Digital Realty Trust, Inc. Form 10-Q November 09, 2007 <u>Table of Contents</u>

# **UNITED STATES**

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

# **FORM 10-Q**

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended September 30, 2007

" Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the Transition Period From \_\_\_\_\_\_ to \_\_\_\_\_.

Commission file number 001-32336

# **DIGITAL REALTY TRUST, INC.**

(Exact name of registrant as specified in its charter)

Maryland (State or other jurisdiction of incorporation or organization) 26-0081711 (IRS employer identification number)

560 Mission Street, Suite 2900 San Francisco, CA (Address of principal executive offices) 94105 (Zip Code)

(415) 738-6500

(Registrant s telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No  $\ddot{}$ 

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer " Non- accelerated filer "

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes "No x

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

Class Common Stock, \$.01 par value per share **Outstanding at October 31, 2007** 64,758,872

#### DIGITAL REALTY TRUST, INC.

#### FORM 10-Q

#### FOR THE QUARTER ENDED SEPTEMBER 30, 2007

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#### DIGITAL REALTY TRUST, INC.

#### CONDENSED CONSOLIDATED BALANCE SHEETS

#### (in thousands, except share data)

		ptember 30, 2007 unaudited)	December 31, 2006	
ASSETS		,		
Investments in real estate:				
Properties:				
Land	\$	288,784	\$	228,728
Acquired ground leases		1,595		3,028
Buildings and improvements		1,741,901		1,415,236
Tenant improvements		190,015		172,334
Total investments in properties		2,222,295		1,819,326
Accumulated depreciation and amortization		(164,100)		(112,479)
		(101,100)		(112,17)
		2 059 105		1 706 047
Net investments in properties		2,058,195		1,706,847
Investment in unconsolidated joint venture		9,591		29,955
Net investments in real estate		2,067,786		1,736,802
Cash and cash equivalents		49,182		22,261
Accounts and other receivables, net of allowance for doubtful accounts of \$2,434 and \$2,032 as of				
September 30, 2007 and December 31, 2006, respectively		30,322		31,293
Deferred rent		57,317		40,225
Acquired above market leases, net		40,254		47,292
Acquired in place lease value and deferred leasing costs, net		255,265		248,751
Deferred financing costs, net		18,319		17,500
Restricted cash		38,716		28,144
Other assets		18,958		13,951
Total Assets	\$	2,576,119	\$	2,186,219
		, , .		, , -
LIABILITIES AND STOCKHOLDERS EQUITY				
Unsecured revolving credit facility	\$	266,726	\$	145,452
Mortgage loans	φ	895,882	φ	804,686
Exchangeable senior debentures		172,500		172,500
Accounts payable and other accrued liabilities		172,300		88,698
Accounts payable and other accrued nabilities		24,824		
				19,386
Acquired below market leases, net		95,485		87,487
Security deposits and prepaid rents		20,574		19,822
Total liabilities		1,580,786		1,338,031
Commitments and contingencies				
Minority interests in consolidated joint venture		2,902		
Minority interests in operating partnership		71,063		138,416
Stockholders equity:				
Preferred Stock: \$0.01 par value, 20,000,000 authorized:				
Series A Cumulative Redeemable Preferred Stock, 8.50%, \$103,500,000 liquidation preference (\$25.00 per				
share), 4,140,000 issued and outstanding		99,297		99,297 60,502

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Series B Cumulative Redeemable Preferred Stock, 7.875%, \$63,250,000 liquidation preference (\$25.00 per share), 2.530.000 issued and outstanding		
Series C Cumulative Convertible Preferred Stock, 4.375%, \$175,000,000 liquidation preference (\$25.00	160.055	
per share), 7,000,000 issued and outstanding Common Stock; \$0.01 par value: 100,000,000 authorized, 60,721,750 and 54,257,691 shares issued and	168,955	
outstanding as of September 30, 2007 and December 31, 2006	607	542
Additional paid-in capital	666,023	597,334
Dividends in excess of earnings	(83,069)	(52,093)
Accumulated other comprehensive income, net	9,053	4,190
Total stockholders equity	921,368	709,772
Total liabilities and stockholders equity	\$ 2,576,119	\$ 2,186,219

See accompanying notes to the condensed consolidated financial statements.

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#### DIGITAL REALTY TRUST, INC.

#### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

#### (unaudited in thousands, except share data)

Operating Revenues:           Rental         \$         \$ 82,536         \$         57,394         \$ $234,529$ \$         15           Constraints         22,104         13,279         \$         4,414         3           Other         154         401         401         401           Total operating revenues         104,794         70,673         289,344         19           Operating Expenses:         Rental property operating and maintenance         30,539         14,972         75,643         3           Property taxes         7,859         6,956         22,741         2         2         1 <th></th> <th colspan="3">Three Months Ended September 30,</th> <th colspan="3">Nine Months Septembe</th> <th colspan="2"></th>		Three Months Ended September 30,			Nine Months Septembe				
Rental       \$ 82,536       \$ 57,394       \$ 224,529       \$ 15         Tenant reimbursements       22,104       13,279       54,414       33         Other       154       401       401         Total operating revenues       104,794       70,673       289,344       19         Operating Expenses:       8       78,59       6,956       22,741       2         Rental property operating and maintenance       30,539       14,972       75,643       33         Property taxes       7,859       6,956       22,741       2         Insurance       1,356       934       4,201       5         General and administrative       77,75       4,986       23,441       1         Other       495       607       811       5         Total operating expenses       83,369       52,222       223,413       13         Operating income       21,425       18,451       65,931       5         Other Income (Expenses):       5       5       5       5       5         Equity in carnings of (loss from) unconsolidated joint venture       (237)       524       1         Interest and other income       621       364       1,666       1 </th <th></th> <th>2007</th> <th></th> <th>2006</th> <th></th> <th>2007</th> <th></th> <th>2006</th>		2007		2006		2007		2006	
Tenant reimbursements       22,104       13,279       54,414       3         Other       154       401         Total operating revenues       104,794       70,673       289,344       19         Operating Expenses:       Rental property operating and maintenance       30,539       14,972       75,643       3         Property taxes       7,859       6,956       22,741       2       1       2         Insurance       1,356       934       4,201       2       1       2       1       3       3       4       201       1       3       3       4       201       1       3       3       4       201       1       3       3       4       201       1       3       3       4       201       1       3       3       4       201       1       3       3       4       3									
Other         154         401           Total operating revenues         104,794         70,673         289,344         19           Operating Expenses:         Rental property operating and maintenance         30,539         14,972         75,643         3           Property taxes         7,859         6,956         22,741         2         1         2           Insurance         1,356         934         4,201         2         2         23,767         96,576         5         5         5         6         6,956         22,7741         2         1         2         1         0         2         1         4,001         1         0         1         1         1         0         1         1         0         1         1         0         1         1         0         1         1         0         1         1         1         1         1         0         1         1         1         1         1         1         1         1         1         0         1         1         1         0         1         1         1         1         1         1         1         1         1         1         1         1		\$	\$		\$	,	\$	153,044	
Total operating revenues         104,794         70,673         289,344         19           Operating Expenses:				13,279				36,819	
