Digital Realty Trust, Inc.
Form 10-Q
May 06, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2016

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

Commission file number 001-32336 (Digital Realty Trust, Inc.)
000-54023 (Digital Realty Trust, L.P.)

DIGITAL REALTY TRUST, INC.
DIGITAL REALTY TRUST, L.P.
(Exact name of registrant as specified in its charter)

Maryland (Digital Realty Trust, Inc.)	26-0081711
Maryland (Digital Realty Trust, L.P.)	20-2402955
(State or other jurisdiction of incorporation or organization)	(IRS employer identification number)
Four Embarcadero Center, Suite 3200 San Francisco, CA	94111
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Digital Realty Trust, Inc. Yes x No ¨
Digital Realty Trust, L.P. Yes x No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Digital Realty Trust, Inc. Yes x No ¨
Digital Realty Trust, L.P. Yes x No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

company” in Rule 12b-2 of the Exchange Act.

Digital Realty Trust, Inc.:

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

Digital Realty Trust, L.P.:

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

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

Digital Realty Trust, Inc. Yes ¨ No x

Digital Realty Trust, L.P. Yes ¨ No x

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

Digital Realty Trust, Inc.:

Class	Outstanding at May 3, 2016
Common Stock, $.01 par value per share	146,823,802

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended March 31, 2016 of Digital Realty Trust, Inc., a Maryland corporation, and Digital Realty Trust, L.P., a Maryland limited partnership, of which Digital Realty Trust, Inc. is the sole general partner. Unless otherwise indicated or unless the context requires otherwise, all references in this report to “we,” “us,” “our,” “our company” or “the company” refer to Digital Realty Trust, Inc. together with its consolidated subsidiaries, including Digital Realty Trust, L.P. Unless otherwise indicated or unless the context requires otherwise, all references to “our operating partnership” or “the operating partnership” refer to Digital Realty Trust, L.P. together with its consolidated subsidiaries.

Digital Realty Trust, Inc. is a real estate investment trust, or REIT, and the sole general partner of Digital Realty Trust, L.P. As of March 31, 2016, Digital Realty Trust, Inc. owned an approximate 98.3% common general partnership interest in Digital Realty Trust, L.P. The remaining approximate 1.7% common limited partnership interests are owned by non-affiliated investors and certain directors and officers of Digital Realty Trust, Inc. As of March 31, 2016, Digital Realty Trust, Inc. owned all of the preferred limited partnership interests of Digital Realty Trust, L.P. As the sole general partner of Digital Realty Trust, L.P., Digital Realty Trust, Inc. has the full, exclusive and complete responsibility for the operating partnership’s day-to-day management and control.

We believe combining the quarterly reports on Form 10-Q of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. into this single report results in the following benefits:

- enhancing investors’ understanding of our company and our operating partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminating duplicative disclosure and providing a more streamlined and readable presentation since a substantial portion of the disclosure applies to both our company and our operating partnership; and
- creating time and cost efficiencies through the preparation of one combined report instead of two separate reports.

There are a few differences between our company and our operating partnership, which are reflected in the disclosure in this report. We believe it is important to understand the differences between our company and our operating partnership in the context of how we operate as an interrelated consolidated company. Digital Realty Trust, Inc. is a REIT, whose only material asset is its ownership of partnership interests of Digital Realty Trust, L.P. As a result, Digital Realty Trust, Inc. generally does not conduct business itself, other than acting as the sole general partner of Digital Realty Trust, L.P., issuing public securities from time to time and guaranteeing certain unsecured debt of Digital Realty Trust, L.P. and certain of its subsidiaries and affiliates. Digital Realty Trust, Inc. itself has not issued any indebtedness but guarantees the unsecured debt of Digital Realty Trust, L.P. and certain of its subsidiaries, as disclosed in this report. Digital Realty Trust, L.P. holds substantially all the assets of the company and holds the ownership interests in the company’s joint ventures. Digital Realty Trust, L.P. conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for net proceeds from public equity issuances by Digital Realty Trust, Inc., which are generally contributed to Digital Realty Trust, L.P. in exchange for partnership units, Digital Realty Trust, L.P. generally generates the capital required by the company’s business primarily through Digital Realty Trust, L.P.’s operations, by Digital Realty Trust, L.P.’s or its affiliates’ direct or indirect incurrence of indebtedness or through the issuance of partnership units.

The presentation of noncontrolling interests in operating partnership, stockholders’ equity and partners’ capital are the main areas of difference between the condensed consolidated financial statements of Digital Realty Trust, Inc. and those of Digital Realty Trust, L.P. The common limited partnership interests held by the limited partners in Digital Realty Trust, L.P. are presented as limited partners’ capital within partners’ capital in Digital Realty Trust, L.P.’s condensed consolidated financial statements and as noncontrolling interests in operating partnership within equity in Digital Realty Trust, Inc.’s condensed consolidated financial statements. The common and preferred partnership interests held by Digital Realty Trust, Inc. in Digital Realty Trust, L.P. are presented as general partner’s capital within partners' capital in Digital Realty Trust, L.P.'s condensed consolidated financial statements and as preferred stock, common stock, additional paid-in capital and accumulated dividends in excess of earnings within stockholders' equity in Digital Realty Trust, Inc.'s condensed consolidated financial statements. The differences in the presentations between stockholders' equity and partners' capital result from the differences in the equity issued at the Digital Realty Trust, Inc. and the Digital Realty Trust, L.P. levels.

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To help investors understand the significant differences between the company and the operating partnership, this report presents the following separate sections for each of the company and the operating partnership:

- Condensed consolidated financial statements;
- the following notes to the condensed consolidated financial statements:
- "Debt of the Company" and "Debt of the Operating Partnership";
- "Income per Share" and "Income per Unit"; and
- "Equity and Accumulated Other Comprehensive Income, Net" and "Capital and Accumulated Other Comprehensive Income";
- Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources"; and
- Part II, Item 2. "Unregistered Sales of Equity Securities and Use of Proceeds".

This report also includes separate Item 4. "Controls and Procedures" sections and separate Exhibit 31 and 32 certifications for each of the company and the operating partnership in order to establish that the Chief Executive Officer and the Chief Financial Officer of each entity during the period covered by this report have made the requisite certifications and that the company and the operating partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934 and 18 U.S.C. §1350.

In order to highlight the differences between the company and the operating partnership, the separate sections in this report for the company and the operating partnership specifically refer to the company and the operating partnership. In the sections that combine disclosure of the company and the operating partnership, this report refers to actions or holdings as being actions or holdings of the company. Although the operating partnership is generally the entity that enters into contracts and joint ventures and holds assets and debt, reference to the company is appropriate because the business is one enterprise and the company generally operates the business through the operating partnership.

As general partner with control of the operating partnership, Digital Realty Trust, Inc. consolidates the operating partnership for financial reporting purposes, and it does not have significant assets other than its investment in the operating partnership. Therefore, the assets and liabilities of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. are generally the same on their respective condensed consolidated financial statements. The separate discussions of Digital Realty Trust, Inc. and Digital Realty Trust, L.P. in this report should be read in conjunction with each other to understand the results of the company on a consolidated basis and how management operates the company.

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DIGITAL REALTY TRUST, INC. AND DIGITAL REALTY TRUST, L.P.
FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2016
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DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	March 31, 2016 (unaudited)	December 31, 2015
ASSETS		
Investments in real estate:		
Properties:		
Land	$694,115	$689,573
Acquired ground leases	12,650	12,639
Buildings and improvements	9,855,940	9,676,427
Tenant improvements	540,207	536,734
Total investments in properties	11,102,912	10,915,373
Accumulated depreciation and amortization	(2,380,400)	(2,251,268)
Net investments in properties	8,722,512	8,664,105
Investment in unconsolidated joint ventures	106,008	106,107
Net investments in real estate	8,828,520	8,770,212
Cash and cash equivalents	31,134	57,053
Accounts and other receivables, net of allowance for doubtful accounts of $3,913 and $5,844 as of March 31, 2016 and December 31, 2015, respectively	180,456	177,398
Deferred rent	412,579	403,327
Acquired above-market leases, net	30,107	32,698
Goodwill	330,664	330,664
Acquired in-place lease value, deferred leasing costs and intangibles, net	1,368,340	1,391,659
Restricted cash	19,599	18,009
Assets held for sale	145,087	180,139
Other assets	75,489	54,904
Total assets	$11,421,975	$11,416,063
LIABILITIES AND EQUITY		
Global revolving credit facility	$677,869	$960,271
Unsecured term loan	1,566,185	923,267
Unsecured senior notes, net of discount	3,662,753	3,712,569
Mortgage loans, including premiums	249,923	302,930
Accounts payable and other accrued liabilities	570,652	608,343
Accrued dividends and distributions	—	126,925
Acquired below-market leases, net	96,475	101,114
Security deposits and prepaid rents	147,934	138,347
Obligations associated with assets held for sale	4,974	5,795
Total liabilities	6,976,765	6,879,561
Commitments and contingencies		
Equity:		
Stockholders' Equity:		
Preferred Stock: $0.01 par value per share, 70,000,000 shares authorized:		
Series E Cumulative Redeemable Preferred Stock, 7.000%, $287,500 and $287,500 liquidation preference, respectively ($25.00 per share), 11,500,000 and 11,500,000 shares	277,172	277,172

