

Digital Realty Reports First Quarter 2023 Results

Austin, TX — April 27, 2023 — Digital Realty (NYSE: DLR), the largest global provider of cloud- and carrier-neutral data center, colocation and interconnection solutions, announced today financial results for the first quarter of 2023. All per share results are presented on a fully diluted basis.

Highlights

- Reported net income available to common stockholders of \$0.19 per share in 1Q23, compared to \$0.22 in 1Q22
- Reported FFO per share of \$1.60 in 1Q23, compared to \$1.60 in 1Q22
- Reported Core FFO per share of \$1.66 and Constant-Currency Core FFO per share of \$1.69 in 1Q23, compared to \$1.67 in 1Q22
- Reported “Same-Capital” cash NOI growth of 3.4% in 1Q23
- Reported rental rate increases on renewal leases of 4.5% on a cash basis in 1Q23
- Signed total bookings during 1Q23 that are expected to generate \$83 million of annualized GAAP rental revenue, including a \$34 million contribution from the 0-1 megawatt category and a record \$14 million contribution from interconnection
- Maintained 2023 Core FFO per share outlook of \$6.65 - \$6.75

Financial Results

Digital Realty reported revenues for the first quarter of 2023 of \$1.3 billion, a 9% increase from the previous quarter and a 19% increase from the same quarter last year.

The company delivered first quarter of 2023 net income of \$69 million, and net income / (loss) available to common stockholders of \$59 million, or \$0.19 per diluted share, compared to (\$0.02) per diluted share in the previous quarter and \$0.22 per diluted share in the same quarter last year.

Digital Realty generated first quarter of 2023 Adjusted EBITDA of \$668 million, a 5% increase from the previous quarter and an 11% increase over the same quarter last year.

The company reported first quarter of 2023 funds from operations (FFO) of \$485 million, or \$1.60 per share, compared to \$1.45 per share in the previous quarter and \$1.60 per share in the same quarter last year.

Excluding certain items that do not represent core expenses or revenue streams, Digital Realty delivered first quarter of 2023 Core FFO per share of \$1.66, compared to \$1.65 per share in the previous quarter and \$1.67 per share in the same quarter last year. Digital Realty delivered Constant-Currency Core FFO per share of \$1.69 for the first quarter of 2023.

Leasing Activity

In the first quarter, Digital Realty signed total bookings that are expected to generate \$83 million of annualized GAAP rental revenue, including a \$34 million contribution from the 0-1 megawatt category and a record \$14 million contribution from interconnection.

“Our first quarter results demonstrate the inflection we have been anticipating in our operating business, driven by a combination of steady, broad-based demand across our segments and markets, as well as reduced data center availability,” said Digital Realty President & Chief Executive Officer Andy Power. “Improving fundamentals, along with continued focus and execution on PlatformDIGITAL®’s customer value proposition, put Digital Realty firmly on the path toward sustainable, organic core growth.”

The weighted-average lag between new leases signed during the first quarter of 2023 and the contractual commencement date was sixteen months.

In addition to new leases signed, Digital Realty also signed renewal leases representing \$155 million of annualized GAAP rental revenue during the quarter. Rental rates on renewal leases signed during the first quarter of 2023 rolled up 4.5% on a cash basis and up 6.4% on a GAAP basis.

New leases signed during the first quarter of 2023 are summarized by region as follows:

The Americas	Annualized GAAP		GAAP Base Rent per Square Foot	Megawatts	GAAP Base Rent per Kilowatt
	Base Rent (in thousands)	Square Feet (in thousands)			
0-1 MW	\$12,265	60	\$204	3.6	\$281
> 1 MW	27,464	189	145	19.7	116
Other ⁽¹⁾	581	19	30	—	—
Total	\$40,310	269	\$150	23.3	\$142
EMEA ⁽²⁾					
0-1 MW	\$20,273	73	\$278	5.5	\$308
> 1 MW	7,357	59	125	5.5	111
Other ⁽¹⁾	17	1	33	—	—
Total	\$27,647	132	\$209	11.0	\$209
Asia Pacific ⁽²⁾					
0-1 MW	\$1,252	8	\$156	0.5	\$225
> 1 MW	—	—	—	—	—
Other ⁽¹⁾	21	—	44	—	—
Total	\$1,273	8	\$149	0.5	\$225
All Regions ⁽²⁾					
0-1 MW	\$33,790	141	\$239	9.6	\$294
> 1 MW	34,821	248	140	25.2	115
Other ⁽¹⁾	619	20	30	—	—
Total	\$69,230	410	\$169	34.8	\$164
Interconnection	\$14,063	N/A	N/A	N/A	N/A
Grand Total	\$83,293	410	\$169	34.8	\$164

Note: Totals may not foot due to rounding differences.

(1) Other includes Powered Base Building® shell capacity as well as storage and office space within fully improved data center facilities.

(2) Based on quarterly average exchange rates during the three months ended March 31, 2023.

Investment Activity

During the first quarter, a venture jointly owned by Digital Realty and a third party disposed of a stabilized data center in Ashburn, Virginia.

During the first quarter, MC Digital Realty acquired a three-acre land parcel, which could support up to 24MW of IT load in Osaka, Japan, for ¥950 million or \$7 million.

Also during the first quarter, Teraco acquired a freehold interest of the Cape Town 1 site, a land and building shell, which they had previously leased.