Operating Expenses:         Rental property operating and maintenance         30,539         14,972         75,643         3           Property taxes         7,859         6,956         22,741         2           Insurance         1,356         934         4,201           Depreciation and amorization         35,345         23,767         96,576         55           General and administrative         7,775         4,986         23,441         1           Other         495         607         811         7           Total operating expenses         83,369         52,222         223,413         13           Operating income         21,425         18,451         65,931         55           Operating income         21,425         18,451         65,931         55           Other Income (Expenses):         200         223,413         13           Equity in earnings of (loss from) unconsolidated joint venture         (237)         524           Interest and other income         621         364         1,666           Interest expense         (16,683)         (13,792)         (48,541)         (3           Loss from early extinguishment of debt         (40)         1         1           Inco	)ther	154				401		168	
Rental property operating and maintenance $30,539$ $14,972$ $75,643$ $33$ Property taxes $7,859$ $6,956$ $22,741$ $2$ Insurance $1,356$ $934$ $4,201$ $2$ Depreciation and amortization $35,345$ $23,767$ $96,576$ $55$ General and administrative $7,775$ $4,986$ $23,441$ $11$ Other $495$ $607$ $811$ $11$ Total operating expenses $83,369$ $52,222$ $223,413$ $13$ Operating income $21,425$ $18,451$ $65,931$ $55$ Other Income (Expenses): $21,425$ $18,451$ $65,931$ $55$ Equity in earnings of (loss from) unconsolidated joint venture $(237)$ $524$ $11$ Interest and other income $621$ $364$ $1,666$ $11666$ Interest expense $(16,683)$ $(13,792)$ $(48,541)$ $(3)$ Loss from early extinguishment of debt $(40)$ $10$ $10$ $10$ Income from continuing operations of operating partnership $25$	otal operating revenues	104,794		70,673		289,344		190,031	
Property taxes       7,859       6,956       22,741       2         Insurance       1,356       934       4,201         Depreciation and amortization       35,345       23,767       96,576       55         General and administrative       7,775       4,986       23,441       1         Other       495       607       811       1         Total operating expenses       83,369       52,222       223,413       13         Operating income       21,425       18,451       65,931       5         Other Income (Expenses):       Equity in earnings of (loss from) unconsolidated joint venture       (237)       524         Interest and other income       621       364       1,666         Interest expense       (16,683)       (13,792)       (48,541)       (3)         Loss from early extinguishment of debt       (40)       (40)       (40)       (40)         Income from continuing operations before minority interests       5,126       4,983       19,580       1         Minority interests       5,151       4,326       18,799       1         Income (loss) from discontinued operations before gain on sale of assets       18,016       18,049       1         Minority interests	Dperating Expenses:								
Insurance       1,356       934       4,201         Depreciation and amortization       35,345       23,767       96,576       5         General and administrative       7,775       4,986       23,441       1         Other       495       607       811       1         Total operating expenses       83,369       52,222       223,413       13         Operating income       21,425       18,451       65,931       5         Other Income (Expenses):       Equity in earnings of (loss from) unconsolidated joint venture       (237)       524         Interest and other income       621       364       1,666         Interest expense       (16,683)       (13,792)       (48,541)       (3         Loss from early extinguishment of debt       (40)       (40)       (40)       (40)       (40)         Income from continuing operations before minority interests       5,151       4,326       18,799       1         Income (loss) from discontinued operations before gain on sale of assets       (18)       250       1,395       (3an on sale of assets)       1         and minority interests       (18)       250       1,395       (3an on sale of assets)       18,016       18,049       1         Min	Rental property operating and maintenance	30,539		14,972		75,643		39,491	
Depreciation and amortization $35,345$ $23,767$ $96,576$ $55$ General and administrative $7,775$ $4,986$ $23,441$ $11$ Other $495$ $607$ $811$ $11$ Total operating expenses $83,369$ $52,222$ $223,413$ $13$ Operating income $21,425$ $18,451$ $65,931$ $55$ Other Income (Expenses): $21,425$ $18,451$ $65,931$ $55$ Equity in earnings of (loss from) unconsolidated joint venture $(237)$ $524$ $11$ Interest and other income $621$ $364$ $1,666$ $11$ Interest expense $(16,683)$ $(13,792)$ $(48,541)$ $(3)$ Loss from early extinguishment of debt $(40)$ $(40)$ $(40)$ $(40)$ Income from continuing operations before minority interests $5,126$ $4,983$ $19,580$ $11$ Income (loss) from discontinued operations before gain on sale of assets $(18)$ $250$ $1,395$ Gain on sale of assets $(18,016)$ $18,016$ $18,049$ $11$ Minority inte	roperty taxes	7,859		6,956		22,741		20,378	
