. Some of this space may require substantial capital investment to meet the power and cooling requirements of today s advanced data centers, or may no longer be suitable for this use. In addition, we cannot assure you that leases will be renewed or that our properties will be re-leased at all, or at net effective rental rates equal to or above the current average net effective rental rates. If the rental rates for our properties decrease, our existing tenants do not renew their leases, we do not re-lease our available space, including newly redeveloped space and space for which leases are scheduled to expire or it takes longer for us to lease or re-lease this space or for rents to commence on this space, our financial condition, results of operations, cash flow, cash available for distribution and ability to satisfy our debt service obligations could be materially adversely affected.

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

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

- we may be unable to acquire a desired property because of competition from other real estate investors with significant capital, including both publicly traded REITs and institutional investment funds;
- even if we are able to acquire a desired property, competition from other potential acquirors may significantly increase the purchase price or result in other less favorable terms;
- even if we enter into agreements for the acquisition of technology-related real estate, these agreements are subject to customary conditions to closing, including completion of due diligence investigations to our satisfaction;
- we may be unable to finance acquisitions on favorable terms or at all; and
- we may acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities such as liabilities for clean-up of undisclosed environmental contamination, claims by tenants, vendors or other persons dealing with the former owners of the properties and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

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

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

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

- we may spend more than budgeted amounts to make necessary improvements or renovations to acquired properties;
- we may be unable to integrate new acquisitions quickly and efficiently, particularly acquisitions of operating businesses or portfolios of properties, into our existing operations, and our results of operations and financial condition could be adversely affected;

acquired properties may be subject to reassessment, which may result in higher than expected property tax payments; and

market conditions may result in higher than expected vacancy rates and lower than expected rental rates.

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

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

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

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

Our total consolidated indebtedness at September 30, 2010 was approximately $2.7 billion, and we may incur significant additional debt to finance future acquisition and development activities. We have a revolving credit facility, which has a borrowing limit based upon a percentage of the value of our unsecured properties included in the facility s borrowing base. At September 30, 2010, approximately $512.5 million was available under this facility, net of letters of credit. In addition, under our contribution agreement with respect to the 200 Paul Avenue 1-4 and 1100 Space Park Drive properties, we have agreed to make available for guarantee up to $17.8 million of indebtedness and may enter into similar agreements in the future.

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

In addition, we may default on our obligations and the lenders or mortgagees may foreclose on our properties or our interests in the entities that own the properties that secure their loans and receive an assignment of rents and leases. A foreclosure on one or more of our properties could adversely affect our financial condition, results of operations, cash flow and cash available for distribution. Further, our default under any one of our mortgage loans with cross default provisions could result in a default on other indebtedness. Furthermore, foreclosures could create taxable income without accompanying cash proceeds, a circumstance which could hinder Digital Realty Trust, Inc. s ability to meet the REIT distribution requirements imposed by the Code.

Additional risks related to our indebtedness are described below.

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

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

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

Our revolving credit facility, Prudential shelf facility, 5.875% notes due 2020 and 4.50% notes due 2015 restrict our ability to engage in some business activities. Our revolving credit facility and Prudential shelf facility contain negative covenants and other financial and operating covenants that, among other things:

- restrict our ability to incur additional indebtedness;
- restrict our ability to make certain investments;
- restrict our ability to merge with another company;
- restrict our ability to create, incur or assume liens;
- restrict Digital Realty Trust, Inc. s ability to make distributions to its stockholders;
- require us to maintain financial coverage ratios; and
- require us to maintain a pool of unencumbered assets approved by the lenders.

In addition, our 5.875% notes due 2020, or the 2020 notes, and our 4.50% notes due 2015, or the 2015 notes, are governed by indentures, which contain various restrictive covenants, including limitations on our ability to incur indebtedness and requirements to maintain a pool of unencumbered assets. These restrictions, and the restrictions in our revolving credit facility and Prudential shelf facility, could cause us to default on our 2020 notes, 2015 notes, revolving credit facility or Prudential shelf facility, as applicable, or negatively affect our operations or our ability to pay dividends to Digital Realty Trust, Inc. s stockholders or distributions to Digital Realty Trust, L.P. s unitholders.

The exchange and repurchase rights of our exchangeable debentures may be detrimental to Digital Realty Trust, Inc. s stockholders or Digital Realty Trust, L.P. s unitholders. As of September 30, 2010, Digital Realty Trust, L.P. had outstanding $110.0 million aggregate principal amount of 4.125% Exchangeable Senior

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Debentures due 2026, which we refer to as the 2026 debentures. The 2026 debentures may under certain circumstances be exchanged for cash (up to the principal amount of the exchangeable debentures) and, with respect to any excess exchange value, into cash, shares of Digital Realty Trust, Inc. s common stock or a combination of cash and shares of Digital Realty Trust, Inc. s common stock. The exchange rate of the 2026 debentures is subject to adjustment for certain events, including, but not limited to, certain dividends on Digital Realty Trust, Inc. s common stock in excess of $0.265 per share per quarter, the issuance of certain rights, options or warrants to holders of Digital Realty Trust, Inc. s common stock, subdivisions or combinations of Digital Realty Trust, Inc. s common stock, certain distributions of assets, debt securities, capital stock or cash to holders of Digital Realty Trust, Inc. s common stock and certain tender or exchange offers. The 2026 debentures are redeemable at our option for cash at any time on or after August 18, 2011 and are subject to repurchase for cash at the option of the holder on August 15 in the years 2011, 2016 and 2021, or upon the occurrence of certain events.

In addition, as of September 30, 2010, Digital Realty Trust, L.P. had outstanding $266.4 million aggregate principal amount of 5.50% Exchangeable Senior Debentures due 2029, which we refer to as the 2029 debentures. The 2029 debentures are exchangeable for Digital Realty Trust, Inc. s common stock. The exchange rate of the 2029 debentures is subject to adjustment for certain events, including, but not limited to, certain dividends on Digital Realty Trust, Inc. s common stock in excess of $0.33 per share per quarter, the issuance of certain rights, options or warrants to holders of Digital Realty Trust, Inc. s common stock, subdivisions or combinations of Digital Realty Trust, Inc. s common stock, certain distributions of assets, debt securities, capital stock or cash to holders of Digital Realty Trust, Inc. s common stock and certain tender or exchange offers. The 2029 debentures are redeemable at our option for cash at any time on or after April 18, 2014 and are subject to repurchase for cash at the option of the holder on April 15 in the years 2014, 2019 and 2024, or upon the occurrence of certain events.

If the 2026 debentures or 2029 debentures are not exchanged, the repurchase rights of holders of the exchangeable debentures may discourage or impede transactions that might otherwise be in the interest of Digital Realty Trust, Inc. s stockholders or Digital Realty Trust, L.P. s unitholders. Further, these exchange or repurchase rights might be triggered in situations where we need to conserve our cash reserves, in which event such repurchase might adversely affect us and Digital Realty Trust, Inc. s stockholders or Digital Realty Trust, L.P. s unitholders.

Failure to hedge effectively against interest rate changes may adversely affect results of operations. We seek to manage our exposure to interest rate volatility by using interest rate hedging arrangements, such as interest cap and interest rate swap agreements. These agreements involve risks, such as the risk that counterparties may fail to honor their obligations under these arrangements, that these arrangements may not be effective in reducing our exposure to interest rate changes and that a court could rule that such an agreement is not legally enforceable. Our policy is to use derivatives only to hedge interest rate risks related to our borrowings, not for speculative or trading purposes, and to enter into contracts only with major financial institutions based on their credit ratings and other factors. However, we may choose to change this policy in the future. Including loans currently subject to interest rate caps and swaps, approximately 92% of our total indebtedness as of September 30, 2010 was subject to fixed interest rates. We do not currently hedge our revolving credit facility and as our borrowings under our revolving credit facility increase, so will our percentage of indebtedness not subject to fixed rates and our exposure to interest rates increase. Hedging may reduce the overall returns on our investments. Failure to hedge effectively against interest rate changes may materially adversely affect our results of operations.

Volatility in and regulation of the commercial mortgage-backed securities market has limited and may continue to impact the pricing of secured debt. As a result of the recent crisis in the residential mortgage-backed securities markets, the recent global recession, and concerns over the ability to refinance or repay existing commercial mortgage-backed securities as they come due, liquidity previously provided by the commercial mortgage-backed securities and collateralized debt obligations markets has significantly decreased. In addition,

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the recently adopted Dodd-Frank Wall Street Reform and Consumer Protection Act imposes significant new regulations related to the mortgage-backed securities industry and market participants, which has contributed to uncertainty in the market. The volatility in the commercial mortgage-backed securities market could result in the following adverse effects on our incurrence of secured debt, which could have a materially negative impact on financial condition, results of operations, cash flow and cash available for distribution:

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

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

We owned 95 properties at September 30, 2010, excluding two properties held as investments in unconsolidated joint ventures. These properties are primarily located throughout North America and 14 properties are located in Europe. The properties contain a total of approximately 16.4 million net rentable square feet, including 1.9 million square feet held for redevelopment. All the properties have been under our management for less than six years, and we have owned 17 of the properties for less than one year at September 30, 2010. The properties may have characteristics or deficiencies unknown to us that could affect their valuation or revenue potential. We cannot assure you that the operating performance of the properties will not decline under our management. In addition, we have a limited history operating Turn-Key Datacenters® that we have developed or redeveloped. Because we generally cannot pass operating expenses (other than energy costs) on to our tenants in Turn-Key Datacenters®, if we incur operating expenses greater than we anticipated based on our limited operating history, our results of operations could be negatively impacted.

We may have difficulty managing our growth.

We have significantly and rapidly expanded the size of our company. For example, during 2009, we acquired six properties and we increased the number and size of our redevelopment activities. Our growth may significantly strain our company s management, operational and financial resources and systems. In addition, as a reporting company, we are subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. The requirements of these rules and regulations will increase our accounting, legal and financial compliance costs and may strain our company s management and financial, legal and operational resources and systems. An inability to manage our growth effectively or the increased strain on our company s management of our resources and systems could result in deficiencies in our disclosure controls and procedures or our internal control over financial reporting and could negatively impact our cash available for distribution.

Tax protection provisions on certain properties could limit our operating flexibility.

We have agreed with the third-party contributors who contributed the direct and indirect interests in the 200 Paul Avenue 1-4 and 1100 Space Park Drive properties to indemnify them against adverse tax consequences if we were to sell, convey, transfer or otherwise dispose of all or any portion of these interests, in a taxable transaction, in these properties. However, we can sell these properties in a taxable transaction if we pay the contributors cash in the amount of their tax liabilities arising from the transaction and tax payments. The 200 Paul Avenue 1-4 and 1100 Space Park Drive properties represented 4.9% of our portfolio s annualized rent as of September 30, 2010. These tax protection provisions apply for a period expiring on the earlier of November 3, 2013 and the date on which these contributors (or certain transferees) hold less than 25% of the units issued to them in connection with the contribution of these properties to us. Although it may be in Digital Realty Trust, Inc. s stockholders and Digital Realty Trust, L.P. s unitholders best interest that we sell a property, it may be economically disadvantageous for us to do so because of these obligations. We have also agreed to make up to

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$17.8 million of debt available for these contributors to guarantee. We agreed to these provisions in order to assist these contributors in preserving their tax position after their contributions.

Potential losses may not be covered by insurance.

We carry comprehensive liability, fire, extended coverage, earthquake, business interruption and rental loss insurance covering all of the properties in our portfolio under various insurance policies. We select policy specifications and insured limits which we believe to be appropriate and adequate given the relative risk of loss, the cost of the coverage and industry practice. We do not carry insurance for generally uninsured losses such as loss from riots, terrorist threats, war or nuclear reaction. Most of our policies, like those covering losses due to floods, are insured subject to limitations involving large deductibles or co-payments and policy limits which may not be sufficient to cover losses. A large portion of the properties we own are located in California, an area especially subject to earthquakes. Together, these properties represented approximately 29% of our portfolio s annualized rent as of September 30, 2010. While we carry earthquake insurance on our properties, the amount of our earthquake insurance coverage may not be sufficient to fully cover losses from earthquakes. In addition, we may discontinue earthquake or other insurance on some or all of our properties in the future if the cost of premiums for any of these policies exceeds, in our judgment, the value of the coverage relative to the risk of loss.

In addition, many of our buildings contain extensive and highly valuable technology-related improvements. Under the terms of our leases, tenants generally retain title to such improvements and are obligated to maintain adequate insurance coverage applicable to such improvements and under most circumstances use their insurance proceeds to restore such improvements after a casualty. In the event of a casualty or other loss involving one of our buildings with extensive installed tenant improvements, our tenants may have the right to terminate their leases if we do not rebuild the base building within prescribed times. In such cases, the proceeds from tenants insurance will not be available to us to restore the improvements, and our insurance coverage may be insufficient to replicate the technology-related improvements made by such tenants. Furthermore, the terms of our mortgage indebtedness at certain of our properties may require us to pay insurance proceeds over to our lenders under certain circumstances, rather than use the proceeds to repair the property.

If we or one or more of our tenants experiences a loss which is uninsured or which exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

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

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

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Finally, if tenants or potential tenants desire services that we do not offer, we may not be able to lease our space to those tenants. Our financial condition, results of operations, cash flow, cash available for distribution and ability to satisfy our debt service obligations could be materially adversely affected as a result of any or all of these factors.

Joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on co-venturers financial condition and disputes between us and our co-venturers.

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

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

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

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

Because many of our properties contain tenant improvements installed at our tenants expense, they may be better suited for a specific corporate enterprise datacenter user or technology industry tenant and could require modification in order for us to re-lease vacant space to another corporate enterprise datacenter user or technology

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industry tenant. The tenant improvements may also become outdated or obsolete as the result of technological change, the passage of time or other factors. In addition, our redevelopment space will generally require substantial improvement to be suitable for datacenter use. For the same reason, our properties also may not be suitable for lease to traditional office tenants without significant expenditures or renovations. As a result, we may be required to invest significant amounts or offer significant discounts to tenants in order to lease or re-lease that space, either of which could adversely affect our financial and operating results.

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

We owned 15 properties located outside of the United States at September 30, 2010. In addition, we are currently considering, and will in the future consider, additional international acquisitions.

The ownership of properties located outside of the United States subjects us to risk from fluctuations in exchange rates between foreign currencies and the U.S. dollar. We expect that our principal foreign currency exposure will be to the British Pound and the Euro. Changes in the relation of these currencies to the U.S. dollar will affect our revenues and operating margins, may materially adversely impact our financial condition, results of operations, cash flow, cash available for distribution and ability to satisfy our debt obligations.

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

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

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

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

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

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

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

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

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

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

We are not a telecommunications carrier. Although our tenants are responsible for providing their own network connectivity, we still depend upon the presence of telecommunications carriers fiber networks serving the locations of our data centers in order to attract and retain tenants. We believe that the availability of carrier capacity will directly affect our ability to achieve our projected results. Any carrier may elect not to offer its services within our data centers. Any carrier that has decided to provide Internet connectivity to our data centers may not continue to do so for any period of time. Further, some carriers are experiencing business difficulties or have announced consolidations. As a result, some carriers may be forced to downsize or terminate connectivity within our data centers, which could have an adverse effect on the business of our tenants and, in turn, our own operating results.

Our new data centers require construction and operation of a sophisticated redundant fiber network. The construction required to connect multiple carrier facilities to our data centers is complex and involves factors outside of our control, including regulatory requirements and the availability of construction resources. If the establishment of highly diverse Internet connectivity to our data centers does not occur, is materially delayed or is discontinued, or is subject to failure, our operating results and cash flow may be materially adversely affected. Any hardware or fiber failures on this network may result in significant loss of connectivity to our data centers. This could negatively affect our ability to attract new tenants or retain existing tenants.

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

Because real estate investments are relatively illiquid and because there may be even fewer buyers for our specialized real estate, our ability to promptly sell properties in our portfolio in response to adverse changes in their performance may be limited, which may harm our financial condition. Further, Digital Realty Trust, Inc. is subject to provisions in the Code that limit a REIT s ability to dispose of properties, which limitations are not applicable to other types of real estate companies. In addition, the parties who contributed the 200 Paul Avenue 1-4 and 1100 Space Park Drive properties to us would incur adverse tax consequences upon the sale of these properties. While Digital Realty Trust, Inc. has exclusive authority under Digital Realty Trust, L.P. s limited partnership agreement to determine whether, when, and on what terms to sell a property, any such decision would require the approval of Digital Realty Trust, Inc. s board of directors. See Risks Related to Our Organizational Structure Tax consequences upon sale or refinancing. These limitations may affect our ability to sell properties. This lack of liquidity and the Code restrictions may limit our ability to vary our portfolio

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promptly in response to changes in economic or other conditions and, as a result, could adversely affect our financial condition, results of operations, cash flow, cash available for distribution and ability to access capital necessary to meet our debt payments and other obligations.

We could incur significant costs related to government regulation and private litigation over environmental matters.

Under various laws relating to the protection of the environment, a current or previous owner or operator of real estate may be liable for contamination resulting from the presence or discharge of hazardous or toxic substances at that property, and may be required to investigate and clean up such contamination at or emanating from that property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of the contaminants, and the liability may be joint and several. Previous owners used some of our properties for industrial and retail purposes, so those properties may contain some level of environmental contamination. The presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability or materially adversely affect our ability to sell, lease or develop the real estate or to borrow using the real estate as collateral.

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

In addition, some of our tenants, particularly those in the biotechnology and life sciences industry and those in the technology manufacturing industry, routinely handle hazardous substances and wastes as part of their operations at our properties. Environmental laws and regulations subject our tenants, and potentially us, to liability resulting from these activities or from previous industrial or retail uses of those properties. Environmental liabilities could also affect a tenant s ability to make rental payments to us.

Existing conditions at some of our properties may expose us to liability related to environmental matters.

Independent environmental consultants have conducted Phase I or similar environmental site assessments on all of the properties in our portfolio. Site assessments are intended to discover and evaluate information regarding the environmental condition of the surveyed property and surrounding properties. These assessments do not generally include soil samplings, subsurface investigations or an asbestos survey and the assessments may fail to reveal all environmental conditions, liabilities or compliance concerns. In addition, material environmental conditions, liabilities or compliance concerns may arise after these reviews are completed or may arise in the future. Future laws, ordinances or regulations may impose additional material environmental liability.

We cannot assure you that costs of future environmental compliance will not affect our ability to pay dividends to Digital Realty Trust, Inc. s stockholders and distributions to Digital Realty Trust, L.P. s unitholders or that such costs or other remedial measures will not have a material adverse effect on our business, assets or results of operations.

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

When excessive moisture accumulates in buildings or on building materials, mold may grow, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of

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adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants and others if property damage or health concerns arise.

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

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

Risks Related to Digital Realty Trust, Inc. s Status as a REIT

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

Digital Realty Trust, Inc. has operated and intends to continue operating in a manner that it believes will allow it to qualify as a REIT for federal income tax purposes under the Code. Digital Realty Trust, Inc. has not requested and does not plan to request a ruling from the IRS that it qualifies as a REIT. If Digital Realty Trust, Inc. loses its REIT status, it will face serious tax consequences that would substantially reduce its cash available for distribution, including cash available to pay dividends to its preferred stockholders or make distributions to its common stockholders, for each of the years involved because:

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

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

Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The complexity of these provisions and of the applicable Treasury Regulations that have been promulgated under the Code is greater in the case of a REIT that, like Digital Realty Trust, Inc., holds its assets through a partnership. Digital Realty Trust, Inc. s ability to qualify as a REIT may be affected by facts and circumstances that are not entirely within its control. In order to qualify as a REIT, Digital Realty Trust, Inc. must satisfy a number of requirements, including requirements regarding the composition of its assets and a requirement that at least 95% of its gross income in any year must be derived from qualifying sources, such as rents from real property. Also, Digital Realty Trust, Inc. must make distributions to stockholders aggregating annually at least 90% of its net taxable income, excluding net capital

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gains. In addition, legislation, new regulations, administrative interpretations or court decisions may materially adversely affect its investors, its ability to qualify as a REIT for federal income tax purposes or the desirability of an investment in a REIT relative to other investments.

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

To maintain Digital Realty Trust, Inc. s REIT status, we may be forced to borrow funds on a short-term basis during unfavorable market conditions.

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

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

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

Risks Related to this Offering

Our substantial indebtedness could adversely affect our financial condition and ability to fulfill our obligations under the notes and otherwise adversely impact our business and growth prospects.

We have a substantial amount of debt. At September 30, 2010, our total indebtedness was approximately $2.7 billion (exclusive of trade payables, distributions payable, accrued expenses and committed letters of credit), and we may incur significant additional debt to finance future acquisition and development and redevelopment activities. We have a revolving credit facility, which has a borrowing limit based upon a percentage of the value of our unsecured properties included in the facility s borrowing base. Approximately $512.5 million, net of issued letters of credit, was available under this facility at September 30, 2010. In addition, under our contribution agreement with respect to the 200 Paul Avenue 1-4 and 1100 Space Park Drive properties, we have agreed to make available for guarantee up to $17.8 million of indebtedness and may enter into similar agreements in the future.

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Our level of debt and the limitations imposed on us by our debt agreements could have significant adverse consequences to holders of the notes, including the following:

- our cash flow may be insufficient to meet our required principal and interest payments with respect to the notes and our other indebtedness;
- we may be unable to borrow additional funds as needed or on favorable terms;
- we may be unable to refinance our indebtedness at maturity or the refinancing terms may be less favorable than the terms of our original indebtedness;
- because a significant portion of our debt bears interest at variable rates, increases in interest rates could materially increase our interest expense;
- we may be forced to dispose of one or more of our properties, possibly on disadvantageous terms;
- we may default on our obligations and the lenders or mortgagees may foreclose on our properties or our interests in the entities that own the properties that secure their loans and receive an assignment of rents and leases;
- we may violate restrictive covenants in our loan documents, which would entitle the lenders to accelerate our debt obligations; and
- our default under any one of our mortgage loans with cross default provisions could result in a default on other indebtedness.

If any one of these events were to occur, our financial condition, results of operations, cash flow, cash available for distribution and our ability to satisfy our debt service obligations could be materially adversely affected. Furthermore, foreclosures could create taxable income without accompanying cash proceeds, a circumstance which could hinder Digital Realty Trust, Inc. s ability to meet the REIT distribution requirements imposed by the Code.

The effective subordination of the notes may limit our ability to satisfy our obligations under the notes.

The notes will be senior unsecured obligations of Digital Realty Trust, L.P. and will rank equally in right of payment with all of our other senior unsecured indebtedness. However, the notes will be effectively subordinated in right of payment to all of the secured indebtedness of Digital Realty Trust, L.P. to the extent of the value of the collateral securing such indebtedness. While the indenture governing the notes limits our ability to incur additional secured indebtedness in the future, it does not prohibit us from incurring such indebtedness if we meet certain ratios and other requirements. In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding with respect to us, the holders of any secured indebtedness will be entitled to proceed directly against the collateral that secures the secured indebtedness. Therefore, such collateral will not be available for satisfaction of any amounts owed under our unsecured indebtedness, including the notes, until such secured indebtedness is satisfied in full. As of September 30, 2010, Digital Realty Trust, L.P. had approximately $1.1 billion of senior unsecured indebtedness (exclusive of trade payables, distributions payable, accrued expenses and committed letters of credit).

The notes also will be effectively subordinated to all liabilities and preferred equity of the subsidiaries of Digital Realty Trust, L.P. In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding with respect to any such subsidiary, Digital Realty Trust, L.P., as an equity owner of such subsidiary, and therefore holders of our debt, including the notes, will be subject to the prior claims of such subsidiary s creditors, including trade creditors and preferred equity holders. As of September 30, 2010, the total indebtedness of Digital Realty Trust, L.P. s subsidiaries was approximately $1.1 billion, excluding intercompany debt, guarantees of debt of Digital Realty Trust, L.P., accrued expenses and trade payables. In addition, except for subsidiaries of Digital Realty Trust, L.P. which are prohibited from doing so by the terms of secured

indebtedness, substantially all of the domestic subsidiaries of Digital Realty Trust, L.P., together with Digital

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Realty Trust, Inc., guarantee our obligations under the revolving credit facility and the notes under the Prudential shelf facility. As of September 30, 2010, there was $220.6 million outstanding under the revolving credit facility, excluding $16.8 million of letters of credit, and $200.0 million in outstanding notes under the Prudential shelf facility. While the indenture governing the notes limits the ability of our subsidiaries to incur additional unsecured indebtedness in the future, it does not prohibit our subsidiaries from incurring such indebtedness if such subsidiaries meet certain ratios and other requirements.

We may not be able to generate sufficient cash flow to meet our debt service obligations.

Our ability to make payments on and to refinance our indebtedness, including the notes, and to fund our operations, working capital and capital expenditures, depends on our ability to generate cash in the future. To a certain extent, our cash flow is subject to general economic, industry, financial, competitive, operating, legislative, regulatory and other factors, many of which are beyond our control.

Holders of our currently outstanding exchangeable debentures have the right to require us to repurchase such debentures for cash on specified dates or upon the occurrence of designated events. In addition, with respect to the 2026 debentures, we are required to settle exchanges of such debentures in cash up to the aggregate principal amount of such debentures. Any of our future debt agreements or securities may contain similar provisions. We may not have sufficient funds to make the required repurchase or settlement of such debentures in cash at the applicable time and, in such circumstances, may not be able to arrange the necessary financing on favorable terms or at all. In addition, our ability to make the required repurchase or settlement may be limited by law or the terms of other debt agreements or securities. However, our failure to make the required repurchase or settlement would constitute an event of default under the applicable indentures governing our currently outstanding exchangeable notes which, in turn, could constitute an event of default under other debt agreements, including the indenture that governs the notes offered hereby, thereby resulting in their acceleration and required prepayment and further restrict our ability to make such payments and repurchases.

We cannot assure you that our business will generate sufficient cash flow from operations or that future sources of cash will be available to us in an amount sufficient to enable us to pay amounts due on our indebtedness, including the notes, or to fund our other liquidity needs. Additionally, if we incur additional indebtedness in connection with future acquisitions or development projects or for any other purpose, our debt service obligations could increase.

We may need to refinance all or a portion of our indebtedness, including the notes, on or before maturity. Our ability to refinance our indebtedness or obtain additional financing will depend on, among other things, our financial condition and market conditions at the time and restrictions in the agreements governing our indebtedness.

As a result, we may not be able to refinance any of our indebtedness, including the notes, on commercially reasonable terms, or at all. If we do not generate sufficient cash flow from operations, and additional borrowings or refinancings or proceeds of asset sales or other sources of cash are not available to us, we may not have sufficient cash to enable us to meet all of our obligations, including payments on the notes. Accordingly, if we cannot service our indebtedness, we may have to take actions, such as seeking additional equity or delaying capital expenditures, or strategic acquisitions and alliances, any of which could have a material adverse effect on our operations. We cannot assure you that we will be able to effect any of these actions on commercially reasonable terms, or at all.

Despite our substantial indebtedness, we may still incur significantly more debt, which could exacerbate any or all of the risks described above.

We may be able to incur substantial additional indebtedness in the future. Although the agreements governing our revolving credit facility and certain other indebtedness and the indenture governing the notes limit our ability to incur additional indebtedness, these restrictions are subject to a number of qualifications and

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exceptions and, under certain circumstances, debt incurred in compliance with these restrictions could be substantial. To the extent that we incur additional indebtedness or such other obligations, the risks associated with our substantial leverage described above, including our possible inability to service our debt, would increase. In addition, the credit agreement governing our revolving credit facility and the indenture governing the notes do not prevent us from incurring obligations that do not constitute indebtedness.

Digital Realty Trust, Inc. has no significant operations, other than as Digital Realty Trust, L.P. s general partner, and no material assets, other than its investment in Digital Realty Trust, L.P.

The notes will be fully and unconditionally guaranteed by Digital Realty Trust, Inc. However, Digital Realty Trust, Inc. has no significant operations, other than as Digital Realty Trust, L.P. s general partner, and no material assets, other than its investment in Digital Realty Trust, L.P. Furthermore, Digital Realty Trust, Inc. s guarantee of the notes will be effectively subordinated in right of payment to all unsecured and secured liabilities and preferred equity of its subsidiaries (including Digital Realty Trust, L.P. and any entity Digital Realty Trust, Inc. accounts for under the equity method of accounting). As of September 30, 2010, the total indebtedness of Digital Realty Trust, Inc. s subsidiaries was approximately $2.7 billion (exclusive of trade payables, distributions payable, accrued expenses and committed letters of credit). In addition, except for subsidiaries of Digital Realty Trust, L.P. which are prohibited from doing so by the terms of secured indebtedness, substantially all of the domestic subsidiaries of Digital Realty Trust, L.P., together with Digital Realty Trust, Inc., guarantee our obligations under the revolving credit facility and the notes under the Prudential shelf facility. As of September 30, 2010, there was $220.6 million outstanding under the revolving credit facility, excluding $16.8 million of letters of credit, and $200.0 million in outstanding notes under the Prudential shelf facility.

Federal and state statutes allow courts, under specific circumstances, to void guarantees and require holders of notes to return payments received from guarantors.

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee, such as the guarantee provided by Digital Realty Trust, Inc., could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

- received less than reasonably equivalent value or fair consideration for the incurrence of the guarantee;
- was insolvent or rendered insolvent by reason of the incurrence of the guarantee;
- was engaged in a business or transaction for which the guarantor s remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they mature.

In addition, any payment by that guarantor pursuant to its guarantee could be voided and required to be returned to the guarantor or to a fund for the benefit of the creditors of the guarantor.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they became absolute and mature; or
- it could not pay its debts as they become due.

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The court might also void such guarantee, without regard to the above factors, if it found that a guarantor entered into its guarantee with actual or deemed intent to hinder, delay, or defraud its creditors.

A court would likely find that a guarantor did not receive reasonably equivalent value or fair consideration for its guarantee unless it benefited directly or indirectly from the issuance of the notes. If a court voided such guarantee, holders of the notes would no longer have a claim against such guarantor or the benefit of the assets of such guarantor constituting collateral that purportedly secured such guarantee. In addition, the court might direct holders of the notes to repay any amounts already received from a guarantor. If the court were to void Digital Realty Trust, Inc. s guarantee, we cannot assure you that funds would be available to pay the notes from any of our subsidiaries or from any other source.

The indenture governing the notes contains restrictive covenants that limit our operating flexibility.

The indenture governing the notes contains financial and operating covenants that, among other things, restrict our ability to take specific actions, even if we believe them to be in our best interest, including restrictions on our ability to:

consummate a merger, consolidation or sale of all or substantially all of our assets; and

incur secured and unsecured indebtedness.

In addition, our revolving credit facility requires us to meet specified financial ratios and the indenture governing the notes requires us to maintain at all times a specified ratio of unencumbered assets to unsecured debt. These covenants may restrict our ability to expand or fully pursue our business strategies. Our ability to comply with these and other provisions of the indenture governing the notes and our revolving credit facility may be affected by changes in our operating and financial performance, changes in general business and economic conditions, adverse regulatory developments or other events beyond our control. The breach of any of these covenants, including those contained in our credit facility and the indenture governing the notes, could result in a default under our indebtedness, which could cause those and other obligations to become due and payable. If any of our indebtedness is accelerated, we may not be able to repay it.

We cannot assure you that an active trading market will develop for the notes, and if an active trading market does not develop for the notes, you may not be able to resell them.

We cannot assure you that an active trading market will ever develop for the notes. We do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes on any automated dealer quotation system. The lack of a trading market could adversely affect your ability to sell the notes and the price at which you may be able to sell the notes. The liquidity of the trading market, if any, and future trading prices of the notes will depend on many factors, including, among other things, prevailing interest rates, our operating results, financial performance and prospects, the market for similar securities and the overall securities market, and may be adversely affected by unfavorable changes in these factors. It is possible that the market for the notes will be subject to disruptions which may have a negative effect on the holders of the notes, regardless of our operating results, financial performance or prospects.

If the procedures for tendering your private notes in this exchange offer are not followed, you may not receive notes in exchange for your private notes.

We will issue the notes in exchange for your private notes only if you tender the private notes and deliver a properly completed and duly executed letter of transmittal and other required documents before expiration of the exchange offer. You should allow sufficient time to ensure timely delivery of the necessary documents. Neither the Exchange Agent nor we are under any duty to give notification of defects or irregularities with respect to the tenders of private notes for exchange. If you are the beneficial holder of private notes that are registered in the name of your broker, dealer, commercial bank, trust company or other nominee, and you wish to tender private notes in the exchange offer, you should promptly contact the person in whose name your private notes are registered and instruct that person to tender your private notes on your behalf.

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FORWARD-LOOKING STATEMENTS

We make statements in this prospectus that are forward-looking statements within the meaning of the federal securities laws. In particular, statements pertaining to our capital resources, portfolio performance and 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 these words and phrases or similar words or phrases w are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

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

- the impact of the recent deterioration in 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;
- increased interest rates and operating costs;
- our failure to repay debt when due or our breach of covenants or other terms contained in our loan facilities and agreements;
- financial market fluctuations;

changes in foreign currency exchange rates;

our inability to manage our growth effectively;

difficulty acquiring or operating properties in foreign jurisdictions;

our failure to successfully operate acquired or redeveloped properties;

risks related to joint venture investments, including as a result of our lack of control of such investments;

delays or unexpected costs in development or redevelopment of properties;

decreased rental rates or increased vacancy rates;

increased competition or available supply of data center space;

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our inability to successfully develop and lease new properties and space held for redevelopment;

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;

possible adverse changes to tax laws;

restrictions on our ability to engage in certain business activities;

environmental uncertainties and risks related to natural disasters;

changes in foreign laws and regulations, including those related to taxation and real estate ownership and operation; and

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 guaranties of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events or other changes. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the sections above.

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THE EXCHANGE OFFER

Purpose of the Exchange Offer

On July 8, 2010, our operating partnership issued $375.0 million of the private notes to Citigroup Global Markets Inc., Banc of America Securities LLC, Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. Incorporated, Deutsche Bank Securities Inc., J.P. Morgan Securities Inc., and RBS Securities Inc., the initial purchasers, pursuant to a purchase agreement. The initial purchasers subsequently sold the private notes to qualified institutional buyers, as defined in Rule 144A under the Securities Act, in reliance on Rule 144A, and outside the United States under Regulation S of the Securities Act. As a condition to the sale of the private notes, we entered into a registration rights agreement with the initial purchasers on July 8, 2010. Pursuant to the registration rights agreement, we agreed that we would:

(1) file an exchange offer registration statement with the SEC on or prior to October 6, 2010;

(2) use our reasonable efforts to have the exchange offer registration statement declared effective by the SEC on or prior to January 4, 2011;

(3) unless the exchange offer would not be permitted by applicable law or SEC policy, we will:

  (a) commence the exchange offer; and

  (b) use reasonable efforts to issue on or prior to 45 business days, or longer, if required by the federal securities laws, after the date on which the exchange offer registration statement was declared effective by the SEC, exchange notes in exchange for all notes tendered prior thereto in the exchange offer; and

(4) if obligated to file the shelf registration statement, we will use reasonable efforts to file the shelf registration statement with the SEC on or prior to 90 days after such filing obligation arises and to cause the shelf registration statement to be declared effective by the SEC on or prior to 180 days after such obligation arises.

Upon the effectiveness of the exchange offer registration statement of which this prospectus forms a part, we will offer the exchange notes in exchange for the private notes. We filed a copy of the registration rights agreement as an exhibit to the registration statement.

Resale of the Exchange Notes

Based upon an interpretation by the staff of the SEC contained in no-action letters issued to third parties, we believe that you may exchange private notes for exchange notes in the ordinary course of business. For further information on the SEC s position, see *Exxon Capital Holdings Corporation*, available May 13, 1988, *Morgan Stanley & Co. Incorporated*, available June 5, 1991, and *Shearman & Sterling*, available July 2, 1993, and other interpretive letters to similar effect. You will be allowed to resell exchange notes to the public without further registration under the Securities Act and without delivering to purchasers of the exchange notes a prospectus that satisfies the requirements of Section 10 of the Securities Act so long as you do not participate, do not intend to participate, and have no arrangement with any person to participate, in a distribution of the exchange notes. However, the foregoing does not apply to you if you are: a broker-dealer who purchased the exchange notes directly from us to resell pursuant to Rule 144A or any other available exemption under the Securities Act; or you are an affiliate of ours within the meaning of Rule 405 under the Securities Act.

In addition, if you are a broker-dealer, or you acquire exchange notes in the exchange offer for the purpose of distributing or participating in the distribution of the exchange notes, you cannot rely on the position of the staff of the SEC contained in the no-action letters mentioned above or other interpretive letters to similar effect and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction, unless an exemption from registration is otherwise available.

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Each broker-dealer that receives exchange notes for its own account in exchange for private notes, which the broker-dealer acquired as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. By delivering a prospectus, a broker-dealer may be deemed to be an underwriter within the meaning of the Securities Act. A broker-dealer may use this prospectus, as it may be amended or supplemented from time to time, in connection with resales of exchange notes received in exchange for private notes which the broker-dealer acquired as a result of market-making or other trading activities.

Terms of the Exchange Offer

Upon the terms and subject to the conditions described in this prospectus and in the accompanying letter of transmittal, which together constitute the exchange offer, we will accept any and all private notes validly tendered and not withdrawn before the expiration date. We will issue $1,000 principal amount of exchange notes in exchange for each $1,000 principal amount of outstanding private notes surrendered pursuant to the exchange offer. You may tender private notes only in integral multiples of $1,000.

The form and terms of the exchange notes are the same as the form and terms of the private notes except that:

- we will register the exchange notes under the Securities Act and, therefore, the exchange notes will not bear legends restricting their transfer; and
- holders of the exchange notes will not be entitled to any of the rights of holders of private notes under the registration rights agreement, which rights will terminate upon the completion of the exchange offer.

The exchange notes will evidence the same debt as the private notes and will be issued under the same indenture, so the exchange notes and the private notes will be treated as a single class of debt securities under the indenture.

As of the date of this prospectus, $375.0 million in aggregate principal amount of the private notes are outstanding and registered in the name of Cede & Co., as nominee for DTC. Only registered holders of the private notes, or their legal representative or attorney-in-fact, as reflected on the records of the trustee under the indenture, may participate in the exchange offer. We will not set a fixed record date for determining registered holders of the private notes entitled to participate in the exchange offer.

You do not have any appraisal or dissenters rights under the indenture in connection with the exchange offer. We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement and the applicable requirements of the Securities Act, the Exchange Act and the rules and regulations of the SEC.

We will be deemed to have accepted validly tendered private notes when, as and if we have given written notice of acceptance to the Exchange Agent. The Exchange Agent will act as your agent for the purposes of receiving the exchange notes from us.

If you tender private notes in the exchange offer you will not be required to pay brokerage commissions or fees with respect to the exchange of private notes pursuant to the exchange offer. We will pay all charges and expenses, other than the applicable taxes described below, in connection with the exchange offer.

Expiration Date; Extensions; Amendments

The term expiration date will mean 5:00 p.m., New York City time on January 12, 2011 (the 20th business day following commencement of the exchange offer), unless we, in our sole discretion, extend the exchange offer, in which case the term expiration date will mean the latest date and time to which we extend the exchange offer.

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To extend the exchange offer, we will notify the Exchange Agent and each registered holder of any extension in writing by a press release or other public announcement before 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. The notice of extension will disclose the aggregate principal amount of the private notes that have been tendered as of the date of such notice.

We reserve the right, in our reasonable discretion:

to delay accepting any private notes due to an extension of the exchange offer; or

if any conditions listed below under Conditions are not satisfied, to terminate the exchange offer,

in each case by written notice of the delay, extension or termination to the Exchange Agent and by press release or other public announcement.

We will follow any delay in acceptance, extension or termination as promptly as practicable by written notice to the registered holders by a press release or other public announcement. If we amend the exchange offer in a manner we determine constitutes a material change, we will promptly disclose the amendment in a prospectus supplement that we will distribute to the registered holders. We will also extend the exchange offer for a period of five to ten business days, depending upon the significance of the amendment and the manner of disclosure, if the exchange offer would otherwise expire during the five to ten business day period.

Interest on the Exchange Notes

The exchange notes will bear interest at the same rate and on the same terms as the private notes. Consequently, the exchange notes will bear interest at a rate equal to 4.50% per year (calculated using a 360-day year). Interest will be payable on the exchange notes semi-annually on each January 15 and July 15.

Interest on the exchange notes will accrue from the last interest payment date on which interest was paid on the private notes or, if no interest has been paid on the private notes, from the date of initial issuance of the private notes. We will deem the right to receive any interest accrued but unpaid on the private notes waived by you if we accept your private notes for exchange.

Procedures for Tendering

Valid Tender

Except as described below, a tendering holder must, prior to the expiration date, transmit to the Exchange Agent, at the address listed under the heading Exchange Agent :

a properly completed and duly executed letter of transmittal, including all other documents required by the letter of transmittal; or

if the private notes are tendered in accordance with the book-entry procedures listed below, an agent s message.

In addition, a tendering holder must:

deliver certificates, if any, for the private notes to the Exchange Agent at or before the expiration date; or

deliver a timely confirmation of book-entry transfer of the private notes into the Exchange Agent s account at DTC, the book-entry transfer facility, along with the letter of transmittal or an agent s message; or

comply with the guaranteed delivery procedures described below.

The term agent s message means a message, transmitted by DTC to and received by the Exchange Agent and forming a part of a book-entry confirmation, that states that DTC has received an express acknowledgment that the tendering holder agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against this holder.

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If the letter of transmittal is signed by a person other than the registered holder of private notes, the letter of transmittal must be accompanied by a written instrument of transfer or exchange in satisfactory form duly executed by the registered holder with the signature guaranteed by an eligible institution. The private notes must be endorsed or accompanied by appropriate powers of attorney. In either case, the private notes must be signed exactly as the name of any registered holder appears on the private notes.

If the letter of transmittal or any private notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, these persons should so indicate when signing. Unless waived by us, proper evidence satisfactory to us of their authority to so act must be submitted.

By tendering private notes pursuant to the exchange offer, each holder will represent to us that, among other things, the exchange notes are being acquired in the ordinary course of business of the person receiving the exchange notes, whether or not that person is the holder, and neither the holder nor the other person has any arrangement or understanding with any person to participate in the distribution of the exchange notes. In the case of a holder that is not a broker-dealer, that holder, by tendering private notes pursuant to the exchange offer, will also represent to us that the holder is not engaged in and does not intend to engage in a distribution of the exchange notes.

The method of delivery of private notes, letters of transmittal and all other required documents is at your election and risk. If the delivery is by mail, we recommend that you use registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. You should not send letters of transmittal or private notes to us.

If you are a beneficial owner whose private notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and wish to tender, you should promptly instruct the registered holder to tender on your behalf. Any registered holder that is a participant in DTC s book-entry transfer facility system may make book-entry delivery of the private notes by causing DTC to transfer the private notes into the Exchange Agent s account, including by means of DTC s Automated Tender Offer Program.

Any registered holder that holds the private notes through Euroclear Bank S.A./N.V., or Euroclear, or Clearstream Banking, S.A., or Clearstream, must comply with the procedures of Euroclear or Clearstream, as applicable, before the expiration date.

Signature Guarantees

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed, unless the private notes surrendered for exchange are tendered:

- by a registered holder of the private notes who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal; or
- for the account of an eligible institution.

If signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, the guarantees must be by an eligible institution. An eligible institution is an eligible guarantor institution meeting the requirements of the registrar for the notes, which requirements include membership or participation in the Security Transfer Agent Medallion Program, or STAMP, or such other signature guarantee program as may be determined by the registrar for the notes in addition to, or in substitution for, STAMP, all in accordance with the Exchange Act.

Book-Entry Transfer

The Exchange Agent will make a request to establish an account for the private notes at DTC for purposes of the exchange offer within two business days after the date of this prospectus. Any financial institution that is a

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participant in DTC s systems must make book-entry delivery of private notes by causing DTC to transfer those private notes into the Exchange Agent s account at DTC in accordance with DTC s procedure for transfer. The participant should transmit its acceptance to DTC at or prior to the expiration date or comply with the guaranteed delivery procedures described below. DTC will verify this acceptance, execute a book-entry transfer of the tendered private notes into the Exchange Agent s account at DTC and then send to the Exchange Agent confirmation of this book-entry transfer. The confirmation of this book-entry transfer will include an agent s message confirming that DTC has received an express acknowledgment from this participant that this participant has received and agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against this participant.

Participants in Euroclear s or Clearstream s book-entry transfer facility system must electronically transmit their acceptance of the exchange to Euroclear or Clearstream. The receipt of such electronic acceptance instruction by Euroclear or Clearstream will be acknowledged in accordance with the standard practices of such book-entry transfer facility and will result in the blocking of such private notes in that book-entry transfer facility. By blocking such private notes in the relevant book-entry transfer facility, each holder of private notes will be deemed to consent to have the relevant book-entry transfer facility provide details concerning such holder s identity to the Exchange Agent. The receipt of an electronic instruction by Euroclear or Clearstream shall mean: Euroclear or Clearstream, as applicable, has received an express acknowledgment from a participant in Euroclear or Clearstream, as the case may be, that such participant is tendering private notes that are the subject of the book-entry confirmation; and the participant has received and agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against the participant.

Delivery of exchange notes issued in the exchange offer may be effected through book-entry transfer at DTC. However, the letter of transmittal or facsimile of it or an agent s message, with any required signature guarantees and any other required documents, must:

- be transmitted to and received by the Exchange Agent at the address listed under Exchange Agent at or prior to the expiration date; or
- comply with the guaranteed delivery procedures described below.

Delivery of documents to DTC in accordance with DTC s procedures does not constitute delivery to the Exchange Agent.

Guaranteed Delivery

If a registered holder of private notes desires to tender the private notes, and the private notes are not immediately available, or time will not permit the holder s private notes or other required documents to reach the Exchange Agent before the expiration date, or the procedure for book-entry transfer described above cannot be completed on a timely basis, a tender may nonetheless be made if:

- the tender is made through an eligible institution;
- prior to the expiration date, the Exchange Agent received from an eligible institution a properly completed and duly executed notice of guaranteed delivery, substantially in the form provided by us, by facsimile transmission, mail or hand delivery:
  1. stating the name and address of the holder of private notes and the amount of private notes tendered;
  2. stating that the tender is being made; and
  3. guaranteeing that within three New York Stock Exchange trading days after the expiration date, the certificates for all physically tendered private notes, in proper form for transfer, or a book-entry confirmation, as the case may be, and a properly completed and duly executed letter of transmittal, or an agent s message, and any other documents required by the letter of

transmittal will be deposited by the eligible institution with the exchange agent; and

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the certificates for all physically tendered private notes, in proper form for transfer, or a book-entry confirmation, as the case may be, and a properly completed and duly executed letter of transmittal, or any agent s message, and all other documents required by the letter of transmittal, are received by the Exchange Agent within three New York Stock Exchange trading days after the expiration date.

Determination of Validity

We will determine in our sole discretion all questions as to the validity, form and eligibility of private notes tendered for exchange. This discretion extends to the determination of all questions concerning the time of receipt, acceptance and withdrawal of tendered private notes. These determinations will be final and binding. We reserve the absolute right to reject any and all private notes not properly tendered or any private notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to any particular private note either before or after the expiration date, including the right to waive the ineligibility of any tendering holder. Our interpretation of the terms and conditions of the exchange offer as to any particular private note either before or after the expiration date, including the letter of transmittal and the instructions to the letter of transmittal, shall be final and binding on all parties. Unless waived, you must cure any defects or irregularities with respect to tenders of private notes within the time we determine. Although we intend to notify you of defects or irregularities with respect to tenders of private notes, neither we, the Exchange Agent nor any other person will incur any liability for failure to give you that notification. Unless waived, we will not deem tenders of private notes to have been made until you cure the defects or irregularities.

Other Rights

While we have no present plan to acquire any private notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any private notes that are not tendered in the exchange offer, we reserve the right in our sole discretion to purchase or make offers for any private notes that remain outstanding after the expiration date. We also reserve the right to terminate the exchange offer, as described below under Conditions, and, to the extent permitted by applicable law, purchase private notes in the open market, in privately negotiated transactions or otherwise. The terms of any of those purchases or offers could differ from the terms of the exchange offer.

Acceptance of Private Notes for Exchange; Issuance of Exchange Notes

Upon the terms and subject to the conditions of the exchange offer, we will accept, promptly after the expiration date, all private notes properly tendered. We will issue the exchange notes promptly after acceptance of the private notes. For purposes of the exchange offer, we will be deemed to have accepted properly tendered private notes for exchange when, as and if we have given oral or written notice to the Exchange Agent, with prompt written confirmation of any oral notice.

In all cases, issuance of exchange notes for private notes will be made only after timely receipt by the Exchange Agent of:

certificates for the private notes, or a timely book-entry confirmation of the private notes, into the Exchange Agent s account at the book-entry transfer facility;

a properly completed and duly executed letter of transmittal or an agent s message; and

all other required documents.

For each private note accepted for exchange, the holder of the private note will receive an exchange note having a principal amount equal to that of the surrendered private note.

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Return of Notes

Unaccepted or non-exchanged private notes will be returned without expense to the tendering holder of the private notes. In the case of private notes tendered by book-entry transfer in accordance with the book-entry procedures described above, the non-exchanged private notes will be credited to an account maintained with DTC as promptly as practicable after the expiration or termination of the exchange offer.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, you may withdraw tenders of private notes at any time before 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective, the Exchange Agent must receive a written notice of withdrawal at the address or, in the case of eligible institutions, at the facsimile number, indicated under Exchange Agent before the expiration date. Any notice of withdrawal must:

- specify the name of the person, referred to as the depositor, having tendered the private notes to be withdrawn;
- identify the private notes to be withdrawn, including the certificate number or numbers and principal amount of the private notes;
- contain a statement that the holder is withdrawing its election to have the private notes exchanged;
- be signed by the holder in the same manner as the original signature on the letter of transmittal by which the private notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer to have the trustee with respect to the private notes register the transfer of the private notes in the name of the person withdrawing the tender; and
- specify the name in which the private notes are registered, if different from that of the depositor.

If certificates for private notes have been delivered or otherwise identified to the Exchange Agent, then, prior to the release of these certificates the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and signed notice of withdrawal with signatures guaranteed by an eligible institution, unless this holder is an eligible institution. If private notes have been tendered in accordance with the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn private notes.

We will determine in our sole discretion all questions as to the validity, form and eligibility of the notices, and our determination will be final and binding on all parties. We will not deem any properly withdrawn private notes to have been validly tendered for purposes of the exchange offer, and we will not issue exchange notes with respect to those private notes, unless you validly retender the withdrawn private notes. You may retender properly withdrawn private notes by following the procedures described above under Procedures for Tendering at any time before 5:00 p.m., New York City time, on the expiration date.

Conditions

Notwithstanding any other term of the exchange offer, we will not be required to accept for exchange, or exchange the exchange notes for, any private notes, and may terminate the exchange offer as provided in this prospectus before the expiration of the exchange offer, if, in our reasonable judgment, the exchange offer violates applicable law, rules or regulations or an applicable interpretation of the staff of the SEC.

If we determine in our reasonable discretion that any of these conditions are not satisfied, we may:

refuse to accept any private notes and return all tendered private notes to you;

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extend the exchange offer and retain all private notes tendered before the exchange offer expires, subject, however, to your rights to withdraw the private notes; or

waive the unsatisfied conditions with respect to the exchange offer and accept all properly tendered private notes that have not been withdrawn.

If the waiver constitutes a material change to the exchange offer, we will promptly disclose the waiver by means of a prospectus supplement that we will distribute to the registered holders of the private notes, and we will extend the exchange offer for a period of five to ten business days, depending upon the significance of the waiver and the manner of disclosure to the registered holders, if the exchange offer would otherwise expire during the five to ten business day period.

Termination of Rights

All of your rights under the registration rights agreement will terminate upon consummation of the exchange offer, except with respect to our continuing obligations:

to indemnify you and parties related to you against liabilities, including liabilities under the Securities Act; and

to provide, upon your request, the information required by Rule 144A(d)(4) under the Securities Act to permit resales of the notes pursuant to Rule 144A.

Shelf Registration

If:

(1) we are not:

(a) required to file the exchange offer registration statement; or

(b) permitted to consummate the exchange offer because the exchange offer is not permitted by applicable law or SEC policy; or

(2) any holder of transfer restricted securities notifies us prior to the 20th business day following consummation of the exchange offer that:

(a) it is prohibited by law or SEC policy from participating in the exchange offer;

(b) it may not resell the exchange notes acquired by it in the exchange offer to the public without delivering a prospectus and the prospectus contained in the exchange offer registration statement is not appropriate or available for such resales; or

(c) it is a broker-dealer and owns notes acquired directly from us or one of our affiliates,

we will file with the SEC a shelf registration statement (as defined in the registration rights agreement) to cover resales of the private notes by the holders of the private notes who satisfy certain conditions relating to the provision of information in connection with the shelf registration statement.

For purposes of the foregoing, transfer restricted securities means each private note until the earliest to occur of:

(1) the date on which such note has been exchanged by a person other than a broker-dealer for an exchange note in the exchange offer;

(2) following the exchange by a broker-dealer in the exchange offer of a note for an exchange note, the date on which such exchange note is sold to a purchaser who receives from such broker-dealer on or prior to the date of such sale a copy of the prospectus contained in the exchange offer registration statement;

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(3) the date on which such note has been effectively registered under the Securities Act and disposed of in accordance with the shelf registration statement; or

(4) the date on which such note is distributed to the public pursuant to Rule 144 under the Securities Act, provided that on or prior to such date either (x) the exchange offer has been consummated or (y) a shelf registration statement has been declared effective by the SEC.

If:

(1) we fail to file any of the registration statements required by the registration rights agreement on or prior to the date specified for such filing;

(2) any of such registration statements is not declared effective by the SEC on or prior to the date specified for such effectiveness (the effectiveness target date);

(3) we fail to consummate the exchange offer within 45 business days of the effectiveness target date with respect to the exchange offer registration statement; or

(4) the shelf registration statement or the exchange offer registration statement is declared effective but thereafter ceases to be effective or usable in connection with resales of transfer restricted securities during the periods specified in the registration rights agreement (each such event referred to in clauses (1) through (4) above, a registration default),

then we will pay liquidated damages (liquidated damages) to each holder of transfer restricted securities and notify the trustee that liquidated damages apply to the transfer restricted securities.

With respect to the first 90-day period immediately following the occurrence of the first registration default, liquidated damages will be paid in an amount equal to one quarter of one percent (0.25%) per annum of the principal amount of transfer restricted securities. The amount of the liquidated damages will increase by an additional one quarter of one percent (0.25%) per annum of the principal amount of transfer restricted securities with respect to the subsequent 90-day period until all registration defaults have been cured, up to a maximum amount of liquidated damages for all registration defaults of one half of one percent (0.5%) per annum of the principal amount of transfer restricted securities.

All accrued liquidated damages will be paid by us on the next scheduled interest payment date to DTC or its nominee by wire transfer of immediately available funds or by federal funds check and to holders of transfer restricted securities in the form of certificated notes by wire transfer to the accounts specified by them or by mailing checks to their registered addresses if no such accounts have been specified.

Following the cure of all registration defaults, the accrual of liquidated damages will cease.

Exchange Agent

We have appointed Deutsche Bank Trust Company Americas as Exchange Agent for the exchange offer of notes. All executed letters of transmittal and any other required documents should be directed to the Exchange Agent at the address (by overnight courier or mail) or facsimile number set forth below. You should direct questions and requests for assistance and requests for additional copies of this prospectus or of the letter of transmittal and requests for notices of guaranteed delivery to the Exchange Agent by telephone to (800) 735-7777, Option 1, by facsimile to (615) 866-3889, Attn: Reorganization Unit, or by overnight courier or mail addressed as follows:

Deutsche Bank Trust Company Americas

c/o DB Services Americas, Inc.

US CTAS Operations

5022 Gate Parkway, Suite 200

Mail Stop JCK01-0218

Jacksonville, FL 32256 USA

Attn: Reorganization Unit

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Fees and Expenses

We will bear the expenses of soliciting tenders. We have not retained any dealer manager in connection with the exchange offer and will not make any payments to brokers, dealers or others soliciting acceptances of the exchange offer. We will, however, pay the Exchange Agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses.

We will pay the cash expenses incurred in connection with the exchange offer. These expenses include registration fees, fees and expenses of the Exchange Agent and the trustee, accounting and legal fees and printing costs, among others.

We will pay all transfer taxes, if any, applicable to the exchange of notes pursuant to the exchange offer. If, however, a transfer tax is imposed for any reason other than the exchange of the private notes pursuant to the exchange offer, then you must pay the amount of the transfer taxes. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed directly to you.

Consequence of Failures to Exchange

Participation in the exchange offer is voluntary. We urge you to consult your financial and tax advisors in making your decisions on what action to take. Private notes that are not exchanged for exchange notes pursuant to the exchange offer will remain restricted securities. Accordingly, those private notes may be resold only:

to a person whom the seller reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A;

in a transaction meeting the requirements of Rule 144 under the Securities Act;

outside the United States to a foreign person in a transaction meeting the requirements of Rule 903 or 904 of Regulation S under the Securities Act;

in accordance with another exemption from the registration requirements of the Securities Act and based upon an opinion of counsel if we so request;

to us; or

pursuant to an effective registration statement.

In each case, the private notes may be resold only in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction.

Accounting Treatment

The exchange notes will be recorded at the same carrying value as the original notes, as reflected in our accounting records on the date of the exchange. Accordingly, no gain or loss for accounting purposes will be recognized.

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USE OF PROCEEDS

The exchange offer satisfies an obligation under the registration rights agreement. We will not receive any cash proceeds from the exchange offer.

The net proceeds from the sale of the private notes after deducting discounts, commissions and offering expenses, were approximately $370.6 million. We used the net proceeds from the sale of the private notes to fund a portion of the $725.0 million purchase price for the acquisition of the Rockwood Capital/365 Main Portfolio.

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SELECTED CONSOLIDATED FINANCIAL DATA

The following tables set forth selected consolidated financial and operating data for Digital Realty Trust, L.P. and Digital Realty Trust, Inc. and their respective subsidiaries. You should read the following selected financial data in conjunction with the consolidated historical financial statements and notes thereto of each of Digital Realty Trust, L.P. and Digital Realty Trust, Inc. and their respective subsidiaries and Management s Discussion and Analysis of Financial Condition and Results of Operations, included elsewhere in this prospectus or incorporated by reference to Digital Realty Trust, Inc. s Annual Report on Form 10-K for the year ended December 31, 2009, Digital Realty Trust, L.P. s General Form for Registration of Securities on Form 10 filed with the SEC on September 3, 2010, as amended, and other subsequent filings of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. under the Exchange Act.

Digital Realty Trust, L.P.

The consolidated balance sheet data as of December 31, 2009 and 2008 and the consolidated statement of operations data for each of the years in the three-year period ended December 31, 2009 have been derived from the historical consolidated financial statements of Digital Realty Trust, L.P. and subsidiaries, which are included elsewhere in this prospectus and which have been audited by KPMG LLP, an independent registered public accounting firm, whose report with respect thereto is included elsewhere in this prospectus. The consolidated balance sheet data as of December 31, 2007, 2006 and 2005 and the consolidated statement of operations data for each of the years ended December 31, 2006 and 2005 have been derived from the historical consolidated financial statements of Digital Realty Trust, L.P. and subsidiaries, not audited by KPMG LLP. The consolidated balance sheet data as of September 30, 2010 and the consolidated statement of operations data for each of the three and nine months ended September 30, 2010 and 2009 have been derived from the unaudited condensed consolidated financial statements of Digital Realty Trust, L.P. and subsidiaries, which are included elsewhere in this prospectus. The results for the three and nine months ended September 30, 2010 are not necessarily indicative of the results to be expected for the full year.

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	Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended December 31,				
	2010	2009	2010	2009	2009	2008	2007	2006	2005
	(unaudited)		(unaudited)					(unaudited)	
(Dollars in thousands, except unit and per unit data)									
Statement of Operations Data:									
Operating Revenues:									
Rental	$ 184,511	$ 130,891	$ 495,099	$ 374,477	$ 510,772	$ 404,559	$ 319,603	$ 221,371	$ 150,072
Tenant reimbursements	52,975	32,223	131,630	92,677	125,308	107,503	75,003	50,340	35,720
Other		113		214	1,062	15,383	641	365	5,829
Total operating revenues	237,486	163,227	626,729	467,368	637,142	527,445	395,247	272,076	191,621
Operating Expenses:									
Rental property operating and maintenance	74,156	45,278	181,804	130,152	176,238	151,147	109,225	59,917	39,519
Property taxes	14,030	9,295	39,499	27,655	36,004	31,102	27,181	26,890	20,189
Insurance	2,168	1,495	5,749	4,439	6,111	4,988	5,527	3,682	2,653
Depreciation and amortization	70,128	50,439	187,520	145,926	198,052	172,378	134,419	86,129	55,702
General and administrative[1]	16,544	10,660	42,185	30,802	42,165	38,391	30,786	19,717	12,061
Other	59	404	226	689	783	1,084	431	449	1,355
Total operating expenses	177,085	117,571	456,983	339,663	459,353	399,090	307,569	196,784	131,479
Operating income	60,401	45,656	169,746	127,705	177,789	128,355	87,678	75,292	60,142
Other Income (Expenses):									
Equity in earnings of unconsolidated joint venture	1,061	1,091	3,994	2,948	2,172	2,369	449	177	
Interest and other income	327	90	392	736	753	2,106	2,287	1,270	1,274
Interest expense	(36,737)	(22,559)	(100,801)	(63,991)	(88,442)	(63,621)	(67,054)	(50,598)	(35,381)
Tax expense	(343)	(333)	(1,593)	(1,061)	(1,038)	(1,109)	(814)	(724)	(554)
Loss from early extinguishment of debt	(1,083)		(2,624)			(182)		(527)	(1,021)
Income from continuing operations	23,626	23,945	69,114	66,337	91,234	67,918	22,546	24,890	24,460
Net income (loss) from discontinued operations							1,395	314	(103)
Gain on sale of discontinued operations							18,049	18,096	

Net income	23,626	23,945	69,114	66,337	91,234	67,918	41,990	43,300	24,357
Net (income) loss attributable to noncontrolling interests in consolidated joint ventures	(53)	(540)	29	(614)	(140)	(335)		15	12
Net income attributable to Digital Realty Trust, L.P.	23,573	23,405	69,143	65,723	91,094	67,583	41,990	43,315	24,369
Preferred units distributions	(9,194)	(10,101)	(29,396)	(30,303)	(40,404)	(38,564)	(19,330)	(13,780)	(10,014)
Costs on redemption of Series A preferred units	(4,203)		(4,203)						
Net income available to common unitholders	$ 10,176	$ 13,304	$ 35,544	$ 35,420	$ 50,690	$ 29,019	$ 22,660	$ 29,535	$ 14,355
Per Unit Data:									
Basic income per unit available to common unitholders	$ 0.11	$ 0.16	$ 0.41	$ 0.43	$ 0.62	$ 0.39	$ 0.33	$ 0.47	$ 0.26
Diluted income per unit available to common unitholders	$ 0.11	$ 0.16	$ 0.40	$ 0.43	$ 0.61	$ 0.38	$ 0.32	$ 0.46	$ 0.26
Cash distribution per common unit	$ 0.53	$ 0.36	$ 1.49	$ 1.02	$ 1.47	$ 1.26	$ 1.17	$ 1.08	$ 1.00
Weighted average common units outstanding:									
Basic	93,420,550	82,093,786	87,638,416	81,553,114	81,715,226	75,160,263	68,754,024	62,562,820	55,525,443
Diluted	95,295,993	83,466,346	89,365,656	82,288,488	82,785,746	76,766,756	70,799,336	63,870,029	55,760,887

(1) General and administrative expense includes transactions expense.

	September 30, 2010	December 31,				
(in thousands)	**(unaudited)**	**2009**	**2008**	**2007 (unaudited)**	**2006 (unaudited)**	**2005 (unaudited)**
Balance Sheet Data:						
Net investments in real estate	$ 4,349,465	$ 3,157,193	$ 2,748,220	$ 2,302,500	$ 1,736,979	$ 1,194,106
Total assets	5,170,899	3,745,059	3,281,045	2,809,791	2,185,783	1,529,170
Revolving credit facility	220,565	205,547	138,579	299,731	145,452	181,000
Unsecured senior notes	1,065,817	83,000	58,000			
Mortgages and other secured loans	1,061,163	1,063,663	1,026,594	895,507	804,686	568,067
Exchangeable senior debentures	374,054	432,234	161,901	158,224	154,786	
Total liabilities	3,122,030	2,110,258	1,705,969	1,673,361	1,320,317	880,228
General partner s capital	2,001,059	1,586,942	1,553,424	1,053,788	719,386	384,853
Limited partners capital	57,470	60,875	71,041	74,356	141,890	262,239
Accumulated other comprehensive income (loss)	(45,343)	(30,630)	(53,747)	3,358	4,190	1,644
Noncontrolling interests in consolidated joint venture	35,683	17,614	4,358	4,928		206
Total liabilities and capital	$ 5,170,899	$ 3,745,059	$ 3,281,045	$ 2,809,791	$ 2,185,783	$ 1,529,170

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Digital Realty Trust, Inc.

The consolidated balance sheet data as of December 31, 2009 and 2008 and the consolidated statement of operations data for each of the years in the three-year period ended December 31, 2009 have been derived from the historical consolidated financial statements of Digital Realty Trust, Inc. and subsidiaries, which are incorporated by reference in this prospectus and which have been audited by KPMG LLP, an independent registered public accounting firm, whose report with respect thereto is incorporated by reference in this prospectus. The consolidated balance sheet data as of December 31, 2007, 2006 and 2005 and the consolidated statement of operations data for each of the years ended December 31, 2006 and 2005 have been derived from the historical consolidated financial statements of Digital Realty Trust, Inc. and subsidiaries, audited by KPMG LLP, whose report with respect thereto is not included or incorporated by reference in this prospectus. The consolidated balance sheet data as of September 30, 2010 and the consolidated statement of operations data for each of the three and nine months ended September 30, 2010 and 2009 have been derived from the unaudited condensed consolidated financial statements of Digital Realty Trust, Inc. and subsidiaries, which are incorporated by reference in this prospectus. The results for the three and nine months ended September 30, 2010 are not necessarily indicative of the results to be expected for the full year. Certain prior year amounts have been reclassified to conform to the current year presentation.

	Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended December 31,				
	2010	2009	2010	2009	2009	2008	2007	2006	2005
(Dollars in thousands, except share and per share data)	(unaudited)		(unaudited)						
Statement of Operations Data:									
Operating Revenues:									
Rental	$ 184,511	$ 130,891	$ 495,099	$ 374,477	$ 510,772	$ 404,559	$ 319,603	$ 221,371	$ 150,072
Tenant reimbursements	52,975	32,223	131,630	92,677	125,308	107,503	75,003	50,340	35,720
Other		113		214	1,062	15,383	641	365	5,829
Total operating revenues	237,486	163,227	626,729	467,368	637,142	527,445	395,247	272,076	191,621
Operating Expenses:									
Rental property operating and maintenance	74,156	45,278	181,804	130,152	176,238	151,147	109,225	59,917	39,519
Property taxes	14,030	9,295	39,499	27,655	36,004	31,102	27,181	26,890	20,189
Insurance	2,168	1,495	5,749	4,439	6,111	4,988	5,527	3,682	2,653
Depreciation and amortization	70,128	50,439	187,520	145,926	198,052	172,378	134,419	86,129	55,702
General and administrative[1]	16,544	10,660	42,185	30,802	42,165	38,391	30,786	19,717	12,061
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Operating income	60,401	45,656	169,746	127,705	177,789	128,355	87,678	75,292	60,142
Other Income (Expenses):									
Equity in earnings of unconsolidated joint venture	1,061	1,091	3,994	2,948	2,172	2,369	449	177	
Interest and other income	327	90	392	736	753	2,106	2,287	1,270	1,274
Interest expense	(36,737)	(22,559)	(100,801)	(63,991)	(88,442)	(63,621)	(67,054)	(50,598)	(35,381)

Tax expense	(343)	(333)	(1,593)	(1,061)	(1,038)	(1,109)	(814)	(724)	(554)
Loss from early extinguishment of debt	(1,083)		(2,624)			(182)		(527)	(1,021)
Income from continuing operations	23,626	23,945	69,114	66,337	91,234	67,918	22,546	24,890	24,460
Net income (loss) from discontinued operations							1,395	314	(103)
Gain on sale of discontinued operations							18,049	18,096	
Net income	23,626	23,945	69,114	66,337	91,234	67,918	41,990	43,300	24,357
Net income attributable to noncontrolling interests	(590)	(1,438)	(2,041)	(3,062)	(3,572)	(2,664)	(3,753)	(12,570)	(8,256)
Net income attributable to Digital Realty Trust, Inc.	23,036	22,507	67,073	63,275	87,662	65,254	38,237	30,730	16,101
Preferred stock dividends	(9,194)	(10,101)	(29,396)	(30,303)	(40,404)	(38,564)	(19,330)	(13,780)	(10,014)
Costs on redemption of Series A preferred stock	(4,203)		(4,203)						
Net income available to common stockholders	$ 9,639	$ 12,406	$ 33,474	$ 32,972	$ 47,258	$ 26,690	$ 18,907	$ 16,950	$ 6,087
Per Share Data:									
Basic income per share available to common stockholders	$ 0.11	$ 0.16	$ 0.41	$ 0.44	$ 0.62	$ 0.39	$ 0.31	$ 0.47	$ 0.25
Diluted income per share available to common stockholders	$ 0.11	$ 0.16	$ 0.40	$ 0.43	$ 0.61	$ 0.38	$ 0.30	$ 0.45	$ 0.25
Cash dividend per common share	$ 0.53	$ 0.36	$ 1.49	$ 1.02	$ 1.47	$ 1.26	$ 1.17	$ 1.08	$ 1.00
Weighted average common shares outstanding:									
Basic	87,908,953	76,301,577	82,111,128	75,714,757	75,950,370	68,829,267	60,527,625	36,134,983	23,986,288
Diluted	90,136,912	77,674,137	84,137,205	76,450,131	77,020,890	70,435,760	62,572,937	37,442,192	24,221,732

(1) General and administrative expense includes transactions expense.

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(in thousands)	September 30, 2010 (unaudited)	2009	December 31, 2008	2007	2006	2005
Balance Sheet Data:						
Net investments in real estate	$ 4,349,465	$ 3,157,193	$ 2,748,220	$ 2,302,500	$ 1,736,979	$ 1,194,106
Total assets	5,170,899	3,745,059	3,281,045	2,809,791	2,185,783	1,529,170
Revolving credit facility	220,565	205,547	138,579	299,731	145,452	181,000
Unsecured senior notes	1,065,817	83,000	58,000			
Mortgages and other secured loans	1,061,163	1,063,663	1,026,594	895,507	804,686	568,067
Exchangeable senior debentures	374,054	432,234	161,901	158,224	154,786	
Total liabilities	3,122,030	2,110,258	1,705,969	1,673,361	1,320,317	880,228
Total stockholders equity	1,959,469	1,558,995	1,503,921	1,057,167	723,576	386,497
Noncontrolling interests in operating partnership	53,717	58,192	66,797	74,335	141,890	262,239
Noncontrolling interests in consolidated joint ventures	35,683	17,614	4,358	4,928		206
Total liabilities and equity	$ 5,170,899	$ 3,745,059	$ 3,281,045	$ 2,809,791	$ 2,185,783	$ 1,529,170

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 and (ii) cash flow and returns to our stockholders and our operating partnership s unitholders, including through the payment of distributions. We expect to achieve our objectives by focusing on our core business of investing in and redeveloping 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 redevelopment and 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 redeveloped 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, 2010, we owned an aggregate of 95 technology-related real estate properties, excluding two properties held as investments in unconsolidated joint ventures, with approximately 16.4 million rentable square feet including approximately 1.9 million square feet of space held for redevelopment. At September 30, 2010, approximately 209,000 square feet of our space held for redevelopment was under construction for Turn-Key Datacenter® space in five U.S. markets and two European markets.

We have developed detailed, standardized procedures for evaluating acquisitions 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 intend to continue to build out our redevelopment 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. s common stock on September 30, 2010 of $61.70, our ratio of debt to total enterprise value was approximately 30% as of September 30, 2010. 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 its common stock and excluding long-term incentive units and Class C units), plus the book value of its total consolidated indebtedness.

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Revenue base. As of September 30, 2010, we owned 95 properties through our operating partnership, excluding two properties held as investments in unconsolidated joint ventures. These properties are mainly located throughout the U.S., with 14 properties located in Europe and one property in Canada. We, through our predecessor, acquired our first portfolio property in January 2002 and have added properties as follows:

Year Ended December 31:	Properties Acquired[1]	Net Rentable Square Feet[2]	Square Feet of Space Held for Redevelopment as of June 30, 2010[3]
2002	5	1,125,292	19,890
2003	6	1,028,185	30,175
2004	10	2,533,199	153,270
2005	20	3,323,357	186,940
2006	16	2,104,209	117,389
2007[4]	13	1,671,142	235,697
2008	5	247,301	316,947
2009	6	687,060	710,247
2010	14	1,553,115	337,847
Properties owned as of September 30, 2010	95	14,456,127	1,925,135

(1) Excludes properties sold in 2007 and 2006: 100 Technology Center Drive (March 2007), 4055 Valley View Lane (March 2007) and 7979 East Tufts Avenue (July 2006). Also excludes a leasehold interest acquired in March 2007 related to an acquisition made in 2006.

(2) Current net rentable square feet as of September 30, 2010, which represents the current square feet at buildings 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 redevelopment.

(3) Redevelopment space is unoccupied space that requires significant capital investment in order to develop datacenter facilities that are ready for use. Most often this is shell space. However, in certain circumstances this may include partially built datacenter space that was not completed by previous ownership and requires a large capital investment in order to build out the space. The amounts included in this table represent current redevelopment space as of September 30, 2010 in the properties acquired during the relevant period.

(4) Includes a developed building (43915 Devin Shafron Drive) placed into service in 2010 that is being included with a property (Devin Shafron buildings) that was acquired in 2007.

As of September 30, 2010, the properties in our portfolio were approximately 95.0% leased excluding 1.9 million square feet held for redevelopment. Due to the capital-intensive and long-term nature of the operations being supported, our lease terms are generally longer than standard commercial leases. As of September 30, 2010, our original average lease term was approximately 14 years, with an average of seven years remaining. The majority of our leasing since the completion of Digital Realty Trust, Inc. s initial public offering in November 2004 has been at lease terms shorter than 12 years. Our lease expirations through December 31, 2011 are 10.3% of net rentable square feet excluding space held for redevelopment as of September 30, 2010.

Operating revenues from properties outside the United States were $23.9 million and $20.7 million for the three months ended September 30, 2010 and 2009, respectively, and $69.4 million and $60.1 million for the nine months ended September 30, 2010 and 2009, respectively.

Factors Which May Influence Future Results of Operations

Global market and economic conditions

Recent U.S., European and other international market and economic conditions have been unprecedented and challenging. Significantly tighter credit conditions and recession in all markets in which we own properties and conduct our operations persisted throughout 2009 and such markets have not fully recovered. Continued

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concerns about the systemic impact of potential wide-spread and long-term recession, energy costs, geopolitical issues, the availability and cost of credit, global financial and mortgage markets, corporate and consumer debt levels and declining residential and commercial real estate markets have contributed to increased market volatility and diminished expectations for the U.S., European and other economies. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, continue to contribute to substantial global volatility.

As a result of these conditions, general economic conditions and the cost and availability of capital have been and may continue to be adversely affected in all markets in which we own properties and conduct our operations. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease, to provide credit to businesses and consumers. Continued turbulence in the U.S., European and other international markets and economies may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our tenants. If these market and economic conditions continue, they may limit 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 adversely affect our and our tenants financial conditions and results of operations.

In addition, our access to funds under our revolving credit facility and other lines of credit depend on the ability of the lenders that are parties to such facilities to meet their funding commitments to us. We cannot assure you that continuing long-term disruptions in the global economy and the continuation 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 operation, cash flows and financial condition could be adversely affected.

If we do not have sufficient cash flow to continue operating our business and are unable to borrow additional funds, access our existing lines of credit or raise equity capital, we may need to find alternative ways to increase our liquidity. Such alternatives may include, without limitation, curtailing development or redevelopment 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 principally on 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 1.9 million square feet held for redevelopment, as of September 30, 2010, the occupancy rate of the properties in our portfolio was approximately 95.0% of our net rentable square feet.

The amount of rental income generated by us also depends on our ability to maintain or increase rental rates at our properties. Included in our approximately 14.5 million net rentable square feet, excluding redevelopment space, at September 30, 2010 is approximately 175,000 net rentable square feet of space with extensive datacenter improvements that is currently, or will shortly be, available for lease. Since our IPO, we have leased approximately 2,301,000 square feet of similar space. These Turn-Key Datacenters® are effective solutions for tenants who lack the expertise or capital budget to provide their own extensive datacenter infrastructure and security. Our expertise in datacenter construction and operations enables us to lease space to these tenants at a significant premium over other uses.

In addition, as of September 30, 2010, we had approximately 1.9 million square feet of redevelopment space, or approximately 12% of the total rentable space in our portfolio, including five vacant properties comprising approximately 433,000 square feet. Our ability to grow earnings depends in part on our ability to redevelop space and lease redevelopment space at favorable rates, which we may not be able to obtain. Redevelopment 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

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redevelopment space. We will require additional capital to finance our redevelopment 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. We may purchase additional vacant properties and properties with vacant redevelopment space in the future.

Economic downturns, including as a result of the conditions described above under Global market and economic conditions, or regional downturns affecting our sub-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. As of September 30, 2010, we had no material tenants in bankruptcy.

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 0.7 million square feet of available space in our portfolio, which excludes approximately 1.9 million square feet available for redevelopment as of September 30, 2010, leases representing approximately 0.7% and 9.4% of the net rentable square footage of our portfolio are scheduled to expire during the three months ending December 31, 2010 and the year ending December 31, 2011, respectively.

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, 2010, our portfolio was geographically concentrated in the following metropolitan markets:

Metropolitan Market	Percentage of September 30, 2010 total annualized rent[(1)]
Silicon Valley	13.7%
San Francisco	10.3%
Chicago	9.9%
Northern Virginia	9.8%
Phoenix	9.2%
Dallas	8.3%
Boston	8.3%
New York Metro	8.1%
Los Angeles	4.9%
London, England	3.6%
Dublin, Ireland	2.8%
Paris, France	2.5%
Other	8.6%
	100%

(1) Annualized rent is monthly contractual rent under existing leases as of September 30, 2010 multiplied by 12.

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 and real estate taxes under our leases for Turn-Key Datacenters®. We also incur general and administrative expenses, including expenses relating to our asset management function, as well as significant legal, accounting and other expenses related to corporate governance, SEC reporting and compliance with the various provisions of the Sarbanes-Oxley Act. Increases or decreases in such operating expenses will impact our overall performance. We expect to incur additional operating expenses as we continue to expand.

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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 consider similar legislation during 2009 and the first half of 2010, and following Congressional elections in November 2010 (in which control of the House of Representatives passed from the Democratic Party to the Republican Party), the likelihood that Congress will pass any climate change and/or energy legislation that would include a cap-and-trade program, or any similar type program, for GHG emissions in 2010 or 2011 has diminished. As a result, action to reduce GHG emissions likely will be focused on regulatory agencies, primarily the U.S. Environmental Protection Agency, or EPA. 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. Some of those regulations have been finalized and currently are in litigation. 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 greenhouse gases, including electricity producers from whom we purchase power. 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 U.S. EPA has proposed or finalized, or (iii) any further reductions in the EU greenhouse gas cap could significantly increase our costs, and we may not be able to effectively pass all of these costs on to our tenants.

Interest rates. As of September 30, 2010, we had approximately $278.2 million of variable rate debt, all of which was mortgage debt subject to interest rate cap or swap agreements, and $220.6 million was outstanding on our revolving credit facility. The availability of debt and equity capital has significantly decreased 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. Our redevelopment 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 such as Asia. 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 submarkets 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.

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Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The preparation of these financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses in the reporting period. Our actual results may differ from these estimates. We have provided a summary of our significant accounting policies in note 2 to our consolidated financial statements included elsewhere and incorporated by reference in this prospectus. 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 prospectus.

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 existence of above and below market tenant 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 assets acquired and liabilities assumed based on our estimate of the fair values of such assets and liabilities. This includes determining the value of the property and improvements, land, any ground leases, tenant improvements, in-place tenant leases, tenant relationships, the value (or negative value) of above (or below) market leases, any debt 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 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 tenant leases are amortized over the terms 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 leases and tenant relationships, which is included in depreciation and amortization in our consolidated statements of operations.

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 the carrying value of our properties when circumstances, such as adverse market conditions, indicate potential impairment may exist. We base our review on an estimate of the future cash flows (excluding interest charges) expected to result from the real estate investment s use and eventual disposition. 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 evaluation indicates that we may be 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.

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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 an asset has been impaired, our strategy of holding properties over the long-term directly decreases the likelihood of recording 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 impairment has occurred, the affected assets must be reduced to their fair value. No such impairment losses have been recognized to date.

We estimate the fair value of rental properties utilizing a discounted cash flow analysis that includes projections of future revenues, expenses and capital improvement costs, similar to the income approach that is commonly utilized by appraisers.

Revenue Recognition

Rental income is recognized using the straight-line method over the terms of the tenant leases. Deferred rents included in our balance sheets represent the aggregate excess of rental revenue recognized on a straight-line basis over the contractual rental payments that would be received under the remaining 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 Datacenters®. 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 income 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 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.

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Results of Operations

Three and Nine Months Ended September 30, 2010 and September 30, 2009

The discussion below relates to our financial condition and results of operations for the three and nine months ended September 30, 2010 and 2009. A summary of our operating results from continuing operations for the three and nine months ended September 30, 2010 and 2009 is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Statement of Operations Data:				
Total operating revenues	$ 237,486	$ 163,227	$ 626,729	$ 467,368
Total operating expenses	(177,085)	(117,571)	(456,983)	(339,663)
Operating income	60,401	45,656	169,746	127,705
Other expenses, net	(36,775)	(21,711)	(100,632)	(61,368)
Net income	$ 23,626	$ 23,945	$ 69,114	$ 66,337

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 and operated for the entire current period and the entire immediate preceding year). The following table identifies each of the properties in our portfolio acquired from January 1, 2009 through September 30, 2010.

Acquired Buildings	Acquisition Date	Redevelopment Space as of September 30, 2010[1]	Net Rentable Square Feet Excluding Redevelopment Space[2]	Square Feet Including Redevelopment Space	Occupancy Rate as of September 30, 2010[3]
As of December 31, 2008 (75 Properties)		867,812	12,092,901	12,960,713	94.8%
January 1, 2009 through September 30, 2010					
1525 Comstock Street	Sep-09		42,385	42,385	100.0
444 Toyama Drive	Sep-09		42,083	42,083	100.0
904 Quality Way[4]	Sep-09	46,750		46,750	
905 Security Row[4]	Sep-09	249,657		249,657	
1232 Alma Road[4]	Sep-09	34,147	71,579	105,726	100.0
900 Quality Way[4]	Sep-09	112,253		112,253	
1400 N. Bowser Road[4]	Sep-09	246,940		246,940	
1301 International Parkway[4]	Sep-09	20,500		20,500	
908 Quality Way[4]	Sep-09		14,400	14,400	100.0
1350 Duane Avenue/3080 Raymond Street	Oct-09		185,000	185,000	100.0
45901 & 45845 Nokes Boulevard	Dec-09		167,160	167,160	100.0
21561 & 21571 Beaumeade Circle	Dec-09		164,453	164,453	100.0
128 First Avenue	Jan-10		274,750	274,750	99.6
55 Middlesex Turnpike	Jan-10		106,000	106,000	87.9
60-80 Merritt Boulevard	Jan-10		169,540	169,540	100.0
43915 Devin Shafron Drive[5]	Jan-10	9,229	123,051	132,280	75.6
1725 Comstock Street	Apr-10	39,643		39,643	
3105 and 3115 Alfred Street	May-10	49,858		49,858	
Cateringweg 5	Jun-10	55,972		55,972	
365 Main Street	Jul-10		226,981	226,981	86.1
720 2nd Street	Jul-10		121,220	121,220	97.5

2260 East El Segundo Boulevard	Jul-10		132,240	132,240	100.0
2121 South Price Road	Jul-10		293,479	293,479	97.3
4030-4050 La Fayette	Jul-10	42,374	103,029	145,403	100.0
800 Central Expressway	Aug-10	150,000		150,000	
2950 Zanker Road	Aug-10		69,700	69,700	100.0
900 Dorothy Drive	Aug-10		56,176	56,176	100.0
Subtotal		1,057,323	2,363,226	3,420,549	96.3%
Total		1,925,135	14,456,127	16,381,262	95.0%

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(1) Redevelopment space requires significant capital investment in order to develop datacenter facilities that are ready for use. Most often this is shell space. However, in certain circumstances this may include partially built datacenter space that was not completed by previous ownership and requires a large capital investment in order to build out the space.
(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 space held for redevelopment.
(3) Occupancy rates exclude redevelopment space. For some of our properties, we calculate occupancy based on factors in addition to contractually leased square feet, including available power, required support space and common area.
(4) The seven buildings at Datacenter Park Dallas are considered one property for our property count.
(5) Represents a developed building placed into service in 2010 that is being included with a property (Devin Shafron buildings) that was acquired in 2007.

In May 2008, we acquired 701 & 717 Leonard Street, a parking garage in Dallas, Texas; however, we exclude the acquisition from our property count because it is located adjacent to our internet gateway datacenter located at 2323 Bryan Street and is not considered a separate property.

Comparison of the Three Months Ended September 30, 2010 to the Three Months Ended September 30, 2009 and the Nine Months Ended September 30, 2010 to the Nine Months Ended September 30, 2009

Portfolio

As of September 30, 2010, our portfolio consisted of 95 properties, excluding two properties held as investments in unconsolidated joint ventures, with an aggregate of 16.4 million net rentable square feet including 1.9 million square feet held for redevelopment compared to a portfolio consisting of 78 properties, excluding one property held as an investment in an unconsolidated joint venture, with an aggregate of 13.8 million net rentable square feet including 1.9 million square feet held for redevelopment as of September 30, 2009. The increase in our portfolio reflects the acquisition of 17 properties in the twelve months ended September 30, 2010.

Operating Revenues

Operating revenues during the three and nine months ended September 30, 2010 and 2009 were as follows (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2010	2009	Change	2010	2009	Change
Rental	$ 184,511	$ 130,891	$ 53,620	$ 495,099	$ 374,477	$ 120,622
Tenant reimbursements	52,975	32,223	20,752	131,630	92,677	38,953
Other		113	(113)		214	(214)
Total operating revenues	$ 237,486	$ 163,227	$ 74,259	$ 626,729	$ 467,368	$ 159,361

As shown by the same store and new properties table below, the increases in rental revenues and tenant reimbursement revenues for the three and nine month periods ended September 30, 2010 compared to the same periods in 2009 were primarily due to new leasing at our same store properties and acquisition of properties. We acquired 17 properties during the twelve months ended September 30, 2010.

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The following table shows operating revenues for new properties (properties that were not owned for each of the full three and nine months ended September 30, 2010 and 2009) and same store properties (all other properties) (in thousands):

	Same Store			New Properties		
	Three Months Ended September 30,			Three Months Ended September 30,		
	2010	2009	Change	2010	2009	Change
Rental	$ 139,329	$ 130,626	$ 8,703	$ 45,182	$ 265	$ 44,917
Tenant reimbursements	39,191	32,215	6,976	13,784	8	13,776
Other		113	(113)			
Total operating revenues	$ 178,520	$ 162,954	$ 15,566	$ 58,966	$ 273	$ 58,693

	Same Store			New Properties		
	Nine Months Ended September 30,			Nine Months Ended September 30,		
	2010	2009	Change	2010	2009	Change
Rental	$ 411,547	$ 374,212	$ 37,335	$ 83,552	$ 265	$ 83,287
Tenant reimbursements	109,278	92,669	16,609	22,352	8	22,344
Other		214	(214)			
Total operating revenues	$ 520,825	$ 467,095	$ 53,730	$ 105,904	$ 273	$ 105,631

Same store rental revenues increased for the three and nine months ended September 30, 2010 compared to the same periods in 2009 primarily as a result of new leases at our properties during the twelve months ended September 30, 2010 due to strong demand for datacenter space, including leases of completed redevelopment space, the largest of which was for space in 350 East Cermak Road, 2440 Marsh Lane, St. Anne s Boulevard (3 buildings) and 365 South Randolphville Road. Rental revenue included amounts earned from leases with tel(x), a related party, of approximately $7.3 million and $5.4 million for the three months ended September 30, 2010 and 2009, respectively, and $18.2 million and $14.6 million for the nine months ended September 30, 2010 and 2009, respectively. Same store tenant reimbursement revenues increased for the three and nine months ended September 30, 2010 as compared to the same periods in 2009 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 350 East Cermak Road, 3 Corporate Place, 1525 Comstock Street and 600 West Seventh Street.

For the three and nine months ended September 30, 2010, 128 First Avenue, 60 & 80 Merritt Boulevard, 55 Middlesex Turnpike, 2121 South Price Road, 1350 Duane Avenue/3080 Raymond Street and 365 Main Street contributed $39.4 million, or approximately 67%, and $75.8 million, or approximately 72%, respectively, of the total new properties increase in revenues compared to the same periods in 2009.

Operating Expenses and Interest Expense

Operating expenses and interest expense during the three and nine months ended September 30, 2010 and 2009 were as follows (in thousands):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2010	2009	Change	2010	2009	Change
Rental property operating and maintenance	$ 74,156	$ 45,278	$ 28,878	$ 181,804	$ 130,152	$ 51,652
Property taxes	14,030	9,295	4,735	39,499	27,655	11,844
Insurance	2,168	1,495	673	5,749	4,439	1,310
Depreciation and amortization	70,128	50,439	19,689	187,520	145,926	41,594
General and administrative	11,878	10,351	1,527	34,971	29,980	4,991
Transactions	4,666	309	4,357	7,214	822	6,392
Other	59	404	(345)	226	689	(463)
Total operating expenses	$ 177,085	$ 117,571	$ 59,514	$ 456,983	$ 339,663	$ 117,320

Interest expense	$ 36,737	$ 22,559	$ 14,178	$ 100,801	$ 63,991	$ 36,810

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As shown in the same store and new properties table below, total expenses for the three and nine months ended September 30, 2010 increased compared to the same periods in 2009 primarily as a result of higher same store utility and maintenance costs as well as increased depreciation from additional redevelopment projects placed into service and from recently acquired properties.

The following table shows expenses for new properties (properties that were not owned for each of the full three and nine months ended September 30, 2010 and 2009) and same store properties (all other properties) (in thousands):

	Same Store Three Months Ended September 30,			New Properties Three Months Ended September 30,		
	2010	2009	Change	2010	2009	Change
Rental property operating and maintenance	$ 53,585	$ 45,084	$ 8,501	$ 20,571	$ 194	$ 20,377
Property taxes	10,920	9,278	1,642	3,110	17	3,093
Insurance	1,642	1,479	163	526	16	510
Depreciation and amortization	54,312	50,437	3,875	15,816	2	15,814
General and administrative[(1)]	11,878	10,351	1,527			
Transactions				4,666	309	4,357
Other	59	404	(345)			
Total operating expenses	$ 132,396	$ 117,033	$ 15,363	$ 44,689	$ 538	$ 44,151
Interest expense	$ 36,178	$ 22,503	$ 13,675	$ 559	$ 56	$ 503

	Same Store Nine Months Ended September 30,			New Properties Nine Months Ended September 30,		
	2010	2009	Change	2010	2009	Change
Rental property operating and maintenance	$ 147,801	$ 129,958	$ 17,843	$ 34,003	$ 194	$ 33,809
Property taxes	32,130	27,638	4,492	7,369	17	7,352
Insurance	4,784	4,423	361	965	16	949
Depreciation and amortization	159,491	145,924	13,567	28,029	2	28,027
General and administrative[(1)]	34,971	29,980	4,991			
Transactions				7,214	822	6,392
Other	226	689	(463)			
Total operating expenses	$ 379,403	$ 338,612	$ 40,791	$ 77,580	$ 1,051	$ 76,529
Interest expense	$ 98,629	$ 63,936	$ 34,693	$ 2,172	$ 55	$ 2,117

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

Same store rental property operating and maintenance expenses increased in the three and nine months ended September 30, 2010 compared to the same periods in 2009 primarily as a result of higher consumption and utility rates in several of our properties along with redevelopment projects being placed into service leading to higher utility expense in 2010. We capitalized amounts relating to compensation expense of employees directly engaged in construction and leasing activities of $4.4 million and $3.3 million for the three months ended September 30, 2010 and 2009, respectively, and $13.2 million and $10.0 million for the nine months ended September 30, 2010 and 2009, respectively.

