

Digital Realty Trust, Inc.
Form 8-K/A
September 22, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 28, 2006

DIGITAL REALTY TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

001-32336
(Commission File Number)

26-0081711
(I.R.S. Employer

Identification Number)

560 Mission Street, Suite 2900

San Francisco, California
(Address of principal executive offices)

(415) 738-6500

94105
(Zip Code)

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

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“ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

This Form 8-K/A amends our Form 8-K, dated July 28, 2006, to provide the financial information required in connection with the acquisition of 120 East Van Buren Avenue through Digital Realty Trust, L.P., our operating partnership subsidiary of which we are the general partner. The following financial statements are filed as part of this report:

Item 9.01 Financial Statements and Exhibits.

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Independent Auditors Report

The Board of Directors

Digital Realty Trust, Inc.:

We have audited the accompanying statement of revenue and certain expenses of 120 East Van Buren Avenue (the Property) for the year ended December 31, 2005. This statement is the responsibility of the Property's management. Our responsibility is to express an opinion on this 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 Property'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 financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying 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, as described in note 1 to the statement of revenue and certain expenses. It is not intended to be a complete presentation of the Property's revenue and expenses.

In our opinion, the statement of revenue and certain expenses referred to above presents fairly, in all material respects, the revenue and certain expenses, as described in note 1, of 120 East Van Buren Avenue for the year ended December 31, 2005 in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

San Francisco, California

September 20, 2006

120 East Van Buren Avenue

Statements of Revenue and Certain Expenses

| | Six months ended June 30, 2006 (unaudited) | Year ended December 31, 2005 |
|---------------------------------------|--|---------------------------------|
| Revenue: | | |
| Rental | \$ 5,839,762 | \$ 6,936,556 |
| Tenant reimbursements | 505,072 | 1,147,541 |
| | 6,344,834 | 8,084,097 |
| Certain expenses: | | |
| Utilities | 914,755 | 1,437,422 |
| Property operating costs | 620,446 | 993,212 |
| Employee costs | 722,222 | 745,339 |
| Property taxes | 105,106 | 196,681 |
| Insurance | 66,302 | 117,867 |
| Other | 78,810 | 169,979 |
| | 2,507,641 | 3,660,500 |
| Revenue in excess of certain expenses | \$ 3,837,193 | \$ 4,423,597 |

See accompanying notes to the statements of revenue and certain expenses.

120 EAST VAN BUREN AVENUE

Notes to Statements of Revenue and Certain Expenses

For the Year Ended December 31, 2005 and the Six Months ended June 30, 2006 (Unaudited)

(1) Basis of Presentation

The accompanying statements of revenue and certain expenses include the revenue and certain expenses of 120 East Van Buren Avenue (the Property), which is located in Phoenix, Arizona. For all periods presented in the accompanying statements of revenue and certain expenses, the Property was owned by Sterling Network Exchange, LLC (SNE). SNE, either directly or through Sterling Network Services, LLC (SNS), an entity with common ownership leases space in the Property to telecommunications companies and internet service providers. The accompanying statements of revenue and certain expenses include the accounts of both SNE and SNS, and all significant intercompany amounts have been eliminated.

Digital Realty Trust, Inc. acquired the Property on July, 25, 2006 for a purchase price of approximately \$175.0 million.

The accompanying statements of revenue and certain expenses has been prepared for the purpose of complying with the rules and regulations of the U.S. Securities and Exchange Commission and, accordingly, is not representative of the actual results of operations for the periods presented. The statements of revenue and certain expenses excludes the following expenses which may not be comparable to the proposed future operations of the Property:

Depreciation and amortization

Income taxes

Interest expense

Other costs not directly related to the proposed future operations of the Property.

Management is not aware of any material factors relating to the Property 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 decreased base contractual rental revenue by \$31,628 (unaudited) and increased contractual base rental revenue by \$395,504 for the six months ended June 30, 2006 and for the year ended December 31, 2005, respectively. Additionally, the rental agreements with some of the Property's tenants require fees to be paid by the lessee at inception of the rental period. The agreements refer to these amounts as installation fees related to such things as initial set-up of cages and cabinets for computer equipment and power connection. Although paid up front, these fees are considered to be additional rental revenue earned over the rental period and, accordingly, these fees are recognized as rental revenue on a straight line basis over the life of the rental agreement. Revenues related to installation fees in the accompanying statements of revenue and certain expenses were \$207,583 (unaudited) and \$235,928 for the six months ended June 30, 2006 and for the year ended December 31, 2005, respectively.