Balance Sheet

Digital Realty had approximately \$17.9 billion of total debt outstanding as of March 31, 2023, comprised of \$17.3 billion of unsecured debt and approximately \$0.6 billion of secured debt and other. At the end of the first quarter of 2023, net debt-to-Adjusted EBITDA was 7.1x, debt-plus-preferred-to-total enterprise value was 38.9% and fixed charge coverage was 4.4x.

During the first quarter of 2023, Digital Realty completed a \$740 million two-year U.S. dollar term loan with an initial maturity date of March 31, 2025 and a one-year extension option.

2023 Outlook

Digital Realty maintained its 2023 Core FFO per share and constant-currency Core FFO per share outlook of \$6.65 - \$6.75. The assumptions underlying the outlook are summarized in the following table.

	As of February 16, 2023	As of April 27, 2023
Top-Line and Cost Structure		
Total revenue	\$5.700 - \$5.800 billion	\$5.500 - \$5.600 billion
Net non-cash rent adjustments (1)	(\$55 - \$60 million)	(\$55 - \$60 million)
Adjusted EBITDA	\$2.675 - \$2.725 billion	\$2.675 - \$2.725 billion
G&A	\$425 - \$435 million	\$425 - \$435 million
Internal Growth		
Rental rates on renewal leases		
Cash basis	Greater than 3.0%	Greater than 3.0%
GAAP basis	Greater than 3.0%	Greater than 3.0%
Year-end portfolio occupancy	85.0% - 86.0%	85.0% - 86.0%
"Same-capital" cash NOI growth (2)	3.0% - 4.0%	3.0% - 4.0%
Foreign Exchange Rates		
U.S. Dollar / Pound Sterling	\$1.20 - \$1.25	\$1.20 - \$1.25
U.S. Dollar / Euro	\$1.00 - \$1.05	\$1.05 - \$1.10
External Growth		
Dispositions / Joint Venture Capital		
Dollar volume	\$1.5 - \$2.5 billion	\$1.5 - \$2.5 billion
Cap rate	0.0% - 10.0%	0.0% - 10.0%
Development		
CapEx (3)	\$2.3 - \$2.5 billion	\$2.3 - \$2.5 billion
Average stabilized yields	9.0% - 15.0%	9.0% - 15.0%
Enhancements and other non-recurring CapEx (4)	\$15 - \$20 million	\$15 - \$20 million
Recurring CapEx + capitalized leasing costs (5)	\$230 - \$240 million	\$230 - \$240 million
Balance Sheet		
Long-term debt issuance		
Dollar amount	\$1.0 - \$1.5 billion	\$1.0 - \$1.5 billion
Pricing	4.5% - 5.5%	5.5% - 6.0%
Timing	First Half 2023	First Half 2023
Net income per diluted share	\$1.15 - \$1.25	\$1.15 - \$1.25
Real estate depreciation and (gain) / loss on sale	\$5.25 - \$5.25	\$5.25 - \$5.25
Funds From Operations / share (NAREIT-Defined)	\$6.40 - \$6.50	\$6.40 - \$6.50
Non-core expenses and revenue streams	\$0.25 - \$0.25	\$0.25 - \$0.25
Core Funds From Operations / share	\$6.65 - \$6.75	\$6.65 - \$6.75
Foreign currency translation adjustments	\$0.00 - \$0.00	\$0.00 - \$0.00
Constant-Currency Core Funds From Operations / share	\$6.65 - \$6.75	\$6.65 - \$6.75

- (1) Net non-cash rent adjustments represent the sum of straight-line rental revenue and straight-line rental expense, as well as the amortization of above- and below-market leases (i.e., ASC 805 adjustments).
- (2) The "same-capital" pool includes properties owned as of December 31, 2021 with less than 5% of total rentable square feet under development. It excludes properties that were undergoing, or were expected to undergo, development activities in 2022-2023, properties classified as held for sale, and properties sold or contributed to joint ventures for all periods presented.
- (3) Includes land acquisitions.
- (4) Other non-recurring CapEx represents costs incurred to enhance the capacity or marketability of operating properties, such as network fiber initiatives and software development costs.
- (5) Recurring CapEx represents non-incremental improvements required to maintain current revenues, including second-generation tenant improvements and leasing commissions.

Note: The Company does not provide a reconciliation for non-GAAP estimates on a forward-looking basis, where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. Please see Non-GAAP Financial Measures in this document for further discussion.

Non-GAAP Financial Measures

This document contains non-GAAP financial measures, including FFO, Core FFO, Adjusted FFO, Net Operating Income (NOI), “Same-Capital” Cash NOI and Adjusted EBITDA. A reconciliation from U.S. GAAP net income available to common stockholders to FFO, a reconciliation from FFO to Core FFO, and definitions of FFO and Core FFO are included as an attachment to this document. A reconciliation from U.S. GAAP net income available to common stockholders to Adjusted EBITDA, a definition of Adjusted EBITDA and definitions of net debt-to-Adjusted EBITDA, debt-plus-preferred-to-total enterprise value, cash NOI, and fixed charge coverage ratio are included as an attachment to this document.

The Company does not provide a reconciliation for non-GAAP estimates on a forward-looking basis, where it is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing and/or amount of various items that would impact net income attributable to common stockholders per diluted share, which is the most directly comparable forward-looking GAAP financial measure. This includes, for example, external growth factors, such as dispositions, and balance sheet items, such as debt issuances, that have not yet occurred, are out of the Company's control and/or cannot be reasonably predicted. For the same reasons, the Company is unable to address the probable significance of the unavailable information. Forward-looking non-GAAP financial measures provided without the most directly comparable GAAP financial measures may vary materially from the corresponding GAAP financial measures.