Same store depreciation and amortization expense increased in the three and nine months ended September 30, 2010 compared to the same periods in 2009, principally because of depreciation of redevelopment projects that were placed into service in the final three months of 2009 and during 2010.

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General and administrative expenses for the three and nine months ended September 30, 2010 increased compared to the same periods in 2009 primarily due to the growth of our company, which resulted in more employees, additional incentive compensation, and higher professional fees and marketing expenses.

Same store interest expense increased for the three and nine months ended September 30, 2010 as compared to the same periods in 2009 primarily as a result of higher average outstanding debt balances during 2010 compared to 2009 primarily due to the issuance of the 2020 notes, the issuance of the 2015 notes, the issuance of the 2029 debentures and draws on our Prudential shelf facility. During the three months ended September 30, 2010 and 2009, we capitalized interest of approximately $2.7 million and $2.0 million, respectively, and for the nine months ended September 30, 2010 and 2009, we capitalized interest of approximately $7.1 million and $7.2 million, respectively.

New property increases were caused by properties acquired during the period from January 1, 2009 to September 30, 2010. For the three and nine months ended September 30, 2010, 128 First Avenue, 365 Main Street, 55 Middlesex Turnpike, 60 & 80 Merritt Boulevard, 2121 South Price Road and 720 2nd Street contributed $30.9 million, or approximately 70%, and $52.4 million, or approximately 68%, respectively, of the total new properties increase in total operating expenses compared to the same periods in 2009.

Transactions expense increased in the three and nine months ended September 30, 2010 compared to the same periods in 2009, principally because of acquisition related expenses related to the acquisitions of the New England Portfolio and 365 Main Portfolio.

Years Ended December 31, 2009, 2008 and 2007

The discussion below relates to our financial condition and results of operations for the years ended December 31, 2009, 2008 and 2007. A summary of our operating results from continuing operations for the years ended December 31, 2009, 2008 and 2007 was as follows (in thousands).

Year Ended December 31,	**2009**	**2008**	**2007**
Statement of Operations Data:			
Total operating revenues	$ 637,142	$ 527,445	$ 395,247
Total operating expenses	(459,353)	(399,090)	(307,569)
Operating income	177,789	128,355	87,678
Other expenses, net	(86,555)	(60,437)	(65,132)
Income from continuing operations	$ 91,234	$ 67,918	$ 22,546

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Our property portfolio has experienced consistent and significant growth since the first property acquisition in January 2002. As a result of such growth, a 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 and operated for the entire current period and the entire immediate preceding year). The following table identifies each of the properties in our portfolio acquired from January 1, 2007 through December 31, 2009.

Acquired Buildings	Acquisition Date	Redevelopment Space as of December 31, 2009[1]	Net Rentable Square Feet Excluding Redevelopment Space	Square Feet Including Redevelopment Space	Occupancy Rate as of December 31, 2009[2]
As of December 31, 2006 (57 properties)		462,540	10,159,366	10,621,906	94.3%
Year Ended December 31, 2007					
21110 Ridgetop Circle	Jan-07		135,513	135,513	100.0
3011 LaFayette Street	Jan-07		90,780	90,780	100.0
44470 Chillum Place	Feb-07		95,440	95,440	100.0
43791 Devin Shafron Drive[3]	Mar-07	2,194	132,806	135,000	100.0
43831 Devin Shafron Drive[3]	Mar-07		117,071	117,071	100.0
43881 Devin Shafron Drive[3]	Mar-07		180,000	180,000	98.5
Mundells Roundabout	Apr-07		113,464	113,464	100.0
210 N Tucker Boulevard	Aug-07	62,000	139,588	201,588	78.4
900 Walnut Street	Aug-07		112,266	112,266	97.3
1 Savvis Parkway	Aug-07		156,000	156,000	100.0
Clonshaugh Industrial Estate II[4]	Sep-07		124,500	124,500	100.0
1500 Space Park Drive	Sep-07		51,615	51,615	100.0
Cressex 1	Dec-07		50,847	50,847	90.6
Naritaweg 52	Dec-07		63,260	63,260	100.0
1 St. Anne s Boulevard[5]	Dec-07		20,219	20,219	100.0
2 St. Anne s Boulevard[5]	Dec-07	30,612		30,612	
3 St. Anne s Boulevard[5]	Dec-07	76,494	19,890	96,384	100.0
Subtotal		171,300	1,603,259	1,774,559	97.5%
Year Ended December 31, 2008					
365 South Randolphville Road	Feb-08	226,530	38,262	264,792	50.6
650 Randolph Road	Jun-08	127,790		127,790	
1201 Comstock Street	Jun-08		24,000	24,000	100.0
Manchester Technopark	Jun-08		38,016	38,016	100.0
7505 Mason King Court	Nov-08		109,650	109,650	100.0
Subtotal		354,320	209,928	564,248	91.0%
Year Ended December 31, 2009					
1525 Comstock Street	Sep-09		42,385	42,385	100.0
444 Toyama Drive	Sep-09		42,083	42,083	100.0
904 Quality Way[6]	Sep-09	46,750		46,750	
905 Security Row[6]	Sep-09	249,657		249,657	
1232 Alma Road[6]	Sep-09	105,726		105,726	
900 Quality Way[6]	Sep-09	112,253		112,253	
1400 N. Bowser Road[6]	Sep-09	246,940		246,940	
1301 International Parkway[6]	Sep-09	20,500		20,500	
908 Quality Way[6]	Sep-09	14,400		14,400	
1350 Duane Avenue/3080 Raymond Street	Oct-09		185,000	185,000	100.0
45901 & 45845 Nokes Boulevard	Dec-09		167,160	167,160	100.0
21561 & 21571 Beaumeade Circle	Dec-09		164,453	164,453	100.0
Subtotal		796,226	601,081	1,397,307	100.0%

Total	1,784,386	12,573,634	14,358,020	95.0%

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(1) Redevelopment space requires significant capital investment in order to develop datacenter facilities that are ready for use. Most often this is shell space. However, in certain circumstances this may include partially built datacenter space that was not completed by previous ownership and requires a large capital investment in order to build out the space.
(2) Occupancy rates exclude space held for redevelopment. 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.
(3) The three buildings at Devin Shafron Drive are considered one property for our property count.
(4) Building completed and placed into service in September 2007 on a land parcel acquired in 2006.
(5) The three buildings at St. Anne s Boulevard are considered one property for our property count.
(6) The seven buildings at Digital Realty Trust Datacenter Park Dallas are considered one property for our property count.

In May 2008, we acquired 701 & 717 Leonard Street, a parking garage in Dallas, Texas; however, we exclude the acquisition from our property count because it is located adjacent to our internet gateway datacenter located at 2323 Bryan Street and is not considered a separate property.

In May 2009, we acquired three parcels of land in Ashburn, Virginia to be developed. The parcels are not included in our property count.

Comparison of the Year Ended December 31, 2009 to the Year Ended December 31, 2008 and Comparison of the Year Ended December 31, 2008 to the Year Ended December 31, 2007

Portfolio

As of December 31, 2009, our portfolio consisted of 81 properties with an aggregate of 14.4 million net rentable square feet including 1.8 million square feet held for redevelopment compared to a portfolio consisting of 75 properties with an aggregate of 13.0 million net rentable square feet including 1.6 million square feet held for redevelopment as of December 31, 2008 and a portfolio consisting of 70 properties with an aggregate of 12.3 million net rentable square feet including 1.8 million square feet held for redevelopment as of December 31, 2007. The increase in our portfolio reflects the acquisition of 13 properties in 2007, 5 properties in 2008 and 6 properties in 2009. For all periods above, the number of properties excludes one property held as an investment in an unconsolidated joint venture.

Revenues

Total operating revenues from continuing operations for the years ended December 31, 2009, 2008 and 2007 were as follows (in thousands):

	Year Ended December 31,			Change		Percentage Change	
	2009	2008	2007	2009 v 2008	2008 v 2007	2009 v 2008	2008 v 2007
Rental	$ 510,772	$ 404,559	$ 319,603	$ 106,213	$ 84,956	26.3%	26.6%
Tenant reimbursements	125,308	107,503	75,003	17,805	32,500	16.6%	43.3%
Other	1,062	15,383	641	(14,321)	14,742	(93.1)%	2,299.8%
Total operating revenues	$ 637,142	$ 527,445	$ 395,247	$ 109,697	$ 132,198	20.8%	33.4%

As shown by the same store and new properties table shown below, the increases in rental revenues and tenant reimbursement revenues in the year ended December 31, 2009 compared to 2008 were primarily due to new leasing at our same store properties, including completed and leased redevelopment space, and acquisitions of properties. These factors also caused the increases in rental revenues and tenant reimbursements in the year ended December 31, 2008 compared to 2007. Other revenues changes in the years presented were primarily due to the timing of varying tenant termination revenues. We acquired 6, 5 and 13 properties during the years ended December 31, 2009, 2008 and 2007, respectively.

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The following table shows total operating revenues from continuing operations for same store properties and new properties (in thousands).

	Same Store Year Ended December 31,			New Properties Year Ended December 31,		
	2009	2008	Change	2009	2008	Change
Rental	$ 495,928	$ 402,905	$ 93,023	$ 14,844	$ 1,654	$ 13,190
Tenant reimbursements	120,431	105,870	14,561	4,877	1,633	3,244
Other	1,062	15,383	(14,321)			
Total operating revenues	$ 617,421	$ 524,158	$ 93,263	$ 19,721	$ 3,287	$ 16,434

Same store rental revenues increased for the year ended December 31, 2009 compared to the same period in 2008 primarily as a result of new leases at our properties during 2009, the largest of which were for space in Devin Shafron Drive (three buildings), 350 East Cermak Road, 114 Rue Ambroise Croizat, 2440 Marsh Lane and Cressex 1. Same store tenant reimbursement revenues increased for the year ended December 31, 2009 compared to the same period in 2008 primarily as a result of higher utility and operating expenses being billed to our tenants in connection with new leasing, the largest occurrences of which were at 3011 Lafayette Street, Devin Shafron Drive (three buildings), 111 8th Avenue (2nd and 6th floors), 1500 Space Park Drive and 114 Rue Ambroise Croizat. The decrease in other revenue for the year ended December 31, 2009 compared to the same period in 2008 was primarily due to lease termination revenue related to an early termination of a tenant lease during the latter half of 2008.

New property increases were caused by properties acquired during the period from January 1, 2008 to December 31, 2009. For the year ended December 31, 2009, 1201 Comstock Street, Manchester Technopark, 7505 Mason King Court and 1350 Duane Avenue/3080 Raymond Street contributed $12.9 million, or approximately 78% of the total new properties increase in revenues compared to the same period in 2008.

	Same Store Year Ended December 31,			New Properties Year Ended December 31,		
(in thousands)	2008	2007	Change	2008	2007	Change
Rental	$ 348,724	$ 302,473	$ 46,251	$ 55,835	$ 17,130	$ 38,705
Tenant reimbursements	97,420	73,343	24,077	10,083	1,660	8,423
Other	15,383	641	14,742			
Total operating revenues	$ 461,527	$ 376,457	$ 85,070	$ 65,918	$ 18,790	$ 47,128

Same store rental revenues increased for the year ended December 31, 2008 compared to the same period in 2007 primarily as a result of new leases at our properties during 2008, the largest of which were for space in 350 East Cermak Road, 3 Corporate Place, 4025 Midway Road, and 200 Paul Avenue 1-4. Same store tenant reimbursement revenues increased for the year ended December 31, 2008 compared to the same period in 2007 primarily as a result of higher utility and operating expenses being billed to our tenants, the largest occurrences of which were at 3 Corporate Place, 350 East Cermak Road, 200 Paul Avenue 1-4, and 600 West Seventh Street. The increase in other revenue for the year ended December 31, 2008 compared to the same period in 2007 was primarily due to lease termination revenue related to an early termination of a tenant lease during the latter half of 2008.

New property increases were caused by properties acquired during the period from January 1, 2007 to December 31, 2008. For the year ended December 31, 2008, 3011 Lafayette Street, Devon Shafron Drive properties (3 buildings), 1500 Space Park Drive, 900 Walnut Street and Manchester Technopark contributed $31.9 million, or approximately 68% of the total new properties increase in revenues compared to the same period in 2007.

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Expenses

Total expenses from continuing operations were as follows (in thousands):

	Year Ended December 31,			Change		Percentage Change	
	2009	2008	2007	2009 v 2008	2008 v 2007	2009 v 2008	2008 v 2007
Rental property operating and maintenance	$ 176,238	$ 151,147	$ 109,225	$ 25,091	$ 41,922	16.6%	38.4%
Property taxes	36,004	31,102	27,181	4,902	3,921	15.8%	14.4%
Insurance	6,111	4,988	5,527	1,123	(539)	22.5%	(9.8)%
Depreciation and amortization	198,052	172,378	134,419	25,674	37,959	14.9%	28.2%
General and administrative	42,165	38,391	30,786	3,774	7,605	9.8%	24.7%
Other	783	1,084	431	(301)	653	(27.8)%	151.5%
Total operating expenses	$ 459,353	$ 399,090	$ 307,569	$ 60,263	$ 91,521	15.1%	29.8%
Interest expense	$ 88,442	$ 63,621	$ 67,054	$ 24,821	$ (3,433)	39.0%	(5.1)%

As shown in the same store expense and new properties table below, total expenses in the year ended December 31, 2009 increased compared to 2008 primarily as a result of higher same store utility and maintenance costs as well as increased depreciation from additional redevelopment projects placed into service and from recently acquired properties. The following table shows expenses from continuing operations for same store properties and new properties (in thousands).

	Same Store Year Ended December 31,			New Properties Year Ended December 31,		
	2009	2008	Change	2009	2008	Change
Rental property operating and maintenance	$ 168,182	$ 149,120	$ 19,062	$ 8,056	$ 2,027	$ 6,029
Property taxes	34,847	31,019	3,828	1,157	83	1,074
Insurance	5,909	4,974	935	202	14	188
Depreciation and amortization	192,622	171,826	20,796	5,430	552	4,878
General and administrative[(1)]	42,165	38,391	3,774			
Other	783	1,084	(301)			
Total operating expenses	$ 444,508	$ 396,414	$ 48,094	$ 14,845	$ 2,676	$ 12,169
Interest expense	$ 87,041	$ 63,618	$ 23,423	$ 1,401	$ 3	$ 1,398

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

Same store rental property operating and maintenance expenses increased for the year ended December 31, 2009 compared to the same period in 2008 primarily as a result of higher utility rates in several of our properties along with redevelopment projects being placed into service leading to higher utility and operating expense in 2009. We capitalized amounts relating to compensation expense of employees directly engaged in construction and successful leasing activities of $13.9 million and $10.6 million in the years ended December 31, 2009 and 2008, respectively.

Same store property taxes increased in the year ended December 31, 2009 compared to 2008, primarily as a result of newly completed redevelopment space offset by favorable property tax reassessment at 350 East Cermak Road.

Same store insurance increased in the year ended December 31, 2009 compared to 2008, primarily as a result of an increase in insurance rates on our renewal of our insurance program.

Same store depreciation and amortization expense increased in the year ended December 31, 2009 compared to 2008, principally because of depreciation of redevelopment projects that were placed into service in late 2008 and during 2009.

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General and administrative expenses for the year ended December 31, 2009 increased compared to the same period in 2008 primarily due to the growth of our company, which resulted in higher employee cost, travel expenses and higher professional fees and marketing expenses offset by $1.6 million of compensation expense in 2008 related to the acceleration of the 2005 OPP Grant. For a further discussion of the acceleration of the 2005 OPP Grant, please refer to note 9 in the notes to the consolidated financial statements included elsewhere and incorporated by reference in this prospectus.

Other expenses are primarily comprised of write-offs of the carrying amounts for tenant improvements, acquired in place lease value and acquired above market lease values as a result of the early termination of tenant leases.

Same store interest expense increased for the year ended December 31, 2009 as compared to the same period in 2008 primarily as a result of higher average outstanding debt balances during 2009 compared to 2008 due to issuance of the 2029 debentures, draws on our Prudential shelf facility, and secured financings on 3 Corporate Place, 1500 Space Park Drive, Mundells Roundabout, Cressex 1, Manchester Technopark and Clonshaugh Industrial Estate II, partially offset by a decrease in interest expense at 350 East Cermak Road due to a lower effective rate after considering impact of interest rate swap agreement and early paydown of the loan in March 2009. Interest capitalized during the years ended December 31, 2009 and 2008 was $9.2 million and $18.4 million, respectively.

New property increases were caused by properties acquired during the period from January 1, 2008 to December 31, 2009. For the year ended December 31, 2009, 1201 Comstock Street, Manchester Technopark, 365 S. Randolphville Road, 1350 Duane Avenue/3080 Raymond Street and 7505 Mason King Court contributed $10.7 million, or approximately 88% in total operating expenses compared to the same period in 2008.

	Same Store Year Ended December 31,			New Properties Year Ended December 31,		
(in thousands)	**2008**	**2007**	**Change**	**2008**	**2007**	**Change**
Rental property operating and maintenance	$ 133,706	$ 104,171	$ 29,535	$ 17,441	$ 5,054	$ 12,387
Property taxes	28,546	26,408	2,138	2,556	773	1,783
Insurance	4,683	5,490	(807)	305	37	268
Depreciation and amortization	147,119	127,079	20,040	25,259	7,340	17,919
General and administrative[(1)]	38,391	30,786	7,605			
Other	1,022	431	591	62		62
Total operating expenses	$ 353,467	$ 294,365	$ 59,102	$ 45,623	$ 13,204	$ 32,419
Interest expense	$ 61,371	$ 67,049	$ (5,678)	$ 2,250	$ 5	$ 2,245

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

Same store rental property operating and maintenance expenses increased for the year ended December 31, 2008 compared to the same period in 2007 primarily as a result of higher utility expenses which is attributed to new leasing and increased power rates. We capitalized amounts relating to compensation expense of employees directly engaged in construction and successful leasing activities of $10.6 million and $5.0 million in the years ended December 31, 2008 and 2007, respectively.

Same store property taxes increased in the year ended December 31, 2008 compared to 2007, primarily as a result of newly completed redevelopment space offset by favorable property tax adjustments at 350 East Cermak Road and 200 Paul Avenue 1-4.

Same store insurance decreased in the year ended December 31, 2008 compared to 2007, primarily as a result of favorable insurance rates on our renewal of our insurance program in late 2007.

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Same store depreciation and amortization expense increased in the year ended December 31, 2008 compared to 2007, principally because of depreciation of redevelopment projects that were placed into service in late 2007 and during 2008 along with the acceleration of depreciation on assets associated with leases which terminated earlier than previously estimated.

General and administrative expenses for the year ended December 31, 2008 increased compared to the same period in 2007 primarily due to the growth of our company, which resulted in more employees, additional incentive compensation, and higher professional fees and marketing expenses along with the $1.6 million of compensation expense related to the acceleration of the 2005 OPP Grant. For a further discussion of the acceleration of the 2005 OPP Grant, please refer to note 9 in the notes to the consolidated financial statements included elsewhere in this prospectus.

Other expenses are primarily comprised of write-offs of the carrying amounts for tenant improvements, acquired in place lease value and acquired above market lease values as a result of the early termination of tenant leases.

Same store interest expense decreased for the year ended December 31, 2008 as compared to the same period in 2007 primarily as a result of higher capitalized interest during 2008 compared to 2007 along with a decrease in interest expense at 350 East Cermak Road due to a lower variable interest rate offset by higher average outstanding debt balances during 2008 compared to 2007 due to financings on 3 Corporate Place, 2045 & 2055 LaFayette Street, 150 South First Street and 1500 Space Park Drive. Interest capitalized during the years ended December 31, 2008 and 2007 was $18.4 million and $11.9 million, respectively.

New property increases were caused by properties acquired during the period from January 1, 2007 to December 31, 2008. For the year ended December 31, 2008, 3011 Lafayette Street, Devon Shafron Drive properties (3 buildings), 1500 Space Park Drive and 900 Walnut Street contributed $20.6 million, or approximately 63% in total operating expenses compared to the same period in 2007.

Equity in earnings of unconsolidated joint venture

The equity in earnings of unconsolidated joint venture relates to a 50% investment in a joint venture that owns a datacenter property in Seattle, Washington. The investment was made in November 2006. The amount recorded in 2007 includes our portion of the write-off of net costs related to the refinance of the previously outstanding mortgage loan on the property, which amounted to approximately $0.6 million.

Discontinued operations

Discontinued operations relate to the following properties:

Property	Date Acquired	Date Sold
4055 Valley View Lane	September 2003	March 2007
100 Technology Center Drive	February 2004	March 2007

Results of discontinued operations were as follows (in thousands):

	Year Ended December 31, 2007
Operating revenues	$ 2,340
Operating expenses	(1,283)
Interest and other income	5
Interest expense	(607)
Gain on derivative instruments	940
	1,395
Gain on sale of assets	18,049
Income from discontinued operations	19,444

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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 indebtedness of our operating partnership, 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 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 May 1, 2009, as amended by Post-Effective Amendment No. 1 filed on November 15, 2010, that allows our parent company to register unspecified 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 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 and redevelopment opportunities and for general working capital purposes, including potentially for the repurchase, redemption or retirement of outstanding debt or preferred 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 some of our operating partnership s debt. If our operating partnership fails to fulfill its 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 borrowings available under its unsecured revolving credit facility, are adequate for it to make its

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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 its ability to make distribution payments to our parent company. The unavailability 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.

On December 31, 2009, our parent company entered into equity distribution agreements, which we refer to as the Original Equity Distribution Agreements, with each of Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, or the Original Agents, under which it could issue and sell shares of its common stock having an aggregate offering price of up to $400,000,000 from time to time through, at its discretion, any of the Original Agents as its sales agents. On January 22, 2010, our parent company amended and restated each Original Equity Distribution Agreement with the applicable Original Agent, and also entered into a new equity distribution agreement with Morgan Stanley & Co. Incorporated, or collectively the Equity Distribution Agreements, under which it may issue and sell shares of its common stock having an aggregate offering price of up to $400,000,000 (including the approximately 1.1 million shares of common stock having an aggregate offering price of approximately $54.3 million sold pursuant to the Original Equity Distribution Agreements as of January 22, 2010), from time to time through, at its discretion, any of the Original Agents or Morgan Stanley & Co. Incorporated as its sales agents. The sales of common stock made under the Equity Distribution Agreements will be made in at the market offerings as defined in Rule 415 of the Securities Act. Our parent company has used and intends to use the proceeds from the sale of shares pursuant to the Equity Distribution Agreements to temporarily repay borrowings under our operating partnership s revolving credit facility, to acquire additional properties, to fund development and redevelopment opportunities and for general corporate purposes, including potentially the repayment or repurchase of outstanding debt. From January 1, 2010 through September 30, 2010, our parent company generated net proceeds of approximately $154.4 million from the issuance of approximately 2.8 million common shares under the Equity Distribution Agreements at an average price of $56.35 per share after payment of approximately $2.4 million of commissions to the sales agents. The proceeds from the issuances were contributed to our operating partnership in exchange for the issuance of 2.8 million common units to our parent company.

On June 8, 2010, our parent company completed an offering of 6,900,000 shares of its common stock for total net proceeds, after deducting discounts and estimated expenses, of approximately $377.1 million. Our parent company contributed the net proceeds from this offering to our operating partnership in exchange for 6,900,000 common units, as required by our operating partnership s partnership agreement.

On June 14, 2010, our parent company issued 1,160,950 privately issued shares of its common stock, par value $0.01 per share, to our operating partnership, and our operating partnership delivered the shares and paid an incentive fee equal to $184,800 and accrued and unpaid interest equal to $503,965 in exchange for $36,960,000 in aggregate principal amount of the 2026 debentures held by an institutional investor pursuant to an exchange agreement, dated June 14, 2010, by and among our parent company, our operating partnership and such institutional investor.

On July 22, 2010, our parent company distributed a Notice of Redemption to all holders of record of its outstanding 8.50% Series A Cumulative Redeemable Preferred Stock, or the Series A Preferred Stock, regarding its redemption of all 4,140,000 outstanding shares of the Series A Preferred Stock at a redemption price of $25.31285 per share. The redemption price was equal to the original issuance price of $25.00 per share, plus accrued and unpaid dividends. The redemption date was August 24, 2010. Our parent company funded the redemption with borrowings under our operating partnership s revolving credit facility, which our operating partnership distributed to our parent company in connection with our operating partnership s redemption of all 4,140,000 of its outstanding 8.50% Series A Cumulative Redeemable Preferred Units held by our parent company.

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On July 27, 2010, our parent company issued 236,444 privately issued shares of its common stock, par value $0.01 per share, to our operating partnership, and our operating partnership delivered the shares and paid an incentive fee equal to $37,516 and accrued and unpaid interest equal to $138,360 in exchange for $7,500,000 in aggregate principal amount of the 2026 debentures held by an institutional investor pursuant to an exchange agreement, dated July 27, 2010, by and among our parent company, our operating partnership and such institutional investor.

In two settlements on August 30, 2010 and September 1, 2010, our parent company issued an aggregate of 436,539 privately issued shares of its common stock, par value $0.01 per share, to our operating partnership, and our operating partnership delivered the shares and paid an aggregate incentive fee equal to $91,062 and aggregate accrued and unpaid interest equal to $25,157 in exchange for $13,847,000 in aggregate principal amount of the 2026 debentures held by an institution pursuant to an exchange agreement, dated August 30, 2010, by and among our parent company, our operating partnership and such institution.

On September 17, 2010, our parent company issued 28,496 privately issued shares of its common stock, par value $0.01 per share, to our operating partnership, and our operating partnership delivered the shares and paid an incentive fee equal to $5,919 and accrued and unpaid interest equal to $3,197 in exchange for $900,000 in aggregate principal amount of the 2026 debentures held by an institutional investor pursuant to an exchange agreement, dated September 17, 2010, by and among our parent company, our operating partnership and such institutional investor.

On September 24, 2010, our parent company issued 94,990 privately issued shares of its common stock, par value $0.01 per share, to our operating partnership, and our operating partnership delivered the shares and paid an incentive fee equal to $19,500 and accrued and unpaid interest equal to $13,406 in exchange for $3,000,000 in aggregate principal amount of the 2026 debentures held by an institutional investor pursuant to an exchange agreement, dated September 24, 2010, by and among our parent company, our operating partnership and such institutional investor.

On November 16, 2010, our parent company issued 72,826 privately issued shares of its common stock, par value $0.01 per share, to our operating partnership, and our operating partnership delivered the shares and paid an incentive fee equal to $15,125 and accrued and unpaid interest equal to $23,719 in exchange for $2,300,000 in aggregate principal amount of the 2026 debentures held by an institutional investor pursuant to an exchange agreement, dated November 16, 2010, by and among our parent company, our operating partnership and such institutional investor.

On November 19, 2010, our parent company issued 601,127 privately issued shares of its common stock, par value $0.01 per share, to our operating partnership, and our operating partnership delivered the shares and paid an incentive fee equal to $189,889 and accrued and unpaid interest equal to $204,484 in exchange for $18,985,000 in aggregate principal amount of the 2026 debentures held by an institutional investor pursuant to an exchange agreement, dated November 19, 2010, by and among our parent company, our operating partnership and such institutional investor.

Future Uses of Cash

Our parent company may from time to time seek to retire, redeem or repurchase its preferred 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.

On November 9, 2010, our parent company distributed a Notice of Redemption to all holders of record of its outstanding 7.875% Series B Cumulative Redeemable Preferred Stock, or Series B Preferred Stock, regarding its redemption of all outstanding shares of its Series B Preferred Stock at a redemption price of $25.37734 per share.

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The redemption price is equal to the original issuance price of $25.00 per share, plus accrued and unpaid dividends. The redemption date is December 10, 2010. Our parent company intends to fund the redemption with borrowings under our operating partnership s revolving credit facility, which our operating partnership will distribute to our parent company in connection with our operating partnership s redemption of all 2,530,000 of its outstanding 7.875% Series B Cumulative Redeemable Preferred Units held by our parent company.

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

Dividends and Distributions

Our parent company is required to distribute 90% of its taxable income (excluding capital gains) on an annual basis in order for it to continue to qualify as a REIT for federal income tax purposes. Accordingly, our parent company intends to make, but is not contractually bound to make, regular quarterly distributions to its preferred stockholders and common stockholders from cash flow from our operating partnership s operating activities. 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 100% of its taxable income 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. The exchange rate on the 2026 debentures, the exchange rate on the 2029 debentures, the conversion rate on our parent company s series C cumulative convertible preferred stock and the conversion rate on our parent company s series D cumulative convertible preferred stock are each subject to adjustment for certain events, including, but not limited to, certain dividends on our parent company s common stock in excess of $0.265 per share per quarter, $0.33 per share per quarter, $0.28625 per share per quarter and $0.31 per share per quarter, respectively. Therefore, the declaration and payment of quarterly dividends by our parent company in excess of these thresholds may increase the dilutive impact of our operating partnership s exchangeable debentures and our parent company s convertible preferred stock on our parent company s common stockholders.

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, including, in limited circumstances, our parent company s own shares. 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 real estate investment trusts can. Our parent company may need to continue to raise capital in the 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 revolving credit facility, if necessary, to meet REIT distribution requirements and maintain our parent company s REIT status.

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In 2009, 2008 and 2007 and the first eleven months of 2010, our parent company declared the following dividends (in thousands):

Date dividend declared	Dividend payable date	Series A Preferred Stock[1]	Series B Preferred Stock[2]	Series C Preferred Stock[3]	Series D Preferred Stock[4]	Common Stock
February 15, 2007	April 2, 2007	2,199	1,246			17,227[5]
May 2, 2007	July 2, 2007	2,199	1,246	1,722		17,376[5]
August 1, 2007	October 1, 2007	2,199	1,246	1,914		17,381[5]
November 1, 2007	December 31, 2007 for Series A, B and C Preferred Stock; January 14, 2008 for Common Stock	2,199	1,246	1,914		20,275[6]
Total 2007		$ 8,796	$ 4,984	$ 5,550	$	$ 72,259
February 25, 2008	March 31, 2008	2,199	1,246	1,914	2,899	20,295[6]
May 5, 2008	June 30, 2008	2,199	1,246	1,914	4,744	20,512[6]
August 4, 2008	September 30, 2008	2,199	1,246	1,914	4,744	22,491[6]
November 4, 2008	December 31, 2008 for Series A, B, C and D Preferred Stock; January 7, 2009 for Common Stock	2,199	1,246	1,914	4,744	24,150[7]
Total 2008		$ 8,796	$ 4,984	$ 7,656	$ 17,131	$ 87,448
February 24, 2009	March 31, 2009	2,199	1,246	1,914	4,742	25,077[7]
April 28, 2009	June 30, 2009	2,199	1,246	1,914	4,742	25,126[7]
July 28, 2009	September 30, 2009	2,199	1,246	1,914	4,742	27,502[8]
October 27, 2009	December 31, 2009 for Series A, B, C and D Preferred Stock; January 15, 2010 for Common Stock	2,199	1,246	1,914	4,742	34,561[9]
Total 2009		$ 8,796	$ 4,984	$ 7,656	$ 18,968	$ 112,266
February 23, 2010	March 31, 2010	2,199	1,246	1,914	4,742	37,512[10]
April 27, 2010	June 30, 2010	2,199	1,246	1,914	4,742	41,783[10]
July 19, 2010	September 30, 2010	[11]	1,246	1,914	4,739	47,024[12]
November 2, 2010	December 31, 2010[13]		[14]	1,914	4,739	[15]

(1) $2.125 annual rate of dividend per share.
(2) $1.969 annual rate of dividend per share.
(3) $1.094 annual rate of dividend per share.
(4) $1.375 annual rate of dividend per share.
(5) $1.145 annual rate of dividend per share.
(6) $1.240 annual rate of dividend per share.
(7) $1.320 annual rate of dividend per share.
(8) $1.440 annual rate of dividend per share.
(9) $1.800 annual rate of dividend per share.
(10) $1.920 annual rate of dividend per share.
(11) Redeemed on August 24, 2010 for a redemption price of $25.31285 per share, which equals the original issuance price of $25.00 per share, plus accrued and unpaid dividends up to but not including the redemption date of approximately $1.3 million.
(12) $2.120 annual rate of dividend per share.
(13) The common stock dividend will be paid on January 14, 2011.

(14) Scheduled to be redeemed on December 10, 2010 for a redemption price of $25.37734 per share, which equals the original issuance price of $25.00 per share, plus accrued and unpaid dividends up to but not including the redemption date.

(15) $2.120 annual rate of dividend per share. The aggregate amount of the dividend will be determined based on the number of shares of common stock outstanding on the December 15, 2010 record date.

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Distributions out of our current or accumulated earnings and profits are generally classified as ordinary income whereas distributions in excess of our 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 sufficient to fund all distributions.

The tax treatment of distributions on common stock for 2009 is as follows: 100% ordinary income and 0% return of capital. The tax treatment of distributions on common stock for 2008 is as follows: approximately 100% ordinary income and 0% return of capital. The tax treatment of distributions on common stock for 2007 is as follows: approximately 78% ordinary income and 22% return of capital. All distributions paid on our preferred stock in 2009, 2008 and 2007 were classified as ordinary income for income tax purposes.

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 text 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, 2010, we had $66.5 million of cash and cash equivalents, excluding $61.6 million of restricted cash. Restricted cash primarily consists of interest-bearing cash deposits required by the terms of several of our mortgage loans for a variety of purposes, including real estate taxes, insurance, anticipated or contractually obligated tenant improvements, as well as capital expenditures.

Our short-term liquidity requirements primarily consist of operating expenses, redevelopment 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 revolving credit facility.

As of September 30, 2010, our revolving credit facility had a total capacity of $750.0 million. Effective August 31, 2010, we exercised the first of two one-year extension options to our revolving credit facility, which extends its maturity date from August 31, 2010 to August 31, 2011. The bank group is obligated to grant extension options provided we give proper notice, we make certain representations and warranties and no default exists under the revolving credit facility. As of September 30, 2010, borrowings under the revolving credit facility bore interest at a blended rate of 1.36% (U.S.), 1.72% (Euro) and 1.67% (GBP), which are based on 1-month LIBOR, 1-month EURIBOR and 1-month GBP LIBOR, respectively, plus a margin of 1.10%. The revolving credit facility has a $515.0 million sub-facility for multicurrency advances in British Pound Sterling, Canadian Dollars, Euros, and Swiss Francs. We intend to use available borrowings under the revolving credit facility to, among other things, finance the acquisition of additional properties, fund tenant improvements and capital expenditures, fund development and redevelopment activities and to provide for working capital and other corporate purposes. As of September 30, 2010, approximately $220.6 million was drawn under this facility, and $16.8 million of letters of credit were issued, leaving approximately $512.5 million available for use.

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On June 28, 2010, we completed an amendment to our revolving credit facility. The amendment to the revolving credit facility provides us with the ability to add eligible unencumbered international assets to the borrowing base in support of our outstanding unsecured debt. International assets include properties located in Canada, England, Ireland, Wales, France, Spain, the Netherlands, Singapore and Australia. Under the new amendment, international assets may comprise up to 25% of the borrowing base, with assets in Spain and Singapore limited to up to 10% of the borrowing base.

On June 30, 2010, we completed an amendment to our Prudential shelf facility, the terms of which are substantially the same as the amendment to our revolving credit facility described above.

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.

On January 20, 2010, we closed the sale of $100.0 million aggregate principal amount of our senior unsecured term notes to Prudential Investment Management, Inc. and certain of its affiliates, or, collectively, Prudential, pursuant to the Prudential shelf facility. The notes were issued in two series referred to as the series D and series E notes. The series D notes have a principal amount of $50.0 million, an interest-only rate of 4.57% per annum and a five-year maturity, and the series E notes have a principal amount of $50.0 million, an interest-only rate of 5.73% per annum and a seven-year maturity. On February 3, 2010, we closed the sale of an additional $17.0 million aggregate principal amount of our senior unsecured term notes, which we refer to as the series F notes, to Prudential pursuant to the Prudential shelf facility. The series F notes have an interest-only rate of 4.50% per annum and a five-year maturity. We used the proceeds of the series D, series E and series F notes to fund acquisitions, to temporarily repay borrowings under our revolving credit facility, to fund working capital and for general corporate purposes.

On January 22, 2010, our parent company entered into the Equity Distribution Agreements discussed under Liquidity and Capital Resources of the Parent Company above. From January 1, 2010 through September 30, 2010, our parent company generated net proceeds of approximately $154.4 million from the issuance of approximately 2.8 million common shares under the Equity Distribution Agreements at an average price of $56.35 per share after payment of approximately $2.4 million of commissions to the sales agents. The proceeds from the issuances were contributed to us in exchange for the issuance of 2.8 million common units to our parent company.

On January 22, 2010, we completed the acquisition of the New England Portfolio, a three-property datacenter portfolio located in Massachusetts and Connecticut, from Sentinel Properties Needham, LLC, SP Needham I, LLC, Sentinel Properties Bedford LLC and Sentinel Properties Trumbull, LLC, or, collectively, the Sellers. The purchase price, which was determined through negotiations between us and the Sellers, was approximately $375.0 million and was paid in cash funded with borrowings under our revolving credit facility.

On January 28, 2010, we closed the issuance of $500.0 million aggregate principal amount of the 2020 notes. The purchase price paid by the initial purchasers was 98.296% of the principal amount thereof. The notes are our general unsecured senior obligations, rank equally in right of payment with all our other senior unsecured indebtedness and are fully and unconditionally guaranteed by our parent company. Interest on the notes is payable on February 1 and August 1 of each year, beginning on August 1, 2010. The net proceeds from the offering after deducting the original issue discount, underwriting commissions and estimated expenses was approximately $487.1 million. We used the net proceeds from the offering to temporarily repay our borrowings under our revolving credit facility, fund development and redevelopment opportunities, fund working capital and for general corporate purposes.

On June 8, 2010, our parent company completed an offering of 6,900,000 shares of common stock for total net proceeds, after deducting discounts and estimated expenses, of approximately $377.1 million. Our parent

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company contributed the net proceeds from this offering to us in exchange for 6,900,000 common units, as required by our partnership agreement. We used a portion of the net proceeds from the offering to fund a portion of the acquisition of the 365 Main Portfolio, described below, and the balance of the proceeds to acquire additional properties, to fund development and redevelopment opportunities and for general working capital purposes.

On June 14, 2010, our parent company issued 1,160,950 privately issued shares of its common stock, par value $0.01 per share, to us, and we delivered the shares and paid an incentive fee equal to $184,800 and accrued and unpaid interest equal to $503,965 in exchange for $36,960,000 in aggregate principal amount of the 2026 debentures held by an institutional investor pursuant to an exchange agreement, dated June 14, 2010, by and among us, our parent company and such institutional investor.

On July 8, 2010, we closed the issuance of $375.0 million aggregate principal amount of the 2015 notes. The purchase price paid by the initial purchasers was 99.697% of the principal amount thereof. The notes are our general unsecured senior obligations, rank equally in right of payment with all our other senior unsecured indebtedness and are fully and unconditionally guaranteed by our parent company. Interest on the notes is payable on January 15 and July 15 of each year, beginning on January 15, 2011. The net proceeds from the offering after deducting the original issue discount, underwriting commissions and estimated expenses was approximately $370.8 million. We used the net proceeds from the offering to fund a portion of the acquisition of the 365 Main Portfolio, described below.

On July 13, 2010, we completed the acquisition of a five-property datacenter portfolio located in California, Arizona and Virginia, which we refer to as the Rockwood Capital/365 Main Portfolio. The purchase price was approximately $725.0 million and was funded with proceeds from our parent company s common stock offering in June 2010 and our notes offering in July 2010 along with borrowings under our revolving credit facility.

On July 22, 2010, our parent company distributed a Notice of Redemption to all holders of record of its outstanding 8.50% Series A Cumulative Redeemable Preferred Stock, or the Series A Preferred Stock, regarding its redemption of all 4,140,000 outstanding shares of the Series A Preferred Stock at a redemption price of $25.31285 per share. The redemption price was equal to the original issuance price of $25.00 per share, plus accrued and unpaid dividends. The redemption date was August 24, 2010. We funded the redemption with borrowings under our revolving credit facility, which we distributed to our parent company in connection with our redemption of all 4,140,000 of our outstanding 8.50% Series A Cumulative Redeemable Preferred Units held by our parent company.

On July 27, 2010, our parent company issued 236,444 privately issued shares of its common stock, par value $0.01 per share, to us, and we delivered the shares and paid an incentive fee equal to $37,516 and accrued and unpaid interest equal to $138,360 in exchange for $7,500,000 in aggregate principal amount of the 2026 debentures held by an institutional investor pursuant to an exchange agreement, dated July 27, 2010, by and among us, our parent company and such institutional investor.

On August 5, 2010, we acquired a 50% controlling interest in a joint venture that owns 800 Central Expressway, a vacant 150,000 square foot powered shell building that was added to our inventory of space held for redevelopment. Upon obtaining control of the joint venture, we consolidated the joint venture which included a property with an estimated fair value of $27.1 million, $2.1 million of restricted cash, and $23.9 million of secured loans which were paid down to $20.5 million in connection with our acquisition. In addition, each member subsequently contributed $8.8 million to fund a lender required impound account to be used to fund future expected redevelopment costs.

On August 5, 2010, we acquired a 50% noncontrolling common interest in a joint venture for approximately $6.0 million that owns 700 and 750 Central Expressway, two fully leased office buildings comprising approximately 300,000 square feet. The joint venture is encumbered by $29.1 million of secured loans. We made a $4.1 million preferred equity contribution to the joint venture which was used to pay down to secured loans to

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$25 million. We have the option to put our common interest back to the other member, subject to certain conditions, at a price equal to our initial common interest contribution of $6.0 million.

On August 19, 2010, we acquired two fully leased datacenter properties for a purchase price of $50.3 million. The first property is 2950 Zanker Road, located in San Jose, California, and totals approximately 69,700 rentable square feet. The second property is 900 Dorothy Drive, located in Richardson, Texas, and totals over 56,000 rentable square feet. The acquisition was financed with cash on hand and borrowings under our revolving credit facility.

In two settlements on August 30, 2010 and September 1, 2010, our parent company issued an aggregate of 436,539 privately issued shares of its common stock, par value $0.01 per share, to us, and we delivered the shares and paid an aggregate incentive fee equal to $91,062 and aggregate accrued and unpaid interest equal to $25,157 in exchange for $13,847,000 in aggregate principal amount of the 2026 debentures held by an institution pursuant to an exchange agreement, dated August 30, 2010, by and among us, our parent company and such institution.

On September 17, 2010, our parent company issued 28,496 privately issued shares of its common stock, par value $0.01 per share, to us, and we delivered the shares and paid an incentive fee equal to $5,919 and accrued and unpaid interest equal to $3,197 in exchange for $900,000 in aggregate principal amount of the 2026 debentures held by an institutional investor pursuant to an exchange agreement, dated September 17, 2010, by and among us, our parent company and such institutional investor.

On September 24, 2010, our parent company issued 94,990 privately issued shares of its common stock, par value $0.01 per share, to us, and we delivered the shares and paid an incentive fee equal to $19,500 and accrued and unpaid interest equal to $13,406 in exchange for $3,000,000 in aggregate principal amount of the 2026 debentures held by an institutional investor pursuant to an exchange agreement, dated September 24, 2010, by and among us, our parent company and such institutional investor.

On November 16, 2010, our parent company issued 72,826 privately issued shares of its common stock, par value $0.01 per share, to us, and we delivered the shares and paid an incentive fee equal to $15,125 and accrued and unpaid interest equal to $23,719 in exchange for $2,300,000 in aggregate principal amount of the 2026 debentures held by an institutional investor pursuant to an exchange agreement, dated November 16, 2010, by and among us, our parent company and such institutional investor.

On November 19, 2010, our parent company issued 601,127 privately issued shares of its common stock, par value $0.01 per share, to us, and we delivered the shares and paid an incentive fee equal to $189,889 and accrued and unpaid interest equal to $204,484 in exchange for $18,985,000 in aggregate principal amount of the 2026 debentures held by an institutional investor pursuant to an exchange agreement, dated November 19, 2010, by and among us, our parent company and such institutional investor.

On November 23, 2010, we completed the acquisition of a datacenter in Singapore for approximately SGD174.4 million, or approximately $134.5 million based on the exchange rate in effect on November 23, 2010. The acquisition was financed with borrowings under our revolving credit facility.

Construction

As of September 30, 2010 and December 31, 2009, work in progress, including the proportionate land and property costs related to current construction projects, amounted to $192.6 million, or $238.6 million including construction accruals and certain capitalized costs, and $156.2 million, or $187.1 million including construction accruals and certain capitalized costs, respectively. Separately, our redevelopment program included the proportionate land and building costs related to other targeted projects in the amount of $119.9 million and $88.6

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million as of September 30, 2010 and December 31, 2009, respectively. Work in progress related to non-redevelopment projects, primarily tenant and building improvements, amounted to $1.5 million and $0.4 million as of September 30, 2010 and December 31, 2009, respectively.

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, 2010, we had approximately 1.9 million square feet of redevelopment space and we also owned approximately 175,000 net rentable square feet of datacenter space with extensive installed tenant improvements that we may subdivide for Turn-Key Datacenter® use during the next two years rather than lease to large single tenants. Turn-Key Datacenter® 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 Datacenter® space, we expect to incur significant tenant improvement costs to build out and redevelop these types of spaces. At September 30, 2010, approximately 209,000 square feet of our space held for redevelopment was under construction for Turn-Key Datacenter® space in five U.S. markets and two European markets. At September 30, 2010, we had commitments under construction contracts for approximately $101.5 million. We currently expect to incur approximately $100.0 million to $150.0 million of capital expenditures for our redevelopment program during the three months ended December 31, 2010, 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.

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 additional acquisitions for the remainder of the year ending December 31, 2010 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 preferred 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.

On November 9, 2010, our parent company distributed a Notice of Redemption to all holders of record of its outstanding 7.875% Series B Cumulative Redeemable Preferred Stock, or Series B Preferred Stock, regarding its redemption of all outstanding shares of its Series B Preferred Stock at a redemption price of $25.37734 per share. The redemption price is equal to the original issuance price of $25.00 per share, plus accrued and unpaid dividends. The redemption date is December 10, 2010. Our parent company intends to fund the redemption with borrowings under our revolving credit facility, which we will distribute to our parent company in connection with our redemption of all 2,530,000 of our outstanding 7.875% Series B Cumulative Redeemable Preferred Units held by our parent company.

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

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Properties Acquired in 2009

During the year ended December 31, 2009 we acquired or made investments in the following properties:

Location	Metropolitan Area	Date Acquired	Amount (in millions)
Loudoun Exchange II[1]	Northern Virginia	May 15, 2009	$ 20.3
Digital Realty Trust Datacenter Park Dallas[2]	Dallas	September 11, 2009	33.6
444 Toyama Drive	Silicon Valley	September 25, 2009	17.5
1350 Duane Avenue/3080 Raymond Street[3]	Silicon Valley	October 30, 2009	90.5
Nokes Boulevard / Beaumeade Circle[4]	Northern Virginia	December 17, 2009	63.3
Total Acquisitions Year Ended December 31, 2009			$ 225.2

(1) Represents vacant land which is not included in our operating property count.
(2) In September 2009, we made an initial cash contribution of $1.9 million to a joint venture formed to own and redevelop Digital Realty Trust Datacenter Park Dallas. The other member contributed seven vacant buildings with an estimated market value of $33.6 million and a third-party non-recourse loan secured by these properties of $17.0 million. We are committed to make an additional $22.9 million of capital contributions needed to fund the redevelopment project. We have determined that the joint venture is a variable interest entity and we are the primary beneficiary. As a result, we have consolidated the joint venture and presented the member interests not owned by us of $16.6 million as noncontrolling interests in consolidated joint venture. For operating property count purposes, we consider this to be one property.
(3) Includes the assumption of a $52.8 million loan.
(4) A two-property data center portfolio consisting of four buildings located at 21561 and 21571 Beaumeade Circle in Ashburn, Virginia and 45901 and 45905 Nokes Boulevard in Sterling, Virginia, as well as certain vacant real property located at 21551 Beaumeade Circle in Ashburn, Virginia.

We financed the purchase of these properties primarily with borrowings under our revolving credit facility. We have repaid borrowings under our revolving credit facility with portions of the proceeds from our parent company s February 2009 common stock issuance, the issuance of the 2029 debentures, sales of common stock under our parent company s Equity Distribution Agreements, the issuance of notes under our Prudential shelf facility and the issuance of the 2020 notes.

Properties Acquired During the Nine Months Ended September 30, 2010

During the nine months ended September 30, 2010 we acquired or made investments in the following properties:

Acquisitions

Location	Metropolitan Area	Date Acquired	Amount (in millions)
New England Portfolio[1]	Various[1]	January 22, 2010	$ 375.0
1725 Comstock Street[2]	Silicon Valley	April 30, 2010	14.1
3105/3115 Alfred Street	Silicon Valley	May 24, 2010	10.0
Cateringweg 5[3]	Amsterdam	June 17, 2010	6.4
365 Main Portfolio[4]	Various[4]	July 13, 2010	725.0
800 Central Expressway[5]	Silicon Valley	August 5, 2010	27.1
2950 Zanker Road / 900 Dorothy Drive	Silicon Valley / Dallas	August 19, 2010	50.3

	$ 1,207.9

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Investments

Location	Metropolitan Area	Date Acquired	Amount (in millions)
700 / 750 Central Expressway [6]	Silicon Valley	August 5, 2010	$ 10.3

(1) The New England Portfolio consists of 55 Middlesex Turnpike, Bedford, Massachusetts and a 100% condominium interest that represents 87.5% of the square footage of 128 First Avenue, Needham, Massachusetts, both located in the Boston metropolitan area, as well as 60-80 Merritt Boulevard, Trumbull, Connecticut, located in the New York Metro metropolitan area. The New England Portfolio is considered three properties for our property count.

(2) As part of the acquisition, we have agreed with the seller to remit an earnout payment based on leasing activities in the building. The purchase price includes an accrual of $4.3 million, which is the estimated fair value of the contingent purchase price per the agreement. As of June 30, 2010, the entire building was leased. The final payment to the seller of approximately $4.3 million was made in July 2010 to fully settle the contingent purchase price amount.

(3) A land parcel subject to a ground lease along with a vacant shell building.

(4) The 365 Main Portfolio consists of 365 Main Street, San Francisco, California and 720 2nd Street, Oakland, California, both located in the San Francisco metropolitan area; 2260 East El Segundo Boulevard, El Segundo, California, located in the Los Angeles metropolitan area; 2121 South Price Road, Chandler, Arizona, located in the Phoenix metropolitan area; and 4030-4050 Lafayette Center Drive, Chantilly, Virginia, located in the Northern Virginia metropolitan area. The 365 Main Portfolio is considered five properties for our property count.

(5) In August 2010, we acquired a 50% controlling interest in a joint venture formed to own and redevelop 800 Central Expressway. The other noncontrolling 50% member contributed land and a vacant building with a fair market value of approximately $27.1 million, lender required impound accounts of approximately $2.1 million, a mortgage loan of $13.4 million and a mezzanine loan of approximately $10.5 million. At close, the joint venture refinanced the assumed debt which included a principal paydown of approximately $3.4 million. Since we have a controlling interest in the joint venture, we have consolidated the joint venture and presented the member interest not owned by us of approximately $2.6 million as noncontrolling interest in consolidated joint venture.

(6) In August 2010, we made an initial cash contribution of approximately $6.0 million to acquire a 50% common interest in a joint venture formed to own and operate two fully leased office buildings located at 700 and 750 Central Expressway. The other 50% common member contributed the fully leased properties, mortgage loan of approximately $24.1 million and a mezzanine loan of approximately $5.0 million. At close, the joint venture refinanced the assumed debt which included a principal paydown of approximately $4.1 million. The debt paydown was funded by our preferred equity contribution which is entitled to an 11% preferred return. Each member has guaranteed their proportionate share of the remaining debt balance of $25.0 million. Subject to certain conditions in the joint venture s operating agreement, we have the right to put our common interest in the joint venture to the other member at a price equal to our initial contribution amount of $6.0 million. We have concluded that the joint venture is a variable interest entity primarily due to the fact that we have participating voting rights through our common interest, but the common interest is not considered to be equity due to the fixed price put option. The other member explicitly and implicitly bears 100% of the common equity risk. In addition, the other member, as the manager of the joint venture has more power than the Operating Partnership to direct the activities that most significantly impact the joint venture s economic performance, and therefore was determined to be the primary beneficiary. Our maximum exposure to loss in the joint venture is our common and preferred investment totaling $10.3 million and our share of the joint venture s debt of $12.5 million. Upon our exercise of our put option, our exposure to loss will be limited to the remaining balance of our preferred interest in the joint venture. We have accounted for our variable interest in the joint venture under the equity method of accounting and is presented as an investment in unconsolidated joint venture in the accompanying condensed consolidated balance sheet.

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Distributions

All distributions on our units are at the discretion of our parent company s board of directors. In 2009, 2008 and 2007 and the first eleven months of 2010, our operating partnership declared the following distributions (in thousands):

Date distribution declared	Distribution payable date	Series A Preferred Unit[1]	Series B Preferred Unit[2]	Series C Preferred Unit[3]	Series D Preferred Unit[4]	Common Units
February 15, 2007	April 2, 2007	2,199	1,246			19,442[5]
May 2, 2007	July 2, 2007	2,199	1,246	1,722		19,458[5]
August 1, 2007	October 1, 2007	2,199	1,246	1,914		19,465[5]
November 1, 2007	December 31, 2007 for Series A, B and C Preferred Units; January 14, 2008 for Common Units	2,199	1,246	1,914		22,345[6]
Total 2007		$ 8,796	$ 4,984	$ 5,550	$	$ 80,710
February 25, 2008	March 31, 2008	2,199	1,246	1,914	2,899	22,418[6]
May 5, 2008	June 30, 2008	2,199	1,246	1,914	4,744	22,444[6]
August 4, 2008	September 30, 2008	2,199	1,246	1,914	4,744	24,258[6]
November 4, 2008	December 31, 2008 for Series A, B, C and D Preferred Units; January 7, 2009 for Common Units	2,199	1,246	1,914	4,744	26,102[7]
Total 2008		$ 8,796	$ 4,984	$ 7,656	$ 17,131	$ 95,222
February 24, 2009	March 31, 2009	2,199	1,246	1,914	4,742	27,053[7]
April 28, 2009	June 30, 2009	2,199	1,246	1,914	4,742	27,064[7]
July 28, 2009	September 30, 2009	2,199	1,246	1,914	4,742	29,575[8]
October 27, 2009	December 31, 2009 for Series A, B, C and D Preferred Units; January 15, 2010 for Common Units	2,199	1,246	1,914	4,742	37,004[9]
Total 2009		$ 8,796	$ 4,984	$ 7,656	$ 18,968	$ 120,696
February 23, 2010	March 31, 2010	2,199	1,246	1,914	4,742	40,143[10]
April 27, 2010	June 30, 2010	2,199	1,246	1,914	4,742	44,442[10]
July 19, 2010	September 30, 2010	[11]	1,246	1,914	4,739	49,935[12]
November 2, 2010	December 31, 2010[13]		[14]	1,914	4,739	[15]

(1) $2.125 annual rate of distribution per unit.
(2) $1.969 annual rate of distribution per unit.
(3) $1.094 annual rate of distribution per unit.
(4) $1.375 annual rate of distribution per unit.
(5) $1.145 annual rate of distribution per unit.
(6) $1.240 annual rate of distribution per unit.
(7) $1.320 annual rate of distribution per unit.
(8) $1.440 annual rate of distribution per unit.
(9) $1.800 annual rate of distribution per unit.
(10) $1.920 annual rate of distribution per unit.

(11) Redeemed on August 24, 2010 for a redemption price of $25.31285 per unit, which equals the original issuance price of $25.00 per unit, plus accrued and unpaid distributions up to but not including the redemption date of approximately $1.3 million.

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(12) $2.120 annual rate of distribution per unit.
(13) The common unit distribution will be paid on January 14, 2011.
(14) Scheduled to be redeemed on December 10, 2010 for a redemption price of $25.37734 per unit, which equals the original issuance price of $25.00 per unit, plus accrued and unpaid distributions up to but not including the redemption date.
(15) $2.120 annual rate of distribution per unit. The aggregate amount of the distribution will be determined based on the number of common units outstanding on the December 15, 2010 record date.

Commitments and Contingencies

We have agreed with the seller of 350 East Cermak Road to share a portion, not to exceed $135,000 per month, of rental revenue, adjusted for our costs to lease the premises, from the leases of the 192,000 square feet of space held for redevelopment. This revenue sharing agreement will terminate in May 2012. We made payments of approximately $4.2 million and $31,000 to the seller during the nine months ended September 30, 2010 and 2009, respectively. We have recorded approximately $2.7 million and $2.1 million for this contingent liability on our balance sheet at September 30, 2010 and December 31, 2009, respectively.

As part of the acquisition of Clonshaugh Industrial Estate, we entered into an agreement with the seller whereby the seller is entitled to receive 40% of the net rental income generated by the existing building, after we have received a 9% return on all capital invested in the property. As of February 6, 2006, the date we acquired this property, we have estimated the present value of these expected payments over the 10-year lease term to be approximately $1.1 million and this value has been recorded as a component of the purchase price. Accounts payable and other liabilities include $1.3 million for this liability as of September 30, 2010 and December 31, 2009. During the nine months ended September 30, 2010 and 2009, we paid approximately $0.1 million and $0.2 million, respectively, to the seller.

As of September 30, 2010, we were a party to interest rate cap and swap agreements which hedge variability in cash flows related to LIBOR, GBP LIBOR and EURIBOR based mortgage loans. 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 Quantitative and Qualitative Disclosures about Market Risk below.

The following table summarizes our debt, interest, lease and construction contract payments due by period as of December 31, 2009 (dollars in thousands):

Obligation	Total	2010	2011-2012	2013-2014	Thereafter
Debt principal payments[1]	$ 1,789,853	$ 236,875	$ 476,536	$ 670,866	$ 405,576
Interest payable[2]	401,224	91,739	151,508	105,924	52,053
Ground leases[3]	25,977	536	1,073	1,073	23,295
Operating lease	39,467	6,777	12,494	9,224	10,972
Construction contracts[4]	41,114	41,114			
	$ 2,297,635	$ 377,041	$ 641,611	$ 787,087	$ 491,896

(1) Includes $205.5 million of borrowings under our revolving credit facility, which was due to mature in August 2010, and excludes $1.3 million of net loan premiums related to assumed mortgage loans and $6.7 million discount on the 2026 debentures. Effective August 31, 2010, we exercised the first of two one-year extension options to our revolving credit facility, which extends its maturity date from August 31, 2010 to August 31, 2011. This table assumes we did not exercise that option and will not exercise other available extension options.

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(2) Interest payable is based on the interest rate in effect on December 31, 2009, including the effect of interest rate swaps. Interest payable excluding the effect of interest rate swaps is as follows (in thousands):

2010	$ 84,495
2011-2012	140,194
2013-2014	101,000
Thereafter	52,053
	$ 377,742

(3) This is comprised of ground lease payments on 2010 East Centennial Circle, Chemin de l Epinglier 2, Clonshaugh Industrial Estate, Paul van Vlissingenstraat 16, Gyroscoopweg 2E-2F and Naritaweg 52. After February 2036, rent for the remaining term of the 2010 East Centennial Circle ground lease will be determined based on a fair market value appraisal of the asset and, as a result, is excluded from the above information. After December 2036, rent for the remaining term of the Naritaweg 52 ground lease will be determined based on a fair market value appraisal of the asset and, as a result, is excluded from the above information. The Chemin de l Epinglier 2 ground lease which expires in July 2074 contains potential inflation increases which are not reflected in the table above. The Paul van Vlissingenstraat 16, Chemin de l Epinglier 2, Gyroscoopweg 2E-2F and Clonshaugh Industrial Estate amounts are translated at the December 31, 2009 exchange rate of $1.43 to 1.00.

(4) From time to time in the normal course of our business, we enter into various construction contracts with third parties that may obligate us to make payments. At December 31, 2009, we had open commitments related to construction contracts of $41.1 million.

Outstanding Consolidated Indebtedness

The table below summarizes our debt maturities and principal payments as of September 30, 2010 (in thousands):

	Revolving Credit Facility [1]	Unsecured Senior Notes	Senior Notes	Exchangeable Senior Debentures	Mortgage Loans [2]	Other Secured Loans	Total Debt
Remainder of 2010	$	$	$	$	$ 3,650	$	$ 3,650
2011	220,565	25,000		110,043[3]	130,778		486,386
2012					159,778		159,778
2013		33,000			157,055	10,500	200,555
2014				266,400[4]	217,729		484,129
Thereafter		142,000	875,000		380,533		1,397,533
Subtotal	$ 220,565	$ 200,000	$ 875,000	$ 376,443	$ 1,049,523	$ 10,500	$ 2,732,031
Unamortized discount			(9,183)	(2,389)			(11,572)
Unamortized premium					1,140		1,140
Total	$ 220,565	$ 200,000	$ 865,817	$ 374,054	$ 1,050,663	$ 10,500	$ 2,721,599

(1) Effective August 31, 2010, we exercised the first of two one-year extension options to our revolving credit facility, which extends its maturity date from August 31, 2010 to August 31, 2011. The bank group is obligated to grant extension options provided we give proper notice, we make certain representations and warranties and no default exists under the revolving credit facility.

(2) Our mortgage loans are generally non-recourse to us, subject to carveouts for specified prohibited actions by us or specified undisclosed environmental liabilities. As of September 30, 2010, we had provided limited recourse guarantees with respect to approximately $157.9 million principal amount of the outstanding mortgage indebtedness, and partial letter of credit support with respect to approximately an additional $46.5 million of the outstanding mortgage indebtedness.

(3) Assumes maturity of the 2026 debentures at first redemption date in August 2011.

(4) Assumes maturity of the 2029 debentures at first redemption date in April 2014.

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The table below summarizes our debt, as of September 30, 2010 (in millions):

Debt Summary:	
Fixed rate	$ 2,222.8
Variable rate debt subject to interest rate swaps and caps	278.2
Total fixed rate debt (including interest rate swaps and caps)	2,501.0
Variable rate unhedged	220.6
Total	$ 2,721.6
Percent of Total Debt:	
Fixed rate (including swapped debt)	91.9%
Variable rate	8.1%
Total	100.0%
Effective Interest Rate as of September 30, 2010[(1)]:	
Fixed rate (including hedged variable rate debt)	5.70%
Variable rate	1.39%
Effective interest rate	5.35%

(1) Excludes impact of deferred financing cost amortization.

As of September 30, 2010, we had approximately $2.7 billion of outstanding consolidated long-term debt as set forth in the table above. Our ratio of debt to total enterprise value was approximately 30% (based on the closing price of Digital Realty Trust, Inc. s common stock on September 30, 2010 of $61.70). 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 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 its common stock and excluding long-term incentive units and Class C Units), plus the book value of its total consolidated indebtedness.

The variable rate debt shown above bears interest at interest rates based on various LIBOR, GBP LIBOR and EURIBOR rates ranging from one to twelve months, depending on the respective agreement governing the debt. Assuming maturity of the 2026 debentures and the 2029 debentures at their first redemption dates in August 2011 and April 2014, respectively, as of September 30, 2010, our debt had a weighted average term to initial maturity of approximately 4.7 years (approximately 4.9 years assuming exercise of extension options).

Off-Balance Sheet Arrangements

As of September 30, 2010, we were party to interest rate swap and cap agreements related to $278.2 million of outstanding principal on our variable rate debt. See Quantitative and Qualitative Disclosures about Market Risk below.

The 2026 debentures provide for excess exchange value to be paid in cash and/or shares of Digital Realty Trust, Inc. s common stock if the stock price exceeds a certain amount. If such debentures were exchanged in full on September 30, 2010, we would owe approximately $110.0 million to the holders of such debentures, payable in cash equal to the principal balance plus $103.2 million, equal to the excess exchange value, payable in cash and/or shares of Digital Realty Trust, Inc. s common stock. See note 6 to our condensed consolidated financial statements as of September 30, 2010 included elsewhere in this prospectus for a further description of the 2026 debentures.

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Cash Flows

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

Comparison of Nine Months Ended September 30, 2010 to Nine Months Ended September 30, 2009

The following table shows cash flows and ending cash and cash equivalent balances for the nine months ended September 30, 2010 and 2009, respectively (in thousands):

	Nine Months Ended September 30,		
	2010	2009	Change
Net cash provided by operating activities	$ 240,321	$ 218,724	$ 21,597
Net cash used in investing activities	(1,459,372)	(359,490)	(1,099,882)
Net cash provided by financing activities	1,213,224	108,584	1,104,640
Net decrease in cash and cash equivalents	$ (5,827)	$ (32,182)	$ 26,355

The increase in net cash provided by operating activities was primarily due to increased operating and interest expenses partially offset by increased cash flows from new leasing at our same store properties, completed and leased redevelopment space and our acquisition of new operating properties. Net cash used in investing activities increased for the nine months ended September 30, 2010, as we had an increase in cash paid for acquisitions for the nine months ended September 30, 2010 ($1,182 million) as compared to in the same period in 2009 ($37.4 million) offset by a decrease in cash paid for capital expenditures for the nine months ended September 30, 2010 ($248.7 million) as compared to the same period in 2009 ($323.2 million).

Net cash flows from financing activities consisted of the following amounts (in thousands):

	Nine Months Ended September 30,		
	2010	2009	Change
Proceeds from borrowings, net of repayments	$ 112,383	$ (88,116)	$ 200,499
Net proceeds from issuance of common/preferred stock, including exercise of stock options	536,381	87,469	448,912
Redemption of series A preferred stock	(103,500)		(103,500)
Net proceeds from unsecured senior notes due 2020	486,601		486,601
Net proceeds from unsecured senior notes due 2015	370,943		370,943
Net proceeds from 2029 exchangeable senior debentures		258,949	(258,949)
Dividend and distribution payments	(200,945)	(140,087)	(60,858)
Other	11,361	(9,631)	20,992
Net cash provided by financing activities	$ 1,213,224	$ 108,584	$ 1,104,640

The increase in net cash provided by financing activities was primarily due to the issuance of our 2015 notes (net proceeds of $370.9 million), 2020 notes (net proceeds of $486.6 million) and common stock (net proceeds of $536.4 million during the nine months ended September 30, 2010) as compared to the issuance of the 2029 debentures (net proceeds of $258.9 million) in April 2009. The increase in dividend and distribution payments for the nine months ended September 30, 2010 as compared to the same period in 2009 was a result of an increase in shares outstanding and dividend amount per share in 2010 as compared to 2009.

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Comparison of Year Ended December 31, 2009 to Year Ended December 31, 2008 and Comparison of Year Ended December 31, 2008 to Year Ended December 31, 2007

The following table shows cash flows and ending cash and cash equivalent balances for the years ended December 31, 2009, 2008 and 2007, respectively. Cash flows include the cash flows of 100 Technology Center Drive (sold in March 2007), 4055 Valley View Lane (sold in March 2007) (in thousands).

	Year Ended December 31,			Increase / (Decrease)	
	2009	2008	2007	2009 v 2008	2008 v 2007
Net cash provided by operating activities (including discontinued operations)	$ 283,809	$ 217,808	$ 105,655	$ 66,001	$ 112,153
Net cash used in investing activities	(519,909)	(647,751)	(537,427)	127,842	(110,324)
Net cash provided by financing activities	235,086	471,925	440,863	(236,839)	31,062
Net (decrease) increase in cash and cash equivalents	$ (1,014)	$ 41,982	$ 9,091	$ (42,996)	$ 32,891

The increases in net cash provided by operating activities from 2008 to 2009 and from 2007 to 2008 were primarily due to increased cash flows from new leasing at our same store properties, completed and leased redevelopment space and our acquisition of new operating properties which was partially offset by increased operating and interest expenses. We acquired 6, 5 and 13 properties during the years ended December 31, 2009, 2008 and 2007 respectively.

Net cash used in investing activities decreased in 2009 as compared to 2008, as we had a decrease in cash paid for capital expenditures for the year ended December 31, 2009 ($392.4 million) as compared to the same period in 2008 ($545.2 million) offset by an increase in cash paid for acquisitions for the year ended December 31, 2009 ($138.0 million) as compared to the same period in 2008 ($79.2 million).

Net cash used in investing activities increased from 2007 to 2008, as we had an increase in cash payments for our redevelopment program offset by a decrease in cash paid for acquisitions in 2008 ($79.2 million) as compared to 2007 ($359.8 million) and the receipt of proceeds from the sales of 100 Technology Center Drive and 4055 Valley View Lane in March 2007.

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

	Year Ended December 31,			Increase / (Decrease)	
	2009	2008	2007	2009 v 2008	2008 v 2007
Proceeds from borrowings, net of repayments	$ 46,657	$ 46,703	$ 216,006	$ (46)	$ (169,303)
Net proceeds from 5.50% exchangeable senior debentures	258,949			258,949	
Net proceeds from issuance of common/preferred stock, including exercise of stock options	89,184	549,210	320,751	(460,026)	228,459
Dividend and distribution payments	(150,188)	(130,040)	(97,081)	(20,148)	(32,959)
Other	(9,516)	6,052	1,187	(15,568)	4,865
Net cash provided by financing activities	$ 235,086	$ 471,925	$ 440,863	$ (236,839)	$ 31,062

Net proceeds from issuance of stock were primarily related to our common stock offerings in February 2009 (net proceeds of $82.9 million), July 2008 ($211.6 million) and October 2007 ($150.4 million) and preferred stock offerings in February 2008 ($333.6 million) and April 2007 ($169.1 million). Proceeds from mortgage loans were approximately $122.0 million, $174.9 million and $121.3 million for the years ended December 31, 2009, 2008 and 2007, respectively. We issued $266.4 million of the 2029 debentures on April 20, 2009. The increase in dividend and distribution payments for the year ended December 31, 2009 as compared to the same

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period in 2008 was a result of an increase in shares outstanding and dividend amount per share in 2009 as compared to 2008 and dividends on our series D preferred stock being paid for a full year in 2009, whereas this series of preferred stock was outstanding for only a portion of 2008. The increase in dividend and distribution payments for the year ended December 31, 2008 as compared to the same period in 2007 was a result of an increase in shares outstanding in 2008 as compared to 2007 and dividends on our series D preferred stock being paid in 2008, whereas this series of preferred stock was not outstanding in 2007.

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

	Year Ended December 31,			Increase / (Decrease)	
	2009	2008	2007	2009 v 2008	2008 v 2007
Proceeds from borrowings, net of repayments	$ 46,657	$ 46,703	$ 216,006	$ (46)	$ (169,303)
Net proceeds from 5.50% exchangeable senior debentures	258,949			258,949	
General partner contributions	89,184	549,210	320,751	(460,026)	228,459
Distribution payments	(150,188)	(130,040)	(97,081)	(20,148)	(32,959)
Other	(9,516)	6,052	1,187	(15,568)	4,865
Net cash provided by financing activities	$ 235,086	$ 471,925	$ 440,863	$ (236,839)	$ 31,062

General partner contributions were primarily related to the issuance of our operating partnership s units to the company in connection with the company s common stock offerings in February 2009 (net proceeds of $82.9 million), July 2008 ($211.6 million) and October 2007 ($150.4 million) and preferred stock offerings in February 2008 ($333.6 million) and April 2007 ($169.1 million). Proceeds from mortgage loans were approximately $122.0 million, $174.9 million and $121.3 million for the years ended December 31, 2009, 2008 and 2007, respectively. We issued $266.4 million of the 2029 debentures on April 20, 2009. The increase in distribution payments for the year ended December 31, 2009 as compared to the same period in 2008 was a result of an increase in units outstanding and distribution amount per unit in 2009 as compared to 2008 and distributions on our series D preferred units being paid for a full year in 2009, whereas this series of preferred units was outstanding for only a portion of 2008. The increase in distribution payments for the year ended December 31, 2008 as compared to the same period in 2007 was a result of an increase in units outstanding in 2008 as compared to 2007 and distributions on our series D preferred units being paid in 2008, whereas this series of preferred units was not outstanding in 2007.

Noncontrolling Interests in Operating Partnership

Noncontrolling interests relate to the common units in our operating partnership that are not owned by us, which, as of September 30, 2010, amounted to 5.8% of our operating partnership common units. In conjunction with our formation, GI Partners received common units, in exchange for contributing ownership interests in properties to our operating partnership. Also, 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 our common stock at the time of the redemption. Alternatively, we may elect to acquire those common units in exchange for shares of our 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 GI Partners and the other 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. As of March 31, 2007, GI Partners no longer had an ownership interest in our operating partnership.

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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.

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 and cap agreements and fixed rate debt to reduce our exposure to interest rate movements. As of September 30, 2010, our consolidated debt was as follows (in millions):

	Carrying Value	Estimated Fair Value
Fixed rate debt	$2,222.8	$ 2,582.0
Variable rate debt subject to interest rate swaps and caps	278.2	279.7
Total fixed rate debt (including interest rate swaps and caps)	2,501.0	2,861.7
Variable rate debt	220.6	220.6
Total outstanding debt	$2,721.6	$ 3,082.3

Interest rate swaps included in this table and their fair values as of September 30, 2010 and December 31, 2009 were as follows (in thousands):

Notional Amount						Fair Value at Significant Other Observable Inputs (Level 2)	
As of September 30, 2010	As of December 31, 2009	Type of Derivative	Strike Rate	Effective Date	Expiration Date	As of September 30, 2010	As of December 31, 2009
$ 19,802[1]	$ 20,831[1]	Swap	4.944	Jul. 10, 2006	Apr. 10, 2011	$ (424)	$ (952)
67,304[1]	69,154[1]	Swap	2.980	April 6, 2009	Nov. 30, 2013	(3,389)	(299)
14,297[2]	15,208[2]	Swap	3.981	May 17, 2006	Jul. 18, 2013	(981)	(889)
10,343[2]	11,003[2]	Swap	4.070	Jun. 23, 2006	Jul. 18, 2013	(734)	(675)
9,102[2]	9,682[2]	Swap	3.989	Jul. 27, 2006	Oct. 18, 2013	(668)	(579)
42,372[2]	45,067[2]	Swap	3.776	Dec. 5, 2006	Jan. 18, 2012	(1,408)	(1,887)
36,429[2]	38,746[2]	Swap	4.000	Dec. 20, 2006	Jan. 18, 2012	(1,315)	(1,794)
40,902[2]	42,993[2]	Swap	2.703	Dec. 3, 2009	Sep. 4, 2014	(1,660)	(453)
17,171	17,737	Cap	4.000	June 24, 2009	June 25, 2012	1	70
20,500		Cap	4.000	Aug. 4, 2010	June 15, 2013	16	
$ 278,222	$ 270,421					$ (10,562)	$ (7,458)

(1) Translation to U.S. dollars is based on exchange rate of $1.57 to £1.00 as of September 30, 2010 and $1.61 to £1.00 as of December 31, 2009.

(2) Translation to U.S. dollars is based on exchange rate of $1.36 to 1.00 as of September 30, 2010 and $1.43 to 1.00 as of December 31, 2009.

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Sensitivity to Changes in Interest Rates.

The following table shows the effect if assumed changes in interest rates occurred:

Assumed event	Interest rate change (basis points)	Change ($ millions)
Increase in fair value of interest rate swaps and caps following an assumed 10% increase in interest rates	11	$ 0.6
Decrease in fair value of interest rate swaps and caps following an assumed 10% decrease in interest rates	(11)	(0.6)
Increase in annual interest expense on our debt that is variable rate and not subject to swapped or capped interest following a 10% increase in interest rates	11	0.2
Decrease in annual interest expense on our debt that is variable rate and not subject to swapped or capped interest following a 10% decrease in interest rates	(11)	(0.2)
Increase in fair value of fixed rate debt following a 10% decrease in interest rates	(11)	10.6
Decrease in fair value of fixed rate debt following a 10% increase in interest rates	11	(9.8)

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 nine months ended September 30, 2010 and 2009, we had foreign operations in the United Kingdom, Ireland, France, The Netherlands, Switzerland and Canada 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, Euro and the Swiss Franc, except for our Canadian property for which the functional currency is the U.S. dollar. Our primary currency exposures are to the Euro and the British Pound. We attempt to mitigate a portion of the risk of currency fluctuation by financing our properties in the local currency denominations, although there can be no assurance that this will be effective. As a result, changes in the relation of any such foreign currency to U.S. dollars may affect our revenues, operating margins and distributions and may also affect the book value of our assets and the amount of stockholders equity. For the three months ended September 30, 2010 and 2009, operating revenues from properties outside the United States contributed $23.9 million and $20.7 million, respectively, which represented 10.1% and 12.7% of our operating revenues, respectively, and for the nine months ended September 30, 2010 and 2009, operating revenues from properties outside the United States contributed $69.4 million and $60.1 million, respectively, which represented 11.1% and 12.9% of our operating revenues, respectively.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not Applicable.

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BUSINESS AND PROPERTIES

Business

General

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

At September 30, 2010, we owned 95 properties, excluding two properties held as investments in unconsolidated joint ventures. Our properties are primarily located throughout North America with 14 properties in Europe. Our properties contain a total of approximately 16.4 million net rentable square feet, including approximately 1.9 million square feet held for redevelopment. A significant component of our current and future internal growth is anticipated through the development of our existing space held for redevelopment and through acquisitions of new properties. Our operations and acquisition activities are focused on a limited number of markets where technology industry tenants and corporate datacenter users are concentrated, including the Boston, Chicago, Dallas, Los Angeles, New York Metro, Northern Virginia, Phoenix, San Francisco and Silicon Valley metropolitan areas in the U.S. and the Amsterdam, Dublin, London and Paris markets in Europe. As of September 30, 2010, our portfolio, excluding space held for redevelopment, was approximately 95.0% leased. The types of properties within our focus include:

- Internet gateway datacenters, which serve as hubs for Internet and data communications within and between major metropolitan areas;
- Corporate datacenters, which provide secure, continuously available environments for the storage and processing of critical electronic information. Data centers are used for disaster recovery purposes, transaction processing and to house corporate IT operations;
- Technology manufacturing properties, which contain highly specialized manufacturing environments for such purposes as disk drive manufacturing, semiconductor manufacturing and specialty pharmaceutical manufacturing; and
- Regional or national offices of technology companies that are located in our target markets.

Unlike traditional office and flex/research and development space, the location of and improvements to our facilities are generally essential to our tenants businesses, which we believe results in high occupancy levels, long lease terms and low tenant turnover. In addition, many of our properties have tenant improvements that have been installed at our tenants expense. The tenant improvements in our facilities are generally readily adaptable for use by similar tenants. We also had approximately 1.9 million square feet available for redevelopment at September 30, 2010.

Digital Realty Trust, Inc. was incorporated in the state of Maryland on March 9, 2004. Digital Realty Trust, L.P. was organized in the state of Maryland on July 21, 2004. Our principal executive offices are located at 560 Mission Street, Suite 2900, San Francisco, California 94105. Our telephone number at that location is (415) 738-6500. Our website is located at www.digitalrealtytrust.com. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this prospectus or any other report or document we file with or furnish to the SEC.

Recent Developments

On November 23, 2010, we completed the acquisition of a datacenter in Singapore for approximately SGD174.4 million, or approximately $134.5 million based on the exchange rate in effect on November 23, 2010. The acquisition was financed with borrowings under our revolving credit facility.

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On November 19, 2010, Digital Realty Trust, Inc. issued 601,127 privately issued shares of its common stock, par value $0.01 per share, to our operating partnership, and our operating partnership delivered the shares and paid an incentive fee equal to $189,889 and accrued and unpaid interest equal to $204,484 in exchange for $18,985,000 in aggregate principal amount of the 2026 debentures held by an institutional investor pursuant to an exchange agreement, dated November 19, 2010, by and among Digital Realty Trust, Inc., our operating partnership and such institutional investor.

On November 16, 2010, Digital Realty Trust, Inc. issued 72,826 privately issued shares of its common stock, par value $0.01 per share, to our operating partnership, and our operating partnership delivered the shares and paid an incentive fee equal to $15,125 and accrued and unpaid interest equal to $23,719 in exchange for $2,300,000 in aggregate principal amount of the 2026 debentures held by an institutional investor pursuant to an exchange agreement, dated November 16, 2010, by and among Digital Realty Trust, Inc., our operating partnership and such institutional investor.

On September 24, 2010, Digital Realty Trust, Inc. issued 94,990 privately issued shares of its common stock, par value $0.01 per share, to our operating partnership, and our operating partnership delivered the shares and paid an incentive fee equal to $19,500 and accrued and unpaid interest equal to $13,406 in exchange for $3,000,000 in aggregate principal amount of the 2026 debentures held by an institutional investor pursuant to an exchange agreement, dated September 24, 2010, by and among Digital Realty Trust, Inc., our operating partnership and such institutional investor.

On September 17, 2010, Digital Realty Trust, Inc. issued 28,496 privately issued shares of its common stock, par value $0.01 per share, to our operating partnership, and our operating partnership delivered the shares and paid an incentive fee equal to $5,919 and accrued and unpaid interest equal to $3,197 in exchange for $900,000 in aggregate principal amount of the 2026 debentures held by an institutional investor pursuant to an exchange agreement, dated September 17, 2010, by and among Digital Realty Trust, Inc., our operating partnership and such institutional investor.

In two settlements on August 30, 2010 and September 1, 2010, Digital Realty Trust, Inc. issued an aggregate of 436,539 privately issued shares of its common stock, par value $0.01 per share, to our operating partnership, and our operating partnership delivered the shares and paid an aggregate incentive fee equal to $91,062 and aggregate accrued and unpaid interest equal to $25,157 in exchange for $13,847,000 in aggregate principal amount of the 2026 debentures held by an institution pursuant to an exchange agreement, dated August 30, 2010, by and among Digital Realty Trust, Inc., our operating partnership and such institution.

On August 19, 2010, we acquired two fully leased datacenter properties for a purchase price of $50.3 million. The first property is 2950 Zanker Road, located in San Jose, California, and totals approximately 69,700 rentable square feet. The second property is 900 Dorothy Drive, located in Richardson, Texas, and totals over 56,000 rentable square feet. The acquisition was financed with cash on hand and borrowings under our revolving credit facility.

On August 5, 2010, we acquired a 50% controlling interest in a joint venture that owns 800 Central Expressway, a vacant 150,000 square foot powered shell building that was added to our inventory of space held for redevelopment. Upon obtaining control of the joint venture, we consolidated the joint venture which included a property with an estimated fair value of $27.1 million, $2.1 million of restricted cash, and $23.9 million of secured loans which were paid down to $20.5 million in connection with our acquisition. In addition, each member subsequently contributed $8.8 million to fund a lender required impound account to be used to fund future expected redevelopment costs.

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On August 5, 2010, we acquired a 50% noncontrolling common interest in a joint venture for approximately $6.0 million that owns 700 and 750 Central Expressway, two fully leased office buildings comprising approximately 300,000 square feet. The joint venture is encumbered by $29.1 million of secured loans. We made a $4.1 million preferred equity contribution to the joint venture which was used to pay down to secured loans to $25 million. We have the option to put our common interest back to the other member, subject to certain conditions, at a price equal to our initial common interest contribution of $6.0 million.

On July 27, 2010, Digital Realty Trust, Inc. issued 236,444 privately issued shares of its common stock, par value $0.01 per share, to our operating partnership, and our operating partnership delivered the shares and paid an incentive fee equal to $37,516 and accrued and unpaid interest equal to $138,360 in exchange for $7,500,000 in aggregate principal amount of the 2026 debentures held by an institutional investor pursuant to an exchange agreement, dated July 27, 2010, by and among Digital Realty Trust, Inc., our operating partnership and such institutional investor.

On July 22, 2010, Digital Realty Trust, Inc. distributed a Notice of Redemption to all holders of record of its outstanding 8.50% Series A Cumulative Redeemable Preferred Stock, or the Series A Preferred Stock, regarding its redemption of all 4,140,000 outstanding shares of the Series A Preferred Stock at a redemption price of $25.31285 per share. The redemption price was equal to the original issuance price of $25.00 per share, plus accrued and unpaid dividends. The redemption date was August 24, 2010. Digital Realty Trust, Inc. funded the redemption with borrowings under our revolving credit facility, which our operating partnership distributed to Digital Realty Trust, Inc. in connection with our operating partnership s redemption of all 4,140,000 of its outstanding 8.50% Series A Cumulative Redeemable Preferred Units held by Digital Realty Trust, Inc.

On July 13, 2010, we completed the acquisition of the Rockwood Capital/365 Main Portfolio. The purchase price was approximately $725.0 million and was funded with proceeds from our common stock offering in June 2010 and notes offering in July 2010 along with borrowings under our revolving credit facility. The Rockwood Capital/365 Main Portfolio, which comprises a total of approximately 919,000 square feet and consists of: 365 Main Street, San Francisco, California; 2260 East El Segundo Boulevard, El Segundo, California; 720 2nd Street, Oakland, California; 2121 South Price Road, Chandler, Arizona; and 4030-4050 Lafayette Center Drive, Chantilly, Virginia, was purchased from joint ventures that are majority-owned by affiliates of Rockwood Capital, LLC and managed by 365 Main, Inc. All data centers in the Rockwood Capital/365 Main Portfolio were developed in 2000 or later. The Rockwood Capital/365 Main Portfolio is leased to a diverse roster of over 200 tenants in various industries. Based on information provided by the sellers, we believe that, as of March 31, 2010, approximately 94% of the total square feet available for lease at the buildings in the Rockwood Capital/365 Main Portfolio was occupied. The total square feet available for lease in the Rockwood Capital/365 Main Portfolio is based on a number of factors in addition to contractually leased square feet, including available power, required support space and common area. Our estimate of the percentage of occupied rentable square feet in the Rockwood Capital/365 Main Portfolio may change based on our experience operating the properties. The Rockwood Capital/365 Main Portfolio includes approximately 250,000 square feet of additional new datacenter development potential at 2121 South Price Road in Chandler, Arizona and approximately $13.0 million of uninstalled datacenter infrastructure improvements.

On July 8, 2010, we closed the issuance of $375.0 million in aggregate principal amount of the 2015 notes. The purchase price paid by the initial purchasers was 99.697% of the principal amount thereof. The notes are general unsecured senior obligations of our operating partnership, rank equally in right of payment with all other senior unsecured indebtedness of our operating partnership and are fully and unconditionally guaranteed by us. Interest on the notes is payable on January 15 and July 15 of each year, beginning on January 15, 2011. The net proceeds from the offering after deducting the original issue discount, underwriting commissions and estimated expenses was approximately $370.6 million. We used the net proceeds from the offering to fund a portion of the acquisition of the Rockwood Capital/365 Main Portfolio.

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Our Competitive Strengths

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

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

Presence in Key Markets. Our portfolio is located in 28 metropolitan areas, including the Chicago, Dallas, Los Angeles, New York/New Jersey, Northern Virginia, Phoenix, San Francisco and Silicon Valley metropolitan areas in the U.S. and the Amsterdam, Dublin, London and Paris markets in Europe, and is diversified so that no one market represented more than 13.7% of the aggregate annualized rent of our portfolio as of September 30, 2010.

Proven Ability To Sign New Leases. We have considerable experience in identifying and leasing to new tenants. The combination of our specialized data center leasing team and customer referrals continues to provide a robust pipeline of new tenants. During the year ended December 31, 2009, we commenced new leases totaling approximately 757,000 square feet, which represent approximately $80.1 million in annualized GAAP rent. During the nine months ended September 30, 2010, we commenced new leases totaling approximately 509,000 square feet, which represent approximately $51.0 million in annualized GAAP rent. These leases were comprised of Powered Base Buildings®, Turn-Key Datacenters®, and ancillary office and other uses.

Demonstrated Acquisition Capability. As of September 30, 2010, our portfolio consisted of 95 technology-related real estate properties, excluding two properties held through investments in unconsolidated joint ventures, that we or our predecessor acquired beginning in 2002, for an aggregate of 16.4 million net rentable square feet, including approximately 1.9 million square feet held for redevelopment. We have developed detailed, standardized procedures for evaluating acquisitions, including income producing assets and vacant properties suitable for redevelopment, to ensure that they meet our financial, technical and other criteria. These procedures and our in-depth knowledge of the technology and data center industries allow us to identify strategically located properties and evaluate investment opportunities efficiently and, as appropriate, commit and close quickly. Our broad network of contacts within a highly fragmented universe of sellers and brokers of technology-related real estate enables us to capitalize on acquisition opportunities. As a result, we acquired more than half of our properties before they were broadly marketed by real estate brokers.

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

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

Diverse Tenant Base Across a Variety of Industry Sectors. We use our in-depth knowledge of the requirements and trends for Internet and data communications and corporate data center users to market our properties to domestic and international tenants with specific technology needs. At September 30, 2010, we had approximately 530 tenants across a variety of industry sectors, ranging from information technology and Internet enterprises to financial services, energy and manufacturing companies. Our largest tenant accounted for only approximately 8.0% of the aggregate annualized rent of our portfolio as of September 30, 2010 and no other single tenant accounted for more than approximately 4.3% of the aggregate annualized rent of our portfolio.

Experienced and Committed Management Team and Organization. Our senior management team, including our Chairman, has an average of over 25 years of experience in the technology or real estate industries, including experience as investors in, advisors to and founders of technology companies. We believe that our company s senior management team s extensive knowledge of both the real estate and the technology industries provides us with a key competitive advantage. At September 30, 2010, our senior management team collectively owned common equity interests in our company of approximately 1.4%, which aligns management s interests with those of our stockholders.

Long-Term Leases That Complement Our Growth. We have long-term leases with stable cash flows. As of September 30, 2010, our weighted-average lease term was approximately 14 years, with a weighted-average of approximately seven years remaining, excluding renewal options. Our lease expirations through December 31, 2011 are 10.3% of our net rentable square feet excluding space held for redevelopment as of September 30, 2010.

Business and Growth Strategies

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

Achieve Superior Returns on Redevelopment Inventory. At September 30, 2010, we had approximately 1.9 million square feet held for redevelopment. At September 30, 2010, approximately 209,000 square feet of our space held for redevelopment was undergoing construction for Turn-Key Datacenter® space in five U.S. markets and two European markets. These projects have sufficient power capacity to meet the power and cooling requirements of today s advanced data centers. We will continue to build-out our redevelopment portfolio when justified by anticipated returns.

Capitalize on Acquisition Opportunities. We believe that acquisitions enable us to increase cash flow and create long-term stockholder value. Our relationships with corporate information technology groups, technology tenants and real estate brokers who are dedicated to serving these tenants provide us with ongoing access to potential acquisitions and often enable us to avoid competitive bidding. Furthermore, the specialized nature of technology-related real estate makes it more difficult for traditional real estate investors to understand, which results in reduced competition for acquisitions relative to other property types. We believe this dynamic creates an opportunity for us to obtain better risk-adjusted returns on our capital.

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Access and Use Capital Efficiently. We believe we can increase stockholder returns by effectively accessing and deploying capital. Since Digital Realty Trust, Inc. s initial public offering in 2004, our company has raised over $5.9 billion of capital through common, preferred and convertible preferred equity offerings, two exchangeable debt offerings, two non-exchangeable bond offerings, our revolving credit facility, secured mortgage financings and refinancings and sales of non-core assets. We will endeavor to maintain financial flexibility while using our liquidity and access to capital to support operations, including our acquisition, leasing, development and redevelopment programs, which are important sources of our growth.

Maximize the Cash Flow of our Properties. We aggressively manage and lease our assets to increase their cash flow. We often acquire properties with substantial in-place cash flow and some vacancy, which enables us to create upside through lease-up. Moreover, many of our properties contain extensive in-place infrastructure or buildout that may result in higher rents when leased to tenants seeking these improvements. We control our costs by negotiating expense pass-through provisions in tenant leases for operating expenses, including power costs and certain capital expenditures. Leases covering approximately 73% of the leased net rentable square feet in our portfolio as of September 30, 2010 required tenants to pay all or a portion of increases in operating expenses, including real estate taxes, insurance, common area charges and other expenses.

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

Competition

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

Regulation

General

Office properties in our submarkets are subject to various laws, ordinances and regulations, including regulations relating to common areas. We believe that each of our properties as of September 30, 2010 has the necessary permits and approvals to operate its business.

Americans With Disabilities Act

Our properties must comply with Title III of the ADA to the extent that such properties are public accommodations as defined by the ADA. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. We

believe that our properties are in substantial compliance with the ADA and that we will not be required to make substantial capital expenditures to address the requirements of the ADA. However, noncompliance with the ADA could result in imposition of fines or an award of damages to private litigants. The obligation to make readily achievable accommodations is an ongoing one, and we will continue to assess our properties and to make alterations as appropriate in this respect.

Environmental Matters

Under various laws relating to the protection of the environment, a current or previous owner or operator of real estate may be liable for contamination resulting from the presence or discharge of hazardous or toxic substances at that property, and may be required to investigate and clean up such contamination at that property or emanating from that property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of the contaminants, and the liability may be joint and several. Previous owners used some of our properties for industrial and retail purposes, so those properties may contain some level of environmental contamination. The presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability or materially adversely affect our ability to sell, lease or develop the real estate or to borrow using the real estate as collateral.

