



## DIGITAL REALTY™

### Recommendation: BUY

#### Analysts

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#### Investment Thesis

We recommend a **BUY** rating for DLR. While the data center market remains competitive, we believe Digital Realty is positioned to outperform due to superior data consolidation capabilities and exposure to early-stage AI-driven demand growth. DLR increased revenues by approximately **5.2%** in 2024, and we expect an accelerating growth trajectory over the forecast period, driven by higher revenue per square foot and new AI-related workloads.

#### Thesis Drivers:

- We project revenue to grow at **12-16% annually through 2029**, supported by advances in data storage technology. Digital Realty's ability to consolidate more data into less physical space allows them to generate higher revenue per square foot across their portfolio, creating stronger operating leverage.
- The AI revolution is still in its early stages. As AI adoption expands globally, demand for high-density, low-latency data centers will surge. DLR's global footprint and proven scalability make it a prime beneficiary of this secular trend.
- DLR has a strong track record of consistent dividend growth as a REIT. We forecast a **3.0% annual increase** in dividends per share over the forecast horizon, delivering attractive income alongside capital appreciation potential.

#### Thesis Risks:

- Elevated inflation and higher-for-longer interest rates could continue to pressure real estate valuations by increasing borrowing costs and reducing property affordability.
- Although AI presents massive upside potential, the timing and magnitude of its infrastructure impact could vary. If AI demand ramps more slowly than anticipated, near-term revenue acceleration may be delayed.

#### Company Information

<b>Company:</b>	Digital Realty Trust Inc.
<b>Industry:</b>	Real Estate
<b>Sector:</b>	Data Centers
<b>Exchange/Ticker:</b>	NYSE/DLR

#### Price Projections

<b>Target Price:</b>	<b>\$168-\$185</b>
<b>P/FFO:</b>	\$168.76
<b>DDM:</b>	\$143.78
<b>DCF:</b>	\$169.43

#### Financials

##### Stock Data:

<b>Current Share Price:</b>	\$146.34
<b>52-Week Range:</b>	\$129.95 – \$198.00
<b>Market Cap (M):</b>	\$51,689.72
<b>YTD Performance:</b>	-17.48%
<b>P/FFO:</b>	29.02
<b>Beta:</b>	1.04

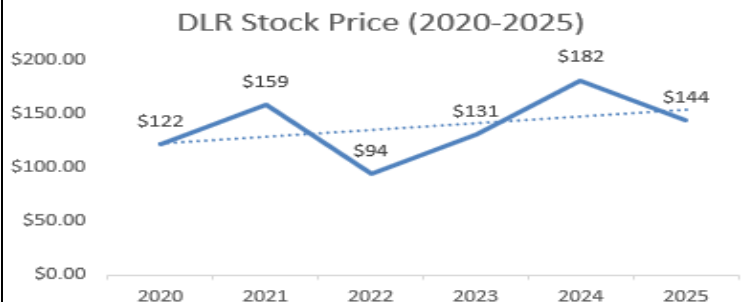
##### Financial Metrics:

<b>Revenue:</b>	\$5,554.97
<b>Net Operating Income (Thousands):</b>	\$2,963
<b>Basic Shares Outstanding (M):</b>	323.34
<b>Dividend Yield:</b>	2.8%

#### Company Overview

Digital Realty Trust, Inc. (NYSE: DLR) is one of the largest global providers of cloud- and carrier-neutral data center, colocation, and interconnection solutions. Founded in 2004 and headquartered in Austin, Texas, Digital Realty owns, acquires, develops, and operates data centers that support the critical IT infrastructure of businesses around the world. Digital Realty specializes in high-density, scalable facilities that are increasingly optimized for AI workloads and data consolidation. Its strategic focus on interconnection, data gravity solutions, and hybrid cloud environments positions DLR to capitalize on growing demand for AI, big data, and low-latency computing.