issued and outstanding as of March 31, 2016 and December 31, 2015, respectively		
Series F Cumulative Redeemable Preferred Stock, 6.625%, $182,500 and $182,500 liquidation preference, respectively ($25.00 per share), 7,300,000 and 7,300,000 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	176,191	176,191
Series G Cumulative Redeemable Preferred Stock, 5.875%, $250,000 and $250,000 liquidation preference, respectively ($25.00 per share), 10,000,000 and 10,000,000 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	241,468	241,468
Series H Cumulative Redeemable Preferred Stock, 7.375%, $365,000 and $365,000 liquidation preference, respectively ($25.00 per share), 14,600,000 and 14,600,000 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	353,290	353,290
Series I Cumulative Redeemable Preferred Stock, 6.350%, $250,000 and $250,000 liquidation preference, respectively ($25.00 per share), 10,000,000 and 10,000,000 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	242,014	242,014
Common Stock: $0.01 par value, 215,000,000 shares authorized, 146,797,648 and 146,384,247 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	1,459	1,456
Additional paid-in capital	4,659,484	4,655,220
Accumulated dividends in excess of earnings	(1,440,028)	(1,350,089)
Accumulated other comprehensive loss, net	(104,252)	(96,590)
Total stockholders’ equity	4,406,798	4,500,132
Noncontrolling Interests:		
Noncontrolling interests in operating partnership	31,648	29,612
Noncontrolling interests in consolidated joint ventures	6,764	6,758
Total noncontrolling interests	38,412	36,370
Total equity	4,445,210	4,536,502
Total liabilities and equity	$11,421,975	$11,416,063

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2016	2015
Operating Revenues:		
Rental	$371,128	$ 317,804
Tenant reimbursements	84,218	85,829
Interconnection and other	46,963	1,362
Fee income	1,799	1,614
Other	91	—
Total operating revenues	504,199	406,609
Operating Expenses:		
Rental property operating and maintenance	154,169	124,563
Property taxes	27,331	23,263
Insurance	2,412	2,155
Change in fair value of contingent consideration	—	(43,034)
Depreciation and amortization	169,016	129,073
General and administrative	31,256	21,194
Transactions	1,900	93
Other	(1)	(16)
Total operating expenses	386,083	257,291
Operating income	118,116	149,318
Other Income (Expenses):		
Equity in earnings of unconsolidated joint ventures	4,078	4,618
Gain on sale of properties	1,097	17,820
Interest and other (expense) income	(624)	(2,290)
Interest expense	(57,261)	(45,466)
Tax expense	(2,109)	(1,675)
Loss from early extinguishment of debt	(964)	—
Net income	62,333	122,325
Net income attributable to noncontrolling interests	(784)	(2,142)
Net income attributable to Digital Realty Trust, Inc.	61,549	120,183
Preferred stock dividends	(22,424)	(18,455)
Net income available to common stockholders	$39,125	$ 101,728
Net income per share available to common stockholders:		
Basic	$0.27	$ 0.75
Diluted	$0.27	$ 0.75
Weighted average common shares outstanding:		
Basic	146,565,564	135,704,525
Diluted	147,433,194	136,128,800

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2016	2015
Net income	$62,333	$122,325
Other comprehensive income:		
Foreign currency translation adjustments	(1,441)	(45,843)
Decrease in fair value of interest rate swaps	(7,409)	(2,417)
Reclassification to interest expense from interest rate swaps	1,058	818
Comprehensive income	54,541	74,883
Comprehensive income attributable to noncontrolling interests	(654)	(1,216)
Comprehensive income attributable to Digital Realty Trust, Inc.	$53,887	$73,667

See accompanying notes to the condensed consolidated financial statements.

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DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF EQUITY
(unaudited, in thousands, except share data)

	Preferred Stock	Number of Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Dividends in Excess of Earnings	Accumulated Other Comprehensive Loss, Net	Total Stockholders' Equity	Noncontrolling Interests in Operating Partnership	Nonc Inter in Cons Joint Vent
Balance as of December 31, 2015	$1,290,135	146,384,247	$1,456	$4,655,220	$(1,350,089)	$(96,590)	$4,500,132	$29,612	$6,7
Conversion of units to common stock	—	252,521	3	2,927	—	—	2,930	(2,930)	—
Issuance of unvested restricted stock, net of forfeitures	—	122,209	—	—	—	—	—	—	—
Common stock offering costs, net	—	—	—	137	—	—	137	—	—
Exercise of stock options	—	28,345	—	1,147	—	—	1,147	—	—
Shares issued under employee stock purchase plan	—	10,326	—	658	—	—	658	—	—
Amortization of share-based compensation	—	—	—	6,314	—	—	6,314	—	—
Reclassification of vested share-based awards	—	—	—	(6,919)	—	—	(6,919)	6,919	—
Dividends declared on preferred stock	—	—	—	—	(22,424)	—	(22,424)	—	—
Dividends and distributions on common stock and common and incentive units	—	—	—	—	(129,064)	—	(129,064)	(2,486)	—
Distributions to noncontrolling interests in consolidated joint ventures, net of contributions	—	—	—	—	—	—	—	—	(115
Net income	—	—	—	—	61,549	—	61,549	663	121
Other comprehensive income—foreign currency translation adjustments	—	—	—	—	—	(1,417)	(1,417)	(24)	—
	—	—	—	—	—	(7,285)	(7,285)	(124)	—

Other comprehensive loss—fair value of interest rate swaps									
Other comprehensive income—reclassification of accumulated other comprehensive loss to interest expense	—	—	—	—	—	1,040	1,040	18	—
Balance as of March 31, 2016	$1,290,135	146,797,648	$1,459	$4,659,484	$(1,440,028)	$(104,252)	$4,406,798	$31,648	$6,7

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2016	2015
Cash flows from operating activities:		
Net income	$62,333	$122,325
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of properties	(1,097)	(17,820)
Equity in earnings of unconsolidated joint ventures	(4,078)	(4,618)
Change in fair value of accrued contingent consideration	—	(43,034)
Distributions from unconsolidated joint ventures	4,115	3,436
Write-off of net assets due to early lease terminations	(1)	(30)
Depreciation and amortization of buildings and improvements, tenant improvements and acquired ground leases	127,175	111,696
Amortization of share-based compensation	4,304	2,965
(Recovery of) allowance for doubtful accounts	(1,931)	137
Amortization of deferred financing costs	2,260	2,216
Loss on early extinguishment of debt	964	—
Amortization of debt discount/premium	611	484
Amortization of acquired in-place lease value and deferred leasing costs	41,841	17,379
Amortization of acquired above-market leases and acquired below-market leases, net	(2,266)	(2,324)
Changes in assets and liabilities:		
Restricted cash	(1,249)	(399)
Accounts and other receivables	3,221	18,731
Deferred rent	(7,456)	(13,369)
Deferred leasing costs	(4,147)	(4,494)
Other assets	(15,424)	(14,849)
Accounts payable and other accrued liabilities	(39,321)	(42,482)
Security deposits and prepaid rents	9,507	2,972
Net cash provided by operating activities	179,361	138,922
Cash flows from investing activities:		
Acquisitions of real estate	(1,329)	—
Proceeds from sale of properties, net	35,769	43,274
Investment in unconsolidated joint ventures	(11)	(7,547)
Receipt of value added tax refund	951	14,115
Refundable value added tax paid	(4,319)	(12,403)
Change in restricted cash	(42)	(75)
Improvements to investments in real estate	(183,890)	(183,817)
Improvement advances to tenants	(9,617)	(8,040)
Collection of advances from tenants for improvements	8,318	5,423
Net cash used in investing activities	(154,170)	(149,070)

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2016	2015
Cash flows from financing activities:		
Borrowings on revolving credit facility	$692,593	$540,142
Repayments on revolving credit facility	(975,287)	(213,468)
Borrowings on unsecured term loan	766,201	—
Repayments on unsecured term loan	(150,873)	—
Repayments on unsecured notes	(25,000)	(67,000)
Principal payments on mortgage loans	(53,041)	(2,255)
Earnout payments related to acquisition	(12,129)	—
Change in restricted cash	(295)	51
Payment of loan fees and costs	(14,207)	(68)
Capital distributions paid to noncontrolling interests in consolidated joint ventures, net	(115)	(99)
Common and preferred stock offering costs paid, net	137	(148)
Proceeds from equity plans	1,805	334
Payment of dividends to preferred stockholders	(22,424)	(18,455)
Payment of dividends to common stockholders and distributions to noncontrolling interests in operating partnership	(258,475)	(232,878)
Net cash (used in) provided by financing activities	(51,110)	6,156
Net decrease in cash and cash equivalents	(25,919)	(3,992)
Cash and cash equivalents at beginning of period	57,053	41,321
Cash and cash equivalents at end of period	$31,134	$37,329