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

In addition, some of our tenants, particularly those in the biotechnology and life sciences industry and those in the technology manufacturing industry, routinely handle hazardous substances and wastes as part of their operations at our properties, including chemical solvents, medical waste, hydrocarbons, batteries and pesticides. Environmental laws and regulations subject our tenants, and potentially us, to liability resulting from these activities or from previous industrial or retail uses of those properties. Environmental liabilities could also affect a tenant s ability to make rental payments to us. We require our tenants to comply with these environmental laws and regulations and to indemnify us for any related liabilities.

Independent environmental consultants have conducted Phase I or similar environmental site assessments on all of the properties in our portfolio. Site assessments are intended to discover and evaluate information regarding the environmental condition of the surveyed property and surrounding properties. These assessments do not generally include soil samplings, subsurface investigations or an asbestos survey. None of the recent site assessments revealed any past or present environmental liability that we believe would have a material adverse effect on our business, assets or results of operations. However, the assessments may have failed to reveal all environmental conditions, liabilities or compliance concerns. Material environmental conditions, liabilities or compliance concerns may have arisen after the review was completed or may arise in the future; and future laws, ordinances or regulations may impose material additional environmental liability.

Insurance

We carry comprehensive liability, fire, extended coverage, earthquake, business interruption and rental loss insurance covering all of the properties in our portfolio under a blanket policy. We select policy specifications and insured limits which we believe to be appropriate given the relative risk of loss, the cost of the coverage and industry practice and, in the opinion of our company s management, the properties in our portfolio are currently adequately insured. We do not carry insurance for generally uninsured losses such as loss from war, or nuclear reaction. In addition, we carry earthquake insurance on our properties in an amount and with deductibles which we believe are commercially reasonable. Certain of the properties in our portfolio are located in areas known to be seismically active. See Risk Factors Risks Related to Our Business and Operations Potential losses may not be covered by insurance.

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Employees

As of September 30, 2010, we had 420 employees. None of these employees are represented by a labor union.

How to Obtain Our SEC Filings

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

Offices

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

Reports to Security Holders

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

Legal Proceedings

In the ordinary course of our business, we may become subject to tort claims, breach of contract and other claims and administrative proceedings. As of September 30, 2010, we were not a party to any legal proceedings which we believe would have a material effect on us.

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Properties

Our Portfolio

As of September 30, 2010, we owned 95 properties, excluding two properties held as investments in unconsolidated joint ventures. These properties are primarily located throughout North America, with 14 properties located in Europe, and contain a total of approximately 16.4 million net rentable square feet, including 1.9 million square feet held for redevelopment. The following table presents an overview of our portfolio of properties, excluding the two properties held as investments in unconsolidated joint ventures, based on information as of September 30, 2010. All properties are held in fee except as otherwise indicated. Please refer to note 5 to our condensed consolidated financial statements as of September 30, 2010 included elsewhere in this prospectus for a description of all applicable encumbrances as of September 30, 2010.

Property[1]	Acquisition date	Metropolitan Area	Net Rentable Square Feet Excluding Redevelopment Space[2]	Redevelopment Space[3]	Annualized Rent ($000)[4]	Percent Leased[5]	Annualized Rent per Occupied Square Foot ($)[6]
Internet Gateways							
350 East Cermak Road	May-05	Chicago	1,129,226	4,513	61,770	96.3%	56.78
200 Paul Avenue 1-4	Nov-04	San Francisco	458,708	68,972	25,728	96.3%	58.21
120 E. Van Buren Street	Jul-06	Phoenix	254,497	33,017	21,437	97.5%	86.40
111 Eighth Avenue[7]	Mar-07	New York/New Jersey	116,843		18,494	100.0%	158.28
600 West Seventh Street	May-04	Los Angeles	482,089	7,633	17,674	95.8%	38.27
114 Rue Ambroise Croizat[8]	Dec-06	Paris, France	332,300	19,846	17,260	91.9%	56.51
2323 Bryan Street	Jan-02	Dallas	457,217	19,890	14,567	74.5%	42.79
1100 Space Park Drive	Nov-04	Silicon Valley	165,297		7,890	100.0%	47.73
600-780 S. Federal	Sep-05	Chicago	161,547		6,067	65.8%	57.07
36 NE 2nd Street	Jan-02	Miami	162,140		5,333	95.9%	34.32
6 Braham Street[9]	Jul-02	London, England	63,233		4,479	100.0%	70.83
900 Walnut Street	Aug-07	St Louis	112,266		3,722	90.6%	36.60
125 North Myers	Aug-05	Charlotte	25,402		1,282	100.0%	50.45
731 East Trade Street	Aug-05	Charlotte	40,879		1,236	100.0%	30.24
113 North Myers	Aug-05	Charlotte	29,218		780	100.0%	26.70
			3,990,862	**153,871**	**207,719**	**92.5%**	**56.29**
Corporate Datacenters							
2121 South Price Road	Jul-10	Phoenix	293,479		31,194	97.3%	109.23
365 Main Street	Jul-10	San Francisco	226,981		26,916	86.1%	137.79
128 First Avenue CDO	Jan-10	Boston	274,750		20,424	99.6%	74.65
720 Second Street	Jul-10	San Francisco	121,220		18,403	97.5%	155.66
43881 Devon Shafron Drive	Mar-07	Northern Virginia	180,000		17,978	98.5%	101.44
3 Corporate Place	Dec-05	New York/New Jersey	276,931		15,932	96.1%	59.85
300 Boulevard East	Nov-02	New York/New Jersey	311,950		14,730	100.0%	47.22
2440 Marsh Lane	Jan-03	Dallas	135,250		14,218	100.0%	105.13
60 & 80 Merritt Boulevard	Jan-10	New York/ New Jersey	169,540		12,073	100.0%	71.21
833 Chestnut Street	Mar-05	Philadelphia	588,770	65,988	11,469	85.7%	22.73
43915 Devin Shafron Drive	May-09	Northern Virginia	123,051	9,229	11,118	75.6%	119.54
2260 East El Segundo Boulevard	Jul-10	Los Angeles	132,240		10,774	100.0%	81.47
43791 Devon Shafron Drive	Mar-07	Northern Virginia	132,806	2,194	10,045	100.0%	75.63
55 Middlesex Turnpike	Jan-10	Boston	106,000		10,031	87.9%	107.63
1350 Duane & 3080 Raymond	Oct-09	Silicon Valley	185,000		9,693	100.0%	52.40
3011 Lafayette Street	Jan-07	Silicon Valley	90,780		9,658	100.0%	106.39
Unit 9, Blanchardstown Corporate Park[8]	Dec-06	Dublin, Ireland	111,691	8,309	9,036	99.0%	81.71
Clonshaugh Industrial Estate II[8]	Feb-06	Dublin, Ireland	124,500		8,855	100.0%	71.12
365 S. Randolphville Road	Feb-08	New York/ New Jersey	77,085	187,707	8,833	74.5%	153.75
1500 Space Park Drive	Sep-07	Silicon Valley	51,615		8,790	100.0%	170.29

1525 Comstock Street	Sep-09	Silicon Valley	42,385		8,682	100.0%	204.83
4025 Midway Road	Jan-06	Dallas	90,058	10,532	8,497	100.0%	94.35
2055 East Technology Circle[11]	Oct-06	Phoenix	76,350		7,785	100.0%	101.96

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Property[1]	Acquisition date	Metropolitan Area	Net Rentable Square Feet Excluding Redevelopment Space[2]	Redevelopment Space[3]	Annualized Rent ($000)[4]	Percent Leased[5]	Annualized Rent per Occupied Square Foot ($)[6]
Mundells Roundabout[9]	Apr-07	London, England	113,464		7,334	100.0%	64.64
375 Riverside Parkway	Jun-03	Atlanta	248,268	1,923	7,146	100.0%	28.78
Cressex 1[9]	Dec-07	London, England	50,847		6,720	100.0%	132.17
2045 & 2055 LaFayette Street	May-04	Silicon Valley	300,000		6,660	100.0%	22.20
150 South First Street	Sep-04	Silicon Valley	179,761		6,644	98.3%	37.60
11830 Webb Chapel Road	Aug-04	Dallas	365,647		6,228	96.6%	17.63
3 St. Anne s Boulevard[9]	Dec-07	London, England	36,668	59,716	6,129	79.5%	210.14
4030 Lafayette Center Drive	Jul-10	Northern Virginia	72,696		5,745	100.0%	79.03
14901 FAA Boulevard	Jun-06	Dallas	263,700		4,817	100.0%	18.27
2334 Lundy Place	Dec-02	Silicon Valley	130,752		4,784	100.0%	36.59
45901 & 45845 Nokes Blvd	Dec-09	Northern Virginia	167,160		4,347	100.0%	26.01
1201 Comstock Street	Jun-08	Silicon Valley	24,000		4,323	100.0%	180.12
1232 Alma Road	Sep-09	Dallas	71,579	34,147	4,115	100.0%	57.49
44470 Chilum Place	Feb-07	Northern Virginia	95,440		4,103	100.0%	42.99
12001 North Freeway	Apr-06	Houston	280,483	20,222	4,019	75.4%	18.99
115 Second Avenue	Oct-05	Boston	66,730		3,540	100.0%	53.05
2401 Walsh Street	Jun-05	Silicon Valley	167,932		3,509	100.0%	20.90
8534 Concord Center Drive	Jun-05	Denver	85,660		3,463	100.0%	40.43
4849 Alpha Road	Apr-04	Dallas	84,552	40,986	2,860	100.0%	33.82
2950 Zanker Road	Aug-10	Silicon Valley	69,700		2,800	100.0%	40.17
21110 Ridgetop Circle	Jan-07	Northern Virginia	135,513		2,739	100.0%	20.22
21561 & 21571 Beaumeade Cir	Dec-09	Northern Virginia	164,453		2,682	100.0%	16.31
Naritaweg 52[8][10]	Dec-07	Amsterdam, Netherlands	63,260		2,613	100.0%	41.31
1807 Michael Faraday Court	Oct-06	Northern Virginia	19,237		2,613	100.0%	135.85
210 N Tucker Boulevard	Aug-07	St Louis	153,588	48,000	2,448	82.0%	19.44
200 North Nash Street	Jun-05	Los Angeles	113,606		2,374	100.0%	20.90
Paul van Vlissingenstraat 16[8]	Aug-05	Amsterdam, Netherlands	77,472	35,000	2,213	58.8%	48.58
2403 Walsh Street	Jun-05	Silicon Valley	103,940		2,172	100.0%	20.90
Manchester Technopark, Plot C1[9]	Jun-08	Manchester, England	38,016		1,995	100.0%	52.48
4700 Old Ironsides Drive	Jun-05	Silicon Valley	90,139		1,884	100.0%	20.90
444 Toyama Drive	Sep-09	Silicon Valley	42,083		1,777	100.0%	42.22
4650 Old Ironsides Drive	Jun-05	Silicon Valley	84,383		1,763	100.0%	20.90
7505 Mason King Court	Nov-08	Northern Virginia	109,650		1,735	100.0%	15.82
3015 Winona Avenue	Dec-04	Los Angeles	82,911		1,640	100.0%	19.77
Chemin de l Epinglier[2]	Nov-05	Geneva, Switzerland	59,190		1,628	100.0%	27.50
6800 Millcreek Drive	Apr-06	Toronto, Canada	83,758		1,576	100.0%	18.81
251 Exchange Place	Nov-05	Northern Virginia	70,982		1,547	100.0%	21.79
900 Dorothy Drive	Aug-10	Dallas	56,176		1,475	100.0%	26.27
Clonshaugh Industrial Estate[8]	Feb-06	Dublin, Ireland	20,000		1,472	100.0%	73.52
43831 Devon Shafron Drive	Mar-07	Northern Virginia	117,071		1,472	100.0%	12.57
3300 East Birch Street	Aug-03	Los Angeles	68,807		1,458	100.0%	21.19
1125 Energy Park Drive	Mar-05	Minneapolis/St. Paul	112,827		1,437	100.0%	12.73
101 Aquila Way	Apr-06	Atlanta	313,581		1,411	100.0%	4.50
Gyroscoopweg 2E-2F[8]	Jul-06	Amsterdam, Netherlands	55,585		1,199	100.0%	21.57
8100 Boone Boulevard[7]	Oct-06	Northern Virginia	17,015		929	100.0%	54.62
600 Winter Street	Sep-06	Boston	30,400		810	100.0%	26.63
2300 NW 89th Place	Sep-06	Miami	64,174		635	100.0%	9.89
7620 Metro Center Drive	Dec-05	Austin	45,000		605	100.0%	13.44
4040 Lafayette Center Drive	Jul-10	Northern Virginia	30,333		376	100.0%	12.38
3065 Gold Camp Drive	Oct-04	Sacramento	62,957		272	21.1%	20.45
1 St. Anne s Boulevard[9]	Dec-07	London, England	20,219		260	100.0%	12.86
1301 International Parkway	Sep-09	Dallas		20,500		0.0%	
1400 N Bowser Way	Sep-09	Dallas		246,940		0.0%	
1725 Comstock Street	Apr-10	Silicon Valley		39,643		0.0%	

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Property[1]	Acquisition date	Metropolitan Area	Net Rentable Square Feet Excluding Redevelopment Space[2]	Redevelopment Space[3]	Annualized Rent ($000)[4]	Percent Leased[5]	Annualized Rent per Occupied Square Foot ($)[6]
3105 & 3115 Alfred Street	May-10	Silicon Valley		49,858		0.0%	
4050 Lafayette Center Drive	Jul-10	Northern Virginia		42,374		0.0%	
650 Randolph Road	Jun-08	New York/ New Jersey		127,790		0.0%	
7500 Metro Center Drive	Dec-05	Austin		74,962		0.0%	
800 Central Expressway	Aug-10	Silicon Valley		150,000		0.0%	
900 Quality Way	Sep-09	Dallas		112,253		0.0%	
904 Quality Way	Sep-09	Dallas		46,750		0.0%	
905 Security Row	Sep-09	Dallas		249,657		0.0%	
Cateringweg 5[8]	Jun-10	Amsterdam, Netherlands		55,972		0.0%	
			9,303,797	**1,740,652**	**453,630**	**95.6%**	**50.98**
Technology Manufacturing							
34551 Ardenwood Boulevard 1-4	Jan-03	Silicon Valley	307,657		9,035	100.0%	29.37
47700 Kato Road & 1055 Page Avenue	Sep-03	Silicon Valley	183,050		3,908	100.0%	21.35
2010 East Centennial Circle[12]	May-03	Phoenix	113,405		2,852	100.0%	25.15
2 St. Anne s Boulevard	Dec-07	London, England		30,612		0.0%	
			604,112	**30,612**	**15,795**	**100.0%**	**26.14**
Technology Office							
100 & 200 Quannapowitt Parkway	Jun-04	Boston	386,956		7,222	94.9%	19.68
1 Savvis Parkway	Aug-07	St Louis	156,000		2,644	100.0%	16.95
908 Quality Way	Sep-09	Dallas	14,400		24	100.0%	1.67
			557,356		**9,890**	**96.4%**	**18.40**
Portfolio Total/Weighted Average			**14,456,127 (4)**	**1,925,135**	**$ 687,034**	**95.0%**	**50.04**

(1) We have categorized the properties in our portfolio by their principal use based on annualized rent. However, many of our properties support multiple uses.

(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 space held for redevelopment.

(3) Redevelopment space is unoccupied space that requires significant capital investment in order to develop datacenter facilities that are ready for use. Most often this is shell space. However, in certain circumstances this may include partially built datacenter space that was not completed by previous ownership or tenants and requires a large capital investment in order to build out the space.

(4) Annualized rent represents the monthly contractual rent under existing leases as of September 30, 2010 multiplied by 12.

(5) Excludes space held for redevelopment. Includes unoccupied space for which we are receiving rent and excludes space for which leases had been executed as of September 30, 2010, but for which we are not receiving rent. We estimate the total square feet available for lease based on a number of factors in addition to contractually leased square feet, including available power, required support space and common area.

(6) Annualized rent per square foot represents annualized rent as computed above, divided by the total square footage under lease as of the same date.

(7) 111 Eighth Avenue (2nd and 6th floors), 8100 Boone Boulevard and 111 Eighth Avenue (3rd and 7th floors) are leased by us pursuant to leases that expire in June 2014, September 2017 and February 2022, respectively.

(8) Rental amounts for Unit 9, Blanchardstown Corporate Park, 114 Rue Ambroise Croizat, Naritaweg 52, Paul van Vlissingenstraat 16, Chemin de l Epinglier 2, Clonshaugh Industrial Estate, Clonshaugh Industrial Estate II, Gyroscoopweg 2E-2F and Cateringweg 5 were calculated based on the exchange rate in effect on September 30, 2010 of $1.36 to 1.00. Paul Van Vlissingenstraat 16, Chemin de l Epinglier 2, Clonshaugh Industrial Estate and Cateringweg 5 are subject to ground leases, which expire in the years 2054, 2074, 2981 and 2059, respectively.

(9) Rental amounts for 6 Braham Street, Mundells Roundabout, Cressex 1, Manchester Technopark, 1 St. Anne s Boulevard and 3 St. Anne s Boulevard were calculated based on the exchange rate in effect on September 30, 2010 of $1.57 to £1.00. Manchester Technopark is subject to a ground lease, which expires in the year 2125.

(10) We are party to a ground sublease for this property. This is a perpetual ground sublease. Lease payments were prepaid by the prior owner of this property through December 2036.

(11) We are party to a ground sublease for this property. The term of the ground sublease expires in September 2083. All of the lease payments were prepaid by the prior owner of this property.

(12) We are party to a ground sublease for this property. The term of the ground sublease expires in the year 2082.

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Tenant Diversification

As of September 30, 2010, our portfolio was leased to approximately 530 companies, many of which are nationally recognized firms. The following table sets forth information regarding the 20 largest tenants in our portfolio based on annualized rent as of September 30, 2010 (dollar amounts in thousands).

	Tenant	Number of Locations	Total Occupied Square Feet[1]	Percentage of Net Rentable Square Feet	Annualized Rent[2]	Percentage of Annualized Rent	Weighted Average Remaining Lease Term in Months
1	Savvis Communications	19	2,000,638	13.8%	$ 54,794	8.0%	104
2	Equinix Operating Company, Inc.	8	736,950	5.1%	29,714	4.3%	90
3	Facebook, Inc.	4	198,963	1.4%	25,903	3.8%	92
4	Morgan Stanley	5	155,481	1.1%	22,961	3.3%	46
5	Qwest Communications International, Inc.	17	637,801	4.4%	21,082	3.1%	72
6	TelX Group, Inc.	11	166,717	1.2%	20,732	3.0%	193
7	NTT Communications Company	5	307,887	2.1%	18,521	2.7%	56
8	AT&T	18	610,384	4.2%	16,396	2.4%	97
9	JPMorgan Chase & Co.	3	149,935	1.0%	14,701	2.1%	111
10	Level 3 Communications, LLC	25	327,090	2.3%	11,990	1.7%	99
11	Pfizer, Inc.	1	87,049	0.6%	10,568	1.5%	87
12	Yahoo! Inc.	2	110,847	0.8%	10,056	1.5%	85
13	TATA Communications (UK)	2	105,366	0.7%	9,875	1.4%	87
14	Microsoft Corporation	3	329,254	2.3%	9,848	1.4%	59
15	Sprint Communications Co., LP	6	173,319	1.2%	9,148	1.3%	48
16	BT Americas, Inc.	3	47,286	0.3%	9,128	1.3%	87
17	eircom Limited	1	124,500	0.9%	8,854	1.3%	106
18	T-Systems North America, Inc.	2	77,610	0.5%	8,145	1.2%	42
19	Internap	4	56,801	0.4%	8,023	1.2%	36
20	Carpathia Hosting	3	51,784	0.4%	8,000	1.2%	80
	Total/Weighted Average		6,455,662	44.7%	$ 328,439	47.7%	90

(1) Occupied square footage is defined as leases that have commenced on or before September 30, 2010. For some of our properties, we calculate occupancy based on factors in addition to contractually leased square feet, including available power, required support space and common area.

(2) Annualized rent represents the monthly contractual rent under existing leases as of September 30, 2010 multiplied by 12. We estimate the total net rentable square feet available for lease based on a number of factors in addition to contractually leased square feet, including available power, required support space and common area.

Lease Distribution

The following table sets forth information relating to the distribution of leases in the properties in our portfolio, based on net rentable square feet (excluding approximately 1.9 million square feet held for redevelopment at September 30, 2010) under lease as of September 30, 2010.

Square Feet Under Lease	Number of Leases[1]	Percentage of All Leases	Total Net Rentable Square Feet[2]	Percentage of Net Rentable Square Feet[2]	Annualized Rent(000)[3]	Percentage of Annualized Rent
Available			726,783	5.0%		0.0%
2,500 or less	1,026	66.6%	537,415	3.7%	64,933	9.5%
2,501 - 10,000	254	16.5%	1,490,101	10.3%	123,788	18.0%

10,001 - 20,000	105	6.8%	1,808,009	12.5%	123,848	18.0%
20,001 - 40,000	74	4.8%	2,173,702	15.0%	136,882	19.9%
40,001 - 100,000	53	3.4%	3,459,421	23.9%	130,137	18.9%
Greater than 100,000	29	1.9%	4,260,696	29.6%	107,444	15.7%
Portfolio Total	1,541	100.0%	14,456,127	100.0%	$ 687,032	100.0%

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(1) Includes license and similar agreements that upon expiration will be automatically renewed, primarily on a month-to-month basis. Number of leases represents the leased-unit count; a lease could include multiple units.
(2) For some of our properties, we calculate square footage based on factors in addition to contractually leased square feet, including available power, required support space and common area.
(3) Annualized rent represents the monthly contractual rent under existing leases as of September 30, 2010 multiplied by 12. We estimate the total net rentable square feet available for lease based on a number of factors in addition to contractually leased square feet, including available power, required support space and common area.

Lease Expirations

The following table sets forth a summary schedule of the lease expirations for leases in place as of September 30, 2010 plus available space for ten calendar years at the properties in our portfolio, excluding approximately 1.9 million square feet held for redevelopment at September 30, 2010. Unless otherwise stated in the footnotes, the information set forth in the table assumes that tenants exercise no renewal options and all early termination rights.

Year	Number of Leases Expiring[1]	Square Footage of Expiring Leases[2]	Percentage of Net Rentable Square Feet[2]	Annualized Rent(000)[3]	Percentage of Annualized Rent	Annualized Rent Per Occupied Square Foot	Annualized Rent Per Occupied Square Foot at Expiration	Annualized Rent at Expiration(000)
Available		726,783	5.0%		0.0%			
2010	120	92,613	0.6%	$ 13,331	1.9%	$ 143.94	$ 144.02	$ 13,338
2011	336	1,394,386	9.7%	55,220	8.0%	39.60	39.06	54,470
2012	198	257,643	1.8%	27,354	4.0%	106.17	110.82	28,551
2013	162	1,241,754	8.6%	76,398	11.1%	61.52	65.58	81,438
2014	150	1,291,606	8.9%	83,404	12.2%	64.57	68.64	88,657
2015	114	2,096,720	14.5%	85,110	12.4%	40.59	42.74	89,612
2016	78	1,100,276	7.6%	45,235	6.6%	41.11	47.75	52,536
2017	46	750,613	5.2%	30,149	4.4%	40.17	47.81	35,884
2018	71	805,241	5.6%	40,705	5.9%	50.55	64.73	52,127
2019	69	1,572,493	10.9%	92,354	13.4%	58.73	72.45	113,933
Thereafter	197	3,125,999	21.6%	137,772	20.1%	44.07	61.77	193,084
Portfolio Total / Weighted Average	1,541	14,456,127	100.0%	$ 687,032	100.0%	$ 50.04	$ 58.53	$ 803,630

(1) Includes license and similar agreements that upon expiration will be automatically renewed, primarily on a month-to-month basis. Number of expiring leases represents the expiring leased-unit count; a lease could include multiple units.
(2) For some of our properties, we calculate square footage based on factors in addition to contractually leased square feet, including available power, required support space and common area.
(3) Annualized rent represents the monthly contractual rent under existing leases as of September 30, 2010 multiplied by 12. We estimate the total net rentable square feet available for lease based on a number of factors in addition to contractually leased square feet, including available power, required support space and common area.

350 East Cermak Road, Chicago, Illinois

350 East Cermak Road is an eight-story telecommunications carrier facility and data center located in the south loop area of the Chicago central business district. The building contains 1,122,749 rentable square feet, excluding 4,513 square feet of space held for redevelopment, and is on the historic register. This noted Chicago landmark was completely renovated in 1999-2000 to create a state-of-the-art datacenter and Internet gateway facility. The property is a premier Internet gateway facility in the Midwestern region of the country, and it houses numerous carriers, including AT&T, Deutsche Telekom, Qwest Communications International, XO

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Communications, 360 Networks, Verio and Verizon. Additionally, the property provides mission critical data center space for several large enterprise tenants, including Computer Sciences Corporation and Fidelity Information Services. Most of these tenants have invested significant amounts of their own capital into improving their spaces within the building.

The aggregation of service providers in this building creates a cost-effective operating environment for cross connections and passing traffic (voice, data and Internet) between networks without costly local access charges. Both long-haul, backbone networks and local/regional metropolitan area networks operate in the building, and several have a point-of-presence in the building-managed colocation facility. The abundance of bandwidth and telecom carriers operating in the building also attracts large-scale data center users requiring cost-efficient bandwidth solutions from multiple providers.

The facility offers tenants superior electrical and mechanical systems infrastructure, including abundant electrical power and UPS/backup power generation, telecommunications quality HVAC capacity and distribution, ample telecommunications and electrical riser and conduit capacity, and multiple telecommunications networks that provide service to, and interconnect within, the building. Because it was initially constructed as an RR Donnelley book publishing and printing plant, the building also features heavy floor loading capacity which is well suited to data center users. Cooling capacity is provided via an adjacent chilled water plant operated by the Metropolitan Pier Expo Authority (MPEA).

We acquired a fee simple interest in this property from an unrelated party in May 2005. We have agreed with the seller to share a portion, not to exceed $135,000 per month, of rental revenue, adjusted for our costs to lease the premises, from the lease of the 192,000 square feet of space held for redevelopment. This revenue sharing agreement will terminate in May 2012.

The property is currently 96.3% leased, excluding 4,513 square feet held for redevelopment, to 37 tenants, primarily as telecommunications or data center/colocation facilities. The following table summarizes information regarding the primary tenants of the property as of September 30, 2010:

Principal Nature of Business	Lease Expiration	Renewal Options	Annualized Rent	Percentage of Property Annualized Rent
Data Centers	Dec. 2019	2 x 5 yrs	**$ 6,408,600**	**10.4%**
Data Centers			**10,896,392**	**17.6**
	Mar. 2015	1x 5 yrs	4,013,144	6.5
	Jul. 2021	1x 5 yrs	6,883,248	11.1
Data Centers	Nov. 2026	2 x 10 yrs	**6,687,434**	**10.8**

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The following table sets forth the lease expirations for leases in place at the property as of September 30, 2010 plus available space for each of the ten full or partial calendar years beginning October 1, 2010, assuming that tenants exercise no renewal options and all early termination options. As of September 30, 2010, the weighted average lease term remaining in the building was 5.9 years.

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Expiring Leases[1]	Percentage of Property Square Feet	Annualized Rent	Percentage of Property Annualized Rent	Annualized Rent Per Leased Square Foot	Annualized Rent Per Leased Square Foot at Expiration
Available		45,827	4.0%	$	%	$	$
2010	3		0.0		0.0		
2011	7	3,924	0.3	435,155	0.7	110.90	113.28
2012	8	43,549	3.8	1,944,811	3.1	44.66	46.04
2013	13	110,516	9.7	9,493,545	15.4	85.90	91.55
2014	11	163,085	14.4	9,453,731	15.3	57.97	61.29
2015	10	431,495	38.1	11,644,945	18.9	26.99	19.92
2016	7	20,367	1.8	649,038	1.1	31.87	37.07
2017	6	42,622	3.8	441,505	0.7	10.36	12.39
2018	3	50,770	4.5	2,795,125	4.5	55.05	67.71
2019	2	58,429	5.2	6,408,600	10.4	109.68	118.89
Thereafter	20	163,155	14.4	18,503,326	29.9	113.41	154.07
Total/Weighted Average	**90**	**1,133,739**	**100.0%**	**$ 61,769,781**	**100.0%**	**$ 56.78**	**$ 62.47**

(1) Excludes 4,513 square feet of space held for redevelopment.

The following table sets forth the percentage leased, annualized rent per leased square foot and annualized net effective rent per leased square foot for 350 East Cermak Road as of the indicated date.

Date	Percent Leased[1]	Annualized Rent Per Leased Square Foot	Annualized Net Effective Rent Per Leased Square Foot
September 30, 2010	96.3%	$ 56.78	$ 54.43
December 31, 2009	92.3%	$ 52.01	$ 49.68
December 31, 2008	96.0%	$ 43.81	$ 42.08
December 31, 2007	98.3%	$ 33.54	$ 31.40
December 31, 2006	94.2%	$ 27.69	$ 25.51
December 31, 2005	92.2%	$ 23.23	$ 20.22

(1) Excludes space held for redevelopment.

The current real estate tax rate for 350 East Cermak Road is $48 per $1,000 of equalized assessed value. The total annual tax for the property at this rate for the 2010 tax year is $9,577,540 (at a taxable equalized assessed value of $198,869,416). There were no direct assessments imposed on the property by the City of Chicago for the 2009 tax year.

The following table sets forth the (i) federal tax basis, (ii) rate, (iii) method and (iv) life claimed with respect to 350 East Cermak Road and each component thereof for purposes of depreciation.

	Federal Tax Basis	Rate	Method	Life
Land	$ 8,466,000	0%	n/a	0
Personal Property	330,656	10%	Straight line	10
Building	285,646,783	2.5%	Straight line	40
Total	$ 294,443,439			

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INVESTMENT POLICIES AND POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

The following is a discussion of certain of our investment, financing and other policies. These policies have been determined by our board of directors and management and, in general, may be amended or revised from time to time by our board of directors or management without a vote of our securityholders.

Investment Policies

Investments in Real Estate or Interests in Real Estate

We conduct all of our investment activities through our operating partnership and its subsidiaries. Our investment objectives are to maximize the cash flow of our properties, provide quarterly cash distributions and achieve long-term capital appreciation for our stockholders and our operating partnership s unitholders through increases in the value of our company. We have not established a specific policy regarding the relative priority of these investment objectives. For a discussion of the properties and our acquisition and other strategic objectives, see Business and Properties.

We expect to pursue our investment objectives primarily through the ownership by our operating partnership of currently owned properties and other acquired properties and assets. We currently intend to invest primarily in technology-related real estate. Future investment or development activities will not be limited to any geographic area, property type or to a specified percentage of our assets. While we may diversify in terms of property locations, size and market, we do not have any limit on the amount or percentage of our assets that may be invested in any one property or any one geographic area. We intend to engage in future investment activities in a manner that is consistent with maintaining our status as a REIT for U.S. federal income tax purposes. In addition, we may purchase or lease income-producing technology-related and other types of properties for long-term investment, expand and improve the properties we presently own or subsequently acquire, or sell such properties, in whole or in part, when circumstances warrant.

We may also participate with third parties in property ownership, through joint ventures or other types of co-ownership. These types of investments may permit us to own interests in larger assets without unduly restricting our diversification and, therefore, provide us with flexibility in structuring our portfolio. We will not, however, enter into a joint venture or other partnership arrangement to make an investment that would not otherwise meet our investment policies.

Equity investments in acquired properties may be subject to existing mortgage financing and other indebtedness or to new indebtedness which may be incurred in connection with acquiring or refinancing these investments. Debt service on such financing or indebtedness will have a priority over any distributions on our operating partnership s units or distributions to our stockholders. Investments are also subject to our policy not to be treated as an investment company under the Investment Company Act of 1940, as amended, or the 1940 Act.

Investments in Real Estate Mortgages

While our current portfolio consists of, and our business objectives emphasize, equity investments in technology-related real estate, we may, at the discretion of our board of directors, invest in mortgages and other types of real estate interests consistent with our qualification as a REIT. We do not presently intend to invest in mortgages or deeds of trust, but may invest in participating or convertible mortgages if we conclude that we may benefit from the gross revenues or any appreciation in value of the property. Investments in real estate mortgages run the risk that one or more borrowers may default under the mortgages and that the collateral securing those mortgages may not be sufficient to enable us to recoup our full investment.

Securities of or Interests in Persons Primarily Engaged in Real Estate Activities and Other Issuers

Subject to the percentage of ownership limitations and gross income tests necessary for our REIT qualification, we may invest in securities of other REITs, other entities engaged in real estate activities or securities of other issuers, including for the purpose of exercising control over such entities.

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Dispositions

We do not currently intend to dispose of any of our properties, although we reserve the right to do so if, based upon management s periodic review of our portfolio, our board of directors determines that such action would be in the best interest of our stockholders. Any decision to dispose of a property will be made by our board of directors and may be delegated to management in certain circumstances. We may be obligated to indemnify certain contributors against adverse tax consequences to them in the event that we sell or dispose of certain properties in taxable transactions under the tax indemnification provisions of the contribution agreement related to the 200 Paul Avenue and 1100 Space Park Drive properties. See Conflict of Interest Policies.

Financing Policies

Our board of directors has adopted a policy of limiting our debt to 60% of our total enterprise value. Our total enterprise value is defined as the sum of the market value of our outstanding common stock (which may decrease, thereby increasing our debt to total enterprise value ratio) and liquidation preference of our preferred stock, excluding options issued under our incentive award plan, plus the aggregate value of our operating partnership units not owned by us, plus the book value of our total consolidated debt. Since this ratio is based, in part, upon market values of equity, it will fluctuate with changes in the price of our common and preferred stock; however, we believe that this ratio provides an appropriate indication of leverage for a company whose assets are primarily real estate. Our charter and bylaws do not limit the amount of debt that we may incur or the ratio of our debt to our total enterprise value. We are, however, subject to certain debt limitations pursuant to the restrictive covenants of our outstanding indebtedness. Our board of directors may from time to time modify our debt policy in light of then-current economic conditions, relative costs of debt and equity capital, market values of our properties, general conditions in the market for debt and equity securities, fluctuations in the market price of our common and preferred stock, growth and acquisition opportunities and other factors. Accordingly, we may increase or decrease our ratio of debt to total enterprise value beyond the limits described above. If these policies were changed, we could become more highly leveraged, resulting in an increased risk of default on our obligations and a related increase in debt service requirements that could adversely affect our financial condition and results of operations and our ability to make distributions to the operating partnership s unitholders and Digital Realty Trust, Inc. s stockholders. We have adopted a policy not to use derivatives for speculative or trading purposes and will only enter into contracts with major financial institutions based on their credit rating and other factors. See Risk Factors Risks Related to Our Business and Operations We have substantial debt and face risks associated with the use of debt to fund our business activities, including refinancing and interest rate risks and Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources of the Parent Company and Liquidity and Capital Resources of the Operating Partnership.

Conflict of Interest Policies

Sale or Refinancing of Properties

Upon the sale of certain of our properties and on the repayment of indebtedness, certain unitholders of the operating partnership could incur adverse tax consequences which are different from the tax consequences to holders of Digital Realty Trust, Inc. s common and preferred stock. Consequently, unitholders may have differing objectives regarding the appropriate pricing and timing of any such sale or repayment of indebtedness.

While Digital Realty Trust, Inc. has the exclusive authority under the partnership agreement to determine whether, when, and on what terms to sell a property or when to refinance or repay indebtedness, any such decision would require the approval of our board of directors, subject to delegation to management. The limited partners of our operating partnership have agreed that in the event of a conflict in the fiduciary duties owed by Digital Realty Trust, Inc. to its stockholders and, in its capacity as our operating partnership s general partner, to such limited partners, Digital Realty Trust, Inc. will fulfill its fiduciary duties to Digital Realty Trust, L.P. by acting in the best interests of its stockholders. See Description of the Partnership Agreement of Digital Realty Trust, L.P.

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Policies Applicable to All Directors and Officers

We have adopted policies that are designed to eliminate or minimize certain potential conflicts of interest. We have also adopted a code of business conduct and ethics that prohibits conflicts of interest between our employees, officers and directors and our company without the approval of our board of directors. In addition, our board of directors is subject to certain provisions of Maryland law, which are also designed to eliminate or minimize conflicts.

However, there can be no assurance that these policies or provisions of law will always be successful in eliminating the influence of such conflicts, and if they are not successful, decisions could be made that might fail to reflect fully the interests of all our stockholders.

Interested Director and Officer Transactions

Pursuant to the MGCL, a contract or other transaction between us and a director or between us and any other corporation or other entity in which any of our directors is a director or has a material financial interest is not void or voidable solely on the grounds of such common directorship or interest, the presence of such director at the meeting at which the contract or transaction is authorized, approved or ratified or the counting of the director s vote in favor thereof, provided that:

the fact of the common directorship or interest is disclosed or known to our board of directors or a committee of our board of directors, and our board of directors or committee authorizes, approves or ratifies the transaction or contract by the affirmative vote of a majority of disinterested directors, even if the disinterested directors constitute less than a quorum;

the fact of the common directorship or interest is disclosed or known to our stockholders entitled to vote thereon, and the transaction or contract is authorized, approved or ratified by a majority of the votes cast by the stockholders entitled to vote other than the votes of shares owned of record or beneficially by the interested director or corporation, firm or other entity; or

the transaction or contract is fair and reasonable to us.

Furthermore, under Maryland law (where the operating partnership is formed), Digital Realty Trust, Inc. as the operating partnership s general partner has a fiduciary duty to our operating partnership and, consequently, such transactions are also subject to the duties of care and loyalty that Digital Realty Trust, Inc. owes to limited partners in our operating partnership (to the extent such duties have not been eliminated pursuant to the terms of the partnership agreement). Digital Realty Trust, Inc. adopted a policy which requires that all contracts and transactions between it, our operating partnership or any of our subsidiaries, on the one hand, and any of our directors or executive officers or any entity in which such director or executive officer is a director or has a material financial interest, on the other hand, must be approved by the affirmative vote of a majority of our disinterested directors even if less than a quorum. Where appropriate in the judgment of the disinterested directors, our board of directors may obtain a fairness opinion or engage independent counsel to represent the interests of nonaffiliated securityholders, although our board of directors will have no obligation to do so.

Policies With Respect To Other Activities

We have authority to offer common stock, preferred stock or options to purchase stock in exchange for property and to repurchase or otherwise acquire our common stock or other securities in the open market or otherwise, and we may engage in such activities in the future. As described in Description of the Partnership Agreement of Digital Realty Trust, L.P., Digital Realty Trust, Inc. expects, but is not obligated, to issue common stock to holders of our operating partnership units upon exercise of their redemption rights. We may from time to time seek to retire, redeem or repurchase our outstanding preferred equity or debt through cash purchases and/or exchanges for equity securities in open market purchases, privately negotiated transactions or otherwise. Our board of directors has the power, without further stockholder approval, to increase the number of authorized shares of common stock or preferred stock and issue additional shares of common stock or preferred

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stock, in one or more series, in any manner, and on the terms and for the consideration, it deems appropriate. We have not engaged in trading, underwriting or agency distribution or sale of securities of other issuers other than our operating partnership and do not intend to do so. At all times, we intend to make investments in such a manner as to qualify as a REIT, unless because of circumstances or changes in the Code, or the Treasury Regulations, our board of directors determines that it is no longer in its best interest to qualify as a REIT. We have not made any loans to third parties, although we may in the future make loans to third parties, including, without limitation, to joint ventures in which we participate. We intend to make investments in such a way that we will not be treated as an investment company under the 1940 Act.

Reporting Policies

We make available to our stockholders our annual reports, including our audited financial statements. We are subject to the information reporting requirements of the Exchange Act. Pursuant to those requirements, we are required to file annual and periodic reports, proxy statements and other information, including audited financial statements, with the SEC.

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DIRECTORS AND EXECUTIVE OFFICERS

This section reflects information with respect to the directors and executive officers of Digital Realty Trust, Inc. The operating partnership is managed by Digital Realty Trust, Inc., its sole general partner. Consequently, the operating partnership does not have its own separate directors or executive officers.

Digital Realty Trust, Inc. held its annual meeting of stockholders on April 27, 2010. At that time, Digital Realty Trust, Inc. s stockholders voted on the election of directors. At the annual meeting, all of the nominees for election as directors of Digital Realty Trust, Inc. were elected.

The following table sets forth the names and ages as of November 19, 2010 of the directors of Digital Realty Trust, Inc.:

Name	Age	Position	Director Since
Richard A. Magnuson	53	Director and Chairman of the Board	2004
Michael F. Foust	54	Chief Executive Officer and Director	2004
Laurence A. Chapman	61	Director	2004
Kathleen Earley	58	Director	2004
Ruann F. Ernst, Ph.D.	64	Director	2004
Dennis E. Singleton	66	Director	2004
Robert H. Zerbst	64	Director	2009

The following are biographical summaries for the directors of Digital Realty Trust, Inc.:

Richard A. Magnuson has served as a director since Digital Realty Trust, Inc. s inception. Mr. Magnuson is the Chairman of Digital Realty Trust, Inc. s Board and served as Executive Chairman of Digital Realty Trust, Inc. s Board from its inception through 2006. Mr. Magnuson is a founder of, and since February 2001 has served as Chief Executive Officer of, GI Partners, an international private equity fund manager which oversees the activities of GI Partners Funds I, II and III. From November 1999 until May 2007, Mr. Magnuson served as Executive Managing Director of CB Richard Ellis Investors, where he formed and managed the investments and activities of GI Partners Fund I. From 1994 through 1999, Mr. Magnuson held various positions with Nomura Securities, most recently as Deputy Managing Director of their London-based Principal Finance Group. From 1989 until 1994, Mr. Magnuson was a director in the Investment Banking division of Merrill Lynch. Mr. Magnuson previously served as a director of Glenborough Realty Trust until its sale and is presently a director of two private companies. Mr. Magnuson received a Bachelor of Arts degree with honors from Dartmouth College and a Master of Business Administration degree from Stanford University Graduate School of Business. Digital Realty Trust, Inc. s Board selected Mr. Magnuson to serve as a director because it believes he possesses valuable financial and real estate industry expertise, including extensive experience with real estate investments and management and experience serving on the board of directors of a public REIT.

Michael F. Foust has served as Digital Realty Trust, Inc. s Chief Executive Officer and as a director since Digital Realty Trust, Inc. s inception. Mr. Foust is a founder of GI Partners and served as a managing director of GI Partners advisor from its inception in February 2001 until Digital Realty Trust, Inc. s initial public offering. During his tenure at GI Partners, Mr. Foust directed technical property acquisitions and portfolio management. Mr. Foust has over 24 years of experience in institutional real estate investments and portfolio management. Prior to the founding of GI Partners, from 1999 to 2001, he was a senior director at CB Richard Ellis Investors. From 1995 to 1999, Mr. Foust was a Senior Vice President at CB Richard Ellis, where he managed regional asset services operations. During the period from 1985 to 1995, Mr. Foust held senior portfolio management and investment positions at UBS Asset Management, Karsten Realty Advisors and Trammell Crow Company. Prior to his real estate career, from 1979 to 1985, Mr. Foust participated in the origination of two related international telecommunications companies, Consortium Communications International and Progressive Systems Inc. The companies provided message switching and turn-key networks for multinational corporations. Mr. Foust received

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a Bachelor of Arts degree *magna cum laude* from Harvard University and a Master of Business Administration degree from Harvard Business School. Digital Realty Trust, Inc. s Board selected Mr. Foust to serve as a director because it believes he possesses valuable financial and real estate industry expertise, including extensive experience with property acquisition, operations, development and management.

Laurence A. Chapman has served as a director of Digital Realty Trust, Inc. since 2004. Mr. Chapman is currently Chair of Digital Realty Trust, Inc. s Audit Committee and a member of Digital Realty Trust, Inc. s Nominating and Corporate Governance Committee. Mr. Chapman served as Senior Vice President and Chief Financial Officer of Goodrich Corp. from 1999 until his retirement in 2000. Mr. Chapman served as Senior Vice President and Chief Financial Officer of Rohr, Inc., an aerospace company, from 1994 until 1999, when Rohr, Inc. merged with Goodrich Corp. His responsibilities at both companies included accounting, treasury, tax, insurance, investor relations, financial planning and information technology functions. Prior to his service at Rohr, Inc., Mr. Chapman was employed at Westinghouse Electric Corporation from 1981 through 1994. From 1992 through 1994, Mr. Chapman was the Vice President and Treasurer of Westinghouse Electric Corporation where he was responsible for the financing activities of Westinghouse Electric Corporation and Westinghouse Credit Corp. His responsibilities included supervising corporate finance, cash and short-term funding, project finance, bank relations and international treasury. Mr. Chapman received a Bachelor of Commerce degree with Great Distinction from McGill University and a Master of Business Administration degree from Harvard Business School. Digital Realty Trust, Inc. s Board selected Mr. Chapman to serve as a director because it believes he possesses valuable financial and accounting expertise, including at companies with extensive real estate interests and his extensive experience in his prior positions of Chief Financial Officer.

Kathleen Earley has served as a director of Digital Realty Trust, Inc. since 2004. Ms. Earley is currently Chair of Digital Realty Trust, Inc. s Nominating and Corporate Governance Committee and a member of Digital Realty Trust, Inc. s Compensation Committee. Ms. Earley is the former President and Chief Operating Officer of TriZetto Group, Inc. where she worked from November 2004 until she retired in September 2008. From 1994 through September 2001, Ms. Earley was employed at AT&T Corporation. While at AT&T Corporation, Ms. Earley served as Senior Vice President of Enterprise Networking and Chief Marketing Officer, where she oversaw all AT&T Corporation business-related brand, image and advertising and marketing strategy. One of Ms. Earley s largest contributions was as President of AT&T Data & Internet Services, a business unit that provided Internet Protocol (IP), web hosting, data and managed network services. Under her leadership, AT&T s network became one of the largest Internet backbones in the industry. Prior to joining AT&T Corporation, Ms. Earley was employed by IBM Corporation for 17 years with positions in sales, marketing, planning and strategy development. Ms. Earley is currently a member of the board of directors of one other public company, Switch & Data Facilities Company, and a privately-held company, Gateway EDI, and previously served on the board of Vignette Corp. prior to its sale. Ms. Earley received a Bachelor of Science degree and a Master of Business Administration degree, both from the University of California, Berkeley. Digital Realty Trust, Inc. s Board selected Ms. Earley to serve as a director because it believes she possesses valuable expertise in the telecommunications and co-location industries, as well as in strategic planning and operations, including extensive experience with sales, marketing and technology-related operations.

Ruann F. Ernst, Ph.D. has served as a director of Digital Realty Trust, Inc. since 2004. Ms. Ernst is currently a member of Digital Realty Trust, Inc. s Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. Ms. Ernst served as Chief Executive Officer of Digital Island, Inc., an e-business delivery network company, from June 1998 until her retirement in January 2002. Ms. Ernst was Chairperson of the Board of Digital Island from December 1999 through July 2001, when the company was acquired by Cable & Wireless, Plc. From 1988 through 1998, Ms. Ernst worked for Hewlett Packard Company, an electronics equipment and computer company, in various management positions, most recently as General Manager, Financial Services Business Unit, and also worked as a Vice President for General Electric Information Services Company. Prior to her work in industry, Ms. Ernst served on the faculty of The Ohio State University, was Director of Medical Research and Computing and served as a Congressional Fellow in the Office of Technology Assessment. Ms. Ernst serves on the board of directors for IHS Inc., which is listed on the New York

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Stock Exchange. She also serves on the board of directors of Red Planet for NASA and on two non-profit entities: Azimuth Foundation (Kids Sports Stars) and The Ohio State University Foundation. Ms. Ernst received a Bachelor of Science, a Master of Science and a Ph.D. from The Ohio State University. Digital Realty Trust, Inc. s Board selected Ms. Ernst to serve as a director because it believes she possesses valuable expertise in the telecommunications and co-location industries, including extensive experience working with and leading technology companies.

Dennis E. Singleton has served as a director of Digital Realty Trust, Inc. since 2004. Mr. Singleton is currently Chair of Digital Realty Trust, Inc. s Compensation Committee and a member of Digital Realty Trust, Inc. s Audit Committee. Mr. Singleton was a founding partner of Spieker Partners, the predecessor of Spieker Properties, Inc., one of the largest owners and operators of commercial property on the west coast prior to its $7.2 billion acquisition by Equity Office Properties Trust in 2001. Mr. Singleton served as Chief Financial Officer and Director of Spieker Properties, Inc. from 1993 to 1995, Chief Investment Officer and Director from 1995 to 1997 and Vice Chairman and Director from 1998 until his retirement in 2001. During his tenure, Mr. Singleton was involved in identifying and analyzing strategic portfolio acquisition and operating opportunities and oversaw the acquisition and development of more than 20 million square feet of commercial property. From 2001 to the present, Mr. Singleton has managed personal investments in real estate. Mr. Singleton is currently a member of the board of directors and serves on the audit committee of BRE Properties, Inc. Mr. Singleton received a Bachelor of Science degree from Lehigh University and a Master of Business Administration degree from Harvard Business School. Digital Realty Trust, Inc. s Board selected Mr. Singleton to serve as a director because it believes he possesses valuable financial and real estate industry expertise, including extensive experience with acquisition, financing and operation of commercial property.

Robert H. Zerbst has served as a director of Digital Realty Trust, Inc. since October 2009. Mr. Zerbst is a member of Digital Realty Trust, Inc. s Compensation Committee and Nominating and Corporate Governance Committee (effective 2010). Mr. Zerbst currently serves as a Special Advisor to CB Richard Ellis Investors. Mr. Zerbst joined CB Richard Ellis Investors as President in 1997. He served as Chief Executive Officer from 1998 through 2006 and served as Chairman during 2007 and 2008. In 1981, Mr. Zerbst founded and served as Chief Executive Officer of Piedmont Realty Advisors, a San Francisco-based real estate investment manager. In 1991, Piedmont merged with The RREEF Funds. While a partner at RREEF, Mr. Zerbst was responsible for all investments in the western United States and opportunistic investments nationally. Mr. Zerbst is a member of the Pension Real Estate Association (PREA), current Chairman of the National Association of Real Estate Investment Managers (NAREIM), board member of the National Council of Real Estate Investment Fiduciaries (NCREIF), Real Estate Round Table, Los Angeles World Affairs Council, Asia Society and the Policy Advisory Board of the Fisher Center at the Haas School of Business, University of California at Berkeley and a Trustee of the San Francisco Conservatory of Music. Mr. Zerbst received a Bachelor of Arts from Miami University and a Master of Arts in Economics, a Master of Business Administration and a Ph.D. in Finance and Real Estate Economics from The Ohio State University. He has also earned the CRE and MAI professional designations. Digital Realty Trust, Inc. s Board selected Mr. Zerbst to serve as a director because it believes he possesses valuable financial and real estate industry expertise, including extensive experience with real estate acquisition and investment.

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Executive Officers

The following table sets forth the names, ages as of November 19, 2010 and positions of Digital Realty Trust, Inc. s Chief Executive Officer, Digital Realty Trust, Inc. s Chief Financial Officer and the other three most highly compensated officers of Digital Realty Trust, Inc. for the year ended December 31, 2009, including Digital Realty Trust, Inc. s Chairman (the named executive officers):

Name	Age	Position	Executive Officer Since
Michael F. Foust	54	Chief Executive Officer and Director (principal executive officer)	2004
A. William Stein	56	Chief Financial Officer, Chief Investment Officer and Secretary (principal financial officer)	2004
Scott E. Peterson	49	Chief Acquisitions Officer	2004
Christopher J. Crosby, Jr.	38	Senior Vice President, Corporate Development	2004
Richard A. Magnuson	53	Chairman of the Board	2004

The following are biographical summaries for Digital Realty Trust, Inc. s executive officers other than Messrs. Magnuson and Foust, for whom biographical summaries can be found in the preceding section.

A. William Stein joined GI Partners as a consultant in April 2004 and has served as Digital Realty Trust, Inc. s Chief Financial Officer, Chief Investment Officer and Secretary since July 2004. Mr. Stein has over 30 years of investment, financial and operating management experience in both large company environments and small, rapidly growing companies. Prior to joining Digital Realty Trust, Inc., Mr. Stein provided turnaround management advice to both public and private companies. From 2000 to 2001, Mr. Stein served as Co-Head of VentureBank@PNC and Media and Communications Finance at The PNC Financial Services Group where he was responsible for directing the delivery of PNC s products and services to VentureBank s high technology and emerging growth client base. Before joining PNC, Mr. Stein was President and Chief Operating Officer of TriNet Corporate Realty Trust, a REIT that was acquired by Starwood Financial Trust (now called iStar Financial) in late 1999. Prior to being named President of TriNet, Mr. Stein was Executive Vice President, Chief Financial Officer and Secretary. TriNet s portfolio consisted of office, industrial and retail properties throughout the U.S. Before joining TriNet in 1995, Mr. Stein held a number of senior investment and financial management positions with Westinghouse Electric, Westinghouse Financial Services and Duquesne Light Company. Mr. Stein practiced law for eight years, specializing in financial transactions and litigation. Mr. Stein received a Bachelor of Arts degree from Princeton University, a Juris Doctor degree from the University of Pittsburgh and a Master of Science degree with Distinction from the Graduate School of Industrial Administration at Carnegie Mellon University.

Scott E. Peterson is Digital Realty Trust, Inc. s Chief Acquisitions Officer, responsible for acquisition activities and has served in such role since November 2010. Prior to this role, Mr. Peterson served as Digital Realty Trust, Inc. s Senior Vice President of Acquisitions since October 2004. Mr. Peterson was a managing director of GI Partners from August 2002 until October 2004. While at GI Partners, Mr. Peterson was responsible for property acquisitions with an emphasis on technical properties. Mr. Peterson has over 22 years of real estate experience and was most recently a Senior Vice President with GIC Real Estate, the real estate investment entity for the Government of Singapore Investment Corporation, from May 1994 to August 2002. Previously, Mr. Peterson was active in investments, development and asset management with LaSalle Partners, a real estate services company, and Trammell Crow Company, a real estate developer. Mr. Peterson received a Bachelor of Arts degree from Northwestern University and a Master of Business Administration degree from Northwestern University.

Christopher J. Crosby, Jr. has served as Digital Realty Trust, Inc. s Senior Vice President of Corporate Development since August 2009. Prior to this role, Mr. Crosby served as Digital Realty Trust, Inc. s Senior Vice President of Sales and Technical Services since October 2005. Mr. Crosby joined Digital Realty Trust, Inc. in October 2004 as Vice President of our sales and technical services activities. From 2003 until joining Digital

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Realty Trust, Inc., Mr. Crosby was a Managing Director of Proferian, LLC, a former service provider to GI Partners. While at Proferian, Mr. Crosby was responsible for leasing and sales within the GI Partners portfolio with an emphasis on technology-related leasing, including turn-key datacenter space. Mr. Crosby has over 17 years of technology and technology leasing experience. From 2001 to 2002, Mr. Crosby was a consultant for CRG West, LLC, an operating partner of The Carlyle Group, formed in 2001 to oversee and enhance strategic telecom assets managed by Carlyle Realty Group. Previously, Mr. Crosby was active in sales, sales management and product development at Nortel Networks, then a leading supplier of products and services that support the Internet and other public and private data, voice and multimedia communications networks. Mr. Crosby received a Bachelor of Science degree from the University of Texas at Austin.

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EXECUTIVE COMPENSATION

This section reflects information with respect to the directors and executive officers of Digital Realty Trust, Inc. The operating partnership is managed by Digital Realty Trust, Inc., its sole general partner. Consequently, the operating partnership does not have its own separate directors or executive officers.

Compensation Discussion and Analysis

This Compensation Discussion and Analysis section discusses the compensation policies and programs for Digital Realty Trust, Inc. s named executive officers, which consist of Digital Realty Trust, Inc. s Chief Executive Officer, Chief Financial Officer and three other most highly compensated executive officers, as determined under the rules of the SEC.

Overview of Digital Realty Trust, Inc. s Executive Compensation Program

Objectives of Digital Realty Trust, Inc. s Executive Compensation Program

Digital Realty Trust, Inc. s Compensation Committee is responsible for establishing, modifying and approving the compensation program for Digital Realty Trust, Inc. s executive officers. The objective of Digital Realty Trust, Inc. s executive compensation program is to attract, retain and motivate experienced and talented executives who can help maximize Digital Realty Trust, Inc. s stockholder value. Digital Realty Trust, Inc. believes that a significant portion of the compensation paid to executive officers should be closely aligned with Digital Realty Trust, Inc. s performance on both a short-term and long-term basis. In order to achieve this objective, in addition to annual base salaries, Digital Realty Trust, Inc. s executive compensation program uses a combination of annual incentives through cash bonuses and long-term incentives through equity-based compensation. Digital Realty Trust, Inc. uses equity-based awards as long-term incentives because it views its company-wide performance and growth as the relevant long-term metric, while its annual cash awards can be targeted to reward the attainment of narrower, short-term performance objectives. The program is intended to encourage high performance, promote accountability and ensure that the interests of the executives are aligned with the interests of Digital Realty Trust, Inc. s stockholders by linking a significant portion of executive compensation directly to achievement of corporate goals and increases in stockholder value. Digital Realty Trust, Inc. seeks to provide total compensation to its executive officers that is competitive with the total compensation paid by comparable REITs and other real estate companies in its peer group, as discussed in more detail below.

The following are Digital Realty Trust, Inc. s principal objectives in establishing compensation for executive officers:

- Attract and retain individuals with superior ability, managerial talent and leadership capability;
- Ensure that executive officer compensation is aligned with Digital Realty Trust, Inc. s corporate strategies, business objectives and the long-term interests of its stockholders;
- Incentivize management to achieve key strategic and financial performance measures by linking incentive award opportunities to the achievement of performance goals in these areas; and
- Enhance the officers incentive to increase Digital Realty Trust, Inc. s stock price and maximize stockholder value, as well as promote retention of key executives, by providing a portion of total compensation opportunities for senior management in the form of direct ownership in Digital Realty Trust, Inc. through equity awards, including awards of long-term incentive units in the operating partnership.

Elements of Compensation

The major elements of compensation for the named executive officers are (1) a base salary, intended to provide a stable annual income for each executive officer at a level consistent with such officer s individual

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contributions, (2) annual cash performance bonuses, intended to link each executive officer s compensation to Digital Realty Trust, Inc. s performance and to such officer s performance, and (3) long-term compensation, which includes grants of long-term incentive units in the operating partnership and other equity-based compensation intended to encourage actions to maximize stockholder value. Each of these elements is discussed in more detail below.

The named executive officers are also entitled to certain benefits upon a change in control of Digital Realty Trust, Inc., including severance benefits and full vesting of all long-term incentive units (other than certain performance-based vesting units that have not met their performance-based vesting requirement) and stock options. Digital Realty Trust, Inc. provides these benefits to the named executive officers in order to give them the personal security and stability necessary for them to focus on the performance of their duties and responsibilities to Digital Realty Trust, Inc. and to encourage retention through a potential change in control. These items are described below under Executive Compensation Potential Payments upon Termination or Change in Control.

Digital Realty Trust, Inc. believes that each of these elements plays an important role in the overall executive compensation program and together serve to achieve Digital Realty Trust, Inc. s compensation objectives. The Compensation Committee allocates total compensation between the cash components and equity compensation based on review of the practices of Digital Realty Trust, Inc. s peer group, while considering the balance among providing stability, short-term incentives and long-term incentives to align the interests of management with Digital Realty Trust, Inc. s stockholders. In 2009, the percentage of salary and cash bonus (including annual cash incentive awards paid under Digital Realty Trust, Inc. s Incentive Award Plan) to total compensation ranged from 40% to 65% for the named executive officers and is set forth for each named executive officer in footnote 6 to our Summary Compensation Table below.

Determination of Compensation Awards

The Compensation Committee annually reviews and determines the total compensation to be paid to the named executive officers. Digital Realty Trust, Inc. s management, after reviewing competitive market data and advice from compensation consultants engaged by the Compensation Committee, makes recommendations regarding the compensation packages for its officers. The Compensation Committee in its review of these recommendations and in establishing the total compensation for each of the named executive officers considers several factors, including each executive s roles and responsibilities, each executive s performance, any significant accomplishments of the executive, Digital Realty Trust, Inc. s financial and operating performance and competitive market data applicable to each executive s position and functional responsibilities.

Competitive Market Data and Compensation Consultant

In December 2008 and January and February 2009, the Compensation Committee reviewed the salary, bonus and equity compensation paid to the named executive officers and directors. In conducting this review, the Compensation Committee retained the services of Watson Wyatt as the Compensation Committee s independent compensation consultant. Watson Wyatt does not provide any other services to Digital Realty Trust, Inc..

For its consulting services, Watson Wyatt was instructed to review Digital Realty Trust, Inc. s existing compensation program, provide current data with regard to industry trends, provide information regarding long-term compensation plan alternatives, identify and provide commentary on a peer group and provide cash and equity incentive award information for the peer group and to provide recommendations as to possible modification to the design and implementation of the long-term incentive program.

Peer Group Review

The Compensation Committee reviews total cash and long-term compensation levels against those of Digital Realty Trust, Inc. s peer group companies in order to ensure executive compensation is set at levels that

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will attract and motivate qualified executives while rewarding performance based on corporate objectives. However, the Compensation Committee does not target compensation levels against any particular percentile within Digital Realty Trust, Inc. s peer group of companies. The Compensation Committee sets compensation levels for each executive officer on the basis of several factors, including the executive officer s level of experience, tenure with Digital Realty Trust, Inc., competitive market data applicable to the executive officer s positions and functional responsibilities, the performance of the executive officer and Digital Realty Trust, Inc. s annual and long-term performance.

The peer group used to review 2009 base salaries, bonus targets and long-term equity awards consisted of the following 23 companies: Alexandria Real Estate Equities, Inc., AMB Property Corporation, AvalonBay Communities, Inc., BioMed Realty Trust, Inc., Boston Properties, Inc., Brandywine Realty Trust, CBL & Associates Properties Inc., Corporate Office Properties Trust Inc., Duke Realty Corporation, DuPont Fabros Technology, Inc., Essex Property Trust, Inc., Federal Realty Investment Trust, Health Care REIT, Inc., Kilroy Realty Corporation, KIMCO Realty Corporation, Lexington Realty Trust, Liberty Property Trust, Mack-Cali Realty Corporation, Nationwide Health Properties, Inc., PS Business Parks, Inc., Simon Property Group, Inc., Washington Real Estate Investment Trust and Weingarten Realty Investors. In reviewing Mr. Magnuson s 2009 base salary, bonus targets and long-term incentive awards, Digital Realty Trust, Inc. did not rely on information from the peer group, in part because Digital Realty Trust, Inc. did not expect to, nor did Digital Realty Trust, Inc., modify Mr. Magnuson s compensation levels (except for a minimal increase to Mr. Magnuson s base salary which was generally provided to all employees without regard to performance and market criteria), and in part because it is difficult to identify positions within the peer group that are truly comparable to Mr. Magnuson s position of Chairman of Digital Realty Trust, Inc. s Board.

In order to review 2009 base salaries, bonus targets and long-term incentive awards, Digital Realty Trust, Inc. adjusted its 2008 peer group. Additions to and deletions from Digital Realty Trust, Inc. s peer group resulted from an in-depth review of its 2008 peer group with advice from its compensation consultant. The Compensation Committee and management, along with the consultant, reviewed a wide array of publicly-traded REITS and co-location service providers in order to select appropriate and comparable peers based on their industries, their business focus and their size, as measured by sales, market capitalization and enterprise value. Based on this review, Digital Realty Trust, Inc. deleted the following companies from its peer group: Akamai Technologies, Inc., Equinix, Inc., Healthcare Realty Trust Incorporated, Infospace, Inc., Internap Network Services Corporation, Switch & Data Facilities Company, Inc., Savvis, Inc. and Terremark Worldwide, Inc. In addition, Digital Realty Trust, Inc. added the following companies to its peer group: AMB Property Corporation, AvalonBay Communities, Inc., Boston Properties, Inc., Essex Property Trust, Inc., Federal Realty Investment Trust, Health Care REIT, Inc., PS Business Parks, Inc., Simon Property Group, Inc., Washington Real Estate Investment Trust and Weingarten Realty Investors.

Annual Performance Reviews

To aid the Compensation Committee in setting base salaries, cash incentive targets and long-term equity awards, management provides recommendations annually to the Compensation Committee regarding the compensation of all named executive officers. The Board annually reviews the performance of its Chairman and its Chief Executive Officer, and its Chief Executive Officer reviews the performance of the remaining named executive officers. All of these reviews are presented to the Compensation Committee to provide input about their contributions to Digital Realty Trust, Inc. s success for the period being assessed.

Description of Individual Elements of Compensation

During the year ended December 31, 2009, compensation for the named executive officers was composed of base salary, annual performance-based cash bonuses and equity compensation awards.

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Annual Base Salary

Digital Realty Trust, Inc. provides named executive officers and other employees with base salaries to compensate them for services rendered each year. Base salaries comprise the stable part of the compensation program that is not dependent on Digital Realty Trust, Inc. s performance. This compensation element is necessary to provide the financial certainty that Digital Realty Trust, Inc. s executives seek when they are considering whether to join or remain with Digital Realty Trust, Inc.. Digital Realty Trust, Inc. s Compensation Committee approved new base salaries for each of the named executive officers in February 2009. The new base salaries became effective in March 2009. The base salaries for each of the named executive officers for 2009 with the exception of Mr. Magnuson, as discussed under Peer Group Review above, were determined based in part on the analysis by Watson Wyatt of the compensation practices of companies in Digital Realty Trust, Inc. s peer group. The Compensation Committee also considered the performance of each of the named executive officers and their contributions to Digital Realty Trust, Inc. s overall success. Based on their review, the Compensation Committee increased the salaries of the named executive officers for 2009. The 2009 salaries are set forth below under the heading Executive Compensation Summary Compensation Table.

Annual Incentive Bonuses

Digital Realty Trust, Inc. s annual incentive bonus program is structured to reward named executive officers based on Digital Realty Trust, Inc. s performance and the individual executive s contribution to that performance. Annual incentive bonuses are paid in cash if and to the extent performance objectives established by the Compensation Committee at the beginning of the year are achieved. The Compensation Committee believes that the payment of the annual incentive bonus in cash provides the incentive necessary to retain executive officers and reward them for short-term company performance.

Each named executive officer s annual incentive bonus opportunity for 2009 was established by Digital Realty Trust, Inc. s Compensation Committee and is described in Executive Compensation Grants of Plan-Based Awards. Each named executive officer s bonus opportunity provides for target and maximum bonus amounts, expressed as a percentage of base salary. In setting these amounts, Digital Realty Trust, Inc. s Compensation Committee considers, among other factors, each executive s roles and responsibilities within Digital Realty Trust, Inc., the total compensation package associated with that position and competitive market data applicable to that position.

For 2009, the target and maximum bonus amounts, expressed as a percentage of base salary, were 150% and 200% for Mr. Magnuson, 100% and 150% for Mr. Foust, 75% and 100% for Mr. Stein and 100% and 100% for Mr. Peterson. The target bonus for Mr. Crosby was equal to 50% of base salary, plus a bonus based on leasing results up to a maximum of $300,000. The target and maximum bonus payout percentages for each of the named executive officers, and the differences in such percentages among the named executive officers, were determined by reference to competitive market data and practices, with the exception of Mr. Magnuson, as discussed under Peer Group Review above, as well as consideration of each named executive officer s performance, role and responsibilities at the company. These amounts contemplate the target and maximum percentages set forth in each named executive officer s employment agreement, and were the subject of arms-length negotiation between Digital Realty Trust, Inc. and the named executive officer at the time that the agreement was entered into.

For 2009, based on the recommendations of management, a review of Digital Realty Trust, Inc. s business plan and the analysis provided by Watson Wyatt, the Compensation Committee established financial and operating goals and organizational development goals for each named executive officer. The financial and operating goals included funds from operations (FFO) targets, financing objectives, acquisitions targets, leasing and marketing objectives, operations objectives and organizational development objectives. FFO is used by industry analysts and investors as a supplemental performance measure of a REIT. FFO represents net income (loss) available to common stockholders and unitholders (computed in accordance with U.S. GAAP), excluding gains (or losses) from sales of property, real estate-related depreciation and amortization (excluding amortization of deferred financing costs), after adjustments for unconsolidated partnerships and joint ventures. In excluding real estate-related depreciation and amortization and gains and losses from property dispositions, FFO provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs.

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The target and maximum levels of FFO established by the Compensation Committee were $2.81 and $2.86, respectively, per diluted share and unit and were equivalent to the midpoint and high end of the range of Digital Realty Trust, Inc. s initial guidance for 2009. These amounts were set by the Compensation Committee based on a number of factors, including expectations surrounding acquisitions and leasing assumptions, financing assumptions, earnings growth, general economic conditions, real estate and technology fundamentals and other specific circumstances facing Digital Realty Trust, Inc.. For the purpose of determining bonuses, the Compensation Committee may adjust FFO to exclude profits, losses or expenses which the Compensation Committee determines to be non-recurring to give a more accurate picture of Digital Realty Trust, Inc. s annual performance. 2009 FFO was $2.93 per diluted share and unit, and was not adjusted by the Compensation Committee for purposes of determining bonuses. The financing objective included many factors, including those related to ensuring adequate liquidity to comfortably meet Digital Realty Trust, Inc. s business needs, achieving the lowest cost of capital for market conditions, maximizing risk-adjusted equity returns while maintaining financial flexibility, obtaining debt or equity financing appropriate for business needs, seeking out equity joint venture opportunities for Digital Realty Trust, Inc. s portfolio assets and ensuring timely and accurate financial reporting, tax and forecasting. The acquisitions target set by the Compensation Committee for 2009 included completion of $50 to $100 million of income producing properties at an average cash capitalization rate of 10%, completion of the acquisition of certain redevelopment assets and assistance in underwriting prospective joint venture opportunities for Digital Realty Trust, Inc. s assets.

For 2009, Digital Realty Trust, Inc. completed $196.5 million of income producing properties at a cash capitalization rate in excess of 10.5%. Digital Realty Trust, Inc. calculates cash capitalization rate by dividing the expected net operating income to be derived from the property by the total purchase price of the property. Net operating income represents rental revenue and tenant reimbursement revenue from the acquired property less rental property operating and maintenance, property taxes and insurance expense. The leasing objective was based on achieving certain leasing targets in 2009. Management met each of the objectives in 2009 and exceeded the maximum FFO target.

The organizational development goals for 2009 included achievement of certain organizational targets, leadership, development and motivation of employees to achieve high performance and to focus on company goals and the fostering of cross-organizational teamwork. The operations objectives for 2009 included implementation of consistent operations reporting and forecasting, continued implementation of the customer service program and web-based tenant portal and implementation of an appropriate staffing plan. The operations objectives for 2009 also included meeting or exceeding property level operating budgets, meeting or exceeding a portfolio level gross operating margin target and the achievement of tenant retention goals.

The specific financial and operating goals and organizational development goals for each named executive officer were established by the Compensation Committee based on their areas of responsibility. Mr. Foust s bonus was based 70% on financial and operating goals and 30% on organizational development goals. Mr. Stein s bonus was based 80% on financial and operating goals and 20% on organizational development goals. Mr. Peterson s bonus was based 90% on financial and operating goals and 10% on organizational development goals. The portion of Mr. Crosby s bonus that was not based on leasing results was based 80% on financial and operating goals and 20% on organizational development goals. Mr. Magnuson s bonus was based on the same criteria, however, the percentages for each category were not specified.

The Compensation Committee, based in part on the recommendations of management, determined each named executive officer s bonus based on the achievement of the established goals. For 2009, the Compensation Committee determined that all established goals had been achieved or exceeded. Accordingly, the Compensation Committee awarded Mr. Magnuson, Mr. Foust, Mr. Stein and Mr. Peterson their maximum bonus for 2009 plus an additional amount in consideration of their performance under challenging economic conditions.

Equity Incentive Compensation

Digital Realty Trust, Inc. has historically granted to the executive officers stock options and long-term incentive units in the operating partnership under Digital Realty Trust, Inc. s Incentive Award Plan. Digital

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Realty Trust, Inc. believes that a significant portion of the compensation paid to executive officers should be closely aligned with its performance on both a short-term and long-term basis. The Compensation Committee believes that, while Digital Realty Trust, Inc. s annual bonus program provides awards for positive short-term performance, equity participation creates a vital long-term partnership between executive officers and stockholders. The program is intended to encourage high performance, promote accountability and ensure that the interests of the executives are aligned with the interests of Digital Realty Trust, Inc. s stockholders by linking a significant portion of executive compensation directly to increases in stockholder value.

The Compensation Committee allocates annual incentive compensation between the cash components and equity compensation based on a review of the practices of our peer group and competitive market data (except with respect to Mr. Magnuson for 2009, as discussed under Peer Group Review above), while considering the balance among providing short-term incentives and long-term incentives to align the interests of management with Digital Realty Trust, Inc. s stockholders. The Compensation Committee did not utilize a formulaic approach in allocating the cash and equity-based portions of incentive compensation.

2009 Long-Term Incentive Unit Awards

The Compensation Committee believes that long-term incentive units are an effective incentive to retain the executive officers and increase their performance and closely align the interests of the executive officers with the long-term interests of Digital Realty Trust, Inc. s stockholders. Long-term incentive 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 C profits interest units, whether vested or not, receive the same quarterly per-unit distributions as common units in the operating partnership, which equal the per-share distributions on Digital Realty Trust, Inc. s 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.

In order to achieve full parity with common units, long-term incentive units must be fully vested and the holder s capital account balance in respect of such long-term incentive units must be equal to the capital account balance of a holder of an equivalent number of common units. (The capital account balance attributable to each common unit is generally expected to be the same, in part because of the amount credited to a partner s capital account upon their contribution of property to the operating partnership, and in part because the partnership agreement provides, in most cases, that allocations of income, gain, loss and deduction (which will adjust the partners capital accounts) are to be made to the common units on a proportionate basis. As a result, with respect to a number of long-term incentive units, it is possible to determine the capital account balance of an equivalent number of common units by multiplying the number of long-term incentive units by the capital account balance with respect to a common unit.)

A partner s initial capital account balance is equal to the amount the partner paid (or contributed to the operating partnership) for its units and is subject to subsequent adjustments, including with respect to the partner s share of income, gain or loss of the operating partnership. Because a holder of long-term incentive units generally will not pay for the long-term incentive units, the initial capital account balance attributable to such long-term incentive units will be zero. However, the operating partnership is required to allocate income, gain, loss and deduction to the partners capital accounts in accordance with the terms of the partnership agreement, subject to applicable Treasury Regulations. The partnership agreement provides that holders of long-term incentive units will receive special allocations of gain in the event of a sale or hypothetical sale of assets of the operating partnership prior to the allocation of gain to Digital Realty Trust, Inc. or other limited partners with respect to their common units. The amount of such allocation will, to the extent of any such gain, be equal to the difference between the capital account balance of a holder of long-term incentive units attributable to such units and the capital account balance attributable to an equivalent number of common units. If and when such gain allocation is fully made, a holder of long-term incentive units will have achieved full parity with holders of common units. To the extent that,

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upon an actual sale or a hypothetical sale of the operating partnership s assets as described above, there is not sufficient gain to allocate to a holder s capital account with respect to long-term incentive units, or if such sale or hypothetical sale does not occur, such units will not achieve parity with common units.

The term hypothetical sale refers to circumstances that are not actual sales of the operating partnership s assets but that require certain adjustments to the value of the operating partnership s assets and the partners capital account balances. Specifically, the partnership agreement provides that, from time to time, in accordance with applicable Treasury Regulations, the operating partnership will adjust the value of its assets to equal their respective fair market values, and adjust the partners capital accounts, in accordance with the terms of the partnership agreement, as if the operating partnership sold its assets for an amount equal to their value. Times for making such adjustments generally include the liquidation of the operating partnership, the acquisition of an additional interest in the operating partnership by a new or existing partner in exchange for more than a de minimis capital contribution, the distribution by the operating partnership to a partner of more than a de minimis amount of partnership property as consideration for an interest in the operating partnership, in connection with the grant of an interest in the operating partnership (other than a de minimis interest) as consideration for the performance of services to or for the benefit of the operating partnership (including the grant of a long-term incentive unit), and at such other times as may be desirable or required to comply with the Treasury Regulations.

The Compensation Committee approves awards of long-term incentive units on the basis of several factors, including the executive officer s total compensation package, the executive officer s roles and responsibilities within Digital Realty Trust, Inc., the executive officer s performance, any significant accomplishments of the executive officer, Digital Realty Trust, Inc. s financial and operating performance and competitive market data applicable to each executive officer s position and functional responsibilities.

On February 24, 2009, the Compensation Committee approved an award of long-term incentive profits interest units in the operating partnership to all of the named executive officers, other than Mr. Magnuson, as set forth below in the Executive Compensation Grants of Plan-Based Awards table. The awards were granted to the executives on March 2, 2009. Except for accelerated vesting in the event of a change in control of Digital Realty Trust, Inc., long-term incentive units awarded in 2009 were subject to either time-based vesting or both time-based and performance-based vesting. Each executive received a number of performance-based long-term incentive units equal to 125% of the number of time-based long-term incentive units received by the executive. Based on the recommendations of management and a review of Digital Realty Trust, Inc. s business plan, the vesting of the performance-based long-term incentive units was based on Digital Realty Trust, Inc. s achievement of FFO per diluted share and unit results for the fiscal year ended December 31, 2009 (the Performance Condition). The Compensation Committee may adjust FFO to exclude profits, losses or expenses which the Compensation Committee determines to be non-recurring to give a more accurate picture of Digital Realty Trust, Inc. s annual performance. If Digital Realty Trust, Inc. s 2009 FFO had been less than $2.76 per diluted share and unit, none of the long-term incentive units would have satisfied the Performance Condition. If Digital Realty Trust, Inc. s 2009 FFO per diluted share and unit had been between $2.76 and $2.86, then a number of performance-based long-term incentive units equal to between 75% and 125% of the time-based long term incentive units would have satisfied the Performance Condition. Based on Digital Realty Trust, Inc. s 2009 FFO per diluted share and unit of $2.93, all of these long-term incentive units satisfied the Performance Condition. FFO was not adjusted by the Compensation Committee for purposes of the long-term incentive unit awards. All of the long-term incentive units granted in 2009 are subject to time-based vesting based on the executive s satisfaction of certain service conditions. The time-based service conditions of the awards provide for 20% vesting on each of the first and second anniversaries of the grant date and 30% vesting on each of the third and fourth anniversaries of the grant date, provided the executive continues to be employed with Digital Realty Trust, Inc. on each anniversary date.

Employment Agreements

Digital Realty Trust, Inc. has entered into employment agreements with the named executive officers to help provide stability and security and encourage them to remain with Digital Realty Trust, Inc.. These agreements

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include severance and change in control benefits, among other things. The terms of these severance and change in control arrangements are described below in more detail under the caption Executive Compensation Potential Payments upon Termination or Change in Control. Digital Realty Trust, Inc. provides these benefits to the named executive officers in order to give them the personal security and stability necessary for them to focus on the performance of their duties and responsibilities to Digital Realty Trust, Inc. and to encourage retention through a potential change in control.

Perquisites

Digital Realty Trust, Inc. generally provides the named executive officers with perquisites and other personal benefits that apply uniformly to all of Digital Realty Trust, Inc. s employees. The Compensation Committee periodically reviews the levels of perquisites and other personal benefits provided to named executive officers. In 2009, Digital Realty Trust, Inc. provided the named executive officers other than Mr. Magnuson with basic life insurance, medical, dental, vision and disability plan benefits, for which the named executive officers were charged the same rates as all other employees, 401(k) matching funds and parking. Digital Realty Trust, Inc. provided Mr. Magnuson with basic life insurance benefits. Other than these standard benefits, Digital Realty Trust, Inc. does not provide any other perquisites.

Tax and Accounting Considerations

Internal Revenue Code Section 162(m)

Section 162(m) of the Code disallows a tax deduction for any publicly held corporation for individual compensation of more than $1.0 million in any taxable year to certain executive officers other than compensation that is performance-based under a plan that is approved by the stockholders and that meets certain other technical requirements. Despite the fact that Digital Realty Trust, Inc. s annual incentive bonuses and certain equity-based compensation awards are determined based on the evaluation of Digital Realty Trust, Inc. s performance and take into consideration certain financial and strategic goals, the Compensation Committee does not apply these factors on a strict formulaic basis. As a result, this compensation may not satisfy the requirements of Section 162(m) of the Code. Digital Realty Trust, Inc. believes that it qualifies as a REIT under the Code and generally is not subject to federal income taxes, provided Digital Realty Trust, Inc. distributes to its stockholders at least 100% of its taxable income each year. As a result, Digital Realty Trust, Inc. does not expect that the payment of compensation that does not satisfy the requirements of Section 162(m) of the Code will have a material adverse federal income tax consequence to it, provided it continues to distribute at least 100% of its taxable income each year. In appropriate circumstances, the Compensation Committee therefore may elect to implement programs that recognize a full range of performance criteria important to Digital Realty Trust, Inc. s success and to ensure its executive officers are compensated in a manner consistent with Digital Realty Trust, Inc. s best interests and those of its stockholders, even where the compensation paid under such programs may not be deductible under Section 162(m) of the Code.

ASC Topic 718

Accounting Standards Codification Topic 718, Compensation Stock Compensation (ASC Topic 718) (formerly known as Financial Accounting Standard No. 123(R), Share-Based Payments) requires Digital Realty Trust, Inc. to recognize an expense for the fair value of equity-based compensation awards. Grants of stock-based compensation are accounted for under ASC Topic 718. The Compensation Committee regularly considers the accounting implications of significant compensation decisions, especially in connection with decisions that relate to equity compensation awards. As accounting standards change, Digital Realty Trust, Inc. may revise certain programs to appropriately align accounting expenses of its equity awards with its overall executive compensation philosophy and objectives.

Compensation Committee Interlocks and Insider Participation

There are no Compensation Committee interlocks, and none of Digital Realty Trust, Inc. s employees participates on the Compensation Committee.

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COMPENSATION RISK ASSESSMENT

Digital Realty Trust, Inc. believes that its compensation policies and practices appropriately balance near-term performance improvement with sustainable long-term value creation, and that they do not encourage unnecessary or excessive risk taking. In 2010, the Compensation Committee and management conducted an extensive review of the design and operation of Digital Realty Trust, Inc. s compensation program and presented their findings to the Board. The review included an assessment of the level of risk associated with the various elements of compensation. Based on this review and assessment, Digital Realty Trust, Inc. believes that its compensation policies and practices are not reasonably likely to have a material adverse effect on the company.

Executive Compensation

Summary Compensation Table

The following table summarizes the total compensation paid to or earned by each of the named executive officers for the years ended December 31, 2009, 2008 and 2007.

Name and Principal Position	Year	Salary ($)[1]	Bonus ($)	Stock Awards ($)[2]	Option Awards ($)[3]	Non-Equity Incentive Plan Compensation ($)[4]	All Other Compensation ($)[5]	Total ($)[6]
Michael F. Foust,	2009	$ 591,000	$ 263,500[7]	$ 2,250,001	$	$ 886,500[7]	$ 214,930[8]	$ 4,205,931
Chief Executive Officer	2008	542,500		1,687,496		813,750	102,095	3,145,841
	2007	508,333		1,770,000	105,050	762,500	50,052	3,195,935
A. William Stein,	2009	386,567	115,933[9]	1,349,995		386,567[9]	141,877[10]	2,380,939
Chief Financial Officer,	2008	372,000	93,000[9]	1,012,490		372,000[9]	68,581	1,918,071
Chief Investment Officer and Secretary	2007	356,667	89,175[9]	885,000	105,050	267,525[9]	40,014	1,743,431
Scott E. Peterson,	2009	337,155	162,845[11]	562,493		337,155[11]	79,522[12]	1,479,170
Chief Acquisitions Officer	2008	325,500		337,484		325,500	50,737	1,039,221
	2007	312,500		826,000	105,050	312,500	41,825	1,597,875
Christopher J. Crosby, Jr.,	2009	267,583		871,859		410,000	113,536[13]	1,662,978
Senior Vice President, Corporate	2008	258,333		871,865		429,167	69,217	1,628,582
Development	2007	241,667		1,332,497	210,100	420,900	38,118	2,243,282
Richard A. Magnuson,	2009	214,067	2,427[14]			428,133[14]	705[15]	645,332
Chairman	2008	206,667				413,333	694	620,694
	2007	191,667		1,770,000		383,400	5,089	2,350,156

(1) Represents salaries paid during each applicable year.

(2) The amounts in this column represent the full grant date fair value of long-term incentive units and class C profits interest units granted during the applicable fiscal year in accordance with ASC Topic 718. For additional information on the valuation assumptions for 2009, refer to Note 9 to Digital Realty Trust, Inc. s consolidated financial statements for the fiscal year ended December 31, 2009, included in Digital Realty Trust, Inc. s Annual Report on Form 10-K for the year ended December 31, 2009.

The amounts shown include the grant date fair value of performance-based long-term incentive units granted in March 2009, based on the probable outcome of the performance conditions to which such long-term incentive units are subject, calculated in accordance with ASC Topic 718. These long-term incentive units are subject to achievement of the performance conditions as described in the heading above entitled Compensation Discussion and Analysis Description of Individual Elements of Compensation 2009 Long-Term Incentive Unit Awards.

The grant date fair value of the performance-based long-term incentive units granted in March 2009 based on the maximum level of performance is as follows: $1,250,000 for Mr. Foust; $750,000 for Mr. Stein; $312,493 for Mr. Peterson; and $484,363 for Mr. Crosby. Mr. Magnuson did not receive a performance-based long-term incentive unit award during 2009.

(3) The amounts in this column represent the full grant date fair value of stock options granted during 2007 in accordance with ASC Topic 718. None of the named executive officers were granted stock options during 2008 or 2009. For additional information on the valuation assumptions, refer to Note 9 to Digital Realty Trust, Inc. s consolidated financial statements for the fiscal year ended December 31, 2009, included in Digital Realty Trust, Inc. s Annual Report on Form 10-K for the year ended December 31, 2009.

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(4) The amounts in this column represent performance-based cash incentive award payments that were earned during the specified year and paid in the following year.
(5) The amounts in this column represent medical, dental, vision and disability insurance premiums, basic life insurance premiums, 401(k) matching funds, parking and distributions on unvested long-term incentive units, but exclude distributions paid on vested long-term incentive units.
(6) Total salary paid in 2009 plus bonus and cash incentive awards paid in 2010 that were earned during 2009 constituted the following percentages of total compensation for each named executive officer:

Michael F. Foust	47.6%
A. William Stein	44.0%
Scott E. Peterson	57.8%
Christopher J. Crosby, Jr.	40.3%
Richard A. Magnuson	64.5%

(7) See Compensation Discussion and Analysis Description of Individual Elements of Compensation Annual Incentive Bonuses for a discussion of Mr. Foust s actual bonus relative to his target bonus for 2009. The portion of Mr. Foust s 2009 bonus in excess of the maximum bonus target of 150% of base salary in 2009 does not constitute Non-Equity Incentive Plan Compensation and therefore is presented separately under the heading Bonus.
(8) Includes $12,233 for medical, dental, vision and disability insurance premiums, $189,732 from distributions on unvested long-term incentive units and other amounts related to parking, basic life insurance premiums and 401(k) matching funds.
(9) See Compensation Discussion and Analysis Description of Individual Elements of Compensation Annual Incentive Bonuses for a discussion of Mr. Stein s actual bonus relative to his target bonus for 2009. The portions of Mr. Stein s 2009, 2008 and 2007 bonuses in excess of the maximum bonus targets of 100% of base salary in 2009, 100% of base salary in 2008 and 75% of base salary in 2007 do not constitute Non-Equity Incentive Plan Compensation and therefore are presented separately under the heading Bonus.
(10) Includes $15,676 for medical, dental, vision and disability insurance premiums, $113,236 from distributions on unvested long-term incentive units and other amounts related to parking, basic life insurance premiums and 401(k) matching funds.
(11) See Compensation Discussion and Analysis Description of Individual Elements of Compensation Annual Incentive Bonuses for a discussion of Mr. Peterson s actual bonus relative to his target bonus for 2009. The portion of Mr. Peterson s 2009 bonus in excess of the maximum bonus target of 100% of base salary in 2009 does not constitute Non-Equity Incentive Plan Compensation and therefore is presented separately under the heading Bonus.
(12) Includes $18,262 for medical, dental, vision and disability insurance premiums, $48,295 from distributions on unvested long-term incentive units and other amounts related to parking, basic life insurance premiums and 401(k) matching funds.
(13) Includes $18,262 for medical, dental, vision and disability insurance premiums, $84,769 from distributions on unvested long-term incentive units and other amounts related to basic life insurance premiums and 401(k) matching funds.
(14) See Compensation Discussion and Analysis Description of Individual Elements of Compensation Annual Incentive Bonuses for a discussion of Mr. Magnuson s actual bonus relative to his target bonus for 2009. The portion of Mr. Magnuson s 2009 bonus in excess of the maximum bonus target of 200% of base salary in 2009 does not constitute Non-Equity Incentive Plan Compensation and therefore is presented separately under the heading Bonus.
(15) Includes basic life insurance premiums.

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Grants of Plan-Based Awards

The following table provides information concerning target payouts under plan-based awards granted or awarded during 2009 to each of the named executive officers.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1] Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards[2] Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stocks or Units (#)[3]	Grant Date Fair Value of Stock and Option Awards ($)[4]
Michael F. Foust,	03/02/2009		$ 591,000[5]	$ 886,500	27,819		46,365		$ 1,250,000
Chief Executive Officer	03/02/2009							37,092	1,000,000
A. William Stein,	03/02/2009		289,925[5]	386,567	16,691		27,819		750,000
Chief Financial Officer, Chief Investment Officer and Secretary	03/02/2009							22,255	599,995
Scott E. Peterson,	03/02/2009		337,155[5]	337,155	6,955		11,591		312,493
Chief Acquisitions Officer	03/02/2009							9,273	250,000
Christopher J. Crosby, Jr.,	03/02/2009		433,792[5]	433,792	10,780		17,966		484,363
Senior Vice President, Corporate Development	03/02/2009							14,373	387,496
Richard A. Magnuson,			321,100[5]	428,133					
Chairman									

(1) Represents cash incentive awards payable in 2010 based on 2009 performance. There were no threshold bonus award amounts. See the Summary Compensation Table under the Non-Equity Incentive Plan Compensation column for actual 2009 bonuses paid.

(2) Represents performance-based long-term incentive units the operating partnership awarded in 2009. Indicated threshold and maximum amounts correspond to the number of long-term incentive units that would have been earned in the event that specified minimum and maximum FFO targets, respectively, were achieved. For more information on 2009 long-term incentive unit awards, see Compensation Discussion and Analysis Description of Individual Elements of Compensation 2009 Long-Term Incentive Unit Awards.

(3) Represents time-based long-term incentive units in the operating partnership awarded in 2009. For more information on the 2009 long-term incentive unit awards, see Compensation Discussion and Analysis Description of Individual Elements of Compensation 2009 Long-Term Incentive Unit Awards.

(4) Represents the full grant date fair value of performance-based long-term incentive units and time-based long-term incentive units granted during 2009 in accordance with ASC Topic 718. For additional information on the valuation assumptions, refer to Note 9 to Digital Realty Trust, Inc. s consolidated financial statements for the fiscal year ended December 31, 2009, included in Digital Realty Trust, Inc. s Annual Report on Form 10-K for the year ended December 31, 2009.

The amounts shown include the grant date fair value of performance-based long-term incentive units granted in March 2009, based on the probable outcome of the performance conditions to which such long-term incentive units are subject, calculated in accordance with ASC Topic 718. These long-term incentive units are subject to achievement of the performance conditions as described in the heading above entitled Compensation Discussion and Analysis Description of Individual Elements of Compensation 2009 Long-Term Incentive Unit Awards.

The grant date fair value of the performance-based long-term incentive units granted in March 2009 based on the maximum level of performance is as follows: $1,250,000 for Mr. Foust; $750,000 for Mr. Stein; $312,493 for Mr. Peterson; and $484,363 for Mr. Crosby. Mr. Magnuson did not receive a performance-based long-term incentive unit award during 2009.

(5) Represents target cash incentive awards based on amounts established for 2009. Actual cash incentive awards reflect salaries actually paid in 2009.

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Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

2007 Outperformance Awards

On May 2, 2007, the Compensation Committee approved the grant to each of the named executive officers of an award of class C profits interest units of the operating partnership under Digital Realty Trust, Inc. s Incentive Award Plan. If the performance condition and the other vesting conditions are satisfied with respect to a class C profits interest unit, the class C profits interest unit will be treated in the same manner as the existing long-term incentive units issued by the operating partnership. Initially, class C profits interest units, like other long-term incentive units, will not have full parity with common units with respect to liquidating distributions. If such parity is reached, vested class C profits interest 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 the manner in which class C profits interest units may achieve parity with common units, see Compensation Discussion and Analysis Description of Individual Elements of Compensation 2009 Long-Term Incentive Unit Awards.