Investor Conference Call

Prior to Digital Realty's investor conference call at 5:00 p.m. ET / 4:00 p.m. CT on April 27, 2023, a presentation will be posted to the Investors section of the company's website at <https://investor.digitalrealty.com/>. The presentation is designed to accompany the discussion of the company's first quarter 2023 financial results and operating performance. The conference call will feature President & Chief Executive Officer Andy Power and Chief Financial Officer Matt Mercier.

To participate in the live call, investors are invited to dial +1 (888) 317-6003 (for domestic callers) or +1 (412) 317-6061 (for international callers) and reference the conference ID# 4681490 at least five minutes prior to start time. A live webcast of the call will be available via the Investors section of Digital Realty's website at <https://investor.digitalrealty.com/>.

Telephone and webcast replays will be available after the call until May 27, 2023. The telephone replay can be accessed by dialing +1 (877) 344-7529 (for domestic callers) or +1 (412) 317-0088 (for international callers) and providing the conference ID# 9334829. The webcast replay can be accessed on Digital Realty's website.

About Digital Realty

Digital Realty brings companies and data together by delivering the full spectrum of data center, colocation and interconnection solutions. PlatformDIGITAL®, the company's global data center platform, provides customers with a secure data “meeting place” and a proven Pervasive Datacenter Architecture (PDX®) solution methodology for powering innovation and efficiently managing Data Gravity challenges. Digital Realty gives its customers access to the connected communities that matter to them with a global data center footprint of 300+ facilities in 50+ metros across 28 countries on six continents. To learn more about Digital Realty, please visit digitalrealty.com or follow us on [LinkedIn](#) and [Twitter](#).

Contact Information

Matt Mercier
Chief Financial Officer
Digital Realty
(737) 281-0101

Jordan Sadler / Jim Huseby
Investor Relations
Digital Realty
(737) 281-0101

Consolidated Quarterly Statements of Operations

Unaudited and Dollars in Thousands, Except Per Share Data
First Quarter 2023

	Three Months Ended				
	31-Mar-23	31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22
Rental revenues	\$870,975	\$834,374	\$787,839	\$767,313	\$751,962
Tenant reimbursements - Utilities	317,148	247,725	251,420	218,198	224,547
Tenant reimbursements - Other	40,150	46,045	49,419	52,688	51,511
Interconnection & other	101,695	97,286	95,486	93,338	93,530
Fee income	7,868	7,508	6,169	5,072	5,757
Other	887	168	1,749	2,713	15
Total Operating Revenues	\$1,338,724	\$1,233,108	\$1,192,082	\$1,139,321	\$1,127,323
Utilities	\$346,364	\$268,561	\$271,844	\$223,426	\$241,239
Rental property operating	224,861	222,430	205,886	198,076	194,354
Property taxes	40,424	42,032	39,860	47,213	46,526
Insurance	4,355	4,578	4,002	3,836	3,698
Depreciation & amortization	421,198	430,130	388,704	376,967	382,132
General & administration	107,766	104,452	95,792	101,991	96,435
Severance, equity acceleration, and legal expenses	4,155	15,980	1,655	3,786	2,077
Transaction and integration expenses	12,267	17,350	25,862	13,586	11,968
Impairment of investments in real estate	—	3,000	—	—	—
Other expenses	—	3,615	1,096	70	7,657
Total Operating Expenses	\$1,161,388	\$1,112,127	\$1,034,701	\$968,950	\$986,087
Operating Income	\$177,335	\$120,981	\$157,381	\$170,371	\$141,236
Equity in earnings / (loss) of unconsolidated joint ventures	14,897	(28,112)	(12,254)	(34,088)	60,958
Gain / (loss) on sale of investments	—	(6)	173,990	—	2,770
Interest and other income / (expense), net	280	(22,894)	15,752	13,008	3,051
Interest (expense)	(102,220)	(86,882)	(76,502)	(69,023)	(66,725)
Income tax benefit / (expense)	(21,454)	17,676	(19,576)	(16,406)	(13,244)
Loss from early extinguishment of debt	—	—	—	—	(51,135)
Net Income	\$68,839	\$763	\$238,791	\$63,862	\$76,911
Net income / (loss) attributable to noncontrolling interests	(111)	3,326	(1,716)	(436)	(3,629)
Net Income Attributable to Digital Realty Trust, Inc.	\$68,728	\$4,089	\$237,075	\$63,426	\$73,282
Preferred stock dividends, including undeclared dividends	(10,181)	(10,181)	(10,181)	(10,181)	(10,181)
Net Income / (Loss) Available to Common Stockholders	\$58,547	(\$6,093)	\$226,894	\$53,245	\$63,101
Weighted-average shares outstanding - basic	291,218,549	289,364,739	286,693,071	284,694,064	284,525,992
Weighted-average shares outstanding - diluted	303,064,832	301,712,082	296,414,726	285,109,903	285,025,099
Weighted-average fully diluted shares and units	309,026,076	307,546,353	302,257,518	290,944,163	290,662,421
Net income / (loss) per share - basic	\$0.20	(\$0.02)	\$0.79	\$0.19	\$0.22
Net income / (loss) per share - diluted	\$0.19	(\$0.02)	\$0.75	\$0.19	\$0.22