(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 statement of revenue and certain expenses in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

(c) Unaudited Interim Information

The statement of revenue and certain expenses for the six months ended June 30, 2006 is unaudited. In the opinion of management, such statement reflects all adjustments necessary for a fair presentation of the results of this interim 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, 2005 are as follows:

| | |
|-------------------------|---------------|
| Year ended December 31: | |
| 2006 | \$ 6,180,933 |
| 2007 | 5,466,050 |
| 2008 | 2,787,000 |
| 2009 | 1,735,872 |
| 2010 | 1,561,277 |
| Thereafter | 2,427,246 |
| | \$ 20,158,378 |

(4) Tenant Concentrations

Toyota Motor Credit Corporation and SunGard Availability Services accounted for \$2,154,240 and \$1,343,966 , respectively, of the Property s revenues for the year ended December 31, 2005. No other tenant comprised more than 10% of the Property s revenues in the year ended December 31, 2005.

DIGITAL REALTY TRUST, INC.**Pro Forma Condensed Consolidated Financial Statements****(Unaudited)**

The unaudited pro forma condensed consolidated balance sheet of Digital Realty Trust, Inc. and subsidiaries (collectively, we or the Company) as of June 30, 2006 is presented as if the acquisition of 120 East Van Buren Avenue, which we acquired on July 25, 2006, had been acquired on June 30, 2006 along with the related financing. The unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2005 and for the six months ended June 30, 2006 are presented as if all properties acquired subsequent to January 1, 2005 with purchase prices in excess of \$50.0 million had been acquired on January 1, 2005 along with the related financing.

From January 1, 2005 through September 21, 2006, the Company has acquired 28 properties for an aggregate purchase price of approximately \$797.5 million including the following acquisitions with purchase prices in excess of \$50.0 million:

| Property | Acquisition Date | Purchase Price (in \$millions) |
|---|-------------------------|---|
| 120 East Van Buren Avenue | July 27, 2006 | \$ 175.0 |
| 14901 FAA Boulevard | June 30, 2006 | 51.4 |
| Savvis Portfolio, comprised of six properties | June 27, 2005 | 92.5 |
| 350 East Cermak Road | May 27, 2005 | 141.6 |
| 833 Chestnut Street | March 14, 2005 | 59.0 |
| | | \$ 519.5 |

Our unaudited pro forma condensed consolidated financial statements should be read in conjunction with our consolidated historical financial statements including the notes thereto. The unaudited pro forma condensed consolidated financial statements do not purport to represent the our financial position as of June 30, 2006, or the results of operations for the year ended December 31, 2005 or the six-months ended June 30, 2006 that would have actually occurred had the acquisitions and related financings indicated above been completed on June 30, 2006 for the purposes of the balance sheet or January 1, 2005 for the purposes of the statements of operations, or to project our financial position or results of operations as of any future date or for any future period.

DIGITAL REALTY TRUST, INC.

Pro Forma Condensed Consolidated Balance Sheet

June 30, 2006

(unaudited)

(in thousands)