The class C profits interest units subject to each 2007 award will satisfy the performance condition based on the achievement of a total stockholder return (which Digital Realty Trust, Inc. refers to as the performance condition) as measured on November 1, 2008 (which Digital Realty Trust, Inc. refers to as the first measurement date) and May 1, 2010 (which Digital Realty Trust, Inc. refers to as the second measurement date). If:

- with respect to the first measurement date, Digital Realty Trust, Inc. achieves a total stockholder return equal to at least 18% over a period commencing on May 2, 2007 and ending on November 1, 2008; and

- with respect to the second measurement date, Digital Realty Trust, Inc. achieves a total stockholder return equal to at least 36% over a period commencing on May 2, 2007 and ending on the earlier of May 1, 2010 and the date of a change in control of Digital Realty Trust, Inc.,

the performance condition will be deemed satisfied with respect to a number of class C profits interest units that is based on the executive s allocated percentage of an aggregate performance award pool. For purposes of calculating the total stockholder return during this period, the initial value of Digital Realty Trust, Inc. s common stock will be equal to $40.51 (which represents the five day trailing average of the closing prices of Digital Realty Trust, Inc. s common stock ending on May 1, 2007) and the ending value of Digital Realty Trust, Inc. s common stock will be based on the thirty day trailing average as of the applicable measurement date and will include an amount that would have been realized if all cash dividends paid during the performance period were reinvested in common stock on the applicable dividend payment date. Digital Realty Trust, Inc. did not satisfy the performance condition at the first measurement date.

The aggregate amount of the performance award pool will be equal to 8% of the excess stockholder value created during the applicable performance period, but in no event will the amount of the pool exceed:

- $17 million for the first measurement date; or

- $40 million (less the amount of the performance award pool as of the first measurement date) for the second measurement date.

Excess stockholder value is equal to the excess of:

- the aggregate market value of the total number of shares of common stock and units outstanding at the end of the performance period, plus the cumulative value of dividends paid during the performance period (assuming reinvestment in Digital Realty Trust, Inc. s common stock), over

an increase in the aggregate market value of the common stock and units as of May 1, 2007 of 18% with respect to the first measurement date and 36% with respect to the second measurement date, plus in each case a prorated increase in the aggregate market value of new shares of common stock and units issued by Digital Realty Trust, Inc. or the operating partnership during the performance period.

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The first and second measurement dates may be accelerated as follows:

- in the event that during any 60 consecutive calendar days ending prior to November 1, 2008 the performance award pool, if calculated on each trading day during such period, equals or exceeds $17 million on each such trading day, the first measurement date will be accelerated to the last calendar day of the 60-day period; and

- in the event that during any 60 consecutive calendar days ending prior to May 1, 2010, the performance award pool, if calculated on each trading day during such period, equals or exceeds $40 million on each such trading day, the second measurement date will instead be accelerated to the last calendar day of the 60-day period.

Except in the event of a change in control of Digital Realty Trust, Inc., 60% of the class C profits interest units that satisfy the performance condition will vest at the end of the three-year performance period ending on May 1, 2010 and an additional 1/60th of such class C profits interest units will vest on the date of each monthly anniversary thereafter, provided that the executive s service has not terminated prior to the applicable vesting date. If, however, a change in control of Digital Realty Trust, Inc. occurs on or before April 30, 2010 and Digital Realty Trust, Inc. achieves a total annual stockholder return (based on the price per share paid in the change in control transaction) equivalent to at least 36% (prorated to the date of the change of control), 100% of the class C profits interest units that satisfy the performance condition as of the change in control date will vest immediately prior to the change in control. In addition, if a change in control of Digital Realty Trust, Inc. occurs after the second measurement date and the executive remains a service provider, the class C profits interest units that satisfied the performance condition will fully vest immediately prior to the change in control.

If the executive s service is terminated due to death or disability (or without cause or for good reason if the executive s employment agreement defines cause or contemplates a good reason termination) prior to the end of the performance period or change in control date and Digital Realty Trust, Inc. later satisfies the performance condition, a pro rata portion of the class C profits interest units will then vest based on the executive s length of service during the performance period (20% if the executive remained in service through May 1, 2008 and 1/60th on each subsequent monthly anniversary thereafter).

To the extent that any class C profits interest units fail to satisfy the performance condition at the end of the performance period (or the change in control date, if earlier), such class C profits interest units will automatically be cancelled and forfeited by the executive. In addition, any class C profits interest units which are not eligible for pro rata vesting in the event of a termination of the executive s employment due to death or disability (or without cause or for good reason, if applicable) will automatically be cancelled and forfeited upon a termination of the executive s employment.

In the event that the value of the executive s allocated portion of the award pool that satisfies the performance condition equates to a number of class C profits interest units that is greater than the number of class C profits interest units awarded to the executive, Digital Realty Trust, Inc. will make an additional payment to the executive in the form of a number of shares of Digital Realty Trust, Inc. s restricted stock equal to the difference. Sixty percent of the shares of restricted stock will be vested at the time of issuance and 1/60th of such shares will vest on each monthly anniversary thereafter, subject to full accelerated vesting in the event of a subsequent change in control of Digital Realty Trust, Inc.. If, however, this additional payment is made in connection with a change in control of Digital Realty Trust, Inc. that satisfies the performance condition, all of the shares issued will be fully vested at the time of issuance. If the executive s service is terminated due to death or disability (or without cause or for good reason, if applicable) prior to the end of the performance period or change in control date, the executive will be entitled to receive a similar pro rata payment, based on his service during the performance period, in the form of shares of fully vested common stock rather than restricted stock, subject to compliance with applicable federal and state securities laws.

All determinations, interpretations and assumptions relating to the vesting and calculation of the awards under the class C profits interest units agreements will be made by the administrator of Digital Realty Trust, Inc. s Incentive Award Plan (presently the Compensation Committee). In addition, the administrator may,

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in its discretion, adjust or modify the methodology for calculating the vesting of the awards (other than the executive s allocated percentage of the performance award pool) to account for events affecting the value of Digital Realty Trust, Inc. s common stock which the administrator of Digital Realty Trust, Inc. s Incentive Award Plan does not consider indicative of Digital Realty Trust, Inc. s performance, such as the issuance of new common stock, stock repurchases, stock splits, issuances and/or exercises of stock grants or stock options, and similar events.

Employment Agreements

Michael F. Foust

On August 7, 2008, Digital Realty Trust, Inc. entered into a new employment agreement with Mr. Foust, Digital Realty Trust, Inc. s Chief Executive Officer. On December 24, 2008, the employment agreement was amended for further compliance with Section 409A of the Code. The current term of Mr. Foust s employment agreement extends until August 6, 2011, subject to automatic renewal for successive one-year periods unless either party provides notice of such party s intention not to renew the employment agreement not less than 60 days prior to August 6, 2011.

Mr. Foust s annual base salary pursuant to the employment agreement, as adjusted, is currently $700,000, subject to increase in accordance with Digital Realty Trust, Inc. s policies in effect from time to time. Mr. Foust is eligible for an annual cash performance bonus under Digital Realty Trust, Inc. s incentive bonus plan based on the satisfaction of performance criteria established in accordance with the terms of such plan. The target and maximum annual bonuses for Mr. Foust are currently 100% and 150%, respectively, of his base salary. Mr. Foust is eligible to participate in all incentive, savings and retirement plans, practices, policies and programs, and medical and other group welfare plan coverage and fringe benefits provided to similarly-situated executives.

Mr. Foust s employment agreement provides that if his employment is terminated (i) by Digital Realty Trust, Inc. without cause, (ii) by Mr. Foust for good reason (each as defined in the employment agreement) or (iii) by Mr. Foust for any reason on or within 30 days after the six month anniversary of a change in control (as defined in Digital Realty Trust, Inc. s Incentive Award Plan), then, subject to Mr. Foust s execution and non-revocation of a general release of claims, he will be entitled to a lump-sum termination payment within 30 days after the date of such termination in an amount equal to the sum of (a) three times the sum of his then-current annual base salary plus his maximum annual bonus for the fiscal year in which the termination date occurs, (b) the prorated portion of 150% of his then-current annual base salary for the partial fiscal year in which the termination date occurs (the stub year bonus) and (c) if the termination occurs after a fiscal year-end but before annual bonuses are paid or determined for such preceding fiscal year, an amount equal to such unpaid bonus, if determined, or 150% of his base salary actually paid for such preceding year (the prior year bonus), if any. In addition, all outstanding unvested stock options and other equity-based awards held by Mr. Foust, other than any equity award that is subject to performance-based vesting (including unvested class C profits interest units and 2009 long-term incentive unit awards), shall become fully vested and exercisable. With respect to any outstanding unvested stock options and other equity-based awards subject to performance-based vesting (including unvested class C profits interest units and 2009 long-term incentive unit awards), Mr. Foust will continue to be deemed a service provider under the applicable award agreements until all such awards that ultimately satisfy the performance conditions, if any, vest. Further, in the event of any such termination described in this paragraph, Mr. Foust will be entitled to continued health insurance coverage at least equal to the coverage that would have been provided to him if his employment had not been terminated, for a period ending on the earlier of the first anniversary of such termination or the date on which he becomes eligible to receive comparable health insurance under a subsequent employer s plan.

Mr. Foust s employment agreement further provides that upon death or disability, he will be entitled to a lump-sum severance payment in an amount equal to the sum of (i) his then-current annual base salary, (ii) his maximum annual bonus for the fiscal year in which the termination date occurs, (iii) the stub year bonus and (iv) the prior year bonus, if any. In addition, all equity-based awards held by Mr. Foust will be subject to the severance provisions described in the preceding paragraph.

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Mr. Foust is entitled to an additional tax gross-up payment under his employment agreements if any amounts paid or payable to him would be subject to the excise tax on certain so-called excess parachute payments under Section 4999 of the Code. However, if a reduction in the payments of 10% or less would render the excise tax inapplicable, then the payments will be reduced by such amount and Digital Realty Trust, Inc. will not be required to make the gross-up payment.

The employment agreement of Mr. Foust contains confidentiality provisions which apply indefinitely and non-solicitation provisions which will apply during the term of his employment and for a one-year period thereafter. In addition, the employment agreement provides that, except in limited circumstances, Mr. Foust generally may not compete with Digital Realty Trust, Inc. through the acquisition or ownership of technology-related real estate properties in the United States or Europe during the term of his employment with Digital Realty Trust, Inc.

A. William Stein

On August 7, 2008, Digital Realty Trust, Inc. entered into a new employment agreement with Mr. Stein, Digital Realty Trust, Inc. s Chief Financial Officer and Chief Investment Officer. On December 24, 2008, the employment agreement was amended for further compliance with Section 409A of the Code. The current term of Mr. Stein s employment agreement extends until August 6, 2011, subject to automatic renewal for successive one-year periods unless either party provides notice of such party s intention not to renew the employment agreement not less than 60 days prior to August 6, 2011.

Mr. Stein s annual base salary pursuant to the employment agreement, as adjusted, is currently $445,000, subject to increase in accordance with Digital Realty Trust, Inc. s policies in effect from time to time. Mr. Stein is eligible for an annual cash performance bonus under Digital Realty Trust, Inc. s incentive bonus plan based on the satisfaction of performance criteria established in accordance with the terms of such plan. The target annual bonus for Mr. Stein is 100% of his base salary. Subject to amendment of his employment agreement, the maximum annual bonus for Mr. Stein will be 150% of his base salary. Mr. Stein is eligible to participate in all incentive, savings and retirement plans, practices, policies and programs, and medical and other group welfare plan coverage and fringe benefits provided to similarly-situated executives.

Mr. Stein s employment agreement provides that if his employment is terminated by Digital Realty Trust, Inc. without cause or by Mr. Stein for good reason (each as defined in the employment agreement), then, subject to Mr. Stein s execution and non-revocation of a general release of claims, he will be entitled to receive a lump-sum severance payment within 60 days after the date of such termination in an amount equal to the sum of (i) his then-current annual base salary, (ii) the prorated portion of the maximum annual bonus for the partial fiscal year in which the termination date occurs (the stub year bonus) and (iii) if the termination occurs after a fiscal year-end but before annual bonuses are paid or determined for such preceding fiscal year, an amount equal to such unpaid bonus, if determined, or the maximum bonus (the prior year bonus), if any.

Pursuant to Mr. Stein s employment agreement, in the event of a termination of Mr. Stein s employment by Digital Realty Trust, Inc. without cause or by the executive for good reason on or within one year after a change in control (as defined in Digital Realty Trust, Inc. s Incentive Award Plan), in lieu of the severance payment set forth in the preceding paragraph, Mr. Stein will be entitled to receive a lump-sum severance payment within 60 days after the date of such termination in an amount equal to the sum of (i) two times the amount of his then-current base salary, (ii) two times the greater of (a) his target annual bonus for the fiscal year in which the termination date occurs or (b) the annual bonus paid for the immediately preceding fiscal year, (iii) the stub year bonus and (iv) the prior year bonus, if any. Mr. Stein will also be entitled to continued health insurance coverage at least equal to the coverage that would have been provided to him if his employment had not been terminated, for a period ending on the earlier of the first anniversary of such termination or the date on which he becomes eligible to receive comparable health insurance under a subsequent employer s plan. In addition, all outstanding unvested stock options and other equity-based awards held by Mr. Stein, other than any equity award that is subject to performance-based vesting (including unvested class C profits interest units and

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other outperformance awards), shall become fully vested and exercisable; provided, that with respect to any stock options and other equity-based awards that were subject to a performance condition (including unvested class C profits interest units and 2009 long-term incentive unit awards), such stock options or other equity-based awards shall only vest to the extent provided in the applicable award agreement.

Mr. Stein s employment agreement further provides that upon death or disability, he will be entitled to a lump-sum severance payment in an amount equal to the sum of (i) his then-current annual base salary, (ii) his maximum annual bonus for the fiscal year in which the termination date occurs, (iii) the stub year bonus and (iv) the prior year bonus, if any. In addition, all equity-based awards held by Mr. Stein will be subject to the severance provisions described in the preceding paragraph, except that with respect to any outstanding unvested stock options and other equity-based awards subject to performance-based vesting (including unvested class C profits interest units and 2009 long-term incentive unit awards), Mr. Stein will continue to be deemed a service provider under the applicable award agreements until all such awards that ultimately satisfy the performance conditions, if any, vest.

Mr. Stein is entitled to an additional tax gross-up payment under his employment agreements if any amounts paid or payable to him would be subject to the excise tax on certain so-called excess parachute payments under Section 4999 of the Code. However, if a reduction in the payments of 10% or less would render the excise tax inapplicable, then the payments will be reduced by such amount and Digital Realty Trust, Inc. will not be required to make the gross-up payment.

The employment agreement of Mr. Stein contains confidentiality provisions which apply indefinitely and non-solicitation provisions which will apply during the term of his employment and for a one-year period thereafter. In addition, the employment agreement provides that, except in limited circumstances, Mr. Stein generally may not compete with Digital Realty Trust, Inc. through the acquisition or ownership of technology-related real estate properties in the United States or Europe during the term of his employment with Digital Realty Trust, Inc..

Scott E. Peterson

On December 24, 2008, Digital Realty Trust, Inc. entered into an amended and restated employment agreement with Mr. Peterson, Digital Realty Trust, Inc. s Chief Acquisitions Officer. Mr. Peterson s employment under this agreement is at-will and either party may terminate his employment for any reason or for no reason by giving 30 days notice to the other party.

Mr. Peterson s annual base salary pursuant to the employment agreement, as adjusted, is currently $425,000, subject to increase in accordance with Digital Realty Trust, Inc. s policies in effect from time to time. Mr. Peterson is eligible for an annual cash performance bonus under Digital Realty Trust, Inc. s incentive bonus plan based on the satisfaction of performance criteria established in accordance with the terms of such plan. The target and maximum annual bonuses for Mr. Peterson are currently 100% and 120%, respectively, of his base salary. Mr. Peterson is eligible to participate in all incentive, savings and retirement plans, practices, policies and programs, and medical and other group welfare plan coverage and fringe benefits provided to similarly-situated employees.

Mr. Peterson s employment agreement provides that if his employment is terminated by Digital Realty Trust, Inc. without cause (as defined in the employment agreement), then, subject to Mr. Peterson s execution and non-revocation of a general release of claims, he will be entitled to receive a lump-sum severance payment within 60 days after the date of such termination in an amount equal to 50% of the sum of (i) his then-current annual base salary and (ii) his target bonus for the fiscal year in which the termination date occurs.

Pursuant to Mr. Peterson s employment agreement, in the event of a termination of Mr. Peterson s employment by Digital Realty Trust, Inc. without cause on or within one year after a change in control (as defined in Digital Realty Trust, Inc. s Incentive Award Plan), in lieu of the severance payment set forth in the

preceding paragraph, Mr. Peterson will be entitled to receive a lump-sum severance payment within 60 days after the date of such termination in an amount equal to the sum of (i) his then-current base salary and (ii) the greater of (a) his target annual bonus for the fiscal year in which the termination date occurs or (b) the annual bonus paid for the immediately preceding fiscal year. Mr. Peterson s employment agreement further provides that in the event of a termination of Mr. Peterson s employment by us without cause within the six-month period immediately preceding a change in control in connection with such change in control, Mr. Peterson will be entitled to receive a lump-sum severance payment, within the earlier of (i) the six-month anniversary of his date of termination or (ii) the date on which the change in control occurs, in an amount equal to the excess of the amount of severance payable under the preceding sentence over the amount of severance payable under the preceding paragraph. Further, in the event of any such termination described in this paragraph, all outstanding unvested stock options and other equity-based awards held by Mr. Peterson, other than any equity award that is subject to performance-based vesting (including unvested class C profits interest units), shall become fully vested and exercisable; provided, that with respect to any stock options and other equity-based awards that were subject to a performance condition (including unvested class C profits interest units and 2009 long-term incentive unit awards), such stock options or other equity-based awards shall only vest to the extent provided in the applicable award agreement.

Mr. Peterson s employment agreement does not provide for any payments or benefits upon death or disability, or additional tax gross-up payment on so-called excess parachute payments under Section 4999 of the Code.

The employment agreement of Mr. Peterson contains confidentiality provisions which apply indefinitely and non-solicitation provisions which will apply during the term of his employment and for a six-month period thereafter.

Christopher J. Crosby, Jr.

On August 7, 2008, Digital Realty Trust, Inc. entered into a new employment agreement with Mr. Crosby, Senior Vice President, Corporate Development. On December 24, 2008, the employment agreement was amended for further compliance with Section 409A of the Code. The current term of Mr. Crosby s employment agreement extends until August 6, 2011, subject to automatic renewal for successive one-year periods unless either party provides notice of such party s intention not to renew the employment agreement not less than 60 days prior to August 6, 2011.

Mr. Crosby s annual base salary pursuant to the employment agreement, as adjusted, is currently $300,000, subject to increase in accordance with Digital Realty Trust, Inc. s policies in effect from time to time. Mr. Crosby is eligible for an annual cash performance bonus under Digital Realty Trust, Inc. s incentive bonus plan based on the satisfaction of performance criteria established in accordance with the terms of such plan. In connection with his new role as Senior Vice President, Corporate Development, the target annual bonus for Mr. Crosby will be 75% of his base salary. Subject to amendment of his employment agreement, the maximum annual bonus for Mr. Crosby will be 115% of his base salary. Mr. Crosby is eligible to participate in all incentive, savings and retirement plans, practices, policies and programs, and medical and other group welfare plan coverage and fringe benefits provided to similarly-situated executives.

Mr. Crosby s employment agreement provides that if his employment is terminated by Digital Realty Trust, Inc. without cause or by Mr. Crosby for good reason (each as defined in the employment agreement), then, subject to Mr. Crosby s execution and non-revocation of a general release of claims, he will be entitled to receive a lump-sum severance payment within 60 days after the date of such termination in an amount equal to the sum of (i) his then-current annual base salary, (ii) the prorated portion of the maximum annual bonus for the partial fiscal year in which the termination date occurs (the stub year bonus) and (iii) if the termination occurs after a fiscal year-end but before annual bonuses are paid or determined for such preceding fiscal year, an amount equal to such unpaid bonus, if determined, or the maximum bonus (the prior year bonus), if any.

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Pursuant to Mr. Crosby s employment agreement, in the event of a termination of Mr. Crosby s employment by Digital Realty Trust, Inc. without cause or by the executive for good reason on or within one year after a change in control (as defined in Digital Realty Trust, Inc. s Incentive Award Plan), in lieu of the severance payment set forth in the preceding paragraph, Mr. Crosby will be entitled to receive a lump-sum severance payment within 60 days after the date of such termination in an amount equal to the sum of (i) two times the amount of his then-current base salary, (ii) two times the greater of (a) his target annual bonus for the fiscal year in which the termination date occurs or (b) the annual bonus paid for the immediately preceding fiscal year, (iii) the stub year bonus and (iv) the prior year bonus, if any. Mr. Crosby will also be entitled to continued health insurance coverage at least equal to the coverage that would have been provided to him if his employment had not been terminated, for a period ending on the earlier of the first anniversary of such termination or the date on which he becomes eligible to receive comparable health insurance under a subsequent employer s plan. In addition, all outstanding unvested stock options and other equity-based awards held by Mr. Crosby, other than any equity award that is subject to performance-based vesting (including unvested class C profits interest units and other outperformance awards), shall become fully vested and exercisable; provided, that with respect to any stock options and other equity-based awards that were subject to a performance condition (including unvested class C profits interest units and 2009 long-term incentive unit awards), such stock options or other equity-based awards shall only vest to the extent provided in the applicable award agreement.

Mr. Crosby s employment agreement further provides that upon death or disability, he will be entitled to a lump-sum severance payment in an amount equal to the sum of (i) his then-current annual base salary, (ii) his maximum annual bonus for the fiscal year in which the termination date occurs, (iii) the stub year bonus and (iv) the prior year bonus, if any. In addition, all equity-based awards held by Mr. Crosby will be subject to the severance provisions described in the preceding paragraph, except that with respect to any outstanding unvested stock options and other equity-based awards subject to performance-based vesting (including unvested class C profits interest units and 2009 long-term incentive unit awards), Mr. Crosby will continue to be deemed a service provider under the applicable award agreements until all such awards that ultimately satisfy the performance conditions, if any, vest.

Mr. Crosby is entitled to an additional tax gross-up payment under his employment agreements if any amounts paid or payable to him would be subject to the excise tax on certain so-called excess parachute payments under Section 4999 of the Code. However, if a reduction in the payments of 10% or less would render the excise tax inapplicable, then the payments will be reduced by such amount and Digital Realty Trust, Inc. will not be required to make the gross-up payment.

The employment agreement of Mr. Crosby contains confidentiality provisions which apply indefinitely and non-solicitation provisions which will apply during the term of his employment and for a one-year period thereafter. In addition, the employment agreement provides that, except in limited circumstances, Mr. Crosby generally may not compete with Digital Realty Trust, Inc. through the acquisition or ownership of technology-related real estate properties in the United States or Europe during the term of his employment with Digital Realty Trust, Inc..

Richard A. Magnuson

On August 7, 2008, Digital Realty Trust, Inc. entered into a new employment agreement with Mr. Magnuson, the Chairman of Digital Realty Trust, Inc. s Board. On December 24, 2008, the employment agreement was amended for further compliance with Section 409A of the Code. The current term of Mr. Magnuson s employment agreement extends until August 6, 2011, subject to automatic renewal for successive one-year periods unless either party provides notice of such party s intention not to renew the employment agreement not less than 60 days prior to August 6, 2011.

Mr. Magnuson has agreed to waive his right to receive all cash compensation payable to him for serving as a member of Digital Realty Trust, Inc. s Board. Mr. Magnuson s annual base salary pursuant to the employment agreement, as adjusted, is currently $215,280, subject to increase in accordance with Digital Realty Trust, Inc. s

policies in effect from time to time. Mr. Magnuson is eligible for an annual cash performance bonus under Digital Realty Trust, Inc. s incentive bonus plan based on the satisfaction of performance criteria established in accordance with the terms of such plan. The target and maximum annual bonuses for Mr. Magnuson are currently 150% and 200%, respectively, of his base salary.

Mr. Magnuson s employment agreement provides that if he is terminated (i) by Digital Realty Trust, Inc. without cause, (ii) by Mr. Magnuson for good reason (each as defined in the employment agreement) or (iii) by Mr. Magnuson for any reason on or within 30 days after the six month anniversary of a change in control (as defined in Digital Realty Trust, Inc. s Incentive Award Plan), then, subject to Mr. Magnuson s execution and non-revocation of a general release of claims, he will be entitled to a lump-sum termination payment within 30 days after the date of such termination in an amount equal to the sum of (a) three times the sum of his then-current annual base salary plus his target annual bonus for the fiscal year in which the termination date occurs, (b) the prorated portion of the target annual bonus for the partial fiscal year in which the termination date occurs (the stub year bonus) and (c) if the termination occurs after a fiscal year-end but before annual bonuses are paid or determined for such preceding fiscal year, an amount equal to such unpaid bonus, if determined, or the target bonus (the prior year bonus), if any. In addition, all outstanding unvested stock options and other equity-based awards held by Mr. Magnuson, other than any equity award that is subject to performance-based vesting (including unvested class C profits interest units), shall become fully vested and exercisable. With respect to any outstanding unvested stock options and other equity-based awards subject to performance-based vesting (including unvested class C profits interest units), Mr. Magnuson will continue to be deemed a service provider under the applicable award agreements until all such awards that ultimately satisfy the performance conditions, if any, vest. Further, termination of Mr. Magnuson as an employee of Digital Realty Trust, Inc. or operating partnership will not automatically affect his status as a director or as the Chairman of Digital Realty Trust, Inc. s Board.

Mr. Magnuson s employment agreement further provides that upon death or disability, he will be entitled to a lump-sum severance payment in an amount equal to the sum of (i) his then-current annual base salary, (ii) his target annual bonus for the fiscal year in which the termination date occurs, (iii) the stub year bonus and (iv) the prior year bonus, if any. In addition, all equity-based awards held by Mr. Magnuson will be subject to the severance provisions described in the preceding paragraph.

Mr. Magnuson is entitled to an additional tax gross-up payment under his employment agreements if any amounts paid or payable to him would be subject to the excise tax on certain so-called excess parachute payments under Section 4999 of the Code. However, if a reduction in the payments of 10% or less would render the excise tax inapplicable, then the payments will be reduced by such amount and Digital Realty Trust, Inc. will not be required to make the gross-up payment.

Mr. Magnuson s employment agreement contains confidentiality provisions which apply indefinitely and fiduciary duty provisions that will apply during the term of his employment.

Definitions

As used in the employment agreements of each of the named executive officers, cause shall generally mean the occurrence of any one or more of the following events:

With respect to Messrs. Foust, Stein, Crosby and Magnuson: (i) willful and continued failure to substantially perform the executive s duties with Digital Realty Trust, Inc. (other than any such failure resulting from the executive s incapacity due to physical or mental illness); (ii) willful commission of an act of fraud or dishonesty resulting in economic or financial injury to Digital Realty Trust, Inc. or its subsidiaries or affiliates; (iii) conviction of, or entry of a guilty or no contest plea to, the commission of a felony or a crime involving moral turpitude; (iv) willful breach by the executive of any fiduciary duty owed to Digital Realty Trust, Inc. which results in economic or other injury to Digital Realty Trust, Inc. or its subsidiaries or affiliates; (v) willful and gross misconduct in the performance of the executive s

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duties that results in economic or other injury to Digital Realty Trust, Inc. or its subsidiaries or affiliates; (vi) willful and material breach of the restrictive covenants set forth in the employment agreement; or (vii) material breach by the executive of any of his other obligations under the employment agreement. Solely with respect to Messrs. Foust and Magnuson, each of their employment agreements provides that in the event of a termination of employment by Digital Realty Trust, Inc. (other than by reason of death or disability or pursuant to clause (iii) of this paragraph) on or within one year after a change in control or within the six month period immediately preceding a change in control in connection with such change in control, it shall be presumed that such termination was effected by Digital Realty Trust, Inc. other than for cause unless the contrary is established by Digital Realty Trust, Inc..

With respect to Mr. Peterson: (i) willful and gross misconduct which materially injures the general reputation of any member of Digital Realty Trust, Inc. or interferes with contracts or operations of any member of Digital Realty Trust, Inc.; (ii) conviction of, or entry of a guilty or no contest plea to, a felony or any crime involving moral turpitude; (iii) fraud, misrepresentation, or breach of trust by him in the course of his employment which adversely affects any member of Digital Realty Trust, Inc.; (iv) willful and gross misconduct in the performance of his duties hereunder that results in economic or other injury to Digital Realty Trust, Inc. or its subsidiaries or affiliates; (v) a material breach of the restrictive covenants set forth in the employment agreement; or (vi) a material breach by him of any of his obligations under the employment agreement.

As used in the employment agreements of Messrs. Foust, Stein, Crosby and Magnuson, disability shall mean a disability that qualifies or, had the executive been a participant, would qualify him to receive long-term disability payments under Digital Realty Trust, Inc. s group long-term disability insurance plan or program, as it may be amended from time to time.

As used in the employment agreements of Messrs. Foust, Stein, Crosby and Magnuson, good reason shall generally mean the occurrence of any one or more of the following events without the executive s prior written consent, along with Digital Realty Trust, Inc. s failure to cure within 30 days after the receipt of notice thereof:

With respect to Messrs. Foust, Stein and Crosby: (i) assignment of any duties materially inconsistent with his position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by the employment agreement, or any other action by Digital Realty Trust, Inc. which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by Digital Realty Trust, Inc.; (ii) reduction in the case of Mr. Foust, and material reduction in the case of Messrs. Stein and Crosby, of annual base salary or bonus opportunity, each as in effect on the date of the employment agreement or as the same may be increased from time to time; (iii) the relocation of our offices at which the executive is principally employed to a location more than 45 miles from such location, or Digital Realty Trust, Inc. s requiring him to be based at a location more than 45 miles from such principal place of employment, except for required travel on company business; or (iv) failure to obtain a satisfactory agreement from any successor to assume and agree to perform Digital Realty Trust, Inc. s obligations under the employment agreement.

With respect to Mr. Magnuson: (i) assignment of any duties materially inconsistent with those duties or responsibilities as contemplated by the employment agreement, or any other action by Digital Realty Trust, Inc. which results in a material diminution in his position, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the; (ii) reduction of annual base compensation or bonus opportunity, each as in effect on the date of the employment agreement or as the same may be increased from time to time; (iii) the relocation of our offices at which he is principally employed to a location more than 45 miles from such location, or Digital Realty Trust, Inc. s requiring him to be based at a location more than 45 miles from such principal place of employment, except for required travel on company business; (iv) failure to obtain a satisfactory agreement from any successor to assume and agree to perform Digital Realty

Trust, Inc. s obligations under the employment agreement; or (v) the failure of Digital Realty Trust, Inc. s stockholders to re-elect him to the Board (other than by reason of his choosing not to stand for re-election), or Digital Realty Trust, Inc. s (or a successor s) removal of him from, or failure to nominate him to, the Board (unless cause exists for such removal or failure).

As used in the employment agreements of each of the named executive officers, change in control means the occurrence of any of the following events:

the acquisition, directly or indirectly, by any person or group of beneficial ownership of securities entitled to vote generally in the election of directors (referred to as voting securities) that represent 35% or more of the combined voting power of Digital Realty Trust, Inc. s then outstanding voting securities, subject to certain exceptions;

individuals who, as of the date of the closing of Digital Realty Trust, Inc. s initial public offering constitute the Board cease for any reason to constitute at least a majority of the Board, provided that any individual becoming a director subsequent to the date of the agreement whose election by Digital Realty Trust, Inc. s stockholders, or nomination for election by the Board, was approved by a vote of at least a majority of the directors then comprising the incumbent Board will be considered as though such individual were a member of the incumbent Board;

Digital Realty Trust, Inc. s consummation (whether directly or indirectly through one or more intermediaries) of a merger, consolidation, reorganization or business combination or a sale or other disposition of all or substantially all of its assets or the acquisition of assets or stock of another entity, in each case, other than a transaction;

which results in Digital Realty Trust, Inc. s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of Digital Realty Trust, Inc. or the person that, as a result of the transaction, controls, directly or indirectly, Digital Realty Trust, Inc. or owns, directly or indirectly, all or substantially all of Digital Realty Trust, Inc. s assets or otherwise succeeds to Digital Realty Trust, Inc. s business) directly or indirectly, at least a majority of the combined voting power of the successor entity s outstanding voting securities immediately after the transaction, and

after which no person or group, other than Global Innovation Partners, LLC or CALPERS, or any affiliate thereof, beneficially owns voting securities representing 35% or more of the combined voting power of the successor entity; or

approval by Digital Realty Trust, Inc. s stockholders of Digital Realty Trust, Inc. s liquidation or dissolution.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)[1]	Market Value of Shares or Units of Stock That Have Not Vested ($)[2]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)[3]	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[4]
Michael F. Foust, Chief Executive Officer	5,683	5,317		$ 41.73	05/02/17	126,290	$ 6,349,861	112,608	
A. William Stein, Chief Financial Officer, Chief Investment Officer and Secretary	5,683	5,317		41.73	05/02/17	75,488	3,795,537	56,304	
Scott E. Peterson, Chief Acquisitions Officer	5,683	5,317		41.73	05/02/17	31,464	1,582,010	52,551	
Christopher J. Crosby, Jr., Senior Vice President, Corporate Development	834 11,366	9,167 10,634		20.37 41.73	11/08/15 05/02/17	56,380	2,834,786	65,688	
Richard A. Magnuson, Chairman	125,263			12.00	10/28/14			112,608	

(1) Represents long-term incentive units in the operating partnership. Each award will vest with respect to 20% of the long-term incentive units subject thereto on each of the first and second anniversaries of the date of grant, and with respect to 30% of the long-term incentive units subject thereto on each of the third and fourth anniversaries of the date of grant.

(2) Based on the closing market price of Digital Realty Trust, Inc. s common stock on December 31, 2009 (the last trading day of the 2009 fiscal year) of $50.28 per share.

(3) Represents class C profits interest units in the operating partnership granted in 2007. The vesting of such class C profits interest units depends on satisfaction of the performance condition at the second measurement date and the other factors described under Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2007 Outperformance Awards.

(4) Represents a zero payout value for the class C profits interest units issued in 2007, assuming the measurement date for determining satisfaction of the performance condition was December 31, 2009. On May 1, 2010, we determined that 613,485 of the Class C Units granted in 2007 satisfied the market condition on the second measurement date (May 1, 2010), with the value of these units equal to the maximum amount of the award pool payable pursuant to the 2007 Grant on the second measurement date. Of the Class C Units that satisfied the market condition on May 1, 2010, 60% vested on May 1, 2010 and the remaining 40% are scheduled to vest ratably each month thereafter for 24 months.

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Option Exercises and Stock Vested

The following table discloses the number of options exercised by the named executive officers during 2009, and the value realized by these officers on exercise. The following table also discloses the number of long-term incentive units and class C profits interest units which vested during 2009, and the value realized by these officers on vesting.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)[1]	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)[2]
Michael F. Foust, Chief Executive Officer	31,316	$ 1,019,412	17,144	$ 559,224
A. William Stein, Chief Financial Officer, Chief Investment Officer and Secretary	36,312	1,100,092	9,912	321,415
Scott E. Peterson, Chief Acquisitions Officer			5,867	204,314
Christopher J. Crosby, Jr., Senior Vice President, Corporate Development	29,319	645,087	8,418	271,906
Richard A. Magnuson, Chairman				

(1) Value realized on exercise of stock options is calculated based on the difference between the per share closing market price of Digital Realty Trust, Inc. s common stock on the date of exercise and the exercise price of such options.

(2) Value realized on vesting of long-term incentive units is calculated based on the per share closing market price of Digital Realty Trust, Inc. s common stock on the vesting dates of such units and assumes those units were exchanged for common stock and sold on that date.

Potential Payments upon Termination or Change in Control

The named executive officers are entitled to certain benefits upon a change in control of Digital Realty Trust, Inc., including that all long-term incentive units (other than certain performance-based vesting units) and stock options held by them will become fully vested and exercisable upon a change in control, even absent a termination of employment. In addition, class C profits interest units will vest to the extent that specified performance targets are satisfied at the time of the change in control. The named executive officers are also entitled to severance payments pursuant to the terms of their employment agreements, as set forth under Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table Employment Agreements above.

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The following table sets forth an estimate of the payments to be made to the named executive officers in the event any of the terminations described above or a change in control occurs, assuming that the triggering event took place on December 31, 2009.

Name	Without Cause or for Good Reason (without Change in Control)	Death or Disability	Without Cause or for Good Reason (with Change in Control)
Michael F. Foust, Chief Executive Officer			[1]
Severance Payment	$ 5,359,500	$ 2,386,500	$ 5,359,500
Unvested Stock Options	45,460	45,460	45,460
Unvested Profits Interest Units	6,349,861	6,349,861	6,349,861
Class C Profits Interest Units	[2]	[2]	[2]
Health Insurance	12,233		12,233
280G Tax Gross-up Payment			2,230,913
A. William Stein, Chief Financial Officer, Chief Investment Officer and Secretary			
Severance Payment	$ 775,567	$ 1,162,133	$ 2,094,567
Unvested Stock Options		45,460	45,460
Unvested Profits Interest Units		3,795,537	3,795,537
Class C Profits Interest Units		[2]	
Health Insurance			15,676
280G Tax Gross-up Payment			865,371
Scott E. Peterson, Chief Acquisitions Officer			
Severance Payment	$ 338,111[3]		$ 676,221[3]
Unvested Stock Options			45,460
Unvested Profits Interest Units			1,582,010
Class C Profits Interest Units			
Christopher J. Crosby, Jr., Senior Vice President, Corporate Development			
Severance Payment	$ 702,892	$ 1,136,683	$ 1,839,575
Unvested Stock Options		365,106	365,106
Unvested Profits Interest Units		2,834,786	2,834,786
Class C Profits Interest Units		[2]	
Health Insurance			18,262
280G Tax Cutback Amount			(116,570)[4]
Richard A. Magnuson, Chairman			[1]
Severance Payment	$ 1,930,240	$ 857,480	$ 1,930,240
Unvested Stock Options			
Unvested Profits Interest Units			
Class C Profits Interest Units	[2]	[2]	[2]
280G Tax Gross-up Payment			726,808

(1) Pursuant to the executive s employment agreement, this includes a resignation by the executive for any reason on or within 30 days after the six month anniversary of a change in control (as defined in Digital Realty Trust, Inc. s Incentive Award Plan).

(2) Pursuant to the executive s employment agreement, the executive will continue to be deemed a service provider under all performance-based vesting awards, including the 2007 class C profits interest units, until all such awards that ultimately satisfy their

performance conditions, if any, vest. Table assumes no further

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vesting of the 2007 class C profits interest units subsequent to December 31, 2009. Determination of the number and value of class C units that meet the performance condition is subject to calculation by Digital Realty Trust, Inc. s Compensation Committee based on numerous factors and considerations. For purposes of this table, Digital Realty Trust, Inc. has assumed that none of the class C units met the performance condition assuming a termination as a result of a change of control as of December 31, 2009. Digital Realty Trust, Inc. will need to include the value of any class C units that satisfy the performance condition in connection with calculating any gross-up payment it is required to make upon the termination of an executive, and these amounts may be significant. For a discussion of how the Compensation Committee will calculate the number of class C units that will meet the performance condition, see Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2007 Outperformance Awards.

(3) Mr. Peterson s employment agreement does not provide for any benefits upon termination by Mr. Peterson for good reason.

(4) Pursuant to the terms of Mr. Crosby s employment agreement, the tax gross-up payment to which Mr. Crosby is entitled may be reduced if a reduction in the payments to him upon a change of control of 10% or less would render the excise tax inapplicable. Accordingly, Digital Realty Trust, Inc. estimates that Mr. Crosby s payments upon a change of control on December 31, 2009 would have been reduced by $116,570 had the triggering event took place on December 31, 2009.

2010 Salary and Bonus Targets

In February 2010, the Compensation Committee set the following salaries for the named executive officers. The 2010 salaries became effective March 1, 2010, except with respect to Mr. Crosby whose salary became effective retroactive to January 1, 2010.

Name	2010 Salary
Michael F. Foust	$ 700,000
A. William Stein	445,000
Scott E. Peterson	350,940
Christopher J. Crosby	300,000
Richard A. Magnuson	215,280

The Compensation Committee increased Mr. Stein s target bonus amount to 100% of base salary. Subject to amendment of his employment agreement, Mr. Stein s maximum bonus amount will be 150% of his base salary. In addition, the Compensation Committee fixed Mr. Crosby s target bonus amount at 75%. Subject to amendment of his employment agreement, Mr. Crosby s maximum bonus amount will be 115% of his base salary. Target and maximum bonus amounts were not changed for Mr. Foust, Mr. Peterson and Mr. Magnuson.

On November 2, 2010, the Board promoted Scott Peterson from Senior Vice President, Acquisitions to Chief Acquisitions Officer. In connection with the promotion, Mr. Peterson s annual base salary was increased to $425,000 and his maximum annual bonus opportunity was increased to 120% of his base salary actually paid.

For 2010, based on the recommendations of management, a review of Digital Realty Trust, Inc. s business plan and the analysis provided by the Compensation Committee s compensation consultant, the Compensation Committee established financial and operating goals and organizational development goals for each named executive officer. The financial and operating goals include FFO, financing objectives, acquisitions targets, leasing and marketing objectives and operations objectives. For the purpose of determining bonuses, the Compensation Committee may adjust FFO to exclude profits, losses or expenses which the Compensation Committee determined to be non-recurring to give a more accurate picture of Digital Realty Trust, Inc. s annual performance.

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The organizational development goals for 2010 include the achievement of certain organizational targets, leadership, development and motivation of employees to achieve high performance and to focus on company goals, and the fostering of cross-organizational teamwork. The operations objectives for 2010 include integration of the customer service organization into Europe, reduction of the cost of certain national contracts and transfer of the West region property management in house by year end. The operations objectives for 2010 also include meeting or exceeding property level operating budgets, meeting or exceeding a portfolio level gross operating margin target and the achievement of tenant retention goals.

The specific financial and operating goals and organizational development goals for each named executive officer were established by the Compensation Committee based on their areas of responsibility. Mr. Foust s bonus will be based 70% on financial and operating goals and 30% on organizational development goals. Mr. Stein s bonus will be based 85% on financial and operating goals and 15% on organizational development goals. Mr. Peterson s bonus will be based 80% on financial and operating goals and 20% on organizational development goals. Mr. Crosby s bonus will be based 80% on financial and operating goals and 20% on organizational development goals. Mr. Magnuson s bonus will be based on the same criteria, however, the percentages for each category were not specified.

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NON-EMPLOYEE DIRECTOR COMPENSATION

Digital Realty Trust, Inc. uses a combination of cash and equity-based incentive compensation to attract and retain qualified non-employee director candidates to serve on its Board. In setting non-employee director compensation, Digital Realty Trust, Inc. considers the significant amount of time that directors spend in fulfilling their duties to Digital Realty Trust, Inc. as well as the skill level Digital Realty Trust, Inc. requires of members of its Board.

Compensation of Directors

On October 27, 2009, Digital Realty Trust, Inc. s Board approved certain changes to its director compensation program. Each of Digital Realty Trust, Inc. s directors who is not an employee of Digital Realty Trust, Inc. or any of its subsidiaries receives an annual cash retainer of $40,000 for services as a director. Directors receive annual fees for service on the following committees, in addition to the foregoing retainer of $40,000: Audit Committee ($7,500), Compensation Committee ($5,000) and Nominating and Corporate Governance Committee ($2,500). The director who serves as the chair of the Audit Committee receives an additional annual retainer of $15,000; the director who serves as the chair of the Compensation Committee receives an additional annual retainer of $10,000; and the director who serves as the chair of the Nominating and Corporate Governance Committee receives an additional annual retainer of $5,000. Directors are reimbursed separately for out-of-pocket expenses incurred while performing their duties.

Prior to October 27, 2009, each of Digital Realty Trust, Inc. s directors who was not an employee of Digital Realty Trust, Inc. or any of its subsidiaries received an annual fee of $25,000 for services as a director and received $1,500 for each meeting attended in person and $750 for each meeting attended telephonically. Directors who served on the Audit, Nominating and Corporate Governance and/or Compensation Committees received a fee of $1,000 for each committee meeting attended in person and $750 for each committee meeting attended telephonically. The director who served as the chair of the Audit Committee received an additional annual retainer of $15,000; the director who served as the chair of the Compensation Committee received an additional annual retainer of $7,500; and the director who served as the chair of the Nominating and Corporate Governance Committee received an additional annual retainer of $5,000.

Directors who are also Digital Realty Trust, Inc. s employees or employees of any of its subsidiaries do not receive compensation for their services as directors.

Digital Realty Trust, Inc. s Incentive Award Plan was amended on October 27, 2009 to provide for new formula grants of long-term incentive units to non-employee directors as follows:

Pro Rata Grant. Commencing after the 2009 Annual Meeting of Stockholders, each person who first becomes a non-employee director on a date other than the date of an annual meeting of stockholders will, on the date of such person first becoming a non-employee director, be granted a number of long-term incentive units equal to the product of (A) the quotient obtained by dividing (x) $70,000 by (y) the fair market value of a share of common stock on such date, multiplied by (B) the quotient obtained by dividing (x) 12 minus the number of months that have elapsed since the immediately preceding annual meeting of stockholders, by (y) 12. The award will be fully vested on the date of grant.

Annual Grant. Commencing as of the 2010 Annual Meeting of Stockholders, each person who first becomes a non-employee director at such annual meeting and each person who otherwise continues to be a non-employee director immediately following such annual meeting will, on the date of such annual meeting, be granted a number of long-term incentive units equal to the quotient obtained by dividing (x) $70,000 by (y) the fair market value of a share of common stock on the date of such annual meeting. The award will be fully vested on the date of grant.

In addition, effective for any grant of long-term incentive units to a non-employee director after the 2009 Annual Meeting of Stockholders, the director may elect in advance to receive in lieu thereof an equivalent number of

shares in the form of a stock payment or restricted stock, as applicable, subject to the same vesting schedule (if any) as would have applied to the corresponding grant of long-term incentive units. If a non-employee director does not qualify as an accredited investor within the meaning of Regulation D of the Securities Act, on the date of any grant of long-term incentive units to such director, then the director will not receive such grant of long-term incentive units, and in lieu thereof will automatically be granted an equivalent number of shares in the form of a stock payment or restricted stock, as applicable, subject to the same vesting schedule (if any) as would have applied to the corresponding grant of long-term incentive units.

Prior to the October 27, 2009 amendment, Digital Realty Trust, Inc. s Incentive Award Plan provided for formula grants of long-term incentive units to non-employee directors as follows:

Each person who was a non-employee director as of the date of the pricing of Digital Realty Trust, Inc. s initial public offering in 2004 (the pricing date) was granted 6,448 fully vested long-term incentive units on that date. Pursuant to the terms of the Incentive Award Plan, each person who was a non-employee director as of the pricing date will automatically be granted 1,000 long-term incentive units on the date of each annual meeting of stockholders after the date of Digital Realty Trust, Inc. s initial public offering at which the director is re-elected to Digital Realty Trust, Inc. s Board, commencing with the third annual meeting after the date of its initial public offering. Pursuant to the terms of the Incentive Award Plan, each person who is initially elected to Digital Realty Trust, Inc. s Board after the pricing date and who is a non-employee director at the time of his or her initial election will automatically be granted (i) 6,448 fully vested long-term incentive units on the date of the initial election and (ii) 1,000 long-term incentive units on the date of each annual meeting of stockholders after the initial election at which the director is re-elected to Digital Realty Trust, Inc. s Board, commencing with the third annual meeting after the initial election. If a non-employee director does not qualify as an accredited investor within the meaning of Regulation D of the Securities Act on the date of any grant of long-term incentive units to the director, then he or she will not receive a grant of long-term incentive units, and instead will automatically be granted an equivalent number of shares of Digital Realty Trust, Inc. s common stock at a per share purchase price equal to the par value of the stock, and subject to the same vesting schedule as would have applied to the corresponding grant of long-term incentive units.

All initial grants of long-term incentive units awarded to non-employee directors as described above will be vested in full as of the date of grant. On May 5, 2008, Digital Realty Trust, Inc. s Incentive Award Plan was amended to provide that, effective for all subsequent annual grants awarded to non-employee directors on or after the fourth annual meeting of Digital Realty Trust, Inc. s stockholders following Digital Realty Trust, Inc. s initial public offering, each award will vest with respect to 20% of the long-term incentive units subject thereto on each of the first and second anniversaries of the date of grant, and with respect to 30% of the long-term incentive units subject thereto on each of the third and fourth anniversaries of the date of grant. Any subsequent annual grants made prior to the amendment will continue to vest with respect to 20% of the long-term incentive units subject thereto on the first anniversary of the grant date and with respect to an additional 1/60th of the long-term incentive units subject thereto on each monthly anniversary thereafter.

Effective for any grant of long-term incentive units to a non-employee director on or after the 2009 Annual Meeting of Stockholders, the director was entitled to elect in advance to receive in lieu thereof an equivalent number of shares of restricted stock, subject to the same vesting schedule as would have applied to the corresponding grant of long-term incentive units.

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The table below summarizes the compensation Digital Realty Trust, Inc. paid to non-employee directors for the year ended December 31, 2009.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)[1][2]	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation ($)[3]	Total ($)
Laurence A. Chapman	$ 28,750	$ 36,600			N/A	$ 3,194	$ 68,544
Kathleen Earley	24,625	36,600			N/A	3,194	64,419
Ruann F. Ernst, Ph.D.	28,250	36,600			N/A	3,194	68,044
Dennis E. Singleton	24,625	36,600			N/A	3,194	64,419
Robert H. Zerbst	10,000	35,019			N/A		45,019

(1) The amounts in this column represent the full grant date fair value of long-term incentive units granted during 2009 in accordance with ASC Topic 718. For additional information on the valuation assumptions for 2009, refer to Note 9 to Digital Realty Trust, Inc. s consolidated financial statements for the fiscal year ended December 31, 2009, included in Digital Realty Trust, Inc. s Annual Report on Form 10-K for the year ended December 31, 2009.

(2) As of December 31, 2009, the following number of shares of common stock are issuable upon redemption of outstanding long-term incentive units held by Digital Realty Trust, Inc. s non-employee directors as of December 31, 2009: Mr. Chapman, 1,284; Ms. Earley, 2,684; Ms. Ernst, 3,000; Mr. Singleton, 9,448; and Mr. Zerbst, 771.

(3) Reflects distributions on unvested long-term incentive units and restricted stock. Excludes distributions on vested long-term incentive units.

Stock Ownership Guideline

Effective 2009, Digital Realty Trust, Inc. s Board adopted guidelines encouraging each director to hold shares of Digital Realty Trust, Inc. s stock, which may include long-term incentive units in the operating partnership, in an amount equal to 2.5 times the aggregate number of shares and units granted to such director pursuant to the Incentive Award Plan during the preceding fiscal year, and to achieve this ownership level by the sixth year of such director s Board membership. This guideline is non-binding and the number of shares of Digital Realty Trust, Inc. s stock owned by any director is a personal decision.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

200 Paul Avenue and 1100 Space Park Drive Contribution Agreement

In connection with the consummation of Digital Realty Trust, Inc. s initial public offering, the operating partnership entered into a contribution agreement with San Francisco Wave Exchange, LLC, Santa Clara Wave Exchange, LLC and Exchange Colocation, LLC, referred to below as the eXchange parties, pursuant to which the eXchange parties contributed their interests in 200 Paul Avenue, 1100 Space Park Drive, the eXchange colocation business and other specified assets and liabilities to the operating partnership in exchange for cash, units and the assumption of debt.

Under the eXchange parties contribution agreement, we agreed to indemnify each eXchange party against adverse tax consequences in the event the operating partnership directly or indirectly, sells, exchanges or otherwise disposes of (whether by way of merger, sale of assets or otherwise) in a taxable transaction any interest in 200 Paul Avenue or 1100 Space Park Drive until the earlier of November 3, 2013 and the date on which these contributors hold less than 25% of the units issued to them in the formation transactions consummated concurrently with Digital Realty Trust, Inc. s initial public offering. These tax indemnities do not apply to the disposition of a restricted property pursuant to a transaction described in Section 721, 1031 or 1033 of the Code, or other applicable non-recognition provision under the Code.

Under the eXchange parties contribution agreement, we also agreed to make $17.8 million of indebtedness available for guaranty by these parties until the earlier of November 3, 2013 and the date on which these contributors or certain transferees hold less than 25% of the units issued to them in the formation transactions consummated concurrently with Digital Realty Trust, Inc. s initial public offering.

Registration Rights

We have granted those persons who received units in the formation transactions, including Cambay Tele.com, LLC and Wave Exchange, LLC (affiliates of the eXchange parties), certain registration rights with respect to the shares of Digital Realty Trust, Inc. s common stock that may be acquired by them in connection with the exercise of the redemption/exchange rights under the partnership agreement of the operating partnership. These registration rights require Digital Realty Trust, Inc. to use its commercially reasonable efforts to keep effective a shelf registration statement covering all such shares of common stock. In addition, Cambay Tele.com, LLC and Wave Exchange, LLC have the right, on one occasion, to require Digital Realty Trust, Inc. to undertake a demand registration.

tel(x) Agreements

In December 2006, we entered into ten leases with tel(x), in which tel(x) provides enhanced meet-me-room services to customers, and during 2008 we entered into two turn-key datacenter leases with tel(x). tel(x) was acquired by GI Partners Fund II, LLP in November 2006. Richard Magnuson, Digital Realty Trust, Inc. s Chairman, is also the chief executive officer of the advisor to GI Partners Fund II, LLP. Our consolidated statements of operations include rental revenues of approximately $20.6 million from tel(x) for the year ended December 31, 2009. In connection with the lease agreements, we entered into an operating agreement with tel(x), effective as of December 1, 2006, with respect to joint sales and marketing efforts, designation of representatives to manage the national relationship between us and tel(x) and future meet-me-room facilities. Under the operating agreement, tel(x) has a sixty-day option to enter into a meet-me-room lease for certain future meet-me-room buildings acquired by us or any buildings currently owned by us that are converted into a meet-me-room building. As of September 30, 2010, tel(x) leased 166,717 square feet from us under 30 lease agreements. We also entered into an agreement with tel(x), effective as of December 1, 2006, with respect to percentage rent arising out of potential future lease agreements for rentable space in buildings covered by the meet-me-room lease agreements. Percentage rent earned during the year ended December 31, 2009 amounted to approximately $1.5 million. In

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addition, in connection with the lease agreements, we entered into a management agreement with tel(x), effective as of December 1, 2007, pursuant to which tel(x) agreed to provide us with certain management services in exchange for a management fee of one percent of rents actually collected by tel(x).

SoftLayer Leases

We are party to six leases with SoftLayer Technologies, Inc., or SoftLayer, of which one has commenced during the nine months ended September 30, 2010 and the remaining four will commence in future periods. The initial terms of these leases expire from 2013 to 2025, and SoftLayer has options to extend them from 2023 through 2035. On August 3, 2010, GI Partners Fund III, L.P. acquired a controlling interest in SoftLayer. Richard Magnuson, Digital Realty Trust, Inc. s Chairman, is also a manager of the general partner to GI Partners Fund III, L.P. Our consolidated statements of operations include rental revenues of approximately $1.2 million and $1.6 million from SoftLayer for the three and nine months ended September 30, 2010.

Indemnification Agreements

The operating partnership is managed by Digital Realty Trust, Inc., its sole general partner. This sections reflects information with respect to the directors and executive officers of Digital Realty Trust, Inc..

Digital Realty Trust, Inc. has entered into indemnification agreements with all of the named executive officers and other executive officers and with each of Digital Realty Trust, Inc. s directors that obligate Digital Realty Trust, Inc. to indemnify them to the maximum extent permitted by Maryland law. The indemnification agreements provide that:

If a director or executive officer is a party or is threatened to be made a party to any proceeding, other than a proceeding by or in the right of Digital Realty Trust, Inc., by reason of such director s or executive officer s status as a director, officer or employee of Digital Realty Trust, Inc., Digital Realty Trust, Inc. must indemnify such director or executive officer for all expenses and liabilities actually and reasonably incurred by him or her, or on his or her behalf, unless it has been established that:

- the act or omission of the director or executive officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty;
- the director or executive officer actually received an improper personal benefit in money, property or other services; or
- with respect to any criminal action or proceeding, the director or executive officer had reasonable cause to believe that his or her conduct was unlawful.

If a director or executive officer is a party or is threatened to be made a party to any proceeding by or in the right of Digital Realty Trust, Inc. to procure a judgment in Digital Realty Trust, Inc. s favor by reason of such director s or executive officer s status as a director, officer or employee of Digital Realty Trust, Inc., Digital Realty Trust, Inc. must indemnify such director or executive officer for all expenses and liabilities actually and reasonably incurred by him or her, or on his or her behalf, unless it has been established that:

- the act or omission of the director or executive officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty; or
- the director or executive officer actually received an improper personal benefit in money, property or services;

provided, however, that Digital Realty Trust, Inc. will have no obligation to indemnify such director or executive officer for all expenses and liabilities actually and reasonably incurred by him or her, or on his or her behalf, if it has been adjudged that such director or executive officer is liable to Digital Realty Trust, Inc. with respect to such proceeding.

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Upon application of a director or executive officer of Digital Realty Trust, Inc. to a court of appropriate jurisdiction, the court may order indemnification of such director or executive officer if:

- the court determines that such director or executive officer is entitled to indemnification under the applicable section of the Maryland General Corporation Law (the MGCL), in which case the director or executive officer shall be entitled to recover from Digital Realty Trust, Inc. the expenses of securing such indemnification; or

- the court determines that such director or executive officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the director or executive officer has met the standards of conduct set forth in the applicable section of the MGCL or has been adjudged liable for receipt of an improper personal benefit under the applicable section of the MGCL;

provided, however, that Digital Realty Trust, Inc. s indemnification obligations to such director or executive officer will be limited to the expenses actually and reasonably incurred by him or her, or on his or her behalf, in connection with any proceeding by or in the right of Digital Realty Trust, Inc. or in which the officer or director shall have been adjudged liable for receipt of an improper personal benefit under the applicable section of the MGCL.

Notwithstanding, and without limiting any other provisions of the agreements, if a director or executive officer is a party or is threatened to be made a party to any proceeding by reason of such director s or executive officer s status as a director, officer or employee of Digital Realty Trust, Inc., and such director or executive officer is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such proceeding, Digital Realty Trust, Inc. must indemnify such director or executive officer for all expenses actually and reasonably incurred by him or her, or on his or her behalf, in connection with each successfully resolved claim, issue or matter, including any claim, issue or matter in such a proceeding that is terminated by dismissal, with or without prejudice.

Digital Realty Trust, Inc. must pay all indemnifiable expenses in advance of the final disposition of any proceeding if the director or executive officer furnishes Digital Realty Trust, Inc. with a written affirmation of the director s or executive officer s good faith belief that the standard of conduct necessary for indemnification by Digital Realty Trust, Inc. has been met and a written undertaking to reimburse Digital Realty Trust, Inc. if a court of competent jurisdiction determines that the director or executive officer is not entitled to indemnification.

Digital Realty Trust, Inc. must pay all indemnifiable expenses to the director or executive officer within 20 calendar days following the date the director or executive officer submits proof of the expenses to Digital Realty Trust, Inc.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the registrants pursuant to the foregoing provisions, the registrants have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Review, Approval or Ratification of Transactions with Related Persons

Digital Realty Trust, Inc. s Board of Directors or the appropriate committee of the Board of Directors reviews material transactions between Digital Realty Trust, Inc., Digital Realty Trust, L.P. and any of our directors or executive officers. Our Code of Business Conduct and Ethics provides that each executive officer and director report conflicts of interest to the General Counsel or the Chairman of the Board of Directors, as applicable. Directors are also subject to the conflict provisions set forth in our Corporate Governance Guidelines. The Board of Directors or the appropriate committee of our Board of Directors will resolve all conflicts of interest involving officers or directors. The Board of Directors or the appropriate committee of the Board of Directors may waive provisions of our Code of Business Conduct and Ethics with respect to executive officers and directors. Any such waivers will be disclosed to our stockholders to the extent required by applicable laws and regulations.

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Director Independence

New York Stock Exchange, or NYSE, listing standards require NYSE-listed companies, such as Digital Realty Trust, Inc., to have a majority of independent board members and a nominating and corporate governance committee, compensation committee and audit committee each composed solely of independent directors. Under the NYSE listing standards, no director of a company qualifies as independent unless the board of directors of such company affirmatively determines that the director has no material relationship with such company (either directly or as a partner, stockholder or officer of an organization that has a relationship with such company).

In addition, the NYSE listing standards provide that a director is not independent if:

(i) the director is, or has been within the last three years, an employee of the listed company, or an immediate family member is, or has been within the last three years, an executive officer of the listed company;

(ii) the director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than $120,000 in direct compensation from the listed company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

(iii) (A) the director is a current partner or employee of a firm that is the listed company s internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and personally works on the listed company s audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the listed company s audit within that time;

(iv) the director or an immediate family member is, or has been with the last three years, employed as an executive officer of another company where any of the listed company s present executive officers at the same time serves or served on that company s compensation committee; or

(v) the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the listed company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million, or 2% of such other company s consolidated gross revenues.

The Board of Digital Realty Trust, Inc. by resolution has affirmatively determined that, based on the standards set forth in NYSE rules and our corporate governance documents, all of the directors elected to Digital Realty Trust, Inc. s Board at the 2010 Annual Meeting are independent, except for Messrs. Magnuson and Foust.

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DESCRIPTION OF OTHER INDEBTEDNESS

A summary of outstanding indebtedness as of September 30, 2010 is as follows (in thousands):

Indebtedness	Interest Rate at September 30, 2010	Maturity Date	Principal Outstanding September 30, 2010
Revolving credit facility	Various[1]	Aug. 31, 2011[2]	$ 220,565[3]
Unsecured senior notes:			
Prudential Shelf Facility:			
Series A	7.000%	Jul. 24, 2011	25,000
Series B	9.320%	Nov. 5, 2013	33,000
Series C	9.680%	Jan. 6, 2016	25,000
Series D	4.570%	Jan. 20, 2015	50,000
Series E	5.730%	Jan. 20, 2017	50,000
Series F	4.500%	Feb. 3, 2015	17,000
Total Prudential Shelf Facility			200,000
Senior Notes:			
5.875% notes due 2020	5.875%	Feb. 1, 2020	500,000
4.50% notes due 2015	4.500%	Jul. 15, 2015	375,000
Unamortized discounts			(9,183)
Total senior notes			865,817
Total unsecured senior notes, net of discount			1,065,817
Exchangeable senior debentures:			
4.125% exchangeable senior debentures due 2026	4.125%	Aug. 15, 2026[4]	110,043
5.50% exchangeable senior debentures due 2029	5.50%	Apr. 15, 2029[5]	266,400
Unamortized discount			(2,389)
Total exchangeable senior debentures, net of discount			374,054
Mortgage loans:			
Secured Term Debt[6][7]	5.65%	Nov. 11, 2014	142,123
3 Corporate Place[7][8]	6.72%	Aug. 1, 2011[9]	80,000
200 Paul Avenue 1-4[7]	5.74%	Oct. 8, 2015	76,597
2045 & 2055 LaFayette Street[7]	5.93%	Feb. 6, 2017	66,652
Mundells Roundabout	3-month GBP LIBOR + 1.20%[10]	Nov. 30, 2013	67,304[11]
600 West Seventh Street	5.80%	Mar. 15, 2016	54,506
34551 Ardenwood Boulevard 1-4[7]	5.95%	Nov. 11, 2016	54,471
1100 Space Park Drive[7]	5.89%	Dec. 11, 2016	54,464
1350 Duane Avenue/3080 Raymond Street[7]	5.42%	Oct. 1, 2012	52,800
150 South First Street[7]	6.30%	Feb. 6, 2017	52,311
114 Rue Ambroise Croizat	3-month EURIBOR + 1.35%[10]	Jan. 18, 2012	42,372[12]
Clonshaugh Industrial Estate II[8]	3-month EURIBOR + 4.50%[10]	Sep. 4, 2014	40,902[12]
1500 Space Park Drive[7]	6.15%	Oct. 5, 2013	40,440
2334 Lundy Place[7]	5.96%	Nov. 11, 2016	39,616
Unit 9, Blanchardstown Corporate Park	3-month EURIBOR + 1.35%[10]	Jan. 18, 2012	36,430[12]
Cressex 1[14]	5.68%	Oct. 16, 2014	28,697[11]
6 Braham Street[8]	3-month GBP LIBOR + 0.90%[10]	Apr. 10, 2011	19,802[11]
1201 Comstock Street[7][8]	1-month LIBOR + 3.50%[10]	Jun. 24, 2012[2]	17,171
Datacenter Park Dallas	5.00%	Sep. 15, 2011[2]	16,150

Paul van Vlissingenstraat 16	3-month EURIBOR + 1.60%[10]	Jul. 18, 2013	14,297[12]
Chemin de l Epinglier 2	3-month EURIBOR + 1.50%[10]	Jul. 18, 2013	10,343[12]
800 Central Expressway[7]	1-month LIBOR + 4.75%	Jun. 9, 2013	10,000
Gyroscoopweg 2E-2F[13]	3-month EURIBOR + 1.50%[10]	Oct. 18, 2013	9,103[12]
1125 Energy Park Drive[7]	7.62%[15]	Mar. 1, 2032	9,097
Manchester Technopark[14]	5.68%	Oct. 16, 2014	8,730[11]
731 East Trade Street	8.22%	Jul. 1, 2020	5,145
Unamortized net premiums			1,140
Total mortgage loans, net of premiums			1,050,663
Other secured loans:			
800 Central Expressway Mezzanine[7]	1-month LIBOR + 8.50%	Jun. 9, 2013	10,500
Total other secured loans			10,500
Total indebtedness			$ 2,721,599

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(1) The interest rate under our revolving credit facility equals either (i) US LIBOR, EURIBOR and GBP LIBOR (ranging from 1- to 6-month maturities) plus a margin of between 1.10% and 2.00% or (ii) the greater of (x) the base rate announced by the lender and (y) 1/2 of 1% per annum above the federal funds rate, plus a margin of between 0.100% 1.000%. In each case, the margin is based on our total leverage ratio. We incur a fee ranging from 0.125% to 0.20% for the unused portion of our unsecured revolving credit facility.
(2) A one-year extension is available, which we may exercise if certain conditions are met.
(3) Balance as of September 30, 2010 is as follows (balance, in thousands):

Denomination of Draw	Balance as of September 30, 2010	Weighted-average interest rate
US ($)	$ 202,000	1.36%
Euro ( )	1,336[a]	1.72%
British Sterling (£)	17,229[b]	1.67%
Total	$ 220,565	1.39%

(a) Based on exchange rate of $1.36 to 1.00 as of September 30, 2010.
(b) Based on exchange rate of $1.57 to £1.00 as of September 30, 2010.

(4) The holders of the debentures have the right to require the operating partnership to repurchase the debentures in cash in whole or in part for a price of 100% of the principal amount plus accrued and unpaid interest on each of August 15, 2011, August 15, 2016 and August 15, 2021. We have the right to redeem the debentures in cash for a price of 100% of the principal amount plus accrued and unpaid interest commencing on August 18, 2011.
(5) The holders of the debentures have the right to require the operating partnership to repurchase the debentures in cash in whole or in part for a price of 100% of the principal amount plus accrued and unpaid interest on each of April 15, 2014, April 15, 2019 and April 15, 2024. We have the right to redeem the debentures in cash for a price of 100% of the principal amount plus accrued and unpaid interest commencing on April 18, 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) The operating partnership or its subsidiary provides a limited recourse guarantee with respect to this loan.
(9) Two one-year extensions are available, which we may exercise if certain conditions are met.
(10) We have entered into interest rate swap or interest rate cap agreements as a cash flow hedge for interest generated by these US LIBOR, EURIBOR and GBP LIBOR based loans. See note 13 to our condensed consolidated financial statements as of September 30, 2010 included elsewhere in this prospectus for further information.
(11) Based on exchange rate of $1.57 to £1.00 as of September 30, 2010.
(12) Based on exchange rate of $1.36 to 1.00 as of September 30, 2010.
(13) This loan is also secured by a 1.3 million letter of credit.
(14) These loans are also secured by a £7.8 million letter of credit. These loans are cross-collateralized by the two properties.
(15) If the loan is not repaid by March 1, 2012, the interest rate increases to the greater of 9.62% or the treasury rate then in effect plus 2%.

Revolving Credit Facility

As of September 30, 2010, our revolving credit facility had a total capacity of $750.0 million. Effective August 31, 2010, we exercised the first of two one-year extension options to our revolving credit facility, which extends its maturity date from August 31, 2010 to August 31, 2011. The bank group is obligated to grant extension options provided we give proper notice, we make certain representations and warranties and no default exists under the revolving credit facility. On June 28, 2010, we completed an amendment to our revolving credit facility. The amendment to the revolving credit facility provides us with the ability to add eligible unencumbered international assets to the borrowing base in support of our outstanding unsecured debt. International assets include properties located in Canada, England, Ireland, Wales, France, Spain, the Netherlands, Singapore and Australia. Under the new amendment, international assets may comprise up to 25% of the borrowing base, with assets in Spain and Singapore limited to up to 10% of the borrowing base. As of September 30, 2010, borrowings under the revolving credit facility bore interest at a blended rate of 1.36% (U.S.), 1.72% (Euro) and 1.67% (GBP), which are based on 1-month LIBOR, 1-month EURIBOR and 1-month GBP LIBOR, respectively, plus a margin of 1.10%. The revolving credit facility has a $515.0 million sub-facility for multicurrency advances in British Pound Sterling, Canadian Dollars, Euros, and Swiss Francs. We intend to use available borrowings under the revolving credit facility to, among other things, finance the acquisition of additional properties, fund tenant improvements and capital expenditures, fund development and redevelopment activities and to provide for working capital and other corporate purposes. As of September 30, 2010, approximately $220.6 million was drawn under this facility, and $16.8 million of letters of credit were issued.

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The 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 as well as a pool of unencumbered assets. In addition, except to enable Digital Realty Trust, Inc. to maintain its status as a REIT for federal income tax purposes or as may otherwise be required to avoid the imposition of income or excise taxes on Digital Realty Trust, Inc., Digital Realty Trust, Inc. is not permitted during any four consecutive fiscal quarters to make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 95% of Funds From Operations, as defined, for such period, subject to certain other adjustments. As of September 30, 2010, we were in compliance with all of such covenants.

Unsecured Senior Notes

Prudential Shelf Facility

On July 24, 2008, our operating partnership closed the sale of $25.0 million aggregate principal amount of its senior unsecured term notes, which we refer to as the series A notes, to Prudential pursuant to the Prudential shelf facility. The series A notes have an interest-only rate of 7.00% per annum and a three-year maturity. On November 20, 2008, our operating partnership closed the sale of an additional $33.0 million aggregate principal amount of its senior unsecured term notes, which we refer to as the series B notes, to Prudential pursuant to the Prudential shelf facility. The series B notes have an interest-only rate of 9.32% per annum and a five-year maturity. On January 6, 2009, our operating partnership closed the sale of an additional $25.0 million aggregate principal amount of its senior unsecured term notes, which we refer to as the series C notes, to Prudential pursuant to the Prudential shelf facility. The series C notes have an interest-only rate of 9.68% per annum and a seven-year maturity. On January 20, 2010, our operating partnership closed the sale of an additional $100.0 million aggregate principal amount of its senior unsecured term notes to Prudential pursuant to the Prudential shelf facility. The notes were issued in two series referred to as the series D and series E notes. The series D notes have a principal amount of $50.0 million, an interest-only rate of 4.57% per annum and a five-year maturity, and the series E notes have a principal amount of $50.0 million, an interest-only rate of 5.73% per annum and a seven-year maturity. On February 3, 2010, our operating partnership closed the sale of an additional $17.0 million aggregate principal amount of its senior unsecured term notes, which we refer to as the series F notes, to Prudential pursuant to the Prudential shelf facility. The series F notes have an interest-only rate of 4.50% per annum and a five-year maturity. As of September 30, 2010 and December 31, 2009, there was $200.0 million and $83.0 million of unsecured senior notes outstanding, respectively.

The Prudential shelf 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 as well as a pool of unencumbered assets. In addition, except to enable Digital Realty Trust, Inc. to maintain its status as a REIT for federal income tax purposes or as may otherwise be required to avoid the imposition of income or excise taxes on Digital Realty Trust, Inc., Digital Realty Trust, Inc. is not permitted during any four consecutive fiscal quarters to make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 95% of Funds From Operations, as defined, for such period, subject to certain other adjustments. As of September 30, 2010, we were in compliance with all of such covenants.

On June 30, 2010, we completed an amendment to our Prudential shelf facility. The amendment to our Prudential shelf facility provides us with the ability to add eligible unencumbered international assets to the borrowing base in support of our outstanding unsecured debt. International assets include properties located in Canada, England, Ireland, Wales, France, Spain, the Netherlands, Singapore and Australia. Under the amendment, international assets may comprise up to 25% of the borrowing base, with assets in Spain and Singapore limited to up to 10% of the borrowing base.

5.875% Notes due 2020

On January 28, 2010, our operating partnership issued $500.0 million aggregate principal amount of notes, maturing on February 1, 2020 with an interest rate of 5.875% per annum. The 2020 notes are general unsecured

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senior obligations of our operating partnership, rank equally in right of payment with all other senior unsecured indebtedness of our operating partnership and are fully and unconditionally guaranteed by Digital Realty Trust, Inc. Interest on the 2020 notes is payable on February 1 and August 1 of each year, beginning on August 1, 2010.

The indenture relating to the 2020 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 unsecured debt. At September 30, 2010, we were in compliance with each of these financial covenants.

Our operating partnership entered into a registration rights agreement whereby it agreed to conduct an offer to exchange the 2020 notes for a new series of publicly registered notes with substantially identical terms. If our operating partnership did not fulfill certain of its obligations under the registration rights agreement, it would have been required to pay liquidated damages to the holders of the 2020 notes. We filed a registration statement with the SEC on June 25, 2010 in connection with the exchange offer, which was declared effective on September 24, 2010. We completed the exchange offer on November 5, 2010.

4.50% Notes due 2015

On July 8, 2010, our operating partnership issued $375.0 million aggregate principal amount of notes, maturing on July 15, 2015 with an interest rate of 4.50% per annum. The 2015 notes are general unsecured senior obligations of our operating partnership, rank equally in right of payment with all other senior unsecured indebtedness of our operating partnership and are fully and unconditionally guaranteed by Digital Realty Trust, Inc. Interest on the 2015 notes is payable on January 15 and July 15 of each year, beginning on January 15, 2011.

The indenture relating to the 2015 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 unsecured debt. At September 30, 2010, we were in compliance with each of these financial covenants.

Our operating partnership has entered into a registration rights agreement whereby it agreed to conduct an offer to exchange the 2015 notes for a new series of publicly registered notes with substantially identical terms. If our operating partnership does not fulfill certain of its obligations under the registration rights agreement, it will be required to pay liquidated damages to the holders of the 2015 notes. The registration statement of which this prospectus forms a part was filed in accordance with the registration rights agreement.

Exchangeable Senior Debentures

4.125% Exchangeable Senior Debentures due 2026

On August 15, 2006, our operating partnership issued $172.5 million of its 4.125% exchangeable senior debentures due August 15, 2026. The 2026 debentures are general unsecured senior obligations of our operating partnership, rank equally in right of payment with all other senior unsecured indebtedness of our operating partnership and are fully and unconditionally guaranteed by Digital Realty Trust, Inc.

Interest is payable on August 15 and February 15 of each year beginning February 15, 2007 until the maturity date of August 15, 2026. The 2026 debentures bear interest at 4.125% per annum and contain an exchange settlement feature, which provides that the 2026 debentures may, under certain circumstances, be exchangeable for cash (up to the principal amount of the 2026 debentures) and, with respect to any excess exchange value, into cash, shares of Digital Realty Trust, Inc. s common stock or a combination of cash and shares of Digital Realty Trust, Inc. s common stock at an exchange rate that was initially 30.6828 shares per $1,000 principal amount of 2026 debentures. The exchange rate on the 2026 debentures is subject to adjustment for certain events, including, but not limited to, certain dividends on Digital Realty Trust, Inc. s common stock in excess of $0.265 per share per quarter (the reference dividend). Effective March 11, 2010, the exchange rate

has been adjusted to 31.411 shares per $1,000 principal amount of 2026 debentures as a result of the aggregate dividends in excess of the reference dividend that we declared and paid on Digital Realty Trust, Inc. s common stock beginning with the quarter ended December 31, 2006 and through the quarter ended September 30, 2010.

Prior to August 18, 2011, our operating partnership may not redeem the 2026 debentures except to preserve Digital Realty Trust, Inc. s status as a REIT for U.S. federal income tax purposes. On or after August 18, 2011, at our operating partnership s option, the 2026 debentures are redeemable in cash in whole or in part at 100% of the principal amount plus unpaid interest, if any, accrued to, but excluding, the redemption date, upon at least 30 days but not more than 60 days prior written notice to holders of the 2026 debentures.

The holders of the 2026 debentures have the right to require our operating partnership to repurchase the 2026 debentures in cash in whole or in part on each of August 15, 2011, August 15, 2016 and August 15, 2021, and in the event of a designated event, for a repurchase price equal to 100% of the principal amount of the 2026 debentures plus unpaid interest, if any, accrued to, but excluding, the repurchase date. Designated events include certain merger or combination transactions, non-affiliates becoming the beneficial owner of more than 50% of the total voting power of Digital Realty Trust, Inc. s capital stock, a substantial turnover of Digital Realty Trust, Inc. s directors within a 12-month period and Digital Realty Trust, Inc. s ceasing to be the general partner of our operating partnership. Certain events are considered Events of Default, which may result in the accelerated maturity of the 2026 debentures, including a default for 30 days in payment of any installment of interest under the 2026 debentures, a default in the payment of the principal amount or any repurchase price or redemption price due with respect to the 2026 debentures and our operating partnership s failure to deliver cash or any shares of Digital Realty Trust, Inc. s common stock within 15 days after the due date upon an exchange of the 2026 debentures, together with any cash due in lieu of fractional shares of Digital Realty Trust, Inc. s common stock.

In addition, the 2026 debentures are exchangeable (i) prior to July 15, 2026, during any fiscal quarter after the fiscal quarter ended September 30, 2006, if the closing sale price of Digital Realty Trust, Inc. s common stock for 20 or more trading days in a period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter exceeds 130% of the exchange price in effect on the last trading day of the immediately preceding fiscal quarter, (ii) prior to July 15, 2026, during the five business day period after any five consecutive trading day period in which the average trading price per $1,000 principal amount of 2026 debentures was equal to or less than 98% of the product of the closing sale price of the common stock during such period, multiplied by the applicable exchange rate, (iii) if we call the 2026 debentures for redemption and (iv) any time on or after July 15, 2026.

Digital Realty Trust, Inc. has entered into a registration rights agreement whereby it agreed to register the shares of common stock which could be issued in the future upon exchange of the 2026 debentures. Digital Realty Trust, Inc. filed the shelf registration statement with the SEC in April 2007.

On June 14, 2010, July 27, 2010, August 30, 2010, September 1, 2010, September 17, 2010, September 24, 2010, November 16, 2010 and November 19, 2010, the operating partnership repurchased $36,960,000, $7,500,000, $2,000,000, $11,847,000, $900,000, $3,000,000, $2,300,000 and $18,985,000, respectively, in aggregate principal amount of the 2026 debentures in private transactions.

5.50% Exchangeable Senior Debentures due 2029

On April 20, 2009, our operating partnership issued $266.4 million of its 5.50% exchangeable senior debentures due April 15, 2029. The 2029 debentures are general unsecured senior obligations of our operating partnership, rank equally in right of payment with all other senior unsecured indebtedness of our operating partnership and are fully and unconditionally guaranteed by Digital Realty Trust, Inc.

Interest is 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 bear interest at 5.50% per annum and may be exchanged for shares of Digital Realty Trust, Inc. s common stock at an exchange rate that was initially 23.2558 shares per $1,000

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principal amount of 2029 debentures. The exchange rate on the 2029 debentures is subject to adjustment for certain events, including, but not limited to, certain dividends on Digital Realty Trust, Inc. s common stock in excess of $0.33 per share per quarter (the reference dividend). Effective September 13, 2010, the exchange rate has been adjusted to 23.5360 shares per $1,000 principal amount of 2029 debentures as a result of the aggregate dividends in excess of the reference dividends that we declared and paid on Digital Realty Trust, Inc. s common stock beginning with the quarter ended September 30, 2009 and through the quarter ended September 30, 2010. Due to the fact that the exchange feature for the 2029 debentures must be settled in Digital Realty Trust, Inc. s common stock, new accounting guidance on convertible debt instruments that requires the principal amount to be settled in cash upon conversion does not apply.

Prior to April 18, 2014, our operating partnership may not redeem the 2029 debentures except to preserve Digital Realty Trust, Inc. s status as a REIT for U.S. federal income tax purposes. On or after April 18, 2014, at our operating partnership s option, the 2029 debentures are redeemable in cash in whole or in part at 100% of the principal amount plus unpaid interest, if any, accrued to, but excluding, the redemption date, upon at least 30 days but not more than 60 days prior written notice to holders of the 2029 debentures.

The holders of the 2029 debentures have the right to require our operating partnership to repurchase the 2029 debentures in cash in whole or in part on each of April 15, 2014, April 15, 2019 and April 15, 2024, and in the event of a designated event, for a repurchase price equal to 100% of the principal amount of the 2029 debentures plus unpaid interest, if any, accrued to, but excluding, the repurchase date. Designated events include certain merger or combination transactions, non-affiliates becoming the beneficial owner of more than 50% of the total voting power of Digital Realty Trust, Inc. s capital stock, a substantial turnover of our Digital Realty Trust, Inc. s directors within a 12-month period without the approval of existing members and Digital Realty Trust, Inc. s ceasing to be the general partner of our operating partnership. Certain events are considered Events of Default, which may result in the accelerated maturity of the 2029 debentures, including a default for 30 days in payment of any installment of interest under the 2029 debentures, a default in the payment of the principal amount or any repurchase price or redemption price due with respect to the 2029 debentures and our operating partnership s failure to deliver shares of Digital Realty Trust, Inc. s common stock within 15 days after the due date upon an exchange of the 2029 debentures, together with any cash due in lieu of fractional shares of Digital Realty Trust, Inc. s common stock.

Digital Realty Trust, Inc. has entered into a registration rights agreement whereby it must register the shares of common stock which could be issued in the future upon exchange of the 2029 debentures. Digital Realty Trust, Inc. filed the shelf registration statement with the SEC in December 2009.

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DESCRIPTION OF NOTES

The following description summarizes certain terms and provisions of the notes and the indenture, does not purport to be complete and is subject to, and qualified in its entirety by reference to, the actual terms and provisions of the notes and the indenture, which are incorporated herein by reference. Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the notes or the indenture, as applicable. As used in this section, the terms we, us, our or Digital Realty Trust, L.P. refer to Digital Realty Trust, L.P. and not to any of its subsidiaries. Unless the context requires otherwise, references to notes in this section mean the exchange notes, the term interest includes liquidated damages, if any, as described below and references to dollars mean U.S. dollars.

General

We issued the private notes and will issue the exchange notes pursuant to an indenture, dated as of July 8, 2010, among Digital Realty Trust, L.P., Digital Realty Trust, Inc., as guarantor, and Deutsche Bank Trust Company Americas, as trustee. You may request copies of the indenture and the form of the notes from us.

The notes will be senior unsecured obligations of Digital Realty Trust, L.P. and will rank equally in right of payment with each other and with all of Digital Realty Trust, L.P. s other senior unsecured indebtedness. However, the notes will be effectively subordinated in right of payment to Digital Realty Trust, L.P. s mortgages and its other secured indebtedness (to the extent of the value of the collateral securing the same) and to all preferred equity and liabilities, whether secured or unsecured, of Digital Realty Trust, L.P. s subsidiaries (including guarantees of certain subsidiaries of indebtedness of Digital Realty Trust, L.P. under the revolving credit facility and the Prudential notes). As of September 30, 2010, Digital Realty Trust, L.P. had outstanding $1.1 billion of senior unsecured indebtedness (exclusive of intercompany debt, trade payables, distributions payable, accrued expenses and committed letters of credit) and subsidiaries of Digital Realty Trust, L.P. had $1.1 billion of total indebtedness, excluding intercompany debt, guarantees of debt of Digital Realty Trust, L.P., accrued expenses and trade payables. Except for subsidiaries of Digital Realty Trust, L.P. which are prohibited from doing so by the terms of secured indebtedness, substantially all of the domestic subsidiaries of Digital Realty Trust, L.P., together with Digital Realty Trust, Inc., guarantee our obligations under the revolving credit facility and the notes under the Prudential shelf facility. See Risk Factors Risks Related to this Offering Our substantial indebtedness could adversely affect our financial condition and ability to fulfill our obligations under the notes and otherwise adversely impact our business and growth prospects and Risk Factors Risks Related to this Offering The effective subordination of the notes may limit our ability to satisfy our obligations under the notes. As of September 30, 2010, there was $220.6 million outstanding under the revolving credit facility, excluding $16.8 million of letters of credit, we could borrow $512.5 million under the revolving credit facility, and there was $200.0 million principal amount of outstanding notes under the Prudential shelf facility.

The notes will initially be limited to an aggregate principal amount of $375.0 million. We may from time to time, without notice to or consent of existing note holders, create and issue additional notes having the same terms and conditions as the notes offered by this prospectus in all respects, except for the issue date and, under certain circumstances, the issue price and first payment of interest thereon, provided that such issuance complies with the covenants described under Certain Covenants. Additional notes issued in this manner will be consolidated with and will form a single series with the previously outstanding notes, but will not necessarily be fungible with such previously outstanding notes. The notes offered by this prospectus and any additional notes would rank equally and ratably in right of payment and would be treated as a single series of debt securities for all purposes under the indenture.

The notes will be issued only in fully registered, book-entry form, in denominations of $1,000 and integral multiples thereof, except under the limited circumstances described below under Book-Entry, Delivery and Form. The registered holder of a note will be treated as its owner for all purposes.

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If any interest payment date, stated maturity date, redemption date or repurchase date is not a business day, the payment otherwise required to be made on such date will be made on the next business day without any additional payment as a result of such delay. All payments will be made in U.S. dollars.

The terms of the notes provide that we are permitted to withhold from interest payments and payments upon a redemption or maturity of the notes any amounts we are required to withhold by law. For example, non-U.S. holders of notes may, under some circumstances, be subject to U.S. federal withholding tax with respect to payments of interest on the notes. See United States Federal Income Tax Consequences Non-U.S. Holders in this prospectus.

Except as described in this prospectus under the headings Certain Covenants Limitations on Incurrence of Indebtedness and Merger, Consolidation or Sale, the indenture does not contain any provisions that would limit our ability to incur indebtedness or that would afford you protection in the event of:

a highly leveraged or similar transaction involving us or any of our affiliates;

a change of control; or

a reorganization, restructuring, merger or similar transaction involving us or Digital Realty Trust, Inc. that may adversely affect you.

We or one of our affiliates may, to the extent permitted by applicable law, at any time purchase notes in the open market, by tender at any price or by private agreement. Any notes so repurchased may not be reissued or resold and will be canceled promptly.

Guarantee

Digital Realty Trust, Inc. will fully and unconditionally guarantee our obligations under the notes on a senior unsecured basis, including the due and punctual payment of principal of and interest and premium on the notes, whether at stated maturity, by declaration of acceleration, call for redemption, notice of repurchase or otherwise. The guarantee will be a senior unsecured obligation of Digital Realty Trust, Inc. and will rank equally in right of payment with other senior unsecured obligations of Digital Realty Trust, Inc.

Interest

Interest on the notes will accrue at the rate of 4.50% per year from and including July 8, 2010 or the most recent interest payment date to which interest has been paid or provided for, and will be payable semiannually in arrears on January 15 and July 15 of each year, beginning January 15, 2010. The interest so payable will be paid to each holder in whose name a note is registered at the close of business on the January 1 or July 1 (whether or not a business day) immediately preceding the applicable interest payment date. Interest on the notes will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Interest on the exchange notes will accrue from the last interest payment date on which interest was paid on the private notes. Holders whose private notes are accepted for exchange will be deemed to have waived the right to receive any interest accrued but unpaid on the private notes.

If we redeem the notes in accordance with the terms of such notes, we will pay accrued and unpaid interest and premium, if any, to the holder that surrenders such notes for redemption. However, if a redemption falls after a record date and on or prior to the corresponding interest payment date, we will pay the full amount of accrued and unpaid interest and premium, if any, due on such interest payment date to the holder of record at the close of business on the corresponding record date.

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Maturity

The notes will mature on July 15, 2015 and will be paid against presentation and surrender thereof at the corporate trust office of the trustee unless earlier redeemed by us at our option, as described under Optional Redemption at Our Election below. The notes will not be entitled to the benefits of, or be subject to, any sinking fund.

Optional Redemption at Our Election

We may redeem on any one or more occasions some or all of the notes before they mature. The redemption price will equal the sum of (1) an amount equal to one hundred percent (100%) of the principal amount of the notes being redeemed plus accrued and unpaid interest up to, but not including, the redemption date and (2) a make-whole premium. Notwithstanding the foregoing, if the notes are redeemed on or after 90 days prior to the maturity date, the redemption price will not include a make-whole premium.

We will calculate the make-whole premium with respect to any note redeemed before the 90th day prior to the maturity date of the notes as the excess, if any, of:

- the aggregate present value as of the date of such redemption of each dollar of principal being redeemed or paid and the amount of interest (exclusive of interest accrued to the date of redemption) that would have been payable in respect of such dollar if such redemption had been made on the 90th day prior to the maturity date, determined by discounting, on a semiannual basis, such principal and interest at the Reinvestment Rate (determined on the third Business Day preceding the date such notice of redemption is given) from the respective dates on which such principal and interest would have been payable if such redemption had been made on the 90th day prior to the maturity date; over
- the principal amount of such note.

Reinvestment Rate means 0.40 percent (0.40%), plus the arithmetic mean of the yields under the respective headings This Week and Last Week published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available prior to the date of determining the make-whole premium (or if such statistical release is no longer published, any such other reasonably comparable index which shall be designated by us) under the caption Treasury Constant Maturities for the maturity (rounded to the nearest month) corresponding to the then-remaining maturity of the notes. If no maturity exactly corresponds to such maturity of the notes, the applicable Reinvestment Rate will be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields for the two published maturities most closely corresponding to such maturity of the notes.

We will give you notice of any optional redemption at your address, as shown in the security register, at least 30, but not more than 60, days before the redemption date. The notice of redemption will specify, among other items, the redemption price and the principal amount of the notes held by such holder to be redeemed.

If we decide to redeem the notes in part, the trustee will select the notes to be redeemed (in principal amounts of $1,000 and integral multiples thereof) on a pro rata basis or such other method it deems fair and appropriate or is required by the depository for the notes.

In the event of any redemption of notes in part, we will not be required to:

- issue or register the transfer of any note during a period beginning at the opening of business 15 days before any selection of notes for redemption and ending at the close of business on the earliest date on which the relevant notice of redemption is deemed to have been given to all holders of notes to be so redeemed, or
- register the transfer of any note so selected for redemption, in whole or in part, except the unredeemed portion of any note being redeemed in part.

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If the paying agent holds funds sufficient to pay the redemption price of the notes on the redemption date, then on and after such date:

such notes will cease to be outstanding;

interest on such notes will cease to accrue; and

all rights of holders of such notes will terminate except the right to receive the redemption price.

Such will be the case whether or not book-entry transfer of the notes in book-entry form is made and whether or not notes in certificated form, together with the necessary endorsements, are delivered to the paying agent.

We will not redeem the notes on any date if the principal amount of the notes has been accelerated, and such an acceleration has not been rescinded or cured on or prior to such date.

Certain Covenants

Limitations on Incurrence of Indebtedness.

Limitation on Total Outstanding Debt. We will not, and will not permit any of our Subsidiaries to, Incur any Indebtedness, other than Intercompany Indebtedness and guarantees of Indebtedness Incurred by us or any of our Subsidiaries in compliance with the indenture governing the notes, if, immediately after giving effect to the Incurrence of such Indebtedness and the application of the proceeds thereof, Total Outstanding Debt would be greater than 60% of Total Assets as of the end of the fiscal quarter covered in our annual or quarterly report most recently furnished to holders of the notes or filed with the SEC, as the case may be.