Funds From Operations and Core Funds From Operations

Unaudited and in Thousands, Except Per Share Data
First Quarter 2023

Reconciliation of Net Income to Funds From Operations (FFO)	Three Months Ended				
	31-Mar-23	31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22
Net Income / (Loss) Available to Common Stockholders	\$58,547	(\$6,093)	\$226,894	\$53,245	\$63,101
Adjustments:					
Non-controlling interest in operating partnership	1,500	(586)	5,400	1,500	1,600
Real estate related depreciation & amortization (1)	412,192	422,951	381,425	369,327	374,162
Depreciation related to non-controlling interests	(13,388)	(13,856)	(8,254)	-	-
Unconsolidated JV real estate related depreciation & amortization	33,719	33,927	30,831	29,022	29,320
(Gain) / loss on real estate transactions	(7,825)	572	(173,990)	(1,144)	(2,770)
Impairment of investments in real estate	-	3,000	-	-	-
Funds From Operations - diluted	\$484,745	\$439,915	\$462,306	\$451,949	\$465,412
Weighted-average shares and units outstanding - basic	297,180	295,199	292,536	290,528	290,163
Weighted-average shares and units outstanding - diluted (2)(3)	309,026	307,546	302,258	290,944	290,662
Funds From Operations per share - basic	\$1.63	\$1.49	\$1.58	\$1.56	\$1.60
Funds From Operations per share - diluted (2)(3)	\$1.60	\$1.45	\$1.55	\$1.55	\$1.60

Reconciliation of FFO to Core FFO	Three Months Ended				
	31-Mar-23	31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22
Funds From Operations - diluted	\$484,745	\$439,915	\$462,306	\$451,949	\$465,412
Other non-core revenue adjustments	(887)	(3,786)	(1,818)	456	13,916
Transaction and integration expenses	12,267	17,350	25,862	13,586	11,968
Loss from early extinguishment of debt	-	-	-	-	51,135
Severance, equity acceleration, and legal expenses (4)	4,155	15,980	1,655	3,786	2,077
(Gain) / Loss on FX revaluation	(6,778)	14,564	(1,120)	29,539	(67,676)
Other non-core expense adjustments	-	3,615	1,046	70	7,657
Core Funds From Operations - diluted	\$493,500	\$487,638	\$487,931	\$499,386	\$484,490
Weighted-average shares and units outstanding - diluted (2)(3)	297,382	295,519	292,830	290,944	290,662
Core Funds From Operations per share - diluted (2)	\$1.66	\$1.65	\$1.67	\$1.72	\$1.67

(1) Real Estate Related Depreciation & Amortization

	Three Months Ended				
	31-Mar-23	31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22
Depreciation & amortization per income statement	\$421,198	\$430,130	\$388,704	\$376,967	\$382,132
Non-real estate depreciation	(9,006)	(7,179)	(7,279)	(7,640)	(7,970)
Real Estate Related Depreciation & Amortization	\$412,192	\$422,951	\$381,425	\$369,327	\$374,162

(2) Certain of Teraco's minority indirect shareholders have the right to put their shares in an upstream parent company of Teraco to Digital Realty in exchange for cash or the equivalent value of shares of Digital Realty common stock, or a combination thereof. US GAAP requires Digital Realty to assume the put right is settled in shares for purposes of calculating diluted EPS. This same approach was utilized to calculate FFO/share. The potential future dilutive impact associated with this put right will be excluded from Core FFO and AFFO until settlement occurs – causing diluted share count to be higher for FFO than for Core FFO and AFFO. When calculating diluted FFO, Teraco related minority interest is added back to the FFO numerator as the denominator assumes all shares have been put back to Digital Realty.

	Three Months Ended				
	31-Mar-23	31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22
Teraco noncontrolling share of FFO	\$11,069	\$7,213	\$4,706	-	-
Teraco related minority interest	\$11,069	\$7,213	\$4,706	-	-

(3) For all periods presented, we have excluded the effect of dilutive series J, series K and series L preferred stock, as applicable, that may be converted into common stock upon the occurrence of specified change in control transactions as described in the articles supplementary governing the series J, series K and series L preferred stock, as applicable, which we consider highly improbable. See above for calculations of diluted FFO and the share count detail section that follows the reconciliation of Core FFO to AFFO for calculations of weighted average common stock and units outstanding. For definitions and discussion of FFO and Core FFO, see the definitions section.

(4) Relates to severance and other charges related to the departure of company executives and integration-related severance.