| | Company historical (A) | Property acquired subsequent to June 30, 2006 (B) | Financing transactions (C) | Company Pro forma |
|--|------------------------------|--|----------------------------------|----------------------|
| Assets | | | | |
| Investments in real estate, net | \$ 1,319,211 | \$ 161,596 | \$ | \$ 1,480,807 |
| Cash and cash equivalents, including restricted cash | 36,066 | (175,000) | 175,000 | 36,066 |
| Accounts and other receivables | 17,403 | | | 17,403 |
| Deferred rent | 30,639 | | | 30,639 |
| Acquired above market leases, net | 44,376 | 86 | | 44,462 |
| Acquired in place lease value and deferred leasing costs, net | 209,940 | 15,154 | | 225,094 |
| Deferred financing costs, net | 7,706 | | 5,875 | 13,581 |
| Assets held for sale | 37,897 | | | 37,897 |
| Other assets | 10,619 | | | 10,619 |
| Total assets | \$ 1,713,857 | \$ 1,836 | \$ 180,875 | \$ 1,896,568 |
| Liabilities and Stockholders Equity | | | | |
| Notes payable under line of credit | \$ 211,554 | \$ | \$ 8,375 | \$ 219,929 |
| Exchangeable senior debentures | | | 172,500 | 172,500 |
| Mortgage loans | 608,947 | | | 608,947 |
| Accounts payable and other accrued liabilities | 43,326 | | | 43,326 |
| Acquired below market leases, net | 84,185 | 1,836 | | 86,021 |
| Liabilities related to assets held for sale | 28,081 | | | 28,081 |
| Security deposits and prepaid rents | 14,329 | | | 14,329 |
| Total liabilities | 990,422 | 1,836 | 180,875 | 1,173,133 |
| Minority interests in consolidated joint venture related to assets and liabilities held for sale | 191 | | | 191 |
| Minority interests in operating partnership | 240,808 | | | 240,808 |
| Stockholders Equity: | | | | |
| Preferred stock, series A | 99,297 | | | 99,297 |
| Preferred stock, series B | 60,502 | | | 60,502 |
| Common stock | 361 | | | 361 |
| Additional paid-in capital | 359,590 | | | 359,590 |
| Dividends in excess of earnings | (41,312) | | | (41,312) |
| Accumulated other comprehensive income, net | 3,998 | | | 3,998 |
| Total stockholders equity | 482,436 | | | 482,436 |
| | \$ 1,713,857 | \$ 1,836 | \$ 180,875 | \$ 1,896,568 |

See accompanying notes to pro forma condensed consolidated financial statements.

DIGITAL REALTY TRUST, INC.

Pro Forma Condensed Consolidated Statement of Operations

For the Six Months Ended June 30, 2006

(unaudited)

(in thousands, except share data)

| | Company historical (AA) | Property acquired after June 30, 2006 (BB) | Property acquired during the six months ended June 30, 2006 (CC) | Financing transactions (DD) | Other pro forma adjustments (EE) | Company pro forma |
|---|-------------------------------|--|--|-----------------------------------|---|-------------------------|
| Operating Revenues: | | | | | | |
| Rental | \$ 99,857 | \$ 6,023 | \$ 587 | \$ | \$ | \$ 106,467 |
| Tenant reimbursements | 24,175 | 505 | 233 | | | 24,913 |
| Other | 168 | | | | | 168 |
| Total operating revenues | 124,200 | 6,528 | 820 | | | 131,548 |
| Operating Expenses: | | | | | | |
| Rental property operating and maintenance | 25,328 | 2,258 | 69 | | | 27,655 |
| Property taxes | 13,935 | 105 | 185 | | | 14,225 |
| Insurance | 1,958 | 66 | | | | 2,024 |
| Depreciation and amortization | 37,024 | 5,549 | 798 | | | 43,371 |
| General and administrative | 8,920 | 79 | | | | 8,999 |
| Other | 331 | | | | | 331 |
| Total operating expenses | 87,496 | 8,057 | 1,052 | | | 96,605 |
| Operating income | 36,704 | (1,529) | (232) | | | 34,943 |
| Other Income (Expenses): | | | | | | |
| Interest and other income | 491 | | | | | 491 |
| Interest expense | (22,869) | | | (5,748) | | (28,617) |
| Loss from early extinguishment of debt | (482) | | | | | (482) |
| Income (loss) from continuing operations before minority interests | 13,844 | (1,529) | (232) | (5,748) | | 6,335 |
| Minority interests in continuing operations of operating partnership | (3,435) | | | | 3,672 | 237 |
| Income (loss) from continuing operations | 10,409 | (1,529) | (232) | (5,748) | 3,672 | 6,572 |
| Preferred stock dividends | (6,890) | | | | | (6,890) |
| Net income (loss) from continuing operations available to common stockholders | \$ 3,519 | \$ (1,529) | \$ (232) | \$ (5,748) | \$ 3,672 | \$ (318) |

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Income (loss) per share from
continuing operations available to
common stockholders:

| | | | | |
|---------|----|------|----|--------|
| Basic | \$ | 0.12 | \$ | (0.01) |
| Diluted | \$ | 0.12 | \$ | (0.01) |

Pro forma weighted average
common shares outstanding:

| | | |
|---------|------------|------------|
| Basic | 30,453,957 | 30,453,957 |
| Diluted | 30,944,327 | 30,453,957 |

See accompanying notes to pro forma condensed consolidated financial statements.

DIGITAL REALTY TRUST, INC.