Secured Debt. In addition to the preceding limitation on the Incurrence of Indebtedness, we will not, and will not permit any of our Subsidiaries to, Incur any Secured Debt, other than guarantees of Secured Debt Incurred by us or any of our Subsidiaries in compliance with the indenture governing the notes, if, immediately after giving effect to the Incurrence of such Secured Debt and the application of the proceeds thereof, the aggregate principal amount of Secured Debt would be greater than 40% of Total Assets as of the end of the fiscal quarter covered in our annual or quarterly report most recently furnished to holders of the notes or filed with the SEC, as the case may be.

Unencumbered Assets. We and our Subsidiaries will at all times maintain Total Unencumbered Assets of not less than 150% of the aggregate outstanding principal amount of Unsecured Debt.

Ratio of Consolidated EBITDA to Interest Expense. In addition to the preceding limitations on the Incurrence of Indebtedness, we will not, and will not permit any Subsidiary to, Incur any Indebtedness other than Intercompany Indebtedness and guarantees of Indebtedness Incurred by us or any of our Subsidiaries in compliance with the indenture governing the notes, if the ratio of Consolidated EBITDA to Interest Expense for the most recent quarterly period covered in our annual or quarterly report most recently furnished to holders of the notes or filed with the SEC, as the case may be, in the manner described under Reports, prior to such time, annualized (i.e., multiplied by four (4)) prior to the date on which such additional Indebtedness is to be Incurred shall have been less than 1.50:1.00 on a pro forma basis after giving effect thereto and to the application of the proceeds therefrom, and calculated on the assumption that:

such Indebtedness and any other Indebtedness Incurred by us and our Subsidiaries since the first day of such quarterly period and the application of the proceeds therefrom, including to refinance other Indebtedness, had occurred at the beginning of such period;

the repayment or retirement of any Indebtedness (other than Indebtedness repaid or retired with the proceeds of any other Indebtedness, which repayment or retirement shall be calculated pursuant to the preceding bullet and not this bullet) by us and our Subsidiaries since the first day of such quarterly

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period had been repaid or retired at the beginning of such period (except that, in making such computation, the amount of Indebtedness under any revolving credit facility shall be computed based upon the average daily balance of such Indebtedness during such period);

in the case of Acquired Indebtedness or Indebtedness Incurred in connection with any acquisition since the first day of such quarterly period, the related acquisition had occurred as of the first day of such period with the appropriate adjustments with respect to such acquisition being included in such pro forma calculation; and

in the case of any acquisition or disposition of any asset or group of assets or the placement of any assets in service or removal of any assets from service by us or any of our Subsidiaries from the first day of such quarterly period to the date of determination, including, without limitation, by merger, or stock or asset purchase or sale, the acquisition, disposition, placement in service or removal from service, had occurred as of the first day of such period, with appropriate adjustments to Interest Expense with respect to the acquisition, disposition, placement in service or removal from service being included in that pro forma calculation.

Reports. Whether or not required by the rules and regulations of the SEC, so long as any notes are outstanding, we will furnish to the holders of notes or cause the trustee to furnish to the holders of notes, within the time periods specified in the SEC s rules and regulations:

(1) all quarterly and annual reports that would be required to be filed with the SEC on Forms 10-Q and 10-K if we were required to file such reports; and

(2) all current reports that would be required to be filed with the SEC on Form 8-K if we were required to file such reports.

All such reports will be prepared in all material respects in accordance with all of the rules and regulations applicable to such reports. Each annual report on Form 10-K will include a report on our consolidated financial statements by our independent registered public accounting firm. Notwithstanding the foregoing, prior to this consummation of the exchange offer, we may satisfy our obligation to furnish the reports described above by furnishing reports for Digital Realty Trust, Inc. In addition, following the consummation of this exchange offer, we will file a copy of each of the reports referred to in clauses (1) and (2) above with the SEC for public availability within the time periods specified in the rules and regulations applicable to such reports (unless the SEC will not accept such a filing) and will make the reports available on our website within those time periods.

If, at any time after consummation of this exchange offer, we are not subject to the periodic reporting requirements of the Exchange Act for any reason, we will nevertheless continue filing the reports specified in the preceding paragraphs of this covenant with the SEC within the time periods specified above unless the SEC will not accept such a filing. We will not take any action for the purpose of causing the SEC not to accept any such filings. If, notwithstanding the foregoing, the SEC will not accept our filings for any reason, we will post the reports referred to in the preceding paragraphs on our website within the time periods that would apply if we were required to file those reports with the SEC.

In addition, we agree that, for so long as any notes remain outstanding, if at any time we are not required to file with the SEC the reports required by the preceding paragraphs, we will furnish to the holders of notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Certain Definitions

Set forth below are certain defined terms used in this prospectus and the indenture. We refer you to the indenture for a full disclosure of all such terms, as well as any other capitalized terms used in this prospectus for which no definition is provided.

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Acquired Indebtedness means Indebtedness of a Person (1) existing at the time such Person becomes a Subsidiary or (2) assumed in connection with the acquisition of assets from such Person, in each case, other than Indebtedness Incurred in connection with, or in contemplation of, such Person becoming a Subsidiary or such acquisition. Acquired Indebtedness shall be deemed to be Incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Subsidiary.

Capitalization Rate means 9.0%.

Consolidated EBITDA means, for any period of time, without duplication, consolidated net income (loss) of Digital Realty Trust, L.P. and its Consolidated Subsidiaries plus amounts which have been deducted and minus amounts which have been added for, without duplication, (a) Interest Expense, (b) depreciation and amortization and other non-cash items deducted in arriving at net income (loss), (c) provision for taxes based on income or profits, (d) non-recurring or other unusual items, as determined by us in good faith (including, without limitation, all prepayment penalties and all costs or fees incurred in connection with any debt financing or amendment thereto, acquisition, disposition, recapitalization or similar transaction (regardless of whether such transaction is completed)), (e) extraordinary items, (f) noncontrolling interests, (g) the income or expense attributable to transactions involving derivative instruments that do not qualify for hedge accounting in accordance with GAAP, and (h) gains or losses on dispositions of depreciable real estate investments, property valuation losses and impairment charges; *provided, however,* that in no event will Consolidated EBITDA include (x) net income (loss) (whether pursuant to the equity method of accounting or otherwise) on account of any of our or our Consolidated Subsidiaries unconsolidated subsidiaries and other partially owned entities or (y) net income (loss) generated from our real property under construction or Redevelopment Properties; *provided, further,* that all amounts for such period shall be reasonably determined by us in accordance with GAAP to the extent GAAP is applicable. Consolidated EBITDA will be adjusted, without duplication, to give pro forma effect: (i) in the case of any assets having been placed in service or removed from service from the beginning of the period to the date of determination, to include or exclude, as the case may be, any Consolidated EBITDA earned or eliminated as a result of the placement of the assets in service or removal of the assets from service as if the placement of the assets in service or removal of the assets from service occurred at the beginning of the period; and (ii) in the case of any acquisition or disposition of any asset or group of assets from the beginning of the period to the date of determination, including, without limitation, by merger, or stock or asset purchase or sale, to include or exclude, as the case may be, any Consolidated EBITDA earned or eliminated as a result of the acquisition or disposition of those assets as if the acquisition or disposition occurred at the beginning of the period.

Consolidated Financial Statements means, with respect to any Person, collectively, the consolidated financial statements and notes to those financial statements, of that Person and its Consolidated Subsidiaries prepared in accordance with GAAP.

Consolidated Subsidiary means each Subsidiary of Digital Realty Trust, L.P. that is consolidated in the Consolidated Financial Statements of Digital Realty Trust, L.P.

GAAP means generally accepted accounting principles in the United States of America as in effect from time to time.

Incur means, with respect to any Indebtedness or other obligation of any Person, to create, assume, guarantee or otherwise become liable in respect of the Indebtedness or other obligation, and Incurrence and Incurred have meanings correlative to the foregoing. Indebtedness or other obligation of us or any Subsidiary of ours will be deemed to be Incurred by us or such Subsidiary whenever we or such Subsidiary shall create, assume, guarantee or otherwise become liable in respect thereof. Indebtedness or other obligation of a Subsidiary of ours existing prior to the time it became a Subsidiary of ours will be deemed to be Incurred upon such Subsidiary becoming a Subsidiary of ours; and Indebtedness or other obligation of a Person existing prior to a merger or consolidation of such Person with us or any Subsidiary of ours in which such Person is the successor to

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us or such Subsidiary will be deemed to be Incurred upon the consummation of such merger or consolidation. Any issuance or transfer of capital stock that results in Indebtedness constituting Intercompany Indebtedness being held by a Person other than us, Digital Realty Trust, Inc. or any Consolidated Subsidiary or any sale or other transfer of any Indebtedness constituting Intercompany Indebtedness to a Person that is not us, Digital Realty Trust, Inc. or any Consolidated Subsidiary, will be deemed, in each case, to be an Incurrence of Indebtedness that is not Intercompany Indebtedness at the time of such issuance, transfer or sale, as the case may be.

Indebtedness of us, Digital Realty Trust, Inc. or any Consolidated Subsidiary means, without duplication, any of our indebtedness or that of any Consolidated Subsidiary, whether or not contingent, in respect of: (a) borrowed money evidenced by bonds, notes, debentures or similar instruments whether or not such indebtedness is secured by any lien existing on property owned by us or any Consolidated Subsidiary; (b) indebtedness for borrowed money of a Person other than us, Digital Realty Trust, Inc. or a Consolidated Subsidiary which is secured by any lien on property owned by us, Digital Realty Trust, Inc. or any Consolidated Subsidiary, to the extent of the lesser of (i) the amount of indebtedness so secured, and (ii) the fair market value of the property subject to such lien; (c) the reimbursement obligations, contingent or otherwise, in connection with any letters of credit actually issued or amounts representing the balance deferred and unpaid of the purchase price of any property or services, except any such balance that constitutes an accrued expense or trade payable; or (d) any lease of property by us, Digital Realty Trust, Inc. or any Consolidated Subsidiary as lessee which is reflected on our consolidated balance sheet as a capitalized lease in accordance with generally accepted accounting principles. Indebtedness also includes, to the extent not otherwise included, any obligation by us, Digital Realty Trust, Inc. or any Consolidated Subsidiary to be liable for, or to pay, as obligor, guarantor or otherwise (other than for purposes of collection in the ordinary course of business), indebtedness of another Person (other than us or any of our Consolidated Subsidiaries) of the type described in clauses (a)-(d) of this definition.

Intercompany Indebtedness means Indebtedness to which the only parties are any of us, Digital Realty Trust, Inc. and any Consolidated Subsidiary; provided, however, that with respect to any such Indebtedness of which we or Digital Realty Trust, Inc. is the borrower, such Indebtedness is subordinate in right of payment to the notes.

Interest Expense means, for any period of time, consolidated interest expense for such period of time, whether paid, accrued or capitalized, without deduction of consolidated interest income, of Digital Realty Trust, L.P. and its Consolidated Subsidiaries, including, without limitation or duplication, or, to the extent not so included, with the addition of (a) the portion of any rental obligation in respect of any capital lease obligation allocable to interest expense in accordance with GAAP and (b) the amortization of Indebtedness discounts, but excluding prepayment penalties, in all cases as reflected in the applicable Consolidated Financial Statements.

Person means a corporation, an association, a partnership, a limited liability company, an individual, a joint venture, a joint stock company, a trust, an unincorporated organization or a government or an agency or a political subdivision thereof.

Redevelopment Property means a property owned by us or a Consolidated Subsidiary (a) where the commenced leased square footage is less than 60% of the sum of net rentable square feet and redevelopment space, with reasonable adjustments to leased square footage determined in good faith by us, including adjustments for available power, required support space and common area and (b) that we reasonably characterize as held in whole or in part for redevelopment.

Secured Debt means, as of any date, that portion of Total Outstanding Debt as of that date that is secured by a mortgage, trust deed, deed of trust, deeds to secure Indebtedness, pledge, security interest, assignment for collateral purposes, deposit arrangement, or other security agreement, excluding any right of setoff but including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and any other like agreement granting or conveying a security interest.

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Subsidiary means, with respect to any Person, (a) any corporation, association or other business entity of which more than 50% of the total voting power of shares of capital stock or other equity interest entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other subsidiaries of that Person (or a combination thereof) and (b) any partnership (i) the sole general partner or managing general partner of which is such Person or a subsidiary of such Person or (ii) the only general partners of which are such Person or of one or more subsidiaries of such Person (or any combination thereof).

Total Assets as of any date means the sum, without duplication, of (a) Consolidated EBITDA for the most recent quarterly period covered in our annual or quarterly report most recently furnished to holders of the notes or filed with the SEC, as the case may be, in the manner described under Reports, prior to such time, annualized (i.e., multiplied by four (4)), capitalized at the Capitalization Rate, (b) the undepreciated cost basis of our and our Consolidated Subsidiaries real property under construction and Redevelopment Property as of the end of the quarterly period used for purposes of clause (a) above, in each case as determined by us in good faith, and (c) for all assets of us and our Consolidated Subsidiaries other than the assets referred to in (a) and (b) above, the undepreciated book value as determined in accordance with GAAP (but excluding accounts receivable and intangible assets).

Total Outstanding Debt means, as of any date, the sum, without duplication, of (1) the aggregate principal amount of all outstanding Indebtedness of Digital Realty Trust, L.P. as of that date, excluding Intercompany Indebtedness; and (2) the aggregate principal amount of all outstanding Indebtedness of Digital Realty Trust, L.P. s Consolidated Subsidiaries, all as of that date, excluding Intercompany Indebtedness.

Total Unencumbered Assets means, as of any time, the sum of (a) Unencumbered Consolidated EBITDA for the most recent quarterly period covered in our annual or quarterly report most recently furnished to holders of the notes or filed with the SEC, as the case may be, in the manner described under Reports, prior to such time, annualized (i.e., multiplied by four (4)), capitalized at the Capitalization Rate, and (b) to the extent not subject to any Secured Debt, the value of the assets described in clauses (b) and (c) of the definition of Total Assets.

Unencumbered Consolidated EBITDA means, for any quarter, Consolidated EBITDA for the most recent quarterly period covered in our annual or quarterly report most recently furnished to holders of the notes or filed with the SEC, as the case may be, in the manner described under Reports, prior to the time of determination less any portion thereof attributable to any properties or assets subject to any Secured Debt, as determined in good faith by us.

Unsecured Debt means that portion of Total Outstanding Debt that is not Secured Debt.

Merger, Consolidation or Sale

Digital Realty Trust, L.P. and Digital Realty Trust, Inc. may consolidate with, or sell, lease or convey all or substantially all of their respective assets to, or merge with or into, any other entity, provided that the following conditions are met:

Digital Realty Trust, L.P. or Digital Realty Trust, Inc., as the case may be, shall be the continuing entity, or the successor entity (if other than Digital Realty Trust, L.P. or Digital Realty Trust, Inc., as the case may be) formed by or resulting from any consolidation or merger or which shall have received the transfer of assets shall expressly assume payment of the principal of and interest on all of the notes and the due and punctual performance and observance of all of the covenants and conditions in the indenture;

immediately after giving effect to the transaction, no Event of Default under the indenture, and no event which, after notice or the lapse of time, or both, would become an Event of Default, shall have occurred and be continuing; and

an officer s certificate and legal opinion covering these conditions shall be delivered to the trustee.

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Events of Default

The indenture provides that the following events are Events of Default with respect to the notes:

- default for 30 days in the payment of any installment of interest under the notes;
- default in the payment of the principal amount or redemption price due with respect to the notes, when the same becomes due and payable;
- our failure to comply with any of our other agreements in the notes or the indenture upon receipt by us of notice of such default by the trustee or by holders of not less than 25% in aggregate principal amount of the notes then outstanding and our failure to cure (or obtain a waiver of) such default within 60 days after we receive such notice;
- failure to pay any Indebtedness that is (a) of Digital Realty Trust, L.P., Digital Realty Trust, Inc., any Subsidiary in which Digital Realty Trust, L.P. has invested at least $50,000,000 in capital (a Significant Subsidiary) or any entity in which Digital Realty Trust, L.P. is the general partner, and (b) in an outstanding principal amount in excess of $50,000,000 at final maturity or upon acceleration after the expiration of any applicable grace period, which Indebtedness is not discharged, or such default in payment or acceleration is not cured or rescinded, within 30 days after written notice to us from the trustee (or to us and the trustee from holders of at least 25% in principal amount of the outstanding notes); or
- certain events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of Digital Realty Trust, L.P., Digital Realty Trust, Inc. or any Significant Subsidiary or any substantial part of their respective property.

If an Event of Default under the indenture with respect to the notes occurs and is continuing (other than an Event of Default specified in the last bullet above, which shall result in an automatic acceleration), then in every case the trustee or the holders of not less than 25% in principal amount of the outstanding notes may declare the principal amount of all of the notes to be due and payable immediately by written notice thereof to Digital Realty Trust, L.P. and Digital Realty Trust, Inc. (and to the trustee if given by the holders). However, at any time after the declaration of acceleration with respect to the notes has been made, but before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of not less than a majority in principal amount of outstanding notes may rescind and annul the declaration and its consequences if:

- Digital Realty Trust, L.P. or Digital Realty Trust, Inc. shall have deposited with the trustee all required payments of the principal of and interest and premium on the notes, plus certain fees, expenses, disbursements and advances of the trustee; and
- all Events of Default, other than the non-payment of accelerated principal of (or specified portion thereof), or interest and premium on the notes have been cured or waived as provided in the indenture.

The indenture also provides that the holders of not less than a majority in principal amount of the outstanding notes may waive any past default with respect to the notes and its consequences, except a default:

- in the payment of the principal of or interest or premium on the notes; or

in respect of a covenant or provision contained in the indenture that cannot be modified or amended without the consent of the holder of each outstanding note affected thereby.

The trustee will be required to give notice to the holders of the notes within 90 days of a default actually known to the trustee under the indenture unless the default has been cured or waived; provided, however, that the trustee may withhold notice to the holders of the notes of any default with respect to the notes (except a default in the payment of the principal of or interest and premium on the notes) if a committee of responsible officers of the trustee considers the withholding to be in the interest of the holders.

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The indenture provides that no holders of the notes may institute any proceedings, judicial or otherwise, with respect to the indenture or for any remedy thereunder, except in the case of failure of the trustee, for 60 days, to act after it has received a written request to institute proceedings in respect of an event of default from the holders of not less than 25% in principal amount of the outstanding notes, as well as an offer of reasonable indemnity. This provision will not prevent, however, any holder of the notes from instituting suit for the enforcement of payment of the principal of and interest or premium on the notes at the respective due dates thereof.

Subject to provisions in the indenture relating to its duties in case of default, the trustee is under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any holders of the notes then outstanding under the indenture, unless the holders shall have offered to the trustee security or indemnity reasonably satisfactory to it. The holders of not less than a majority in principal amount of the outstanding notes (or of all notes then outstanding under the indenture, as the case may be) shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or of exercising any trust or power conferred upon the trustee. However, the trustee may refuse to follow any direction which is in conflict with any law or the indenture, or which may be unduly prejudicial to the holders of the notes not joining therein.

Within 120 days after the close of each fiscal year, Digital Realty Trust, L.P. and Digital Realty Trust, Inc. must deliver a certificate of an officer certifying to the trustee whether or not the officer has knowledge of any default under the indenture and, if so, specifying each default and the nature and status thereof.

Modification, Waiver and Meetings

Modifications and amendments of the indenture will be permitted to be made only with the consent of the holders of not less than a majority in principal amount of all outstanding notes; provided, however, that no modification or amendment may, without the consent of the holder of each note:

- change the stated maturity of the principal of or any installment of interest on the notes, reduce the principal amount of, or the rate or amount of interest on, or any premium payable on redemption of, the notes, or adversely affect any right of repayment of the holder of the notes, change the place of payment, or the coin or currency, for payment of principal of or interest or premium on any note or impair the right to institute suit for the enforcement of any payment on or with respect to the notes;

- reduce the above-stated percentage of outstanding notes necessary to modify or amend the indenture, to waive compliance with certain provisions thereof or certain defaults and consequences thereunder or to reduce the quorum or change voting requirements set forth in the indenture;

- modify or affect in any manner adverse to the holders the terms and conditions of the obligations of Digital Realty Trust, Inc. in respect of the payment of principal and interest and premium; or

- modify any of the foregoing provisions or any of the provisions relating to the waiver of certain past defaults or certain covenants, except to increase the required percentage to effect the action or to provide that certain other provisions may not be modified or waived without the consent of the holders of the notes.

Notwithstanding the foregoing, modifications and amendments of the indenture will be permitted to be made by Digital Realty Trust, L.P., Digital Realty Trust, Inc. and the trustee without the consent of any holder of the notes for any of the following purposes:

- to evidence a successor to Digital Realty Trust, L.P. as obligor or Digital Realty Trust, Inc. as guarantor under the indenture;

- to add to the covenants of Digital Realty Trust, L.P. or Digital Realty Trust, Inc. for the benefit of the holders of the notes or to surrender any right or power conferred upon Digital Realty Trust, L.P. or Digital Realty Trust, Inc. in the indenture;

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to add Events of Default for the benefit of the holders of the notes;

to amend or supplement any provisions of the indenture; provided that no amendment or supplement shall materially adversely affect the interests of the holders of any notes then outstanding;

to secure the notes;

to provide for the acceptance of appointment by a successor trustee or facilitate the administration of the trusts under the indenture by more than one trustee;

to cure any ambiguity, defect or inconsistency in the indenture; provided that this action shall not adversely affect the interests of holders of the notes in any material respect;

to provide for the issuance of additional notes in accordance with the limitations set forth in the indenture;

to supplement any of the provisions of the indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of the notes; provided that the action shall not adversely affect the interests of the holders of the notes in any material respect; and

to conform the text of the indenture, any guarantee or the notes to any provision of this Description of Notes to the extent that such provision in this Description of Notes was intended to be a verbatim recitation of a provision of the indenture, such guarantee or the notes (as certified in an officers certificate).

In determining whether the holders of the requisite principal amount of outstanding notes have given any request, demand, authorization, direction, notice, consent or waiver thereunder or whether a quorum is present at a meeting of holders of notes, the indenture provides that notes owned by Digital Realty Trust, L.P. or any other obligor upon the notes or any affiliate of Digital Realty Trust, L.P. or of the other obligor shall be disregarded.

The indenture contains provisions for convening meetings of the holders of notes. A meeting will be permitted to be called at any time by the trustee, and also, upon request, by Digital Realty Trust, L.P., Digital Realty Trust, Inc. or the holders of at least 10% in principal amount of the outstanding notes, in any case upon notice given as provided in the indenture. Except for any consent that must be given by the holder of each note affected by certain modifications and amendments of the indenture, any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum is present will be permitted to be adopted by the affirmative vote of the holders of a majority in principal amount of the outstanding notes; provided, however, that, except as referred to above, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage, which is less than a majority, in principal amount of the outstanding notes may be adopted at a meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of the holders of the specified percentage in principal amount of the outstanding notes. Any resolution passed or decision taken at any meeting of holders of notes duly held in accordance with the indenture will be binding on all holders of the notes. The quorum at any meeting called to adopt a resolution, and at any reconvened meeting, will be holders holding or representing a majority in principal amount of the outstanding notes; provided, however, that if any action is to be taken at the meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the outstanding notes, holders holding or representing the specified percentage in principal amount of the outstanding notes will constitute a quorum.

Notwithstanding the foregoing provisions, any action to be taken at a meeting of holders of notes with respect to any action that the indenture expressly provides may be taken by the holders of a specified percentage which is less than a majority in principal amount of the outstanding notes may be taken at a meeting at which a quorum is present by the affirmative vote of holders of the specified percentage in principal amount

of the outstanding notes.

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Trustee

Deutsche Bank Trust Company Americas will initially act as the trustee, registrar and paying agent for the notes, subject to replacement at our option.

If an Event of Default occurs and is continuing, the trustee will be required to use the degree of care and skill of a prudent man in the conduct of his own affairs. The trustee will become obligated to exercise any of its powers under the indenture at the request of any of the holders of any notes only after those holders have offered the trustee indemnity satisfactory to it.

If the trustee becomes one of our creditors, it will be subject to limitations on its rights to obtain payment of claims or to realize on some property received for any such claim, as security or otherwise. The trustee is permitted to engage in other transactions with us. If, however, it acquires any conflicting interest, it must eliminate that conflict or resign.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator, stockholder or partner of Digital Realty Trust, L.P. or Digital Realty Trust, Inc. or any of their respective Subsidiaries, as such, will have any liability for any obligations of Digital Realty Trust, L.P. or Digital Realty Trust, Inc. under the notes, the indenture, any guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Book-Entry, Delivery and Form

The exchange notes will initially be represented by a global note in registered form without interest coupons attached (the Global Notes). The Global Note representing the notes will be deposited upon issuance with the trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for definitive notes in registered certificated form (Certificated Notes) except in the limited circumstances described below. See Exchange of Global Notes for Certificated Notes. Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of notes in certificated form.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the Participants) and to facilitate the clearance and settlement of transactions in those securities between the Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the Indirect Participants). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

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DTC has also advised us that, pursuant to procedures established by it, ownership of interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Notes).

All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Persons will be limited to that extent. Because DTC can act only on behalf of the Participants, which in turn act on behalf of the Indirect Participants, the ability of a Person having beneficial interests in a Global Note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or holders thereof under the indenture for any purpose.

Payments in respect of the principal of, and interest and premium, if any, and Liquidated Damages, if any, on, a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the indenture. Under the terms of the indenture, we and the trustee will treat the Persons in whose names the notes, including the Global Notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither we, the trustee nor any agent of us or the trustee has or will have any responsibility or liability for:

(1) any aspect of DTC s records or any Participant s or Indirect Participant s records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC s records or any Participant s or Indirect Participant s records relating to the beneficial ownership interests in the Global Notes; or

(2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe that it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the trustee or us. Neither we nor the trustee will be liable for any delay by DTC or any of the Participants or the Indirect Participants in identifying the beneficial owners of the notes, and we and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Transfers between the Participants will be effected in accordance with DTC s procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Cross-market transfers between the Participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC s rules on behalf of Euroclear or Clearstream, as the case may be, by their respective depositaries; however, such cross-market transactions will

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require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised us that it will take any action permitted to be taken by a holder of notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount at maturity of the notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the notes, DTC reserves the right to exchange the Global Notes for legended notes in certificated form, and to distribute such notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. None of us, the trustee and any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for Certificated Notes if:

(1) DTC (a) notifies us that it is unwilling or unable to continue as depositary for the Global Notes or (b) has ceased to be a clearing agency registered under the Exchange Act and, in either case, we fail to appoint a successor depositary;

(2) we, at our option, notify the trustee in writing that we elect to cause the issuance of the Certificated Notes; or

(3) upon request from DTC if there has occurred and is continuing a Default or Event of Default with respect to the notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the trustee by or on behalf of DTC in accordance with the indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures).

Exchange of Certificated Notes for Global Notes

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes.

Same Day Settlement and Payment

We will make payments in respect of the notes represented by the Global Notes (including principal, premium, if any, interest and Liquidated Damages, if any) by wire transfer of immediately available funds to the accounts specified by DTC or its nominee. We will make all payments of principal, interest and premium, if any, and Liquidated Damages, if any, with respect to Certificated Notes by wire transfer of immediately available

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funds to the accounts specified by the holders of the Certificated Notes or, if no such account is specified, by mailing a check to each such holder s registered address. The notes represented by the Global Notes are expected to trade in DTC s Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available funds. We expect that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised us that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC s settlement date.

Notices

Except as otherwise provided in the indenture, notices to holders of the notes will be given by mail to the addresses of holders of the notes as they appear in the note register; provided that notices given to holders holding notes in book-entry form may be given through the facilities of DTC or any successor depository.

Governing Law

The indenture and the notes are governed by, and construed in accordance with, the law of the State of New York.

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DESCRIPTION OF THE PARTNERSHIP AGREEMENT OF DIGITAL REALTY TRUST, L.P.

The following is only a summary of certain terms and provisions of the Eighth Amended and Restated Agreement of Limited Partnership of Digital Realty Trust, L.P., which we refer to as the partnership agreement, and is subject to, and qualified in its entirety by, the partnership agreement, a copy of which is filed as an exhibit to the registration statement.

Voting Rights

Under the partnership agreement, Digital Realty Trust, Inc., as the operating partnership s sole general partner, exercises exclusive and complete responsibility and discretion in the operating partnership s day-to-day management and control, can cause the operating partnership to enter into major transactions including acquisitions, dispositions and refinancings, subject to certain limited exceptions, and may not be removed as general partner by the limited partners. The limited partners do not have voting rights relating to the operating partnership s operation and management, except in connection with matters, as described more fully below, involving amendments to the partnership agreement and transfers of the general partner s interest.

The limited partners expressly acknowledged that Digital Realty Trust, Inc., as the operating partnership s general partner, is acting for the benefit of the operating partnership, its limited partners and Digital Realty Trust, Inc. s stockholders collectively. Neither Digital Realty Trust, Inc. nor its board of directors is under any obligation to give priority to the separate interests of the limited partners or Digital Realty Trust, Inc. s stockholders in deciding whether to cause the operating partnership to take or decline to take any actions. If there is a conflict between the interests of Digital Realty Trust, Inc. s stockholders on one hand and the operating partnership s limited partners on the other, Digital Realty Trust, Inc. will endeavor in good faith to resolve the conflict in a manner not adverse to either Digital Realty Trust, Inc. s stockholders or the operating partnership s limited partners; provided, however, that for so long as Digital Realty Trust, Inc. owns a controlling interest in the operating partnership, any conflict that cannot be resolved in a manner not adverse to either Digital Realty Trust, Inc. s stockholders or the operating partnership s limited partners will be resolved in favor of Digital Realty Trust, Inc. s stockholders. Digital Realty Trust, Inc. is not liable under the partnership agreement to the operating partnership or to any partner for monetary damages for losses sustained, liabilities incurred, or benefits not derived by limited partners in connection with such decisions; provided, that it has acted in good faith.

Transferability of Interests

Except in connection with a transaction described in Termination Transactions below, Digital Realty Trust, Inc., as general partner, may not voluntarily withdraw from the operating partnership, or transfer or assign all or any portion of its interest in the operating partnership, without the consent of the holders of a majority of the limited partnership interests. Any transfer of units by the limited partners, except to immediate family members, to a trust for the benefit of a charitable beneficiary, to a lending institution as collateral for a bona fide loan or to an affiliate or member of such limited partner, will be subject to a right of first refusal by Digital Realty Trust, Inc. All transfers must be made only to accredited investors as defined under Rule 501 of the Securities Act.

Amendments to the Partnership Agreement

Amendments to the partnership agreement may be proposed by Digital Realty Trust, Inc., as general partner, or by limited partners owning at least 25% of the units held by limited partners.

Generally, the partnership agreement may not be amended, modified or terminated without the approval of limited partners (other than limited partners 50% or more of whose equity is owned, directly or indirectly, by Digital Realty Trust, Inc. as general partner) holding a majority of all outstanding units held by limited partners.

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As general partner, Digital Realty Trust, Inc. has the power to unilaterally make certain amendments to the partnership agreement without obtaining the consent of the limited partners as may be required to:

- add to Digital Realty Trust, Inc. s obligations as general partner or surrender any right or power granted to it as general partner for the benefit of the limited partners;
- reflect the issuance of additional units or the admission, substitution, termination or withdrawal of partners in accordance with the partnership agreement;
- reflect a change of an inconsequential nature that does not adversely affect the limited partners in any material respect, or cure any ambiguity, correct or supplement any provisions of the partnership agreement not inconsistent with law or with other provisions of the partnership agreement, or make other changes concerning matters under the partnership agreement that will not otherwise be inconsistent with the partnership agreement or law;
- satisfy any requirements, conditions or guidelines of federal or state law;
- reflect changes that are reasonably necessary for Digital Realty Trust, Inc., as general partner, to maintain its status as a REIT; or
- modify the manner in which capital accounts are computed.

Amendments that would, among other things, convert a limited partner s interest into a general partner s interest, modify the limited liability of a limited partner, alter a partner s right to receive any distributions or allocations of profits or losses, adversely alter or modify the redemption rights or alter the protections of the limited partners in connection with termination transactions described below must be approved by each limited partner that would be adversely affected by such amendment.

In addition, without the written consent of a majority of the units held by limited partners (other than limited partners 50% or more of whose equity is owned, directly or indirectly, by Digital Realty Trust, Inc. as general partner), Digital Realty Trust, Inc., as general partner, may not do any of the following:

- take any action in contravention of an express prohibition or limitation contained in the partnership agreement;
- perform any act that would subject a limited partner to liability as a general partner in any jurisdiction or any liability not contemplated in the partnership agreement;
- enter into any contract, mortgage loan or other agreement that prohibits or restricts, or has the effect of prohibiting or restricting, the ability of a limited partner to exercise its redemption/exchange rights explained below;
- enter into or conduct any business other than in connection with its role as the operating partnership s general partner and its operation as a REIT;
- acquire an interest in real or personal property other than through the operating partnership;

withdraw from the operating partnership or transfer any portion of its general partnership interest; or

be relieved of its obligations under the partnership agreement following any permitted transfer of its general partnership interest.

Distributions to Unitholders

The partnership agreement provides that holders of common units are entitled to receive quarterly distributions of available cash on a pro rata basis in accordance with their respective percentage interests. Digital Realty Trust, Inc., as the sole holder of the operating partnership s series B preferred units, series C preferred units and series D preferred units, receives distributions from the operating partnership with respect to such preferred units in order to make the distributions to series B preferred stockholders, series C preferred stockholders and series D preferred stockholders of Digital Realty Trust, Inc.

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Redemption/Exchange Rights

Limited partners have the right to require the operating partnership to redeem part or all of their 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, Digital Realty Trust, Inc. may elect to acquire those units in exchange for shares of Digital Realty Trust, Inc. common stock. Digital Realty Trust, Inc. s acquisition will be on a one-for-one basis, subject to adjustment in the event of stock splits, stock dividends, issuances of stock rights, specified extraordinary distributions and similar events. Digital Realty Trust, Inc. presently anticipates that it will elect to issue shares of its common stock in exchange for units in connection with each redemption request, rather than having the operating partnership redeem the units for cash. With each redemption or exchange, Digital Realty Trust, Inc. s percentage ownership interest in the operating partnership increases. Limited partners who hold units may exercise this redemption right from time to time, in whole or in part, except when, as a consequence of shares of Digital Realty Trust, Inc. common stock being issued, any person s actual or constructive stock ownership would exceed Digital Realty Trust, Inc. s ownership limits, or any other limit as provided in its charter or as otherwise determined by its board of directors.

In addition, if the number of units delivered by a limited partner for redemption exceeds 9.8% of Digital Realty Trust, Inc. s outstanding common stock and $50.0 million in gross value (based on a unit value equal to the trailing ten-day daily price of Digital Realty Trust, Inc. common stock) and Digital Realty Trust, Inc. is eligible to file a registration statement on Form S-3 under the Securities Act, then it may also elect to redeem the units with the proceeds from a public offering or private placement of its common stock. In the event it elects this option, Digital Realty Trust, Inc. may require the other limited partners also to elect whether or not to participate. If it does so, any limited partner who does not elect to participate will not be permitted to redeem units for the subsequent 12 months, subject to limited exceptions. Participating limited partners will receive on the redemption date the lesser of the cash the operating partnership would otherwise be required to pay for such units or the net proceeds per share in the public offering, but will have a limited opportunity to withdraw their units from the redemption immediately prior to the pricing of the public offering. Except as described above, a limited partner is not entitled to redeem common units, either for cash or shares of Digital Realty Trust, Inc. common stock, if exchanging the common units for shares of Digital Realty Trust, Inc. common stock would violate the ownership limits set forth in Digital Realty Trust, Inc. s charter.

Issuance of Additional Common Units, Preferred Units, Common Stock, Preferred Stock or Convertible Securities

As the operating partnership s sole general partner, Digital Realty Trust, Inc. has the ability to cause the operating partnership to issue additional units representing general and limited partnership interests. These additional units may include preferred limited partnership units. In addition, Digital Realty Trust, Inc. may issue additional shares of its common stock or convertible securities, but only if it causes the operating partnership to issue to it partnership interests or rights, options, warrants or convertible or exchangeable securities of the operating partnership having designations, preferences and other rights, so that the economic interests of the operating partnership s interests issued are substantially similar to the economic interests of the securities that Digital Realty Trust, Inc. has issued.

Tax Matters

Digital Realty Trust, Inc. is the operating partnership s tax matters partner and, as such, it has authority to make tax elections under the Code on the operating partnership s behalf.

Allocations of Net Income and Net Losses to Partners

The operating partnership s net income will generally be allocated to Digital Realty Trust, Inc. to the extent of the accrued preferred return on its preferred units, and then to Digital Realty Trust, Inc., as general partner, and the limited partners in accordance with the respective percentage interests in the common units issued by the

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operating partnership. Net loss will generally be allocated to Digital Realty Trust, Inc., as general partner, and the 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 Digital Realty Trust, Inc. 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.

In addition, Digital Realty Trust, Inc. may from time to time issue long-term incentive units, which are also referred to as profits interest units, to persons who provide services to the company for such consideration or for no consideration as it may determine to be appropriate, and admit such persons as limited partners. The long-term incentive units are similar to the operating partnership s common units in many respects and rank pari passu with the operating partnership s common units as to the payment of regular and special periodic or other distributions except liquidating distributions. The long-term incentive units may be subject to vesting requirements. 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.

In order to achieve full parity with common units, long-term incentive units must be fully vested and the holder s capital account balance in respect of such long-term incentive units must be equal to the capital account balance of a holder of an equivalent number of common units. The capital account balance attributable to each common unit is generally expected to be the same, in part because of the amount credited to a partner s capital account upon their contribution of property to the operating partnership, and in part because the partnership agreement provides, in most cases, that allocations of income, gain, loss and deduction (which will adjust the partners capital accounts) are to be made to the common units on a proportionate basis. As a result, with respect to a number of long-term incentive units, it is possible to determine the capital account balance of an equivalent number of common units by multiplying the number of long-term incentive units by the capital account balance with respect to a common unit.

A partner s initial capital account balance is equal to the amount the partner paid (or contributed to the operating partnership) for its units and is subject to subsequent adjustments, including with respect to the partner s share of income, gain or loss of the operating partnership. Because a holder of long-term incentive units generally will not pay for the long-term incentive units, the initial capital account balance attributable to such long-term incentive units will be zero. However, the operating partnership is required to allocate income, gain, loss and deduction to the partners capital accounts in accordance with the terms of the partnership agreement, subject to applicable Treasury Regulations. The partnership agreement provides that holders of long-term incentive units will receive special allocations of gain in the event of a sale or hypothetical sale of assets of the operating partnership prior to the allocation of gain to Digital Realty Trust, Inc. or other limited partners with respect to their common units. The amount of such allocation will, to the extent of any such gain, be equal to the difference between the capital account balance of a holder of long-term incentive units attributable to such units and the capital account balance attributable to an equivalent number of common units. If and when such gain allocation is fully made, a holder of long-term incentive units will have achieved full parity with holders of common units. To the extent that, upon an actual sale or a hypothetical sale of the operating partnership s assets as described above, there is not sufficient gain to allocate to a holder s capital account with respect to long-term incentive units, or if such sale or hypothetical sale does not occur, such units will not achieve parity with common units.

The term hypothetical sale refers to circumstances that are not actual sales of the operating partnership s assets but that require certain adjustments to the value of the operating partnership s assets and the partners capital account balances. Specifically, the partnership agreement provides that, from time to time, in accordance with applicable Treasury Regulations, the operating partnership will adjust the value of its assets to equal their respective fair market values, and adjust the partners capital accounts, in accordance with the terms of the

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partnership agreement, as if the operating partnership sold its assets for an amount equal to their value. Times for making such adjustments generally include the liquidation of the operating partnership, the acquisition of an additional interest in the operating partnership by a new or existing partner in exchange for more than a de minimis capital contribution, the distribution by the operating partnership to a partner of more than a de minimis amount of partnership property as consideration for an interest in the operating partnership, in connection with the grant of an interest in the operating partnership (other than a de minimis interest) as consideration for the performance of services to or for the benefit of the operating partnership (including the grant of a long-term incentive unit), and at such other times as may be desirable or required to comply with the Treasury Regulations.

We may also from time to time issue class C profits interest units, or class C units, to persons who provide services to us for such consideration or for no consideration as we may determine to be appropriate. If all applicable performance and other vesting conditions are satisfied with respect to a class C unit, the class C unit will be treated in the same manner as the long-term incentive units issued by us. Class C units are not entitled to quarterly distributions prior to the satisfaction of all applicable performance conditions. Class C units are subject to the same conditions as other long-term incentive units with respect to achieving full parity with common units.

Operations

The partnership agreement provides that Digital Realty Trust, Inc., as general partner, will determine in its discretion and distribute available cash on a quarterly basis, pro rata in accordance with the partners percentage interests. Available cash is our net operating cash flow plus the reduction of any reserves and minus principal payment on debt and capital expenditures, investments in any entity, and increase in reserves or working capital accounts and any amounts paid in redemption of limited partner interests.

The partnership agreement provides that the operating partnership will assume and pay when due, or reimburse Digital Realty Trust, Inc. for payment of all costs and expenses relating to the operating partnership s operations, or for the operating partnership s benefit.

Termination Transactions

The partnership agreement provides that Digital Realty Trust, Inc. may not engage in any merger, consolidation or other combination with or into another person, sale of all or substantially all of its assets or any reclassification or any recapitalization or change in outstanding shares of its common stock, which we refer to as a termination transaction, unless in connection with a termination transaction:

(i) it obtains the consent of the holders of at least 35% of the operating partnership s common units, long-term incentive units and class C units (including units held by it), and

(ii) either:

(A) all limited partners will receive, or have the right to elect to receive, for each common unit an amount of cash, securities or other property equal to the product of:

the number of shares of Digital Realty Trust, Inc. common stock into which each unit is then exchangeable, and

the greatest amount of cash, securities or other property paid to the holder of one share of Digital Realty Trust, Inc. common stock in consideration of one share of Digital Realty Trust, Inc. common stock in connection with the termination transaction, provided that, if, in connection with a termination transaction, a purchase, tender or exchange offer is made to and accepted by the holders of more than 50% of the outstanding shares of Digital Realty Trust, Inc. common stock, each holder of common units will receive, or will have the right to elect to receive, the greatest amount of cash, securities or other property which such holder would have received had it exercised its redemption right

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and received shares of Digital Realty Trust, Inc. common stock in exchange for its common units immediately prior to the expiration of such purchase, tender or exchange offer and accepted such purchase, tender or exchange offer; or

(B) the following conditions are met:

substantially all of the assets of the surviving entity are held directly or indirectly by the operating partnership or another limited partnership or limited liability company which is the surviving partnership of a merger, consolidation or combination of assets with the operating partnership;

the holders of common units, long-term incentive units and class C units own a percentage interest of the surviving partnership based on the relative fair market value of the operating partnership s net assets and the other net assets of the surviving partnership immediately prior to the consummation of this transaction;

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

the limited partners may exchange their interests in the surviving partnership for either the consideration available to the limited partners pursuant to paragraph (A) in this section, or the right to redeem their common units for cash on terms equivalent to those in effect with respect to their common units immediately prior to the consummation of the transaction, or, if the ultimate controlling person of the surviving partnership has publicly traded common equity securities, shares of those common equity securities, at an exchange ratio based on the relative fair market value of those securities and Digital Realty Trust, Inc. common stock.

Term

The operating partnership will continue in full force and effect until December 31, 2104, or until sooner dissolved in accordance with the operating partnership s terms or as otherwise provided by law.

Indemnification and Limitation of Liability

To the extent permitted by applicable law, the partnership agreement indemnifies Digital Realty Trust, Inc., as general partner, and its officers, directors, employees, agents and any other persons it may designate from and against any and all claims arising from operating partnership s operations in which any indemnitee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established that:

the act or omission of the indemnitee was material to the matter giving rise to the proceeding and either was committed in bad faith, constituted fraud or was the result of active and deliberate dishonesty;

the indemnitee actually received an improper personal benefit in money, property or services; or

in the case of any criminal proceeding, the indemnitee had reasonable cause to believe that the act or omission was unlawful.

Similarly, Digital Realty Trust, Inc., as the operating partnership s general partner, and its officers, directors, agents or employees, are not liable or accountable to the operating partnership for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or any act or omission so long as Digital Realty Trust, Inc. acted in good faith.

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UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of the material United States federal income tax consequences regarding the exchange of private notes for exchange notes pursuant to the exchange offer, the purchase, ownership and disposition of the notes, and the taxation of our company. This summary is for general information only and is not tax advice. For the purposes of this discussion, references to we, our and us mean only Digital Realty Trust, Inc., and do not include any of its subsidiaries, except as otherwise indicated.

The discussion is based upon the Code, current, temporary and proposed U.S. Treasury Regulations issued thereunder (the Treasury Regulations), the legislative history of the Code, Internal Revenue Service (IRS) rulings, pronouncements, interpretations and practices, and judicial decisions now in effect, all of which are subject to change at any time. Any such change may be applied retroactively in a manner that could adversely affect a holder of the notes. This discussion does not address all of the United States federal income tax consequences that may be relevant to a holder in light of such holder s particular circumstances. For example, except to the extent discussed under the headings Non-U.S. Holders, special rules not discussed here may apply to you if you are:

- a broker-dealer or a dealer in securities or currencies;
- an S corporation;
- a bank, thrift or other financial institution;
- a regulated investment company or a REIT;
- an insurance company;
- a tax-exempt organization;
- subject to the alternative minimum tax provisions of the Code;
- holding the notes as part of a hedge, straddle, conversion, integrated or other risk reduction or constructive sale transaction;
- holding the notes through a partnership or other pass-through entity;
- non-U.S. corporations or partnerships, and persons who are not residents or citizens of the United States;
- a United States person whose functional currency is not the United States dollar; or
- a United States expatriate or former long-term resident.

In addition, this discussion is limited to persons that hold the notes as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address the effect of any applicable state, local, non-U.S. or other tax laws, including gift

and estate tax laws.

As used herein, U.S. Holder means a beneficial owner of the notes that is, for United States federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a United States court and the control of one or more United States persons that have the authority to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

If any entity treated as a partnership for United States federal income tax purposes holds notes, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. If a prospective investor is a partner of a partnership holding the notes, it should consult its tax advisor regarding the tax consequences of the purchase, ownership and disposition of the notes.

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We have not sought and will not seek any rulings from the IRS with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the notes or that any such position would not be sustained.

Holders of notes are urged to consult their tax advisors regarding the tax consequences to you of:

- **the exchange of private notes for exchange notes pursuant to the exchange offer and the purchase, ownership and disposition of the notes;**
- **our election to be taxed as a REIT for federal income tax purposes; and**
- **potential changes in applicable tax laws.**

Exchange Pursuant to the Exchange Offer

The exchange of the private notes for the exchange notes in the exchange offer will not be treated as an exchange for U.S. federal income tax purposes, because the exchange notes will not be considered to differ materially in kind or extent from the private notes. Accordingly, the exchange of private notes for exchange notes will not be a taxable event to holders for U.S. federal income tax purposes. Moreover, the exchange notes will have the same tax attributes as the private notes exchanged therefor and the same tax consequences to holders as the private notes have to holders, including, without limitation, the same issue price, adjusted tax basis and holding period.

U.S. Holders

Interest

A U.S. Holder generally will be required to recognize and include in gross income any stated interest as ordinary income at the time it is paid or accrued on the notes in accordance with such holder s method of accounting for United States federal income tax purposes.

Market Discount

If a U.S. Holder acquires a note at a cost that is less than its stated redemption price at maturity (*i.e.,* its stated principal amount), the amount of such difference is treated as market discount for U.S. federal income tax purposes, unless such difference is less than .0025 multiplied by the stated redemption price at maturity multiplied by the number of complete years to maturity (from the date of acquisition).

Under the market discount rules of the Code, a U.S. Holder is required to treat any partial payment of principal on a note, and any gain on the sale, exchange, retirement or other disposition of a note, as ordinary income to the extent of the accrued market discount that has not previously been included in income. If a U.S. Holder disposes of a note with market discount in certain otherwise nontaxable transactions, such holder must include accrued market discount as ordinary income as if the holder had sold the note at its then fair market value.

In general, the amount of market discount that has accrued is determined on a ratable basis. A U.S. Holder may, however, elect to determine the amount of accrued market discount on a constant yield to maturity basis. This election is made on a note-by-note basis and is irrevocable.

With respect to notes with market discount, a U.S. Holder may not be allowed to deduct immediately a portion of the interest expense on any indebtedness incurred or continued to purchase or to carry the notes. A U.S. Holder may elect to include market discount in income currently as it accrues, in which case the interest deferral rule set forth in the preceding sentence will not apply. This election will apply to all debt instruments acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies and is irrevocable without the consent of the IRS. A U.S. Holder s tax basis in a note will be increased by the amount of market discount included in the holder s income under the election.

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Amortizable Bond Premium

If a U.S. Holder purchases a note for an amount in excess of the stated redemption price at maturity, the holder will be considered to have purchased the note with amortizable bond premium equal in amount to the excess. Generally, a U.S. Holder may elect to amortize the premium as an offset to interest income otherwise required to be included in income in respect of the note during the taxable year, using a constant yield method similar to that described above, over the remaining term of the note. Under Treasury Regulations, the amount of amortizable bond premium that a U.S. Holder may deduct in any accrual period is limited to the amount by which the holder s total interest inclusions on the note in prior accrual periods exceed the total amount treated by the holder as a bond premium deduction in prior accrual periods. If any of the excess bond premium is not deductible, that amount is carried forward to the next accrual period. A U.S. Holder who elects to amortize bond premium must reduce the holder s tax basis in the note by the amount of the premium used to offset interest income as set forth above. An election to amortize bond premium applies to all taxable debt obligations then owned and thereafter acquired by the U.S. Holder and may be revoked only with the consent of the IRS.

Election of Constant Yield Method

U.S. Holders may elect to include in gross income all interest that accrues on a note, including any stated interest, market discount, *de minimis* market discount and unstated interest, as adjusted by amortizable bond premium, by using a constant yield prescribed in the Code and applicable Treasury Regulations. This election for a note with amortizable bond premium will result in a deemed election to amortize bond premium for all taxable debt obligations held or subsequently acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies and may be revoked only with the consent of the IRS. Similarly, this election for a note with market discount will result in a deemed election to accrue market discount in income currently for the note and for all other debt instruments acquired by the U.S. Holder with market discount on or after the first day of the taxable year to which the election first applies, and may be revoked only with the consent of the IRS. A U.S. Holder s tax basis in a note will be increased by each accrual of income, and decreased by any payment on a note (including a payment of stated interest), under the constant yield election described in this paragraph.

Additional Amounts

As described under Description of Notes Optional Redemption at Our Election, upon the occurrence of certain events, the operating partnership may be required to make certain payments in excess of stated interest and the principal amount of the notes. In addition, the operating partnership may be obligated to pay Liquidated Damages if it does not meet certain obligations under the registration rights agreement. These contingencies may implicate the provisions of Treasury Regulations relating to contingent payment debt instruments. The operating partnership intends to take the position that the notes should not be treated as contingent payment debt instruments because of these additional payments. This position is based in part on assumptions regarding the likelihood, as of the date of issuance of the notes, that such additional amounts will have to be paid. Assuming such position is respected, any amounts paid to a holder pursuant to any such redemption would be taxable as described below in U.S. Holders Sale or Other Taxable Disposition of the Notes, and any payments of Liquidated Damages in the event the operating partnership does not comply with its obligations under the registration rights agreement should be taxable as additional ordinary income when received or accrued, in accordance with such holder s method of accounting for United States federal income tax purposes. The operating partnership s position is binding on a holder unless such holder discloses its contrary position in the manner required by applicable Treasury Regulations. The IRS, however, may take a position contrary to the operating partnership s position, which could affect the timing and character of a holder s income and the timing of the operating partnership s deductions with respect to the notes. Holders are urged to consult their tax advisors regarding the potential application to the notes of the contingent payment debt instrument rules and the consequences thereof. The remainder of this discussion assumes that the notes are not treated as contingent payment debt instruments.

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Sale or Other Taxable Disposition of the Notes

A U.S. Holder will recognize gain or loss on the sale, redemption (including a partial redemption), retirement or other taxable disposition of a note equal to the difference between the sum of the cash and the fair market value of any property received in exchange therefor (less a portion allocable to any accrued and unpaid stated interest, which generally will be taxable as ordinary income if not previously included in such holder s income) and the U.S. Holder s adjusted tax basis in the note. Subject to the discussion above under the heading U.S. Holders Election of Constant Yield Method, a U.S. Holder s adjusted tax basis in a note (or a portion thereof) generally will be the U.S. Holder s cost therefor decreased by any payment on the note other than a payment of qualified stated interest. This gain or loss will generally constitute capital gain or loss. Long-term capital gains recognized by certain non-corporate U.S. Holders, including individuals, will generally be subject to a reduced rate of United States federal income tax. The deductibility of capital losses is subject to certain limitations.

In addition to the above, on March 30, 2010, President Obama signed into law the Health Care and Education Reconciliation Act of 2010, which requires U.S. Holders who meet certain requirements and are individuals, estates or certain trusts to pay an additional 3.8% tax on, among other things, interest accrued on and capital gains from the sale or other disposition of notes for taxable years beginning after December 31, 2012. U.S. Holders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the notes.

Information Reporting and Backup Withholding

A U.S. Holder may be subject to information reporting and backup withholding when such holder receives interest and principal payments on the notes or proceeds upon the sale or other disposition of such notes (including a redemption or retirement of the notes). Certain holders (including, among others, corporations and certain tax-exempt organizations) are generally not subject to information reporting or backup withholding. A U.S. Holder may be subject to backup withholding if such holder is not otherwise exempt and:

- such holder fails to furnish its taxpayer identification number, or TIN, which, for an individual is ordinarily his or her social security number;
- the IRS notifies the payor that such holder furnished an incorrect TIN;
- in the case of interest payments, other than certain amounts attributable to accrued interest on sales of notes between interest payment dates, such holder is notified by the IRS of a failure to properly report payments of interest or dividends; or
- in the case of interest payments, other than certain amounts attributable to accrued interest on sales of notes between interest payment dates, such holder fails to certify, under penalties of perjury, that such holder has furnished a correct TIN and that the IRS has not notified such holder that it is subject to backup withholding.

A U.S. Holder should consult its tax advisor regarding its qualification for an exemption from backup withholding and the procedures for obtaining such an exemption, if applicable. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder will be allowed as a credit against the holder s United States federal income tax liability or may be refunded, provided the required information is furnished in a timely manner to the IRS.

Non-U.S. Holders

For purposes of this discussion, Non-U.S. Holder means a beneficial owner of the notes that is not a U.S. Holder. Special rules may apply to holders that are partnerships or entities treated as partnerships for United States federal income tax purposes and to Non-U.S. Holders that are subject to special treatment under the Code, including controlled foreign corporations, passive foreign investment companies, certain United States

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expatriates, and foreign persons eligible for benefits under an applicable income tax treaty with the United States. Such Non-U.S. Holders should consult their tax advisors to determine the United States federal, state, local and other tax consequences that may be relevant to them.

Interest

Interest paid to a Non-U.S. Holder on its note that is not effectively connected with a United States trade or business of such holder will not be subject to United States federal withholding tax provided that:

such holder does not actually or constructively own a 10% or greater interest in the operating partnership s capital or profits;

such holder is not a controlled foreign corporation with respect to which the operating partnership is a related person within the meaning of Section 864(d)(4) of the Code;

such holder is not a bank that received such interest on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and

(a) the Non-U.S. Holder certifies in a statement provided to the operating partnership or its paying agent, under penalties of perjury, that it is not a United States person within the meaning of the Code and provides its name and address,
(b) a securities clearing organization, bank or other financial institution that holds customers securities in the ordinary course of its trade or business and holds the notes on behalf of the Non-U.S. Holder certifies to the operating partnership or its paying agent under penalties of perjury that it, or the financial institution between it and the Non-U.S. Holder, has received from the Non-U.S. Holder a statement, under penalties of perjury, that such holder is not a U.S. person and provides the operating partnership or its paying agent with a copy of such statement, or

(c) the Non-U.S. Holder holds its notes directly through a qualified intermediary and certain conditions are satisfied.

A Non-U.S. Holder generally will also be exempt from withholding tax on interest if such amount is effectively connected with such holder s conduct of a United States trade or business (and, if an income tax treaty applies, is attributable to a United States permanent establishment) (as discussed below under Non-U.S. Holders United States Trade or Business) and the holder provides appropriate certification (as discussed below under Non-U.S. Holders United States Trade or Business).

If a Non-U.S. Holder does not satisfy the requirements above, interest paid to such Non-U.S. Holder generally will be subject to a 30% United States federal withholding tax. Such rate may be reduced or eliminated under a tax treaty between the United States and the Non-U.S. Holder s country of residence. To claim a reduction or exemption under a tax treaty, a Non-U.S. Holder must generally complete an IRS Form W-8BEN (or applicable successor form) and claim the reduction or exemption on the form.

Additional Amounts

As described under Description of Notes Optional Redemption at Our Election, upon the occurrence of certain events, the operating partnership may be required to make certain payments in excess of stated interest and the principal amount of the notes. In addition, the operating partnership may be obligated to pay Liquidated Damages if it does not meet certain obligations under the registration rights agreement. Such payments may be treated as interest, subject to the rules described under Non-U.S. Holders Interest and Non-U.S. Holders United States Trade or Business, or additional amounts paid for the notes, subject to the rules described under Non-U.S. Holders Sale or Other Taxable Disposition of the Notes or Non-U.S. Holders United States Trade or Business, as applicable, or as other income subject to the United States federal withholding tax. A Non-U.S. Holder that is subject to the U.S. federal withholding tax should consult its tax advisors as to whether it can obtain a refund for all or a portion of any amounts withheld.

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Sale or Other Taxable Disposition of the Notes

A Non-U.S. Holder generally will not be subject to United States federal income tax or withholding tax on gain recognized on the sale, exchange, redemption, retirement or other disposition of a note unless (i) the gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (and, if a tax treaty applies, the gain is not attributable to a United States permanent establishment maintained by such Non-U.S. Holder) or (ii) in the case of a Non-U.S. Holder who is an individual, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of disposition or certain other requirements are not met. A Non-U.S. Holder described in clause (i) will be taxed as discussed below under Non-U.S. Holders United States Trader or Business. A Non-U.S. Holder described in clause (ii) will be subject to United States federal income tax at a 30% rate (or, if applicable, a lower treaty rate) on the gain derived from the sale or other disposition, which may be offset by certain U.S. source capital losses. Any amounts received in respect of accrued and unpaid interest will generally be treated as described above under Interest or below under United States Trade or Business.

United States Trade or Business

If interest paid on a note or gain from a disposition of a note is effectively connected with a Non-U.S. Holder s conduct of a U.S. trade or business (and, if an income tax treaty applies, the Non-U.S. Holder maintains a United States permanent establishment to which such amounts are generally attributable), the Non-U.S. Holder generally will be subject to United States federal income tax on the interest or gain on a net basis in the same manner as if it were a U.S. Holder. If interest income received with respect to a note is effectively connected with a U.S. trade or business, the 30% withholding tax described above will not apply (assuming an appropriate certification, generally IRS Form W-8ECI, is provided). A Non-U.S. Holder that is a non-U.S. corporation may be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits for the taxable year, subject to certain adjustments, unless it qualifies for a lower rate under an applicable income tax treaty. For this purpose, interest on a note or gain from a disposition of a note will be included in effectively connected earnings and profits if the interest or gain is effectively connected with the conduct by the non-U.S. corporation of a trade or business in the United States.

Backup Withholding and Information Reporting

Backup withholding generally will not apply to payments of principal or interest made by the operating partnership or its paying agent, in their capacities as such, to a Non-U.S. Holder of a note if the holder certifies as to its non-U.S. status in the manner described above under Non-U.S. Holders Interest. However, information reporting generally will still apply with respect to payments of interest. Payments of the proceeds from a disposition by a Non-U.S. Holder of a note made to or through a foreign office of a broker will not be subject to information reporting or backup withholding, except that information reporting (but generally not backup withholding) may apply to those payments, if the broker has certain enumerated connections with the United States, provided, however, that such information reporting will not apply if the broker has documentary evidence in its records that the Non-U.S. Holder is a non-U.S. person and certain other conditions are met, or the Non-U.S. Holder otherwise establishes an exemption from information reporting.

Payment of the proceeds from a disposition by a Non-U.S. Holder of a note made to or through the United States office of a broker is generally subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its non-U.S. status in the manner described above under Non-U.S. Holders Interest or otherwise establishes an exemption from information reporting and backup withholding.

A Non-U.S. Holder should consult its tax advisor regarding application of withholding and backup withholding in its particular circumstance and the availability of and procedure for obtaining an exemption from withholding and backup withholding under current Treasury Regulations. In this regard, the current Treasury Regulations provide that a certification may not be relied on if the operating partnership or its agent (or other party) knows or has reason to know that the certification may be false. Any amounts withheld under the backup

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withholding rules from a payment to a Non-U.S. Holder will be allowed as a credit against the holder s United States federal income tax liability or may be refunded, provided the required information is furnished in a timely manner to the IRS.

Taxation of Our Company

General. We have elected to be taxed as a REIT under Sections 856 through 860 of the Code, commencing with our taxable year ended December 31, 2004. We believe that we have been organized and have operated in a manner which has allowed us to qualify for taxation as a REIT under the Code commencing with our taxable year ended December 31, 2004, and we intend to continue to be organized and operate in this manner. However, qualification and taxation as a REIT depend upon our ability to meet the various qualification tests imposed under the Code, including through actual annual operating results, asset composition, distribution levels and diversity of stock ownership. Accordingly, no assurance can be given that we have been organized and have operated, or will continue to be organized and operate, in a manner so as to qualify or remain qualified as a REIT. See Failure to Qualify.

The sections of the Code and the corresponding Treasury Regulations that relate to qualification and taxation as a REIT are highly technical and complex. The following sets forth certain material aspects of the sections of the Code that govern the federal income tax treatment of a REIT and its stockholders. This summary is qualified in its entirety by the applicable Code provisions, relevant rules and regulations promulgated under the Code, and administrative and judicial interpretations of the Code and these rules and regulations.

Latham & Watkins LLP has acted as our tax counsel in connection with this prospectus. Latham & Watkins LLP has rendered an opinion to us to the effect that, commencing with our taxable year ending December 31, 2004, we have been organized and have operated in conformity with the requirements for qualification and taxation as a REIT under the Code, and our proposed method of operation will enable us to continue to meet the requirements for qualification and taxation as a REIT under the Code. It must be emphasized that this opinion was based on various assumptions and representations as to factual matters, including representations made by us in a factual certificate provided by one of our officers. In addition, this opinion was based upon our factual representations set forth in this prospectus. Moreover, our qualification and taxation as a REIT depend upon our ability to meet the various qualification tests imposed under the Code, which are discussed below, including through actual annual operating results, asset composition, distribution levels and diversity of stock ownership, the results of which have not been and will not be reviewed by Latham & Watkins LLP. Accordingly, no assurance can be given that our actual results of operation for any particular taxable year will satisfy those requirements. Further, the anticipated federal income tax treatment described in this prospectus may be changed, perhaps retroactively, by legislative, administrative or judicial action at any time. Latham & Watkins LLP has no obligation to update its opinion subsequent to its date.

Provided we qualify for taxation as a REIT, we generally will not be required to pay federal corporate income taxes on our REIT taxable income that is currently distributed to our stockholders. This treatment substantially eliminates the double taxation that ordinarily results from investment in a C corporation. A C corporation is a corporation that generally is required to pay tax at the corporate level. Double taxation means taxation once at the corporate-level when income is earned and once again at the stockholder level when the income is distributed. We will, however, be required to pay federal income tax as follows:

First, we will be required to pay tax at regular corporate rates on any undistributed REIT taxable income, including undistributed net capital gains.

Second, we may be required to pay the alternative minimum tax on our items of tax preference under some circumstances.

Third, if we have (1) net income from the sale or other disposition of foreclosure property held primarily for sale to customers in the ordinary course of business or (2) other nonqualifying income from foreclosure property, we will be required to pay tax at the highest corporate rate on this income.

To the extent that income from foreclosure property is otherwise qualifying income for purposes of the 75% gross income test, this tax is not applicable. Subject to certain other requirements, foreclosure property generally is defined as property we acquired through foreclosure or after a default on a loan secured by the property or a lease of the property.

Fourth, we will be required to pay a 100% tax on any net income from prohibited transactions. Prohibited transactions are, in general, sales or other taxable dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business.

Fifth, if we fail to satisfy the 75% gross income test or the 95% gross income test, as described below, but have otherwise maintained our qualification as a REIT because certain other requirements are met, we will be required to pay a tax equal to (1) the greater of (A) the amount by which we fail to satisfy the 75% gross income test and (B) the amount by which we fail to satisfy the 95% gross income test, multiplied by (2) a fraction intended to reflect our profitability.

Sixth, if we fail to satisfy any of the asset tests (other than a de minimis failure of the 5% or 10% asset test), as described below, due to reasonable cause and not due to willful neglect, and we nonetheless maintain our REIT qualification because of specified cure provisions, we will be required to pay a tax equal to the greater of $50,000 or the highest corporate tax rate multiplied by the net income generated by the nonqualifying assets that caused us to fail such test.

Seventh, if we fail to satisfy any provision of the Code that would result in our failure to qualify as a REIT (other than a violation of the gross income tests or certain violations of the asset tests, as described below) and the violation is due to reasonable cause and not due to willful neglect, we may retain our REIT qualification but we will be required to pay a penalty of $50,000 for each such failure.

Eighth, we will be required to pay a 4% excise tax to the extent we fail to distribute during each calendar year at least the sum of (1) 85% of our ordinary income for the year, (2) 95% of our capital gain net income for the year, and (3) any undistributed taxable income from prior periods.

Ninth, if we acquire any asset from a corporation that is or has been a C corporation in a transaction in which our basis in the asset is determined by reference to the C corporation s basis in the asset, and we subsequently recognize gain on the disposition of the asset during the ten-year period beginning on the date on which we acquired the asset, then we will be required to pay tax at the highest regular corporate tax rate on this gain to the extent of the excess of (1) the fair market value of the asset over (2) our adjusted basis in the asset, in each case determined as of the date on which we acquired the asset. The results described in this paragraph with respect to the recognition of gain assume that the C corporation will refrain from making an election to receive different treatment under applicable Treasury Regulations on its tax return for the year in which we acquire the asset from the C corporation.

Tenth, entities we own that are C corporations, including our taxable REIT subsidiaries, generally will be required to pay federal corporate income tax on their earnings.

Eleventh, we will be required to pay a 100% tax on any redetermined rents, redetermined deductions or excess interest. See Penalty Tax. In general, redetermined rents are rents from real property that are overstated as a result of services furnished to any of our tenants by a taxable REIT subsidiary of ours. Redetermined deductions and excess interest generally represent amounts that are deducted by a taxable REIT subsidiary of ours for amounts paid to us that are in excess of the amounts that would have been deducted based on arm s length negotiations.

Other countries may impose taxes on our operations within their jurisdictions. To the extent possible, we will structure our activities to minimize our non-United States tax liability. However, there can be no complete assurance that we will be able to eliminate our non-United States tax liability or reduce it to a specified level. Furthermore, as a REIT, both we and our stockholders will derive little or no benefit from foreign tax credits arising from those taxes.

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Requirements for Qualification as a REIT. The Code defines a REIT as a corporation, trust or association:

(1) that is managed by one or more trustees or directors;

(2) that issues transferable shares or transferable certificates to evidence its beneficial ownership;

(3) that would be taxable as a domestic corporation, but for Sections 856 through 860 of the Code;

(4) that is not a financial institution or an insurance company within the meaning of certain provisions of the Code;

(5) that is beneficially owned by 100 or more persons;

(6) not more than 50% in value of the outstanding stock of which is owned, actually or constructively, by five or fewer individuals, including certain specified entities, during the last half of each taxable year; and

(7) that meets other tests, described below, regarding the nature of its income and assets and the amount of its distributions

The Code provides that conditions (1) to (4), inclusive, must be met during the entire taxable year and that condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Conditions (5) and (6) do not apply until after the first taxable year for which an election is made to be taxed as a REIT. For purposes of condition (6), the term individual includes a supplemental unemployment compensation benefit plan, a private foundation or a portion of a trust permanently set aside or used exclusively for charitable purposes, but generally does not include a qualified pension plan or profit sharing trust.

We believe that we have been organized, have operated and have issued sufficient shares of capital stock with sufficient diversity of ownership to allow us to satisfy conditions (1) through (7) inclusive, during the relevant time periods. In addition, our charter provides for restrictions regarding ownership and transfer of our shares which are intended to assist us in continuing to satisfy the share ownership requirements described in (5) and (6) above. These restrictions, however, may not ensure that we will, in all cases, be able to satisfy the share ownership requirements described in (5) and (6) above. If we fail to satisfy these share ownership requirements, except as provided in the next sentence, our status as a REIT will terminate. If, however, we comply with the rules contained in applicable Treasury Regulations that require us to ascertain the actual ownership of our shares and we do not know, or would not have known through the exercise of reasonable diligence, that we failed to meet the requirement described in condition (6) above, we will be treated as having met this requirement. See Failure to Qualify.

In addition, we may not maintain our status as a REIT unless our taxable year is the calendar year. We have and will continue to have a calendar taxable year.

Ownership of Interests in Partnerships, Limited Liability Companies and Qualified REIT Subsidiaries. In the case of a REIT which is a partner in a partnership or a member in a limited liability company treated as a partnership for federal income tax purposes, Treasury Regulations provide that the REIT will be deemed to own its proportionate share of the assets of the partnership or limited liability company, as the case may be, based on its interest in partnership capital, subject to special rules relating to the 10% asset test described below. Also, the REIT will be deemed to be entitled to its proportionate share of the income of that entity. The assets and gross income of the partnership or limited liability company retain the same character in the hands of the REIT for purposes of Section 856 of the Code, including satisfying the gross income tests and the asset tests. Thus, our pro rata share of the assets and items of income of our operating partnership, including our operating partnership s share of these items of any partnership or limited liability company treated as a partnership or disregarded entity for federal income tax purposes in which it owns an interest, is treated as our assets and items of income for purposes of applying the requirements described in this discussion, including the gross income and asset tests

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described below. A brief summary of the rules governing the federal income taxation of partnerships and limited liability companies is set forth below in Tax Aspects of Our Operating Partnership, the Subsidiary Partnerships and the Limited Liability Companies.

We have control of our operating partnership and most of the subsidiary partnerships and limited liability companies and intend to operate them in a manner consistent with the requirements for our qualification as a REIT. We may from time to time be a limited partner or non-managing member in some of our partnerships and limited liability companies. If a partnership or limited liability company in which we own an interest takes or expects to take actions that could jeopardize our status as a REIT or require us to pay tax, we may be forced to dispose of our interest in such entity. In addition, it is possible that a partnership or limited liability company could take an action which could cause us to fail a gross income or asset test, and that we would not become aware of such action in time to dispose of our interest in the partnership or limited liability company or take other corrective action on a timely basis. In that case, we could fail to qualify as a REIT unless we were entitled to relief, as described below.

We may from time to time own and operate certain properties through wholly-owned subsidiaries that we intend to be treated as qualified REIT subsidiaries under the Code. A corporation will qualify as our qualified REIT subsidiary if we own 100% of the corporation s outstanding stock and do not elect with the subsidiary to treat it as a taxable REIT subsidiary, as described below. A qualified REIT subsidiary is not treated as a separate corporation, and all assets, liabilities and items of income, gain, loss, deduction and credit of a qualified REIT subsidiary are treated as assets, liabilities and items of income, gain, loss, deduction and credit of the parent REIT for all purposes under the Code, including all REIT qualification tests. Thus, in applying the federal tax requirements described in this discussion, any qualified REIT subsidiaries we own are ignored, and all assets, liabilities and items of income, gain, loss, deduction and credit of such corporations are treated as our assets, liabilities and items of income, gain, loss, deduction and credit. A qualified REIT subsidiary is not subject to federal income tax, and our ownership of the stock of a qualified REIT subsidiary does not violate the restrictions on ownership of securities, as described below under Asset Tests.

Ownership of Interests in Taxable REIT Subsidiaries. We own an interest in a number of taxable REIT subsidiaries and may acquire securities in additional taxable REIT subsidiaries in the future. A taxable REIT subsidiary is a corporation other than a REIT in which a REIT directly or indirectly holds stock, and that has made a joint election with such REIT to be treated as a taxable REIT subsidiary. If a taxable REIT subsidiary owns more than 35% of the total voting power or value of the outstanding securities of another corporation, such other corporation will also be treated as a taxable REIT subsidiary. Other than some activities relating to lodging and health care facilities, a taxable REIT subsidiary may generally engage in any business, including the provision of customary or non-customary services to tenants of its parent REIT. A taxable REIT subsidiary is subject to federal income tax as a regular C corporation. In addition, a taxable REIT subsidiary may be prevented from deducting interest on debt funded directly or indirectly by its parent REIT if certain tests regarding the taxable REIT subsidiary s debt to equity ratio and interest expense are not satisfied. A REIT s ownership of securities of a taxable REIT subsidiary is not subject to the 5% or 10% asset test described below, and their operations will be subject to the provisions described above. See Asset Tests.

Income Tests. We must satisfy two gross income requirements annually to maintain our qualification as a REIT. First, in each taxable year we must derive directly or indirectly at least 75% of our gross income (excluding gross income from prohibited transactions, certain hedging transactions entered into after July 30, 2008, and certain foreign currency gains recognized after July 30, 2008) from investments relating to real property or mortgages on real property, including rents from real property and, in certain circumstances, interest, or certain types of temporary investments. Second, in each taxable year we must derive at least 95% of our gross income (excluding gross income from prohibited transactions, certain hedging transactions entered into on or after January 1, 2005 and certain foreign currency gains recognized after July 30, 2008) from the real property investments described above or dividends, interest and gain from the sale or disposition of stock or securities, or from any combination of the foregoing. For these purposes, the term interest generally does not

include any amount received or accrued, directly or indirectly, if the determination of all or some of the amount depends in any way on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term interest solely by reason of being based on a fixed percentage or percentages of receipts or sales.

Rents we receive from a tenant will qualify as rents from real property for the purpose of satisfying the gross income requirements for a REIT described above only if all of the following conditions are met:

- The amount of rent must not be based in any way on the income or profits of any person. However, an amount we receive or accrue generally will not be excluded from the term rents from real property solely because it is based on a fixed percentage or percentages of receipts or sales;

- Neither we nor an actual or constructive owner of 10% or more of our stock actually or constructively owns 10% or more of the interests in the assets or net profits of a non-corporate tenant, or, if the tenant is a corporation, 10% or more of the voting power or value of all classes of stock of the tenant. Rents we receive from such a tenant that is a taxable REIT subsidiary of ours, however, will not be excluded from the definition of rents from real property as a result of this condition if at least 90% of the space at the property to which the rents relate is leased to third parties, and the rents paid by the taxable REIT subsidiary are substantially comparable to rents paid by our other tenants for comparable space. Whether rents paid by a taxable REIT subsidiary are substantially comparable to rents paid by other tenants is determined at the time the lease with the taxable REIT subsidiary is entered into, extended, and modified, if such modification increases the rents due under such lease. Notwithstanding the foregoing, however, if a lease with a controlled taxable REIT subsidiary is modified and such modification results in an increase in the rents payable by such taxable REIT subsidiary, any such increase will not qualify as rents from real property. For purposes of this rule, a controlled taxable REIT subsidiary is a taxable REIT subsidiary in which the parent REIT owns stock possessing more than 50% of the voting power or more than 50% of the total value of the outstanding stock of such taxable REIT subsidiary;

- Rent attributable to personal property, leased in connection with a lease of real property, is not greater than 15% of the total rent received under the lease. If this condition is not met, then the portion of the rent attributable to personal property will not qualify as rents from real property ; and

- We generally must not operate or manage the property or furnish or render services to our tenants, subject to a 1% *de minimis* exception and except as provided below. We may, however, perform services that are usually or customarily rendered in connection with the rental of space for occupancy only and are not otherwise considered rendered to the occupant of the property. Examples of these services include the provision of light, heat, or other utilities, trash removal and general maintenance of common areas. In addition, we may employ an independent contractor from whom we derive no revenue to provide customary services, or a taxable REIT subsidiary, which may be wholly or partially owned by us, to provide both customary and non-customary services to our tenants without causing the rent we receive from those tenants to fail to qualify as rents from real property. Any amounts we receive from a taxable REIT subsidiary with respect to the taxable REIT subsidiary s provision of non-customary services will, however, be nonqualifying income under the 75% gross income test and, except to the extent received through the payment of dividends, the 95% gross income test.

We generally do not intend, and as a general partner of our operating partnership, do not intend to permit our operating partnership, to take actions we believe will cause us to fail to satisfy the rental conditions described above. However, we may intentionally fail to satisfy some of these conditions to the extent the failure will not, based on the advice of our tax counsel, jeopardize our tax status as a REIT. In addition, with respect to the limitation on the rental of personal property, we have not obtained appraisals of the real property and personal property leased to tenants. Accordingly, there can be no assurance that the IRS will not disagree with our determinations of the value of such property.

Income we receive that is attributable to the rental of parking spaces at the properties will generally constitute rents from real property for purposes of the gross income tests if certain services provided with respect

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to the parking spaces are performed by independent contractors from whom we derive no revenue, either directly or indirectly, or by a taxable REIT subsidiary, and certain other conditions are met. We believe that the income we receive that is attributable to parking spaces meets these tests and, accordingly, will constitute rents from real property for purposes of the gross income tests.

From time to time, we enter into hedging transactions with respect to one or more of our assets or liabilities. Our hedging activities may include entering into interest rate swaps, caps, and floors, options to purchase these items, and futures and forward contracts. Income from a hedging transaction, including gain from the sale or disposition of such a transaction, that is clearly identified as a hedging transaction as specified in the Code will not constitute gross income and thus will be exempt from the 95% gross income test to the extent such a hedging transaction is entered into on or after January 1, 2005, and will not constitute gross income and thus will be exempt from the 75% gross income test to the extent such hedging transaction is entered into after July 30, 2008. Income and gain from a hedging transaction, including gain from the sale or disposition of such a transaction, entered into on or prior to July 30, 2008 will be treated as nonqualifying income for purposes of the 75% gross income test. Income and gain from a hedging transaction, including gain from the sale or disposition of such a transaction, entered into prior to January 1, 2005 will be qualifying income for purposes of the 95% gross income test. The term hedging transaction, as used above, generally means any transaction we enter into in the normal course of our business primarily to manage risk of (1) interest rate changes or fluctuations with respect to borrowings made or to be made by us to acquire or carry real estate assets, or (2) for hedging transactions entered into after July 30, 2008, currency fluctuations with respect to an item of qualifying income under the 75% or 95% gross income test. To the extent that we do not properly identify such transactions as hedges or we hedge with other types of financial instruments, the income from those transactions is not likely to be treated as qualifying income for purposes of the gross income tests. We intend to structure any hedging transactions in a manner that does not jeopardize our status as a REIT.

We have investments in several entities located outside the United States and in the future we may invest in additional entities or properties located outside the United States. In addition, from time to time we may acquire additional properties outside of the United States, through a taxable REIT subsidiary or otherwise. These acquisitions could cause us to incur foreign currency gains or losses. Prior to July 30, 2008, the characterization of any such foreign currency gains for purposes of the gross income tests was unclear, though the IRS had indicated that REITs could apply the principles of proposed Treasury Regulations to determine whether such foreign currency gain constituted qualifying income under the income tests. As a result, we anticipate that any foreign currency gains we recognized on or prior to July 30, 2008 with respect to rents from any property located outside the United States were qualifying income for purposes of the 75% and 95% gross income tests. Any foreign currency gains recognized after July 30, 2008 to the extent attributable to specified assets or items of qualifying income or gain for purposes of the 75% or 95% gross income test, however, generally will not constitute gross income for purposes of the applicable test, and therefore will be exempt from such test, provided we do not deal in or engage in substantial and regular trading in securities, which we do not intend to do.

To the extent our taxable REIT subsidiaries pay dividends, we generally will derive our allocable share of such dividend income through our interest in our operating partnership. Such dividend income will qualify under the 95%, but not the 75%, gross income test. In addition, from time to time we may own interests in entities that are controlled foreign corporations for United States federal income tax purposes under applicable tax rules. We will be deemed to receive our allocable share of certain income earned by such entities through our interest in our operating partnership, whether or not such income actually is distributed to our operating partnership. This income will not qualify for the 75% gross income test, and it is unclear whether it will qualify for the 95% gross income test.

We will monitor the amount of the dividend and other income from our taxable REIT subsidiaries and will take actions intended to keep this income, and any other nonqualifying income, within the limitations of the gross income tests. While we expect these actions will prevent a violation of the gross income tests, we cannot guarantee that such actions will in all cases prevent such a violation.

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If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we may nevertheless qualify as a REIT for the year if we are entitled to relief under certain provisions of the Code. Commencing with our taxable year beginning January 1, 2005, we generally may make use of the relief provisions if:

following our identification of the failure to meet the 75% or 95% gross income tests for any taxable year, we file a schedule with the IRS setting forth each item of our gross income for purposes of the 75% or 95% gross income tests for such taxable year in accordance with Treasury Regulations to be issued; and

our failure to meet these tests was due to reasonable cause and not due to willful neglect.

It is not possible, however, to state whether in all circumstances we would be entitled to the benefit of these relief provisions. For example, if we fail to satisfy the gross income tests because nonqualifying income that we intentionally accrue or receive exceeds the limits on nonqualifying income, the IRS could conclude that our failure to satisfy the tests was not due to reasonable cause. If these relief provisions do not apply to a particular set of circumstances, we will not qualify as a REIT. As discussed above in Taxation of Our Company General, even if these relief provisions apply, and we retain our status as a REIT, a tax would be imposed with respect to our nonqualifying income. We may not always be able to comply with the gross income tests for REIT qualification despite periodic monitoring of our income.

Prohibited Transaction Income. Any gain that we realize (including any net foreign currency gain recognized after July 30, 2008) on the sale of property held as inventory or otherwise held primarily for sale to customers in the ordinary course of business, including our share of any such gain realized by our operating partnership, either directly or through its subsidiary partnerships and limited liability companies, will be treated as income from a prohibited transaction that is subject to a 100% penalty tax, unless certain safe harbor exceptions apply. This prohibited transaction income may also adversely affect our ability to satisfy the gross income tests for qualification as a REIT. Under existing law, whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances surrounding the particular transaction. Our operating partnership intends to hold its properties for investment with a view to long-term appreciation, to engage in the business of acquiring, developing and owning its properties and to make occasional sales of the properties as are consistent with our operating partnership s investment objectives. We do not intend to enter into any sales that are prohibited transactions. However, the IRS may successfully contend that some or all of the sales made by our operating partnership or its subsidiary partnerships or limited liability companies are prohibited transactions. We would be required to pay the 100% penalty tax on our allocable share of the gains resulting from any such sales.

Penalty Tax. Any redetermined rents, redetermined deductions or excess interest we generate will be subject to a 100% penalty tax. In general, redetermined rents are rents from real property that are overstated as a result of any services furnished to any of our tenants by a taxable REIT subsidiary of ours, and redetermined deductions and excess interest represent any amounts that are deducted by a taxable REIT subsidiary of ours for amounts paid to us that are in excess of the amounts that would have been deducted based on arm s length negotiations. Rents we receive will not constitute redetermined rents if they qualify for certain safe harbor provisions contained in the Code.

From time to time, our taxable REIT subsidiaries may provide services to our tenants. We intend to set the fees paid to our taxable REIT subsidiaries for such services at arm s length rates, although the fees paid may not satisfy the safe-harbor provisions described above. These determinations are inherently factual, and the IRS has broad discretion to assert that amounts paid between related parties should be reallocated to clearly reflect their respective incomes. If the IRS successfully made such an assertion, we would be required to pay a 100% penalty tax on the excess of an arm s length fee for tenant services over the amount actually paid.

Asset Tests. At the close of each quarter of our taxable year, we must also satisfy four tests relating to the nature and diversification of our assets. First, at least 75% of the value of our total assets must be represented by

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real estate assets, cash, cash items and government securities. For purposes of this test, the term real estate assets generally means real property (including interests in real property and interests in mortgages on real property) and shares (or transferable certificates of beneficial interest) in other REITs, as well as any stock or debt instrument attributable to the investment of the proceeds of a stock offering or a public offering of debt with a term of at least five years, but only for the one-year period beginning on the date the REIT receives such proceeds.

Second, not more than 25% of the value of our total assets may be represented by securities (including securities of one or more taxable REIT subsidiaries), other than those securities includable in the 75% asset test.

Third, of the investments included in the 25% asset class, and except for investments in other REITs, our qualified REIT subsidiaries and taxable REIT subsidiaries, the value of any one issuer s securities may not exceed 5% of the value of our total assets, and we may not own more than 10% of the total vote or value of the outstanding securities of any one issuer except, in the case of the 10% value test, securities satisfying the straight debt safe-harbor or securities issued by a partnership that itself would satisfy the 75% income test if it were a REIT. Certain types of securities we may own are disregarded as securities solely for purposes of the 10% value test, including, but not limited to, any loan to an individual or an estate, any obligation to pay rents from real property and any security issued by a REIT. In addition, commencing with our taxable year beginning January 1, 2005, solely for purposes of the 10% value test, the determination of our interest in the assets of a partnership or limited liability company in which we own an interest will be based on our proportionate interest in any securities issued by the partnership or limited liability company, excluding for this purpose certain securities described in the Code.

Fourth, not more than 25% (20% for taxable years ending on or before December 31, 2008) of the value of our total assets may be represented by the securities of one or more taxable REIT subsidiaries.

Our operating partnership owns 100% of the stock of certain corporations that have elected, together with us, to be treated as our taxable REIT subsidiaries. So long as each of these companies qualifies as a taxable REIT subsidiary, we will not be subject to the 5% asset test, the 10% voting securities limitation or the 10% value limitation with respect to our ownership of their stock. We may acquire securities in other taxable REIT subsidiaries in the future. We believe that the aggregate value of our taxable REIT subsidiaries has not exceeded 20% of the aggregate value of our gross assets in any taxable year ending on or before December 31, 2008, and we believe that in the future it will not exceed 25% of the aggregate value of our gross assets. No independent appraisals have been obtained to support these conclusions. In addition, there can be no assurance that the IRS will agree with our determinations of value.

The asset tests must be satisfied at the close of each calendar quarter of our taxable year in which we (directly or through our operating partnership) acquire securities in the applicable issuer, and also at the close of each calendar quarter in which we increase our ownership of securities of such issuer (including as a result of increasing our interest in our operating partnership). For example, our indirect ownership of securities of each issuer will increase as a result of our capital contributions to our operating partnership or as limited partners exercise their redemption/exchange rights. After initially meeting the asset tests at the close of any quarter, we will not lose our status as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values (including, for our taxable year beginning on January 1, 2009 and all taxable years thereafter, a change caused by changes in the foreign currency exchange rate used to value foreign assets). If we fail to satisfy an asset test because we acquire securities or other property during a quarter (including as a result of an increase in our interest in our operating partnership), we may cure this failure by disposing of sufficient nonqualifying assets within 30 days after the close of that quarter. We believe that we have maintained and intend to maintain adequate records of the value of our assets to ensure compliance with the asset tests. If we fail to cure any noncompliance with the asset tests within the 30 day cure period, we would cease to qualify as a REIT unless we are eligible for certain relief provisions discussed below.

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Certain relief provisions may be available to us if we discover a failure to satisfy the asset tests described above after the 30 day cure period. Under these provisions, we will be deemed to have met the 5% and 10% asset tests if the value of our nonqualifying assets (i) does not exceed the lesser of (a) 1% of the total value of our assets at the end of the applicable quarter or (b) $10,000,000, and (ii) we dispose of the nonqualifying assets or otherwise satisfy such tests within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by Treasury Regulations to be issued. For violations of any of the asset tests due to reasonable cause and not due to willful neglect and that are, in the case of the 5% and 10% asset tests, in excess of the de minimis exception described above, we may avoid disqualification as a REIT after the 30 day cure period by taking steps including (i) the disposition of sufficient nonqualifying assets, or the taking of other actions, which allow us to meet the asset test within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by Treasury Regulations to be issued, (ii) paying a tax equal to the greater of (a) $50,000 or (b) the highest corporate tax rate multiplied by the net income generated by the nonqualifying assets, and (iii) disclosing certain information to the IRS.

Although we believe we have satisfied the asset tests described above and plan to take steps to ensure that we satisfy such tests for any quarter with respect to which retesting is to occur, there can be no assurance we will always be successful, or will not require a reduction in our operating partnership s overall interest in an issuer (including in a taxable REIT subsidiary). If we fail to cure any noncompliance with the asset tests in a timely manner, and the relief provisions described above are not available, we would cease to qualify as a REIT.

Annual Distribution Requirements. To maintain our qualification as a REIT, we are required to distribute dividends, other than capital gain dividends, to our stockholders in an amount at least equal to the sum of:

90% of our REIT taxable income ; and

90% of our after tax net income, if any, from foreclosure property; minus

the excess of the sum of certain items of non-cash income over 5% of our REIT taxable income.

For these purposes, our REIT taxable income is computed without regard to the dividends paid deduction and our net capital gain. In addition, for purposes of this test, non-cash income means income attributable to leveled stepped rents, original issue discount on purchase money debt, cancellation of indebtedness, or a like-kind exchange that is later determined to be taxable.

In addition, if we dispose of any asset we acquired from a corporation which is or has been a C corporation in a transaction in which our basis in the asset is determined by reference to the basis of the asset in the hands of that C corporation, within the ten-year period following our acquisition of such asset, we would be required to distribute at least 90% of the after-tax gain, if any, we recognized on the disposition of the asset, to the extent that gain does not exceed the excess of (a) the fair market value of the asset over (b) our adjusted basis in the asset, in each case, on the date we acquired the asset.

We generally must pay, or be treated as paying, the distributions described above in the taxable year to which they relate. At our election, a distribution will be treated as paid in a taxable year if it is declared before we timely file our tax return for such year and paid on or before the first regular dividend payment after such declaration, provided such payment is made during the 12-month period following the close of such year. These distributions are treated as received by our stockholders in the year in which paid. This is so even though these distributions relate to the prior year for purposes of the 90% distribution requirement. In order to be taken into account for purposes of our distribution requirement, the amount distributed must not be preferential i.e., every stockholder of the class of stock to which a distribution is made must be treated the same as every other stockholder of that class, and no class of stock may be treated other than according to its dividend rights as a class. To the extent that we do not distribute all of our net capital gain, or distribute at least 90%, but less than 100%, of our REIT taxable income, as adjusted, we will be required to pay tax on the undistributed amount at regular corporate tax rates. We believe we have made, and intend to continue to make timely distributions

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sufficient to satisfy these annual distribution requirements and to minimize our corporate tax obligations. In this regard, the partnership agreement of our operating partnership authorizes us, as general partner of our operating partnership, to take such steps as may be necessary to cause our operating partnership to distribute to its partners an amount sufficient to permit us to meet these distribution requirements and to minimize our corporate tax obligation.

We expect that our REIT taxable income will be less than our cash flow because of depreciation and other non-cash charges included in computing REIT taxable income. Accordingly, we anticipate that we generally will have sufficient cash or liquid assets to enable us to satisfy the distribution requirements described above. However, from time to time, we may not have sufficient cash or other liquid assets to meet these distribution requirements due to timing differences between the actual receipt of income and actual payment of deductible expenses, and the inclusion of income and deduction of expenses in determining our taxable income. In addition, we may decide to retain our cash, rather than distribute it, in order to repay debt or for other reasons. If these timing differences occur, we may borrow funds to pay dividends or pay dividends in the form of taxable stock dividends in order to meet the distribution requirements, while preserving our cash.

Pursuant to certain IRS guidance, certain part-stock and part-cash dividends distributed by publicly-traded REITs with respect to calendar years 2008 though 2011, and in some cases declared as late as December 31, 2012, will be treated as distributions for purposes of the REIT distribution requirements. Under the terms of this guidance, up to 90% of our distributions could be paid in shares of our stock.

Under some circumstances, we may be able to rectify an inadvertent failure to meet the 90% distribution requirement for a year by paying deficiency dividends to our stockholders in a later year, which may be included in our deduction for dividends paid for the earlier year. Thus, we may be able to avoid being taxed on amounts distributed as deficiency dividends, subject to the 4% excise tax described below. However, we will be required to pay interest to the IRS based upon the amount of any deduction claimed for deficiency dividends.

Furthermore, we will be required to pay a 4% excise tax to the extent we fail to distribute during each calendar year at least the sum of 85% of our ordinary income for such year, 95% of our capital gain net income for the year and any undistributed taxable income from prior periods. Any ordinary income and net capital gain on which this excise tax is imposed for any year is treated as an amount distributed during that year for purposes of calculating such tax.

For purposes of the 90% distribution requirement and excise tax described above, dividends declared during the last three months of the taxable year, payable to stockholders of record on a specified date during such period and paid during January of the following year, will be treated as paid by us and received by our stockholders on December 31 of the year in which they are declared.