General and administrative7,7754,98623,4411Other495607811Total operating expenses83,369 $52,222$ $223,413$ 13Operating income $21,425$ 18,451 $65,931$ $55$ Other Income (Expenses): $21,425$ 18,451 $65,931$ $55$ Equity in earnings of (loss from) unconsolidated joint venture $(237)$ $524$ $11$ Interest and other income $621$ $364$ $1,666$ Interest expense $(16,683)$ $(13,792)$ $(48,541)$ $(3)$ Loss from early extinguishment of debt $(40)$ $(40)$ $(40)$ Income from continuing operations before minority interests $5,126$ $4,983$ $19,580$ $11$ Minority interests in continuing operations of operating partnership $25$ $(657)$ $(781)$ $(657)$ Income (loss) from discontinued operations before gain on sale of assets and minority interests $(18)$ $250$ $1,395$ Gain on sale of assets $18,016$ $18,049$ $11$ Minority interests attributable to discontinued operations $2$ $(7,805)$ $(3,264)$ $(16)$ Income (loss) from discontinued operations $2$ $(7,805)$ $(3,264)$ $(16)$ Income (loss) from discontinued operations $2$ $(7,805)$ $(3,264)$ $(16)$ Income (loss) from discontinued operations $2$ $(16)$ $10,461$ $16,180$ $11$ Minority interests attributable to discontinued operations $2$ $(7,805)$ $(3$	nsurance	1,356		934		4,201		2,856	
Other495 $607$ $811$ Total operating expenses $83,369$ $52,222$ $223,413$ $13$ Operating income $21,425$ $18,451$ $65,931$ $55$ Other Income (Expenses): $21,425$ $18,451$ $65,931$ $55$ Equity in earnings of (loss from) unconsolidated joint venture $(237)$ $524$ Interest and other income $621$ $364$ $1,666$ Interest expense $(16,683)$ $(13,792)$ $(48,541)$ $(3)$ Loss from early extinguishment of debt $(40)$ $(40)$ $(40)$ Income from continuing operations before minority interests $5,126$ $4,983$ $19,580$ $1$ Minority interests in continuing operations of operating partnership $25$ $(657)$ $(781)$ $(671)$ Income from continuing operations before gain on sale of assets $18,016$ $18,049$ $1$ Income (loss) from discontinued operations $2$ $(7,805)$ $(3,264)$ $(671)$ Income (loss) from discontinued operations $2$ $(7,805)$ $(3,264)$ $(671)$ Income (loss) from discontinued operations $2$ $(7,805)$ $(3,264)$ $(671)$ Income (loss) from discontinued operations $2$ $(7,805)$ $(3,264)$ $(672)$ Income (loss) from discontinued operations $2$ $(7,805)$ $(3,264)$ $(672)$ Income (loss) from discontinued operations $2$ $(7,805)$ $(3,264)$ $(672)$ Income (loss) from discontinued operations $2$ $(7,805)$ $(3,264)$ <	Depreciation and amortization	35,345		23,767		96,576		58,838	
Total operating expenses $83,369$ $52,222$ $223,413$ $133$ Operating income $21,425$ $18,451$ $65,931$ $55$ Other Income (Expenses): $21,425$ $18,451$ $65,931$ $55$ Equity in earnings of (loss from) unconsolidated joint venture $(237)$ $524$ Interest and other income $621$ $364$ $1,666$ Interest expense $(16,683)$ $(13,792)$ $(48,541)$ $(3)$ Loss from early extinguishment of debt $(40)$ $(40)$ $(40)$ Income from continuing operations before minority interests $5,126$ $4,983$ $19,580$ $1$ Minority interests in continuing operations of operating partnership $25$ $(657)$ $(781)$ $(6)$ Income from continuing operations before gain on sale of assets and minority interests $(18)$ $250$ $1,395$ Gain on sale of assets $18,016$ $18,049$ $1$ Minority interests attributable to discontinued operations $2$ $(7,805)$ $(3,264)$ $(16)$ Income (loss) from discontinued operations $2$ $(7,805)$ $(3,264)$ $(16)$ Income (loss) from discontinued operations $(16)$ $10,461$ $16,180$ $1$ Net income $5,135$ $14,787$ $34,979$ $2$	Jeneral and administrative	7,775		4,986		23,441		13,906	
Operating income21,42518,45165,93155Other Income (Expenses):Equity in earnings of (loss from) unconsolidated joint venture(237)524Equity in earnings of (loss from) unconsolidated joint venture(237)524Interest and other income6213641,666Interest expense(16,683)(13,792)(48,541)(3Loss from early extinguishment of debt(40)(40)(40)Income from continuing operations before minority interests5,1264,98319,5801Minority interests in continuing operations of operating partnership25(657)(781)(10)Income from continuing operations before gain on sale of assets(18)2501,395(3,264)(11)Income (loss) from discontinued operations(16)10,46116,1801(16)10,46116,1801Income (loss) from discontinued operations(16)10,46116,1801111Income (loss) from discontinued operations(16)10,46116,1801111111Income (loss) from discontinued operations(16)10,46116,18011111111111Income (loss) from discontinued operations(16)10,46116,1801111111111111111111111<	Other	495		607		811		938	