#### DLR: 5-Year Stock Performance



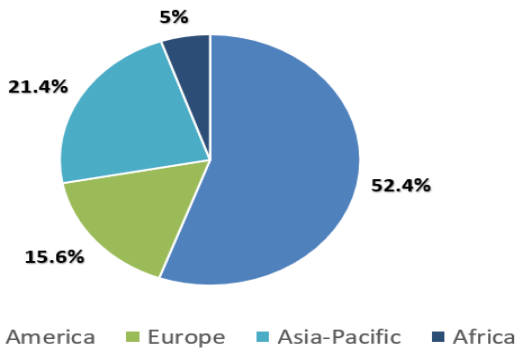
# Company Analysis

## Company Description:

Digital Realty is a global leader in providing the physical infrastructure behind the digital world. The company builds and operates data centers that power cloud computing, artificial intelligence, content delivery, and enterprise IT networks. With a footprint spanning over 25 countries, Digital Realty connects businesses to the data, applications, and services they need to operate in an increasingly digital economy.

Through its PlatformDIGITAL® ecosystem, Digital Realty helps customers consolidate and scale their data operations more efficiently, enabling higher-density deployments that meet the rising demands of AI and machine learning. As a REIT, Digital Realty offers a combination of stable cash flows from long-term leases and growth potential tied to some of the fastest-growing segments of technology.

### REVENUE BY REGION



Source: DLR 2024 10-K

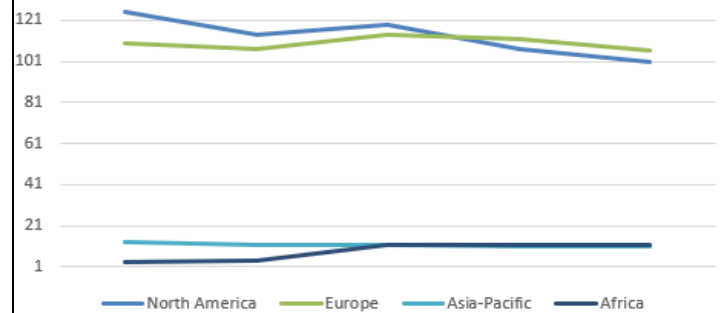
## North America Segment:

North America remains Digital Realty's largest and most critical market, generating the majority of the company's revenue. In 2025E, North American revenue is projected to reach approximately \$3.15 billion, growing to \$3.44 billion in 2026E (~9.2% year-over-year growth) and \$3.78 billion in 2027E (~10% growth). By 2029E, North America is expected to contribute over \$4.68 billion in revenue. This steady growth is driven by Digital Realty's strategic focus on data consolidation, enabling customers to store and process more data per square foot, boosting revenue efficiency. Additionally, North America is positioned to benefit significantly from the accelerating demand for AI and cloud computing infrastructure, with key markets like Ashburn, Silicon Valley, and Dallas leading the expansion. The region houses Digital Realty's most mature and interconnected assets, serving as the backbone of its global PlatformDIGITAL® ecosystem. Strong leasing activity, high interconnection demand, and resilient enterprise spending trends make North America a stable and high-growth engine for the company's long-term cash flow and dividend growth.

## Europe Segment:

Europe is an important and growing part of Digital Realty's business, representing the company's second-largest regional market. In 2025E, European revenue is projected to reach approximately \$724 million, growing to \$793 million in 2026E (~9.5% year-over-year growth) and \$874 million in 2027E (~10.2% growth). By 2029E, Europe's revenue contribution is expected to surpass \$1.09 billion. Growth is supported by strong demand for AI and cloud infrastructure across key European markets such as Frankfurt, London, Amsterdam, and Paris, alongside Digital Realty's efforts to consolidate data and optimize facility footprints. Europe benefits from a dense interconnection ecosystem and regulatory tailwinds promoting data sovereignty, making it a critical platform for multinationals expanding digital operations. As customers seek localized, high-density, and scalable infrastructure in compliance with European data laws, Digital Realty's established footprint positions it to capture accelerating enterprise and cloud growth across the region.

### Data Centers by Region (2020-2024)



Source: DLR 2024 10-K

## Asia-Pacific Segment:

Asia Pacific is Digital Realty's fastest-growing regional market and a key long-term growth driver for the company. In 2025E, revenue from Asia Pacific is projected to reach approximately \$1.22 billion, growing sharply to \$1.56 billion in 2026E (~27.9% year-over-year growth) and \$2.02 billion in 2027E (~29% growth). By 2029E, Asia Pacific revenue is expected to exceed \$3.44 billion, reflecting the company's aggressive expansion strategy across key hubs like Singapore, Tokyo, Sydney, and Hong Kong. The region's explosive demand for AI training clusters, cloud adoption, and 5G-driven edge computing makes Asia Pacific a strategic focal point for Digital Realty. As enterprises and hyper-scalers race to deploy new infrastructure to serve high-growth economies, Digital Realty's investments in scalable, high-density data centers are poised to deliver outsized returns. Strong secular tailwinds, favorable demographics, and technology adoption trends firmly position Asia Pacific as Digital Realty's highest-growth and highest-potential geography.