Like-Kind Exchanges. We may dispose of properties in transactions intended to qualify as like-kind exchanges under the Code. Such like-kind exchanges are intended to result in the deferral of gain for federal income tax purposes. The failure of any such transaction to qualify as a like-kind exchange could subject us to federal income tax, possibly including the 100% prohibited transaction tax, depending on the facts and circumstances surrounding the particular transaction.

Failure To Qualify

Commencing with our taxable year beginning January 1, 2005, specified cure provisions are available to us in the event that we discover a violation of a provision of the Code that would result in our failure to qualify as a REIT. Except with respect to violations of the gross income tests and asset tests (for which the cure provisions are described above), and provided the violation is due to reasonable cause and not due to willful neglect, these cure provisions generally impose a $50,000 penalty for each violation in lieu of a loss of REIT status. If we fail to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, we will be required

to pay tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. Distributions to stockholders in any year in which we fail to qualify as a REIT will not be deductible by us, and we will not be required to distribute any amounts to our stockholders. As a result, we anticipate that our failure to qualify as a REIT would reduce the cash available for distribution by us to our stockholders. In addition, if we fail to qualify as a REIT, all distributions to stockholders will be taxable as regular corporate dividends to the extent of our current and accumulated earnings and profits. In this event, corporate distributees may be eligible for the dividends-received deduction. In addition, non-corporate stockholders, including individuals, may be eligible for the preferential tax rates on qualified dividend income. Unless entitled to relief under specific statutory provisions, we will also be ineligible to elect to be treated as a REIT for the four taxable years following the year during which we lost our qualification. It is not possible to state whether in all circumstances we would be entitled to this statutory relief.

Tax Aspects of Our Operating Partnership, the Subsidiary Partnerships and the Limited Liability Companies

General. All of our investments are held indirectly through our operating partnership. In addition, our operating partnership holds certain of its investments indirectly through subsidiary partnerships and limited liability companies which we expect will be treated as partnerships or disregarded entities for federal income tax purposes. In general, entities that are classified as partnerships or disregarded entities for federal income tax purposes are pass-through entities which are not required to pay federal income tax. Rather, partners or members of such entities are allocated their shares of the items of income, gain, loss, deduction and credit of the partnership or limited liability company, and are potentially required to pay tax on this income, without regard to whether they receive a distribution from the partnership or limited liability company. We will include in our income our share of these partnership and limited liability company items for purposes of the various gross income tests, the computation of our REIT taxable income, and the REIT distribution requirements. Moreover, for purposes of the asset tests, we will include our pro rata share of assets held by our operating partnership, including its share of its subsidiary partnerships and limited liability companies, based on our capital interests in each such entity. See Taxation of Our Company.

Entity Classification. Our interests in our operating partnership and the subsidiary partnerships and limited liability companies involve special tax considerations, including the possibility that the IRS might challenge the status of these entities as partnerships (or disregarded entities), as opposed to associations taxable as corporations for federal income tax purposes. If our operating partnership or a subsidiary partnership or limited liability company were treated as an association, it would be taxable as a corporation and would be required to pay an entity-level tax on its income. In this situation, the character of our assets and items of gross income would change and could prevent us from satisfying the REIT asset tests and possibly the REIT income tests. See Taxation of Our Company Asset Tests and Income Tests. This, in turn, could prevent us from qualifying as a REIT. See Failure to Qualify for a discussion of the effect of our failure to meet these tests. In addition, a change in the tax status of our operating partnership, a subsidiary partnership or limited liability company might be treated as a taxable event. If so, we might incur a tax liability without any related cash distributions. We believe our operating partnership and each of our other partnerships and limited liability companies will be classified as partnerships or disregarded entities for federal income tax purposes.

Allocations of Income, Gain, Loss and Deduction. The operating partnership agreement generally provides that items of operating income will be allocated to us to the extent of the accrued preferred return on our preferred units and then to the holders of common units in proportion to the number of common units held by each such unitholder. Items of operating loss will generally be allocated first to the holders of common units in proportion to the number of common units held, and then to us with respect to our preferred units. Certain limited partners have agreed to guarantee debt of our operating partnership, indirectly through an agreement to make capital contributions to our operating partnership under limited circumstances. As a result of these guaranties or contribution agreements, and notwithstanding the foregoing discussion of allocations of income and loss of our operating partnership to holders of units, such limited partners could under limited circumstances be allocated a

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disproportionate amount of net loss upon a liquidation of our operating partnership, which net loss would have otherwise been allocable to us. In addition, the partnership agreement further provides that holders of long-term incentive units and class C units may be entitled to receive special allocations of gain in the event of a sale or hypothetical sale of assets of our operating partnership prior to the allocation of gain to holders of common units. This special allocation of gain is intended to enable the holders of long-term incentive units and class C units to convert such units into common units.

If an allocation of partnership income or loss does not comply with the requirements of Section 704(b) of the Code and the Treasury Regulations thereunder, the item subject to the allocation will be reallocated in accordance with the partners interests in the partnership. This reallocation will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. Our operating partnership s allocations of taxable income and loss are intended to comply with the requirements of Section 704(b) of the Code and the Treasury Regulations thereunder.

Tax Allocations With Respect to the Properties. Under Section 704(c) of the Code, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership, must be allocated in a manner so that the contributing partner is charged with the unrealized gain or benefits from the unrealized loss associated with the property at the time of the contribution. The amount of the unrealized gain or unrealized loss generally is equal to the difference between the fair market value or book value and the adjusted tax basis of the contributed property at the time of contribution, as adjusted from time to time. These allocations are solely for federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners.

Appreciated property was contributed to our operating partnership in exchange for interests in our operating partnership in connection with the formation transactions. The partnership agreement requires that these allocations be made in a manner consistent with Section 704(c) of the Code. Treasury Regulations issued under Section 704(c) of the Code provide partnerships with a choice of several methods of accounting for book-tax differences. We and our operating partnership have agreed to use the traditional method for accounting for book-tax differences for the properties initially contributed to our operating partnership. Under the traditional method, which is the least favorable method from our perspective, the carryover basis of contributed interests in the properties in the hands of our operating partnership (i) will or could cause us to be allocated lower amounts of depreciation deductions for tax purposes than would be allocated to us if all contributed properties were to have a tax basis equal to their fair market value at the time of the contribution and (ii) could cause us to be allocated taxable gain in the event of a sale of such contributed interests or properties in excess of the economic or book income allocated to us as a result of such sale, with a corresponding benefit to the other partners in our operating partnership. An allocation described in (ii) above might cause us or the other partners to recognize taxable income in excess of cash proceeds in the event of a sale or other disposition of property, which might adversely affect our ability to comply with the REIT distribution requirements. See Taxation of Our Company Requirements for Qualification as a REIT and Annual Distribution Requirements.

Any property acquired by our operating partnership in a taxable transaction will initially have a tax basis equal to its fair market value, and Section 704(c) of the Code will not apply.

Other Tax Consequences

State, local and non-United States income tax laws may differ substantially from the corresponding federal income tax laws, and this discussion does not purport to describe any aspect of the tax laws of any state, local or non-United States jurisdiction. Prospective investors should consult their tax advisor regarding the effect of state, local and non-United States tax laws with respect to an investment in the notes and our tax treatment as a REIT.

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PLAN OF DISTRIBUTION

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. Broker-dealers may use this prospectus, as it may be amended or supplemented from time to time, in connection with the resale of exchange notes received in exchange for private notes where the broker-dealer acquired the private notes as a result of market-making activities or other trading activities. We have agreed that for a period of up to one year after the consummation of the exchange offer, we will make this prospectus, as amended or supplemented, available to any broker-dealer that requests it for use in connection with any such resale.

We will not receive any proceeds from any sale of exchange notes by broker-dealers or any other persons. Broker-dealers may sell exchange notes received by broker-dealers for their own account pursuant to the exchange offer from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to the prevailing market prices or negotiated prices. Broker-dealers may resell exchange notes directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any broker-dealer and/or the purchasers of the exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of the exchange notes may be deemed to be underwriters within the meaning of the Securities Act and any profit on any resale of exchange notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. By acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act.

We have agreed to pay all expenses incident to our performance of, or compliance with, the registration rights agreement and will indemnify the holders of the notes (including any broker-dealers) against liabilities under the Securities Act.

By its acceptance of the exchange offer, any broker-dealer that receives exchange notes pursuant to the exchange offer agrees to notify us before using the prospectus in connection with the sale or transfer of exchange notes. The broker-dealer further acknowledges and agrees that, upon receipt of notice from us of the happening of any event which makes any statement in the prospectus untrue in any material respect or which requires the making of any changes in the prospectus to make the statements in the prospectus not misleading or which may impose upon us disclosure obligations that may have a material adverse effect on us, which notice we agree to deliver promptly to the broker-dealer, the broker-dealer will suspend use of the prospectus until we have notified the broker-dealer that delivery of the prospectus may resume and have furnished copies of any amendment or supplement to the prospectus to the broker-dealer.

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LEGAL MATTERS

Venable LLP, Baltimore, Maryland, has issued an opinion to us regarding certain matters of Maryland law, including the validity of the securities covered by this prospectus. Latham & Watkins LLP, San Francisco, California has issued an opinion to us regarding certain matters with respect to the validity of the securities covered by this prospectus. Latham & Watkins LLP, Los Angeles, California, has issued an opinion to us regarding certain tax matters described under United States Federal Income Tax Considerations.

EXPERTS

The consolidated financial statements and financial statement schedule III of Digital Realty Trust, L.P. and subsidiaries as of December 31, 2009 and 2008, and for each of the years in the three-year period ended December 31, 2009, have been included and incorporated by reference herein in reliance upon the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere and incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements and financial statement schedule III of Digital Realty Trust, Inc. and subsidiaries as of December 31, 2009 and 2008, and for each of the years in the three-year period ended December 31, 2009, and management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2009, have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The combined statement of revenue and certain expenses of the New England Portfolio for the year ended December 31, 2009 has been included and incorporated by reference herein in reliance upon the report of KPMG LLP, independent auditors, appearing elsewhere and incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing. KPMG LLP s report refers to the fact that the combined statement of revenue and certain expenses was prepared for the purpose of complying with the rules and regulations of the SEC and is not intended to be a complete presentation of revenue and expenses.

The combined statement of revenue and certain expenses of the Rockwood Predecessor Data Centers for the year ended December 31, 2009 included in this prospectus has been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon. Such combined statement of revenue and certain expenses of the Rockwood Predecessor Data Centers is included herein in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus is part of a registration statement on Form S-4 that we have filed with the SEC under the Securities Act. This prospectus does not contain all of the information set forth in the registration statement. For further information about us and the notes, you should refer to the Registration Statement. This prospectus summarizes material provisions of contracts and other documents to which we refer you. Since this prospectus may not contain all of the information that you may find important, you should review the full text of these documents. We have filed these documents as exhibits to our registration statement.

Digital Realty Trust, Inc. and Digital Realty Trust, L.P. file annual, quarterly and current reports and other information with the SEC. You may read and copy any document Digital Realty Trust, Inc. or Digital Realty Trust, L.P. file with the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-888-SEC-0330 for further information on the Public Reference Room. Digital Realty Trust, Inc. s and Digital Realty Trust, L.P. s filings with the SEC are also available to the public from the SEC s web site at *www.sec.gov*.

You may request a copy of these filings at no cost by writing or telephoning Digital Realty Trust, Inc. at: 560 Mission Street, Suite 2900, San Francisco, California 94105-2712 Attention: Investor Relations, telephone (415) 738-6500.

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You should rely only upon the information incorporated by reference or provided in this prospectus. If information in incorporated documents conflicts with information in this prospectus, you should rely on the most recent information. We have not authorized anyone to provide you with different information. You should not assume that the information in this prospectus is accurate as of any date other than the date of this prospectus.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference the information Digital Realty Trust, Inc. and Digital Realty Trust, L.P. file with the SEC, which means that we can disclose important information to you by referring to those documents. The information incorporated by reference is an important part of this prospectus. The incorporated documents contain significant information about us, our business and our finances. Any statement contained in a document which is incorporated by reference in this prospectus is automatically updated and superseded if information contained in this prospectus, or information that Digital Realty Trust, Inc. or Digital Realty Trust, L.P. later file with the SEC, modifies or replaces this information. We incorporate by reference the following documents filed with the SEC:

Digital Realty Trust, Inc. s Annual Report on Form 10-K for the year ended December 31, 2009;

Digital Realty Trust, Inc. s Definitive Proxy Statement on Schedule 14A filed with the SEC on February 26, 2010 (solely to the extent specifically incorporated by reference into Digital Realty Trust, Inc. s Annual Report on Form 10-K for the year ended December 31, 2009);

Digital Realty Trust, L.P. s General Form for Registration of Securities on Form 10 filed with the SEC on June 25, 2010, as amended (File No. 000-54023);

Digital Realty Trust, Inc. s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010 and June 30, 2010;

Combined Quarterly Report on Form 10-Q of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. for the quarter ended September 30, 2010;

Digital Realty Trust, Inc. s Current Reports on Form 8-K filed with the SEC on January 8, 2010; January 21, 2010; January 22, 2010 (two reports); January 29, 2010; March 24, 2010; May 3, 2010 (two reports); May 6, 2010; June 2, 2010; June 8, 2010; June 15, 2010; July 2, 2010; July 12, 2010; July 15, 2010; July 22, 2010; July 27, 2010; August 30, 2010; September 1, 2010; September 17, 2010; September 24, 2010; November 9, 2010; November 16, 2010; and November 19, 2010;

Digital Realty Trust, Inc. s Current Reports on Form 8-K/A filed with the SEC on March 1, 2010; March 24, 2010; June 28, 2010; and July 27, 2010;

Combined Current Reports on Form 8-K of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. filed with the SEC on September 14, 2010; October 1, 2010; and November 8, 2010; and

all documents filed by Digital Realty Trust, Inc. and Digital Realty Trust, L.P. with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the initial registration statement of which this prospectus is a part but prior to the effectiveness of the registration statement and between the date of this prospectus and prior to the termination of the offering of the underlying securities (excluding any portions of such documents that are deemed furnished to the SEC pursuant to applicable rules and regulations).

We will provide without charge to each person to whom a prospectus is delivered, on written or oral request of that person, a copy of any or all of the documents we are incorporating by reference into this prospectus supplement, other than exhibits to those documents unless those exhibits are specifically incorporated by reference into those documents. A written request should be addressed to Investor Relations, Digital Realty Trust, Inc., 560 Mission Street, Suite 2900, San Francisco, California 94105.

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DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

	September 30, 2010 (unaudited)	December 31, 2009
ASSETS		
Investments in real estate:		
Properties:		
Land	$ 479,227	$ 382,763
Acquired ground leases	6,468	2,767
Buildings and improvements	4,167,114	2,952,330
Tenant improvements	283,079	272,462
Total investments in properties	4,935,888	3,610,322
Accumulated depreciation and amortization	(604,075)	(459,521)
Net investments in properties	4,331,813	3,150,801
Investment in unconsolidated joint ventures	17,652	6,392
Net investments in real estate	4,349,465	3,157,193
Cash and cash equivalents	66,493	72,320
Accounts and other receivables, net of allowance for doubtful accounts of $2,401 and $2,691 as of September 30, 2010 and December 31, 2009, respectively	83,309	46,086
Deferred rent	178,456	145,550
Acquired above market leases, net	44,026	25,861
Acquired in place lease value and deferred leasing costs, net	345,934	224,216
Deferred financing costs, net	24,352	21,073
Restricted cash	61,550	37,810
Other assets	17,314	14,950
Total assets	$ 5,170,899	$ 3,745,059
LIABILITIES AND EQUITY		
Revolving credit facility	$ 220,565	$ 205,547
Unsecured senior notes, net of discount	1,065,817	83,000
Exchangeable senior debentures, net of discount	374,054	432,234
Mortgage loans, net of premiums	1,050,663	1,063,663
Other secured loan	10,500	
Accounts payable and other accrued liabilities	221,209	151,229
Accrued dividends and distributions		37,004
Acquired below market leases, net	98,777	69,311
Security deposits and prepaid rents	80,445	68,270
Total liabilities	3,122,030	2,110,258
Commitments and contingencies		
Equity:		
Stockholders Equity:		
Preferred Stock: $0.01 par value, 30,000,000 authorized:		
Series A Cumulative Redeemable Preferred Stock, 8.50%, $0 and $103,500 liquidation preference ($25.00 per share), none and 4,140,000 issued and outstanding		99,297
Series B Cumulative Redeemable Preferred Stock, 7.875%, $63,250 liquidation preference ($25.00 per share), 2,530,000 issued and outstanding	60,502	60,502
Series C Cumulative Convertible Preferred Stock, 4.375%, $174,999 liquidation preference ($25.00 per share), 6,999,955 issued and outstanding	169,067	169,067

Series D Cumulative Convertible Preferred Stock, 5.500%, $344,683 and $344,888 liquidation preference, respectively ($25.00 per share), 13,787,300 and 13,795,500 issued and outstanding, respectively	333,274	333,472
Common Stock: $0.01 par value, 145,000,000 authorized, 89,419,253 and 76,812,783 shares issued and outstanding as of September 30, 2010 and December 31, 2009, respectively	891	766
Additional paid-in capital	1,762,041	1,155,709
Accumulated dividends in excess of earnings	(324,716)	(231,871)
Accumulated other comprehensive loss, net	(41,590)	(27,947)
Total stockholders equity	1,959,469	1,558,995
Noncontrolling Interests:		
Noncontrolling interests in operating partnership	53,717	58,192
Noncontrolling interests in consolidated joint ventures	35,683	17,614
Total noncontrolling interests	89,400	75,806
Total equity	2,048,869	1,634,801
Total liabilities and equity	$ 5,170,899	$ 3,745,059

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,	
	2010	2009	2010	2009
Operating Revenues:				
Rental	$ 184,511	$ 130,891	$ 495,099	$ 374,477
Tenant reimbursements	52,975	32,223	131,630	92,677
Other		113		214
Total operating revenues	237,486	163,227	626,729	467,368
Operating Expenses:				
Rental property operating and maintenance	74,156	45,278	181,804	130,152
Property taxes	14,030	9,295	39,499	27,655
Insurance	2,168	1,495	5,749	4,439
Depreciation and amortization	70,128	50,439	187,520	145,926
General and administrative	11,878	10,351	34,971	29,980
Transactions	4,666	309	7,214	822
Other	59	404	226	689
Total operating expenses	177,085	117,571	456,983	339,663
Operating income	60,401	45,656	169,746	127,705
Other Income (Expenses):				
Equity in earnings of unconsolidated joint venture	1,061	1,091	3,994	2,948
Interest and other income	327	90	392	736
Interest expense	(36,737)	(22,559)	(100,801)	(63,991)
Tax expense	(343)	(333)	(1,593)	(1,061)
Loss from early extinguishment of debt	(1,083)		(2,624)	
Net income	23,626	23,945	69,114	66,337
Net income attributable to noncontrolling interests	(590)	(1,438)	(2,041)	(3,062)
Net income attributable to Digital Realty Trust, Inc.	23,036	22,507	67,073	63,275
Preferred stock dividends	(9,194)	(10,101)	(29,396)	(30,303)
Costs on redemption of Series A preferred stock	(4,203)		(4,203)	
Net income available to common stockholders	$ 9,639	$ 12,406	$ 33,474	$ 32,972
Net income per share available to common stockholders:				
Basic	$ 0.11	$ 0.16	$ 0.41	$ 0.44
Diluted	$ 0.11	$ 0.16	$ 0.40	$ 0.43
Weighted average common shares outstanding:				
Basic	87,908,953	76,301,577	82,111,128	75,714,757
Diluted	90,136,912	77,674,137	84,137,205	76,450,131

See accompanying notes to the condensed consolidated financial statements.

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DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF EQUITY AND COMPREHENSIVE INCOME

(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 Loss, net	Total Stockholders Equity	Noncontrolling Interests in Operating Partnership	Noncontrolling Interests in Consolidated Joint Venture	Total Noncontrolling Interests	Total Equity
Balance as of December 31, 2009	**$ 662,338**	**76,812,783**	**$ 766**	**$ 1,155,709**	**$ (231,871)**	**$ (27,947)**	**$ 1,558,995**	**$ 58,192**	**$ 17,614**	**$ 75,806**	**$ 1,634,801**
Conversion of units to common stock		736,158	7	7,843			7,850	(7,850)		(7,850)	
Issuance of restricted stock, net of forfeitures		89,507									
Net proceeds from sale of common stock		9,680,960	97	531,105			531,202				531,202
Exercise of stock options		136,808	1	5,178			5,179				5,179
Issuance of common stock in exchange for debentures		1,958,101	20	62,434			62,454				62,454
Conversion of series D preferred stock	(198)	4,936		198							
Redemption of Series A preferred stock	(99,297)				(4,203)		(103,500)				(103,500)
Amortization of unearned compensation regarding share based awards				10,175			10,175				10,175
Dividends declared on preferred stock					(29,396)		(29,396)				(29,396)
Dividends and distributions on common stock and common and incentive units					(126,319)		(126,319)	(8,226)		(8,226)	(134,545)
Reclassification of vested share based awards				(10,601)			(10,601)	10,601		10,601	
Contributions from noncontrolling interests in consolidated joint ventures									18,098	18,098	18,098
Net income					67,073		67,073	2,070	(29)	2,041	69,114
Other comprehensive						(10,730)	(10,730)	(882)		(882)	(11,612)

loss - foreign currency translation adjustments											
Other comprehensive loss - fair value of interest rate swaps						(7,654)	(7,654)	(478)		(478)	(8,132)
Other comprehensive income - reclassification of other comprehensive income to interest expense						4,741	4,741	290		290	5,031
Comprehensive income							53,430			971	54,401
Balance as of September 30, 2010	**$ 562,843**	**89,419,253**	**$ 891**	**$ 1,762,041**	**$ (324,716)**	**$ (41,590)**	**$ 1,959,469**	**$ 53,717**	**$ 35,683**	**$ 89,400**	**$ 2,048,869**

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, 2010	September 30, 2009
Cash flows from operating activities:		
Net income	$ 69,114	$ 66,337
Adjustments to reconcile net income to net cash provided by operating activities		
Loss on early extinguishment of debt-non cash portion	2,119	
Equity in earnings of unconsolidated joint ventures	(3,994)	(2,948)
Distributions from unconsolidated joint venture	3,000	3,075
Write-off of net assets due to early lease terminations	227	689
Depreciation and amortization of buildings and improvements, tenant improvements and acquired ground leases	148,263	114,857
Amortization of share-based unearned compensation	10,175	7,115
Allowance for doubtful accounts	(290)	267
Amortization of deferred financing costs	8,050	5,671
Amortization of debt discount/premium	3,205	2,637
Amortization of acquired in place lease value and deferred leasing costs	39,258	31,069
Amortization of acquired above market leases and acquired below market leases, net	(6,504)	(6,210)
Changes in assets and liabilities:		
Restricted cash	(3,285)	8,668
Accounts and other receivables	(37,305)	(8,043)
Deferred rent	(33,707)	(34,067)
Deferred leasing costs	(7,454)	(7,152)
Other assets	(3,629)	(3,287)
Accounts payable and other accrued liabilities	44,171	27,626
Security deposits and prepaid rents	8,907	12,420
Net cash provided by operating activities	240,321	218,724
Cash flows from investing activities:		
Acquisitions of properties	(1,181,889)	(37,446)
Investment in unconsolidated joint venture	(10,354)	
Deposits paid for acquisitions of properties		(1,830)
Receipt of value added tax refund	3,499	9,199
Refundable value added tax paid	(4,052)	(8,254)
Change in restricted cash	(17,826)	525
Improvements to investments in real estate	(248,737)	(323,155)
Improvement advances to tenants	(1,529)	(2,490)
Collection of advances from tenants for improvements	1,516	3,961
Net cash used in investing activities	(1,459,372)	(359,490)
Cash flows from financing activities:		
Borrowings on revolving credit facility	$ 554,622	$ 350,563
Repayments on revolving credit facility	(540,547)	(338,732)
Borrowings on unsecured senior notes	117,000	25,000
Borrowings on unsecured senior notes due 2020	491,480	
Borrowings on unsecured senior notes due 2015	373,864	
Proceeds from mortgage loans		37,809
Principal payments on mortgage loans	(14,507)	(159,897)
Proceeds from 2029 exchangeable senior debentures		266,400
Principal repayments on 2026 exchangeable senior debentures	(250)	

Redemption of Series A preferred stock	(103,500)	
Change in restricted cash	(1,071)	(536)
Payment of loan fees and costs	(11,985)	(10,310)
Capital contributions received from noncontrolling interests in consolidated joint venture	12,682	17,231
Gross proceeds from the sale of common stock	550,107	83,750
Common stock offering costs paid	(18,905)	(533)
Proceeds from exercise of stock options	5,179	4,252
Payment of dividends to preferred stockholders	(29,396)	(30,303)
Payment of dividends to common stockholders and distributions to noncontrolling interests in operating partnership	(171,549)	(109,784)
Purchase of noncontrolling interests		(26,326)
Net cash provided by financing activities	1,213,224	108,584
Net decrease in cash and cash equivalents	(5,827)	(32,182)
Cash and cash equivalents at beginning of period	72,320	73,334
Cash and cash equivalents at end of period	$ 66,493	$ 41,152
Supplemental disclosure of cash flow information:		
Cash paid for interest, including amounts capitalized	$ 86,144	$ 57,905
Cash paid for taxes	998	683

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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, 2010	**September 30, 2009**
Supplementary disclosure of noncash investing and financing activities:		
Change in net assets related to foreign currency translation adjustments	$ (11,612)	$ 26,534
Increase in accounts payable and other accrued liabilities and decrease in other assets, respectively, related to change in fair value of interest rate swaps	(8,132)	(4,437)
Noncontrolling interests in operating partnership redeemed for or converted to shares of common stock	7,850	4,900
Non-cash allocation of investment in consolidated joint venture to:		
Land	8,976	17,024
Building	18,155	16,532
Restricted cash	2,160	
Mortgage loan	(13,375)	(17,000)
Other secured loan	(10,500)	
Noncontrolling interest in consolidated joint venture	(2,616)	(16,556)
Noncontrolling interest contribution to consolidated joint venture	2,800	
Accrual for additions to investments in real estate and tenant improvement advances included in accounts payable and accrued expenses	78,743	55,570
Accrual of contingent purchase price for investments in real estate	2,700	
Issuance of common stock in exchange of 2026 exchangeable senior debentures, net	62,454	
Allocation of purchase price of properties to:		
Investments in real estate	1,066,241	37,112
Acquired above market leases	25,339	
Acquired below market leases	(43,869)	
Acquired in place lease value and deferred leasing costs	138,312	334
Security deposits	(4,134)	
Cash paid for acquisition of properties	$ 1,181,889	$ 37,446

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, 2010 (unaudited)	December 31, 2009
ASSETS		
Investments in real estate:		
Properties:		
Land	$ 479,227	$ 382,763
Acquired ground leases	6,468	2,767
Buildings and improvements	4,167,114	2,952,330
Tenant improvements	283,079	272,462
Total investments in properties	4,935,888	3,610,322
Accumulated depreciation and amortization	(604,075)	(459,521)
Net investments in properties	4,331,813	3,150,801
Investment in unconsolidated joint ventures	17,652	6,392
Net investments in real estate	4,349,465	3,157,193
Cash and cash equivalents	66,493	72,320
Accounts and other receivables, net of allowance for doubtful accounts of $2,401 and $2,691 as of September 30, 2010 and December 31, 2009, respectively	83,309	46,086
Deferred rent	178,456	145,550
Acquired above market leases, net	44,026	25,861
Acquired in place lease value and deferred leasing costs, net	345,934	224,216
Deferred financing costs, net	24,352	21,073
Restricted cash	61,550	37,810
Other assets	17,314	14,950
Total assets	$ 5,170,899	$ 3,745,059
LIABILITIES AND CAPITAL		
Revolving credit facility	$ 220,565	$ 205,547
Unsecured senior notes, net of discount	1,065,817	83,000
Exchangeable senior debentures, net of discount	374,054	432,234
Mortgage loans, net of premiums	1,050,663	1,063,663
Other secured loan	10,500	
Accounts payable and other accrued liabilities	221,209	151,229
Accrued dividends and distributions		37,004
Acquired below market leases, net	98,777	69,311
Security deposits and prepaid rents	80,445	68,270
Total liabilities	3,122,030	2,110,258
Commitments and contingencies		
Capital:		
Partners capital:		
General Partner:		
None and 4,140,000 Series A Cumulative Redeemable preferred units issued and outstanding, 2,530,000 Series B Cumulative Redeemable preferred units issued and outstanding, 6,999,955 Series C Cumulative Convertible preferred units issued and outstanding, 13,787,300 and 13,795,500 Series D Cumulative Convertible preferred units issued and outstanding, respectively, all with a $25.00 liquidation preference per preferred unit (liquidation preference of $582,931 and $686,636, respectively)	562,843	662,338
89,419,253 and 76,812,783 common units issued and outstanding, respectively	1,438,216	924,604
	57,470	60,875

Limited partners, 3,970,549 common units, 961,248 profits interest units and 544,819 class C units outstanding as of September 30, 2010 and 4,360,549 common units, 842,096 profits interest units and 216,452 class C units outstanding as of December 31, 2009		
Accumulated other comprehensive loss	(45,343)	(30,630)
Total partners capital	2,013,186	1,617,187
Noncontrolling interests in consolidated joint ventures	35,683	17,614
Total capital	2,048,869	1,634,801
Total liabilities and capital	$ 5,170,899	$ 3,745,059

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,	
	2010	2009	2010	2009
Operating Revenues:				
Rental	$ 184,511	$ 130,891	$ 495,099	$ 374,477
Tenant reimbursements	52,975	32,223	131,630	92,677
Other		113		214
Total operating revenues	237,486	163,227	626,729	467,368
Operating Expenses:				
Rental property operating and maintenance	74,156	45,278	181,804	130,152
Property taxes	14,030	9,295	39,499	27,655
Insurance	2,168	1,495	5,749	4,439
Depreciation and amortization	70,128	50,439	187,520	145,926
General and administrative	11,878	10,351	34,971	29,980
Transactions	4,666	309	7,214	822
Other	59	404	226	689
Total operating expenses	177,085	117,571	456,983	339,663
Operating income	60,401	45,656	169,746	127,705
Other Income (Expenses):				
Equity in earnings of unconsolidated joint venture	1,061	1,091	3,994	2,948
Interest and other income	327	90	392	736
Interest expense	(36,737)	(22,559)	(100,801)	(63,991)
Tax expense	(343)	(333)	(1,593)	(1,061)
Loss from early extinguishment of debt	(1,083)		(2,624)	
Net income	23,626	23,945	69,114	66,337
Net (income) loss attributable to noncontrolling interests in consolidated joint ventures	(53)	(540)	29	(614)
Net income attributable to Digital Realty Trust, L.P.	23,573	23,405	69,143	65,723
Preferred units distributions	(9,194)	(10,101)	(29,396)	(30,303)
Costs on redemption of Series A preferred units	(4,203)		(4,203)	
Net income available to common unitholders	$ 10,176	$ 13,304	$ 35,544	$ 35,420
Net income per unit available to common unitholders:				
Basic	$ 0.11	$ 0.16	$ 0.41	$ 0.43
Diluted	$ 0.11	$ 0.16	$ 0.40	$ 0.43
Weighted average common units outstanding:				
Basic	93,420,550	82,093,786	87,638,416	81,553,114
Diluted	95,295,993	83,466,346	89,365,656	82,288,488

See accompanying notes to the condensed consolidated financial statements.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CAPITAL AND COMPREHENSIVE INCOME

(unaudited, in thousands, except unit data)

	General Partner Preferred Units		General Partner Common Units		Limited Partners Common Units		Accumulated Other Comprehensive Loss	Noncontrolling Interests in Consolidated Joint Ventures	Total Capital
	Units	Amount	Units	Amount	Units	Amount			
Balance as of December 31, 2009	**27,465,455**	**$ 662,338**	**76,812,783**	**$ 924,604**	**5,419,097**	**$ 60,875**	**$ (30,630)**	**$ 17,614**	**$ 1,634,801**
Conversion of limited partner common units to general partner common units			736,158	7,850	(736,158)	(7,850)			
Issuance of restricted common units, net of forfeitures			89,507						
Net proceeds from issuance of common units			9,680,960	531,202					531,202
Issuance of common units in connection with the exercise of stock options			136,808	5,179					5,179
Issuance of common units, net of forfeitures					793,677				
Amortization of unearned compensation regarding share based awards				10,175					10,175
Issuance of common units in exchange for debentures			1,958,101	62,454					62,454
Conversion of series D preferred units	(8,200)	(198)	4,936	198					
Redemption of series A preferred units	(4,140,000)	(99,297)		(4,203)					(103,500)
Distributions		(29,396)		(126,319)		(8,226)			(163,941)
Reclassification of vested share based awards				(10,601)		10,601			
Contributions from noncontrolling interest in consolidated joint ventures								18,098	18,098
Net income		29,396		37,677		2,070		(29)	69,114
Other comprehensive loss - foreign currency translation adjustments							(11,612)		(11,612)
Other comprehensive loss - fair value of interest rate swaps							(8,132)		(8,132)
Other comprehensive income - reclassification of other comprehensive income to interest expense							5,031		5,031
Comprehensive income									54,401
Balance as of September 30, 2010	**23,317,255**	**$ 562,843**	**89,419,253**	**$ 1,438,216**	**5,476,616**	**$ 57,470**	**$ (45,343)**	**$ 35,683**	**$ 2,048,869**

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, 2010	September 30, 2009
Cash flows from operating activities:		
Net income	$ 69,114	$ 66,337
Adjustments to reconcile net income to net cash provided by operating activities		
Loss on early extinguishment of debt-non cash portion	2,119	
Equity in earnings of unconsolidated joint ventures	(3,994)	(2,948)
Distributions from unconsolidated joint venture	3,000	3,075
Write-off of net assets due to early lease terminations	227	689
Depreciation and amortization of buildings and improvements, tenant improvements and acquired ground leases	148,263	114,857
Amortization of share-based unearned compensation	10,175	7,115
Allowance for doubtful accounts	(290)	267
Amortization of deferred financing costs	8,050	5,671
Amortization of debt discount/premium	3,205	2,637
Amortization of acquired in place lease value and deferred leasing costs	39,258	31,069
Amortization of acquired above market leases and acquired below market leases, net	(6,504)	(6,210)
Changes in assets and liabilities:		
Restricted cash	(3,285)	8,668
Accounts and other receivables	(37,305)	(8,043)
Deferred rent	(33,707)	(34,067)
Deferred leasing costs	(7,454)	(7,152)
Other assets	(3,629)	(3,287)
Accounts payable and other accrued liabilities	44,171	27,626
Security deposits and prepaid rents	8,907	12,420
Net cash provided by operating activities	240,321	218,724
Cash flows from investing activities:		
Acquisitions of properties	(1,181,889)	(37,446)
Investment in unconsolidated joint venture	(10,354)	
Deposits paid for acquisitions of properties		(1,830)
Receipt of value added tax refund	3,499	9,199
Refundable value added tax paid	(4,052)	(8,254)
Change in restricted cash	(17,826)	525
Improvements to investments in real estate	(248,737)	(323,155)
Improvement advances to tenants	(1,529)	(2,490)
Collection of advances from tenants for improvements	1,516	3,961
Net cash used in investing activities	(1,459,372)	(359,490)

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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, 2010	September 30, 2009
Cash flows from financing activities:		
Borrowings on revolving credit facility	$ 554,622	$ 350,563
Repayments on revolving credit facility	(540,547)	(338,732)
Borrowings on unsecured senior notes	117,000	25,000
Borrowings on unsecured senior notes due 2020	491,480	
Borrowings on unsecured senior notes due 2015	373,864	
Proceeds from mortgage loans		37,809
Principal payments on mortgage loans	(14,507)	(159,897)
Proceeds from 2029 exchangeable senior debentures		266,400
Principal repayments on 2026 exchangeable senior debentures	(250)	
Redemption of Series A preferred stock	(103,500)	
Change in restricted cash	(1,071)	(536)
Payment of loan fees and costs	(11,985)	(10,310)
Capital contributions received from noncontrolling interests in consolidated joint venture	12,682	17,231
General partner contributions	536,381	87,469
Payment of distributions to preferred unitholders	(29,396)	(30,303)
Payment of distributions to common unitholders	(171,549)	(136,110)
Net cash provided by financing activities	1,213,224	108,584
Net decrease in cash and cash equivalents	(5,827)	(32,182)
Cash and cash equivalents at beginning of period	72,320	73,334
Cash and cash equivalents at end of period	$ 66,493	$ 41,152
Supplemental disclosure of cash flow information:		
Cash paid for interest, including amounts capitalized	$ 86,144	$ 57,905
Cash paid for taxes	998	683
Supplementary disclosure of noncash investing and financing activities:		
Change in net assets related to foreign currency translation adjustments	$ (11,612)	$ 26,534
Increase in accounts payable and other accrued liabilities and decrease in other assets, respectively, related to change in fair value of interest rate swaps	(8,132)	(4,437)
Non-cash allocation of investment in consolidated joint venture to:		
Land	8,976	17,024
Building	18,155	16,532
Restricted cash	2,160	
Mortgage loan	(13,375)	(17,000)
Other secured loan	(10,500)	
Noncontrolling interest in consolidated joint venture	(2,616)	(16,556)
Noncontrolling interest contribution to consolidated joint venture	2,800	
Accrual for additions to investments in real estate and tenant improvement advances included in accounts payable and accrued expenses	78,743	55,570
Accrual of contingent purchase price for investments in real estate	2,700	
Issuance of common stock in exchange of 2026 exchangeable senior debentures, net	62,454	
Allocation of purchase price of properties to:		
Investments in real estate	1,066,241	37,112
Acquired above market leases	25,339	
Acquired below market leases	(43,869)	
Acquired in place lease value and deferred leasing costs	138,312	334
Security deposits	(4,134)	

Cash paid for acquisition of properties	$ 1,181,889	$ 37,446

See accompanying notes to the condensed consolidated financial statements.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2010 and 2009

(unaudited)

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, redeveloping and managing technology-related real estate. The Company is focused on providing Turn-Key Datacenter® and Powered Base Building® datacenter solutions for domestic and international tenants across a variety of industry verticals ranging from information technology and Internet enterprises, to manufacturing and financial services. As of September 30, 2010, our portfolio consisted of 95 properties, excluding two properties held as investments in unconsolidated joint ventures, of which 81 are located throughout North America and 14 are located in Europe. Our properties 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 U.S. and the Amsterdam, Dublin, London and Paris markets in Europe. The portfolio consists of Internet gateway and corporate datacenter properties, technology manufacturing properties and regional or national headquarters of technology companies.

The Operating Partnership was formed on July 21, 2004 in anticipation of our initial public offering (IPO) on November 3, 2004 and commenced operations on that date. As of September 30, 2010, we own a 94.2% common interest and a 100% preferred interest in the Operating Partnership. As sole general partner, we have control over the Operating Partnership. The limited partners of the Operating Partnership do not have rights to replace us 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 for the year ended December 31, 2009 and the Operating Partnership s Form 10 filed on June 25, 2010, as amended.

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;

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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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 footnotes instead of two separate sets of notes.

There are 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 Digital Realty Trust, Inc. and the Operating Partnership 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 debt of the Operating Partnership and its consolidated subsidiaries. Digital Realty Trust, Inc. itself does not hold any indebtedness but guarantees some of the unsecured debt of the Operating Partnership, as disclosed in these footnotes. 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, stockholder s equity and partners capital are the main areas of difference between the consolidated financial statements of Digital Realty Trust, Inc. and those of the Operating Partnership. The common limited partnership interests held by the limited partners in the Operating Partnership are presented as limited partners capital within partners capital in the Operating Partnership s consolidated financial statements and as noncontrolling interests in operating partnership within equity in Digital Realty Trust, Inc. s consolidated financial statements. The common and preferred partnership interests held by Digital Realty Trust, Inc. in the Operating Partnership are presented as general partner s capital within partners capital in the Operating Partnership s consolidated financial statements and as preferred stock, common stock, additional paid-in capital and accumulated dividends in excess of earnings within stockholders equity in Digital Realty Trust, Inc. s consolidated financial statements. The differences in the presentations between stockholders equity and partners capital result from the differences in the equity issued at the Digital Realty Trust, Inc. and the Operating Partnership levels.

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

consolidated face financial statements; and

the following notes to the consolidated financial statements:

Debt;

Equity of the Company and Capital of the Operating Partnership; and

Income per Share and Income per Unit.

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DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES

DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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In the sections that combine disclosure of the 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, 2010, cash equivalents consist of investments in money market instruments.

(c) Share Based Compensation

We account for share based compensation using the fair value method of accounting. The estimated fair value of the stock options granted by us is being amortized on a straight-line basis over the vesting period of the stock options. The estimated fair value of the long-term incentive units and Class C Units (discussed in note 12(b)) granted by us is being amortized on a straight-line basis over the expected service period.

For share based compensation awards with performance conditions, we estimate the fair value of the award for each of the possible performance condition outcomes and amortize the compensation cost based on management s projected performance outcome. In the instance management s projected performance outcome changes prior to the final measurement date, compensation cost is adjusted accordingly.

(d) Income Taxes

Digital Realty Trust, Inc. (the Parent Company) has elected to be treated and believes that it has been organized and has operated in a manner that has enabled the Parent Company to qualify as a REIT for federal income tax purposes. As a REIT, the Parent Company generally is not required to pay federal corporate income taxes on its taxable income to the extent it is currently distributed to its stockholders.

However, qualification and taxation as a REIT depend upon the Parent Company s ability to meet the various qualification tests imposed under the Internal Revenue Code of 1986, as amended (the Code), including tests related to annual operating results, asset composition, distribution levels and diversity of stock ownership. Accordingly, no assurance can be given that the Parent Company has been organized or has operated or will continue to operate in a manner so as to qualify or remain qualified as a REIT. If the Parent Company 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 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.

Even if the Parent Company and the Operating Partnership are not subject to federal income taxes, they are taxed in certain states in which they operate. The Company s consolidated taxable REIT subsidiary is subject to

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both federal and state income taxes to the extent there is taxable income. The Company is also taxed in non-U.S. countries where it operates that do not recognize U.S. REITs under their respective tax laws. Accordingly, the Company recognizes and accrues income taxes for taxable REIT subsidiary, 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, 2010, we have no liabilities for uncertain tax positions. We classify interest and penalties on tax liabilities from significant uncertain tax positions as interest expense and operating expense, respectively, in our condensed consolidated statements of operations. For the three and nine months ended September 30, 2010 and 2009, we had no such interest or penalties.

See Note 9 for further discussion on income taxes.

(e) 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.

(f) Asset Retirement Obligations

We record accruals for estimated retirement obligations as required by current accounting guidance. The amount of asset retirement obligations relates primarily to estimated asbestos removal costs at the end of the economic life of properties that were built before 1984. As of September 30, 2010 and December 31, 2009, the amount included in accounts payable and other accrued liabilities on our condensed consolidated balance sheets was approximately $1.3 million.

(g) Assets and Liabilities Measured at Fair Value

On January 1, 2008, we adopted new accounting guidance establishing a framework for measuring fair value and expanding disclosures regarding related fair-value measurements. The guidance applies to reported balances that are required or permitted to be measured at fair value under existing accounting pronouncements; accordingly, the guidance does not require any new fair-value measurements of reported balances.

The guidance emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be 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, a fair-value hierarchy is established 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

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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 level in the fair-value hierarchy within which the entire fair-value measurement falls is based on the lowest level input that is significant to 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.

(h) 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 potential acquisitions.

(i) Management s Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates made. On an on-going basis, we evaluate our estimates, including those related to acquiring, developing and assessing the carrying values of our real estate properties, accrued liabilities, performance-based equity compensation plans, 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.

(j) Newly Adopted Significant Accounting Policies

On January 1, 2010, we adopted amended guidance related to the consolidation of variable-interest entities. This amended guidance requires an enterprise to qualitatively assess the determination of the primary beneficiary of a variable interest entity (VIE) based on whether the entity (1) has the power to direct matters that most significantly impact the activities of the VIE, and (2) has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. Additionally, they require an ongoing reconsideration of the primary beneficiary and provide a framework for the events that trigger a reassessment of whether an entity is a VIE. This guidance is effective for financial statements issued for fiscal years beginning after November 15, 2009 and for subsequent interim and annual reporting periods.

(k) Segment 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 services provided to them are limited to a few core principles. 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.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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(l) Reclassifications

Certain reclassifications to prior year amounts have been made to conform to the current year presentation. During the three and nine months ended September 30, 2009, $0.3 million and $0.8 million, respectively, were reclassified from General and Administrative expense to Transactions expense.

3. Acquisitions and Investments

We acquired the following real estate properties and made the following investments during the nine months ended September 30, 2010:

Acquisitions

Location	Metropolitan Area	Date Acquired	Amount (in millions)
New England Portfolio [1]	Various [1]	January 22, 2010	$ 375.0
1725 Comstock Street [2]	Silicon Valley	April 30, 2010	14.1
3105/3115 Alfred Street	Silicon Valley	May 24, 2010	10.0
Cateringweg 5 [3]	Amsterdam	June 17, 2010	6.4
365 Main Portfolio [4]	Various [4]	July 13, 2010	725.0
800 Central Expressway [5]	Silicon Valley	August 5, 2010	27.1
2950 Zanker Road / 900 Dorothy Drive	Silicon Valley / Dallas	August 19, 2010	50.3
			$ 1,207.9

Investments

Location	Metropolitan Area	Date Acquired	Amount (in millions)
700 / 750 Central Expressway [6]	Silicon Valley	August 5, 2010	$10.3

(1) The New England Portfolio consists of 55 Middlesex Turnpike, Bedford, Massachusetts and a 100% condominium interest that represents 87.5% of the square footage of 128 First Avenue, Needham, Massachusetts, both located in the Boston metropolitan area, as well as 60-80 Merritt Boulevard, Trumbull, Connecticut, located in the New York Metro area. The New England Portfolio is considered three properties

for our property count.

(2) As part of the acquisition, we have agreed with the seller to remit an earnout payment based on leasing activities in the building. The purchase price includes an accrual of $4.3 million, which is the estimated fair value of the contingent purchase price per the agreement. As of June 30, 2010, the entire building was leased. The final payment to the seller of approximately $4.3 million was made in July 2010 to fully settle the contingent purchase price amount.

(3) A land parcel subject to a ground lease along with a vacant shell building.

(4) The 365 Main Portfolio consists of 365 Main Street, San Francisco, California and 720 2nd Street, Oakland, California, both located in the San Francisco metropolitan area; 2260 East El Segundo Boulevard, El Segundo, California, located in the Los Angeles metropolitan area; 2121 South Price Road, Chandler, Arizona, located in the Phoenix metropolitan area; and 4030-4050 Lafayette Center Drive, Chantilly, Virginia, located in the Northern Virginia metropolitan area. The 365 Main Portfolio is considered five properties for our property count.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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(5) In August 2010, we acquired a 50% controlling interest in a joint venture formed to own and redevelop 800 Central Expressway. The other noncontrolling 50% member contributed land and a vacant building with a fair market value of approximately $27.1 million, lender required impound accounts of approximately $2.1 million, a mortgage loan of $13.4 million and a mezzanine loan of approximately $10.5 million. At close, the joint venture refinanced the assumed debt which included a principal paydown of approximately $3.4 million. Since we have a controlling interest in the joint venture, we have consolidated the joint venture and presented the member interest not owned by us of approximately $2.6 million as noncontrolling interest in consolidated joint venture.

(6) In August 2010, we made an initial cash contribution of approximately $6.0 million to acquire a 50% common interest in a joint venture formed to own and operate two fully leased office buildings located at 700 and 750 Central Expressway. The other 50% common member contributed the fully leased properties, mortgage loan of approximately $24.1 million and a mezzanine loan of approximately $5.0 million. At close, the joint venture refinanced the assumed debt which included a principal paydown of approximately $4.1 million. The debt paydown was funded by our preferred equity contribution which is entitled to an 11% preferred return. Each member has guaranteed their proportionate share of the remaining debt balance of $25.0 million. Subject to certain conditions in the joint venture s operating agreement, we have the right to put our common interest in the joint venture to the other member at a price equal to our initial contribution amount of $6.0 million. We have concluded that the joint venture is a variable interest entity primarily due to the fact that we have participating voting rights through our common interest, but the common interest is not considered to be equity due to the fixed price put option. The other member explicitly and implicitly bears 100% of the common equity risk. In addition, the other member, as the manager of the joint venture has more power than the Operating Partnership to direct the activities that most significantly impact the joint venture s economic performance, and therefore was determined to be the primary beneficiary. Our maximum exposure to loss in the joint venture is our common and preferred investment totaling $10.3 million and our share of the joint venture s debt of $12.5 million. Upon our exercise of our put option, our exposure to loss will be limited to the remaining balance of our preferred interest in the joint venture. We have accounted for our variable interest in the joint venture under the equity method of accounting and is presented as an investment in unconsolidated joint venture in the accompanying condensed consolidated balance sheet.

The New England Portfolio s aggregate acquisition amounts were allocated as follows: $21.2 million to land, $323.0 million to buildings and improvements, $2.2 million to tenant improvements, $55.0 million to identified intangible assets and $26.4 million to identified intangible liabilities. There was no contingent consideration associated with the acquisition.

Operating revenues of $18.5 million and operating income of $6.6 million for the New England Portfolio are included in the condensed consolidated income statement for the three months ended September 30, 2010 and operating revenues of $49.0 million and operating income of $15.6 for the nine months ended September 30, 2010.

The 365 Main Portfolio s aggregate acquisition amounts were allocated as follows: $50.1 million to land, $588.8 million to buildings and improvements, $2.2 million to tenant improvements, $101.3 million to identified intangible assets and $17.4 million to identified intangible liabilities. There was no contingent consideration associated with the acquisition.

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Operating revenues of $28.7 million and operating income of $5.0 million for the 365 Main Portfolio are included in the condensed consolidated income statement for the three and nine months ended September 30, 2010.

The following summarizes the expected weighted average remaining lives of acquired intangible assets and liabilities for the New England Portfolio and the 365 Main Portfolio as of September 30, 2010:

	New England Portfolio	365 Main Portfolio
Acquired in place lease value	10.2 years	5.3 years
Acquired above market leases	8.8 years	2.9 years
Acquired below market leases	9.4 years	6.1 years

The pro forma operating revenues and operating income of the combined entity, including the New England Portfolio and the 365 Main Portfolio had the acquisitions taken place on January 1, 2010 for the three and nine-month periods ended September 30, 2010, or January 1, 2009 for the three and nine-month periods ended September 30, 2009 are as follows:

	Three months ended		Nine months ended	
	Operating Revenues	Operating Income	Operating Revenues	Operating Income
	(in millions)		(in millions)	
Supplemental pro forma for the periods ended September 30, 2010 [(1)]	$ 241.9	$ 65.5	$ 702.5	$ 188.1
Supplemental pro forma for the periods ended September 30, 2009 [(1)]	214.9	59.4	622.5	163.1

(1) These unaudited pro forma results do not purport to be indicative of what operating results would have been had the acquisitions occurred on January 1, 2010 or January 1, 2009, and may not be indicative of future operating results.

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4. 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, 2010 and December 31, 2009.

(Amounts in thousands)	Balance as of September 30, 2010	Balance as of December 31, 2009
Acquired in place lease value:		
Gross amount	$ 517,378	$ 377,336
Accumulated amortization	(248,267)	(215,030)
Net	$ 269,111	$ 162,306
Acquired above market leases:		
Gross amount	$ 87,735	$ 62,757
Accumulated amortization	(43,709)	(36,896)
Net	$ 44,026	$ 25,861
Acquired below market leases:		
Gross amount	$ 190,451	$ 147,938
Accumulated amortization	(91,674)	(78,627)
Net	$ 98,777	$ 69,311

Amortization of acquired below-market lease value, net of acquired above-market lease value, resulted in an increase to rental revenues of $1.8 million and $2.0 million for the three months ended September 30, 2010 and 2009, respectively, and $6.5 million and $6.2 million for the nine months ended September 30, 2010 and 2009, respectively. The expected average remaining lives for acquired below market leases and acquired above market leases is 5.3 years and 4.0 years, respectively, as of September 30, 2010. Estimated annual amortization of acquired below-market lease value, net of acquired above-market lease value, for each of the five succeeding years, commencing January 1, 2011 is as follows:

(Amounts in thousands)	
2011	7,956
2012	6,526
2013	7,095
2014	5,730
2015	5,059

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Costs associated with extending or renewing acquired leases are capitalized as exercised and classified as deferred leasing cost. Amortization of acquired in place lease value (a component of depreciation and amortization expense) was $13.8 million and $8.7 million for the three months ended September 30, 2010 and 2009, respectively, and $33.9 million and $26.8 million for the nine months ended September 30, 2010 and 2009, respectively. The expected average amortization period for acquired in place lease value is 5.0 years as of September 30, 2010. The weighted average period prior to the next renewal of extension related to remaining contractual life for acquired leases is 4.5 years as of September 30, 2010. Estimated annual amortization of acquired in place lease value for each of the five succeeding years, commencing January 1, 2011 is as follows:

(Amounts in thousands)	
2011	$ 53,847
2012	43,394
2013	39,001
2014	33,488
2015	23,404

5. Debt of the Company

In this Note 5, 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 has guaranteed some of the Operating Partnership s debt. The Company guarantees the Operating Partnership s obligations with respect to the 2026 Debentures, the 2029 Debentures, the 2020 Notes, the 2015 Notes (each, as defined in Note 6) and its unsecured senior notes sold to Prudential pursuant to the Prudential shelf facility. The Company is also the guarantor of the Operating Partnership s obligations under its revolving credit facility.

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6. Debt of the Operating Partnership

A summary of outstanding indebtedness of the Operating Partnership as of September 30, 2010 and December 31, 2009, respectively, is as follows (in thousands):

Indebtedness	Interest Rate at September 30, 2010	Maturity Date	Principal Outstanding September 30, 2010	Principal Outstanding December 31, 2009
Revolving credit facility	Various[1]	Aug. 31, 2011[2]	$ 220,565[3]	$ 205,547[3]
Unsecured senior notes:				
Prudential Shelf Facility:				
Series A	7.000%	Jul. 24, 2011	25,000	25,000
Series B	9.320%	Nov. 5, 2013	33,000	33,000
Series C	9.680%	Jan. 6, 2016	25,000	25,000
Series D	4.570%	Jan. 20, 2015	50,000	
Series E	5.730%	Jan. 20, 2017	50,000	
Series F	4.500%	Feb. 3, 2015	17,000	
Total Prudential Shelf Facility			200,000	83,000
Senior Notes:				
5.875% notes due 2020	5.875%	Feb. 1, 2020	500,000	
4.50% notes due 2015	4.500%	Jul. 15, 2015	375,000	
Unamortized discounts			(9,183)	
Total senior notes			865,817	
Total unsecured senior notes, net of discount			1,065,817	83,000
Exchangeable senior debentures:				
4.125% exchangeable senior debentures due 2026	4.125%	Aug. 15, 2026[4]	110,043	172,500
5.50% exchangeable senior debentures due 2029	5.50%	Apr. 15, 2029[5]	266,400	266,400
Unamortized discount			(2,389)	(6,666)
Total exchangeable senior debentures, net of discount			374,054	432,234
Mortgage loans:				
Secured Term Debt[6][7]	5.65%	Nov. 11, 2014	142,123	144,078
3 Corporate Place[7][8]	6.72%	Aug. 1, 2011[9]	80,000	80,000
200 Paul Avenue 1-4[7]	5.74%	Oct. 8, 2015	76,597	77,803
2045 & 2055 LaFayette Street[7]	5.93%	Feb. 6, 2017	66,652	67,271
Mundells Roundabout	3-month GBP LIBOR + 1.20%[10]	Nov. 30, 2013	67,304[11]	69,154[11]
600 West Seventh Street	5.80%	Mar. 15, 2016	54,506	55,524

34551 Ardenwood Boulevard 1-4[7]	5.95%	Nov. 11, 2016	54,471	54,945
1100 Space Park Drive[7]	5.89%	Dec. 11, 2016	54,464	54,944
1350 Duane Avenue/3080 Raymond Street[7]	5.42%	Oct. 1, 2012	52,800	52,800
150 South First Street[7]	6.30%	Feb. 6, 2017	52,311	52,760
114 Rue Ambroise Croizat	3-month EURIBOR + 1.35%[10]	Jan. 18, 2012	42,372[12]	45,067[12]
Clonshaugh Industrial Estate II[8]	3-month EURIBOR + 4.50%[10]	Sep. 4, 2014	40,902 (12)	42,993[12]
1500 Space Park Drive[7]	6.15%	Oct. 5, 2013	40,440	41,883
2334 Lundy Place[7]	5.96%	Nov. 11, 2016	39,616	39,960
Unit 9, Blanchardstown Corporate Park	3-month EURIBOR + 1.35%[10]	Jan. 18, 2012	36,430[12]	38,746[12]
Cressex 1[14]	5.68%	Oct. 16, 2014	28,697[11]	29,486[11]

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Indebtedness	Interest Rate at September 30, 2010	Maturity Date	Principal Outstanding September 30, 2010	Principal Outstanding December 31, 2009
6 Braham Street[8]	3-month GBP LIBOR + 0.90%[10]	Apr. 10, 2011	19,802[11]	20,831[11]
1201 Comstock Street[7][8]	1-month LIBOR + 3.50%[10]	Jun. 24, 2012[2]	17,171	17,737
Datacenter Park Dallas	5.00%	Sep. 15, 2011[2]	16,150	17,000
Paul van Vlissingenstraat 16	3-month EURIBOR + 1.60%[10]	Jul. 18, 2013	14,297[12]	15,208[12]
Chemin de l Epinglier 2	3-month EURIBOR + 1.50%[10]	Jul. 18, 2013	10,343[12]	11,046[12]
800 Central Expressway[7]	1-month LIBOR + 4.75%	Jun. 9, 2013	10,000	
Gyroscoopweg 2E-2F[13]	3-month EURIBOR + 1.50%[10]	Oct. 18, 2013	9,103[12]	9,682[12]
1125 Energy Park Drive[7]	7.62%[15]	Mar. 1, 2032	9,097	9,203
Manchester Technopark[14]	5.68%	Oct. 16, 2014	8,730[11]	8,970[11]
731 East Trade Street	8.22%	Jul. 1, 2020	5,145	5,315
Unamortized net premiums			1,140	1,257
Total mortgage loans, net of premiums			1,050,663	1,063,663
Other secured loans:				
800 Central Expressway Mezzanine[7]	1-month LIBOR + 8.50%	Jun. 9, 2013	10,500	
Total other secured loans			10,500	
Total indebtedness			$ 2,721,599	$ 1,784,444

(1) The interest rate under our revolving credit facility equals either (i) US LIBOR, EURIBOR and GBP LIBOR (ranging from 1- to 6-month maturities) plus a margin of between 1.10% and 2.00% or (ii) the greater of (x) the base rate announced by the lender and (y) 1/2 of 1% per annum above the federal funds rate, plus a margin of between 0.100% 1.000%. In each case, the margin is based on our total leverage ratio. We incur a fee ranging from 0.125% to 0.20% for the unused portion of our unsecured revolving credit facility.

(2) A one-year extension is available, which we may exercise if certain conditions are met.

(3) Balances as of September 30, 2010 and December 31, 2009 are as follows (balances, in thousands):

Denomination of Draw	Balance as of September 30, 2010	Weighted-average interest rate	Balance as of December 31, 2009	Weighted-average interest rate
US ($)	$ 202,000	1.36%	$ 195,500	1.34%
Euro ( )	1,336 (a)	1.72%	10,047 (a)	1.58%
British Sterling (£)	17,229 (b)	1.67%		
Total	$ 220,565	1.39%	$ 205,547	1.35%

(a) Based on exchange rate of $1.36 to 1.00 as of September 30, 2010 and $1.43 to 1.00 as of December 31, 2009.

(b) Based on exchange rate of $1.57 to £1.00 as of September 30, 2010.

(4) The holders of the debentures have the right to require the Operating Partnership to repurchase the debentures in cash in whole or in part for a price of 100% of the principal amount plus accrued and unpaid interest on each of August 15, 2011, August 15, 2016 and August 15, 2021. We have the right to redeem the debentures in cash for a price of 100% of the principal amount plus accrued and unpaid interest commencing on August 18, 2011.

(5) The holders of the debentures have the right to require the Operating Partnership to repurchase the debentures in cash in whole or in part for a price of 100% of the principal amount plus accrued and unpaid interest on each of April 15, 2014, April 15, 2019 and April 15, 2024. We have the right to redeem the debentures in cash for a price of 100% of the principal amount plus accrued and unpaid interest commencing on April 18, 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) The Operating Partnership or its subsidiary provides a limited recourse guarantee with respect to this loan.
(9) Two one-year extensions are available, which we may exercise if certain conditions are met.
(10) We have entered into interest rate swap or interest rate cap agreements as a cash flow hedge for interest generated by these US LIBOR, EURIBOR and GBP LIBOR based loans. See note 13 for further information.
(11) Based on exchange rate of $1.57 to £1.00 as of September 30, 2010 and $1.61 to £1.00 as of December 31, 2009.
(12) Based on exchange rate of $1.36 to 1.00 as of September 30, 2010 and $1.43 to 1.00 as of December 31, 2009.
(13) This loan is also secured by a 1.3 million letter of credit.
(14) These loans are also secured by a £7.8 million letter of credit. These loans are cross-collateralized by the two properties.
(15) If the loan is not repaid by March 1, 2012, the interest rate increases to the greater of 9.62% or the treasury rate then in effect plus 2%.

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Revolving Credit Facility

As of September 30, 2010, our revolving credit facility had a total capacity of $750.0 million. Effective August 31, 2010, we exercised the first of two one-year extension options to our revolving credit facility, which extends its maturity date from August 31, 2010 to August 31, 2011. The bank group is obligated to grant extension options provided we give proper notice, we make certain representations and warranties and no default exists under the revolving credit facility. On June 28, 2010, we completed an amendment to our revolving credit facility. The amendment to the revolving credit facility provides us with the ability to add eligible unencumbered international assets to the borrowing base in support of our outstanding unsecured debt. International assets include properties located in Canada, England, Ireland, Wales, France, Spain, the Netherlands, Singapore and Australia. Under the new amendment, international assets may comprise up to 25% of the borrowing base, with assets in Spain and Singapore limited to up to 10% of the borrowing base. As of September 30, 2010, borrowings under the revolving credit facility bore interest at a blended rate of 1.36% (U.S.), 1.72% (Euro) and 1.67% (GBP), which are based on 1-month LIBOR, 1-month EURIBOR and 1-month GBP LIBOR, respectively, plus a margin of 1.10%. The revolving credit facility has a $515.0 million sub-facility for multicurrency advances in British Pounds Sterling, Canadian Dollars, Euros, and Swiss Francs. We intend to use available borrowings under the revolving credit facility to, among other things, finance the acquisition of additional properties, fund tenant improvements and capital expenditures, fund development and redevelopment activities and to provide for working capital and other corporate purposes. As of September 30, 2010, approximately $220.6 million was drawn under this facility and $16.8 million of letters of credit were issued.

The 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 as well as a pool of unencumbered assets. In addition, except to enable Digital Realty Trust, Inc. to maintain its status as a REIT for federal income tax purposes or as may otherwise be required to avoid the imposition of income or excise taxes on Digital Reality Trust, Inc., we are not permitted during any four consecutive fiscal quarters to make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 95% of Funds From Operations, as defined, for such period, subject to certain other adjustments. As of September 30, 2010, we were in compliance with all of such covenants.

Some of our mortgage loans are subject to prepayment lock-out periods. The terms of the following mortgage loans contain prepayment lock-out periods through the dates listed below:

Loan	Date
200 Paul Avenue 1-4	November 2010
1125 Energy Park Drive	December 2011

During the three months ended September 30, 2010 and 2009, we capitalized interest of approximately $2.7 million and $2.0 million, respectively, and for the nine months ended September 30, 2010 and 2009, we capitalized interest of approximately $7.1 million and $7.2 million, respectively.

Unsecured Senior Notes

Prudential Shelf Facility

On January 20, 2010, the Operating Partnership closed the sale of $100.0 million aggregate principal amount of its senior unsecured term notes to Prudential Investment Management, Inc. and certain of its affiliates, or, collectively, Prudential, pursuant to the Prudential shelf facility. The

notes were issued in two series referred

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to as the series D and series E notes. The series D notes have a principal amount of $50.0 million, an interest-only rate of 4.57% per annum and a five-year maturity, and the series E notes have a principal amount of $50.0 million, an interest-only rate of 5.73% per annum and a seven-year maturity. On February 3, 2010, the Operating Partnership closed the sale of an additional $17.0 million aggregate principal amount of its senior unsecured term notes, which we refer to as the series F notes, to Prudential pursuant to the Prudential shelf facility. The series F notes have an interest-only rate of 4.50% per annum and a five-year maturity. We used the proceeds of the series D, series E and series F notes to fund acquisitions, to temporarily repay borrowings under our revolving credit facility, to fund working capital and for general corporate purposes. As of September 30, 2010 and December 31, 2009, there was $200.0 million and $83.0 million of unsecured senior notes outstanding, respectively.

5.875% Notes due 2020

On January 28, 2010, the Operating Partnership issued $500.0 million aggregate principal amount of notes, maturing on February 1, 2020 with an interest rate of 5.875% per annum (the 2020 Notes). The purchase price paid by the initial purchasers was 98.296% of the principal amount. The 2020 Notes are general unsecured senior obligations of the Operating Partnership, rank equally in right of payment with all other senior unsecured indebtedness of the Operating Partnership and are fully and unconditionally guaranteed by Digital Realty Trust, Inc. Interest on the 2020 Notes is payable on February 1 and August 1 of each year, beginning on August 1, 2010. The net proceeds from the offering after deducting the original issue discount of approximately $8.5 million and underwriting commissions and expenses of approximately $4.4 million was approximately $487.1 million. We used the net proceeds from the offering to temporarily repay our borrowings under our revolving credit facility, fund development and redevelopment opportunities and for general corporate purposes. The 2020 Notes have been reflected net of discount in the condensed consolidated balance sheet.

The indenture governing the 2020 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 unsecured debt. At September 30, 2010, we were in compliance with each of these financial covenants.

We entered into a registration rights agreement whereby the Operating Partnership agreed to conduct an offer to exchange the 2020 Notes for a new series of publicly registered notes with substantially identical terms. If the Operating Partnership did not fulfill certain of its obligations under the registration rights agreement, it would have been required to pay liquidated damages to the holders of the 2020 Notes. No separate contingent obligation was recorded as no liquidated damages became probable. We filed a registration statement with the U.S. Securities and Exchange Commission in June 2010 in connection with the exchange offer, which was declared effective in September 2010. We completed the exchange offer on November 5, 2010.

4.500% Notes due 2015

On July 8, 2010, the Operating Partnership issued $375.0 million aggregate principal amount of notes, maturing on July 15, 2015 with an interest rate of 4.500% per annum (the 2015 Notes). The purchase price paid by the initial purchasers was 99.697% of the principal amount. The 2015 Notes are general unsecured senior obligations of the Operating Partnership, rank equally in right of payment with all other senior unsecured indebtedness of the Operating Partnership and are fully and unconditionally guaranteed by Digital Realty Trust, Inc. Interest on the 2015 Notes is payable on January 15 and July 15 of each year, beginning on January 15,

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2011. The net proceeds from the offering after deducting the original issue discount of approximately $1.1 million and underwriting commissions and expenses of approximately $3.1 million was approximately $370.8 million. We used the net proceeds from the offering to fund a portion of the purchase price of the 365 Main Portfolio. The 2015 Notes have been reflected net of discount in the condensed consolidated balance sheet.

The indenture governing the 2015 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 unsecured debt. At September 30, 2010, we were in compliance with each of these financial covenants.

We have entered into a registration rights agreement whereby the Operating Partnership agreed to conduct an offer to exchange the 2015 Notes for a new series of publicly registered notes with substantially identical terms. If the Operating Partnership does not fulfill certain of its obligations under the registration rights agreement, it will be required to pay liquidated damages to the holders of the 2015 Notes. No separate contingent obligation has been recorded as no liquidated damages have become probable. We filed a registration statement with the U.S. Securities and Exchange Commission in October 2010 in connection with the exchange offer, which registration statement is not yet effective.

Exchangeable Senior Debentures

4.125% Exchangeable Senior Debentures due 2026

On August 15, 2006, the Operating Partnership issued $172.5 million of its 4.125% exchangeable senior debentures due August 15, 2026 (the 2026 Debentures). Costs incurred to issue the 2026 Debentures were approximately $5.4 million, net of the amount allocated to the equity component of the debentures. These costs are being amortized over a period of five years, which represents the estimated term of the 2026 Debentures, and are included in deferred financing costs, net in the condensed consolidated balance sheet. The 2026 Debentures are general unsecured senior obligations of the Operating Partnership, rank equally in right of payment with all other senior unsecured indebtedness of the Operating Partnership and are fully and unconditionally guaranteed by Digital Realty Trust, Inc.

Interest is payable on August 15 and February 15 of each year beginning February 15, 2007 until the maturity date of August 15, 2026. The 2026 Debentures bear interest at 4.125% per annum and contain an exchange settlement feature, which provides that the 2026 Debentures may, under certain circumstances, be exchangeable for cash (up to the principal amount of the 2026 Debentures) and, with respect to any excess exchange value, into cash, shares of Digital Realty Trust, Inc. common stock or a combination of cash and shares of Digital Realty Trust, Inc. common stock at an exchange rate that was initially 30.6828 shares per $1,000 principal amount of 2026 Debentures. The exchange rate on the 2026 Debentures is subject to adjustment for certain events, including, but not limited to, certain dividends on Digital Realty Trust, Inc. common stock in excess of $0.265 per share per quarter (the reference dividend). Effective March 11, 2010, the exchange rate has been adjusted to 31.411 shares per $1,000 principal amount of 2026 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 December 31, 2006 and through the quarter ended September 30, 2010.

Prior to August 18, 2011, the Operating Partnership may not redeem the 2026 Debentures except to preserve Digital Realty Trust, Inc. s status as a REIT for U.S. federal income tax purposes. On or after August 18, 2011, at

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the Operating Partnership s option, the 2026 Debentures are redeemable in cash in whole or in part at 100% of the principal amount plus unpaid interest, if any, accrued to, but excluding, the redemption date, upon at least 30 days but not more than 60 days prior written notice to holders of the 2026 Debentures.

The holders of the 2026 Debentures have the right to require the Operating Partnership to repurchase the 2026 Debentures in cash in whole or in part on each of August 15, 2011, August 15, 2016 and August 15, 2021, and in the event of a designated event, for a repurchase price equal to 100% of the principal amount of the 2026 Debentures plus unpaid interest, if any, accrued to, but excluding, the repurchase date. Designated events include certain merger or combination transactions, non-affiliates becoming the beneficial owner of more than 50% of the total voting power of Digital Realty Trust, Inc. s capital stock, a substantial turnover of Digital Realty Trust, Inc. s directors within a 12- month period and Digital Realty Trust, Inc. ceasing to be the general partner of the Operating Partnership. Certain events are considered Events of Default, which may result in the accelerated maturity of the 2026 Debentures, including a default for 30 days in payment of any installment of interest under the 2026 Debentures, a default in the payment of the principal amount or any repurchase price or redemption price due with respect to the 2026 Debentures and the Operating Partnership s failure to deliver cash or any shares of Digital Realty Trust, Inc. common stock within 15 days after the due date upon an exchange of the 2026 Debentures, together with any cash due in lieu of fractional shares of common stock.

In addition, the 2026 Debentures are exchangeable (i) prior to July 15, 2026, during any fiscal quarter after the fiscal quarter ended September 30, 2006, if the closing sale price of Digital Realty Trust, Inc. common stock for 20 or more trading days in a period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter exceeds 130% of the exchange price in effect on the last trading day of the immediately preceding fiscal quarter, (ii) prior to July 15, 2026, during the five business day period after any five consecutive trading day period in which the average trading price per $1,000 principal amount of 2026 Debentures was equal to or less than 98% of the product of the closing sale price of the common stock during such period, multiplied by the applicable exchange rate, (iii) if we call the 2026 Debentures for redemption and (iv) any time on or after July 15, 2026. In July 2010, we gave notice to the holders of the 2026 Debentures that the 2026 Debentures shall be exchangeable during the calendar quarter ending September 30, 2010 pursuant to (i) above. The exchange price in effect as of September 30, 2010 was $31.84 per share. We have entered into a registration rights agreement whereby we agreed to register the shares of common stock which could be issued in the future upon exchange of the 2026 Debentures. We filed the shelf registration statement with the U.S. Securities and Exchange Commission in April 2007.

During the nine months ended September 30, 2010, we entered into agreements with institutional holders of approximately $62.5 million aggregate principal amount of our 2026 Debentures to exchange such debentures held by such holders for a combination of cash (approximately $1.4 million including accrued interest) and 1,958,101 privately issued shares of Digital Realty Trust, Inc. common stock. As of September 30, 2010, the remaining $110.0 million face amount of the 2026 Debentures remains outstanding under the original terms. We recorded a loss on exchange of approximately $1.1 million and $2.6 million for the three and nine months ended September 30, 2010, respectively, determined based on the amount of the inducement paid of approximately $0.2 million and $0.3 million for the three and nine months ended September 30, 2010, respectively, plus the excess of the fair value of the 2026 Debentures at the exchange date over the carrying value of the exchanged 2026 Debentures along with a write off of a pro rata portion of the associated debt discount on the 2026 Debentures and deferred financing costs. This loss is reported as a loss on early extinguishment of debt in the condensed consolidated income statements.

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The following table provides additional information about the 2026 Debentures as of the date presented pursuant to requirements under U.S. GAAP for convertible debt instruments that require the principal amount to be settled in cash upon conversion:

	4.125% Exchangeable Senior Debentures due 2026	
($ and shares in thousands, except exchange price)	**September 30, 2010**	**December 31, 2009**
Carrying amount of the equity component	$ 11,661	$ 18,280
Principal amount of the liability component	$ 110,043	$ 172,500
Unamortized discount of the liability component	$ 2,389	$ 6,666
Net carrying amount of the liability component	$ 107,654	$ 165,834
Remaining amortization period of discount	10 months	19 months
Exchange price	$ 31.84	$ 32.22
Number of shares to be issued upon exchange[(a)]	1,673	1,923
The amount by which the if-exchanged value exceeds the principal amount[(a)]	$ 103,227	$ 96,693
Effective interest rate on liability component	6.75%	6.75%
Non-cash interest cost recognized for the nine-month period ended	$ 2,849	$ 2,925[(b)]
Coupon rate interest cost recognized for the nine-month period ended	$ 4,777	$ 5,337[(b)]

(a) In accordance with accounting guidance on convertible debt instruments that requires the principal amount to be settled in cash upon conversion, we are required to disclose the exchange price and the number of shares on which the aggregate consideration to be delivered upon exchange is determined (principal plus excess value). The 2026 Debentures require the entire principal amount to be settled in cash, and at our option, any excess value above the principal amount may be settled in cash and/or common shares. Based on the September 30, 2010 and December 31, 2009 closing share prices of Digital Realty Trust, Inc. common stock and the exchange prices in the table above, the excess value was approximately $103.2 million and $96.7 million, respectively; accordingly, approximately 1.7 million and 1.9 million common shares, respectively, would be issued if the 2026 Debentures were settled on these dates and we elected to settle the excess value in shares of Digital Realty Trust, Inc. common stock.

(b) Amounts are for the nine months ended September 30, 2009.

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 are being amortized over a period of five years, which represents the estimated term of the 2029 Debentures, and are included in deferred financing costs, net in the condensed consolidated balance sheet. The 2029 Debentures are general unsecured senior obligations of the Operating Partnership, rank equally in right of payment with all other senior unsecured indebtedness of the Operating Partnership and are fully and unconditionally guaranteed by Digital Realty Trust, Inc.

Interest is 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 bear interest at 5.50% per annum and may be exchanged for shares

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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 is 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 September 13, 2010, the exchange rate has been adjusted to 23.536 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 June 30, 2009 and through the quarter ended September 30, 2010. Due to the fact that the exchange feature for the 2029 Debentures must be settled in the common stock of the Digital Realty Trust, Inc., new accounting guidance on convertible debt instruments that requires the principal amount to be settled in cash upon conversion does not apply.

Prior to April 18, 2014, the Operating Partnership may not redeem the 2029 Debentures except to preserve Digital Realty Trust, Inc. s status as a REIT for U.S. federal income tax purposes. On or after April 18, 2014, at the Operating Partnership s option, the 2029 Debentures are redeemable in cash in whole or in part at 100% of the principal amount plus unpaid interest, if any, accrued to, but excluding, the redemption date, upon at least 30 days but not more than 60 days prior written notice to holders of the 2029 Debentures.

The holders of the 2029 Debentures have the right to require the Operating Partnership to repurchase the 2029 Debentures in cash in whole or in part on each of April 15, 2014, April 15, 2019 and April 15, 2024, and in the event of a designated event, for a repurchase price equal to 100% of the principal amount of the 2029 Debentures plus unpaid interest, if any, accrued to, but excluding, the repurchase date. Designated events include certain merger or combination transactions, non-affiliates becoming the beneficial owner of more than 50% of the total voting power of Digital Realty Trust, Inc. s capital stock, a substantial turnover of Digital Realty Trust, Inc. s directors within a 12-month period without the approval of existing members and Digital Realty Trust, Inc. ceasing to be the general partner of the Operating Partnership. Certain events are considered Events of Default, which may result in the accelerated maturity of the 2029 Debentures, including a default for 30 days in payment of any installment of interest under the 2029 Debentures, a default in the payment of the principal amount or any repurchase price or redemption price due with respect to the 2029 Debentures and the Operating Partnership s failure to deliver shares of Digital Realty Trust, Inc. common stock within 15 days after the due date upon an exchange of the 2029 Debentures, together with any cash due in lieu of fractional shares of common stock.

We have entered into a registration rights agreement whereby we must register the shares of common stock which could be issued in the future upon exchange of the 2029 Debentures. We filed the shelf registration statement with the U.S. Securities and Exchange Commission in December 2009.

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The table below summarizes our debt maturities and principal payments as of September 30, 2010 (in thousands):

	Revolving Credit Facility [1]	Unsecured Senior Notes	Senior Notes	Exchangeable Senior Debentures	Mortgage Loans [2]	Other Secured Loans	Total Debt
Remainder of 2010	$	$	$	$	$ 3,650	$	$ 3,650
2011	220,565	25,000		110,043[3]	130,778		486,386
2012					159,778		159,778
2013		33,000			157,055	10,500	200,555
2014				266,400[4]	217,729		484,129
Thereafter		142,000	875,000		380,533		1,397,533
Subtotal	$ 220,565	$ 200,000	$ 875,000	$ 376,443	$ 1,049,523	$ 10,500	$ 2,732,031
Unamortized discount			(9,183)	(2,389)			(11,572)
Unamortized premium					1,140		1,140
Total	$ 220,565	$ 200,000	$ 865,817	$ 374,054	$ 1,050,663	$ 10,500	$ 2,721,599

(1) Subject to a one-year extension option exercisable by us. The bank group is obligated to grant the extension option provided we give proper notice, we make certain representations and warranties and no default exists under the revolving credit facility.

(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, 2010, we had provided limited recourse guarantees with respect to approximately $157.9 million principal amount of the outstanding mortgage indebtedness, and partial letter of credit support with respect to approximately an additional $46.5 million of the outstanding mortgage indebtedness.

(3) Assumes maturity of the 2026 Debentures at first redemption date in August 2011.

(4) Assumes maturity of the 2029 Debentures at first redemption date in April 2014.

7. 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,	
	2010	2009	2010	2009
Net income available to common stockholders	$ 9,639	$ 12,406	$ 33,474	$ 32,972
Weighted average shares outstanding basic	87,908,953	76,301,577	82,111,128	75,714,757
Potentially dilutive common shares:				

Stock options	228,135	153,631	206,039	134,148
Class C Units (2007 Grant)	139,386		122,590	
Unvested incentive units	213,130		176,247	
Excess exchange value of the 2026 Debentures	1,647,308	1,218,929	1,521,201	601,226
Weighted average shares outstanding diluted	90,136,912	77,674,137	84,137,205	76,450,131
Income per share:				
Basic	$ 0.11	$ 0.16	$ 0.41	$ 0.44
Diluted	$ 0.11	$ 0.16	$ 0.40	$ 0.43

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On or after July 15, 2026, the 2026 Debentures may be exchanged at the then-applicable exchange rate for cash (up to the principal amount of the 2026 Debentures) and, with respect to any excess exchange value, into cash, shares of Digital Realty Trust, Inc. common stock or a combination of cash and shares of Digital Realty Trust, Inc. common stock. The 2026 Debentures are also exchangeable prior to July 15, 2026, but only upon the occurrence of certain specified events. During the three and nine months ended September 30, 2010, the weighted average common stock price exceeded the strike price as of September 30, 2010 of $31.84. Therefore, using the treasury method, 1,647,308 and 1,521,201 shares of common stock contingently issuable upon settlement of the excess exchange value were included as potentially dilutive common shares in determining diluted earnings per share for the three and nine months ended September 30, 2010, respectively. During the three and nine months ended September 30, 2009, the weighted average common stock price exceeded the strike price as of September 30, 2009 of $32.22. Therefore, using the treasury method, 1,218,929 and 601,226 shares of common stock contingently issuable upon settlement of the excess exchange value were included as potentially dilutive common shares in determining diluted earnings per share for the three and nine months ended September 30, 2009, respectively.

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,	
	2010	2009	2010	2009
Weighted average of Operating Partnership common units not owned by us	4,893,452	5,792,209	4,897,154	5,838,357
Potentially dilutive outstanding stock options		350,524		445,962
Potentially dilutive 2029 Debentures	6,209,949	6,195,345	6,200,267	3,721,746
Potentially dilutive outstanding Class C Units (2007 Grant)		685,036		685,036
Potentially dilutive Series C Cumulative Convertible Preferred Stock	3,666,380	3,614,777	3,660,478	3,614,777
Potentially dilutive Series D Cumulative Convertible Preferred Stock	8,316,008	8,215,221	8,256,625	8,215,221
	23,085,789	24,853,112	23,014,524	22,521,099

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8. 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,	
	2010	2009	2010	2009
Net income available to common unitholders	$ 10,176	$ 13,304	$ 35,544	$ 35,420
Weighted average units outstanding basic	93,420,550	82,093,786	87,638,416	81,553,114
Potentially dilutive common units:				
Stock options	228,135	153,631	206,039	134,148
Excess exchange value of the 2026 Debentures	1,647,308	1,218,929	1,521,201	601,226
Weighted average units outstanding diluted	95,295,993	83,466,346	89,365,656	82,288,488
Income per unit:				
Basic	$ 0.11	$ 0.16	$ 0.41	$ 0.43
Diluted	$ 0.11	$ 0.16	$ 0.40	$ 0.43

On or after July 15, 2026, the 2026 Debentures may be exchanged at the then-applicable exchange rate for cash (up to the principal amount of the 2026 Debentures) and, with respect to any excess exchange value, into cash, shares of Digital Realty Trust, Inc. common stock or a combination of cash and shares of Digital Realty Trust, Inc. common stock. Pursuant to the terms of the Operating Partnership s agreement of limited partnership, the Operating Partnership will deliver to Digital Realty Trust, Inc. one common unit for each share of common stock issuable upon exchange of the 2026 Debentures. The 2026 Debentures are also exchangeable prior to July 15, 2026, but only upon the occurrence of certain specified events. During the three and nine months ended September 30, 2010, the weighted average common stock price exceeded the strike price as of September 30, 2010 of $31.84. Therefore, using the treasury method, 1,647,308 and 1,521,201 common units contingently issuable upon settlement of the excess exchange value were included as potentially dilutive common units in determining diluted earnings per unit for the three and nine months ended September 30, 2010, respectively. During the three and nine months ended September 30, 2009, the weighted average common stock price exceeded the strike price as of September 30, 2009 of $32.22. Therefore, using the treasury method, 1,218,929 and 601,226 common units contingently issuable upon settlement of the excess exchange value were included as potentially dilutive common units in determining diluted earnings per unit for the three and nine months ended September 30, 2009, respectively.

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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,	
	2010	2009	2010	2009
Potentially dilutive outstanding stock options		350,524		445,962
Potentially dilutive 2029 Debentures	6,209,949	6,195,345	6,200,267	3,721,746
Potentially dilutive outstanding Class C Units (2007 Grant)		685,036		685,036
Potentially dilutive Series C Cumulative Convertible Preferred Units	3,666,380	3,614,777	3,660,478	3,614,777
Potentially dilutive Series D Cumulative Convertible Preferred Units	8,316,008	8,215,221	8,256,625	8,215,221
	18,192,337	19,060,963	18,117,370	16,682,742

9. Income Taxes

Digital Realty Trust, Inc. (the Parent Company) elected to be taxed as a REIT and believes that it has complied with the REIT requirements of the Code. As a REIT, the Parent Company is generally not subject to corporate level federal income taxes on taxable income to the extent it is currently distributed to its stockholders. Since inception, the Parent Company has distributed 100% of its taxable income and intends to do so for the tax year ending December 31, 2010. As such, no provision for federal income taxes has been included in the accompanying interim condensed consolidated financial statements for the three and nine months ended September 30, 2010 and 2009.

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 and hold assets that REITs cannot hold directly. A TRS is subject to federal income tax as a regular C corporation. Income taxes for TRS entities are accrued, as necessary, for the three and nine months ended September 30, 2010 and 2009.

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. Deferred tax assets (net of valuation allowance) and liabilities for our TRS entities and foreign subsidiaries are accrued, as necessary, for the three and nine months ended September 30, 2010 and 2009.

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10. Equity and Comprehensive Income

(a) 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 interest in the Operating Partnership as of September 30, 2010 and December 31, 2009:

	September 30, 2010		December 31, 2009	
	Number of units	Percentage of total	Number of units	Percentage of total
Digital Realty Trust, Inc.	89,419,253	94.2 %	76,812,783	93.4 %
Noncontrolling interests consist of:				
Common units held by third parties	3,970,549	4.2	4,360,549	5.3
Incentive units held by employees and directors (see note 12)	1,506,067	1.6	1,058,548	1.3
	94,895,869	100.0 %	82,231,880	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 $292.7 million and $249.5 million based on the closing market price of Digital Realty Trust, Inc. common stock on September 30, 2010 and December 31, 2009, respectively.

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The following table shows activity for the noncontrolling interests in the Operating Partnership for the nine months ended September 30, 2010:

	Common Units	Incentive Units	Total
As of December 31, 2009	**4,360,549**	**1,058,548**	**5,419,097**
Redemption of common units for shares of Digital Realty Trust, Inc. common stock [(1)]	(390,000)		(390,000)
Conversion of incentive units held by employees and directors for shares of Digital Realty Trust, Inc. common stock [(1)]		(346,158)	(346,158)
Vesting of Class C Units (2007 Grant)		593,316	593,316
Grant of incentive units to employees and directors		200,361	200,361
As of September 30, 2010	**3,970,549**	**1,506,067**	**5,476,616**

(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.

Under the terms of certain third parties (the eXchange parties) contribution agreements signed in the third quarter of 2004, we have agreed to indemnify each eXchange party against adverse tax consequences in the event the Operating Partnership directly or indirectly sells, exchanges or otherwise disposes of (whether by way of merger, sale of assets or otherwise) in a taxable transaction any interest in 200 Paul Avenue 1-4 or 1100 Space Park Drive until the earlier of November 3, 2013 and the date on which these contributors or certain transferees hold less than 25% of the Operating Partnership common units issued to them in the formation transactions consummated concurrently with the IPO. Under the eXchange parties amended contribution agreement, the Operating Partnership has agreed to make approximately $17.8 million of indebtedness available for guaranty by the eXchange parties until the earlier of November 3, 2013 and the date on which these contributors or certain transferees hold less than 25% of the Operating Partnership common units issued to them in the formation transactions consummated concurrently with the IPO, and we have agreed to indemnify each eXchange party against adverse tax consequences if the Operating Partnership does not provide such indebtedness to guarantee.

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(b) Dividends

As of September 30, 2010, we have declared the following dividends (in thousands):

Date dividend and distribution declared	Dividend and distribution payable date	Series A Preferred Stock [1]	Series B Preferred Stock [2]	Series C Preferred Stock [3]	Series D Preferred Stock [4]	Common Stock and Operating Partnership Common and Incentive Units
February 23, 2010	March 31, 2010	$ 2,199	$ 1,246	$ 1,914	$ 4,742	$ 37,512 [5]
April 27, 2010	June 30, 2010	$ 2,199	$ 1,246	$ 1,914	$ 4,742	$ 41,783 [5]
July 19, 2010	Sept. 30, 2010	$ [6]	$ 1,246	$ 1,914	$ 4,739	$ 47,024 [7]
		$ 4,398	$ 3,738	$ 5,742	$ 14,223	$ 126,319

(1) $2.125 annual rate of dividend per share.
(2) $1.969 annual rate of dividend per share.
(3) $1.094 annual rate of dividend per share.
(4) $1.375 annual rate of dividend per share.
(5) $1.920 annual rate of dividend per share.
(6) Redeemed on August 24, 2010 for a redemption price of $25.31285 per share, which equals the original issuance price of $25.00 per share, plus accrued and unpaid dividends up to but not including the redemption date of approximately $1.3 million. In connection with the redemption, the previously incurred offering costs of approximately $4.2 million were written-off and deducted in the computation of net income available to common stockholders.
(7) $2.120 annual rate of dividend per share.

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 been sufficient to fund all distributions.

(c) Comprehensive Income

Comprehensive income for the nine months ended September 30, 2010 is presented in the accompanying statement of equity and comprehensive income for the nine months ended September 30, 2010. Comprehensive income for the three months ended September 30, 2010 and 2009 are as follows:

	2010	2009
Net income	$ 23,626	$ 23,945
Other comprehensive income (loss):		
Foreign currency translation adjustments	25,907	3,160
Decrease in fair value of interest rate swaps	(2,036)	(3,237)
Reclassification to interest expense from interest rate swaps	1,631	1,134
Comprehensive income	49,128	25,002
Comprehensive income attributable to noncontrolling interests in Operating Partnership	(1,935)	(1,509)
Comprehensive income attributable to Digital Realty Trust, Inc.	$ 47,193	$ 23,493

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11. Capital and Comprehensive Income

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

Except for special allocations to holders of profits interest units described below in note 12(a) under the heading Incentive Plans-Long-Term Incentive Units, the Operating Partnership s net income will generally be allocated to Digital Realty Trust, Inc. (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.

(b) 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 $292.7 million and $249.5 million based on the closing market price of Digital Realty Trust, Inc. s common stock on September 30, 2010 and December 31, 2009, respectively.

(c) Distributions

All distributions on our units are at the discretion of Digital Realty Trust, Inc. s board of directors. As of September 30, 2010, the Operating Partnership declared the following distributions (in thousands):

Date distribution declared	Distribution payable date	Series A Preferred Unit [1]	Series B Preferred Unit [2]	Series C Preferred Unit [3]	Series D Preferred Unit [4]	Common Units
February 23, 2010	March 31, 2010	$ 2,199	$ 1,246	$ 1,914	$ 4,742	$ 40,143 [5]
April 27, 2010	June 30, 2010	$ 2,199	$ 1,246	$ 1,914	$ 4,742	$ 44,442 [5]
July 19, 2010	Sept. 30, 2010	$ [6]	$ 1,246	$ 1,914	$ 4,739	$ 49,960 [7]

$ 4,398	$ 3,738	$ 5,742	$ 14,223	$ 134,545

(1) $2.125 annual rate of distribution per unit.
(2) $1.969 annual rate of distribution per unit.

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(3) $1.094 annual rate of distribution per unit.
(4) $1.375 annual rate of distribution per unit.
(5) $1.920 annual rate of distribution per unit.
(6) Redeemed on August 24, 2010 for a redemption price of $25.31285 per unit, which equals the original issuance price of $25.00 per unit, plus accrued and unpaid distributions up to but not including the redemption date of approximately $1.3 million. In connection with the redemption, the previously incurred offering costs of approximately $4.2 million were written-off and deducted in the computation of net income available to common unitholders.
(7) $2.120 annual rate of distribution per unit.