Other Income (Expenses):Equity in earnings of (loss from) unconsolidated joint venture $(237)$ $524$ Interest and other income $621$ $364$ $1,666$ Interest expense $(16,683)$ $(13,792)$ $(48,541)$ $(3)$ Loss from early extinguishment of debt $(40)$ $(40)$ $(40)$ Income from continuing operations before minority interests $5,126$ $4,983$ $19,580$ $1$ Income from continuing operations of operating partnership $25$ $(657)$ $(781)$ $(781)$ Income from continuing operations $5,151$ $4,326$ $18,799$ $1$ Income from continuing operations before gain on sale of assets $(18)$ $250$ $1,395$ Gain on sale of assets $18,016$ $18,049$ $1$ Income (loss) from discontinued operations $2$ $(7,805)$ $(3,264)$ $(16)$ Income (loss) from discontinued operations $(16)$ $10,461$ $16,180$ $1$ Ninority interests attributable to discontinued operations $2$ $(7,805)$ $(3,264)$ $(16)$ Income (loss) from discontinued operations $(16)$ $10,461$ $16,180$ $1$ Net income $5,135$ $14,787$ $34,979$ $2$	'otal operating expenses	83,369		52,222		223,413		136,407	
Other Income (Expenses):Equity in earnings of (loss from) unconsolidated joint venture $(237)$ $524$ Interest and other income $621$ $364$ $1,666$ Interest expense $(16,683)$ $(13,792)$ $(48,541)$ $(3)$ Loss from early extinguishment of debt $(40)$ $(40)$ $(40)$ Income from continuing operations before minority interests $5,126$ $4,983$ $19,580$ $1$ Minority interests in continuing operations of operating partnership $25$ $(657)$ $(781)$ $(781)$ Income from continuing operations $5,151$ $4,326$ $18,799$ $1$ Income from discontinued operations before gain on sale of assets $(18)$ $250$ $1,395$ Gain on sale of assets $18,016$ $18,049$ $1$ Minority interests attributable to discontinued operations $2$ $(7,805)$ $(3,264)$ $(16)$ Income (loss) from discontinued operations $(16)$ $10,461$ $16,180$ $1$ Net income $5,135$ $14,787$ $34,979$ $2$	Operating income	21,425		18,451		65,931		53,624	
Equity in earnings of (loss from) unconsolidated joint venture $(237)$ $524$ Interest and other income $621$ $364$ $1,666$ Interest and other income $(16,683)$ $(13,792)$ $(48,541)$ $(3)$ Loss from early extinguishment of debt $(40)$ $(40)$ $(40)$ Income from continuing operations before minority interests $5,126$ $4,983$ $19,580$ $1$ Minority interests in continuing operations of operating partnership $25$ $(657)$ $(781)$ $(781)$ Income from continuing operations $5,151$ $4,326$ $18,799$ $1$ Income from continuing operations before gain on sale of assets $18,016$ $18,049$ $1$ Income (loss) from discontinued operations $2$ $(7,805)$ $(3,264)$ $(16)$ Income (loss) from discontinued operations $(16)$ $10,461$ $16,180$ $1$ Net income $5,135$ $14,787$ $34,979$ $2$									
Interest and other income $621$ $364$ $1,666$ Interest expense $(16,683)$ $(13,792)$ $(48,541)$ $(3)$ Loss from early extinguishment of debt $(40)$ $(40)$ $(40)$ Income from continuing operations before minority interests $5,126$ $4,983$ $19,580$ $1$ Minority interests in continuing operations of operating partnership $25$ $(657)$ $(781)$ $(657)$ Income from continuing operations $5,151$ $4,326$ $18,799$ $1$ Income (loss) from discontinued operations before gain on sale of assets $(18)$ $250$ $1,395$ Gain on sale of assets $18,016$ $18,049$ $1$ Minority interests attributable to discontinued operations $2$ $(7,805)$ $(3,264)$ $(16)$ Income (loss) from discontinued operations $(16)$ $10,461$ $16,180$ $1$ Net income $5,135$ $14,787$ $34,979$ $2$		(237)				524			
Loss from early extinguishment of debt(40)Income from continuing operations before minority interests5,1264,98319,5801Minority interests in continuing operations of operating partnership25(657)(781)(Income from continuing operations5,1514,32618,7991Income (loss) from discontinued operations before gain on sale of assets(18)2501,395Gain on sale of assets18,01618,0491Minority interests attributable to discontinued operations2(7,805)(3,264)(Income (loss) from discontinued operations2(16)10,46116,1801Net income5,13514,78734,97922				364		1,666		854	