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2016	2015
Supplemental disclosure of cash flow information:		
Cash paid for interest	$61,678	$63,289
Cash paid for income taxes	1,541	1,185
Supplementary disclosure of noncash investing and financing activities:		
Change in net assets related to foreign currency translation adjustments	$(1,441)	$(45,843)
Decrease in accounts payable and other accrued liabilities related to change in fair value of interest rate swaps	(7,409)	(2,417)
Noncontrolling interests in operating partnership redeemed for or converted to shares of common stock	2,930	857
Accrual for additions to investments in real estate and tenant improvement advances included in accounts payable and accrued expenses	108,251	173,246
Allocation of purchase price of real estate/investment in partnership to:		
Investments in real estate	$1,329	$—
Cash paid for acquisition of real estate	$1,329	$—

See accompanying notes to the condensed consolidated financial statements.

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

	March 31, 2016 (unaudited)	December 31, 2015
ASSETS		
Investments in real estate:		
Properties:		
Land	$694,115	$689,573
Acquired ground leases	12,650	12,639
Buildings and improvements	9,855,940	9,676,427
Tenant improvements	540,207	536,734
Total investments in properties	11,102,912	10,915,373
Accumulated depreciation and amortization	(2,380,400)	(2,251,268)
Net investments in properties	8,722,512	8,664,105
Investment in unconsolidated joint ventures	106,008	106,107
Net investments in real estate	8,828,520	8,770,212
Cash and cash equivalents	31,134	57,053
Accounts and other receivables, net of allowance for doubtful accounts of $3,913 and $5,844 as of March 31, 2016 and December 31, 2015, respectively	180,456	177,398
Deferred rent	412,579	403,327
Acquired above-market leases, net	30,107	32,698
Goodwill	330,664	330,664
Acquired in-place lease value, deferred leasing costs and intangibles, net	1,368,340	1,391,659
Restricted cash	19,599	18,009
Assets held for sale	145,087	180,139
Other assets	75,489	54,904
Total assets	$11,421,975	$11,416,063
LIABILITIES AND CAPITAL		
Global revolving credit facility	$677,869	$960,271
Unsecured term loan	1,566,185	923,267
Unsecured senior notes, net of discount	3,662,753	3,712,569
Mortgage loans, including premiums	249,923	302,930
Accounts payable and other accrued liabilities	572,017	609,708
Accrued dividends and distributions	—	126,925
Acquired below-market leases, net	96,475	101,114
Security deposits and prepaid rents	147,934	138,347
Obligations associated with assets held for sale	4,974	5,795
Total liabilities	6,978,130	6,880,926
Commitments and contingencies		
Capital:		
Partners’ capital:		
General Partner:		
Series E Cumulative Redeemable Preferred Units, 7.000%, $287,500 and $287,500 liquidation preference, respectively ($25.00 per unit), 11,500,000 and 11,500,000 units issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	277,172	277,172

Series F Cumulative Redeemable Preferred Units, 6.625%, $182,500 and $182,500 liquidation preference, respectively ($25.00 per unit), 7,300,000 and 7,300,000 units issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	176,191	176,191
Series G Cumulative Redeemable Preferred Units, 5.875%, $250,000 and $250,000 liquidation preference, respectively ($25.00 per unit), 10,000,000 and 10,000,000 units issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	241,468	241,468
Series H Cumulative Redeemable Preferred Units, 7.375%, $365,000 and $365,000 liquidation preference, respectively ($25.00 per unit), 14,600,000 and 14,600,000 units issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	353,290	353,290
Series I Cumulative Redeemable Preferred Units, 6.350%, $250,000 and $250,000 liquidation preference, respectively ($25.00 per unit), 10,000,000 and 10,000,000 units issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	242,014	242,014
Common units:		
146,797,648 and 146,384,247 units issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	3,219,550	3,305,222
Limited partners, 1,221,314 and 1,421,314 common units, 995,999 and 1,170,610 profits interest units and 379,237 and 379,237 class C units outstanding as of March 31, 2016 and December 31, 2015, respectively	36,152	33,986
Accumulated other comprehensive loss	(108,756)	(100,964)
Total partners’ capital	4,437,081	4,528,379
Noncontrolling interests in consolidated joint ventures	6,764	6,758
Total capital	4,443,845	4,535,137
Total liabilities and capital	$11,421,975	$11,416,063

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2016	2015
Operating Revenues:		
Rental	$371,128	$ 317,804
Tenant reimbursements	84,218	85,829
Interconnection and other	46,963	1,362
Fee income	1,799	1,614
Other	91	—
Total operating revenues	504,199	406,609
Operating Expenses:		
Rental property operating and maintenance	154,169	124,563
Property taxes	27,331	23,263
Insurance	2,412	2,155
Change in fair value of contingent consideration	—	(43,034)
Depreciation and amortization	169,016	129,073
General and administrative	31,256	21,194
Transactions	1,900	93
Other	(1)	(16)
Total operating expenses	386,083	257,291
Operating income	118,116	149,318
Other Income (Expenses):		
Equity in earnings of unconsolidated joint ventures	4,078	4,618
Gain on sale of properties	1,097	17,820
Interest and other (expense) income	(624)	(2,290)
Interest expense	(57,261)	(45,466)
Tax expense	(2,109)	(1,675)
Loss from early extinguishment of debt	(964)	—
Net income	62,333	122,325
Net income attributable to noncontrolling interests in consolidated joint ventures	(121)	(116)
Net income attributable to Digital Realty Trust, L.P.	62,212	122,209
Preferred units distributions	(22,424)	(18,455)
Net income available to common unitholders	$39,788	$ 103,754
Net income per unit available to common unitholders:		
Basic	$0.27	$ 0.75
Diluted	$0.27	$ 0.75
Weighted average common units outstanding:		
Basic	149,047,798	138,406,993
Diluted	149,915,428	138,831,268

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2016	2015
Net income	$62,333	$122,325
Other comprehensive income:		
Foreign currency translation adjustments	(1,441)	(45,843)
Decrease in fair value of interest rate swaps	(7,409)	(2,417)
Reclassification to interest expense from interest rate swaps	1,058	818
Comprehensive income	$54,541	$74,883

See accompanying notes to the condensed consolidated financial statements.

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

	General Partner Preferred Units		Common Units		Limited Partners Common Units		Accumulated Other Comprehensive Loss	Noncontrolling Interests in Consolidated Joint Ventures	Total C
	Units	Amount	Units	Amount	Units	Amount			
Balance as of December 31, 2015	53,400,000	$1,290,135	146,384,247	$3,305,222	2,833,326	$33,986	$(100,964)	$6,758	$4,53
Conversion of limited partner common units to general partner common units	—	—	252,521	2,930	(252,521)	(2,930)	—	—	—
Issuance of unvested restricted common units, net of forfeitures	—	—	122,209	—	—	—	—	—	—
Common unit offering costs, net	—	—	—	137	—	—	—	—	137
Issuance of common units in connection with the exercise of stock options	—	—	28,345	1,147	—	—	—	—	1,147
Issuance of common units, net of forfeitures	—	—	—	—	15,745	—	—	—	—
Units issued under employee stock purchase plan	—	—	10,326	658	—	—	—	—	658
Amortization of share-based compensation	—	—	—	6,314	—	—	—	—	6,314
Reclassification of vested share-based awards	—	—	—	(6,919)	—	6,919	—	—	—
Distributions	—	(22,424)	—	(129,064)	—	(2,486)	—	—	(153,9
Distributions to noncontrolling interests in consolidated joint ventures, net of contributions	—	—	—	—	—	—	—	(115)	(115
Net income	—	22,424	—	39,125	—	663	—	121	62,33
Other comprehensive income—foreign currency translation adjustments	—	—	—	—	—	—	(1,441)	—	(1,441
Other comprehensive loss—fair value of interest rate swaps	—	—	—	—	—	—	(7,409)	—	(7,409

Other comprehensive income—reclassification of accumulated other comprehensive loss to interest expense	—	—	—	—	—	—	1,058	—	1,058
Balance as of March 31, 2016	53,400,000	$1,290,135	146,797,648	$3,219,550	2,596,550	$36,152	$(108,756)	$6,764	$4,44