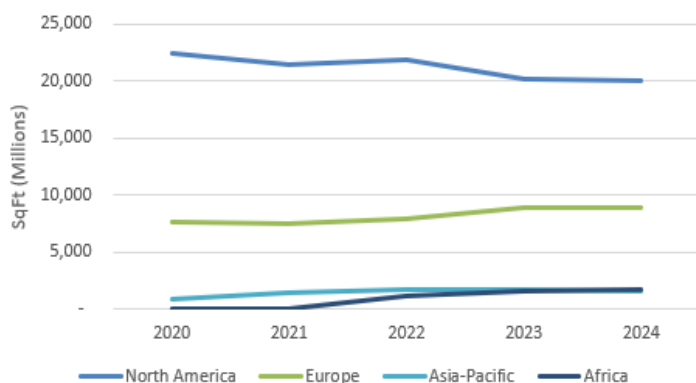
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# Company Analysis Continued

## Africa Segment:

Africa is a small but rapidly emerging part of Digital Realty’s global portfolio. In 2025E, African revenue is projected to reach approximately \$271 million, growing to \$321 million in 2026E (~18.5% year-over-year growth) and \$383 million in 2027E (~19.3% growth). By 2029E, Africa’s revenue contribution is expected to surpass \$559 million, reflecting strong momentum from increased digitalization across the continent. Digital Realty’s presence in Africa positions the company to capitalize on early-stage demand for cloud services, data sovereignty solutions, and mobile-driven data growth, especially in markets like South Africa and Kenya. As multinational companies and local enterprises seek reliable digital infrastructure to support expanding economies, Digital Realty’s scalable platform and early mover advantage provide a foundation for long-term growth in the region. Although Africa currently represents a smaller portion of total revenue, it offers meaningful upside potential as internet penetration, cloud adoption, and enterprise IT investment accelerate over the next decade.

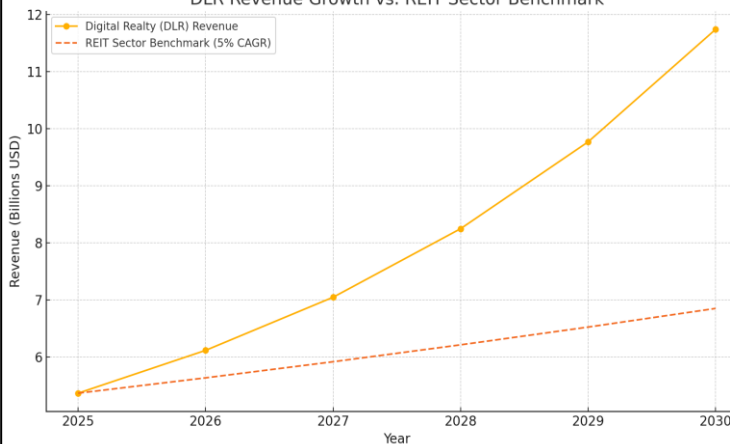
SqFt by Region (2020-2024)



## Total Revenue Growth:

Digital Realty’s total revenue is projected to grow from approximately \$5.37 billion in 2025E to about \$11.74 billion by 2030E, reflecting a strong ~17% compound annual growth rate (CAGR) over the forecast period.

DLR Revenue Growth vs. REIT Sector Benchmark



Source: Revenue Decomposition

## Cost Analysis:

Digital Realty’s cost structure is primarily composed of three key categories: property-level operating expenses, depreciation and amortization, and general and administrative (G&A) expenses. According to our model, rental property operations and maintenance costs represent a significant portion of total expenses, but we project them to grow at a moderate pace relative to revenue due to ongoing efficiencies from data consolidation initiatives. Depreciation and amortization expenses remain a large contributor to total costs, reflecting continued investment in high-performance facilities, but grow at a slower rate than historical levels as Digital Realty focuses on maximizing the utility of existing assets. G&A expenses, which encompass corporate overhead, are expected to stay relatively stable as a percentage of revenue, benefiting from operating leverage across a global portfolio. Capital expenditures (Capex), a critical cost category for data center operators, are forecasted to grow at a low single-digit rate over the forecast period. This reflects Digital Realty’s ability to drive higher revenue per square foot without proportional increases in new construction costs, a direct result of more efficient data consolidation and higher-density deployments. This disciplined cost structure supports margin expansion, strengthens free cash flow generation, and provides meaningful flexibility to sustain dividend growth and strategic reinvestment, reinforcing our positive outlook on the company.