Pro Forma Condensed Consolidated Statement of Operations

For the Year Ended December 31, 2005

(unaudited)

(in thousands, except share data)

| | Company historical (AA) | Properties acquired after December 31, 2005 (BB) | Properties acquired during the year ended December 31, 2005 (CC) | Financing transactions (DD) | Other pro forma adjustments | Company pro forma |
|---|-------------------------------|--|--|-----------------------------------|-----------------------------------|----------------------|
| Operating Revenues: | | | | | | |
| Rental | \$ 158,428 | \$ 8,479 | \$ 18,113 | \$ | \$ | \$ 185,020 |
| Tenant reimbursements | 37,174 | 1,613 | 4,354 | | | 43,141 |
| Other | 5,829 | | 62 | | | 5,891 |
| Total operating revenues | 201,431 | 10,092 | 22,529 | | | 234,052 |
| Operating Expenses: | | | | | | |
| Rental property operating and maintenance | 41,030 | 3,315 | 2,059 | | | 46,404 |
| Property taxes | 20,992 | 566 | 4,969 | | | 26,527 |
| Insurance | 2,728 | 118 | 657 | | | 3,503 |
| Depreciation and amortization | 59,616 | 12,696 | 5,788 | | | 78,100 |
| General and administrative | 12,615 | 170 | | | | 12,785 |
| Other | 1,635 | | | | | 1,635 |
| Total operating expenses | 138,616 | 16,865 | 13,473 | | | 168,954 |
| Operating income | 62,815 | (6,773) | 9,056 | | | 65,098 |
| Other Income (Expenses): | | | | | | |
| Interest and other income | 1,274 | | | | | 1,274 |
| Interest expense | (37,724) | | | (14,142) | | (51,866) |
| Loss from early extinguishment of debt | (1,021) | | | | | (1,021) |
| Income (loss) from continuing operations before minority interests | 25,344 | (6,773) | 9,056 | (14,142) | | 13,485 |
| Minority interests in continuing operations of operating partnership | (8,818) | | | | 8,944 (EE) | 126 |
| Income (loss) from continuing operations | 16,526 | (6,773) | 9,056 | (14,142) | 8,944 | 13,611 |
| Preferred stock dividends | (10,014) | | | | (3,765) (FF) | (13,779) |
| Net income (loss) from continuing operations available to common stockholders | \$ 6,512 | \$ (6,773) | \$ 9,056 | \$ (14,142) | \$ 5,179 | \$ (168) |

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Income (loss) per share from
continuing operations available
to common stockholders:

| | | |
|---------|---------|-----------|
| Basic | \$ 0.27 | \$ (0.01) |
| Diluted | \$ 0.27 | \$ (0.01) |

Weighted average common
shares outstanding:

| | | |
|---------|------------|------------|
| Basic | 23,986,288 | 23,986,288 |
| Diluted | 24,221,732 | 23,986,288 |

See accompanying notes to pro forma condensed consolidated financial statements.

DIGITAL REALTY TRUST, INC.

Notes to Pro Forma Condensed Consolidated Financial Statements (unaudited)

(Dollar amounts in thousands, except per share amounts)

1. Adjustments to the Pro Forma Condensed Consolidated Balance Sheet

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 or the Company) is engaged in the business of owning, acquiring, repositioning and managing technology-related real estate.

Our pro forma condensed consolidated balance sheet is presented as if our acquisition of a property on July 25, 2006 had occurred as of June 30, 2006 along with the related financing. Our financing consists of exchangeable senior debentures that we issued in August 2006 and additional borrowings under our existing line of credit. The adjustments to our pro forma condensed consolidated balance sheet as of June 30, 2006 are as follows:

(A) Company historical

Company historical reflects our historical condensed consolidated balance sheet as of June 30, 2006.

(B) Property acquired subsequent to June 30, 2006

Reflects our acquisition of 120 East Van Buren Avenue, a property located in Phoenix that we acquired on July 25, 2006. The pro forma adjustments, based on our preliminary estimates for allocation of the purchase price, are as follows (in thousands):

| | |
|-----------------------------------|------------|
| Assets acquired: | |
| Investments in real estate, net | \$ 161,596 |
| Acquired above market leases | 86 |
| Acquired in place lease value | 15,154 |
| Liabilities assumed: | |
| Acquired below market leases | (1,836) |
| | |
| Cash paid to acquire the property | \$ 175,000 |