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended March 31, 2016	2015
Cash flows from operating activities:		
Net income	$62,333	$122,325
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of properties	(1,097)	(17,820)
Equity in earnings of unconsolidated joint ventures	(4,078)	(4,618)
Change in fair value of accrued contingent consideration	—	(43,034)
Distributions from unconsolidated joint ventures	4,115	3,436
Write-off of net assets due to early lease terminations	(1)	(30)
Depreciation and amortization of buildings and improvements, tenant improvements and acquired ground leases	127,175	111,696
Amortization of share-based compensation	4,304	2,965
(Recovery of) allowance for doubtful accounts	(1,931)	137
Amortization of deferred financing costs	2,260	2,216
Loss on early extinguishment of debt	964	—
Amortization of debt discount/premium	611	484
Amortization of acquired in-place lease value and deferred leasing costs	41,841	17,379
Amortization of acquired above-market leases and acquired below-market leases, net	(2,266)	(2,324)
Changes in assets and liabilities:		
Restricted cash	(1,249)	(399)
Accounts and other receivables	3,221	18,731
Deferred rent	(7,456)	(13,369)
Deferred leasing costs	(4,147)	(4,494)
Other assets	(15,424)	(14,849)
Accounts payable and other accrued liabilities	(39,321)	(42,482)
Security deposits and prepaid rents	9,507	2,972
Net cash provided by operating activities	179,361	138,922
Cash flows from investing activities:		
Acquisitions of real estate	(1,329)	—
Proceeds from sale of properties, net	35,769	43,274
Investment in unconsolidated joint ventures	(11)	(7,547)
Receipt of value added tax refund	951	14,115
Refundable value added tax paid	(4,319)	(12,403)
Change in restricted cash	(42)	(75)
Improvements to investments in real estate	(183,890)	(183,817)
Improvement advances to tenants	(9,617)	(8,040)
Collection of advances from tenants for improvements	8,318	5,423
Net cash used in investing activities	(154,170)	(149,070)

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2016	2015
Cash flows from financing activities:		
Borrowings on revolving credit facility	$692,593	$540,142
Repayments on revolving credit facility	(975,287)	(213,468)
Borrowings on unsecured term loan	766,201	—
Repayments on unsecured term loan	(150,873)	—
Repayments on unsecured notes	(25,000)	(67,000)
Principal payments on mortgage loans	(53,041)	(2,255)
Earnout payments related to acquisition	(12,129)	—
Change in restricted cash	(295)	51
Payment of loan fees and costs	(14,207)	(68)
Capital distributions paid to noncontrolling interests in consolidated joint ventures, net	(115)	(99)
General partner contributions, net	1,942	186
Payment of distributions to preferred unitholders	(22,424)	(18,455)
Payment of distributions to common unitholders	(258,475)	(232,878)
Net cash (used in) provided by financing activities	(51,110)	6,156
Net decrease in cash and cash equivalents	(25,919)	(3,992)
Cash and cash equivalents at beginning of period	57,053	41,321
Cash and cash equivalents at end of period	$31,134	$37,329

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2016	2015
Supplemental disclosure of cash flow information:		
Cash paid for interest	$61,678	$63,289
Cash paid for income taxes	1,541	1,185
Supplementary disclosure of noncash investing and financing activities:		
Change in net assets related to foreign currency translation adjustments	$(1,441)	$(45,483)
Decrease in accounts payable and other accrued liabilities related to change in fair value of interest rate swaps	(7,409)	(2,417)
Accrual for additions to investments in real estate and tenant improvement advances included in accounts payable and accrued expenses	108,251	173,246
Allocation of purchase price of real estate/investment in partnership to:		
Investments in real estate	$1,329	$—
Cash paid for acquisition of real estate	$1,329	$—

See accompanying notes to the condensed consolidated financial statements.

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DIGITAL REALTY TRUST, INC. AND SUBSIDIARIES
DIGITAL REALTY TRUST, L.P. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016 and 2015

1. Organization and Description of Business

Digital Realty Trust, Inc. through its controlling interest in Digital Realty Trust, L.P. (the Operating Partnership) and the subsidiaries of the Operating Partnership (collectively, we, our, us or the Company) is engaged in the business of owning, acquiring, developing and operating data centers. The Company is focused on providing data center and colocation solutions for domestic and international tenants across a variety of industry verticals ranging from financial services, cloud and information technology services, to manufacturing, energy, healthcare, and consumer products. As of March 31, 2016, our portfolio consisted of 140 operating properties, including eight Telx properties (of which two are owned and six properties are leased from third parties) and 14 properties held as investments in unconsolidated joint ventures, of which 109 are located throughout North America, 24 are located in Europe, three are located in Australia and four are located in Asia.

We are diversified in major metropolitan areas where corporate data center and technology tenants are concentrated, including the Atlanta, Boston, Chicago, Dallas, Los Angeles, New York, Northern Virginia, Phoenix, San Francisco, Seattle and Silicon Valley metropolitan areas in the United States, the Amsterdam, Dublin, Frankfurt (land only), London and Paris metropolitan areas in Europe and the Singapore, Sydney, Melbourne, Hong Kong and Osaka metropolitan areas in the Asia Pacific region. The portfolio consists of corporate data centers, Internet gateway data centers and office and other non-data center space.

The Operating Partnership was formed on July 21, 2004 in anticipation of Digital Realty Trust, Inc.'s initial public offering (IPO) on November 3, 2004 and commenced operations on that date. As of March 31, 2016, Digital Realty Trust, Inc. owns a 98.3% common interest and a 100.0% preferred interest in the Operating Partnership. As sole general partner of the Operating Partnership, Digital Realty Trust, Inc. has the full, exclusive and complete responsibility for the Operating Partnership's day-to-day management and control. The limited partners of the Operating Partnership do not have rights to replace Digital Realty Trust, Inc. as the general partner nor do they have participating rights, although they do have certain protective rights.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation and Basis of Presentation

The accompanying interim condensed consolidated financial statements include all of the accounts of Digital Realty Trust, Inc., the Operating Partnership and the subsidiaries of the Operating Partnership. Intercompany balances and transactions have been eliminated.

The accompanying interim condensed consolidated financial statements are unaudited, but have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information and in compliance with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, they do not include all of the disclosures required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments necessary for a fair presentation have been included. All such adjustments are considered to be of a normal recurring nature, except as otherwise indicated. The results of operations for the interim periods are not necessarily indicative of the results to be obtained for the full fiscal year. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in our annual report on Form 10-K for the year ended December 31, 2015, as amended.

The notes to the condensed consolidated financial statements of Digital Realty Trust, Inc. and the Operating Partnership have been combined to provide the following benefits:

- enhancing investors' understanding of the Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminating duplicative disclosure and providing a more streamlined and readable presentation since a substantial portion of the disclosure applies to both the Company and the Operating Partnership; and

• creating time and cost efficiencies through the preparation of one set of notes instead of two separate sets of notes.

There are a few differences between the Company and the Operating Partnership, which are reflected in these condensed consolidated financial statements. We believe it is important to understand the differences between the Company and the Operating Partnership in the context of how we operate as an interrelated consolidated company. As a result, Digital Realty Trust, Inc. generally does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing public securities from time to time and guaranteeing certain unsecured debt of the Operating Partnership and certain of its subsidiaries and affiliates. Digital Realty Trust, Inc. itself has not issued any indebtedness but guarantees the unsecured debt of the Operating Partnership and certain of its subsidiaries and affiliates, as disclosed in these notes.

The Operating Partnership holds substantially all the assets of the Company and holds the ownership interests in the Company's joint ventures. The Operating Partnership conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for net proceeds from public equity issuances by Digital Realty Trust, Inc., which are generally contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates the capital required by the Company's business through the Operating Partnership's operations, by the Operating Partnership's direct or indirect incurrence of indebtedness or through the issuance of partnership units.

The presentation of noncontrolling interests in operating partnership, stockholders' equity and partners' capital are the main areas of difference between the condensed consolidated financial statements of Digital Realty Trust, Inc. and those of the Operating Partnership. The common limited partnership interests held by the limited partners in the Operating Partnership are presented as limited partners' capital within partners' capital in the Operating Partnership's condensed consolidated financial statements and as noncontrolling interests in operating partnership within equity in Digital Realty Trust, Inc.'s condensed consolidated financial statements. The common and preferred partnership interests held by Digital Realty Trust, Inc. in the Operating Partnership are presented as general partner's capital within partners' capital in the Operating Partnership's condensed consolidated financial statements and as preferred stock, common stock, additional paid-in capital and accumulated dividends in excess of earnings within stockholders' equity in Digital Realty Trust, Inc.'s condensed consolidated financial statements. The differences in the presentations between stockholders' equity and partners' capital result from the differences in the equity issued at the Digital Realty Trust, Inc. and the Operating Partnership levels.