## Historical and Forecasted Costs:

Most of Digital Realty’s cost projections are based on historical trends, reflecting the relative stability of expenses such as property operations, maintenance, and general administrative costs. However, the company’s forward-looking efficiency initiatives are captured through more specific forecasts. For example, capital expenditures are modeled to grow at a low single-digit annual rate, significantly below the pace of revenue growth, as Digital Realty consolidates more data into existing centers without requiring proportionate new builds. Interest expenses are projected based on the company’s actual weighted average cost of debt, which remains favorable due to a portfolio largely locked in at lower historical rates. These disciplined cost assumptions, combined with higher revenue density per square foot, paint a clearer financial outlook and reinforce the case for margin expansion, free cash flow growth, and enhanced shareholder returns.



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## Company Analysis Continued

### Debt Analysis:

As a real estate company, Digital Realty operates with a relatively high level of debt, a common characteristic in the sector given the need to finance large-scale data center assets. This use of leverage enables the company to expand its global platform while preserving operational cash flow for reinvestment. In our analysis, we forecasted both short-term and long-term debt by applying a debt-to-non-cash asset ratio based on historical patterns, which remains steady at approximately 40% throughout the projection period.

Additionally, we account for lease liabilities, which are forecasted to remain around 1.09x right-of-use assets — a ratio that is consistent with standard REIT practices. This approach ensures that our projections reflect Digital Realty’s consistent and disciplined capital structure while supporting continued expansion into AI-driven, high-density deployments. Furthermore, much of the company’s debt portfolio was issued during periods of historically low interest rates, providing a favorable long-term financing cost relative to current market conditions. By maintaining a balanced level of debt and lease obligations, Digital Realty is well-positioned to capitalize on global digital infrastructure growth while managing financial risk effectively.

### Dividend Payout:

As a REIT, Digital Realty is committed to paying consistent and attractive dividends, supported by stable cash flows from its global data center portfolio. In 2024, DLR paid a dividend of \$4.88 per share, and in our forecast, we project the dividend to grow at 4.25% annually, slightly above historical norms to reflect stronger free cash flow generation driven by data consolidation and AI-driven demand growth. Dividends play a particularly important role in REIT valuations because traditional earnings metrics like EPS can be distorted by non-cash depreciation expenses. As a result, stable dividend growth remains a key indicator of Digital Realty’s financial health and long-term investment appeal.

### Capital Expenditures:

In our model, Digital Realty’s capital expenditures are forecasted to grow in line with inflation, reflecting a disciplined approach to investment as the company focuses on maximizing existing assets rather than heavy new construction. This steady Capex growth rate supports the company’s strategy of increasing revenue per square foot through data consolidation, while helping preserve free cash flow and maintain balance sheet flexibility during its expansion into AI and high-density infrastructure markets.

## Economic Analysis

### Inflation:

Historically, REITs have shown a positive relationship with inflation, as reflected in the chart below. During periods of both low and medium inflation, REITs have delivered strong returns, outperforming broad equity markets due to the combination of asset appreciation and stable income generation. As inflation rises, real estate values often remain resilient because higher replacement costs and limited new supply help support property valuations. Additionally, even if rent growth lags inflation in the short term, cap rate compression has historically offset these pressures, helping maintain investment profitability. However, during sustained periods of high inflation, elevated borrowing costs can suppress transaction volumes and property values, making it harder for REITs to sell assets. Despite these challenges, higher inflation environments have typically led to stronger income returns and reinforced the value of owning real assets like data centers, supporting REIT outperformance relative to traditional equities.