(d) Comprehensive Income

Comprehensive income for the nine months ended September 30, 2010 is presented in the accompanying statement of capital and comprehensive income for the nine months ended September 30, 2010. Comprehensive income for the three months ended September 30, 2010 and 2009 are as follows:

	2010	2009
Net income	$ 23,626	$ 23,945
Other comprehensive income (loss):		
Foreign currency translation adjustments	25,907	3,160
Decrease in fair value of interest rate swaps	(2,036)	(3,237)
Reclassification to interest expense from interest rate swaps	1,631	1,134
Comprehensive income	$ 49,128	$ 25,002

12. Incentive Plan

Our 2004 Incentive Award Plan provides for the grant of incentive awards to employees, directors and consultants. Awards issuable under the 2004 Incentive Award Plan include stock options, restricted stock, dividend equivalents, stock appreciation rights, long-term incentive units, cash performance bonuses and other incentive awards. Only employees are eligible to receive incentive stock options under the 2004 Incentive Award Plan. Initially, we had reserved a total of 4,474,102 shares of common stock for issuance pursuant to 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 Realty Services, Inc. and Digital Realty Trust, L.P. 2004 Incentive Award Plan (the Amended and Restated 2004 Incentive Award Plan). The Amended and Restated 2004 Incentive Award Plan increases the aggregate number of shares of stock which may be issued or transferred under the plan by 5,000,000 shares to a total of 9,474,102 shares, and provides that the maximum number of shares of stock with respect to awards granted to any one participant during a calendar year will be 1,500,000 and the maximum amount that may be 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 will be $10.0 million.

As of September 30, 2010, 3,938,074 shares of common stock or awards convertible into or exchangeable for common stock remained available for future issuance under the Amended and Restated 2004 Incentive Award Plan. Each long-term incentive and Class C Unit issued under the Amended and Restated 2004 Incentive Award

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Plan will count as one share of common stock for purposes of calculating the limit on shares that may be issued under the Amended and Restated 2004 Incentive Award Plan and the individual award limit discussed above.

(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, 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.

In order to achieve full parity with common units, long-term incentive units must be fully vested and the holder s capital account balance in respect of such long-term incentive units must be equal to the capital account balance of a holder of an equivalent number of common units. The capital account balance attributable to each common unit is generally expected to be the same, in part because of the amount credited to a partner s capital account upon their contribution of property to the Operating Partnership, and in part because the partnership agreement provides, in most cases, that allocations of income, gain, loss and deduction (which will adjust the partners capital accounts) are to be made to the common units on a proportionate basis. As a result, with respect to a number of long-term incentive units, it is possible to determine the capital account balance of an equivalent number of common units by multiplying the number of long-term incentive units by the capital account balance with respect to a common unit.

A partner s initial capital account balance is equal to the amount the partner paid (or contributed to the Operating Partnership) for its units and is subject to subsequent adjustments, including with respect to the partner s share of income, gain or loss of the Operating Partnership. Because a holder of long-term incentive units generally will not pay for the long-term incentive units, the initial capital account balance attributable to such long-term incentive units will be zero. However, the Operating Partnership is required to allocate income, gain, loss and deduction to the partners capital accounts in accordance with the terms of the partnership agreement, subject to applicable Treasury Regulations. The partnership agreement provides that holders of long-term incentive units will receive special allocations of gain in the event of a sale or hypothetical sale of assets of the Operating Partnership prior to the allocation of gain to Digital Realty Trust, Inc. or other limited partners with respect to their common units. The amount of such allocation will, to the extent of any such gain, be equal to the difference between the capital account balance of a holder of long-term incentive units attributable to such units and the capital account balance attributable to an equivalent number of common units. If and when such gain allocation is fully made, a holder of long-term incentive units will have achieved full parity with holders of common units. To the extent that, upon an actual sale or a hypothetical sale of the Operating Partnership s assets as described above, there is not sufficient gain to allocate to a holder s capital account with respect to long-term incentive units, or if such sale or hypothetical sale does not occur, such units will not achieve parity with common units.

The term hypothetical sale refers to circumstances that are not actual sales of the Operating Partnership s assets but that require certain adjustments to the value of the Operating Partnership s assets and the partners capital account balances. Specifically, the partnership agreement provides that, from time to time, in accordance

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with applicable Treasury Regulations, the Operating Partnership will adjust the value of its assets to equal their respective fair market values, and adjust the partners capital accounts, in accordance with the terms of the partnership agreement, as if the Operating Partnership sold its assets for an amount equal to their value. Times for making such adjustments generally include the liquidation of the Operating Partnership, the acquisition of an additional interest in the Operating Partnership by a new or existing partner in exchange for more than a de minimis capital contribution, the distribution by the Operating Partnership to a partner of more than a de minimis amount of partnership property as consideration for an interest in the Operating Partnership, in connection with the grant of an interest in the Operating Partnership (other than a de minimis interest) as consideration for the performance of services to or for the benefit of the Operating Partnership (including the grant of a long-term incentive unit), and at such other times as may be desirable or required to comply with the Treasury Regulations.

During the nine months ended September 30, 2010 and 2009, certain employees were granted an aggregate of 107,993 and 148,310 long-term incentive units, respectively, which, in addition to a service condition, are subject to a performance condition that impacts the number of units ultimately granted to the employee. The performance condition is based upon our achievement of the respective fiscal years Funds From Operations per share targets. Upon evaluating the results of the performance condition, the final number of units is determined and such units vest based on achievement of the service conditions. The service conditions of the awards provide for 20% vesting on each of the first and second anniversaries of the original grant date and 30% vesting on each of the third and fourth anniversaries of the original grant date provided the grantee continues employment on each anniversary date. Based on our 2009 FFO per diluted share and unit, as adjusted by our compensation committee, all of the 2009 long-term incentive units satisfied the performance condition. The grant date fair values, which equal the market price of Digital Realty Trust, Inc. common stock, are being expensed on a straight-line basis over the vesting period of the long-term incentive units, which ranges from four to five years.

The expense recorded for the three months ended September 30, 2010 and 2009 related to long-term incentive units was approximately $1.8 million and $1.2 million, respectively, and was approximately $5.2 million and $3.3 million for the nine months ended September 30, 2010 and 2009, respectively. We capitalized amounts relating to compensation expense of employees directly engaged in construction and leasing activities of approximately $0.2 million and $0.6 million for the three and nine months ended September 30, 2010, respectively, as compared to $0.2 million and $0.5 million for the three and nine months ended September 30, 2009 respectively. Unearned compensation representing the unvested portion of the long-term incentive units totaled $13.6 million and $9.3 million as of September 30, 2010 and December 31, 2009, respectively. We expect to recognize this unearned compensation over the next 2.8 years on a weighted average basis.

(b) Class C Profits Interest Units

On May 2, 2007, we granted an award of Class C Profits Interest Units of the Operating Partnership or restricted stock units, which we refer to collectively as the Class C Units, under the First Amended and Restated 2004 Incentive Award Plan (2007 Grant) to each of our named executive officers and certain other officers and employees.

The Class C Units subject to this award were subject to vesting based on the achievement of a total shareholder return (which we refer to as the market condition) as measured on November 1, 2008 (which we refer to as the first measurement date) and May 1, 2010 (which we refer to as the second measurement date). If:

with respect to the first measurement date, we achieve a total shareholder return equal to at least 18% over the period commencing on May 2, 2007 and ending on November 1, 2008; and

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with respect to the second measurement date, we achieve a total shareholder return equal to at least 36% over a period commencing on May 2, 2007 and ending on the earlier of May 1, 2010 and the date of a change in control of our company,

the aggregate amount of the 2007 Grant award was equal to 8% of the excess shareholder value, as defined, created during the applicable performance period, but in no event in excess of:

$17 million for the first measurement date; or

$40 million (less the amount of the award pool as of the first measurement date) for the second measurement date.

On May 1, 2010, we determined that 613,485 of the Class C Units granted in 2007 described above satisfied the market condition on the second measurement date (May 1, 2010), with the value of these units equal to the maximum amount of the award pool payable pursuant to the 2007 Grant on the second measurement date. Of the Class C Units that satisfied the market condition on May 1, 2010, 60% vested on May 1, 2010 and the remaining 40% will vest ratably each month thereafter for 24 months.

The fair value of the 2007 Grant was measured on the grant date using a Monte Carlo simulation to estimate the probability of the multiple market conditions being satisfied. The Monte Carlo simulation uses a statistical formula underlying the Black-Scholes and binomial formulas, and such simulation was run approximately 100,000 times. For each simulation, the value of the payoff was calculated at the settlement date and was then discounted to the grant date at a risk-free interest rate. The expected value of the Class C units on the grant date was determined by multiplying the average of the values over all simulations by the number of outstanding shares of Digital Realty Trust, Inc. common stock and Operating Partnership units. The valuation was performed in a risk-neutral framework, so no assumption was made with respect to an equity risk premium. Other significant assumptions used in the valuation included an expected term of 36 months, expected stock price volatility of 23%, a risk-free interest rate of 4.6%, and a dividend growth rate of 5.0 percent. The fixed award limit under the plan is $17 million for the first market condition and $40 million for the second market condition, and there were 69.2 million shares of Digital Realty Trust, Inc. common stock and Operating Partnership units outstanding as of the 2007 grant date. The grant date fair value of these awards of approximately $11.8 million will be recognized as compensation expense on a straight-line basis over the expected service period of five years. The unearned compensation as of September 30, 2010 and December 31, 2009 was $3.4 million and $5.0 million, respectively. As of September 30, 2010 and December 31, 2009, 395,533 and none, respectively, of the above awards had vested. We recognized compensation expense related to these Class C Units of $0.5 million for the three months ended September 30, 2010 and 2009 and $1.4 million and $1.2 million for the nine months ended September 30, 2010 and 2009, respectively. We capitalized amounts relating to compensation expense of employees directly engaged in construction and leasing activities of $0.1 million for the three months ended September 30, 2010 and 2009 and $0.2 million and $0.1 million for the nine months ended September 30, 2010 and 2009, respectively.

(c) Stock Options

The fair value of each option granted under the 2004 Incentive Award Plan is estimated on the date of the grant using the Black-Scholes option-pricing model. For the three and nine months ended September 30, 2010 and 2009, no stock options were granted. The fair values are being expensed on a straight-line basis over the vesting period of the options, which ranges from four to five years. The expense recorded for the three months

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ended September 30, 2010 and 2009 was approximately $0.2 million and approximately $0.7 million for the nine months ended September 30, 2010 and 2009. We capitalized amounts relating to compensation expense of employees directly engaged in construction and leasing activities of approximately $0.1 million for the three months ended September 30, 2010 and 2009 and $0.2 million for the nine months ended September 30, 2010 and 2009. Unearned compensation representing the unvested portion of the stock options totaled $1.6 million and $2.5 million as of September 30, 2010 and December 31, 2009, respectively. We expect to recognize this unearned compensation over the next 1.4 years on a weighted average basis.

The following table summarizes the 2004 Incentive Award Plan s stock option activity for the nine months ended September 30, 2010:

	Nine months ended September 30, 2010	
	Shares	Weighted average exercise price
Options outstanding, beginning of period	620,276	$ 30.63
Exercised	(136,808)	37.85
Cancelled / Forfeited		
Options outstanding, end of period	483,468	$ 28.59
Exercisable, end of period	332,167	$ 23.33

The following table summarizes information about stock options outstanding and exercisable as of September 30, 2010:

	Options outstanding				Options exercisable			
Exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Aggregate intrinsic value	Number exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price	Aggregate intrinsic value
$12.00-13.02	182,369	4.08	$ 12.01	$ 9,062,464	182,369	4.08	$ 12.01	$ 9,062,464
$20.37-28.09	30,808	5.24	23.46	1,178,206	24,470	5.21	22.99	947,348
$33.18-41.73	270,291	6.51	40.36	5,769,033	125,328	6.48	39.87	2,736,175
	483,468	5.51	$ 28.59	$ 16,009,703	332,167	5.07	$ 23.33	$ 12,745,987

(d) Restricted Stock

During the nine months ended September 30, 2010 and 2009, certain employees were granted an aggregate of 37,761 and 53,651 shares of restricted stock, respectively. The grant date fair values, which equal the market price of Digital Realty Trust, Inc. common stock, are being expensed on a straight-line basis over the vesting period of the restricted stock, which ranges from three to four years. During the nine months ended September 30, 2010 and 2009, certain employees were also granted an aggregate of 37,914 and 53,909 shares of restricted stock, respectively, which, in addition to a service condition, are subject to a performance condition that impacts the number of shares ultimately granted to the employee. The performance condition is based upon our achievement of the respective year s FFO per share targets. Upon evaluating the results of the performance condition, the final number of shares is determined and such shares vest based on achievement of the service conditions. The service conditions of the awards provide for 20% vesting on each of the first and second

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anniversaries of the original grant date and 30% vesting on each of the third and fourth anniversaries of the original grant date provided the grantee continues employment on each anniversary date. Based on our 2009 FFO per diluted share and unit, all of the 2009 restricted stock satisfied the performance condition.

The expense recorded for the three months ended September 30, 2010 and 2009 related to grants of restricted stock was approximately $0.5 million and $0.3 million, respectively. The expense recorded for the nine months ended September 30, 2010 and 2009 related to grants of restricted stock was approximately $1.1 million and $0.7 million, respectively. We capitalized amounts relating to compensation expense of employees directly engaged in construction and leasing activities of approximately $0.2 million and $0.2 million for the three months ended September 30, 2010 and 2009, respectively, and approximately $0.7 million and $0.5 million for the nine months ended September 30, 2010 and 2009, respectively. Unearned compensation representing the unvested portion of the restricted stock totaled $5.2 million and $3.3 million as of September 30, 2010 and December 31, 2009, respectively. We expect to recognize this unearned compensation over the next 2.9 years on a weighted average basis.

13. Derivative Instruments

Currently, we use interest rate caps and swaps to manage our interest rate risk. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

To comply with the provisions of fair value accounting guidance, we incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty s nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by us and our counterparties. However, as of December 31, 2009, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Cash Flow Hedges of Interest Rate Risk

Our objectives in using interest rate derivatives are to add stability to interest expense and to manage our exposure to interest rate movements related to US LIBOR, GBP LIBOR and EURIBOR based mortgage loans. To accomplish this objective, we primarily use interest rate swaps and caps as part of our interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate

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amounts from a counterparty in exchange for making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Under an interest rate cap, if the reference interest rate, such as one-month LIBOR, increases above the cap rate, the holder of the instrument receives a payment based on the notional value of the instrument, the length of the period, and the difference between the current reference rate and the cap rate. If the reference rate increases above the cap rate, the payment received under the interest rate cap will offset the increase in the payments due under the variable rate notes payable.

We record all our interest rate swaps and caps on the condensed consolidated balance sheet at fair value. In determining the fair value of our interest rate swaps and caps, we consider the credit risk of our counterparties. These counterparties are generally larger financial institutions engaged in providing a variety of financial services. These institutions generally face similar risks regarding adverse changes in market and economic conditions, including, but not limited to, fluctuations in interest rates, exchange rates, equity and commodity prices and credit spreads. The current and pervasive disruptions in the financial markets have heightened the risks to these institutions.

Interest rate caps are viewed as a series of call options or caplets which exist for each period the cap agreement is in existence. As each caplet expires, the related cost of the expired caplet is amortized to interest expense with the remaining caplets carried at fair value. The value of interest rate caps is primarily impacted by interest rates, market expectations about interest rates, and the remaining life of the instrument. In general, increases in interest rates, or anticipated increases in interest rates, will increase the value of interest rate caps. As the remaining life of an interest rate cap decreases, the value of the instrument will generally decrease towards zero. The purchase price of an interest rate cap is amortized to interest expense over the contractual life of the instrument. For interest rate caps that are designated as cash flow hedges under accounting guidance as it relates to derivative instruments, the change in the fair value of an effective interest rate cap is recorded to accumulated other comprehensive income in equity. Amounts we are entitled to under interest rate caps, if any, are recognized on an accrual basis, and are recorded to as a reduction against interest expense in the accompanying condensed consolidated statements of operations.

Our agreements with some of our derivative counterparties provide either that (1) we could be declared in default on our derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to our default on the indebtedness or (2) we could be declared in default on our derivative obligations if we default on any of our indebtedness, including a default where repayment of the underlying indebtedness has not been accelerated by the lender.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income (loss) and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During 2010, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. The fair value of these derivatives was ($10.6) million and ($7.5) million at September 30, 2010 and December 31, 2009, respectively. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. During the three and nine months ended September 30, 2010 and 2009, there were no ineffective portions to our interest rate swaps.

Amounts reported in accumulated other comprehensive loss related to interest rate swaps will be reclassified to interest expense as interest payments are made on our debt. As of September 30, 2010, we estimate that an additional $5.7 million will be reclassified as an increase to interest expense during the twelve months ending September 30, 2011, when the hedged forecasted transactions impact earnings.

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As of September 30, 2010 and December 31, 2009, 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, 2010	As of December 31, 2009	Type of Derivative	Strike Rate	Effective Date	Expiration Date	As of September 30, 2010	As of December 31, 2009
$ 19,802[1]	$ 20,831[1]	Swap	4.944	Jul. 10, 2006	Apr. 10, 2011	$ (424)	$ (952)
67,304[1]	69,154[1]	Swap	2.980	April 6, 2009	Nov. 30, 2013	(3,389)	(299)
14,297[2]	15,208[2]	Swap	3.981	May 17, 2006	Jul. 18, 2013	(981)	(889)
10,343[2]	11,003[2]	Swap	4.070	Jun. 23, 2006	Jul. 18, 2013	(734)	(675)
9,102 [2]	9,682[2]	Swap	3.989	Jul. 27, 2006	Oct. 18, 2013	(668)	(579)
42,372[2]	45,067[2]	Swap	3.776	Dec. 5, 2006	Jan. 18, 2012	(1,408)	(1,887)
36,429[2]	38,746[2]	Swap	4.000	Dec. 20, 2006	Jan. 18, 2012	(1,315)	(1,794)
40,902[2]	42,993[2]	Swap	2.703	Dec. 3, 2009	Sep. 4, 2014	(1,660)	(453)
17,171	17,737	Cap	4.000	June 24, 2009	June 25, 2012	1	70
20,500		Cap	4.000	Aug. 4, 2010	June 15, 2013	16	
$ 278,222	$ 270,421					$ (10,562)	$ (7,458)

(1) Translation to U.S. dollars is based on exchange rate of $1.57 to £1.00 as of September 30, 2010 and $1.61 to £1.00 as of December 31, 2009.

(2) Translation to U.S. dollars is based on exchange rate of $1.36 to 1.00 as of September 30, 2010 and $1.43 to 1.00 as of December 31, 2009.

We do not have any fair value measurements using significant unobservable inputs (Level 3) as of September 30, 2010 or December 31, 2009.

14. Fair Value of Instruments

We 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.

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, 2010 and December 31, 2009 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, security deposits and prepaid rents approximate fair value because of the short-term nature of these instruments. As described in note 13, the interest rate cap and interest rate swaps are recorded at fair value.

We calculate the fair value of our mortgage loans, unsecured senior notes and exchangeable senior debentures based on currently available market rates assuming the loans are outstanding through maturity and

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considering the collateral and other loan terms, including excess exchange value which exists related to our 2026 Debentures. 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 debt. The carrying value of our revolving credit facility approximates fair value, due to the short-term nature of this instrument along with the variability of interest rates.

As of September 30, 2010 and December 31, 2009, the aggregate estimated fair value and carrying value of our revolving credit facility, unsecured senior notes, exchangeable senior debentures, mortgage loans and other secured loans were as follows (in thousands):

	As of September 30, 2010		As of December 31, 2009	
	Estimated Fair Value	Carrying Value	Estimated Fair Value	Carrying Value
Revolving credit facility [1]	$ 220,565	$ 220,565	$ 205,547	$ 205,547
Unsecured senior notes [2][3]	1,129,802	1,065,817	94,470	83,000
Exchangeable senior debentures [2][3]	622,420	374,054	624,618	432,234
Mortgage loans [2]	1,098,758	1,050,663	1,054,293	1,063,663
Other secured loan	10,755	10,500		
	$ 3,082,300	$ 2,721,599	$ 1,978,928	$ 1,784,444

(1) The carrying value of our revolving credit facility approximates estimated fair value, due to the short-term nature of this instrument along with the variability of interest rates.

(2) 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 and 2020 Notes and exchangeable senior debentures are valued based on quoted market prices.

(3) The carrying value of the 2015 Notes and 2020 Notes are net of discount of $9,183 in the aggregate as of September 30, 2010. The carrying values of our exchangeable senior debentures are net of discount of $2,389 and $6,666 as of September 30, 2010 and December 31, 2009, respectively, related to our 2026 Debentures.

15. Related Party Transactions

In December 2006, we entered into ten leases with tel(x), pursuant to which tel(x) provides enhanced meet-me-room services to our customers. The initial terms of these leases expire in 2026, and tel(x) has options to extend them through 2046. tel(x) was acquired by GI Partners Fund II, LLP in November 2006. Richard Magnuson, our Chairman, is also the chief executive officer of the advisor to GI Partners Fund II, LLP. Our consolidated statements of operations include rental revenues of approximately $7.3 million and $5.4 million from tel(x) for the three months ended September 30, 2010 and 2009, respectively, and $18.2 million and $14.6 million for the nine months ended September 30, 2010 and 2009, respectively. In connection with the lease agreements, we entered into an operating agreement with tel(x), effective as of December 1, 2006, with respect to joint sales and marketing efforts, designation of representatives to manage the national relationship between us and tel(x) and future meet-me-room facilities. Under the operating agreement, tel(x) has a sixty-day option to enter into a meet-me-room lease for certain future meet-me-room buildings acquired by us or any buildings currently owned by us that are converted into a meet-me-room building. As of September 30, 2010, tel(x) leases 166,717 square feet from us under 30 lease agreements.

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We also entered into an agreement with tel(x), effective as of December 1, 2006, with respect to percentage rent arising out of potential future lease agreements for rentable space in buildings covered by the meet-me-room lease agreements. Percentage rent earned during the three months ended September 30, 2010 and 2009 amounted to approximately $0.9 million and $0.5 million, respectively, and $1.4 million and $0.7 million for the nine months ended September 30, 2010 and 2009, respectively.

In addition, in connection with the lease agreements, we entered into a management agreement with tel(x), effective as of December 1, 2007, pursuant to which tel(x) agreed to provide us with certain management services in exchange for a management fee of one percent of rents actually collected by tel(x).

We are party to six leases with SoftLayer Technologies, Inc. (SoftLayer), of which three have commenced during the nine months ended September 30, 2010 and the remaining three will commence in future periods. The initial terms of these leases expire from 2013 to 2025, and SoftLayer has options to extend them from 2023 through 2035. On August 3, 2010, GI Partners Fund III, L.P. acquired a controlling interest in SoftLayer. Richard Magnuson, our Chairman, is also a manager of the general partner to GI Partners Fund III, L.P. Our consolidated statements of operations include rental revenues of approximately $1.2 million and $1.6 million from SoftLayer for the three and nine months ended September 30, 2010, respectively. No rental revenues were earned from SoftLayer for the three and nine months ended September 30, 2009.

16. Commitments and Contingencies

We have agreed with the seller of 350 East Cermak Road to share a portion, not to exceed $135,000 per month, of rental revenue, adjusted for our costs to lease the premises, from the leases of the 192,000 square feet of space held for redevelopment. This revenue sharing agreement will terminate in May 2012. We made payments of approximately $4.2 million and $31,000 to the seller during the nine months ended September 30, 2010 and 2009, respectively. We have recorded approximately $2.7 million and $2.1 million for this contingent liability on our condensed consolidated balance sheet at September 30, 2010 and December 31, 2009, respectively.

As part of the acquisition of Clonshaugh Industrial Estate, we entered into an agreement with the seller whereby the seller is entitled to receive 40% of the net rental income generated by the existing building, after we have received a 9% return on all capital invested in the property. As of February 6, 2006, the date we acquired this property, we have estimated the present value of these expected payments over the 10 year lease term to be approximately $1.1 million and this value has been recorded as a component of the purchase price. Accounts payable and other liabilities include $1.3 million for this liability as of September 30, 2010 and December 31, 2009. During the nine months ended September 30, 2010 and 2009, we paid approximately $0.1 million and $0.2 million, respectively, to the seller.

Our properties require periodic investments of capital for tenant-related capital expenditures and for general capital improvements and 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, 2010, we had open commitments related to construction contracts of approximately $101.5 million.

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17. Subsequent Events

On November 9, 2010, we distributed a Notice of Redemption to all holders of record of our outstanding 7.875% Series B Cumulative Redeemable Preferred Stock, or Series B Preferred Stock, regarding our redemption of all outstanding shares of our Series B Preferred Stock at a redemption price of $25.37734 per share. The redemption price is equal to the original issuance price of $25.00 per share, plus accrued and unpaid dividends. The redemption date is December 10, 2010. We intend to fund the redemption with borrowings under the Operating Partnership s revolving credit facility, which the Operating Partnership will distribute to Digital Realty Trust, Inc. in connection with the Operating Partnership s redemption of all 2,530,000 of its outstanding 7.875% Series B Cumulative Redeemable Preferred Units held by Digital Realty Trust, Inc.

On November 2, 2010, we declared the following dividends per share and the Operating Partnership declared an equivalent distribution per unit:

Share Class	Series B Preferred Stock	Series C Preferred Stock	Series D Preferred Stock	Common stock and common unit
Dividend and distribution amount	$ 0.492188	$ 0.273438	$ 0.343750	$ 0.530000
Dividend and distribution payable date	December 31, 2010	December 31, 2010	December 31, 2010	January 14, 2011
Dividend payable to shareholders of record on	December 15, 2010	December 15, 2010	December 15, 2010	December 15, 2010
Annual equivalent rate of dividend and distribution	$ 1.969	$ 1.094	$ 1.375	$ 2.120

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Report of Independent Registered Public Accounting Firm

The Partners

Digital Realty Trust, L.P.:

We have audited the accompanying consolidated balance sheets of Digital Realty Trust, L.P. (the Operating Partnership) and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of operations, capital and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2009. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule III, properties and accumulated depreciation. These consolidated financial statements and financial statement schedule III are the responsibility of the Operating Partnership s management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule III based on our audits.

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

In our opinion, the consolidated financial statements referred to above presents fairly, in all material respects, the financial position of Digital Realty Trust, L.P. and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule III, properties and accumulated depreciation, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

San Francisco, California

June 25, 2010, except as to

Note 17, which is as of

August 4, 2010

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CONSOLIDATED BALANCE SHEETS

(in thousands, except unit and per unit data)

	December 31, 2009	December 31, 2008
ASSETS		
Investments in real estate:		
Properties:		
Land	$ 382,763	$ 316,318
Acquired ground leases	2,767	2,733
Buildings and improvements	2,952,330	2,467,830
Tenant improvements	272,462	255,818
Total investments in properties	3,610,322	3,042,699
Accumulated depreciation and amortization	(459,521)	(302,960)
Net investments in properties	3,150,801	2,739,739
Investment in unconsolidated joint venture	6,392	8,481
Net investments in real estate	3,157,193	2,748,220
Cash and cash equivalents	72,320	73,334
Accounts and other receivables, net of allowance for doubtful accounts of $2,691 and $2,109 as of December 31, 2009 and December 31, 2008, respectively	46,086	39,108
Deferred rent	145,550	99,957
Acquired above market leases, net of accumulated amortization of $36,896 and $31,128 as of December 31, 2009 and December 31, 2008, respectively	25,861	31,352
Acquired in place lease value and deferred leasing costs, net of accumulated amortization of $229,852 and $188,348 as of December 31, 2009 and December 31, 2008, respectively	224,216	222,389
Deferred financing costs, net of accumulated amortization of $20,934 and $14,344 as of December 31, 2009 and December 31, 2008, respectively	21,073	16,275
Restricted cash	37,810	45,470
Other assets	14,950	4,940
Total assets	$ 3,745,059	$ 3,281,045
LIABILITIES AND CAPITAL		
Revolving credit facility	$ 205,547	$ 138,579
Unsecured senior notes	83,000	58,000
Mortgage loans	1,063,663	1,026,594
4.125% exchangeable senior debentures due 2026, net of discount	165,834	161,901
5.50% exchangeable senior debentures due 2029	266,400	
Accounts payable and other accrued liabilities	151,229	171,176
Accrued distributions	37,004	26,092
Acquired below market leases, net of accumulated amortization of $78,627 and $64,706 as of December 31, 2009 and December 31, 2008, respectively	69,311	76,660
Security deposits and prepaid rents	68,270	46,967
Total liabilities	2,110,258	1,705,969
Commitments and contingencies		
Capital:		
Partners capital:		
General partner:		
4,140,000 Series A Cumulative Redeemable preferred units issued and outstanding, 2,530,000 Series B Cumulative Redeemable preferred units issued and outstanding, 6,999,955 and 7,000,000 Series C Cumulative Convertible preferred units issued and outstanding, respectively, 13,795,500 and 13,800,000 Series D Cumulative Convertible	662,338	662,448

preferred units issued and outstanding, respectively, all with a $25.00 liquidation preference per preferred unit (liquidation preference of $686,636,375 and $686,750,000 as of December 31, 2009 and December 31, 2008, respectively)		
76,812,783 and 73,306,703 common units issued and outstanding, respectively	924,604	890,976
Limited partners, 4,360,549 common units, 842,096 profits interest units and 216,452 class C units outstanding as of December 31, 2009 and 4,530,549 common units, 853,107 profits interest units and 435,474 class C units outstanding as of December 31, 2008	60,875	71,041
Accumulated other comprehensive loss	(30,630)	(53,747)
Total partners capital	1,617,187	1,570,718
Noncontrolling interests in consolidated joint ventures	17,614	4,358
Total capital	1,634,801	1,575,076
Total liabilities and capital	$ 3,745,059	$ 3,281,045

See accompanying notes to the consolidated financial statements.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except unit and per unit data)

	Year Ended December 31,		
	2009	**2008**	**2007**
Operating Revenues:			
Rental	$ 510,772	$ 404,559	$ 319,603
Tenant reimbursements	125,308	107,503	75,003
Other	1,062	15,383	641
Total operating revenues	637,142	527,445	395,247
Operating Expenses:			
Rental property operating and maintenance	176,238	151,147	109,225
Property taxes	36,004	31,102	27,181
Insurance	6,111	4,988	5,527
Depreciation and amortization	198,052	172,378	134,419
General and administrative	42,165	38,391	30,786
Other	783	1,084	431
Total operating expenses	459,353	399,090	307,569
Operating income	177,789	128,355	87,678
Other Income (Expenses):			
Equity in earnings of unconsolidated joint venture	2,172	2,369	449
Interest and other income	753	2,106	2,287
Interest expense	(88,442)	(63,621)	(67,054)
Tax expense	(1,038)	(1,109)	(814)
Loss from early extinguishment of debt		(182)	
Income from continuing operations	91,234	67,918	22,546
Income from discontinued operations before gain on sale of assets			1,395
Gain on sale of assets			18,049
Income from discontinued operations			19,444
Net income	91,234	67,918	41,990
Net income attributable to noncontrolling interests in consolidated joint venture	(140)	(335)	
Net income attributable to Digital Realty Trust, L.P.	91,094	67,583	41,990
Preferred units distributions	(40,404)	(38,564)	(19,330)
Net income available to common unitholders	$ 50,690	$ 29,019	$ 22,660
Net income per unit available to common unitholders:			
Basic	$ 0.62	$ 0.39	$ 0.33
Diluted	$ 0.61	$ 0.38	$ 0.32
Weighted average common units outstanding:			

Basic	81,715,226	75,160,263	68,754,024
Diluted	82,785,746	76,766,756	70,799,336

See accompanying notes to the consolidated financial statements.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CAPITAL AND COMPREHENSIVE INCOME (LOSS)

(in thousands, except unit data)

	General Partner				Limited Partners				
	Preferred Units		Common Units		Common Units		Accumulated Other Comprehensive Income (loss)	Noncontrolling Interests in Consolidated Joint Venture	Total Capital
	Units	Amount	Units	Amount	Units	Amount			
Balance as of December 31, 2006	6,670,000	$ 159,799	54,257,691	$ 559,587	13,655,464	$ 141,890	$ 4,190		$ 865,466
Conversion of limited partner common units to general partner common units			7,042,054	71,152	(7,042,054)	(71,152)			
Net proceeds from issuance of common units			4,025,000	150,447					150,447
Issuance of series C preferred units, net of offering costs	7,000,000	169,068							169,068
Issuance of common units in connection with the exercise of stock options			81,495	1,036					1,036
Issuance of common units					62,384				
Amortization of unearned compensation regarding share based awards				4,367					4,367
Distributions		(19,330)		(72,259)		(8,451)			(100,040)
Reallocation of interests				(8,316)		8,316			
Contributions from noncontrolling interests in consolidated joint venture								4,928	4,928
Net income		19,330		18,907		3,753			41,990
Other comprehensive income foreign currency translation adjustments							(129)		(129)
Other comprehensive income fair value of interest rate swaps							1,872		1,872
Other comprehensive income reclassification of other comprehensive income to interest expense							(2,575)		(2,575)
Comprehensive income									41,158
Balance as of December 31, 2007	13,670,000	$ 328,867	65,406,240	$ 724,921	6,675,794	$ 74,356	$ 3,358	$ 4,928	$ 1,136,430
Conversion of limited partner common units to general partner common units			1,825,157	20,360	(1,825,157)	(20,360)			
Issuance of common units in connection with restricted stock, net of forfeitures			116,603						
Net proceeds from issuance of common units			5,750,000	211,611					211,611
Issuance of series D preferred units, net of offering costs	13,800,000	333,581							333,581
Issuance of common units in connection with the exercise of stock options			208,703	4,205					4,205

Issuance of common units					968,493				
Amortization of unearned compensation regarding share based awards				9,805					9,805
Distributions		(38,564)		(87,447)		(7,775)			(133,786)
Reallocation of interests				(22,491)		22,491			
Acquisition of consolidated joint venture noncontrolling interest								1,887	1,887
Contributions from noncontrolling interests in consolidated joint venture								16,452	16,452
Distributions to noncontrolling interests in consolidated joint venture								(8,276)	(8,276)
Adjustments due to purchase of noncontrolling interests				3,322				(10,968)	(7,646)
Net income		38,564		26,690		2,329		335	67,918
Other comprehensive income foreign currency translation adjustments							(48,391)		(48,391)
Other comprehensive income fair value of interest rate swaps							(7,904)		(7,904)
Other comprehensive income reclassification of other comprehensive income to interest expense							(810)		(810)
Comprehensive income									10,813
Balance as of December 31, 2008	27,470,000	$ 662,448	73,306,703	$ 890,976	5,819,130	$ 71,041	$ (53,747)	$ 4,358	$ 1,575,076

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CAPITAL AND COMPREHENSIVE INCOME (LOSS) (Continued)

(in thousands, except unit data)

	General Partner				Limited Partners				
	Preferred Units		Common Units		Common Units		Accumulated Other Comprehensive Income (loss)	Noncontrolling Interests in Consolidated Joint Venture	Total Capital
	Units	Amount	Units	Amount	Units	Amount			
Conversion of limited partner common units to general partner common units			650,511	7,632	(650,511)	(7,632)			
Issuance of common units in connection with restricted stock, net of forfeitures			103,700						
Net proceeds from issuance of common units			2,500,000	82,859					82,859
Issuance of common units in connection with the exercise of stock options			249,167	6,325					6,325
Issuance of common units, net of forfeitures					250,478				
Amortization of unearned compensation regarding share based awards				9,829					9,829
Conversion of series C and D preferred units	(4,545)	(110)	2,702	110					
Distributions		(40,404)		(112,266)		(8,430)			(161,100)
Reclassification of vested share based awards				(2,464)		2,464			
Contributions from noncontrolling interest in consolidated joint venture								33,787	33,787
Adjustments due to purchase of noncontrolling interests in consolidated joint venture				(5,655)				(20,671)	(26,326)
Net income		40,404		47,258		3,432		140	91,234
Other comprehensive income foreign currency translation adjustments							24,476		24,476
Other comprehensive income fair value of interest rate swaps							(5,419)		(5,419)
Other comprehensive income reclassification of other comprehensive income to interest expense							4,060		4,060
Comprehensive income									114,351
Balance as of December 31, 2009	27,465,455	$ 662,338	76,812,783	$ 924,604	5,419,097	$ 60,875	$ (30,630)	$ 17,614	$ 1,634,801

See accompanying notes to the consolidated financial statements.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Cash flows from operating activities:			
Net income	$ 91,234	$ 67,918	$ 41,990
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sale of assets			(18,049)
Equity in earnings of unconsolidated joint venture	(2,172)	(2,369)	(449)
Distributions from unconsolidated joint venture	4,350	3,019	1,383
Write-off of net assets due to early lease terminations	783	1,085	430
Depreciation and amortization of buildings and improvements, tenant improvements and acquired ground leases	156,828	118,364	81,305
Amortization of share-based unearned compensation	9,829	9,805	4,367
Allowance for doubtful accounts	582	(1,058)	1,135
Amortization of deferred financing costs	7,925	5,579	5,161
Write-off of deferred financing costs, included in net loss on early extinguishment of debt		182	
Amortization of debt discount/premium	3,550	2,435	2,553
Amortization of acquired in place lease value and deferred leasing costs	41,224	54,014	53,493
Amortization of acquired above market leases and acquired below market leases, net	(8,040)	(9,689)	(10,412)
Changes in assets and liabilities:			
Restricted cash	7,723	(1,640)	(12,716)
Accounts and other receivables	(16,173)	4,878	5,134
Deferred rent	(45,342)	(36,006)	(23,376)
Deferred leasing costs	(10,606)	(10,776)	(14,417)
Other assets	(4,936)	4,064	(138)
Accounts payable and other accrued liabilities	26,229	(8,004)	(19,129)
Security deposits and prepaid rents	20,821	16,007	7,390
Net cash provided by operating activities	283,809	217,808	105,655
Cash flows from investing activities:			
Acquisitions of properties	(137,996)	(79,243)	(359,849)
Purchase of prepaid ground lease			(1,192)
Proceeds from sale of assets, net of sales costs			78,191
Deposits paid for acquisitions of properties		(760)	(459)
Receipt of value added tax refund	14,095	20,241	6,800
Refundable value added tax paid	(5,208)	(20,337)	(11,059)
Change in restricted cash	358	(2,340)	427
Improvements to investments in real estate	(392,386)	(545,223)	(265,682)
Improvement advances to tenants	(2,964)	(20,182)	(27,256)
Collection of advances from tenants for improvements	4,192	21,315	25,836
Return of investment in unconsolidated joint venture			20,500
Purchase of joint venture partners interests		(21,222)	(3,684)
Net cash used in investing activities	(519,909)	(647,751)	(537,427)

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(in thousands)

	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Cash flows from financing activities:			
General partner contributions	$ 89,184	$ 549,210	$ 320,751
Borrowings on revolving credit facility	574,563	1,142,555	612,472
Repayments on revolving credit facility	(506,732)	(1,296,610)	(463,980)
Borrowings on unsecured senior notes	25,000	58,000	
Proceeds from mortgage loans	121,994	174,900	121,288
Principal payments on mortgage loans	(163,242)	(26,719)	(48,238)
Proceeds from 5.50% exchangeable senior debentures	266,400		
Change in restricted cash	(421)	(188)	(869)
Payment of loan fees and costs	(12,377)	(5,423)	(5,536)
Capital distributions to noncontrolling interests in consolidated joint venture		(11,358)	
Capital contributions received from noncontrolling interests in consolidated joint venture	17,231	17,598	2,056
Payment of distributions to preferred unitholders	(40,404)	(38,564)	(19,329)
Payment of distributions to common unitholders	(109,784)	(91,476)	(77,752)
Purchase of noncontrolling interests in consolidated joint venture	(26,326)		
Net cash provided by financing activities	235,086	471,925	440,863
Net (decrease) increase in cash and cash equivalents	(1,014)	41,982	9,091
Cash and cash equivalents at beginning of period	73,334	31,352	22,261
Cash and cash equivalents at end of period	$ 72,320	$ 73,334	$ 31,352
Supplemental disclosure of cash flow information:			
Cash paid for interest, including amounts capitalized	$ 81,820	$ 72,339	$ 69,028
Cash paid for taxes	785	1,099	604
Supplementary disclosure of noncash investing and financing activities:			
Change in net assets related to foreign currency translation adjustments	$ 24,476	$ (48,391)	$ (129)
Accrual of distributions	37,004	26,092	22,345
(Decrease) increase in accounts payable and other accrued liabilities and other assets, respectively, related to increase in fair value of interest rate swaps	(5,419)	(7,904)	1,872
Non-cash allocation of investment in partnership to:			
Land	17,632	2,093	6,732
Building	15,924	1,607	6,325
Accounts and other receivables		46	38
Other assets		10	
Mortgage loans	(17,000)	(2,836)	(5,541)
Accounts payable and other accrued liabilities			(998)
Change to noncontrolling interest in consolidated joint venture	(16,556)	(920)	(6,556)
Accrual for additions to investments in real estate and tenant improvement advances included in accounts payable and accrued expenses	57,292	103,277	97,512
Allocation of purchase price of properties/investment in partnership to:			
Investments in real estate	180,110	78,516	329,999
Accounts and other receivables			3,486
Other assets	2		952
Acquired above market leases	100	440	335
Acquired below market leases	(5,859)	(3,104)	(22,214)
Acquired in place lease value and deferred leasing costs	15,712	3,493	50,876
Mortgage loans assumed	(51,985)		

Accounts payable and other accrued liabilities		(38)	(2,146)
Security deposits and prepaid rents	(84)	(64)	(247)
Cash paid for acquisition of properties	$ 137,996	$ 79,243	$ 361,041

See accompanying notes to the consolidated financial statements.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Description of Business

Digital Realty Trust, L.P. and its subsidiaries (collectively, we or the Operating Partnership) is engaged in the business of owning, acquiring, developing, redeveloping and managing technology-related real estate. The Operating Partnership is managed by Digital Realty Trust, Inc. (the General Partner), its sole general partner. The Operating Partnership is focused on providing Turn-Key Datacenter® and Powered Base Building® datacenter solutions for domestic and international tenants across a variety of industry verticals ranging from information technology and Internet enterprises, to manufacturing and financial services. As of December 31, 2009, our portfolio consisted of 81 properties, excluding one property held as an investment in an unconsolidated joint venture, of which 68 are located throughout North America and 13 are located in Europe. Our properties are diversified in major markets where corporate datacenter and technology tenants are concentrated, including the Chicago, Dallas, Los Angeles, New York/New Jersey, Northern Virginia, Phoenix, San Francisco and Silicon Valley metropolitan areas in the U.S. and the Amsterdam, Dublin, London and Paris markets in Europe. The portfolio consists of Internet gateway and corporate datacenter properties, technology manufacturing properties and regional or national headquarters of technology companies.

The Operating Partnership was formed on July 21, 2004 in anticipation of the General Partner s initial public offering (IPO) on November 3, 2004 and commenced operations on that date. As of December 31, 2009, the General Partner owns a 93.4% common unit interest and a 100% preferred unit interest in the Operating Partnership. As general partner, it has control over the Operating Partnership. The limited partners of the Operating Partnership do not have rights to replace the general partner nor do they have participating rights, although they do have certain protective rights.

We continue to operate and expand the business of the General Partner s predecessor (the Predecessor). The Predecessor is not a legal entity; rather it is a combination of certain of the real estate subsidiaries of Global Innovation Partners LLC, or GI Partners, contributed to us in connection with the IPO, along with an allocation of certain assets, liabilities, revenues and expenses of GI Partners related to the real estate owned by such subsidiaries.

Pursuant to a contribution agreement among GI Partners, the owner of the Predecessor, and the Operating Partnership, certain of GI Partners properties were contributed to the Operating Partnership in exchange for limited partnership interests (Units) in the Operating Partnership and the assumption of debt and other specified liabilities. Additionally, pursuant to contribution agreements between the Operating Partnership and third parties, which were also executed in July 2004, the Operating Partnership received contributions of interests in certain additional real estate properties in exchange for Units and the assumption of specified liabilities.

The General Partner has operated in a manner that it believes has enabled it to qualify to be treated, as a Real Estate Investment Trust (REIT) under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the Code).

The General Partner and the Operating Partnership (collectively, the Company) are an internally managed REIT with an UPREIT structure and, as such, the General Partner does not hold any independent assets or conduct any business operations apart from its investment in the Operating Partnership. There are no management or similar contracts between the Operating Partnership and the General Partner other than the partnership agreement, and the Company operates as a single, internally managed enterprise of which the General Partner is the holding company that manages the Operating Partnership. The General Partner has no source of revenue other than on its equity interests in the Operating Partnership. The accounts of the Operating Partnership are consolidated with those of the General Partner. The same personnel service both the General Partner and the Operating Partnership.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements include all of the accounts of the Operating Partnership and its subsidiaries. Intercompany balances and transactions have been eliminated.

(b) Cash Equivalents

For the purpose of the consolidated statements of cash flows, we consider short-term investments with original maturities of 90 days or less to be cash equivalents. As of December 31, 2009 and 2008, cash equivalents consist of investments in money market instruments.

(c) Investments in Real Estate

Investments in real estate are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives as follows:

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

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

(d) Investment in Unconsolidated Joint Venture

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

(e) Impairment of Long-Lived Assets

We assess whether there has been impairment in the value of our long-lived assets whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount to the future net cash flows, undiscounted and without interest, expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. Management believes no impairment in the net carrying value of the investments in real estate has occurred.

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

Purchase accounting is applied to the assets and liabilities related to all real estate investments acquired from third parties. In accordance with current accounting guidance, the fair value of the real estate acquired is allocated to the acquired tangible assets, consisting primarily of land, building and tenant improvements, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, other

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

value of in-place leases, value of tenant relationships and acquired ground leases, based in each case on their fair values. Loan premiums, in the case of above market rate loans, or loan discounts, in the case of below market loans, are recorded based on the fair value of any loans assumed in connection with acquiring the real estate.

The fair values of the tangible assets of an acquired property are determined based on comparable land sales for land and replacement costs adjusted for physical and market obsolescence for the improvements. The fair values of the tangible assets of an acquired property are also determined by valuing the property as if it were vacant, and the as-if-vacant value is then allocated to land, building and tenant improvements based on management s determination of the relative fair values of these assets. Management determines the as-if-vacant fair value of a property using methods similar to those used by independent appraisers. Factors considered by management in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses and estimates of lost rental revenue during the expected lease-up periods based on current market demand. Management also estimates costs to execute similar leases including leasing commissions, legal and other related costs.

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

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

The fair value of intangible assets and liabilities acquired during the years ended December 31, 2009 and 2008 were as follows (in thousands):

	2009	2008
Acquired in place lease value	$ 15,712	$ 3,493
Acquired above market lease value	100	440
Acquired below market lease value	(5,859)	(3,104)

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The estimated future amortization of intangible assets and liabilities (assuming no early termination of leases acquired) at December 31, 2009 is as follows (in thousands):

	Acquired in place lease value	Acquired above market lease value	Acquired below market lease value
2010	$ 32,987	$ 5,365	$ (13,229)
2011	26,331	4,215	(11,838)
2012	21,999	3,665	(8,225)
2013	21,255	3,582	(8,122)
2014	18,438	3,482	(7,157)
Thereafter	41,296	5,552	(20,740)
	$ 162,306	$ 25,861	$ (69,311)

On January 1, 2009, we adopted new accounting guidance for the accounting for business combinations. The accounting guidance provides for recognizing and measuring assets acquired and liabilities assumed in an acquisition at fair value. This accounting guidance also requires that transaction costs in an acquisition be expensed as incurred. The guidance applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The adoption did not have a material impact on our consolidated financial statements for the year ended December 31, 2009. In April 2009, the Financial Accounting Standards Board, or FASB, issued revised guidance for recognizing and measuring pre-acquisition contingencies in a business combination. Under the revised guidance, pre-acquisition contingencies are recognized at their acquisition-date fair value if a fair value can be determined during the measurement period. If the acquisition-date fair value cannot be determined during the measurement period, a contingency (best estimate) is to be recognized if it is probable that an asset existed or liability had been incurred at the acquisition date and the amount can be reasonably estimated. The revised guidance does not prescribe specific accounting for subsequent measurement and accounting for contingencies. The revised guidance is effective for contingent assets and contingent liabilities acquired in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We expect the revised guidance will have an impact on our consolidated financial statements, but the nature and magnitude of the specific effects will depend upon the nature, term and size of the acquired contingencies.

(g) Capitalization of costs

We capitalize direct and indirect costs related to construction and development, including property taxes, insurance and financing costs relating to space under development. Interest capitalized during the years ended December 31, 2009 and 2008 was $9.2 million and $18.4 million, respectively. We capitalized amounts relating to compensation expense of employees directly engaged in construction and successful leasing activities of $13.9 million and $10.6 million for the years ended December 31, 2009 and 2008, respectively.

(h) Deferred Leasing Costs

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

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(i) Foreign Currency Translation

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

(j) Deferred Financing Costs

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

(k) Restricted Cash

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

(l) Offering Costs

Underwriting commissions and other offering costs are reflected as a reduction in partners capital.

(m) Share Based Compensation

We account for share based compensation using the fair value method of accounting. The estimated fair value of the stock options granted by us is being amortized on a straight-line basis over the vesting period of the stock options. The estimated fair value of the long-term incentive units and Class C Units (discussed in note 9) granted by us is being amortized on a straight-line basis over the expected service period.

For share based compensation awards with performance conditions, we estimate the fair value of the award for each of the possible performance condition outcomes and amortize the compensation cost based on management s projected performance outcome. In the instance management s projected performance outcome changes prior to the final measurement date, compensation cost is adjusted accordingly.

(n) Accounting for Derivative Instruments and Hedging Activities

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

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income (loss) and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. During the years ended December 31, 2009, 2008 and 2007, respectively, there were no ineffective portions to our interest rate swaps.

We actively manage our ratio of fixed-to-floating rate debt. To manage our fixed and floating rate debt in a cost-effective manner, we, from time to time, enter into interest rate swap agreements as cash flow hedges, under which we agree to exchange various combinations of fixed and/or variable interest rates based on agreed upon notional amounts.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(o) Assets and Liabilities Measured at Fair Value

On January 1, 2008, we adopted new accounting guidance establishing a framework for measuring fair-value and expanding disclosures regarding fair-value measurements related to financial instruments. The guidance applies to reported balances that are required or permitted to be measured at fair-value under existing accounting pronouncements; accordingly, the guidance does not require any new fair-value measurements of reported balances. On January 1, 2009, we adopted this guidance for non-financial instruments subject to this pronouncement.

The guidance emphasizes that fair-value is a market-based measurement, not an entity-specific measurement. Therefore, a fair-value measurement should be 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, a fair-value hierarchy is established 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 level in the fair-value hierarchy within which the entire fair-value measurement falls is based on the lowest level input that is significant to 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.

(p) Income Taxes

We assess our significant tax positions in accordance with U.S. GAAP for all open tax years and determine whether we have any material unrecognized liabilities from uncertain tax benefits. If a tax position is not considered more-likely-than-not to be sustained solely on its technical merits, no benefits of the tax position are to be recognized (for financial statement purposes). As of December 31, 2009, we have no liabilities for uncertain tax positions. We classify interest and penalties on tax liabilities from significant uncertain tax positions as interest expense and operating expense, respectively, in our consolidated statements of operations. For the years ended December 31, 2009, 2008 and 2007, we had no such interest or penalties.

See Note 7 for further discussion on income taxes.

(q) 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.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(r) Revenue Recognition

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

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

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

(s) Asset Retirement Obligations

We record accruals for estimated retirement obligations as required by current accounting guidance. The amount of asset retirement obligations relates primarily to estimated asbestos removal costs at the end of the economic life of properties that were built before 1984. As of December 31, 2009 and 2008, the amount included in accounts payable and other accrued liabilities on our consolidated balance sheets was approximately $1.3 million and $1.5 million, respectively.

(t) Discontinued Operations

Discontinued operations represent a component of an entity that has either been disposed of or is classified as held for sale if both the operations and cash flows of the component have been or will be eliminated from ongoing operations of the entity as a result of the disposal transaction and the entity will not have any significant continuing involvement in the operations of the component after the disposal transaction. Current accounting guidance provides that the assets and liabilities of the component of the entity that has been classified as discontinued operations be presented separately in the entity s balance sheet. The results of operations of the component of the entity that has been classified as discontinued operations are also reported as discontinued operations for all periods presented. A property is classified as held for sale when certain criteria, as outlined in the current accounting guidance, are met. At such time, depreciation is no longer recognized. Assets held for sale are reported at the lower of their carrying amount or their estimated fair value less the estimated costs to sell the assets. The results of operations of assets held for sale are reported as discontinued operations. As of December 31, 2009 and 2008, no assets were held for sale. During 2007, we sold 100 Technology Center Drive and 4055 Valley View Lane and accounted for these properties as discontinued operations in the accompanying consolidated statements of operations.

(u) Management s Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates made. On an on-going basis, we evaluate our estimates, including those related to acquiring, developing and assessing the carrying values of our real estate properties, accrued liabilities, and performance-based equity compensation plans. 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.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(v) Other Newly Adopted Significant Accounting Policies

On January 1, 2009, we adopted new accounting guidance, which requires the issuer of certain convertible debt instruments that may be settled in cash (or other assets) on conversion to separately account for the liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer s nonconvertible debt borrowing rate. The equity component of the convertible debt is included in partners capital and the value of the equity component is treated as original issue discount for purposes of accounting for the debt component of the debt security. The resulting debt discount will be accreted as additional interest expense over the non-cancellable term of the instrument. Retrospective application was required and has been reflected in all periods presented herein.

Our 2026 Debentures were impacted by the new accounting guidance. To adopt the new accounting guidance, effective January 1, 2009, the Operating Partnership estimated the fair value, as of the date of issuance, of its exchangeable senior debentures as if the instrument was issued without the exchange option. The difference between the fair value and the principal amount of the debt instrument was $18.9 million. This amount was retrospectively recorded as a debt discount and as a component of equity as of the issuance date in August 2006. The discount is being amortized over the expected five-year life of the debentures resulting in non-cash increase to interest expense in historical and future periods.

On January 1, 2009, we adopted new accounting guidance which clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as a separate component of equity in the consolidated financial statements. The new guidance also requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest and requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. In addition, it establishes a single method of accounting for changes in a parent s ownership interest in a subsidiary that does not result in deconsolidation and requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. As a result of the issuance of the new guidance, if noncontrolling interests are determined to be redeemable, they are to be carried at their redemption value as of the balance sheet date and reported as temporary equity. The new guidance on noncontrolling interests was required to be applied prospectively after adoption, with the exception of the presentation and disclosure requirements, which were applied retrospectively for all periods presented. As a result, we classified noncontrolling interests to permanent equity in the accompanying consolidated balance sheets for all periods presented. In subsequent periods, the Operating Partnership will periodically evaluate individual noncontrolling interests for the ability to continue to recognize the noncontrolling interest as permanent equity in the consolidated balance sheets. Any noncontrolling interest that fails to qualify as permanent equity will be reclassified as temporary equity and adjusted to the greater of (a) the carrying amount, or (b) its redemption value as of the end of the period in which the determination is made.

In June 2009, the FASB issued the FASB Accounting Standards Codification (Codification) which identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of its financial statements that are presented in conformity with GAAP. Effective September 30, 2009, we have adopted the Codification, which did not have a material impact on our consolidated financial statements.

(w) Segment 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 services provided to them are limited to a few core principles. As such, the properties in our portfolio have similar economic characteristics and the nature of the products,

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Investment in Real Estate

	As of December 31, 2009					
Property Type	**Land**	**Ground Lease**	**Building and Improvements[1]**	**Tenant Improvements**	**Accumulated Depreciation and Amortization**	**Net Investment in Properties**
Internet Gateway Datacenters	$ 84,603	$	$ 1,007,658	$ 81,981	$ (188,880)	$ 985,362
Corporate Datacenters	245,753	1,290	1,786,799	176,575	(241,818)	1,968,599
Technology Manufacturing	24,811	1,477	70,166	5,938	(16,097)	86,295
Technology Office	25,431		58,156	7,968	(12,214)	79,341
Other	2,165		29,551		(512)	31,204
	$ 382,763	$ 2,767	$ 2,952,330	$ 272,462	$ (459,521)	$ 3,150,801

	As of December 31, 2008					
Property Type	**Land**	**Ground Lease**	**Building and Improvements[1]**	**Tenant Improvements**	**Accumulated Depreciation and Amortization**	**Net Investment in Properties**
Internet Gateway Datacenters	$ 84,663	$	$ 876,148	$ 78,525	$ (130,737)	$ 908,599
Corporate Datacenters	186,388	1,256	1,429,808	163,387	(148,688)	1,632,151
Technology Manufacturing	24,401	1,477	67,670	5,938	(13,599)	85,887
Technology Office	18,701		51,183	7,968	(9,480)	68,372
Other	2,165		43,021		(456)	44,730
	$ 316,318	$ 2,733	$ 2,467,830	$ 255,818	$ (302,960)	$ 2,739,739

(1) Balances related to construction in progress, without the proportionate acquisition cost of land and property, the construction cost amounted to $82.4 million, or $113.3 million including construction accruals and other capitalized costs, and $164.9 million, or $244.5 million including construction accruals and other capitalized costs, as of December 31, 2009 and 2008, respectively. Including the proportionate acquisition cost of land and property, the amounts are $156.5 million, or $187.5 million including construction accruals and other capitalized costs, and $327.7 million, or $407.4 million including construction accruals and other capitalized costs, as of December 31, 2009 and 2008, respectively. These amounts, without the proportionate acquisition cost of land and property, included within building and improvements, are primarily related to construction on datacenters.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We made the following acquisitions of real estate properties during the years ended December 31, 2009 and 2008:

Location	Metropolitan Area	Date Acquired	Amount (in millions)
Loudoun Exchange II[1]	Northern Virginia	May 15, 2009	20.3
Digital Realty Trust Datacenter Park Dallas[2]	Dallas	September 11, 2009	33.6
444 Toyama Drive	Silicon Valley	September 25, 2009	17.5
1350 Duane Avenue/3080 Raymond Street[3]	Silicon Valley	October 30, 2009	90.5
Nokes Boulevard / Beaumeade Circle[4]	Northern Virginia	December 17, 2009	63.3
Total Acquisitions Year Ended December 31, 2009			$ 225.2
365 South Randolphville Road	New York	February 14, 2008	$ 20.2
701 & 717 Leonard Street[5]	Dallas	May 13, 2008	12.0
650 Randolph Road	New York	June 13, 2008	10.7
Manchester Technopark Plot C1, Birley Fields	Manchester	June 20, 2008	23.3
1201 Comstock Street[6]	Silicon Valley	June 30, 2008	1.9
7505 Mason King Court	Northern Virginia	November 20, 2008	10.5
Total Acquisitions Year Ended December 31, 2008			$ 78.6

(1) Represents vacant land which is not included in our operating property count.

(2) In September 2009, we made an initial cash contribution of $1.9 million to a joint venture formed to own and redevelop Digital Realty Trust Datacenter Park Dallas. The other member contributed seven vacant buildings with an estimated market value of $33.6 million and a third-party non-recourse loan secured by these properties of $17.0 million. We are committed to make an additional $22.9 million of capital contributions needed to fund the redevelopment project. We have determined that the joint venture is a variable interest entity and we are the primary beneficiary. As a result, we have consolidated the joint venture and presented the member interests not owned by us of $16.6 million as noncontrolling interests in consolidated joint venture. For operating property count purposes, we consider this to be one property.

(3) Includes the assumption of a $52.8 million loan.

(4) A two-property data center portfolio consisting of four buildings located at 21561 and 21571 Beaumeade Circle in Ashburn, Virginia and 45901 and 45905 Nokes Boulevard in Sterling, Virginia, as well as certain vacant real property located at 21551 Beaumeade Circle in Ashburn, Virginia.

(5) Acquisition of a parking garage adjacent to one of our properties in Dallas, Texas. The parking garage is not included in our property count.

(6) Represents the amount to acquire a 50% interest in a joint venture that owns this above building. Since we control the joint venture, we have consolidated the joint venture in the accompanying consolidated financial statements. Upon consolidation, we included total assets of $3.8 million and noncontrolling interests of $1.9 million.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We acquired the following real estate properties subsequent to the year ended December 31, 2009:

Location	Metropolitan Area	Date Acquired	Amount (in millions)
New England Portfolio[1]	Various[1]	January 22, 2010	$ 375.0

(1) The New England Portfolio consists of 55 Middlesex Turnpike, Bedford, Massachusetts and a 100% condominium interest that represents 87.5% of the square footage of 128 First Avenue, Needham, Massachusetts, both located in the Boston metropolitan area, as well as 60-80 Merritt Boulevard, Trumbull, Connecticut, located in the New York Metro area. The New England Portfolio is considered three properties for our property count.

The properties aggregate acquisition amounts were allocated as follows: $21.2 million to land, $323.0 million to buildings and improvements, $2.2 million to tenant improvements, $55.0 million to identified intangible assets and $26.4 million to identified intangible liabilities. There was no contingent consideration associated with the acquisition. The operating revenues and operating income of the combined entity had the acquisition date been January 1, 2008 are:

	Operating Revenues	Operating Income
	(in millions)	
Supplemental pro forma January 1, 2009 through December 31, 2009[1]	702.4	198.8
Supplemental pro forma January 1, 2008 through December 31, 2008[1]	591.8	148.4

(1) These unaudited pro forma results do not purport to be indicative of what operating results would have been had the acquisitions occurred on January 1, 2008 and may not be indicative of future operating results.

4. Investment in Unconsolidated Joint Venture

As of December 31, 2009, the investment in unconsolidated joint venture consists of an effective 50% interest in a joint venture that owns a datacenter property in Seattle, Washington. Cash distributions from the joint venture are allocated pro rata among the partners based on the respective ownership interests. Following is the condensed balance sheet information for the joint venture as of December 31, 2009 and 2008 (in thousands):

	December 31,	
	2009	2008
Assets		
Investments in real estate, net	$ 36,409	$ 38,824
Other assets	8,877	6,199
Total assets	$ 45,286	$ 45,023
Liabilities and Equity		
Mortgage loans	$ 110,000	$ 110,000

Other liabilities	7,118	6,947
Our equity	(35,696)	(35,275)
Other equity	(36,136)	(36,649)
Total liabilities and equity	$ 45,286	$ 45,023

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Our investment in unconsolidated joint venture included in our consolidated balance sheet exceeds our equity presented in the joint venture s balance sheet since our purchase accounting adjustments are not pushed down to the joint venture. The difference between our investment in unconsolidated joint venture and the owners equity account in the joint venture is principally due to the purchase accounting adjustments of $42.1 million not pushed down to the joint venture.

Following is the condensed statement of operations information for the joint venture for the years ended December 31, 2009, 2008 and 2007 (in thousands):

	Year Ended December 31,		
	2009	2008	2007
Statements of Operations:			
Revenues	$ 28,841	$ 23,950	$ 20,396
Operating expenses	(8,700)	(8,124)	(7,039)
Net operating income	20,141	15,826	13,357
Interest and other income	11	142	418
Interest expense	(7,082)	(6,846)	(4,786)
Other expense	(76)		
Loss from early extinguishment of debt			(4,346)
Depreciation and amortization	(6,301)	(5,405)	(3,802)
Net income	$ 6,693	$ 3,717	$ 841
Add: Historical depreciation and amortization	6,301	5,405	3,802
Net income before purchase accounting adjustments	$ 12,994	$ 9,122	$ 4,643
Company share of historical net income	6,497	4,561	2,275
Debt premium writeoff related to loss from early extinguishment of debt			1,544
Purchase accounting adjustments	(4,325)	(2,192)	(3,370)
Equity in earnings of unconsolidated joint venture	$ 2,172	$ 2,369	$ 449

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Debt

A summary of outstanding indebtedness as of December 31, 2009 and 2008 is as follows (in thousands):

Properties	Interest Rate at December 31, 2009	Maturity Date	Principal Outstanding December 31, 2009	Principal Outstanding December 31, 2008
Mortgage loans:				
Secured Term Debt[1][2]	5.65%	Nov. 11, 2014	$ 144,078	$ 146,486
350 East Cermak Road[2]	1-month LIBOR + 2.20%[3][7]	Jun. 9, 2009		96,573
3 Corporate Place[2]	6.72%	Aug. 1, 2011[4]	80,000	80,000
200 Paul Avenue 1-4[2]	5.74%	Oct. 8, 2015	77,803	79,336
2045 & 2055 LaFayette Street [2]	5.93%	Feb. 6, 2017	67,271	68,000
Mundells Roundabout	3-month GBP LIBOR + 1.20%[7]	Nov. 30, 2013	69,154[9]	
600 West Seventh Street	5.80%	Mar. 15, 2016	55,524	56,814
2323 Bryan Street[2]	6.04%	Nov. 6, 2009	[5]	55,048
34551 Ardenwood Boulevard 1-4[2]	5.95%	Nov. 11, 2016	54,945	55,000
1100 Space Park Drive[2]	5.89%	Dec. 11, 2016	54,944	55,000
1350 Duane Avenue/3080 Raymond Street	5.42%	Oct. 1, 2012	52,800	
150 South First Street[2]	6.30%	Feb. 6, 2017	52,760	53,288
114 Rue Ambroise Croizat[6]	3-month EURIBOR + 1.35%[7]	Jan. 18, 2012	45,067[8]	44,564[8]
Clonshaugh Industrial Estate II	3-month EURIBOR + 4.50%	Sep. 4, 2014	42,993[8]	
1500 Space Park Drive[2]	6.15%	Oct. 5, 2013	41,883	43,708
2334 Lundy Place[2]	5.96%	Nov. 11, 2016	39,960	40,000
Unit 9, Blanchardstown Corporate Park[6]	3-month EURIBOR + 1.35%[7]	Jan. 18, 2012	38,746[8]	38,315[8]
Cressex 1[10]	5.68%	Oct. 16, 2014	29,486[9]	
6 Braham Street	3-month GBP LIBOR + 0.90%[7]	Apr. 10, 2011	20,831[9]	19,239[9]
1201 Comstock Street	1-month LIBOR + 3.50%[7]	Jun. 24, 2012[4]	17,737	
Datacenter Park Dallas	5.00%	Sep. 15, 2010[4]	17,000	
Paul van Vlissingenstraat 16	3-month EURIBOR + 1.60%[7]	Jul. 18, 2013	15,208[8]	15,041[8]
Chemin de l Epinglier 2	3-month EURIBOR + 1.50%[7]	Jul. 18, 2013	11,046[8]	10,923[8]
Gyroscoopweg 2E-2F[11]	3-month EURIBOR + 1.50%[7]	Oct. 18, 2013	9,682[8]	9,575[8]
1125 Energy Park Drive	7.62%[12]	Mar. 1, 2032	9,203	9,335
Manchester Technopark[10]	5.68%	Oct. 16, 2014	8,970[9]	
731 East Trade Street	8.22%	Jul. 1, 2020	5,315	5,520
			1,062,406	981,765
Revolving credit facility	Various[12]	Aug. 31, 2010[4][13]	205,547[14]	138,579[14]
Unsecured senior notes Series A	7.00%	Jul. 24, 2011	25,000	25,000
Unsecured senior notes Series B	9.32%	Nov. 5, 2013	33,000	33,000
Unsecured senior notes Series C	9.68%	Jan. 6, 2016	25,000	
4.125% exchangeable senior debentures due 2026	4.125%	Aug. 15, 2026[15]	172,500	172,500
5.50% exchangeable senior debentures due 2029	5.50%	Apr. 15, 2029[16]	266,400	
Mundells Roundabout construction loan	1-month GBP LIBOR + 1.75%	Nov. 30, 2013		42,374[9]
Total principal outstanding			1,789,853	1,393,218
Unamortized discount on 4.125% exchangeable senior debentures due 2026			(6,666)	(10,599)
Unamortized premium 1125 Energy Park Drive, 731 East Trade Street, 1500 Space Park Drive and 1350 Duane Avenue/3080			1,257	2,455

Raymond Street mortgages		
Total indebtedness	**$ 1,784,444**	**$ 1,385,074**

(1) 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.
(2) The respective borrower s assets and credit are not available to satisfy the debts and other obligations of affiliates or any other person.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) This is the weighted average interest rate as of December 31, 2008. The first note, in a principal amount of $77.3 million, bears interest at a rate of 1-month LIBOR + 1.375% per annum and the second note, in a principal amount of $19.3 million, bears interest at a rate of 1-month LIBOR + 5.5% per annum. These notes were repaid in full in March 2009.
(4) Two one-year extensions are available, which we may exercise if certain conditions are met except for 1201 Comstock Street, which has a one-year extension available.
(5) This mortgage loan was repaid in full in August 2009.
(6) These loans are also secured by a 4.0 million letter of credit. These loans are cross-collateralized by the two properties.
(7) We have entered into interest rate swap or interest rate cap agreements as a cash flow hedge for interest generated by these US LIBOR, EURIBOR and GBP LIBOR based loans. See note 9 for further information.
(8) Based on exchange rate of $1.43 to 1.00 as of December 31, 2009 and $1.40 to 1.00 as of December 31, 2008.
(9) Based on exchange rate of $1.61 to £1.00 as of December 31, 2009 and $1.46 to £1.00 as of December 31, 2008.
(10) These loans are also secured by a £7.8 million letter of credit. These loans are cross-collateralized by the two properties.
(11) This loan is also secured by a 1.3 million letter of credit.
(12) If the loan is not repaid by March 1, 2012, the interest rate increases to the greater of 9.62% or the then treasury rate plus 2%.
(13) The interest rate under our revolving credit facility equals either (i) US LIBOR, EURIBOR and GBP LIBOR (ranging from 1- to 6-month maturities) plus a margin of between 1.10% and 2.00% or (ii) the greater of (x) the base rate announced by the lender and (y) 1/2 of 1% per annum above the federal funds rate, plus a margin of between 0.100% 1.000%. In each case, the margin is based on our total leverage ratio. We incur a fee ranging from 0.125% to 0.20% for the unused portion of our unsecured revolving credit facility.
(14) Balances as of December 31, 2009 and 2008 are as follows (balances, in thousands):

Denomination of Draw	Balance as of December 31, 2009	Weighted-average interest rate	Balance as of December 31, 2008	Weighted-average interest rate
US ($)	$ 195,500	1.34%	$ 92,000	1.79%
Euro ( )	10,047[a]	1.58%	8,701[a]	4.05%
British Sterling (£)			37,878[b]	3.55%
Total	$ 205,547	1.35%	$ 138,579	2.41%

(a) Based on exchange rate of $1.43 to 1.00 as of December 31, 2009 and $1.40 to 1.00 as of December 31, 2008.
(b) Based on exchange rate of $1.61 to £1.00 as of December 31, 2009 and $1.46 to £1.00 as of December 31, 2008.

(15) The holders of the debentures have the right to require the Operating Partnership to repurchase the debentures in cash in whole or in part for a price of 100% of the principal amount plus accrued and unpaid interest on each of August 15, 2011, August 15, 2016 and August 15, 2021. We have the right to redeem the debentures in cash for a price of 100% of the principal amount plus accrued and unpaid interest commencing on August 18, 2011.
(16) The holders of the debentures have the right to require the Operating Partnership to repurchase the debentures in cash in whole or in part for a price of 100% of the principal amount plus accrued and unpaid interest on each of April 15, 2014, April 15, 2019 and April 15, 2024. We have the right to redeem the debentures in cash for a price of 100% of the principal amount plus accrued and unpaid interest commencing on April 18, 2014.

Net loss from early extinguishment of debt related to prepayment costs and unamortized deferred financing costs written off when we prepaid the related loans or terminated the related loan facility. In 2008, we terminated the construction facility related to 3 Corporate Place.

As of December 31, 2009, principal payments due for our borrowings are as follows (in thousands):

2010	$ 236,875
2011	312,766
2012	163,770

2013	183,619
2014	487,247
Thereafter	405,576
Total	**$ 1,789,853**

As of December 31, 2009, our revolving credit facility had a total capacity of $750.0 million and matures in August 2010, subject to two one-year extension options exercisable by us. The bank group is obligated to grant

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

extension options provided we give proper notice, we make certain representations and warranties and no default exists under the revolving credit facility. As of December 31, 2009, borrowings under the revolving credit facility bore interest at a blended rate of 1.34% (US Dollar), and 1.58% (Euro), which are based on 1-month US LIBOR and 1-month EURIBOR, respectively, plus a margin of 1.10%. The margin can range from 1.10% to 2.00%, depending on our Operating Partnership s total overall leverage. The revolving credit facility has a $515.0 million sub-facility for multicurrency advances in British Pound, Canadian Dollars, Euros, and Swiss Francs. We intend to use available borrowings under the revolving credit facility to, among other things, finance the acquisition of additional properties, fund tenant improvements and capital expenditures, fund development and redevelopment activities and to provide for working capital and other corporate purposes. As of December 31, 2009, approximately $205.5 million was drawn under this facility, and $22.6 million of letters of credit were issued.

The 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 as well as a pool of unencumbered assets. In addition, except to enable the General Partner to maintain its status as a REIT for federal income tax purposes, the General Partner is not permitted during any four consecutive fiscal quarters to make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 95% of Funds From Operations, as defined, for such period, subject to certain other adjustments. As of December 31, 2009, the Company was in compliance with all of such covenants.

Some of our mortgage loans are subject to prepayment lock-out periods. The terms of the following mortgage loans contain prepayment lock-out periods through the dates listed below:

Loan	Date
200 Paul Avenue 1-4	November 2010
1125 Energy Park Drive	December 2011

4.125% Exchangeable Senior Debentures due 2026

On August 15, 2006, the Operating Partnership issued $172.5 million of its 4.125% exchangeable senior debentures due August 15, 2026 (the 2026 Debentures). Costs incurred to issue the 2026 Debentures were approximately $5.4 million, net of the amount allocated to the equity component of the debentures. These costs are being amortized over a period of five years, which represents the estimated term of the 2026 Debentures, and are included in deferred financing costs, net in the consolidated balance sheet. The 2026 Debentures are general unsecured senior obligations of the Operating Partnership and rank equally in right of payment with all other senior unsecured indebtedness of the Operating Partnership.

Interest is payable on August 15 and February 15 of each year beginning February 15, 2007 until the maturity date of August 15, 2026. The 2026 Debentures bear interest at 4.125% per annum and contain an exchange settlement feature, which provides that the 2026 Debentures may, under certain circumstances, be exchangeable for cash (up to the principal amount of the 2026 Debentures) and, with respect to any excess exchange value, into cash, shares of the General Partner s common stock or a combination of cash and shares of the General Partner s common stock at an exchange rate that was initially 30.6828 shares per $1,000 principal amount of 2026 Debentures. The exchange rate on the 2026 Debentures is subject to adjustment for certain events, including, but not limited to, certain dividends on the General Partner s common stock in excess of $0.265 per share per quarter (the reference dividend). Effective March 11, 2010, the exchange rate has been adjusted to 31.411 shares per $1,000 principal amount of 2026 Debentures as a result of the aggregate dividends in excess of the reference dividend that the General Partner declared and paid on the its common stock beginning with the quarter ended December 31, 2006 and through the quarter ended March 31, 2010.

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Prior to August 18, 2011, the Operating Partnership may not redeem the 2026 Debentures except to preserve the Company s status as a REIT for U.S. federal income tax purposes. On or after August 18, 2011, at the Operating Partnership s option, the 2026 Debentures are redeemable in cash in whole or in part at 100% of the principal amount plus unpaid interest, if any, accrued to, but excluding, the redemption date, upon at least 30 days but not more than 60 days prior written notice to holders of the 2026 Debentures.

The holders of the 2026 Debentures have the right to require the Operating Partnership to repurchase the 2026 Debentures in cash in whole or in part on each of August 15, 2011, August 15, 2016 and August 15, 2021, and in the event of a designated event, for a repurchase price equal to 100% of the principal amount of the 2026 Debentures plus unpaid interest, if any, accrued to, but excluding, the repurchase date. Designated events include certain merger or combination transactions, non-affiliates becoming the beneficial owner of more than 50% of the total voting power of the General Partner s capital stock, a substantial turnover of the General Partner s directors within a 12- month period and the General Partner s ceasing to be the general partner of the Operating Partnership. Certain events are considered Events of Default, which may result in the accelerated maturity of the 2026 Debentures, including a default for 30 days in payment of any installment of interest under the 2026 Debentures, a default in the payment of the principal amount or any repurchase price or redemption price due with respect to the 2026 Debentures and the Operating Partnership s failure to deliver cash or any shares of the General Partner s common stock within 15 days after the due date upon an exchange of the 2026 Debentures, together with any cash due in lieu of fractional shares of the General Partner s common stock.

In addition, the 2026 Debentures are exchangeable (i) prior to July 15, 2026, during any fiscal quarter after the fiscal quarter ended September 30, 2006, if the closing sale price of the General Partner s common stock for 20 or more trading days in a period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter exceeds 130% of the exchange price in effect on the last trading day of the immediately preceding fiscal quarter, (ii) prior to July 15, 2026, during the five business day period after any five consecutive trading day period in which the average trading price per $1,000 principal amount of 2026 Debentures was equal to or less than 98% of the product of the closing sale price of the common stock during such period, multiplied by the applicable exchange rate, (iii) if we call the 2026 Debentures for redemption and (iv) any time on or after July 15, 2026.

The General Partner has entered into a registration rights agreement whereby it agreed to register the shares of common stock that could be issued in the future upon exchange of the 2026 Debentures. The General Partner filed the shelf registration statement with the U.S. Securities and Exchange Commission in April 2007.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table provides additional information about the 2026 Debentures as of the date presented pursuant to requirements under accounting guidance on convertible debt instruments that requires the principal amount to be settled in cash upon conversion:

	4.125% Exchangeable Senior Debentures due 2026	
($ and shares in thousands, except exchange price)	**December 31, 2009**	**December 31, 2008**
Carrying amount of the capital component	$ 18,280	$ 18,280
Principal amount of the liability component	$ 172,500	$ 172,500
Unamortized discount of the liability component	$ 6,666	$ 10,599
Net carrying amount of the liability component	$ 165,834	$ 161,901
Remaining amortization period of discount	19 months	(a)
Exchange price	$ 32.22	(a)
Number of shares to be issued upon exchange(b)	1,923	(a)
The amount by which the if-exchanged value exceeds the principal amount(b)	$ 96,693	(a)
Effective interest rate on liability component	6.75%	(a)
Non-cash interest cost recognized for the year ended	$ 3,933	(a)
Coupon rate interest cost recognized for the year ended	$ 7,116	(a)

(a) Data not required by accounting guidance on convertible debt instruments that requires the principal amount to be settled in cash upon conversion.

(b) In accordance with accounting guidance on convertible debt instruments that requires the principal amount to be settled in cash upon conversion, we are required to disclose the exchange price and the number of common units on which the aggregate consideration to be delivered upon exchange is determined (principal plus excess value). The Operating Partnership s exchangeable senior debentures require the entire principal amount to be settled in cash, and at our option, any excess value above the principal amount may be settled in cash or the General Partner s common shares (an equal amount of common units would be issued by the Operating Partnership). Based on the December 31, 2009 closing share price of the General Partner s common shares and the conversion price in the table above, the excess value was approximately $96.7 million; accordingly, approximately 1.9 million common shares would be issued by the General Partner if these Debentures were settled on this date and the Operating Partnership elected to settle the excess value in shares of the General Partner s common stock.

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 are being amortized over a period of five years, which represents the estimated term of the 2029 Debentures, and are included in deferred financing costs, net in the consolidated balance sheet. The 2029 Debentures are general unsecured senior obligations of the Operating Partnership and rank equally in right of payment with all other senior unsecured indebtedness of the Operating Partnership.

Interest is 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 bear interest at 5.50% per annum and may be exchanged for shares

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

of the General Partner s 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 is subject to adjustment for certain events, including, but not limited to, certain dividends on the General Partner s common stock in excess of $0.33 per share per quarter (the reference dividend). Due to the fact that the exchange feature for the 2029 Debentures must be settled in the common stock of the General Partner, accounting guidance on convertible debt instruments that requires the principal amount to be settled in cash upon conversion does not apply.

Prior to April 18, 2014, the Operating Partnership may not redeem the 2029 Debentures except to preserve the General Partner s status as a REIT for U.S. federal income tax purposes. On or after April 18, 2014, at the Operating Partnership s option, the 2029 Debentures are redeemable in cash in whole or in part at 100% of the principal amount plus unpaid interest, if any, accrued to, but excluding, the redemption date, upon at least 30 days but not more than 60 days prior written notice to holders of the 2029 Debentures.

The holders of the 2029 Debentures have the right to require the Operating Partnership to repurchase the 2029 Debentures in cash in whole or in part on each of April 15, 2014, April 15, 2019 and April 15, 2024, and in the event of a designated event, for a repurchase price equal to 100% of the principal amount of the 2029 Debentures plus unpaid interest, if any, accrued to, but excluding, the repurchase date. Designated events include certain merger or combination transactions, non-affiliates becoming the beneficial owner of more than 50% of the total voting power of the General Partner s capital stock, a substantial turnover of the General Partner s directors within a 12-month period without the approval of existing members and the General Partner s ceasing to be the general partner of the Operating Partnership. Certain events are considered Events of Default, which may result in the accelerated maturity of the 2029 Debentures, including a default for 30 days in payment of any installment of interest under the 2029 Debentures, a default in the payment of the principal amount or any repurchase price or redemption price due with respect to the 2029 Debentures and the Operating Partnership s failure to deliver shares of the General Partner s common stock within 15 days after the due date upon an exchange of the 2029 Debentures, together with any cash due in lieu of fractional shares of the General Partner s common stock.

The General Partner has entered into a registration rights agreement whereby it must register the shares of common stock that could be issued in the future upon exchange of the 2029 Debentures. The General Partner filed the shelf registration statement with the U.S. Securities and Exchange Commission in December 2009.

Guarantee of Debt

The General Partner has guaranteed some of the Operating Partnership s debt. The General Partner guarantees the Operating Partnership s obligations with respect to the 2026 Debentures, the 2029 Debentures, its 5.875% Notes due 2020 and its unsecured senior notes sold to Prudential Investment Management, Inc. and certain of its affiliates pursuant to the Prudential shelf facility. The General Partner is also the guarantor of the Operating Partnership s obligations under its revolving credit facility and guarantees the Operating Partnership s obligations with respect to some mortgage debt.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Income per Unit

The following is a summary of the elements used in calculating basic and diluted income per unit (in thousands, except unit and per unit amounts):

	Year Ended December 31,		
	2009	2008	2007
Income from continuing operations	$ 91,234	$ 67,918	$ 22,546
Income from continuing operations attributable to noncontrolling interests	(140)	(335)	
Preferred unit distributions	(40,404)	(38,564)	(19,330)
Income from continuing operations available to common unitholders	50,690	29,019	3,216
Income from discontinued operations			19,444
Net income available to common unitholders	$ 50,690	$ 29,019	$ 22,660
Weighted average common units outstanding basic	81,715,226	75,160,263	68,754,024
Potentially dilutive common units:			
Stock options	138,944	219,993	317,354
Class C Units (2005 Grant)		673,192	903,482
Excess exchange value of 2026 Debentures	931,576	713,308	824,476
Weighted average common units outstanding diluted	82,785,746	76,766,756	70,799,336
Income per unit - basic:			
Income per unit from continuing operations available to common unitholders	$ 0.62	$ 0.39	$ 0.05
Income per unit from discontinued operations			0.28
Net income per unit available to common unitholders	$ 0.62	$ 0.39	$ 0.33
Income per unit - diluted:			
Income per unit from continuing operations available to common unitholders	$ 0.61	$ 0.38	$ 0.05
Income per unit from discontinued operations			0.27
Net income per unit available to common unitholders	$ 0.61	$ 0.38	$ 0.32

On or after July 15, 2026, the 2026 Debentures may be exchanged at the then applicable exchange rate for cash (up to the principal amount of the Debentures) and, with respect to any excess exchange value, into cash, shares of the General Partner s common stock or a combination of cash and shares of the General Partner s common stock at an initial exchange rate of 30.6828 shares per $1,000 principal amount of 2026 Debentures. The 2026 Debentures are also exchangeable prior to July 15, 2026, but only upon the occurrence of certain specified events. For the year ended December 31, 2009, the weighted average common stock price exceeded the current strike price of $32.22 per share and for the years ended December 31, 2008 and 2007, the weighted average common stock price exceeded the strike price of $32.59 per share. Therefore, using the treasury method, 931,576 and 713,308 and 824,476 shares of common stock contingently issuable upon settlement of the excess exchange

value were included as potentially dilutive common shares in determining diluted earnings per share for the years ended December 31, 2009, 2008 and 2007, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Year Ended December 31,		
	2009	2008	2007
Potentially dilutive outstanding stock options	389,016	554,294	616,168
Potentially dilutive 2029 Debentures	4,345,228		
Potentially dilutive outstanding Class C Units (2007 Grant)	685,036	750,724	750,724
Potentially dilutive Series C Cumulative Convertible Preferred Units	3,617,214	3,614,800	3,614,800
Potentially dilutive Series D Cumulative Convertible Preferred Units	8,215,220	7,429,882	
	17,251,714	12,349,700	4,981,692

7. Income Taxes

As a partnership, we are not required to pay federal income tax. Instead, our taxable income is allocated to our partners, who include such amounts on their federal income tax returns. As such, no provision for federal income taxes has been included in the accompanying consolidated financial statements for the years ended December 31, 2009, 2008 and 2007.

We are subject to local, state and foreign taxes in certain jurisdictions where we operate. Income taxes for these jurisdictions are accrued, as necessary, for the years ended December 31, 2009, 2008 and 2007 and is included in the tax expense in the accompanying consolidated statement of operations.

Our General Partner and certain of our consolidated subsidiaries have elected to treat such subsidiaries as taxable REIT subsidiaries (TRSs) of the General Partner for federal income tax purposes. In general, a TRS may provide both customary and non-customary services to tenants of its parent REIT, and may hold assets that a REIT may not otherwise hold directly. A TRS is subject to federal income tax as a regular C corporation. Income taxes for TRS entities are accrued, as necessary, for the year ended December 31, 2009 and 2008. No tax provision is provided for the year ended December 31, 2007 due to taxable losses incurred.

8. Partners Capital

(a) Redeemable Preferred Units

8.50% Series A Cumulative Redeemable Preferred Units

The Operating Partnership currently has outstanding 4,140,000 of its 8.50% series A cumulative redeemable preferred units, or the series A preferred units, to the General Partner in conjunction with the General Partner s issuance of an equivalent number of shares of its 8.50% series A cumulative preferred stock, or the series A preferred stock. Distributions are cumulative on the series A preferred units from the date of original issuance in the amount of $2.125 per unit each year, which is equivalent to 8.50% of the $25.00 liquidation preference per unit. Distributions on the series A preferred units are payable quarterly in arrears. The series A preferred units do not have a stated maturity date and are not subject to any sinking fund or mandatory redemption provisions. Upon liquidation, dissolution or winding up, the series A preferred units will rank senior to the common units with respect to the payment of distributions and other amounts and rank on parity with the Operating Partnership s series B preferred units, series C preferred units and series D preferred units. The Operating Partnership is required to redeem the series A preferred units in the event that the General Partner redeems the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

series A preferred stock. The General Partner is not allowed to redeem the series A preferred stock before February 9, 2010, except in limited circumstances to preserve the General Partner s status as a REIT. On or after February 9, 2010, the General Partner may, at its option, redeem the series A 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 unit, plus all accrued and unpaid dividends on such series A preferred stock up to but excluding the redemption date. The General Partner has no voting rights with respect to the series A preferred units. The series A preferred units are not convertible into or exchangeable for any of the Operating Partnership s other property or securities.

7.875% Series B Cumulative Redeemable Preferred Units

The Operating Partnership currently has outstanding 2,530,000 of its 7.875% series B cumulative redeemable preferred units, or the series B preferred units, to the General Partner in conjunction with the General Partner s issuance of an equivalent number of shares of its 7.875% series B cumulative preferred stock, or the series B preferred stock. Distributions are cumulative on the series B preferred units from the date of original issuance in the amount of $1.96875 per unit each year, which is equivalent to 7.875% of the $25.00 liquidation preference per unit. Distributions on the series B preferred units are payable quarterly in arrears. The series B preferred units do not have a stated maturity date and are not subject to any sinking fund or mandatory redemption provisions. Upon liquidation, dissolution or winding up, the series B preferred units will rank senior to the common units with respect to the payment of distributions and other amounts and rank on parity with the Operating Partnership s series A preferred units, series C preferred units and series D preferred units. The Operating Partnership is required to redeem the series B preferred units in the event that the General Partner redeems the series B preferred stock. The General Partner is not allowed to redeem the series B preferred stock before July 26, 2010, except in limited circumstances to preserve the General Partner s status as a REIT. On or after July 26, 2010, the General Partner may, at its option, redeem the series B 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 unit, plus all accrued and unpaid dividends on such series B preferred stock up to but excluding the redemption date. The General Partner has no voting rights with respect to the series B preferred units. The series B preferred units are not convertible into or exchangeable for any of the Operating Partnership s other property or securities.

(b) Convertible Preferred Units

4.375% Series C Cumulative Convertible Preferred Units

On April 10, 2007, the Operating Partnership issued 7,000,000 of its 4.375% series C cumulative convertible preferred units, or the series C preferred units, to the General Partner in conjunction with the General Partner s issuance of an equivalent number of shares of its 4.375% series C cumulative convertible preferred stock, or the series C preferred stock. Distributions are cumulative on the series C preferred units from the date of original issuance in the amount of $1.09375 per unit each year, which is equivalent to 4.375% of the $25.00 liquidation preference per unit. Distributions on the series C preferred units are payable quarterly in arrears. The series C 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 C preferred units in the event that the General Partner redeems the series C preferred stock. The General Partner is not allowed to redeem the series C preferred stock except in limited circumstances to preserve the General Partner s status as a REIT. Upon liquidation, dissolution or winding up, the series C preferred units will rank senior to the common units with respect to the payment of distributions and other amounts and rank on parity with the Operating Partnership s series A preferred units, series B preferred units and series D preferred units. The General Partner has no voting rights with respect to the series C preferred units.

The series C preferred units convert into common units based upon conversions by the holders of an equivalent number of shares of the series C preferred stock. The initial conversion rate on the series C preferred

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units was equal to 0.5164 common units per $25.00 liquidation preference. Effective December 11, 2009, the conversion rate was adjusted to 0.5225 common units per $25.00 liquidation preference as a result of an equivalent adjustment to the conversion rate of the series C preferred stock effective on that date. Except as otherwise provided, series C preferred units will be convertible only into common units. The conversion rate on the series C preferred units is subject to adjustment based on adjustments to the conversion rate of the series C preferred stock. The conversion rate on the series C preferred stock is subject to adjustment including, but not limited to, for certain dividends on the General Partner s common stock in excess of $0.28625 per share per quarter, subject to adjustment. If holders of the series C preferred stock elect to convert their series C preferred stock in connection with a fundamental change that occurs on or prior to April 10, 2014, the General Partner will increase the conversion rate for the series C preferred stock surrendered for conversion by a number of additional shares of common stock determined based on the common stock price at the time of such fundamental change and the effective date of such fundamental change, and an equivalent change will be made to the conversion rate of the series C preferred units.

5.500% Series D Cumulative Convertible Preferred Units

On February 6, 2008, the Operating Partnership issued 13,800,000 of its 5.500% series D cumulative convertible preferred units, or the series D preferred units, to the General Partner in conjunction with the General Partner s issuance of an equivalent number of shares of its 5.500% series D cumulative convertible preferred stock, or the series D preferred stock. Distributions are cumulative on the series D preferred units from the date of original issuance in the amount of $1.375 per unit each year, which is equivalent to 5.500% of the $25.00 liquidation preference per unit. Distributions on the series D preferred units are payable quarterly in arrears. The series D 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 D preferred units in the event that the General Partner redeems the series D preferred stock. The General Partner is not allowed to redeem the series D preferred stock except in limited circumstances to preserve the General Partner s status as a REIT. Upon liquidation, dissolution or winding up, the series D preferred units will rank senior to the common units with respect to the payment of distributions and other amounts and rank on parity with the Operating Partnership s series A preferred units, series B preferred units and series C preferred units. The General Partner has no voting rights with respect to the series D preferred units.

The series D preferred units convert into common units based upon conversions by the holders of an equivalent number of shares of the series D preferred stock. The initial conversion rate on the series D preferred units was equal to 0.5955 common units per $25.00 liquidation preference. Effective June 11, 2010, the conversion rate was adjusted to 0.6030 common units per $25.00 liquidation preference as a result of an equivalent adjustment to the conversion rate of the series D preferred stock effective on that date. Except as otherwise provided, series D preferred units will be convertible only into common units. The conversion rate on the series D preferred units is subject to adjustment based on adjustments to the conversion rate of the series D preferred stock. The conversion rate on the series D preferred stock is subject to adjustment including, but not limited to, for certain dividends on the General Partner s common stock in excess of $0.31 per share per quarter, subject to adjustment. If holders of the series D preferred stock elect to convert their series D preferred stock in connection with a fundamental change that occurs on or prior to February 6, 2015, the General Partner will increase the conversion rate for the series D preferred stock surrendered for conversion by a number of additional shares of common stock determined based on the common stock price at the time of such fundamental change and the effective date of such fundamental change, and an equivalent change will be made to the conversion rate of the series D preferred units.

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

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.

(d) 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, we evaluated whether we control 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, we 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 $249.5 million and $181.9 million based on the closing market price of the General Partner s common stock on December 31, 2009 and 2008, respectively.