To help investors understand the significant differences between the Company and the Operating Partnership, these consolidated financial statements present the following separate sections for each of the Company and the Operating Partnership:

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

In the sections that combine disclosure of Digital Realty Trust, Inc. and the Operating Partnership, these notes refer to actions or holdings as being actions or holdings of the Company. Although the Operating Partnership is generally the entity that enters into contracts and joint ventures and holds assets and debt, reference to the Company is appropriate because the business is one enterprise and the Company generally operates the business through the Operating Partnership.

(b) Cash Equivalents

For the purpose of the condensed consolidated statements of cash flows, we consider short-term investments with original maturities of 90 days or less to be cash equivalents. As of March 31, 2016, cash equivalents consist of investments in money market instruments.

(c) Investment in Unconsolidated Joint Ventures

The Company’s investment in unconsolidated joint ventures is accounted for using the equity method, whereby the investment is increased for capital contributed and our share of the joint ventures’ net income and decreased by distributions we receive and our share of any losses of the joint ventures.

We amortize the difference between the cost of our investments in unconsolidated joint ventures and the book value of the underlying equity into equity in earnings from unconsolidated affiliates on a straight-line basis consistent with the lives of the underlying assets.

(d) Capitalization of Costs

Direct and indirect project costs that are clearly associated with the development of properties are capitalized as incurred. Project costs include all costs directly associated with the development of a property, including construction costs, interest, property taxes, insurance, legal fees and costs of personnel working on the project. Indirect costs that do not clearly relate to the projects under development are not capitalized and are charged to expense as incurred.

Capitalization of costs begins when the activities necessary to get the development project ready for its intended use begins, which include costs incurred before the beginning of construction. Capitalization of costs ceases when the development project is substantially complete and ready for its intended use. Determining when a development project commences, and when it is substantially complete and ready for its intended use involves a degree of judgment. We generally consider a development project to be substantially complete and ready for its intended use upon receipt of a certificate of occupancy. If and when development of a property is suspended pursuant to a formal change in the planned use of the property, we will evaluate whether the accumulated costs exceed the estimated value of the project and write off the amount of any such excess accumulated costs. For a development project that is suspended for reasons other than a formal change in the planned use of such property, the accumulated project costs are evaluated for impairment consistent with our impairment policies for long-lived assets. Capitalized costs are allocated to the specific components of a project that are benefited.
We capitalized interest of approximately $3.8 million and $4.3 million during the three months ended March 31, 2016 and 2015, respectively. We capitalized amounts relating to compensation and other overhead expense of employees direct and incremental to construction and successful leasing activities of approximately $16.7 million and $12.3 million, during the three months ended March 31, 2016 and 2015, respectively. Capitalized leasing costs of approximately $10.4 million and $13.7 million are included in improvements to investments in real estate in cash flows from investing activities in the condensed consolidated statements of cash flows for the three months ended March 31, 2016 and 2015, respectively.
(e) Goodwill

Goodwill represents the excess of the purchase price over the fair value of net tangible and intangible assets acquired in a business combination. Goodwill is not amortized. Management performs an annual impairment test for goodwill and between annual tests, management will evaluate the recoverability of goodwill whenever events or changes in circumstances indicate that the carrying value of goodwill may not be fully recoverable. In its impairment tests of goodwill, management will first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If based on this assessment, management determines that the fair value of the reporting unit is not less than its carrying value, then performing the additional two-step impairment test is unnecessary. If our qualitative assessment indicates that goodwill impairment is more likely than not, we perform a two-step impairment test. We test goodwill for impairment under the two-step impairment test by first comparing the book value of net assets to the fair value of the reporting units. If the fair value is determined to be less than the book value or qualitative factors indicate that it is more likely than not that goodwill is impaired, a second step is performed to compute the amount of impairment as the difference between the estimated fair value of goodwill and the carrying value. We estimate the fair value of the reporting units using discounted cash flows. If the carrying value of goodwill exceeds its fair value, an impairment charge is recognized. Goodwill amounted to approximately $330.7 million as of March 31, 2016 and December 31, 2015.
(f) Share-Based Compensation

The Company measures all share-based compensation awards at fair value on the date they are granted to employees, consultants and directors. The fair value of share-based compensation awards that contain a market condition, market performance-based Class D Units of the Operating Partnership and market performance-based restricted stock units (discussed in Note 13 "Incentive Plan"), is measured using a Monte Carlo simulation method and not adjusted based on actual achievement of the performance goals.

We recognize compensation cost, net of forfeitures, for all of our existing awards, including long-term incentive units, market performance-based awards and restricted stock, over a four-year period.

(g) Income Taxes

Digital Realty Trust, Inc. has elected to be treated as a real estate investment trust (a "REIT") for federal income tax purposes. As a REIT, Digital Realty Trust, Inc. generally is not required to pay federal corporate income tax to the extent taxable income is currently distributed to its stockholders. If Digital Realty Trust, Inc. fails to qualify as a REIT in any taxable year, it will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income at regular corporate tax rates.

The Company is subject to foreign, state and local income taxes in the jurisdictions in which it conducts business. The Company's U.S. consolidated taxable REIT subsidiaries are subject to both federal and state income taxes to the extent there is taxable income. Accordingly, the Company recognizes current and deferred income taxes for its taxable REIT subsidiaries, certain states and non-U.S. jurisdictions, as appropriate.

We assess our significant tax positions in accordance with U.S. GAAP for all open tax years and determine whether we have any material unrecognized liabilities from uncertain tax benefits. If a tax position is not considered "more-likely-than-not" to be sustained solely on its technical merits, no benefits of the tax position are to be recognized (for financial statement purposes). As of March 31, 2016 and December 31, 2015, we have no assets or liabilities for uncertain tax positions. We classify interest and penalties from significant uncertain tax positions as interest expense and operating expense, respectively, in our condensed consolidated income statements. For the three months ended March 31, 2016 and 2015, we had no such interest or penalties. The tax year 2012 and thereafter remain open to examination by the major taxing jurisdictions with which the Company files tax returns.

See Note 10 "Income Taxes" for further discussion on income taxes.

(h) Presentation of Transactional-based Taxes

We account for transactional-based taxes, such as value added tax, or VAT, for our international properties on a net basis.

(i) Fee Income

Occasionally, customers engage the company for certain services. The nature of these services historically involves property management, construction management, and assistance with financing. The proper revenue recognition of these services can be different, depending on whether the arrangements are service revenue or contractor type revenue. Service revenues are typically recognized on an equal monthly basis based on the minimum fee to be earned. The monthly amounts could be adjusted depending on if certain performance milestones are met.

Fee income also includes management fees. These fees arise from contractual agreements with entities in which we have a noncontrolling interest. The management fees are recognized as earned under the respective agreements. Management and other fee income related to partially owned entities are recognized to the extent attributable to the unaffiliated interest.

(j) Assets and Liabilities Measured at Fair Value

Fair value under U.S. GAAP is a market-based measurement, not an entity-specific measurement. Therefore, our fair value measurements are determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair-value measurements, we use a fair-value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or

(k) Transactions Expense

Transactions expense includes acquisition-related expenses and other business development expenses, which are expensed as incurred. Acquisition-related expenses include closing costs, broker commissions and other professional fees, including legal and accounting fees related to acquisitions and significant transactions.

(l) Gains on Sale of Properties

Gains on sale of properties are recognized using the full accrual or partial sale methods, as applicable, in accordance with U.S. GAAP, provided various criteria relating to the terms of sale and any subsequent involvement with the real estate sold are satisfied.

(m) Management's Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates made. On an on-going basis, we evaluate our estimates, including those related to the valuation of our real estate properties, contingent consideration, accounts receivable and deferred rent receivable, performance-based equity compensation plans, the completeness of accrued liabilities and Digital Realty Trust, Inc.'s qualification as a REIT. We base our estimates on historical experience, current market conditions, and various other assumptions that are believed to be reasonable under the circumstances. Actual results may vary from those estimates and those estimates could vary under different assumptions or conditions.

(n) Segment and Geographic Information

All of our properties generate similar revenues and expenses related to tenant rent and reimbursements and operating expenses. The delivery of our products is consistent across all properties and although services are provided to a wide range of customers, the types of real estate services provided to them are standardized throughout the portfolio. As such, the properties in our portfolio have similar economic characteristics and the nature of the products and services provided to our customers and the method to distribute such services are consistent throughout the portfolio. Consequently, our properties qualify for aggregation into one reporting segment.