(C) Financing transactions

Reflects proceeds and related financing costs related to additional borrowings incurred in connection with the acquisition of 120 East Van Buren Avenue as follows (in thousands):

| | Borrowings under our unsecured line of credit facility | Exchangeable senior debentures issued in August 2006 | Total |
|--------------|---|---|------------|
| Borrowings | \$ 8,375 | \$ 172,500 | \$ 180,875 |
| Loan costs | | (5,875) | (5,875) |
| | | | |
| Net proceeds | \$ 8,375 | \$ 166,625 | \$ 175,000 |

2. Adjustments to Pro Forma Condensed Consolidated Statements of Operations

Our pro forma condensed consolidated statements of operations for the six months ended June 30, 2006 and the year ended December 31, 2005 is presented as if the acquisitions of properties we acquired on July 25, 2006 and June 30, 2006 were acquired on January 1, 2005. Additionally, our pro forma condensed consolidated statement of operations for the year ended December 31, 2005 is presented as if the properties we acquired on June 27, 2005, May 27, 2005 and March 14, 2005 were acquired on January 1, 2005. Further, our pro forma condensed consolidated statements of operations are presented as if the related financing for each of these properties we acquired was entered into as of January 1, 2005. In addition to any mortgages secured by the acquired properties, such financing transactions include borrowings under our existing line of credit, our exchangeable senior debentures issued in August 2006, our common stock offering completed in July 2005, and our preferred stock offerings that were completed in February 2005, and July 2005. Finally, our ownership percentage in the Operating Partnership used to calculate pro forma minority interests reflects the impact of the above mentioned equity offerings along with the effects of the conversion of Operating Partnership units to shares of our common stock that occurred through June 30, 2006. The pro forma adjustments to our condensed consolidated statements of operations for the six months ended June 30, 2006, and the year ended December 31, 2005 are as follows:

(AA) Company Historical

Reflects our historical condensed consolidated statement of operations for the six months ended June 30, 2006, and the year ended December 31, 2005.

(BB) Properties Acquired After the Last Day of the Periods Presented

The pro forma condensed consolidated statement of operations for the six months ended June 30, 2006 reflects the acquisition 120 East Van Buren Avenue, which we acquired on July 25, 2006. The proforma adjustments are as follows (in thousands):

Six months ended June 30, 2006

| | Historical revenues and certain expenses | Adjustments resulting from purchasing the property | Pro forma adjustments |
|--|---|---|----------------------------------|
| Operating Revenues: | | | |
| Rental | \$ 5,840 | \$ 183 | \$ 6,023 |
| Tenant reimbursements | 505 | | 505 |
| Total operating revenues | 6,345 | 183 | 6,528 |
| Operating Expenses: | | | |
| Rental property operating and maintenance | 2,258 | | 2,258 |
| Property taxes | 105 | | 105 |
| Insurance | 66 | | 66 |
| Depreciation and amortization | | 5,549 | 5,549 |
| General and administrative | 79 | | 79 |
| Total operating expenses | 2,508 | 5,549 | 8,057 |
| Income (loss) from continuing operations before minority interests | \$ 3,837 | \$ (5,366) | \$ (1,529) |

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The pro forma condensed consolidated statement of operations for the year ended December 31, 2005 reflects the acquisition 120 East Van Buren Avenue, which we acquired on July 25, 2006 and 14901 FAA Boulevard which we acquired on June 30, 2006. The proforma adjustments are as follows (in thousands):

Year ended December 31, 2005

| | Combined historical revenues and certain expenses (1) | Adjustments resulting from purchasing the properties | Pro forma adjustments |
|--|--|--|--------------------------|
| Operating Revenues: | | | |
| Rental | \$ 8,050 | \$ 429 | \$ 8,479 |
| Tenant reimbursements | 1,613 | | 1,613 |
| Total operating revenues | 9,663 | 429 | 10,092 |
| Operating Expenses: | | | |
| Rental property operating and maintenance | 3,315 | | 3,315 |
| Property taxes | 566 | | 566 |
| Insurance | 118 | | 118 |
| Depreciation and amortization | | 12,696 | 12,696 |
| General and administrative | 170 | | 170 |
| Other | | | |
| Total operating expenses | 4,169 | 12,696 | 16,865 |
| Income (loss) from continuing operations before minority interests | \$ 5,494 | \$ (12,267) | \$ (6,773) |

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(1) The combined properties' historical revenues and expenses are as follows (in thousands):