Consolidated Balance Sheets

Unaudited and in Thousands, Except Share and Per Share Data
First Quarter 2023

	31-Mar-23	31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22
Assets					
Investments in real estate:					
Real estate	\$27,052,022	\$26,136,057	\$24,876,600	\$24,065,933	\$23,769,712
Construction in progress	4,563,578	4,789,134	4,222,142	3,362,114	3,523,484
Land held for future development	194,564	118,452	34,713	37,460	107,003
Investments in real estate	\$31,810,164	\$31,043,643	\$29,133,455	\$27,465,507	\$27,400,199
Accumulated depreciation and amortization	(7,600,559)	(7,268,981)	(6,826,918)	(6,665,118)	(6,467,233)
Net Investments in Properties	\$24,209,605	\$23,774,662	\$22,306,537	\$20,800,389	\$20,932,966
Investment in unconsolidated joint ventures	1,995,576	1,991,426	1,912,958	1,942,549	2,044,074
Net Investments in Real Estate	\$26,205,180	\$25,766,088	\$24,219,495	\$22,742,937	\$22,977,040
Cash and cash equivalents	\$131,406	\$141,773	\$176,969	\$99,226	\$157,964
Accounts and other receivables ⁽¹⁾	1,070,066	969,292	861,117	797,208	774,579
Deferred rent	627,700	601,590	556,198	554,016	545,666
Customer relationship value, deferred leasing costs & other intangibles, net	3,015,291	3,092,627	3,035,861	2,521,390	2,640,795
Goodwill	9,199,636	9,208,497	8,728,105	7,545,107	7,802,440
Operating lease right-of-use assets	1,317,293	1,351,329	1,253,393	1,310,970	1,361,942
Other assets	386,495	353,802	384,079	385,202	420,119
Total Assets	\$41,953,068	\$41,484,998	\$39,215,217	\$35,956,057	\$36,680,546
Liabilities and Equity					
Global unsecured revolving credit facilities	\$2,514,202	\$2,150,451	\$2,255,139	\$1,440,040	\$943,325
Unsecured term loans	1,542,275	797,449	729,976	—	—
Unsecured senior notes, net of discount	13,258,079	13,120,033	12,281,410	12,695,568	13,284,650
Secured debt and other, net of premiums	560,955	528,870	491,984	158,699	160,240
Operating lease liabilities	1,443,994	1,471,044	1,363,712	1,418,540	1,472,510
Accounts payable and other accrued liabilities	1,923,819	1,868,884	1,621,406	1,619,222	1,572,359
Deferred tax liabilities, net	1,164,276	1,192,752	1,145,097	611,582	649,112
Accrued dividends and distributions	—	363,716	—	—	—
Security deposits and prepaid rent	392,021	369,654	341,552	341,140	346,911
Total Liabilities	\$22,799,620	\$21,862,853	\$20,230,276	\$18,284,791	\$18,429,107
Redeemable non-controlling interests - operating partnership	1,448,772	1,514,680	1,429,920	41,047	42,734
Equity					
Preferred Stock: \$0.01 par value per share, 110,000,000 shares authorized:					
Series J Cumulative Redeemable Preferred Stock ⁽²⁾	\$193,540	\$193,540	\$193,540	\$193,540	\$193,540
Series K Cumulative Redeemable Preferred Stock ⁽³⁾	203,264	203,264	203,264	203,264	203,264
Series L Cumulative Redeemable Preferred Stock ⁽⁴⁾	334,886	334,886	334,886	334,886	334,886
Common Stock: \$0.01 par value per share, 392,000,000 shares authorized ⁽⁵⁾	2,888	2,887	2,851	2,824	2,824
Additional paid-in capital	22,126,379	22,142,868	21,528,384	21,091,364	21,069,391
Dividends in excess of earnings	(4,995,982)	(4,698,313)	(4,336,201)	(4,211,685)	(3,916,854)
Accumulated other comprehensive (loss), net	(652,486)	(595,798)	(862,804)	(475,561)	(188,844)
Total Stockholders' Equity	\$17,212,490	\$17,583,334	\$17,063,920	\$17,138,632	\$17,698,207
Noncontrolling Interests					
Noncontrolling interest in operating partnership	\$444,843	\$419,317	\$421,484	\$432,213	\$444,029
Noncontrolling interest in consolidated joint ventures	47,342	104,814	69,617	59,374	66,470
Total Noncontrolling Interests	\$492,185	\$524,131	\$491,101	\$491,587	\$510,499
Total Equity	\$17,704,675	\$18,107,465	\$17,555,021	\$17,630,219	\$18,208,706
Total Liabilities and Equity	\$41,953,068	\$41,484,998	\$39,215,217	\$35,956,057	\$36,680,546

(1) Net of allowance for doubtful accounts of \$36,240 and \$33,048 as of March 31, 2023 and December 31, 2022, respectively.

(2) Series J Cumulative Redeemable Preferred Stock, 5.250%, \$200,000 and \$200,000 liquidation preference, respectively (\$25.00 per share), 8,000,000 and 8,000,000 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively.

(3) Series K Cumulative Redeemable Preferred Stock, 5.850%, \$210,000 and \$210,000 liquidation preference, respectively (\$25.00 per share), 8,400,000 and 8,400,000 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively.

(4) Series L Cumulative Redeemable Preferred Stock, 5.200%, \$345,000 and \$345,000 liquidation preference, respectively (\$25.00 per share), 13,800,000 and 13,800,000 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively.

(5) Common Stock: 291,298,610 and 291,148,222 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively.

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



Unaudited and Dollars in Thousands

First Quarter 2023

Reconciliation of Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA) ⁽¹⁾	Three Months Ended				
	31-Mar-23	31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22
Net Income / (Loss) Available to Common Stockholders	\$58,547	(\$6,093)	\$226,894	\$53,245	\$63,101
Interest	102,220	86,882	76,502	69,023	66,725
Loss from early extinguishment of debt	—	—	—	—	51,135
Income tax expense (benefit)	21,454	(17,676)	19,576	16,406	13,244
Depreciation & amortization	421,198	430,130	388,704	376,967	382,132
EBITDA	\$603,419	\$493,244	\$711,676	\$515,642	\$576,337
Unconsolidated JV real estate related depreciation & amortization	33,719	33,927	30,831	29,023	29,319
Unconsolidated JV interest expense and tax expense	18,556	53,481	11,948	6,708	21,111
Severance, equity acceleration, and legal expenses	4,155	15,980	1,655	3,786	2,077
Transaction and integration expenses	12,267	17,350	25,862	13,586	11,968
(Gain) / loss on sale of investments	—	6	(173,990)	—	(2,770)
Impairment of investments in real estate	—	3,000	—	—	—
Other non-core adjustments, net	(14,604)	15,127	(94)	31,633	(48,858)
Non-controlling interests	111	(3,326)	1,716	436	3,629
Preferred stock dividends, including undeclared dividends	10,181	10,181	10,181	10,181	10,181
(Gain on) / Issuance costs associated with redeemed preferred stock	—	—	—	—	—
Adjusted EBITDA	\$667,804	\$638,969	\$619,786	\$610,994	\$602,994