Operating revenues from properties in the United States were $406.3 million and $314.7 million and outside the United States were $97.9 million and $92.0 million for the three months ended March 31, 2016 and 2015, respectively. We had investments in real estate located in the United States of $6.1 billion and $6.0 billion and outside the United States of $2.7 billion and $2.6 billion as of March 31, 2016 and December 31, 2015, respectively. Operating revenues from properties located in the United Kingdom were $51.6 million and $50.0 million, or 10.2% and 12.3% of total operating revenues, for the three months ended March 31, 2016 and 2015, respectively. No other foreign country comprised more than 10% of total operating revenues for each of these periods. We had investments in real estate located in the United Kingdom of $1.6 billion and $1.6 billion, or 18.1% and 18.8% of total long-lived assets, as of March 31, 2016 and December 31, 2015, respectively. No other foreign country comprised more than 10% of total long-lived assets as of March 31, 2016 and December 31, 2015.

The Company is in the process of evaluating the impact the acquisition of Telx Holdings, Inc., or the Telx Acquisition, may have on the composition of its reportable segments and related disclosures. The Company expects to complete this analysis by the third quarter of 2016.

(o) Reclassifications

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Certain reclassifications of prior year amounts have been made to conform to the current period presentation. During the three months ended March 31, 2015, $1.4 million was reclassified from rental revenues to interconnection and other revenue. See Note 2(p) for discussion of reclassification of deferred financing costs.

(p) Recent Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2016-09, "Improvements to Employee Share-Based Payment Accounting," which provides for simplification of certain aspects of employee share-based payment accounting including income taxes, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The standard will be effective for us in the first quarter of 2017 and will be applied either prospectively, retrospectively or using a modified retrospective transition approach depending on the area covered in this update. We are currently in the process of assessing the impact of the ASU on our consolidated financial statements and disclosures.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Accounting for leases with a term of 12 months or less will be similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. ASU 2016-02 is expected to impact the Company's consolidated financial statements as the Company has certain operating and land lease arrangements for which it is the lessee. ASU 2016-02 supersedes the previous leases standard, Leases (Topic 840). The standard is effective on January 1, 2019, with early adoption permitted. The Company is currently in the process of evaluating the impact the adoption of ASU 2016-02 will have on the Company's financial position or results of operations.

In April 2015, the FASB voted to defer the effective date of ASU No. 2014-09, which outlines a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers and notes that lease contracts with customers are a scope exception. Public business entities are required to adopt this standard for annual reporting periods beginning after December 15, 2017, early adoption is permitted. We are currently assessing the impact of the guidance on our consolidated financial statements.

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2015-03, "Interest - Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs" (ASU 2015-03). ASU 2015-03 amended the then-current presentation guidance by requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 was effective for the Company beginning with the quarter ended March 31, 2016. The adoption of this standard required restatement of our consolidated balance sheet as of December 31, 2015. As a result, Deferred financing costs, net decreased by $35.2 million and Global unsecured revolving credit facility, Unsecured term loan, Unsecured senior notes and Mortgage loans decreased by $7.6 million, $1.3 million, $26.0 million and $0.3 million, respectively, versus amounts previously reported.

In February 2015, the FASB issued ASU No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis, which provides guidance on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. In accordance with the guidance, all legal entities are subject to reevaluation under the revised consolidation model. ASU 2015-02 was effective for the Company beginning with the quarter ended March 31, 2016 and the adoption of the standard did not have a significant impact on our consolidated financial statements.

3. Investments in Real Estate

We acquired no real estate properties during the three months ended March 31, 2016.

Dispositions

We sold the following real estate property during the three months ended March 31, 2016:

Location	Metropolitan Area	Date Sold	Gross Proceeds (in millions)	Gain on Sale (in millions)
47700 Kato Road and 1055 Page Avenue	Silicon Valley	January 21, 2016	$ 37.5	$ 1.0

We have identified certain non-core investment properties we intend to sell as part of our capital recycling strategy. Our capital recycling program is designed to identify non-strategic and underperforming assets that can be sold to generate proceeds that will support the funding of our core investment activity. We expect our capital recycling initiative will likewise have a meaningfully positive impact on overall return on invested capital. In addition, our capital recycling program does not represent a strategic shift, as we are not entirely exiting regions or property types. During this process, we are evaluating the carrying value of certain investment properties identified for potential sale to ensure the carrying value is recoverable in light of a potentially shorter holding period. As a result of our evaluation, during the year ended December 31, 2014, we recognized approximately $126.5 million of impairment losses on five properties located in the Central, East and West regions. The fair value of the five properties were primarily based on discounted cash flow analysis, and in certain cases, we supplemented the analysis by obtaining broker opinions of value. As of March 31, 2016, three of these five properties met the criteria to be classified as held for sale.

As of March 31, 2016, the Company has taken the necessary actions to conclude that an additional four properties (in addition to the three properties referenced above) to be disposed of as part of our capital recycling strategy met the criteria to be classified as held for sale. As of March 31, 2016, these seven properties had an aggregate carrying value of $145.1 million within total assets and $5.0 million within total liabilities and are shown as assets held for sale and obligations associated with assets held for sale on the condensed consolidated balance sheet. The seven properties are not representative of a significant component of our portfolio, nor do the potential sales represent a significant shift in our strategy.

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4. Investment in Unconsolidated Joint Ventures
As of March 31, 2016, our investment in unconsolidated joint ventures consists of effective 50% interests in three joint ventures that own data center properties at 2001 Sixth Avenue in Seattle, Washington, 2020 Fifth Avenue in Seattle, Washington and 33 Chun Choi Street in Hong Kong, and effective 20% interests in two joint ventures, one of which owns 10 data center properties with an investment fund managed by Prudential Real Estate Investors (PREI®), and the other which owns one data center property with an affiliate of Griffin Capital Essential Asset REIT, Inc. (GCEAR). The following tables present summarized financial information for our material joint ventures as of March 31, 2016 and December 31, 2015 and for the three months ended March 31, 2016 and 2015 (unaudited, in thousands):

	As of March 31, 2016					Three Months Ended March 31, 2016			
2016	Net Investment in Properties	Total Assets	Debt	Total Liabilities	Equity	Revenues	Property Operating Expense	Net Operating Income	Net Income
Total Unconsolidated Joint Ventures	$752,641	$929,309	$459,622	$556,685	$372,624	$33,080	$(9,652)	$23,428	$9,618
Our investment in and share of equity in earnings of unconsolidated joint ventures					$106,008				$4,078

	As of December 31, 2015					Three Months Ended March 31, 2015			
2015	Net Investment in Properties	Total Assets	Debt	Total Liabilities	Equity	Revenues	Property Operating Expense	Net Operating Income	Net Income
Total Unconsolidated Joint Ventures	$758,582	$935,990	$460,023	$558,310	$377,679	$31,850	$(8,175)	$23,675	$10,026
Our investment in and share of equity in earnings of unconsolidated joint ventures					$106,107				$4,618

We amortize the difference between the cost of our investment in the joint ventures and the book value of the underlying equity into income on a straight-line basis consistent with the lives of the underlying assets. The amortization of this difference was approximately ($0.1) million and $0.1 million for the three months ended March 31, 2016 and 2015, respectively.

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

5. Acquired Intangible Assets and Liabilities

The following summarizes our acquired intangible assets (real estate intangibles, comprised of acquired in-place lease value, tenant relationship value and trade name along with acquired above-market lease value) and intangible liabilities (acquired below-market lease value) as of March 31, 2016 and December 31, 2015.

(Amounts in thousands)	Balance as of March 31, 2016	December 31, 2015
Real Estate Intangibles:		
Acquired in-place lease value:		
Gross amount	$900,132	$901,381
Accumulated amortization	(486,743)	(472,933)
Net	$413,389	$428,448
Tenant relationship value:		
Gross amount	$734,800	$734,800
Accumulated amortization	(30,354)	(14,495)
Net	$704,446	$720,305
Trade name:		
Gross amount	$7,300	$7,300
Accumulated amortization	(873)	(417)
Net	$6,427	$6,883
Acquired above-market leases:		
Gross amount	$121,455	$122,311
Accumulated amortization	(91,348)	(89,613)
Net	$30,107	$32,698
Acquired below-market leases:		
Gross amount	$294,682	$294,791
Accumulated amortization	(198,207)	(193,677)
Net	$96,475	$101,114

Amortization of acquired below-market leases, net of acquired above-market leases, resulted in an increase to rental revenues of $2.3 million and $2.3 million for the three months ended March 31, 2016 and 2015, respectively. The expected average remaining lives for acquired below-market leases and acquired above-market leases is 7.0 years and 4.4 years, respectively, as of March 31, 2016. Estimated annual amortization of acquired below-market leases, net of acquired above-market leases, for each of the five succeeding years and thereafter, commencing April 1, 2016 is as follows:

(Amounts in thousands)	
Remainder of 2016	$6,135
2017	6,947
2018	5,299
2019	5,338
2020	7,349
Thereafter	35,300
Total	$66,368

Amortization of acquired in-place lease value (a component of depreciation and amortization expense) was $13.7 million and $11.6 million for the three months ended March 31, 2016 and 2015, respectively. The expected average amortization period for acquired in-place lease value is 8.2 years as of March 31, 2016. The weighted average remaining contractual life for acquired leases excluding renewals or extensions is 7.6 years as of March 31, 2016. Estimated annual amortization of acquired in-place lease value for each of the five succeeding years and thereafter, commencing April 1, 2016 is as follows:

(Amounts in thousands)	
Remainder of 2016	$39,423
2017	48,675
2018	46,469
2019	43,990
2020	39,951
Thereafter	194,881
Total	$413,389

Amortization of tenant relationship value and trade names (a component of depreciation and amortization expense) was approximately $15.9 million and $0.5 million, respectively, for the three months ended March 31, 2016. The weighted average remaining contractual life for customer contracts and trade names is 11.1 years and 3.5 years, respectively. Estimated annual amortization of customer contracts and trade names for each of the five succeeding years and thereafter, commencing April 1, 2016 is as follows:

(Amounts in thousands)	
Remainder of 2016	$48,946
2017	65,261
2018	65,261
2019	64,844
2020	63,436
Thereafter	403,125
Total	$710,873

6. Debt of the Company

In this Note 6, the "Company" refers only to Digital Realty Trust, Inc. and not to any of its subsidiaries.