Year ended December 31, 2005

| | 120 East Van Buren Avenue | 14901 FAA Boulevard | Combined historical revenues and certain expenses |
|---|--------------------------------------|--------------------------------|--|
| Date of acquisition: | July 25, 2006 | June 30, 2006 | |
| Operating Revenues: | | | |
| Rental | \$ 6,937 | \$ 1,113 | \$ 8,050 |
| Tenant reimbursements | 1,147 | 466 | 1,613 |
| Total operating revenues | 8,084 | 1,579 | 9,663 |
| Operating Expenses: | | | |
| Rental property operating and maintenance | 3,176 | 139 | 3,315 |
| Property taxes | 197 | 369 | 566 |
| Insurance | 118 | | 118 |
| General and administrative | 170 | | 170 |
| Total operating expenses | 3,661 | 508 | 4,169 |
| Income from continuing operations before minority interests | \$ 4,423 | \$ 1,071 | \$ 5,494 |

(CC) Properties Acquired During the Periods Presented

The pro forma condensed consolidated statement of operations for the six months ended June 30, 2006 reflects pro forma revenue and expenses for the period January 1, 2006 to June 30, 2006, the date of the acquisition of 14901 FAA Boulevard, which we acquired on June 30, 2006, as adjusted for purchase accounting.

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The pro forma condensed consolidated statement of operations for the year ended December 31, 2005 reflects pro forma revenue and expenses for the period January 1, 2005 to the date we acquired the properties based on historical revenues and expenses, as adjusted for purchase accounting as follows (in thousands):

Year ended December 31, 2005

| | Savvis Portfolio | 350 East Cermak Road | 833 Chestnut Street | Pro Forma Adjustments |
|---|-------------------------|-----------------------------|----------------------------|------------------------------|
| Date of acquisition: | June 27, 2005 | May 27, 2005 | March 14, 2005 | |
| Operating Revenues: | | | | |
| Rental | \$ 6,191 | \$ 9,537 | \$ 2,385 | \$ 18,113 |
| Tenant reimbursements | 1,021 | 2,933 | 400 | 4,354 |
| Other | | 52 | 10 | 62 |
| Total operating revenues | 7,212 | 12,522 | 2,795 | 22,529 |
| Operating Expenses: | | | | |
| Rental property operating and maintenance | 49 | 1,081 | 929 | 2,059 |
| Property taxes | 612 | 4,265 | 92 | 4,969 |
| Insurance | 409 | 198 | 50 | 657 |
| Depreciation and amortization | 1,585 | 3,476 | 727 | 5,788 |
| General and administrative | | | | |
| Other | | | | |
| Total operating expenses | 2,655 | 9,020 | 1,798 | 13,473 |
| Operating income | 4,557 | 3,502 | 997 | 9,056 |
| Other Income (Expenses): | | | | |
| Interest and other income | | | | |
| Interest expense | | | | |
| Loss from early extinguishment of debt | | | | |
| Income from continuing operations before minority interests | \$ 4,557 | \$ 3,502 | \$ 997 | \$ 9,056 |

(DD) Financing transactions

Reflects the proforma increase in interest expense as a result of the following (in thousands):

| Financing | Principal balance used in pro forma adjustment | Interest rate | Pro forma interest expense adjustment | |
|--|--|---------------------------|---|------------------------------------|
| | | | Six months ended June 30, 2006 | Year ended December 31, 2005 |
| Additional borrowings under our unsecured line of credit | \$ 59,788(1) | 1-month LIBOR + 1.50% (2) | \$ 2,043 | \$ 4,086 |
| Exchangeable senior debentures | 172,500(3) | 4.125% | 3,558 | 7,116 |
| 350 East Cermak Road mortgage | 100,000(4) | 1-month LIBOR + 2.20% (5) | | 2,509 |
| Amortization of loan costs (6) | | | 147 | 431 |
| | | | \$ 5,748 | \$ 14,142 |

(1) Reflects borrowings under our line of credit as follows:

| | Principal balance used in pro forma adjustment | Pro forma interest expense adjustment | |
|---|--|--|------------------------------------|
| | | Six months ended June 30, 2006 | Year ended December 31, 2005 |
| Purchased 14901 FAA Boulevard on June 30, 2006 | \$ 51,413 | 1,757 | 3,514 |
| Purchased 120 East Van Buren Avenue on July 25, 2006 for \$175.0 million, of which \$166.6 million was financed from the proceeds of our exchangeable senior debentures in August 2006 and the remainder was financed with borrowings under our line of credit. | 8,375 | 286 | 572 |
| | \$ 59,788 | \$ 2,043 | \$ 4,086 |

(2) The August 31, 2006 1-month LIBOR rate of 5.33% was used to calculate pro forma interest expense adjustment.