(1) For definitions and discussion of EBITDA and Adjusted EBITDA, see the definitions section.

Financial Ratios	Three Months Ended				
	31-Mar-23	31-Dec-22	30-Sep-22	30-Jun-22	31-Mar-22
Total GAAP interest expense	\$102,220	\$86,882	\$76,502	\$69,023	\$66,725
Capitalized interest	26,771	24,581	17,304	14,131	14,751
Change in accrued interest and other non-cash amounts	38,137	(67,909)	31,860	(43,952)	52,324
Cash Interest Expense ⁽²⁾	\$167,128	\$43,554	\$125,666	\$39,202	\$133,800
Preferred dividends	10,181	10,181	10,181	10,181	10,181
Total Fixed Charges ⁽³⁾	\$139,172	\$121,645	\$103,987	\$93,335	\$91,657
Coverage					
Interest coverage ratio ⁽⁴⁾	4.7x	5.3x	6.1x	6.6x	6.1x
Cash interest coverage ratio ⁽⁵⁾	3.7x	11.9x	4.6x	12.6x	4.0x
Fixed charge coverage ratio ⁽⁶⁾	4.4x	4.9x	5.5x	6.0x	5.5x
Cash fixed charge coverage ratio ⁽⁷⁾	3.5x	10.0x	4.3x	10.4x	3.7x
Leverage					
Debt to total enterprise value ⁽⁸⁾⁽⁹⁾	37.3%	35.2%	34.5%	27.1%	25.5%
Debt plus preferred stock to total enterprise value ⁽⁹⁾⁽¹⁰⁾	38.9%	36.8%	36.2%	28.5%	26.8%
Pre-tax income to interest expense ⁽¹¹⁾	1.7x	1.0x	4.1x	1.9x	2.2x
Net Debt to Adjusted EBITDA ⁽¹²⁾	7.1x	6.9x	6.7x	6.2x	6.3x

(2) Cash interest expense is interest expense less amortization of debt discount and deferred financing fees and includes interest that we capitalized. We consider cash interest expense to be a useful measure of interest as it excludes non-cash based interest expense.

(3) Fixed charges consist of GAAP interest expense, capitalized interest, and preferred dividends.

(4) Adjusted EBITDA divided by GAAP interest expense plus capitalized interest (including our pro rata share of unconsolidated joint venture interest expense).

(5) Adjusted EBITDA divided by cash interest expense (including our pro rata share of unconsolidated joint venture interest expense).

(6) Adjusted EBITDA divided by fixed charges (including our pro rata share of unconsolidated joint venture fixed charges).

(7) Adjusted EBITDA divided by the sum of cash interest expense, and preferred dividends (including our pro rata share of unconsolidated joint venture cash fixed charges).

(8) Mortgage debt and other loans divided by market value of common equity plus debt plus preferred stock.

(9) Total enterprise value defined as market value of common equity plus debt plus preferred stock.

(10) Same as (8), except numerator includes preferred stock.

(11) Calculated as net income plus interest expense divided by GAAP interest expense.

(12) Calculated as total debt at balance sheet carrying value, plus capital lease obligations, plus Digital Realty's pro rata share of unconsolidated joint venture debt, less cash and cash equivalents (including Digital Realty's pro rata share of unconsolidated joint venture cash) divided by the product of Adjusted EBITDA (including Digital Realty's pro rata share of unconsolidated joint venture EBITDA), multiplied by four.

Definitions

Funds From Operations (FFO):

We calculate funds from operations, or FFO, in accordance with the standards established by the National Association of Real Estate Investment Trusts, or Nareit, in the Nareit Funds From Operations White Paper - 2018 Restatement. FFO represents net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from real estate transactions, impairment of investment in real estate, real estate related depreciation and amortization (excluding amortization of deferred financing costs), unconsolidated JV real estate related depreciation & amortization, non-controlling interests in operating partnership and after adjustments for unconsolidated partnerships and joint ventures. Management uses FFO as a supplemental performance measure because, in excluding real estate related depreciation and amortization and gains and losses from property dispositions and after adjustments for unconsolidated partnerships and joint ventures, it provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs. We also believe that, as a widely recognized measure of the performance of REITs, FFO will be used by investors as a basis to compare our operating performance with that of other REITs. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our data centers that result from use or market conditions, nor the level of capital expenditures and capitalized leasing commissions necessary to maintain the operating performance of our data centers, all of which have real economic effect and could materially impact our financial condition and results from operations, the utility of FFO as a measure of our performance is limited. Other REITs may not calculate FFO in accordance with the NAREIT definition and, accordingly, our FFO may not be comparable to other REITs' FFO. FFO should be considered only as a supplement to net income computed in accordance with GAAP as a measure of our performance.