The Company itself does not currently have any indebtedness. All debt is currently held directly or indirectly by the Operating Partnership.

Guarantee of Debt

The Company guarantees the Operating Partnership's obligations with respect to its 5.875% notes due 2020 (5.875% 2020 Notes), 3.400% Notes due 2020 (3.400% 2020 Notes), 5.250% notes due 2021 (2021 Notes), 3.950% notes due 2022 (3.950% 2022 Notes), 3.625% notes due 2022 (3.625% 2022 Notes), 4.750% notes due 2025 (4.750% 2025 Notes) and its unsecured senior notes sold to Prudential Investment Management, Inc. and certain of its affiliates pursuant to the Amended and Restated Note Purchase and Private Shelf Agreement, as amended, which we refer to as the Prudential Shelf Facility. The Company and the Operating Partnership guarantee the obligations of Digital Stout Holding, LLC, a wholly owned subsidiary of the Operating Partnership, with respect to its 4.750% notes due 2023 (2023 Notes) and 4.250% notes due 2025 (4.250% 2025 Notes). The Company is also the guarantor of the Operating Partnership's and its subsidiary borrowers' obligations under the global revolving credit facility and unsecured term loan.

7. Debt of the Operating Partnership

A summary of outstanding indebtedness of the Operating Partnership as of March 31, 2016 and December 31, 2015 is as follows (in thousands):

Indebtedness	Interest Rate at March 31, 2016		Maturity Date	Principal Outstanding March 31, 2016		Principal Outstanding December 31, 2015	
Global revolving credit facility	Various	(1)	Jan 15, 2020	$ 691,161	(2)	$ 967,884	(2)
Deferred financing costs, net				(13,292	)	(7,613	)
Global revolving credit facility, net				677,869		960,271	
Unsecured Term Loan							
Unsecured term loan — 5-year	Various	(3)(4)	Jan 15, 2021	1,273,376	(5)	924,568	(5)
Unsecured term loan — 7-year	Various	(3)(4)	Jan 15, 2023	300,000	(5)	—	
Deferred financing costs, net				(7,191	)	(1,301	)
Unsecured term loan, net				1,566,185		923,267	
Unsecured senior notes:							
Prudential Shelf Facility:							
Series C	9.680%		Jan 6, 2016	—		25,000	
Series E	5.730%		Jan 20, 2017	50,000		50,000	
Total Prudential Shelf Facility				50,000		75,000	
Senior Notes:							
5.875% notes due 2020	5.875%		Feb 1, 2020	500,000		500,000	
3.400% notes due 2020	3.400%		Oct 1, 2020	500,000		500,000	
5.250% notes due 2021	5.250%		Mar 15, 2021	400,000		400,000	
3.950% notes due 2022	3.950%		Jul 1, 2022	500,000		500,000	
3.625% notes due 2022	3.625%		Oct 1, 2022	300,000		300,000	
4.750% notes due 2023	4.750%		Oct 13, 2023	430,800	(6)	442,080	(6)
4.250% notes due 2025	4.250%		Jan 17, 2025	574,400	(6)	589,440	(6)
4.750% notes due 2025	4.750%		Oct 1, 2025	450,000		450,000	
Unamortized discounts				(17,118	)	(17,914	)
Total senior notes, net of discount				3,638,082		3,663,606	
Deferred financing costs, net				(25,329	)	(26,037	)
Total unsecured senior notes, net of discount and deferred financing costs				3,662,753		3,712,569	

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Indebtedness	Interest Rate at March 31, 2016	Maturity Date	Principal Outstanding March 31, 2016	Principal Outstanding December 31, 2015
Mortgage loans:				
2045 & 2055 Lafayette Street (7)	5.93%	Feb 6, 2017	$61,143	$61,437
34551 Ardenwood Boulevard 1-4 (7)	5.95%	Nov 11, 2016	50,251	50,477
1100 Space Park Drive (7)	5.89%	Dec 11, 2016	50,195	50,423
600 West Seventh Street	5.80%	Mar 15, 2016	—	46,000
150 South First Street (7)	6.30%	Feb 6, 2017	48,266	48,484
2334 Lundy Place (7)	5.96%	Nov 11, 2016	36,549	36,714
8025 North Interstate 35	4.09%	Mar 6, 2016	—	5,789
731 East Trade Street	8.22%	Jul 1, 2020	3,298	3,420
Unamortized net premiums			404	439
Total mortgage loans, including premiums			250,106	303,183
Deferred financing costs, net			(183)	(253)
Total mortgage loans, including premiums and net of deferred financing costs			249,923	302,930
Total indebtedness			$6,156,730	$5,899,037

(1) The interest rate for borrowings under the 2016 global revolving credit facility equals the applicable index plus a margin of 100 basis points, which is based on the current credit ratings of our long-term debt. An annual facility fee of 20 basis points, which is based on the credit ratings of our long-term debt, is due and payable quarterly on the total commitment amount of the facility. Two six-month extensions are available, which we may exercise if certain conditions are met.

(2) Balances as of March 31, 2016 and December 31, 2015 are as follows (balances, in thousands):

Denomination of Draw	Balance as of March 31, 2016		Weighted-average interest rate	Balance as of December 31, 2015		Weighted-average interest rate
Floating Rate Borrowing (a)						
U.S. dollar ($)	$ 220,000		1.44%	$ 274,000		1.46%
British pound sterling (£)	15,796	(b)	1.51%	95,784	(c)	1.61%
Euro (€)	432,440	(b)	0.69%	280,565	(c)	0.90%
Australian dollar (AUD)	—		—%	96,831	(c)	3.16%
Hong Kong dollar (HKD)	902	(b)	1.25%	86,082	(c)	1.33%
Japanese yen (JPY)	—		—%	14,304	(c)	1.15%
Singapore dollar (SGD)	20,023	(b)	2.08%	49,132	(c)	1.92%
Canadian dollar (CAD)	2,000	(b)	1.87%	71,186	(c)	1.95%
Total	$ 691,161		0.99%	$ 967,884		1.53%

(a) The interest rates for floating rate borrowings under the 2016 global revolving credit facility equal the applicable index plus a margin of 100 basis points, which is based on the credit ratings of our long-term debt.

(b) Based on exchange rates of \$1.44 to £1.00, \$1.14 to €1.00, \$0.13 to 1.00 HKD, \$0.74 to 1.00 SGD and \$0.77 to 1.00 CAD, respectively, as of March 31, 2016.

(c) Based on exchange rates of \$1.47 to £1.00, \$1.09 to €1.00, \$0.73 to 1.00 AUD, \$0.13 to 1.00 HKD, \$0.01 to 1.00 JPY, \$0.7 to 1.00 SGD and \$0.72 to 1.00 CAD, respectively, as of December 31, 2015.

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(3) Interest rates are based on our current senior unsecured debt ratings and are 110 basis points and 155 basis points over the applicable index for floating rate advances for the 5-Year Term Loan and the 7-Year Term Loan, respectively.

(4) We have entered into interest rate swap agreements as a cash flow hedge for interest generated by the U.S. dollar, Singapore dollar, British pound sterling and Canadian dollar tranches of the unsecured term loan. See Note 14 "Derivative Instruments" for further information.