REIT vs. Equity Market Returns During Different Inflation Periods:

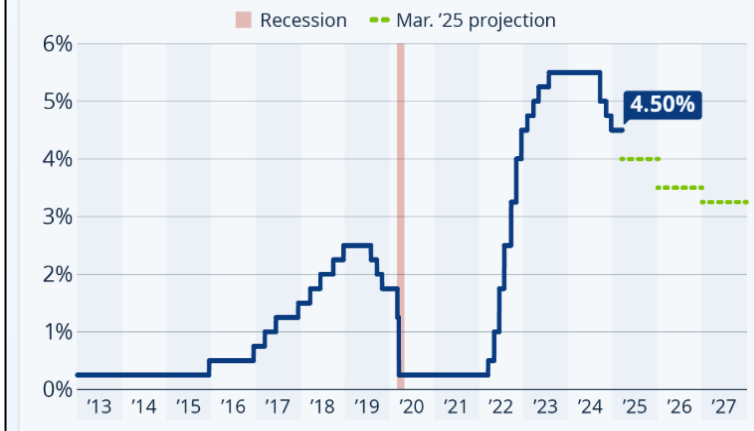


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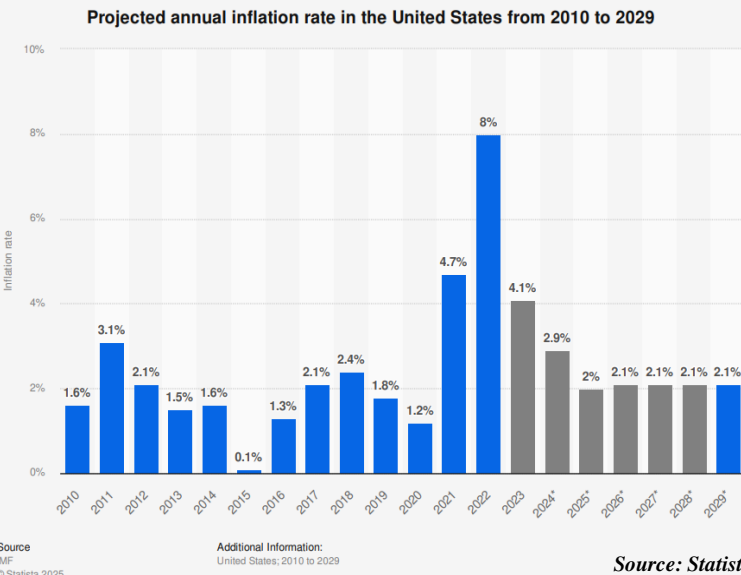
Source: Duff & Phelps, "Oh My! REITs"

# Economic Analysis Continued

Inflation in the United States is expected to gradually moderate over the next two years, stabilizing around the Federal Reserve's long-term target of 2.0% by 2026. While recent inflation readings remain elevated compared to pre-pandemic levels, cooling consumer demand, easing supply chain pressures, and tighter monetary policy are contributing to a steady decline. Market-based indicators like breakeven rates and official forecasts from institutions such as the IMF and World Bank suggest that inflation risks are shifting from a primary concern to a secondary one, creating a more stable backdrop for real asset investments like REITs.