Core Funds from Operations (Core FFO):

We present core funds from operations, or Core FFO, as a supplemental operating measure because, in excluding certain items that do not reflect core revenue or expense streams, it provides a performance measure that, when compared year over year, captures trends in our core business operating performance. We calculate Core FFO by adding to or subtracting from FFO (i) other non-core revenue adjustments, (ii) transaction and integration expenses, (iii) loss from early extinguishment of debt, (iv) gain on / issuance costs associated with redeemed preferred stock, (v) severance, equity acceleration, and legal expenses, (vi) gain/loss on FX revaluation, and (vii) other non-core expense adjustments. Because certain of these adjustments have a real economic impact on our financial condition and results from operations, the utility of Core FFO as a measure of our performance is limited. Other REITs may calculate Core FFO differently than we do and accordingly, our Core FFO may not be comparable to other REITs' Core FFO. Core FFO should be considered only as a supplement to net income computed in accordance with GAAP as a measure of our performance.

Adjusted Funds from Operations (AFFO):

We present adjusted funds from operations, or AFFO, as a supplemental operating measure because, when compared year over year, it assesses our ability to fund dividend and distribution requirements from our operating activities. We also believe that, as a widely recognized measure of the operations of REITs, AFFO will be used by investors as a basis to assess our ability to fund dividend payments in comparison to other REITs, including on a per share and unit basis. We calculate AFFO by adding to or subtracting from Core FFO (i) non-real estate depreciation, (ii) amortization of deferred financing costs, (iii) amortization of debt discount/premium, (iv) non-cash stock-based compensation expense, (v) straight-line rental revenue, (vi) straight-line rental expense, (vii) above- and below-market rent amortization, (viii) deferred tax expense / (benefit), (ix) leasing compensation and internal lease commissions, and (x) recurring capital expenditures. Other REITs may calculate AFFO differently than we do and, accordingly, our AFFO may not be comparable to other REITs' AFFO. AFFO should be considered only as a supplement to net income computed in accordance with GAAP as a measure of our performance.

EBITDA and Adjusted EBITDA:

We believe that earnings before interest, loss from early extinguishment of debt, income taxes, and depreciation and amortization, or EBITDA, and Adjusted EBITDA (as defined below), are useful supplemental performance measures because they allow investors to view our performance without the impact of non-cash depreciation and amortization or the cost of debt and, with respect to Adjusted EBITDA, unconsolidated joint venture real estate related depreciation & amortization, unconsolidated joint venture interest expense and tax, severance, equity acceleration, and legal expenses, transaction and integration expenses, gain on sale / deconsolidation, impairment of investments in real estate, other non-core adjustments, net, non-controlling interests, preferred stock dividends, including undeclared dividends, and issuance costs associated with redeemed preferred stock. Adjusted EBITDA is EBITDA excluding unconsolidated joint venture real estate related depreciation & amortization, unconsolidated joint venture interest expense and tax, severance, equity acceleration, and legal expenses, transaction and integration expenses, gain on sale / deconsolidation, impairment of investments in real estate, other non-core adjustments, net, non-controlling interests, preferred stock dividends, including undeclared dividends, and gain on / issuance costs associated with redeemed preferred stock. In addition, we believe EBITDA and Adjusted EBITDA are frequently used by securities analysts, investors and other interested parties in the evaluation of REITs. Because EBITDA and Adjusted EBITDA are calculated before recurring cash charges including interest expense and income taxes, exclude capitalized costs, such as leasing commissions, and are not adjusted for capital expenditures or other recurring cash requirements of our business, their utility as a measure of our performance is limited. Other REITs may calculate EBITDA and Adjusted EBITDA differently than we do and, accordingly, our EBITDA and Adjusted EBITDA may not be comparable to other REITs' EBITDA and Adjusted EBITDA. Accordingly, EBITDA and Adjusted EBITDA should be considered only as supplements to net income computed in accordance with GAAP as a measure of our financial performance.

Net Operating Income (NOI) and Cash NOI:

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

Additional Definitions

Net debt-to-Adjusted EBITDA ratio is calculated as total debt at balance sheet carrying value, plus capital lease obligations, plus Digital Realty's pro rata share of unconsolidated joint venture debt, less cash and cash equivalents (including Digital Realty's pro rata share of unconsolidated joint venture cash) divided by the product of Adjusted EBITDA (including Digital Realty's pro rata share of unconsolidated joint venture EBITDA), multiplied by four.

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

Fixed charge coverage ratio is Adjusted EBITDA divided by the sum of GAAP interest expense, capitalized interest, scheduled debt principal payments and preferred dividends. For the quarter ended March 31, 2023, GAAP interest expense was \$102 million, capitalized interest was \$27 million and scheduled debt principal payments and preferred dividends was \$10 million.