(5) Balances as of March 31, 2016 and December 31, 2015 are as follows (balances, in thousands):

Denomination of Draw	Balance as of March 31, 2016		Weighted-average interest rate			Balance as of December 31, 2015		Weighted-average interest rate		
U.S. dollar ($)	$710,911		1.73	%	(b)	$ 410,905		1.51	%	(d)
British pound sterling (£)	243,366	(a)	1.61	%	(b)	178,195	(c)	1.78	%	
Singapore dollar (SGD)	239,314	(a)	2.49	%	(b)	161,070	(c)	2.16	%	(d)
Australian dollar (AUD)	180,935	(a)	3.20	%		75,337	(c)	3.27	%	
Hong Kong dollar (HKD)	86,009	(a)	1.33	%		—		—	%	
Canadian dollar (CAD)	75,746	(a)	1.97	%	(b)	—		—	%	
Euro (€)	20,484	(a)	0.80	%		99,061	(c)	1.00	%	
Japanese yen (JPY)	16,611	(a)	1.04	%		—		—	%	
Total	$1,573,376		1.97	%	(b)	$ 924,568		1.76	%	(d)

(a) Based on exchange rates of $1.44 to £1.00, $0.74 to 1.00 SGD, $0.77 to 1.00 AUD, $0.13 to 1.00 HKD, $0.77 to 1.00 CAD, $1.14 to €1.00 and $0.01 to 1.00 JPY, respectively, as of March 31, 2016.
(b) As of March 31, 2016, the weighted-average interest rate reflecting interest rate swaps was 2.39% (U.S. dollar), 1.89% (British pound sterling), 2.03% (Singapore dollar), 1.88% (Canadian dollar) and 2.23% (Total). See Note 14 "Derivative Instruments" for further discussion on interest rate swaps.
(c) Based on exchange rates of $0.70 to 1.00 SGD, $1.47 to £1.00, $1.09 to €1.00 and $0.73 to 1.00 AUD, respectively, as of December 31, 2015.
(d) As of December 31, 2015, the weighted-average interest rate reflecting interest rate swaps was 1.90% (U.S. dollar), 2.19% (Singapore dollar) and 1.94% (Total). See Note 14 "Derivative Instruments" for further discussion on interest rate swaps.
(6) Based on exchange rate of $1.44 to £1.00 as of March 31, 2016 and $1.47 to £1.00 as of December 31, 2015.
(7) The respective borrower's assets and credit are not available to satisfy the debts and other obligations of affiliates or any other person.

Global Revolving Credit Facility

On January 15, 2016, we refinanced our global revolving credit facility and entered into a global senior credit agreement for a $2.0 billion senior unsecured revolving credit facility, which we refer to as the 2016 global revolving credit facility, that replaced the $2.0 billion revolving credit facility executed on August 15, 2013, as amended. The 2016 global revolving credit facility has an accordion feature that would enable us to increase the borrowing capacity of the credit facility up to $2.5 billion, subject to the receipt of lender commitments and other conditions precedent. The refinanced facility matures on January 15, 2020, with two six-month extension options available. The interest rate for borrowings under the 2016 global revolving credit facility equals the applicable index plus a margin which is based on the credit ratings of our long-term debt and is currently 100 basis points. An annual facility fee on the total commitment amount of the facility, based on the credit ratings of our long-term debt, currently 20 basis points, is payable quarterly. Funds may be drawn in U.S., Canadian, Singapore, Australian and Hong Kong dollars, as well as Euro, British pound sterling and Japanese yen. As of March 31, 2016, interest rates are based on 1-month LIBOR, 1-month GBP LIBOR, 1-month EURIBOR, 1-month HIBOR, 1-month SOR and 1-month CDOR plus a margin of 1.00%. We have used and intend to use available borrowings under the 2016 global revolving credit facility to acquire additional properties, to fund development opportunities and for general working capital and other corporate purposes, including potentially for the repurchase, redemption or retirement of outstanding debt or equity securities. As of March 31, 2016, we have capitalized approximately $13.9 million of financing costs related to the 2016 global revolving credit facility. As of March 31, 2016, approximately $691.2 million was drawn under the 2016 global revolving credit facility and $10.5 million of letters of credit were issued.

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The 2016 global revolving credit facility contains various restrictive covenants, including limitations on our ability to incur additional indebtedness, make certain investments or merge with another company, and requirements to maintain financial coverage ratios, including with respect to unencumbered assets. In addition, the 2016 global revolving credit facility restricts Digital Realty Trust, Inc. from making distributions to its stockholders, or redeeming or otherwise repurchasing shares of its capital stock, after the occurrence and during the continuance of an event of default, except in limited circumstances including as necessary to enable Digital Realty Trust, Inc. to maintain its qualification as a REIT and to minimize the payment of income or excise tax. As of March 31, 2016, we were in compliance with all of such covenants.

Unsecured Term Loan

On January 15, 2016, we refinanced our senior unsecured multi-currency term loan facility and entered into a term loan agreement, which governs (i) a $1.25 billion 5-year senior unsecured term loan, which we refer to as the 5-Year Term Loan, and (ii) a $300 million 7-year senior unsecured term loan, which we refer to as the 7-Year Term Loan. The 2016 term loan agreement replaced the $1.0 billion term loan agreement executed on April 16, 2012, as amended. The 5-Year Term Loan matures on January 15, 2021 and the 7-Year Term Loan matures on January 15, 2023. In addition, we have the ability from time to time to increase the aggregate size of lending under the Term Loan Agreement from $1.55 billion up to $1.8 billion, subject to receipt of lender commitments and other conditions precedent. Interest rates are based on our senior unsecured debt ratings and are currently 110 basis points and 155 basis points over the applicable index for floating rate advances for the 5-Year Term Loan and the 7-Year Term Loan, respectively. Funds may be drawn in U.S., Canadian, Singapore, Australian and Hong Kong dollars, as well as Euro, British pound sterling and Japanese yen. Based on exchange rates in effect at March 31, 2016, the balance outstanding is approximately $1.6 billion. We have used borrowings under the term loan for acquisitions, repayment of indebtedness, development, working capital and general corporate purposes. The covenants under this loan are consistent with our 2016 global revolving credit facility and, as of March 31, 2016, we were in compliance with all of such covenants. As of March 31, 2016, we have capitalized approximately $7.4 million of financing costs related to the unsecured term loan.

The table below summarizes our debt maturities and principal payments as of March 31, 2016 (in thousands):

	Global Revolving Credit Facility[(1)]	Unsecured Term Loan	Prudential Shelf Facility	Senior Notes	Mortgage Loans	Total Debt
Remainder of 2016	$ —	$—	$ —	$—	$138,927	$138,927
2017	—	—	50,000	—	108,405	158,405
2018	—	—	—	—	593	593
2019	—	—	—	—	644	644
2020	691,161	—	—	1,000,000	1,133	1,692,294
Thereafter	—	1,573,376	—	2,655,200	—	4,228,576
Subtotal	$ 691,161	$1,573,376	$ 50,000	$3,655,200	$249,702	$6,219,439
Unamortized discount	—	—	—	(17,118)	—	(17,118)
Unamortized premium	—	—	—	—	404	404
Total	$ 691,161	$1,573,376	$ 50,000	$3,638,082	$250,106	$6,202,725

(1) Subject to two six-month extension options exercisable by us. The bank group is obligated to grant the extension options provided we give proper notice, we make certain representations and warranties and no default exists under the global revolving credit facility, as applicable.

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8. Income per Share

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

	Three Months Ended March 31,	
	2016	2015
Net income available to common stockholders	$39,125	$ 101,728
Weighted average shares outstanding—basic	146,565,564	135,704,525
Potentially dilutive common shares:		
Stock options	11,286	33,839
Unvested incentive units	122,601	147,874
Market performance-based awards	733,743	242,562
Weighted average shares outstanding—diluted	147,433,194	136,128,800
Income per share:		
Basic	$0.27	$ 0.75
Diluted	$0.27	$ 0.75

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

	Three Months Ended March 31,	
	2016	2015
Weighted average of Operating Partnership common units not owned by Digital Realty Trust, Inc.	2,482,234	2,702,468
Potentially dilutive Series E Cumulative Redeemable Preferred Stock	3,345,087	4,392,889
Potentially dilutive Series F Cumulative Redeemable Preferred Stock	2,121,447	2,785,960
Potentially dilutive Series G Cumulative Redeemable Preferred Stock	2,900,732	3,809,345
Potentially dilutive Series H Cumulative Redeemable Preferred Stock	4,250,720	5,582,197
Potentially dilutive Series I Cumulative Redeemable Preferred Stock	2,904,126	—
	18,004,346	19,272,859

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9. Income per Unit

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

	Three Months Ended March 31,	
	2016	2015
Net income available to common unitholders	$39,788	$ 103,754
Weighted average units outstanding—basic	149,047,798	138,406,993
Potentially dilutive common units:		
Stock options	11,286	33,839
Unvested incentive units	122,601	147,874
Market performance-based awards	733,743	242,562
Weighted average units outstanding—diluted	149,915,428	138,831,268
Income per unit:		