Source: Statista



Source: Statista

## Interest Rates:

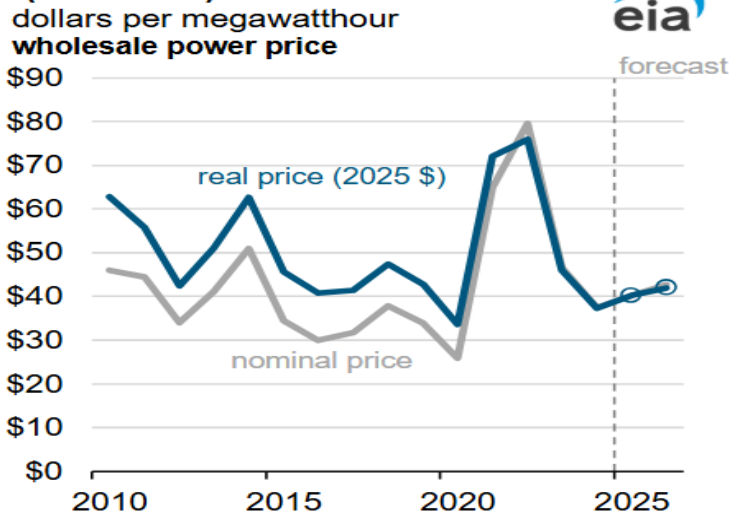
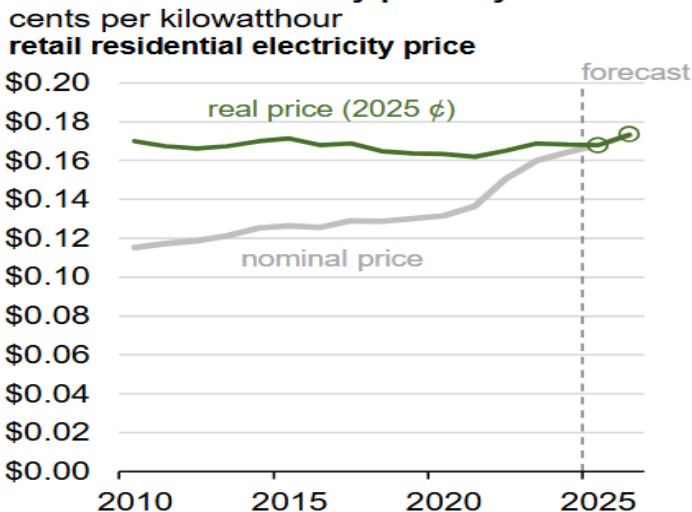
Interest rates remain elevated relative to historical norms following aggressive tightening by the Federal Reserve to combat post-pandemic inflation. However, with inflation showing signs of steady moderation, market expectations point toward gradual rate cuts beginning in late 2025 and into 2026. In our model, we assume that borrowing costs remain relatively high in the near term, but Digital Realty is well-positioned to manage this environment. Much of the company's debt was issued during periods of lower rates, giving it a favorable weighted average cost of debt compared to new market issuance. Additionally, because our thesis emphasizes growth through data consolidation rather than large-scale new construction, Digital Realty's future expansion is less reliant on expensive new financing. As interest rates normalize and free cash flow strengthens, DLR is poised to benefit from operating leverage while maintaining its dividend growth strategy.

## Energy Prices:

Digital Realty operates energy-intensive data centers that require consistent, large-scale electricity supplies to power servers and maintain cooling systems. As AI deployments and high-density computing drive even greater energy demands, securing reliable and affordable power becomes even more critical to sustaining Digital Realty's operating margins. Electricity costs, often tied to broader natural gas and oil prices, represent one of the company's largest variable expenses.

In 2025, global energy markets have shown signs of stabilization following years of volatility. Oil prices have remained relatively steady, while natural gas prices have softened significantly compared to prior spikes. This moderation in energy costs provides a more favorable environment for data center operators like Digital Realty. Stable or declining power prices support margin preservation, improve free cash flow predictability, and help offset inflationary pressures elsewhere in the cost structure.

### Annual U.S. electricity price by select sectors (2010–2026)



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, January 2025

# Industry Analysis

## Porters 5 Forces:

### Threat of New Entrants (LOW):

The barriers to entry for new data center REITs remain high due to significant capital requirements, regulatory complexities, and the need for strategic infrastructure locations. Only a few firms have the scale and expertise to successfully compete in global data center markets, making it difficult for new entrants to disrupt incumbents like Digital Realty.

### Intensity of Competitive Rivalry (HIGH):

Competition among data center REITs and cloud providers is intense, driven by rapid demand for AI infrastructure, cloud services, and edge computing. Key players are aggressively expanding and upgrading facilities to attract major tenants, leading to pricing pressure and continued investment needs. This rivalry is further heightened by the critical importance of location and interconnection capabilities.

### Bargaining Power of Customers (MODERATE/HIGH):

Customers, particularly large hyperscale clients, have moderate to high bargaining power due to the increasing availability of data center options and the importance of competitive pricing. However, Digital Realty's global footprint and strong interconnection ecosystem offer differentiation that helps mitigate pricing pressure.

### Bargaining Power of Suppliers (MODERATE):

Suppliers of critical inputs — including electricity, network infrastructure, and specialized construction services — exert moderate influence. While economies of scale help Digital Realty negotiate favorable terms, rising energy and construction costs can increase supplier leverage, especially in high-demand markets.

### Threat of Substitutes (HIGH):

There is a considerable threat of substitution from in-house IT infrastructure solutions, especially as technological advancements make on-premise data management more feasible for enterprises. Companies seeking tighter control over their data or cost efficiencies may opt for private cloud or localized solutions instead of third-party colocation services.