Loss from early extinguishment of debt(40)Income from continuing operations before minority interests5,1264,98319,5801Minority interests in continuing operations of operating partnership25(657)(781)(Income from continuing operations5,1514,32618,7991Income (loss) from discontinued operations before gain on sale of assets(18)2501,395Gain on sale of assets18,01618,0491Minority interests attributable to discontinued operations2(7,805)(3,264)(Income (loss) from discontinued operations2(16)10,46116,1801Net income5,13514,78734,97922	nterest expense	(16,683)		(13,792)		(48,541)		(35,493)	
Minority interests in continuing operations of operating partnership25(657)(781)(Income from continuing operations5,1514,32618,7991Income (loss) from discontinued operations before gain on sale of assets(18)2501,395Gain on sale of assets18,01618,0491Minority interests attributable to discontinued operations2(7,805)(3,264)(Income (loss) from discontinued operations(16)10,46116,1801Net income5,13514,78734,9792				(40)				(522)	
Income from continuing operations5,1514,32618,7991Income (loss) from discontinued operations before gain on sale of assets and minority interests(18)2501,395Gain on sale of assets18,01618,0491Minority interests attributable to discontinued operations2(7,805)(3,264)(16)Income (loss) from discontinued operations(16)10,46116,1801Net income5,13514,78734,9792	ncome from continuing operations before minority interests	5,126		4,983		19,580		18,463	
Income (loss) from discontinued operations before gain on sale of assets and minority interests(18)2501,395Gain on sale of assets18,01618,0491Minority interests attributable to discontinued operations2(7,805)(3,264)(1)Income (loss) from discontinued operations(16)10,46116,1801Net income5,13514,78734,9792	Anority interests in continuing operations of operating partnership	25		(657)		(781)		(3,908)	
Income (loss) from discontinued operations before gain on sale of assets and minority interests(18)2501,395Gain on sale of assets18,01618,0491Minority interests attributable to discontinued operations2(7,805)(3,264)(1)Income (loss) from discontinued operations(16)10,46116,1801Net income5,13514,78734,9792	ncome from continuing operations	5,151		4,326		18,799		14,555	
and minority interests       (18)       250       1,395         Gain on sale of assets       18,016       18,049       1         Minority interests attributable to discontinued operations       2       (7,805)       (3,264)       (0)         Income (loss) from discontinued operations       (16)       10,461       16,180       1         Net income       5,135       14,787       34,979       2									
Gain on sale of assets       18,016       18,049       1         Minority interests attributable to discontinued operations       2       (7,805)       (3,264)       (10,10,10,10,10,10,10,10,10,10,10,10,10,1		(18)		250		1,395		138	
Income (loss) from discontinued operations         (16)         10,461         16,180         1           Net income         5,135         14,787         34,979         2	Jain on sale of assets			18,016		18,049		18,016	
Net income 5,135 14,787 34,979 2	Anority interests attributable to discontinued operations	2		(7,805)		(3,264)		(7,740)	
Net income 5,135 14,787 34,979 2	ncome (loss) from discontinued operations	(16)		10,461		16,180		10,414	
		5,135				34,979		24,969	
	referred stock dividends					(13,971)		(10,335)	
Net income (loss) available to common stockholders\$ (224)\$ 11,342\$ 21,008\$ 1	Jet income (loss) available to common stockholders	\$ (224)	\$	11,342	\$	21,008	\$	14,634	
Income (loss) per share from continuing operations available to common stockholders:									
Basic \$ 0.02 \$ 0.08 \$		\$	\$	0.02	\$	0.08	\$	0.13	
Diluted         \$         0.02         \$         0.08         \$								0.13	

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Income per share from discontinued operations:							
Basic	\$	\$	0.29	\$	0.27	\$	0.32
Diluted	\$	\$	0.28	\$	0.26	\$	0.30
Net income (loss) per share available to common stockholders:							
Basic	\$	\$	0.31	\$	0.35	\$	0.45
Diluted	\$	\$	0.30	\$	0.34	\$	0.43
Weighted average common shares outstanding:							
Basic	60,717,153	36,	114,253	59.	,324,104	32,	,361,456
Diluted	60,717,153	37,446,893 61,365,281		,365,281	33,	,684,081	
See accompanying notes to the condensed consolidated financial statements.							

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#### DIGITAL REALTY TRUST, INC.

#### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

#### (unaudited in thousands)

		onths ended nber 30,	Nine months ended September 30,		
	2007	2006	2007	2006	
Net income	\$ 5,135	\$ 14,787	\$ 34,979	\$ 24,969	
Other comprehensive income:					
Foreign currency translation adjustments	4,017	121	5,310	3,397	
Minority					