(3) Primarily reflects financing for our purchase of 120 East Van Buren Avenue as discussed in (1) above.

(4) We purchased 350 East Cermak Road on May 27, 2005 for \$141.6 million of which \$99.2 million was financed from the net proceeds a \$100 million non-recourse loan with the remainder financed by the proceeds from the concurrent common stock and Series B Preferred Stock offering (see pro forma adjustment FF) in July 2005.

(5) The pro forma interest expense adjustment reflects the period from January 1, 2005 to May 27, 2005 when we acquired the property. The loan has an actual interest rate of 1-month LIBOR+2.20%; however we have entered into an interest rate swap agreement which fixes the interest rate at 6.23%. We calculated the proforma interest expense using the rate at 6.23%.

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(6) Represents increased amortization of loan costs assuming the loans occurred on January 1, 2005 as follows:

| | Six months ended | Year ended December 31, |
|--|-----------------------------|------------------------------------|
| | June 30, 2006 | 2005 |
| Exchangeable senior debentures | \$ 147 | \$ 294 |
| 350 East Cermak Road (to May 27, 2005) | | 137 |
| | \$ 147 | \$ 431 |

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There is no pro forma interest expense adjustment related to our purchase of 833 Chestnut Street on March 14, 2005 since we financed this acquisition using proceeds from our Series A Preferred Stock offering which was completed in February 2005. Similarly, there is no proforma adjustment related to our acquisition of the Savvis Portfolio that we purchased on June 27, 2005, since we financed this acquisition with proceeds from our concurrent common stock and preferred stock offerings in July 2005.

(EE) Minority interest in Operating Partnership

Minority interests in the Operating Partnership relate to the Operating Partnership interests that are not owned by us. The following table shows the ownership interests in the Operating Partnership as of June 30, 2006 and December 31, 2005.

| | June 30, 2006 | | December 31, 2005 | |
|---------------------------------------|--|---------------------|--|---------------------|
| | Common units and long term incentive units | Percentage of total | Common units and long term incentive units | Percentage of total |
| The Company | 36,104,961 | 57.3% | 27,363,408 | 46.4% |
| Minority interest consisting of: | | | | |
| GI Partners | 19,669,175 | 31.2 | 23,699,359 | 40.2 |
| Third Parties | 5,655,846 | 8.9 | 6,331,511 | 10.7 |
| Employees (long term incentive units) | 1,622,671 | 2.6 | 1,622,671 | 2.7 |
| | 63,052,653 | 100.0% | 59,016,949 | 100.0% |

An allocation of the proforma adjustments is as follows (in thousands):

| | Six months ended June 30, 2006 | Year ended December 31, 2005 |
|--|-----------------------------------|------------------------------------|
| Pro forma income from continuing operations before minority interests | \$ 6,335 | \$ 13,485 |
| Less pro forma preferred dividends -see pro forma adjustment (FF) | (6,890) | (13,779) |
| | (555) | (294) |
| Minority interest allocation | 42.70% | 42.70% |
| Pro forma minority interest in continuing operations | 237 | 126 |
| Company historical minority interest in continuing operations of Operating Partnership | (3,435) | (8,818) |
| Pro forma adjustment | \$ 3,672 | \$ 8,944 |

(FF) Preferred dividends

The pro forma condensed consolidated statement of operations for the year ended December 31, 2005 reflects the preferred dividends as if all preferred stock that was outstanding during the six months ended June 30, 2006 was also outstanding during the year ended December 31, 2005, as follows (in thousands):

| | Year ended December 31, 2005 |
|--|---|
| Reflects dividends for preferred stock: | |
| Series A | \$ 8,798 |
| Series B | 4,981 |
| | 13,779 |
| Less: Historical preferred stock dividends | (10,014) |
| Pro forma adjustment | \$ 3,765 |

SIGNATURES

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

Digital Realty Trust, Inc.

By: /s/ William A. Stein
Chief Financial Officer, Chief Investment Officer
and Secretary

Date: September 22, 2006

Exhibits

| Exhibit No. | Description |
|--------------------|--|
| 23.1 | Consent of KPMG LLP, Independent Auditors. |