(e) Noncontrolling Interests in Consolidated Joint Ventures

In September 2009, the Operating Partnership acquired the remaining noncontrolling ownership interest in 1525 Comstock Street from its former joint venture partner for approximately $26.4 million.

In December 2008, the Operating Partnership acquired the remaining noncontrolling ownership interest in 1500 Space Park Drive and 1201 Comstock Street from its former joint venture partner for approximately $20.6 million.

(f) Distributions

The partnership agreement provides that the General Partner will determine in its discretion and distribute available cash on a quarterly basis, pro rata in accordance with the partners percentage interests. Available cash is the Operating Partnership s net operating cash flow plus the reduction of any reserves and minus principal payment on debt and capital expenditures, investments in any entity, and increase in reserves or working capital accounts and any amounts paid in redemption of limited partner interests.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The General Partner declared the following distributions on the Operating Partnership s common and preferred units for the years ended December 31, 2009, 2008 and 2007 (in thousands):

Date distribution declared	Distribution payable date	Series A Preferred Unit[1]	Series B Preferred Unit[2]	Series C Preferred Unit[3]	Series D Preferred Unit[4]	Common Units
February 15, 2007	April 2, 2007	2,199	1,246			19,442[5]
May 2, 2007	July 2, 2007	2,199	1,246	1,722		19,458[5]
August 1, 2007	October 1, 2007	2,199	1,246	1,914		19,465[5]
November 1, 2007	December 31, 2007 for Series A, B and C Preferred Units; January 14, 2008 for Common Units	2,199	1,246	1,914		22,345[6]
Total 2007		$ 8,796	$ 4,984	$ 5,550	$	$ 80,710
February 25, 2008	March 31, 2008	2,199	1,246	1,914	2,899	22,418[6]
May 5, 2008	June 30, 2008	2,199	1,246	1,914	4,744	22,444[6]
August 4, 2008	September 30, 2008	2,199	1,246	1,914	4,744	24,258[6]
November 4, 2008	December 31, 2008 for Series A, B, C and D Preferred Units; January 7, 2009 for Common Units	2,199	1,246	1,914	4,744	26,102[7]
Total 2008		$ 8,796	$ 4,984	$ 7,656	$ 17,131	$ 95,222
February 24, 2009	March 31, 2009	2,199	1,246	1,914	4,742	27,053[7]
April 28, 2009	June 30, 2009	2,199	1,246	1,914	4,742	27,064[7]
July 28, 2009	September 30, 2009	2,199	1,246	1,914	4,742	29,575[8]
October 27, 2009	December 31, 2009 for Series A, B, C and D Preferred Units; January 15, 2010 for Common Units	2,199	1,246	1,914	4,742	37,004[9]
Total 2009		$ 8,796	$ 4,984	$ 7,656	$ 18,968	$ 120,696

(1) $2.125 annual rate of distribution per unit.
(2) $1.969 annual rate of distribution per unit.
(3) $1.094 annual rate of distribution per unit.
(4) $1.375 annual rate of distribution per unit.
(5) $1.145 annual rate of distribution per unit.
(6) $1.240 annual rate of distribution per unit.
(7) $1.320 annual rate of distribution per unit.
(8) $1.440 annual rate of distribution per unit.
(9) $1.800 annual rate of distribution per unit.

9. Incentive Plan

Our 2004 Incentive Award Plan provides for the grant of incentive awards to employees, directors and consultants. Awards issuable under the 2004 Incentive Award Plan include stock options, restricted stock, dividend equivalents, stock appreciation rights, long-term incentive units, cash performance bonuses and other incentive awards. Only employees of the Company are eligible to receive incentive stock options under the 2004

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Incentive Award Plan. Initially, the General Partner had reserved a total of 4,474,102 shares of common stock for issuance pursuant to the 2004 Incentive Award Plan, subject to certain adjustments set forth in the 2004 Incentive Award Plan. On May 2, 2007, the General Partner s stockholders approved the First Amended and Restated Digital Realty Trust, Inc., Digital Realty Services, Inc. and Digital Realty Trust, L.P. 2004 Incentive Award Plan (the Amended and Restated 2004 Incentive Award Plan). The Amended and Restated 2004 Incentive Award Plan increases the aggregate number of shares of stock which may be issued or transferred under the plan by 5,000,000 shares to a total of 9,474,102 shares, and provides that the maximum number of shares of stock with respect to awards granted to any one participant during a calendar year will be 1,500,000 and the maximum amount that may be 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 will be $10.0 million.

As of December 31, 2009, 4,070,534 shares of common stock or awards convertible into or exchangeable for common stock remained available for future issuance under the Amended and Restated 2004 Incentive Award Plan. Each long-term incentive and Class C Unit issued under the Amended and Restated 2004 Incentive Award Plan will count as one share of common stock for purposes of calculating the limit on shares that may be issued under the Amended and Restated 2004 Incentive Award Plan and the individual award limit discussed above.

(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, whether vested or not, will receive the same quarterly per unit distributions as Operating Partnership common units, which equal per share distributions on the General Partner s 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.

In order to achieve full parity with common units, long-term incentive units must be fully vested and the holder s capital account balance in respect of such long-term incentive units must be equal to the capital account balance of a holder of an equivalent number of common units. The capital account balance attributable to each common unit is generally expected to be the same, in part because of the amount credited to a partner s capital account upon their contribution of property to the Operating Partnership, and in part because the partnership agreement provides, in most cases, that allocations of income, gain, loss and deduction (which will adjust the partners capital accounts) are to be made to the common units on a proportionate basis. As a result, with respect to a number of long-term incentive units, it is possible to determine the capital account balance of an equivalent number of common units by multiplying the number of long-term incentive units by the capital account balance with respect to a common unit.

A partner s initial capital account balance is equal to the amount the partner paid (or contributed to the Operating Partnership) for its units and is subject to subsequent adjustments, including with respect to the partner s share of income, gain or loss of the Operating Partnership. Because a holder of long-term incentive units generally will not pay for the long-term incentive units, the initial capital account balance attributable to such long-term incentive units will be zero. However, the Operating Partnership is required to allocate income, gain, loss and deduction to the partners capital accounts in accordance with the terms of the partnership agreement, subject to applicable Treasury Regulations. The partnership agreement provides that holders of long-term incentive units will receive special allocations of gain in the event of a sale or hypothetical sale of assets of the Operating Partnership prior to the allocation of gain to the General Partner or limited partners with respect

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to their common units. The amount of such allocation will, to the extent of any such gain, be equal to the difference between the capital account balance of a holder of long-term incentive units attributable to such units and the capital account balance attributable to an equivalent number of common units. If and when such gain allocation is fully made, a holder of long-term incentive units will have achieved full parity with holders of common units. To the extent that, upon an actual sale or a hypothetical sale of the Operating Partnership s assets as described above, there is not sufficient gain to allocate to a holder s capital account with respect to long-term incentive units, or if such sale or hypothetical sale does not occur, such units will not achieve parity with common units.

The term hypothetical sale refers to circumstances that are not actual sales of the General Partner s assets but that require certain adjustments to the value of the Operating Partnership s assets and the partners capital account balances. Specifically, the partnership agreement provides that, from time to time, in accordance with applicable Treasury Regulations, the Operating Partnership will adjust the value of its assets to equal their respective fair market values, and adjust the partners capital accounts, in accordance with the terms of the partnership agreement, as if the Operating Partnership sold its assets for an amount equal to their value. Times for making such adjustments generally include the liquidation of the Operating Partnership, the acquisition of an additional interest in the Operating Partnership by a new or existing partner in exchange for more than a de minimis capital contribution, the distribution by the Operating Partnership to a partner of more than a de minimis amount of partnership property as consideration for an interest in the Operating Partnership, in connection with the grant of an interest in the Operating Partnership (other than a de minimis interest) as consideration for the performance of services to or for the benefit of the Operating Partnership (including the grant of a long-term incentive unit), and at such other times as may be desirable or required to comply with the Treasury Regulations.

During the years ended December 31, 2009 and 2008, certain employees of the Company were granted an aggregate of 148,310 and 95,652 long-term incentive units, respectively, which, in addition to a service condition, are subject to a performance condition that impacts the number of units ultimately granted to the employee. The performance condition is based upon our achievement of the respective fiscal years Funds From Operations per share targets. Upon evaluating the results of the performance condition, the final number of units is determined and such units vest based on achievement of the service conditions. The service conditions of the awards provide for 20% vesting on each of the first and second anniversaries of the original grant date and 30% vesting on each of the third and fourth anniversaries of the original grant date provided the grantee continues employment on each anniversary date. Based on our 2008 and 2009 FFO per diluted share and unit, as adjusted by the General Partner s compensation committee, all of the 2008 and 2009 long-term incentive units satisfied the performance condition. The grant date fair values, which equal the market price of the General Partner s common stock, are being expensed on a straight-line basis over the vesting period of the long-term incentive units, which ranges from four to five years.

The expense recorded for the years ended December 31, 2009, 2008 and 2007 related to long-term incentive units was approximately $4.5 million, $2.7 million and $0.9 million, respectively. We capitalized amounts relating to compensation expense of employees directly engaged in construction and leasing activities of approximately $0.6 million, $0.4 million and $0.4 million for the years ended December 31, 2009, 2008 and 2007, respectively. Unearned compensation representing the unvested portion of the long-term incentive units totaled $9.3 million and $7.8 million as of December 31, 2009 and 2008, respectively. We expect to recognize this unearned compensation over the next 2.7 years on a weighted average basis.

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(b) Class C Profits Interests Units

2005 Grant

During the fourth quarter of 2005, the General Partner granted to each of the General Partner s named executive officers and certain other employees an award of Class C Units under our 2004 Incentive Award Plan (2005 Grant).

The award agreements provide that the Class C Units subject to this award will vest based on the achievement of a 10% or greater compound annual total shareholder return, as defined, for the period from the grant date through the earlier of September 30, 2008 and the date of a change of control of the General Partner (the market condition) combined with the employee s continued service with the Company through September 30, 2010. Upon achievement of the market condition, the Class C units will receive the same quarterly per unit distribution as common units in the Operating Partnership.

The aggregate amount of the 2005 Grant award pool will be equal to 7% of the excess shareholder value, as defined, created during the applicable performance period, but in no event will the amount of the pool exceed the lesser of $40.0 million or the value of 2.5% of the total number of shares of the General Partner s common stock and limited partnership units of the Operating Partnership at the end of the performance period.

On August 4, 2008, the General Partner s board of directors approved amendments to the outperformance award agreements that we entered into with the executive officers in 2005. As a result of the amendment, approximately 95% of the Class C Units granted pursuant to the outperformance award agreements that satisfied the market condition (summarized above) were fully vested as of September 30, 2008 and the remainder of the units were fully vested as of October 30, 2008. Prior to the amendment, 60 percent of the Class C Units that satisfied the market condition would have vested on September 30, 2008, with the remaining 40 percent of such Class C Units vesting ratably each month for 24 months. As a result of the acceleration, we expensed the remaining $1.6 million of deferred compensation related to these Class C Units during the three months ended September 30, 2008.

2007 Grant

On May 2, 2007, the General Partner granted to each of the named executive officers and certain other officers and employees an award of Class C Units of the Operating Partnership under the First Amended and Restated 2004 Incentive Award Plan (2007 Grant).

The Class C Units subject to this award will vest based on the achievement of a total shareholder return of the General Partner (which we refer to as the market condition) as measured on November 1, 2008 (which we refer to as the first measurement date) and May 1, 2010 (which we refer to as the second measurement date). If:

- with respect to the first measurement date, the General Partner achieves a total shareholder return equal to at least 18% over a period commencing on May 2, 2007 and ending on November 1, 2008; and

- with respect to the second measurement date, the General Partner achieves a total shareholder return equal to at least 36% over a period commencing on May 2, 2007 and ending on the earlier of May 1, 2010 and the date of a change in control of the Company,

the aggregate amount of the 2007 Grant award pool will be equal to 8% of the excess shareholder value, as defined, created during the applicable performance period, but in no event will the amount of the pool exceed:

$17 million for the first measurement date; or

$40 million (less the amount of the award pool as of the first measurement date) for the second measurement date.

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The first and second measurement dates may be accelerated as follows:

- in the event that during any 60 consecutive days ending prior to November 1, 2008, the 2007 Grant award pool, if calculated on each day during such period, equals or exceeds $17.0 million on each such day, the first measurement date will be accelerated to the last day of the 60-day period; and

- in the event that during any 60 consecutive days ending prior to May 1, 2010, the 2007 Grant award pool, if calculated on each day during such period, equals or exceeds $40.0 million on each such day, the second measurement date will be accelerated to the last day of the 60-day period; and

- upon a change in control of the General Partner.

Except in the event of a change in control of the General Partner, 60% of the Class C Units that satisfy the applicable market condition will vest at the end of the three year period subsequent to grant and an additional 1/60th of such Class C Units will vest on the date of each monthly anniversary thereafter, provided that the employee s service has not terminated prior to the applicable vesting date. As of December 31, 2009, the market condition with respect to the first measurement date was not achieved.

Common Provisions for the 2005 and 2007 Grant

If the market condition and the other service conditions, as described above, are satisfied with respect to a Class C Unit, the Class C Unit will be treated in the same manner as the existing long-term incentive units issued by the Operating Partnership.

To the extent that any Class C Units fail to satisfy the market condition on the measurement dates discussed above, such Class C Units will automatically be cancelled and forfeited by the employee. In addition, any Class C Units which are not eligible for pro rata vesting in the event of a termination of the employee s employment due to death or disability or without cause (or for good reason, if applicable) will automatically be cancelled and forfeited upon a termination of the employee s employment.

In the event that the value of the employee s allocated portion of the award pool that satisfies the market condition equates to a number of Class C Units that is greater than the number of Class C Units awarded to the executive, we will make an additional payment to the executive in the form of a number of shares of the General Partner s restricted stock equal to the difference subject to the same vesting requirements as the Class C Units.

On September 30, 2008, we accelerated the vesting of all Class C Units related to the 2005 Grant. The grant date fair value of these awards was approximately $4.0 million, with the remaining $2.2 million recognized as compensation expense during the year ended December 31, 2008. We recognized compensation expense related to these Class C Units of $2.2 million and $0.8 million for the years ended December 31, 2008 and 2007, respectively.

As of December 31, 2009 and 2008, approximately 685,000 and 751,000 Class C Units related to the 2007 Grant had been awarded to the General Partner s executive officers and other employees, respectively. The fair value of the 2007 Grant was measured on the grant date using a Monte Carlo simulation to estimate the probability of the multiple market conditions being satisfied. The Monte Carlo simulation uses a statistical formula underlying the Black-Scholes and binomial formulas, and such simulation was run approximately 100,000 times. For each simulation, the value of the payoff was calculated at the settlement date and was then discounted to the grant date at a risk-free interest rate. The expected value of the Class C units on the grant date was determined by multiplying the average of the values over all simulations by the number of outstanding shares of the General Partner s common stock and Operating Partnership units. The valuation was performed in a

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risk-neutral framework, so no assumption was made with respect to an equity risk premium. Other significant assumptions used in the valuation included an expected term of 36 months, expected stock price volatility of 23%, a risk-free interest rate of 4.6%, and a dividend growth rate of 5.0 percent. The fixed award limit under the plan is $17 million for the first market condition and $40 million for the second market condition, and there were 69.2 million shares of the General Partner s common stock and Operating Partnership units outstanding as of the 2007 grant date. The grant date fair value of these awards of approximately $11.8 million will be recognized as compensation expense on a straight line basis over the expected service period of five years. The unearned compensation as of December 31, 2009 and 2008 was $5.0 million and $7.8 million, respectively. As of December 31, 2009 and 2008, none of the above awards had vested. We recognized compensation expense related to these Class C Units of $1.6 million, $2.0 million and $1.1 million for the years ended December 31, 2009, 2008 and 2007, respectively. We capitalized amounts relating to compensation expense of employees directly engaged in construction and leasing activities of $0.2 million, $0.4 million and $0.5 million for the years ended December 31, 2009, 2008 and 2007, respectively.

(c) Stock Options

The fair value of each option granted under the 2004 Incentive Award Plan is estimated on the date of the grant using the Black-Scholes option-pricing model with the weighted-average assumptions listed below for grants in 2007. There were no stock options granted in 2008 and 2009. The fair values are being expensed on a straight-line basis over the vesting period of the options, which ranges from four to five years. The expense recorded for the years ended December 31, 2009, 2008 and 2007, respectively was approximately $0.9 million, $1.1 million and $0.9 million, respectively. We capitalized amounts relating to compensation expense of employees directly engaged in construction and leasing activities of approximately $0.2 million, $0.2 million and $0.1 million for the years ended December 31, 2009, 2008 and 2007, respectively. Unearned compensation representing the unvested portion of the stock options totaled $2.5 million and $3.6 million for the years ended December 31, 2009 and 2008, respectively. We expect to recognize this unearned compensation over the next 2.1 years on a weighted average basis.

The following table sets forth the weighted-average assumptions used to calculate the fair value of the stock options granted during the years ended December 31, 2009, 2008 and 2007:

	Year Ended December 31,		
	2009	2008	2007
Dividend yield			2.76%
Expected life of option			80 months
Risk-free interest rate			4.65%
Expected stock price volatility			22.82%
Weighted-average fair value of options granted during the period			$ 9.70

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The following table summarizes the 2004 Incentive Award Plan s stock option activity for the year ended December 31, 2009:

	Year ended December 31, 2009	
	Shares	Weighted average exercise price
Options outstanding, beginning of period	929,011	$ 29.70
Exercised	(249,167)	25.38
Cancelled / Forfeited	(59,568)	38.05
Options outstanding, end of period	620,276	$ 30.63
Exercisable, end of period	371,686	$ 25.15

The Company issued new common shares for the common stock options exercised during the years ended December 31, 2009, 2008 and 2007. The intrinsic value of options exercised in the years ended December 31, 2009, 2008 and 2007 was approximately $4.6 million, $4.5 million and $2.0 million, respectively.

The following table summarizes information about stock options outstanding and exercisable as of December 31, 2009:

	Options outstanding				Options exercisable			
Exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Aggregate Intrinsic Value	Number exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price	Aggregate Intrinsic Value
$12.00-13.02	182,369	4.83	$ 12.01	$ 6,979,810	182,369	4.83	$ 12.01	$ 6,979,810
$20.37-28.09	45,558	6.01	23.81	1,206,140	22,720	5.98	23.64	605,267
$33.18-41.73	392,349	7.24	40.08	4,002,525	166,597	7.22	39.74	1,755,560
	620,276	6.44	$ 30.63	$ 12,188,475	371,686	5.97	$ 25.15	$ 9,340,637

(d) Restricted Stock

During the years ended December 31, 2009 and 2008, certain employees of the Company were granted an aggregate of 53,651 and 39,939 shares of our General Partner s restricted stock, respectively. The grant date fair values, which equal the market price of the General Partner s common stock, are being expensed on a straight-line basis over the vesting period of the restricted stock, which is four years. During the years ended December 31, 2009 and 2008, certain employees of the Company were also granted an aggregate of 53,909 and 34,822 shares of restricted stock which, in addition to a service condition, are subject to a performance condition that impacts the number of shares ultimately granted to the employee. The performance condition is based upon the Company s achievement of the respective year s FFO per share targets. Upon evaluating the results of the performance condition, the final number of shares is determined and such shares vest based on achievement of the service conditions. The service conditions of the awards provide for 20% vesting on each of the first and second anniversaries of the original grant date and 30% vesting on each of the third and fourth anniversaries of the original grant date provided the grantee continues employment on each anniversary date. Based on our 2008 and 2009 FFO per diluted share and unit, as adjusted by the General Partner s compensation committee, all of the 2008 and 2009 restricted stock satisfied the performance condition.

The expense recorded for the years ended December 31, 2009 and 2008 related to grants of restricted stock was approximately $1.0 million and $0.5 million, respectively. We capitalized amounts relating to compensation

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expense of employees directly engaged in construction and leasing activities of approximately $0.7 million and $0.3 million for the years ended December 31, 2009 and 2008, respectively. Unearned compensation representing the unvested portion of the restricted stock totaled $3.3 million and $2.2 million as of December 31, 2009 and 2008, respectively. We expect to recognize this unearned compensation over the next 2.8 years on a weighted average basis.

(e) 401(k) Plan

We have a 401(k) plan whereby our employees may contribute a portion of their compensation to their respective retirement accounts, in an amount not to exceed the maximum allowed under the Code. The 401(k) Plan complies with Internal Revenue Service requirements as a 401(k) Safe Harbor Plan whereby discretionary contributions made by us are 100% vested. The aggregate cost of our contributions to the 401(k) Plan was approximately $0.8 million, $0.7 million, and $0.6 million for the years ended December 31, 2009, 2008 and 2007, respectively.

10. Fair Value of Financial Instruments

We 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.

Current accounting guidance requires the Operating Partnership 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 Operating Partnership s disclosures of estimated fair value of financial instruments at December 31, 2009 and 2008, respectively, 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, security deposits and prepaid rents approximate fair value because of the short-term nature of these instruments. As described in note 11, the interest rate cap and interest rate swaps are recorded at fair value.

We calculate the fair value of our mortgage loans, 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, including excess exchange value which exists related to our 2026 Debentures. 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 debt. The carrying value of our revolving credit facility approximates fair value, due to the short-term nature of this instrument along with the variability of interest rates.

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As of December 31, 2009 and 2008, the aggregate estimated fair value and carrying value of our revolving credit facility, mortgage loans, unsecured senior notes and exchangeable senior debentures were as follows (in thousands):

	As of December 31, 2009		As of December 31, 2008	
	Estimated Fair Value	Carrying Value	Estimated Fair Value	Carrying Value
Revolving credit facility[1]	$ 205,547	$ 205,547	$ 138,579	$ 138,579
Unsecured senior notes[2]	94,470	83,000	58,801	58,000
Mortgage loans[2]	1,054,293	1,063,663	918,040	1,026,594
Exchangeable senior debentures[2][3]	624,618	432,234	181,861	161,901
	$ 1,978,928	$ 1,784,444	$ 1,297,281	$ 1,385,074

(1) The carrying value of our revolving credit facility approximates estimated fair value, due to the short-term nature of this instrument along with the variability of interest rates.

(2) Valuations for our unsecured senior notes and mortgage loans are determined based on the expected future payments discounted at risk-adjusted rates. Exchangeable senior debentures are valued based on quoted market prices.

(3) The carrying values are net of discount of $6,666 and $10,599 as of December 31, 2009 and December 31, 2008, respectively. The discount relates to our 2026 Debentures, which is accounted for pursuant to accounting guidance on convertible debt instruments that requires the principal amount to be settled in cash upon conversion.

11. Derivative Instruments

Currently, we use interest rate caps and swaps to manage our interest rate risk. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

To comply with the provisions of fair value accounting guidance, we incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty s nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by us and our counterparties. However, as of December 31, 2009, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

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Cash Flow Hedges of Interest Rate Risk

Our objectives in using interest rate derivatives are to add stability to interest expense and to manage our exposure to interest rate movements related to US LIBOR, GBP LIBOR and EURIBOR based mortgage loans. To accomplish this objective, we primarily use interest rate swaps and caps as part of our interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Under an interest rate cap, if the reference interest rate, such as one-month LIBOR, increases above the cap rate, the holder of the instrument receives a payment based on the notional value of the instrument, the length of the period, and the difference between the current reference rate and the cap rate. If the reference rate increases above the cap rate, the payment received under the interest rate cap will offset the increase in the payments due under the variable rate notes payable.

We record all our interest rate swaps and caps on the consolidated balance sheet at fair value. In determining the fair value of our interest rate swaps and caps, we consider the credit risk of our counterparties. These counterparties are generally larger financial institutions engaged in providing a variety of financial services. These institutions generally face similar risks regarding adverse changes in market and economic conditions, including, but not limited to, fluctuations in interest rates, exchange rates, equity and commodity prices and credit spreads. The current and pervasive disruptions in the financial markets have heightened the risks to these institutions.

Interest rate caps are viewed as a series of call options or caplets which exist for each period the cap agreement is in existence. As each caplet expires, the related cost of the expired caplet is amortized to interest expense with the remaining caplets carried at fair value. The value of interest rate caps is primarily impacted by interest rates, market expectations about interest rates, and the remaining life of the instrument. In general, increases in interest rates, or anticipated increases in interest rates, will increase the value of interest rate caps. As the remaining life of an interest rate cap decreases, the value of the instrument will generally decrease towards zero. The purchase price of an interest rate cap is amortized to interest expense over the contractual life of the instrument. For interest rate caps that are designated as cash flow hedges under accounting guidance as it relates to derivative instruments, the change in the fair value of an effective interest rate cap is recorded to accumulated other comprehensive income in equity. Amounts we are entitled to under interest rate caps, if any, are recognized on an accrual basis, and are recorded to as a reduction against interest expense in the accompanying consolidated statements of operations.

Our agreements with some of our derivative counterparties provide either that (1) we could be declared in default on our derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to our default on the indebtedness or that (2) we could be declared in default on our derivative obligations if we default on any of our indebtedness, including a default where repayment of the underlying indebtedness has not been accelerated by the lender.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income (loss) and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During 2009, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. The fair value of these derivatives was ($7.5) million and ($5.8) million at December 31, 2009 and 2008, respectively. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. During the years ended December 31, 2009 and 2008, respectively, there were no ineffective portions to our interest rate swaps.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Amounts reported in accumulated other comprehensive loss related to interest rate swaps will be reclassified to interest expense as interest payments are made on our debt. As of December 31, 2009, we estimate that an additional $6.2 million will be reclassified as an increase to interest expense during the twelve months ending December 31, 2010, when the hedged forecasted transactions impact earnings.

As of December 31, 2009 and 2008, 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 December 31, 2009	As of December 31, 2008	Type of Derivative	Strike Rate	Effective Date	Expiration Date	As of December 31, 2009	As of December 31, 2008
$ 20,831[1]	$ 19,239[1]	Swap	4.944	Jul. 10, 2006	Apr. 10, 2011	$ (952)	$ (986)
69,154[1]	[1]	Swap	2.980	April 6, 2009	Nov. 30, 2013	(299)	
15,208[2]	15,041[2]	Swap	3.981	May 17, 2006	Jul. 18, 2013	(889)	(559)
11,003[2]	10,881[2]	Swap	4.070	Jun. 23, 2006	Jul. 18, 2013	(675)	(442)
9,682[2]	9,575[2]	Swap	3.989	Jul. 27, 2006	Oct. 18, 2013	(579)	(365)
45,067[2]	44,564[2]	Swap	3.776	Dec. 5, 2006	Jan. 18, 2012	(1,887)	(1,131)
38,746[2]	38,315[2]	Swap	4.000	Dec. 20, 2006	Jan. 18, 2012	(1,794)	(1,207)
	96,458	Swap	3.167	Oct. 15, 2008	June 15, 2009		(1,116)
42,993		Swap	2.703	Dec. 3, 2009	Sep. 4, 2014	(453)	
17,737		Cap	4.000	June 24, 2009	June 25, 2012	70	
$ 270,421	$ 234,073					$ (7,458)	$ (5,806)

(1) Translation to U.S. dollars is based on exchange rate of $1.61 to £1.00 as of December 31, 2009 and $1.46 to £1.00 as of December 31, 2008.

(2) Translation to U.S. dollars is based on exchange rate of $1.43 to 1.00 as of December 31, 2009 and $1.40 to 1.00 as of December 31, 2008.

We do not have any fair value measurements using significant unobservable inputs (Level 3) as of December 31, 2009.

12. Tenant Leases

The future minimum lease payments to be received (excluding operating expense reimbursements) by us as of December 31, 2009, under non-cancelable operating leases are as follows (in thousands):

2010	$ 509,506
2011	493,388
2012	488,669
2013	471,435
2014	416,803
Thereafter	1,499,833

Total	$ 3,879,634

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Included in the above amounts are minimum lease payments to be received from The tel(x) Group, Inc., or tel(x), a related party further discussed in note 13. The future minimum lease payments to be received (excluding operating expense reimbursements) by us from tel(x) as of December 31, 2009, under non-cancelable operating leases are as follows (in thousands):

2010	$ 16,682
2011	17,448
2012	17,955
2013	18,477
2014	19,015
Thereafter	269,940
Total	$ 359,517

Operating revenues from properties outside the United States were $82.2 million, $52.2 million and $34.2 million for the years ended December 31, 2009, 2008 and 2007, respectively. For the years ended December 31, 2009, 2008, and 2007 no single foreign country comprised more than 10% of total revenues.

For the years ended December 31, 2009, 2008 and 2007, revenues recognized from Savvis Communications comprised approximately 9.6%, 11.0%, and 11.6% of total revenues, respectively. Other than noted here, for the years ended December 31, 2009, 2008, and 2007 no single tenant comprised more than 10% of total revenues.

13. Related Party Transactions

In December 2006, we entered into ten leases with tel(x), pursuant to which tel(x) provides enhanced meet-me-room services to our customers. tel(x) was acquired by GI Partners Fund II, LLP in November 2006. Richard Magnuson, the Company s Chairman, is also the chief executive officer of the advisor to GI Partners Fund II, LLP. Our consolidated statements of operations include rental revenues of approximately $20.6 million, $16.1 million and $13.9 million from tel(x) for the years ended December 31, 2009, 2008 and 2007, respectively. In connection with the lease agreements, we entered into an operating agreement with tel(x), effective as of December 1, 2006, with respect to joint sales and marketing efforts, designation of representatives to manage the national relationship between us and tel(x) and future meet-me-room facilities. Under the operating agreement, tel(x) has a sixty-day option to enter into a meet-me-room lease for certain future meet-me-room buildings acquired by us or any buildings currently owned by us that are converted into a meet-me-room building. As of December 31, 2009, tel(x) leases 126,130 square feet from us under 26 lease agreements.

We also entered into a referral agreement with tel(x), effective as of December 1, 2006, with respect to referral fees arising out of potential future lease agreements for rentable space in buildings covered by the meet-me-room lease agreements. Referral fees earned during the years ended December 31, 2009, 2008 and 2007 amounted to approximately $1.5 million, $0.8 million and $0.1 million, respectively. Additionally, we had the right to purchase approximately 10% of tel(x) preferred stock. The purchase price would have been calculated as GI Partners Fund II, LLP s initial cost plus a 12% per annum return. We had the right to purchase, at market, a pro-rata share of any follow on tel(x) equity transactions to prevent dilution to our option to acquire approximately 10%. The option to purchase the preferred stock expired in October 2008 and we did not exercise the option.

All expenses of the General Partner relate to the business and operations of the Operating Partnership and are therefore paid directly or reimbursed by the Operating Partnership. The only transactions between the General Partner and the Operating Partnership consist of (i) contributions by the General Partner of consideration

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

received from issuances of its capital stock in consideration of the issuance by the Operating Partnership of common or preferred units to the General Partner, (ii) distributions by the Operating Partnership to the General Partner with respect to outstanding common and preferred units held by the General Partner and (iii) reimbursements of expenses incurred by the General Partner, including legal, accounting and other professional expenses.

14. Commitments and Contingencies

(a) Operating Leases

We have a ground lease obligation on 2010 East Centennial Circle that expires in 2082. After February 2036, rent for the remaining term of the 2010 East Centennial Circle ground lease will be determined based on a fair market value appraisal of the property and, as result, rent after February 2036 is excluded from the minimum commitment information below.

We have ground leases on Paul van Vlissingenstraat 16 that expires in 2054, Chemin de l Epinglier 2 that expires in July 2074, Clonshaugh Industrial Estate that expires in 2981, Gyroscoopweg 2E-2F, which has a continuous ground lease and will be adjusted on January 1, 2042 and Naritaweg 52, which has a continuous ground lease. We have an operating lease for our current headquarters, which we occupied in June 2005 and expires in May 2012 with an option to extend the lease until September 2017. We also have operating leases at 111 8th Avenue (2nd and 6th floors), 8100 Boone Boulevard and 111 8th Avenue (3rd and 7th floors), which expire in June 2014, September 2017 and February 2022, respectively. The lease at 111 8th Avenue (2nd and 6th floors) has an option to extend the lease until June 2019 and the lease at 111 8th Avenue (3rd and 7th floors) has an option to extend the lease until February 2032. The lease at 8100 Boone Boulevard has no extension option.

We have a fully prepaid ground lease on 2055 E. Technology Circle that expires in 2083. The ground lease at Naritaweg 52 has been prepaid through December 2036.

Rental expense for these leases was approximately $7.9 million, $7.9 million, and $5.9 million for the years ended December 31, 2009, 2008 and 2007 respectively.

The minimum commitment under these leases, excluding the fully prepaid ground lease, as of December 31, 2009 was as follows (in thousands):

2010	$ 7,313
2011	7,019
2012	6,548
2013	6,033
2014	4,264
Thereafter	34,267
	$ 65,444

(b) Contingent liabilities

We have agreed with the seller of 350 East Cermak Road to share a portion, not to exceed $135,000 per month, of rental revenue, adjusted for our costs to lease the premises, from the lease of the 192,000 square feet of space held for redevelopment. This revenue sharing agreement will terminate in May 2012. We made payments of approximately $41,000, $41,000 and $17,000 to the seller during the years ended December 31, 2009, 2008 and 2007, respectively. We have recorded approximately $2.1 million for this contingent liability on our balance sheet at December 31, 2009.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of the acquisition of Clonshaugh Industrial Estate, we entered into an agreement with the seller whereby the seller is entitled to receive 40% of the net rental income generated by the existing building, after we have received a 9% return on all capital invested in the property. As of February 6, 2006, the date we acquired this property, we have estimated the present value of these expected payments over the 10 year lease term to be approximately $1.1 million and this value has been recorded as a component of the purchase price. Accounts payable and other accrued liabilities include $1.3 million and $1.4 million for this liability as of December 31, 2009 and December 31, 2008, respectively. During the years ended December 31, 2009, 2008 and 2007, we paid approximately $0.2 million, $0.2 million and $0.1 million, respectively, to the seller.

Our properties require periodic investments of capital for tenant-related capital expenditures and for general capital improvements and from time to time in the normal course of our business, we enter into various construction contracts with third parties that may obligate us to make payments. At December 31, 2009, we had open commitments related to construction contracts of $41.1 million.

15. Discontinued Operations

In 2007, we sold the following properties:

Property	Date of Sale	Proceeds (in millions)	Gain on Sale (in millions)
4055 Valley View Lane	March 30, 2007	$ 33.0	$ 6.2
100 Technology Center Drive	March 20, 2007	45.5	11.8

The results of operations of the properties above are reported as discontinued operations for all periods presented in the accompanying consolidated financial statements. The following table summarizes the income and expense components that comprise income (loss) from discontinued operations for the year ended December 31, 2007 (in thousands):

	Year Ended December 31, 2007
Operating Revenues:	
Rental	$ 1,940
Tenant reimbursements	400
Total operating revenues	2,340
Operating Expenses:	
Rental property operating and maintenance	567
Property taxes	310
Insurance	27
Depreciation and amortization	379
Total operating expenses	1,283
Operating income	1,057
Other Income (Expenses):	
Interest and other income	5

Interest expense		333
Income from discontinued operations before gain on sale of assets and noncontrolling interests		1,395
Gain on sale of assets		18,049
Income from discontinued operations	$	19,444

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Quarterly Financial Information (unaudited)

The tables below reflect selected quarterly information for the years ended December 31, 2009 and 2008. Certain amounts have been reclassified to conform to the current year presentation (in thousands, except unit amounts).

	Three Months Ended			
	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009
Total operating revenues	$ 169,774	$ 163,227	$ 155,007	$ 149,134
Net income	24,897	23,945	21,203	21,189
Net income attributable to Digital Realty Trust, L.P.	25,371	23,405	21,129	21,189
Preferred unit distributions	10,101	10,101	10,101	10,101
Net income available to common unitholders	15,270	13,304	11,028	11,088
Basic net income per unit available to common unitholders	$ 0.19	$ 0.16	$ 0.13	$ 0.14
Diluted net income per unit available to common unitholders	$ 0.18	$ 0.16	$ 0.13	$ 0.14

	Three Months Ended			
	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008
Total operating revenues	$ 147,106	$ 142,016	$ 123,776	$ 114,547
Net income	25,133	18,419	13,550	10,816
Net income attributable to Digital Realty Trust, L.P.	25,044	18,223	13,500	10,816
Preferred unit distributions	10,102	10,102	10,102	8,258
Net income available to common unitholders	14,942	8,121	3,398	2,558
Basic net income per unit available to common unitholders	$ 0.19	$ 0.11	$ 0.05	$ 0.04
Diluted net income per unit available to common unitholders	$ 0.19	$ 0.10	$ 0.05	$ 0.03

17. Subsequent Events

On July 27, 2010, the General Partner issued 236,444 privately issued shares of its common stock, par value $0.01 per share, to the Operating Partnership, and the Operating Partnership delivered the shares and paid an incentive fee equal to $37,516 and accrued and unpaid interest equal to $138,359 in exchange for $7,500,000 in aggregate principal amount of the Operating Partnership s 4.125% Exchangeable Senior Debentures due 2026, or the 2026 Debentures, held by an institutional holder pursuant to an exchange agreement, dated July 27, 2010, by and among the Operating Partnership, the General Partner and the institutional holder.

On July 22, 2010, the Operating Partnership distributed a Notice of Redemption to all holders of record of the General Partner s outstanding 8.50% Series A Cumulative Redeemable Preferred Stock, or the Series A Preferred Stock, regarding the General Partner s redemption of all outstanding shares of the Series A Preferred Stock at a redemption price of $25.31285 per share. The redemption price is equal to the original issuance price

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

of $25.00 per share, plus accrued and unpaid dividends. The redemption date will be August 24, 2010. We intend to fund the redemption with borrowings under our revolving credit facility.

On July 13, 2010, we completed the acquisition of a five-property datacenter portfolio located in California, Arizona and Virginia, which we refer to as the Rockwood Capital/365 Main Portfolio. The purchase price was approximately $725.0 million and was funded with proceeds from our common stock offering in June 2010 and notes offering in July 2010 along with borrowings under our revolving credit facility. The Rockwood Capital/365 Main Portfolio comprises a total of approximately 919,000 square feet.

On July 8, 2010, the Operating Partnership issued $375.0 million in aggregate principal amount of notes, maturing on July 15, 2015 with an interest rate of 4.50% per annum. The purchase price paid by the initial purchasers was 99.697% of the principal amount. The notes are general unsecured senior obligations of the Operating Partnership, rank equally in right of payment with all other senior unsecured indebtedness of the Operating Partnership and are fully and unconditionally guaranteed by the General Partner. Interest on the notes is payable on January 15 and July 15 of each year, beginning on January 15, 2011. The net proceeds from the offering after deducting the original issue discount, underwriting commissions and estimated expenses was approximately $370.6 million. We used the net proceeds from the offering to fund a portion of the purchase price of the Rockwood Capital/365 Main Portfolio.

On June 30, 2010, we completed an amendment to our Prudential shelf facility, the terms of which are substantially the same as the amendment to our revolving credit facility described below.

On June 15, 2010, we exercised the first option to extend the maturity date of our revolving credit facility. Upon effectiveness of the extension, our revolving credit facility will be scheduled to mature in August 2011. Additionally, on June 28, 2010, we completed an amendment to our revolving credit facility. The amendment to the revolving credit facility provides us with the ability to add eligible unencumbered international assets to the borrowing base in support of our outstanding unsecured debt. International assets include properties located in Canada, England, Ireland, Wales, France, Spain, the Netherlands, Singapore and Australia. Under the new amendment, international assets may comprise up to 25% of the borrowing base, with assets in Spain and Singapore limited to up to 10% of the borrowing base.

On June 14, 2010, the General Partner issued 1,160,950 privately issued shares of its common stock, par value $0.01 per share, to the Operating Partnership, and the Operating Partnership delivered the shares and paid an incentive fee equal to $184,800 and accrued and unpaid interest equal to $503,965 in exchange for $36,960,000 in aggregate principal amount of the 2026 Debentures held by an institutional investor pursuant to an exchange agreement, dated June 14, 2010, by and among the Operating Partnership, the General Partner and the institutional investor.

On June 2, 2010, the General Partner entered into an underwriting agreement with Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representatives of the several underwriters named therein, in connection with the offer and sale by the General Partner of 6,000,000 shares of its common stock and the grant of an over-allotment option for up to an additional 900,000 shares of the General Partner s common stock to the underwriters, which the underwriters exercised in full. The General Partner completed the sale of 6,900,000 shares to the underwriters on June 8, 2010. The General Partner contributed the net proceeds of approximately $377.1 million after deducting estimated expenses to the Operating Partnership in exchange for 6,900,000 common units, as required by the Operating Partnership s partnership agreement. The shares were offered and sold under a prospectus supplement and related prospectus filed with the Securities and Exchange Commission pursuant to the General Partner s shelf registration statement on Form S-3 (File No. 333-158958).

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On May 1, 2010, the General Partner determined that 613,485 of the Class C Units granted in 2007 described in Note 9(b) above satisfied the market condition on the second measurement date (May 1, 2010), with the value of these units equal to the maximum amount of the award pool payable pursuant to the 2007 Grant on the second measurement date. Of the Class C Units that satisfied the market condition on May 1, 2010, 60% vested on May 1, 2010 and the remaining 40% are scheduled to vest ratably each month thereafter for 24 months.

On April 27, 2010, the General Partner declared the following distribution per unit.

Unit Class	Series A Preferred Unit	Series B Preferred Unit	Series C Preferred Unit	Series D Preferred Unit	Common unit
Distribution amount	$ 0.531250	$ 0.492188	$ 0.273438	$ 0.343750	$ 0.480000
Distribution payable date	June 30, 2010	June 30, 2010	June 30, 2010	June 30, 2010	June 30, 2010
Distribution payable to unitholders of record on	June 15, 2010	June 15, 2010	June 15, 2010	June 15, 2010	June 15, 2010
Annual equivalent rate of distribution	$ 2.125	$ 1.969	$ 1.094	$ 1.375	$ 1.920

On February 23, 2010, the General Partner s board of directors approved an amendment to the General Partner s charter increasing the number of authorized shares of its common stock, par value $.01 per share, available for issuance from 125,000,000 to 145,000,000. No changes were made to the number of authorized shares of the General Partner s preferred stock, par value $.01 per share, available for issuance (currently 30,000,000).

On February 23, 2010, the Operating Partnership declared the following distributions per unit.

Share Class	Series A Preferred Unit	Series B Preferred Unit	Series C Preferred Unit	Series D Preferred Unit	Common unit
Distribution amount	$ 0.531250	$ 0.492188	$ 0.273438	$ 0.343750	$ 0.480000
Distribution payable date	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
Distribution payable to unitholders of record on	March 15, 2010	March 15, 2010	March 15, 2010	March 15, 2010	March 15, 2010
Annual equivalent rate of distribution	$ 2.125	$ 1.969	$ 1.094	$ 1.375	$ 1.920

On February 3, 2010, we closed the sale of $17.0 million aggregate principal amount of our senior unsecured term notes under our Prudential shelf facility. The series F notes have an interest-only rate of 4.50% per annum and a five-year maturity. We used the proceeds of the series F to temporarily repay borrowings under our revolving credit facility, fund development and redevelopment opportunities, fund acquisitions and for working capital. The series F notes are subject to the covenants set forth in the Prudential shelf facility.

On January 28, 2010, the Operating Partnership issued $500.0 million aggregate principal amount of notes, maturing on February 1, 2020 with an interest rate of 5.875% per annum. The purchase price paid by the initial purchasers was 98.296% of the principal amount. The notes are general unsecured senior obligations of the Operating Partnership, rank equally in right of payment with all other senior unsecured indebtedness of the Operating Partnership and are fully and unconditionally guaranteed by the General Partner. Interest on the notes is payable on February 1 and August 1 of each year, beginning on August 1, 2010. The net proceeds from the offering after deducting the original issue discount, underwriting commissions and estimated expenses was approximately $487.6 million. We used the net proceeds from the offering to temporarily repay our borrowings under our revolving credit facility, fund development and redevelopment opportunities and for general corporate purposes.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On January 22, 2010, we completed the acquisition of a three-property datacenter portfolio located in Massachusetts and Connecticut, which we refer to as the New England Portfolio. The purchase price was approximately $375.0 million and was funded with borrowings under our revolving credit facility. The New England Portfolio comprises a total of approximately 550,290 square feet.

On January 20, 2010, we closed the sale of $100.0 million aggregate principal amount of our senior unsecured term notes under our Prudential shelf facility. The notes were issued in two series referred to as the series D and series E notes. The series D notes have a principal amount of $50.0 million, an interest-only rate of 4.57% per annum and a five-year maturity, and the series E notes have a principal amount of $50.0 million, an interest-only rate of 5.73% per annum and a seven-year maturity. We used the proceeds of the series D and series E notes to fund acquisitions, to temporarily repay borrowings under our revolving credit facility and for working capital. The series D and series E notes are subject to the covenants set forth in the Prudential shelf facility.

In December 2009 and January 2010, the General Partner entered into equity distribution agreements, under which it could issue up to $400.0 million from time to time, at its discretion. From January 1, 2010 through May 31, 2010, the General Partner generated net proceeds of $67.5 million from the issuance of approximately 1.3 million common shares under its equity distribution agreements at an average price of $51.87 per share after payment of approximately $1.0 million of commissions. The proceeds from the issuances were contributed by the General Partner to the Operating Partnership in exchange for 1.3 million common units.

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SCHEDULE III

PROPERTIES AND ACCUMULATED DEPRECIATION

DECEMBER 31, 2009

(In thousands)

			Initial costs			Total costs					
	Metropolitan Area	Encumbrances	Land	Acquired ground lease	Buildings and improvements	Costs capitalized subsequent to acquisition	Land	Acquired ground lease	Buildings and improvements	Total	Accumulated depreciation and amortization	Date of acquisition or construction (A) (C)
PROPERTIES:												
36 NE 2nd Street	Miami	16,964	1,942		24,184	2,540	1,942		26,724	28,666	(6,921)	2002(A)
2323 Bryan Street	Dallas		1,838		77,604	18,727	1,838		96,331	98,169	(26,201)	2002(A)
6 Braham Street	London, England	20,831	3,776		28,166	1,748	3,309		30,381	33,690	(5,833)	2002(A)
300 Boulevard East	New York / New Jersey	43,502	5,140		48,526	26,132	5,140		74,658	79,798	(25,334)	2002(A)
2334 Lundy Place	Silicon Valley	39,960	3,607		23,008	72	3,607		23,080	26,687	(5,839)	2002(A)
34551 Ardenwood Boulevard 1-4	Silicon Valley	54,945	15,330		32,419	2,201	15,330		34,620	49,950	(9,386)	2003(A)
2440 Marsh Lane	Dallas		1,477		10,330	68,822	1,477		79,152	80,629	(7,952)	2003(A)
2010 East Centennial Circle	Phoenix			1,477	16,472	34		1,477	16,506	17,983	(3,358)	2003(A)
375 Riverside Parkway	Atlanta		1,250		11,578	14,303	1,250		25,881	27,131	(5,354)	2003(A)
3300 East Birch Street	Los Angeles	7,390	3,777		4,611	434	3,777		5,045	8,822	(2,225)	2003(A)
47700 Kato Road & 1055 Page Avenue	Silicon Valley		5,272		20,166	20	5,272		20,186	25,458	(3,237)	2003(A)
4849 Alpha Road	Dallas	10,411	2,983		10,650	56	2,983		10,706	13,689	(2,706)	2004(A)
600 West Seventh Street	Los Angeles	55,524	18,478		50,824	32,083	18,478		82,907	101,385	(19,876)	2004(A)
2045 & 2055 LaFayette Street	Silicon Valley	67,271	6,065		43,817	19	6,065		43,836	49,901	(7,853)	2004(A)
100 & 200 Quannapowitt Parkway	Boston	33,742	12,416		26,154	2,088	12,416		28,242	40,658	(7,904)	2004(A)
11830 Webb Chapel Road	Dallas	32,069	5,881		34,473	883	5,881		35,356	41,237	(7,828)	2004(A)
150 South First Street	Silicon Valley	52,760	2,068		29,214	837	2,068		30,051	32,119	(4,818)	2004(A)
3065 Gold Camp Drive	Sacramento		1,886		10,686	134	1,886		10,820	12,706	(2,201)	2004(A)
200 Paul Avenue 1-4	San Francisco	77,803	14,427		75,777	28,256	14,427		104,033	118,460	(21,534)	2004(A)
1100 Space Park Drive	Silicon Valley	54,944	5,130		18,206	11,730	5,130		29,936	35,066	(8,994)	2004(A)

3015 Winona Avenue	Los Angeles		6,534	8,356	5	6,534	8,361	14,895	(2,002)	2004(A)
833 Chestnut Street	Philadelphia		5,738	42,249	36,855	5,738	79,104	84,842	(19,602)	2005(A)
1125 Energy Park Drive	Minneapolis/St. Paul	9,497[1]	2,775	10,761	21	2,775	10,782	13,557	(1,982)	2005(A)
350 East Cermak Road	Chicago		8,466	103,232	178,687	8,620	281,765	290,385	(41,186)	2005(A)
8534 Concord Center Drive	Denver		2,181	11,561	75	2,181	11,636	13,817	(2,492)	2005(A)
2401 Walsh Street	Silicon Valley		5,775	19,267	34	5,775	19,301	25,076	(2,973)	2005(A)
2403 Walsh Street	Silicon Valley		5,514	11,695	19	5,514	11,714	17,228	(1,927)	2005(A)
4700 Old Ironsides Drive	Silicon Valley		5,504	9,727	17	5,504	9,744	15,248	(1,747)	2005(A)

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

SCHEDULE III

PROPERTIES AND ACCUMULATED DEPRECIATION (Continued)

DECEMBER 31, 2009

(In thousands)

			Initial costs				Total costs					
	Metropolitan Area	Encumbrances	Land	Acquired ground lease	Buildings and improvements	Costs capitalized subsequent to acquisition	Land	Acquired ground lease	Buildings and improvements	Total	Accumulated depreciation and amortization	Date of acquisition or construction (A) (C)
4650 Old Ironsides Drive	Silicon Valley		2,865		4,540	866	2,865		5,406	8,271	(1,369)	2005(A)
200 North Nash Street	Los Angeles		4,562		12,503	16	4,562		12,519	17,081	(2,223)	2005(A)
731 East Trade Street	Charlotte	6,301[2]	1,748		5,727	201	1,748		5,928	7,676	(848)	2005(A)
113 North Myers	Charlotte		1,098		3,127	679	1,098		3,806	4,904	(873)	2005(A)
125 North Myers	Charlotte		1,271		3,738	5,963	1,271		9,701	10,972	(2,176)	2005(A)
Paul van Vlissingenstraat 16	Amsterdam, Netherlands	15,208			15,255	5,444			20,699	20,699	(2,926)	2005(A)
600-780 S. Federal	Chicago		7,801		27,718	2,246	7,849		29,916	37,765	(4,811)	2005(A)
115 Second Avenue	Boston		1,691		12,569	10,520	1,691		23,089	24,780	(5,258)	2005(A)
Chemin de l Epinglier 2	Geneva, Switzerland	11,046			20,071	4,320			24,391	24,391	(3,484)	2005(A)
251 Exchange Place	Northern Virginia		1,622		10,425	152	1,622		10,577	12,199	(1,887)	2005(A)
7500 Metro Center Drive	Austin		1,177		4,877	2,105	1,177		6,982	8,159	(1,183)	2005(A)
7620 Metro Center Drive	Austin		510		6,760	9	510		6,769	7,279	(1,150)	2005(A)
3 Corporate Place	New York/New Jersey	80,000	2,124		12,678	77,280	2,124		89,958	92,082	(18,219)	2005(A)
4025 Midway Road	Dallas		2,196		14,037	17,575	2,196		31,612	33,808	(7,085)	2006(A)
Clonshaugh Industrial Estate	Dublin			1,444	5,569	3,373		119	10,267	10,386	(1,335)	2006(A)
6800 Millcreek Drive	Toronto		1,657		11,352	2,289	1,657		13,641	15,298	(1,767)	2006(A)
101 Aquila Way	Atlanta		1,480		34,797	41	1,480		34,838	36,318	(5,473)	2006(A)
12001 North Freeway	Houston		6,965		23,492	108	6,965		23,600	30,565	(3,289)	2006(A)
14901 FAA Boulevard	Dallas		3,303		40,799	117	3,303		40,916	44,219	(4,634)	2006(A)
120 E Van Buren	Phoenix		4,524		157,822	55,403	4,524		213,225	217,749	(30,694)	2006(A)
Gyroscoopweg 2E-2F	Amsterdam, Netherlands	9,682			13,450	1,319			14,769	14,769	(1,848)	2006(A)
Clonshaugh Industrial Estate II	Dublin	42,993				86,449			86,449	86,449	(8,107)	2006(A)
600 Winter Street	Boston		1,429		6,228	47	1,429		6,275	7,704	(676)	2006(A)
2300 NW 89th Place	Miami		1,022		3,767	18	1,022		3,785	4,807	(536)	2006(A)
2055 East Technology Circle	Phoenix				8,519	26,511			35,030	35,030	(4,112)	2006(A)
114 Rue Ambroise Croizat	Paris, France	45,067	12,261		34,051	80,634	12,578		114,368	126,946	(6,584)	2006(A)
Unit 9, Blanchardstown Corporate Park	Dublin, Ireland	38,746	1,927		40,024	6,838	2,075		46,714	48,789	(5,382)	2006(A)
111 8th Avenue	New York / New Jersey				17,688	10,911			28,599	28,599	(9,848)	2006(A)

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

SCHEDULE III

PROPERTIES AND ACCUMULATED DEPRECIATION (Continued)

DECEMBER 31, 2009

(In thousands)

			Initial costs			Total costs				
	Metropolitan Area	Encumbrances	Land	Acquired ground lease	Buildings and improvements	Costs capitalized subsequent to acquisition	Land	Acquired ground lease	Buildings and improvements	Total	Accumulated depreciation and amortization	Date of acquisition (A) or construction (C)
1807 Michael Faraday Court	Northern Virginia		1,499		4,578	1,150	1,499		5,728	7,227	(933)	2006(A)
8100 Boone Boulevard	Northern Virginia				158	837			995	995	(434)	2006(A)
21110 Ridgetop Circle	Northern Virginia		2,934		14,311	843	2,934		15,154	18,088	(1,528)	2007(A)
3011 Lafayette Street	Silicon Valley		3,354		10,305	44,829	3,354		55,134	58,488	(9,062)	2007(A)
44470 Chilum Place	Northern Virginia		3,351		37,360	184	3,531		37,364	40,895	(2,909)	2007(A)
43881 Devin Shafron Drive	Northern Virginia		4,653		23,631	87,795	4,653		111,426	116,079	(13,797)	2007(A)
43831 Devin Shafron Drive	Northern Virginia		3,027		16,247	980	3,027		17,227	20,254	(1,424)	2007(A)
43791 Devin Shafron Drive	Northern Virginia		3,490		17,444	44,997	3,490		62,441	65,931	(5,320)	2007(A)
Mundells Roundabout	London, England	69,154	31,354			59,167	25,742		64,779	90,521	(1,712)	2007(A)
210 N Tucker	St. Louis		2,042		17,223	1,544	2,042		18,767	20,809	(1,819)	2007(A)
900 Walnut Street	St. Louis		1,791		29,516	2,504	1,791		32,020	33,811	(2,502)	2007(A)
1 Savvis Parkway	St. Louis		3,301		20,639	17	3,301		20,656	23,957	(1,552)	2007(A)
1500 Space Park Drive	Silicon Valley	42,630[3]	6,732		6,325	45,466	4,106		54,417	58,523	(8,012)	2007(A)
Cressex 1	London, England	29,486	3,629		9,036	25,923	3,104		35,484	38,588	(2,499)	2007(A)
Naritaweg 52	Amsterdam, Netherlands			1,192	23,441	(411)		1,171	23,051	24,222	(1,457)	2007(A)
1 St. Anne s Boulevard	London, England		2,732		5,969	(788)	2,697		5,216	7,913	(279)	2007(A)
2 St. Anne s Boulevard	London, England		5,190		3,193	619	4,209		4,793	9,002	(116)	2007(A)
3 St. Anne s Boulevard	London, England		16,401		8,844	45,300	13,302		57,243	70,545	(201)	2007(A)
365 South Randolphville Road	New York / New Jersey		3,019		17,404	59,052	3,019		76,456	79,475	(691)	2008(A)
701 & 717 Leonard Street	Dallas		2,165		9,934	68	2,165		10,002	12,167	(385)	2008(A)
650 Randolph Road	New York / New Jersey		3,986		6,883	3,539	3,986		10,422	14,408	(1)	2008(A)
Manchester Technopark	Manchester, England	8,970			23,918	(4,504)			19,414	19,414	(840)	2008(A)
1201 Comstock Street	Silicon Valley	17,737	2,093		1,606	25,773	3,398		26,074	29,472	(1,953)	2008(A)
7505 Mason King Court	Northern Virginia		2,390		8,257	6,863	2,390		15,120	17,510	(659)	2008(A)
1550 Space Park Drive	Silicon Valley		2,301		766	528	1,926		1,669	3,595	(1)	2008(A)
1525 Comstock Street	Silicon Valley		2,293		16,216	28,899	2,061		45,347	47,408	(1,839)	2008(A)
22150 Shellhorn Road Parcel 2	Northern Virginia		6,927			23,395	6,927		23,395	30,322	(6)	2009(A)

22150 Shellhorn Road Parcel 4E	Northern Virginia	8,168		272	8,168	272	8,440	2009(A)

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

SCHEDULE III

PROPERTIES AND ACCUMULATED DEPRECIATION (Continued)

DECEMBER 31, 2009

(In thousands)

			Initial costs				Total costs					
	Metropolitan Area	Encumbrances	Land	Acquired ground lease	Buildings and improvements	Costs capitalized subsequent to acquisition	Land	Acquired ground lease	Buildings and improvements	Total	Accumulated depreciation and amortization	Date of acquisition (A) or construction (C)
22150 Shellhorn Road Parcel 4F	Northern Virginia		5,509			175	5,509		175	5,684		2009(A)
1232 Alma Road	Dallas	6,464	2,267		3,740	6,358	2,267		10,098	12,365		2009(A)
900 Quality Way	Dallas	655	1,446		1,659	5	1,446		1,664	3,110		2009(A)
1400 N. Bowser Road	Dallas	1,366	2,041		3,389	7	2,041		3,396	5,437		2009(A)
1301 International Parkway	Dallas	178	333		344	1	333		345	678		2009(A)
908 Quality Way	Dallas	5,758	6,730		4,493	2,026	6,730		6,519	13,249	(53)	2009(A)
904 Quality Way	Dallas	407	760		744	1	760		745	1,505		2009(A)
905 Security Row	Dallas	2,172	4,056		1,553	7	4,056		1,560	5,616		2009(A)
444 Toyama Drive	Silicon Valley		6,213		10,954		6,213		10,954	17,167	(70)	2009(A)
1350 Duane	Silicon Valley	52,030(4)	7,081		69,817		7,081		69,817	76,898	(300)	2009(A)
45901 & 45845 Nokes Boulevard	Northern Virginia		3,579		29,998		3,579		29,998	33,577		2009(A)
21561 & 21571 Beaumeade Circle	Northern Virginia		4,131		25,218		4,131		25,218	29,349		2009(A)
21551 Beaumeade Circle	Northern Virginia		3,132				3,132			3,132		2009(A)
Other					8,298	11,252			19,550	19,550	(125)	
		1,063,663	394,563	4,113	1,858,707	1,352,939	382,763	2,767	3,224,792	3,610,322	(459,521)	

(1) The balance shown includes an unamortized premium of $294.
(2) The balance shown includes an unamortized premium of $986.
(3) The balance shown includes an unamortized premium of $747.
(4) The balance shown includes an unamortized discount of $770.

See accompanying report of independent registered public accounting firm.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

NOTES TO SCHEDULE III

PROPERTIES AND ACCUMULATED DEPRECIATION

December 31, 2009

(In thousands)

(1) Tax Cost

The aggregate gross cost of the Operating Partnership s properties for federal income tax purposes approximated $3,550.9 million (unaudited) as of December 31, 2009.

(2) Historical Cost and Accumulated Depreciation and Amortization

The following table reconciles the historical cost of the Operating Partnership s properties for financial reporting purposes for each of the years in the three-year period ended December 31, 2009.

	Year Ended December 31,		
	2009	2008	2007
Balance, beginning of year	$ 3,042,699	$ 2,482,104	$ 1,819,503
Additions during period (acquisitions and improvements)	568,003	561,293	714,990
Deductions during period (dispositions and write-off of tenant improvements)	(380)	(698)	(52,389)
Balance, end of year	$ 3,610,322	$ 3,042,699	$ 2,482,104

The following table reconciles accumulated depreciation and amortization of the Operating Partnership s properties for financial reporting purposes for each of the years in the three-year period ended December 31, 2009.

	Year Ended December 31,		
	2009	2008	2007
Balance, beginning of year	$ 302,960	$ 188,125	$ 112,479
Additions during period (depreciation and amortization expense)	156,786	115,256	81,344
Deductions during period (dispositions and write-off of tenant improvements)	(225)	(421)	(5,698)
Balance, end of year	$ 459,521	$ 302,960	$ 188,125

Schedules other than those listed above are omitted because they are not applicable or the information required is included in the consolidated financial statements or the notes thereto.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

Pro Forma Condensed Consolidated Financial Statements

(Unaudited)

The following unaudited pro forma condensed consolidated financial statements give effect to the acquisitions of the New England Portfolio, a three-property data center portfolio located in Massachusetts and Connecticut that was acquired on January 22, 2010, and the Rockwood Capital/365 Main Portfolio, a five-property data center portfolio located in California, Arizona, and Virginia, that was acquired on July 13, 2010, along with the related financings.

The unaudited pro forma condensed consolidated statements of operations of Digital Realty Trust, L.P. and subsidiaries (the Operating Partnership) for the nine months ended September 30, 2010 and the year ended December 31, 2009 are presented as if the acquisitions of the New England Portfolio and the Rockwood Capital/365 Main Portfolio occurred on January 1, 2009, along with the related financings.

The acquisition of the Rockwood Capital/365 Main Portfolio closed on July 13, 2010. The related financings consisted of: $370.6 million in net proceeds from the sale by the Operating Partnership on July 8, 2010 of $375.0 million aggregate principal amount of its 4.50% notes due 2015, $25.0 million from borrowings under the Operating Partnership s existing revolving credit facility, and cash of $329.4 million. The cash was principally generated from $329.4 million of the net proceeds from the sale by Digital Realty Trust, Inc. (the General Partner) on June 8, 2010 of 6.9 million shares of the General Partner s common stock, the $377.1 million in net proceeds of which were contributed to the Operating Partnership in exchange for the issuance of 6.9 million common units. The acquisition of the New England Portfolio took place on January 22, 2010. Our related financings consisted of the issuance of $500 million aggregate principal amount of 5.875% notes due 2020 that closed on January 28, 2010 and additional borrowings under our existing revolving credit facility.

A pro forma condensed consolidated balance sheet as of September 30, 2010 of the Operating Partnership is not required to be presented given that the acquisition of the New England Portfolio and the Rockwood Capital / 365 Main Portfolio and the related financings are included in the Operating Partnership s historical condensed consolidated balance sheet as of September 30, 2010.

This pro forma information should be read in conjunction with the historical consolidated financial statements of the Operating Partnership as of September 30, 2010 and December 31, 2009, and the notes thereto. The unaudited pro forma condensed consolidated statements of operations are prepared for informational purposes only and are not necessarily indicative of what the actual financial position or results of operations would have been had we completed these transactions as of the beginning of the earliest period presented, nor is it necessarily indicative of future results.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

Pro Forma Condensed Consolidated Statement of Operations

For the Nine Months Ended September 30, 2010

(unaudited)

(in thousands, except unit and per unit data)

	Company Historical (AA)	Acquisition of New England Portfolio (BB)	Acquisition of Rockwood Capital/365 Main Portfolio (CC)	Financing Transactions (DD)	Company Pro Forma
Operating Revenues:					
Rental	$ 495,099	$ 3,001	$ 54,340		$ 552,440
Tenant reimbursements	131,630	977	$ 17,953		150,560
Total operating revenues	626,729	3,978	72,293		703,000
Operating Expenses:					
Rental property operating and maintenance	181,804	1,393	26,430		209,627
Property taxes	39,499	383	2,899		42,781
Insurance	5,749	12	812		6,573
Depreciation and amortization	187,520	966	21,028		209,514
General and administrative	34,971				34,971
Transactions	7,214	(739)	(4,986)		1,489
Other	226				226
Total operating expenses	456,983	2,015	46,183		505,181
Operating income	169,746	1,963	26,110		197,819
Other Income (Expenses):					
Equity in earnings of unconsolidated joint venture	3,994				3,994
Interest and other income	392				392
Interest expense	(100,801)			(11,602)	(112,403)
Tax expense	(1,593)				(1,593)
Loss from early extinguishment of debt	(2,624)				(2,624)
Net income	69,114	1,963	26,110	(11,602)	85,585
Net loss attributable to noncontrolling interests in consolidated joint ventures	29				29
Net income attributable to Digital Realty Trust, L.P.	69,143	1,963	26,110	(11,602)	85,614
Preferred unit distributions	(29,396)				(29,396)
Costs on redemption of Series A preferred	(4,203)				(4,203)
Net income available to common unitholders	$ 35,544	$ 1,963	$ 26,110	$ (11,602)	$ 52,015

Pro forma net income per unit available to common unitholders:		
Basic	$	0.57
Diluted	$	0.56
Pro forma weighted average common units outstanding[(1)]:		
Basic		91,126,570
Diluted		92,853,810

(1) Includes historical basic and diluted weighted average common units outstanding for the nine months ended September 30, 2010 of 87,638,416 and 89,365,656, respectively, adjusted for the additional weighted average common units assuming the 6,027,000 common units were issued on January 1, 2009 as opposed to June 8, 2010. The issuance of approximately 6,027,000 units of our common units was based on the proportion of net proceeds used to acquire the Rockwood Capital/365 Main Portfolio as compared to the total net proceeds generated from the 6,900,000 units issued on June 8, 2010.

See accompanying notes to pro forma condensed consolidated financial statements.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

Pro Forma Condensed Consolidated Statement of Operations

For the Year Ended December 31, 2009

(unaudited)

(in thousands, except unit and per unit data)

	Company Historical (AA)	Acquistion of New England Portfolio (BB)	Acquistion of Rockwood Capital/365 Main Portfolio (CC)	Financing Transactions (DD)	Company Pro Forma
Operating Revenues:					
Rental	$ 510,772	$ 45,918	$ 88,276	$	$ 644,966
Tenant reimbursements	125,308	20,633	33,761		179,702
Other	1,062				1,062
Total operating revenues	637,142	66,551	122,037		825,730
Operating Expenses:					
Rental property operating and maintenance	176,238	21,589	44,920		242,747
Property taxes	36,004	6,660	4,678		47,342
Insurance	6,111	418	629		7,158
Depreciation and amortization	198,052	15,579	42,056		255,687
General and administrative	42,165	739	4,986		47,890
Other	783				783
Total operating expenses	459,353	44,985	97,269		601,607
Operating income	177,789	21,566	24,768		224,123
Other Income (Expenses):					
Equity in earnings of unconsolidated joint venture	2,172				2,172
Interest and other income	753				753
Interest expense	(88,442)			(47,386)	(135,828)
Tax expense	(1,038)				(1,038)
Net income	91,234	21,566	24,768	(47,386)	90,182
Net income attributable to noncontrolling interests in consolidated joint ventures	(140)				(140)
Net income attributable to Digital Realty Trust, L.P.	91,094	21,566	24,768	(47,386)	90,042
Preferred unit distributions	(40,404)				(40,404)
Net income available to common unitholders	$ 50,690	$ 21,566	$ 24,768	$ (47,386)	$ 49,638
Pro forma net income per unit available to common unitholders:					

Basic	$ 0.57
Diluted	$ 0.56
Pro forma weighted average common units outstanding[(1)]:	
Basic	87,742,226
Diluted	88,812,746

(1) Includes historical basic and diluted weighted average common units outstanding for the year ended December 31, 2009 of 81,715,226 and 82,785,746, respectively, adjusted for the additional weighted average common units assuming the 6,027,000 common units were issued on January 1, 2009 as opposed to June 8, 2010. The issuance of approximately 6,027,000 units of our common units was based on the proportion of net proceeds used to acquire the Rockwood Capital/365 Main Portfolio as compared to the total net proceeds generated from the 6,900,000 units issued on June 8, 2010.

See accompanying notes to pro forma condensed consolidated financial statements.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

Notes to Pro Forma Condensed Consolidated Financial Statements (unaudited)

(Dollar amounts in thousands)

1. Adjustments to Pro Forma Condensed Consolidated Statements of Operations for the nine months ended September 30, 2010 and year ended December 31, 2009

Digital Realty Trust, L.P. and subsidiaries (the Operating Partnership) is the entity through which Digital Realty Trust, Inc. (the General Partner) conducts its business and owns its assets. Our General Partner operates as a real estate investment trust, or REIT, for federal income tax purposes. We refer to our General Partner together with its consolidated subsidiaries (including us) as the Company. The Company is engaged in the business of owning, acquiring, developing, redeveloping and managing technology-related real estate. The Company is focused on providing Turn-Key Datacenter® and Powered Base Building® datacenter solutions for domestic and international tenants across a variety of industry verticals ranging from information technology and Internet enterprises, to manufacturing and financial services.

Our pro forma condensed consolidated statements of operations for the nine months ended September 30, 2010 and the year ended December 31, 2009 are presented as if the acquisition of the New England Portfolio that closed on January 22, 2010, the acquisition of the Rockwood Capital/365 Main Portfolio that closed on July 13, 2010, along with the related financings had occurred on January 1, 2009. Our financings consist of the issuance of $500 million aggregate principal amount of 5.875% notes due 2020 which closed on January 28, 2010 and the net pay down on the revolving credit facility with funds received from the issuance of the 5.875% notes due 2020. Our financings also consist of $370.6 million in net proceeds from the sale by the Operating Partnership on July 8, 2010 of $375.0 million aggregate principal amount of its 4.50% notes due 2015 and $25.0 million from borrowings under our existing revolving credit facility. The pro forma adjustments to our condensed consolidated statements of operations for the nine months ended September 30, 2010 and the year ended December 31, 2009 are as follows:

(AA) Company Historical

Reflects our historical condensed consolidated statements of operations for the nine months ended September 30, 2010 and for the year ended December 31, 2009.

(BB) Acquisition of the New England Portfolio

The pro forma adjustments to the condensed consolidated statement of operations for the nine months ended September 30, 2010 reflect the acquisition of the New England Portfolio, which closed on January 22, 2010. The pro forma adjustments are based on actual operating results after acquisition and represent the 21 days in January 2010 that we did not own the New England Portfolio and therefore were not recorded in the Company s historical condensed consolidated statements of operations for the nine months ended September 30, 2010.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

Notes to Pro Forma Condensed Consolidated Financial Statements (unaudited) (Continued)

(Dollar amounts in thousands)

New England Portfolio

For the period from January 1, 2010 through January 21, 2010

	Historical combined revenues and certain expenses and purchase/pro forma adjustments
Operating Revenues:	
Rental	$ 3,001
Tenant reimbursements	977
Total operating revenues	3,978
Operating Expenses:	
Rental property operating and maintenance	1,393
Property taxes	383
Insurance	12
Depreciation and amortization	966
Transactions	(739)[1]
Total operating expenses	2,015
Operating income	$ 1,963

(1) Excludes historical transactions expense of $0.7 million for the New England Portfolio acquisition as if the New England Portfolio had been acquired on January 1, 2009.

The pro forma adjustments to the condensed consolidated statement of operations for the year ended December 31, 2009 reflect the acquisition of the New England Portfolio, as if the acquisition occurred on January 1, 2009. The pro forma adjustments are as follows (in thousands):

	Historical combined revenues and certain expenses[1]	Adjustments resulting from purchasing the New England Portfolio	Pro Forma Adjustments
Operating Revenues:			
Rental	$ 42,695	$ 3,223[2]	$ 45,918
Tenant reimbursements	20,633		20,633

Total operating revenues	63,328	3,223	66,551
Operating Expenses:			
Rental property operating and maintenance	21,589		21,589
Property taxes	1,846	4,814[3]	6,660
Insurance	418		418
Depreciation and amortization		15,579[4]	15,579
General and administrative		739[5]	739
Total operating expenses	23,853	21,132	44,985
Operating income	$ 39,475	$ (17,909)	$ 21,566

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

Notes to Pro Forma Condensed Consolidated Financial Statements (unaudited) (Continued)

(Dollar amounts in thousands)

(1) Historical combined statement of revenues and certain expenses reported in accordance with Rule 3-14 of Regulation S-X.
(2) Includes a $2.0 million adjustment to amortize acquired above and below market lease intangibles and a $1.2 million adjustment to reflect straight-line revenue as if the New England Portfolio had been acquired on January 1, 2009.
(3) Pro forma property tax expense of $4.8 million was calculated based on the purchase price of the New England Portfolio and county property tax rates for the three buildings of the New England Portfolio in excess of the historical property tax expense as if they had been acquired on January 1, 2009.
(4) Includes a $7.0 million adjustment to amortize acquired in place lease value intangible assets and a $8.6 million adjustment to record depreciation expense on acquired tangible assets as if the New England Portfolio had been acquired on January 1, 2009.
(5) Includes historical transactions expense of $0.7 million for the New England Portfolio acquisition as if the New England Portfolio had been acquired on January 1, 2009.

(CC) Acquisition of the Rockwood Capital/365 Main Portfolio

The pro forma adjustments to the condensed consolidated statement of operations for the nine months ended September 30, 2010 reflect the acquisition of the Rockwood Capital/365 Main Portfolio, which closed on July 13, 2010, as if the acquisition closed on January 1, 2009. The pro forma adjustments are as follows (in thousands):

	Historical combined revenues and certain expenses for six months ended June 30, 2010[1]	Historical combined revenues and certain expenses for twelve days ended July 12, 2010[2]	Adjustments resulting from purchasing the Rockwood Capital/365 Main Portfolio	Pro Forma Adjustments
Operating Revenues:				
Rental	$ 46,205	$ 2,957	$ 5,178[3]	$ 54,340
Tenant reimbursements	14,617	1,311	2,025	17,953
Total operating revenues	60,822	4,268	7,203	72,293
Operating Expenses:				
Rental property operating and maintenance	22,316	2,399	1,715	26,430
Property taxes	1,203	87	1,609[4]	2,899
Insurance	353	10	449	812
Depreciation and amortization			21,028[5]	21,028
Transactions			(4,986)[6]	(4,986)
Total operating expenses	23,872	2,496	19,815	46,183
Operating income	$ 36,950	$ 1,772	$ (12,612)	$ 26,110

(1) Historical combined statement of revenues and certain expenses for the six months ended June 30, 2010, reported in accordance with Rule 3-14 of Regulation S-X.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

Notes to Pro Forma Condensed Consolidated Financial Statements (unaudited) (Continued)

(Dollar amounts in thousands)

(2) Historical combined statement of revenues and certain expenses for the twelve days ended July 12, 2010.
(3) Includes a $3.9 million adjustment to reflect straight-line revenue and a $1.3 million adjustment to amortize acquired above and below market lease intangibles as if the Rockwood Capital/365 Main Portfolio had been acquired on January 1, 2009.
(4) Pro forma property tax expense adjustment of $1.6 million was calculated based on the purchase price and the county property tax rates for the five properties of the Rockwood Capital/365 Main Portfolio in excess of the historical property tax expense as if they had been acquired on January 1, 2009.
(5) Includes a $13.2 million adjustment to amortize acquired in place lease value intangible assets and a $7.8 million adjustment to record depreciation expense on acquired tangible assets as if the Rockwood Capital/365 Main Portfolio had been acquired on January 1, 2009.
(6) Excludes historical transactions expense of $5.0 million for the Rockwood Capital/365 Main Portfolio acquisition as if the Rockwood Capital/365 Main Portfolio had been acquired on January 1, 2009.

The pro forma adjustments to the condensed consolidated statement of operations for the year ended December 31, 2009 reflect the acquisition of the Rockwood Capital/365 Main Portfolio, which closed on July 13, 2010, as if the acquisition closed on January 1, 2009. The pro forma adjustments are as follows (in thousands):

	Historical combined revenues and certain expenses[1]	Adjustments resulting from purchasing the Rockwood Capital/365 Main Portfolio	Pro Forma Adjustments
Operating Revenues:			
Rental	$ 83,848	$ 4,428[2]	$ 88,276
Tenant reimbursements	33,761		33,761
Total operating revenues	117,609	4,428	122,037
Operating Expenses:			
Rental property operating and maintenance	44,920		44,920
Property taxes	3,406	1,272[3]	4,678
Insurance	629		629
Depreciation and amortization		42,056[4]	42,056
General and administrative		4,986[5]	4,986
Total operating expenses	48,955	48,314	97,269
Operating income	$ 68,654	$ (43,886)	$ 24,768

(1) Historical combined statement of revenues and certain expenses reported in accordance with Rule 3-14 of Regulation S-X.
(2) Includes a $7.1 million adjustment to reflect straight-line revenue and a ($2.7) million adjustment to amortize acquired above and below market lease intangibles as if the Rockwood Capital/365 Main Portfolio had been acquired on January 1, 2009.
(3)

Pro forma property tax expense adjustment of $1.3 million was calculated based on the purchase price and the county property tax rates for the five properties of the Rockwood Capital/365 Main Portfolio in excess of the historical property tax expense as if they had been acquired on January 1, 2009.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

Notes to Pro Forma Condensed Consolidated Financial Statements (unaudited) (Continued)

(Dollar amounts in thousands)

(4) Includes a $26.4 million adjustment to amortize acquired in place lease value intangible assets and a $15.7 million adjustment to record depreciation expense on acquired tangible assets as if the Rockwood Capital/365 Main Portfolio had been acquired on January 1, 2009.

(5) Includes historical transactions expense of $5.0 million for the Rockwood Capital/365 Main Portfolio acquisition as if the Rockwood Capital/365 Main Portfolio had been acquired on January 1, 2009.

(DD) Financing transactions

Reflects the pro forma increase in interest expense for the nine months ended September 30, 2010 and the year ended December 31, 2009. Our financings consist of $487.1 million in net proceeds from the issuance of $500 million aggregate principal amount of 5.875% notes due 2020, $370.6 million in net proceeds from the sale by the Operating Partnership on July 8, 2010 of $375.0 million aggregate principal amount of its 4.50% notes due 2015, and $25.0 million from borrowings under our existing revolving credit facility. The adjustments reflect the increase in interest expense as follows (in thousands):

Financing	Principal balance used in pro forma adjustment	Interest rate	Pro forma interest expense adjustment nine months ended September 30, 2010	Pro forma interest expense adjustment year ended December 31, 2009
5.875% notes due 2020	$ 500,000[1]	5.875%	$ 2,203[3]	$ 29,375
Amortization of loan discount and deferred financing costs	(12,900)[1]		97[3]	1,290
Net decrease in principal balance of revolving credit facility related to the application of the excess proceeds from the 5.875% notes due 2020, in excess of the New England Portfolio purchase price	(101,527)	1-month LIBOR +1.1% [2]	(107)[3]	(1,372)
4.50% notes due 2015	375,000[4]	4.50%	8,766[5]	16,875
Amortization of loan discount and deferred financing costs	(4,400)[4]		457[5]	880
Net increase in principal balance of revolving credit facility related to the Rockwood Capital/365 Main Portfolio	25,000	1-month LIBOR +1.1% [2]	186[6]	338
			$ 11,602	$ 47,386

(1) On January 28, 2010, the Operating Partnership closed the issuance of $500.0 million aggregate principal amount of 5.875% notes due 2020. The purchase price paid by the initial purchasers was 98.296% of the principal amount thereof, resulting in original issue discount of $8.5 million and deferred financing costs of $4.4 million.

(2) The average 1-month LIBOR +1.10% interest rate on our revolving credit facility was 1.39% for the nine months ended September 30, 2010. The average 1-month LIBOR +1.10% interest rate on our revolving credit facility was 1.35% for the year ended December 31, 2009. A 1/8 percentage point change in the LIBOR rate would result in a combined adjustment to net income for both items above of approximately ($9,000) and $96,000 for the nine months ended September 30, 2010 and the year ended December 31, 2009, respectively.

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DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES

Notes to Pro Forma Condensed Consolidated Financial Statements (unaudited) (Continued)

(Dollar amounts in thousands)

(3) Reflects 27 days not recorded in the Operating Partnership s historical results for the nine months ended September 30, 2010, since the transaction closed on January 28, 2010.

(4) On July 8, 2010, the Operating Partnership closed the issuance of $375.0 million aggregate principal amount of 4.500% notes due 2015. The purchase price paid by the initial purchasers was 99.697% of the principal amount thereof, resulting in original issue discount of $1.1 million and deferred financing costs of $3.3 million.

(5) Reflects 187 days not recorded in the Operating Partnership s historical results for the nine months ended September 30, 2010, since the financing transaction closed on July 8, 2010.

(6) Reflects 192 days not recorded in the Operating Partnership s historical results for the nine months ended September 30, 2010, since the financing transaction closed on July 13, 2010.

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Independent Auditors Report

The Board of Directors

Digital Realty Trust, Inc.

Digital Realty Trust, L.P.:

We have audited the accompanying combined statement of revenue and certain expenses of the New England Portfolio (the Portfolio), for the year ended December 31, 2009. This combined statement is the responsibility of the Portfolio s management. Our responsibility is to express an opinion on this combined statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Portfolio s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying combined statement of revenue and certain expenses was prepared for the purpose of complying with the rules and regulations of the U.S. Securities and Exchange Commission and for inclusion in the registration statement on Form S-4 of Digital Realty Trust, Inc. and Digital Realty Trust, L.P., as described in note 1. The presentation is not intended to be a complete presentation of the Portfolio s combined revenues and expenses.

In our opinion, the combined statement of revenue and certain expenses referred to above present fairly, in all material respects, the combined revenue and certain expenses described in note 1 of the New England Portfolio for the year ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

San Francisco, California

May 20, 2010

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New England Portfolio

Combined Statement of Revenue and Certain Expenses

For the Year Ended December 31, 2009

(in thousands)

Revenue:	
Rental	$ 42,695
Tenant reimbursements	20,633
	63,328
Certain expenses:	
Utilities	16,291
Property operating costs	5,298
Property taxes	1,846
Insurance	418
	23,853
Revenue in excess of certain expenses	$ 39,475

See accompanying notes to the combined statement of revenue and certain expenses.

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New England Portfolio

Notes to the Combined Statement of Revenue and Certain Expenses

For the Year Ended December 31, 2009

(1) Basis of Presentation

The accompanying combined statement of revenue and certain expenses includes the revenue and certain expenses of the New England Portfolio, a three-property data center portfolio located in Massachusetts and Connecticut (the Portfolio). The Portfolio consists of 55 Middlesex Turnpike, Bedford, Massachusetts and a 100% condominium interest that represents 87.5% of the square footage of 128 First Avenue, Needham, Massachusetts, both located in the Boston metropolitan area, as well as 60-80 Merritt Boulevard, Trumbull, Connecticut.

The accompanying combined statement of revenue and certain expenses, the Portfolio was owned by Sentinel Portfolio, LLC (the Seller) for the period presented. The accompanying combined statement of revenue and certain expenses includes the accounts of the Portfolio, and all significant intercompany amounts have been eliminated.

Digital Realty Trust, Inc., through its consolidated operating partnership, Digital Realty Trust, L.P. (collectively, the Company), acquired the Portfolio on January 22, 2010 for a purchase price of approximately $375.0 million.

The accompanying combined statement of revenue and certain expenses has been prepared for the purpose of complying with Rule 3-14 of Regulation S-X of the U.S. Securities and Exchange Commission for the acquisition of one or more real estate properties which in aggregate are significant and, accordingly, are not representative of the actual results of operations for the periods presented. The Portfolio is considered a group of related properties as the individual properties are under common control and management by the Seller and the acquisition of a single property in the Portfolio was conditional on the acquisition of the other properties. Therefore, a single combined statement of revenue and certain expenses is presented. The combined statement of revenue and certain expenses excludes the following expenses which may not be comparable to the proposed future operations of the Portfolio:

Depreciation and amortization

Income taxes

Interest expense

Management fees paid to related parties

Payroll and other costs not directly related to the proposed future operations of the Portfolio.

Management is not aware of any material factors relating to the Portfolio other than those already described above that would cause the reported financial information not to be necessarily indicative of future operating results.

(2) Summary of Significant Accounting Policies and Practices

(a) Revenue Recognition

Rental revenue is recognized on a straight-line basis over the term of the respective leases. The straight-line rent adjustment for minimum rents increased base contractual rental revenue by $3.5 million for the year ended December 31, 2009.

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(b) Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting and disclosure of revenue and certain expenses during the reporting period to prepare the combined statement of revenue and certain expenses in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

(3) Minimum Future Lease Rentals

Future minimum rentals to be received under non-cancelable agreements in effect as of December 31, 2009 are as follows:

Year ended December 31: **(in thousands)**	
2010	$ 41,390
2011	40,408
2012	38,628
2013	35,726
2014	33,874
Thereafter	170,283
	$ 360,309

(4) Tenant Concentrations

Pfizer and RBS Greenwich accounted for $12.0 million and $7.2 million or 19.0% and 11.4% , respectively, of the Portfolio s combined revenues for the year ended December 31, 2009. No other tenant comprised more than 10% of the Portfolio s combined revenues for the year ended December 31, 2009.

(5) Related Party Transactions

An affiliate entity of the Seller, Sentinel Critical Operations, LLC, served as the employer of employees that worked at the Portfolio properties. Employee payroll costs were charged to each property based on time worked at each property. Property operating costs in the accompanying combined statement of revenue and certain expenses include approximately $3.0 million of employee payroll costs for the year ended December 31, 2009.

(6) Subsequent Events

The Company has evaluated subsequent events related to the Portfolio for recognition or disclosure through May 20, 2010, which is the date the combined statement was available to be issued and determined that there are no other items to disclose.

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Independent Auditors Report

Members

Rockwood Predecessor Data Centers

We have audited the accompanying combined statement of revenue and certain expenses (as described in Note 1) of the Rockwood Predecessor Data Centers (the Portfolio), for the year ended December 31, 2009. This combined statement of revenue and certain expenses is the responsibility of the Portfolio s management. Our responsibility is to express an opinion on the combined statement of revenue and certain expenses based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenue and certain expenses is free of material misstatement. We were not engaged to perform an audit of the Portfolio s internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Portfolio s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined statement of revenue and certain expenses, assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenue and certain expenses of the Portfolio were prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission as described in Note 1, and are not intended to be a complete presentation of the revenue and expenses of the Portfolio.

In our opinion, the statement of revenue and certain expenses referred to above presents fairly, in all material respects, the combined revenue and certain expenses, as described in Note 1 of the Rockwood Predecessor Data Centers for the year ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

San Francisco, California

May 26, 2010,

except for Notes 1 and 6,

as to which the date is

August 30, 2010

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ROCKWOOD PREDECESSOR DATA CENTERS

Combined Statements of Revenue and Certain Expenses

(In Thousands)

	Six Months Ended June 30, 2010 *(Unaudited)*	Year Ended December 31, 2009
Revenue:		
Rental	$ 46,205	$ 83,848
Tenant reimbursements	14,617	33,761
	60,822	117,609
Certain expenses:		
Utilities	12,602	25,019
Property operating costs	9,714	19,901
Property taxes	1,203	3,406
Insurance	353	629
	23,872	48,955
Revenue in excess of certain expenses	$ 36,950	$ 68,654

See accompanying notes.

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ROCKWOOD PREDECESSOR DATA CENTERS

Notes to the Combined Statements of Revenue and Certain Expenses

For the Year Ended December 31, 2009 and for the Six Months

Ended June 30, 2010 (unaudited)

1. Basis of Presentation

The accompanying combined statements of revenue and certain expenses include the revenue and certain expenses of the Rockwood Predecessor Data Centers, a five-property data center portfolio (the Portfolio) located at 365 Main Street in San Francisco, California, 720 2nd Street in Oakland, California, 2260 El Segundo Boulevard in El Segundo, California, 2121 South Price Road in Chandler, Arizona and 4030-4050 Lafayette Center Drive in Chantilly, Virginia.

A wholly owned subsidiary of Digital Realty Trust, Inc. (the Owner) acquired the Portfolio on July 13, 2010 for approximately $725.0 million. The accompanying combined statements of revenue and certain expenses include the accounts of the Portfolio, and all significant intercompany amounts have been eliminated.

The accompanying combined statements of revenue and certain expenses have been prepared for the purpose of complying with Rule 3-14 of Regulation S-X of the U.S. Securities and Exchange Commission for the acquisition of one or more real estate properties which in aggregate are significant and, accordingly, are not representative of the actual results of operations for the periods presented. The Portfolio is considered a group of related properties as the individual properties are under common control and management by the Owner and the acquisition of a single property in the Portfolio was conditional on the acquisition of the other properties. Therefore, a single combined statement of revenue and certain expenses is presented for each of the periods. The combined statements of revenue and certain expenses exclude the following items which may not be comparable to the proposed future operations of the Portfolio:

Amortization of in-place leases

Customer installation revenue and costs

Depreciation and amortization

Income taxes

Interest expense

Management fees paid to related parties

Bad debt expense related to a terminated tenant

Other costs not directly related to the proposed future operations of the Portfolio

Management is not aware of any material factors relating to the Portfolio, other than those already described in this report that would cause the reported financial information not to be necessarily indicative of future operating results.

2. Summary of Significant Accounting Policies and Practices

Revenue Recognition

Rental revenue is recognized on a straight-line basis over the term of the respective leases. The straight-line rent adjustment decreased base contractual rental revenue by approximately $0.8 million (unaudited) for the six months ended June 30, 2010 and increased base contractual rental revenue by approximately $6.7 million for the year ended December 31, 2009. Tenant reimbursements for real estate taxes, common area maintenance, and other recoverable costs are recognized in the period the expenses are incurred.

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ROCKWOOD PREDECESSOR DATA CENTERS

Notes to the Combined Statements of Revenue

and Certain Expenses (continued)

Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting and disclosure of revenue and certain expenses during the reporting period to prepare the combined statements of revenue and certain expenses in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

Unaudited Information

The combined statement of revenue and certain expenses for the six months ended June 30, 2010 is unaudited. In the opinion of management, such statement reflects all adjustments necessary for a fair presentation of the results of this period. All such adjustments are of a normal recurring nature.

3. Minimum Future Lease Rentals

Future minimum rentals to be received under non-cancelable agreements in effect as of December 31, 2009 are as follows:

Year ended December 31 (in thousands):	
2010	$ 88,943
2011	75,275
2012	62,335
2013	44,735
2014	29,973
Thereafter	68,053
	$ 369,314

Subsequent to December 31, 2009, management completed negotiations with a tenant of one of the data centers to terminate its long-term lease, which was originally set to expire on August 31, 2014. Management is currently working with existing and prospective tenants to re-lease this space. Total revenue included in the table above related to this tenant is $4,132,657. Total revenue included in the combined statements of revenue and certain expenses for this tenant was $1.1 million and $0.3 million, respectively, for the year ended December 31, 2009 and the six months ended June 30, 2010 (unaudited).

4. Tenant Concentrations

For the six months ended June 30, 2010 and the year ended December 31, 2009, one tenant accounted for 15% (unaudited) and 16%, respectively, of rental income.

5. Related Party Transactions

Pursuant to its operating and management agreements, the Portfolio reimbursed its affiliates, Rockwood Capital, LLC, 365 Main, Inc. (the manager of each of the data centers), and Union Property Capital for any costs incurred on behalf of the Portfolio. For the six months ended June 30, 2010 and the year ended December 31, 2009, total reimbursable expenses incurred were $2.4 million (unaudited) and $3.9 million, respectively.

Certain members of management of 365 Main, Inc. were owners and management of two vendors that provided services to the Portfolio. During the six months ended June 30, 2010 and the year ended December 31, 2009, total expenses for services provided by these vendors were $1.4 million (unaudited) and $2.4 million, respectively.

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ROCKWOOD PREDECESSOR DATA CENTERS

Notes to the Combined Statements of Revenue

and Certain Expenses (continued)

6. Subsequent Events

A wholly owned subsidiary of Digital Realty Trust, Inc. (the Owner) acquired the Portfolio on July 13, 2010 for approximately $725.0 million. We have evaluated subsequent events related to the Portfolio for recognition or disclosure through August 30, 2010, which is the date the combined statements of revenue and certain expenses were available to be issued and determined that there are no other items to disclose.

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DIGITAL REALTY TRUST, L.P.

Offer to Exchange

up to $375,000,000 aggregate principal amount of its

4.50% Notes due 2015,

which have been registered under the Securities Act,

for any and all of its outstanding 4.50% Notes due 2015

Guaranteed by Digital Realty Trust, Inc.

PROSPECTUS

December 13, 2010