Reconciliation of Net Operating Income (NOI) (in thousands)	Three Months Ended		
	31-Mar-23	31-Dec-22	31-Mar-22
Operating income	\$177,335	\$120,981	\$141,236
Fee income	(7,868)	(7,508)	(5,757)
Other income	(887)	(168)	(15)
Depreciation and amortization	421,198	430,130	382,132
General and administrative	107,766	104,452	96,435
Severance, equity acceleration, and legal expenses	4,155	15,980	2,077
Transaction expenses	12,267	17,350	11,968
Other expenses	—	3,615	7,657
Net Operating Income	\$713,965	\$687,831	\$635,734

Cash Net Operating Income (Cash NOI)			
Net Operating Income	\$713,965	\$687,831	\$635,734
Straight-line rental revenue	(16,327)	(32,226)	(6,530)
Straight-line rental expense	(510)	(680)	3,646
Above- and below-market rent amortization	(1,226)	(762)	335
Cash Net Operating Income	\$695,902	\$654,164	\$633,185

Constant Currency CFFO Reconciliation (in thousands)	Three Months Ended	
	31-Mar-23	31-Mar-22
Core FFO ⁽¹⁾	\$493,500	\$484,490
Core FFO impact of holding '22 Exchange Rates Constant ⁽²⁾	9,413	—
Constant Currency Core FFO	\$502,913	\$484,490
Weighted-average shares and units outstanding - diluted	297,382	290,662
Constant Currency CFFO Per Share	\$1.69	\$1.67

1) As reconciled to net income above.

2) Adjustment calculated by holding currency translation rates for 2023 constant with average currency translation rates that were applicable to the same periods in 2022

This document contains forward-looking statements within the meaning of the federal securities laws, which are based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially. Such forward-looking statements include statements relating to: our economic outlook, our expected investment and expansion activity, anticipated continued demand for our products and service, our liquidity, our joint ventures, supply and demand for data center and colocation space, our acquisition and disposition activity, pricing and net effective leasing economics, market dynamics and data center fundamentals, our strategic priorities, our product offerings, available inventory, rent from leases that have been signed but have not yet commenced and other contracted rent to be received in future periods, rental rates on future leases, lag between signing and commencement, cap rates and yields, investment activity, the company's FFO, Core FFO, constant currency Core FFO, adjusted FFO, and net income, 2023 outlook and underlying assumptions, information related to trends, our strategy and plans, leasing expectations, weighted average lease terms, the exercise of lease extensions, lease expirations, debt maturities, annualized rent at expiration of leases, the effect new leases and increases in rental rates will have on our rental revenue, our credit ratings, construction and development activity and plans, projected construction costs, estimated yields on investment, expected occupancy, expected square footage and IT load capacity upon completion of development projects, backlog NOI, NAV components, and other forward-looking financial data. Such statements are based on management's beliefs and assumptions made based on information currently available to management. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance and may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following:

- reduced demand for data centers or decreases in information technology spending;
- increased competition or available supply of data center space;
- decreased rental rates, increased operating costs or increased vacancy rates;
- the suitability of our data centers and data center infrastructure, delays or disruptions in connectivity or availability of power, or failures or breaches of our physical and information security infrastructure or services;
- our dependence upon significant customers, bankruptcy or insolvency of a major customer or a significant number of smaller customers, or defaults on or non-renewal of leases by customers;
- our ability to attract and retain customers;
- breaches of our obligations or restrictions under our contracts with our customers;
- our inability to successfully develop and lease new properties and development space, and delays or unexpected costs in development of properties;
- the impact of current global and local economic, credit and market conditions;
- our inability to retain data center space that we lease or sublease from third parties;
- global supply chain or procurement disruptions, or increased supply chain costs;
- information security and data privacy breaches;
- difficulty managing an international business and acquiring or operating properties in foreign jurisdictions and unfamiliar metropolitan areas;
- our failure to realize the intended benefits from, or disruptions to our plans and operations or unknown or contingent liabilities related to, our recent acquisitions;
- our failure to successfully integrate and operate acquired or developed properties or businesses;
- difficulties in identifying properties to acquire and completing acquisitions;
- risks related to joint venture investments, including as a result of our lack of control of such investments;
- risks associated with using debt to fund our business activities, including re-financing and interest rate risks, our failure to repay debt when due, adverse changes in our credit ratings or our breach of covenants or other terms contained in our loan facilities and agreements;
- our failure to obtain necessary debt and equity financing, and our dependence on external sources of capital;
- financial market fluctuations and changes in foreign currency exchange rates;
- 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 and goodwill and other intangible asset impairment charges;
- our inability to manage our growth effectively;
- losses in excess of our insurance coverage;
- our inability to attract and retain talent;
- impact on our operations and on the operations of our customers, suppliers and business partners during a pandemic, such as COVID-19;
- environmental liabilities, risks related to natural disasters and our inability to achieve our sustainability goals;
- our inability to comply with rules and regulations applicable to our company;
- Digital Realty Trust, Inc.'s failure to maintain its status as a REIT for federal income tax purposes;
- Digital Realty Trust, L.P.'s failure to qualify as a partnership for federal income tax purposes;
- restrictions on our ability to engage in certain business activities;
- changes in local, state, federal and international laws and regulations, including related to taxation, real estate and zoning laws, and increases in real property tax rates; and
- the impact of any financial, accounting, legal or regulatory issues or litigation that may affect us.

The risks included here are not exhaustive, and additional factors could adversely affect our business and financial performance. Several additional material risks are discussed in our annual report on Form 10-K for the year ended December 31, 2022 and other filings with the U.S. Securities and Exchange Commission. Those risks continue to be relevant to our performance and financial condition. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events or otherwise. Digital Realty, Digital Realty Trust, the Digital Realty logo, Interxion, Turn-Key Flex, Powered Base Building, and PlatformDIGITAL®, Data Gravity Index and Data Gravity Index DGx are registered trademarks and service marks of Digital Realty Trust, Inc. in the United States and/or other countries. All other names, trademarks and service marks are the property of their respective owners.