### Operating Environment:

The broader operating environment remains favorable for data center REITs like Digital Realty, as demand for high-density computing infrastructure accelerates due to AI adoption, cloud migration, and mobile connectivity growth. Stable corporate profits and digital transformation trends support ongoing data storage needs. However, challenges persist from higher borrowing costs, potential energy price volatility, and regulatory pressures in certain global markets. Despite these headwinds, operators with global scale, energy efficiency initiatives, and strong interconnection platforms are better positioned to navigate this environment.

## Industry Trends:

Key industry trends driving the market include the explosive growth in AI workloads, the need for lower-latency edge computing solutions, and the emphasis on sustainable, energy-efficient data centers. Digital Realty's focus on increasing revenue per square foot through data consolidation aligns with broader trends favoring operational efficiency over pure expansion. In addition, hyper-scaler outsourcing, rising demand for hybrid cloud environments, and the expansion of 5G networks continue to drive robust demand for global data center capacity.

## Peer Comparison:

Ticker	Company	Price	EPS 2025E	EPS 2026E	P/E 25	P/E 26	P/FFO 24	Tangible P/FFO 25
EQIX	Equinix Inc.	\$790.15	\$13.22	\$14.87	58.70	52.20	20.80	19.30
IRM	Iron Mountain	\$84.21	\$1.89	\$2.14	42.90	38.00	16.50	15.00
AMT	American Tower Corp	\$222.66	\$6.45	\$7.16	34.00	30.60	21.10	19.70
AJBU-SG	Keppel DC REIT	\$1.51	\$0.11	\$0.11	19.20	18.10	20.50	19.50
DBRG	Digital Bridge Group	\$7.94	(\$0.17)	(\$0.12)	-	-	19.10	13.40
DLR	Digital Realty Trust	\$146.34	\$1.36	\$1.51	107.50	97.10	20.70	19.10

Equinix maintains the highest stock price at \$790.15, reflecting its leadership position in the global colocation and interconnection markets, as well as strong investor confidence. It trades at a P/E of 58.7x based on 2025 earnings estimates, with a tangible P/FFO of 19.3x, indicating a premium valuation due to robust growth expectations.

Digital Realty Trust (DLR) follows with a stock price of \$146.34 but trades at a notably high P/E multiple of 107.5x for 2025, and 97.1x for 2026. This elevated P/E suggests that GAAP earnings are heavily impacted by non-cash items like depreciation, which is typical for real estate investment trusts (REITs). Investors should instead focus on DLR's tangible P/FFO multiple of 19.1x, which aligns more reasonably with peers like Equinix and American Tower and reflects the underlying cash flow strength of the business.

## Profit Pools:

Profit pools in the data center REIT space remain strong, particularly for operators able to offer scalable, flexible, and high-density solutions. Favorable tax treatment under REIT structures, coupled with rising digital infrastructure needs, creates sustainable cash flow streams. As corporate clients invest in AI capabilities and edge computing infrastructure, leading REITs like Digital Realty are positioned to benefit from increased leasing activity and higher rental rates, particularly for specialized, high-density environments.



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# Valuation Analysis

## **Funds From Operations (FFO):**

A key driver of Digital Realty's valuation is the steady expansion of Funds From Operations (FFO), which represents the core cash flow metric for REITs. FFO includes net income, depreciation and amortization, gains or losses on asset dispositions, and adjustments for non-cash items like interest income.

Based on our model, we project FFO to grow from approximately \$1.82 billion in 2025 to nearly \$2.88 billion by 2030, reflecting a strong compound annual growth rate supported by rising revenue per square foot and disciplined capital spending.

## Funds From Operations

FFO =  
Net Income  
+ (Depreciation expense + Amortization expense + Losses on sale of assets)  
- (Gains on sale of assets + Interest income)

Source: CorporateFinanceInsitutue

Starting with net income, we forecasted based on each line item of the income statement, applying growth rates supported by revenue expansion and modest operating expense increases. Depreciation and amortization, a significant driver of REIT FFO, was forecasted using historical average depreciation rates relative to total property, plant, and equipment (PPE). Given DLR's continued investment in its existing portfolio, we anticipate stable depreciation percentages over time. In our model, no major asset sales (gains on disposition) were assumed beyond historical averages, leading to a relatively stable FFO build without reliance on asset recycling strategies.

## **Effective Borrowing Rate:**

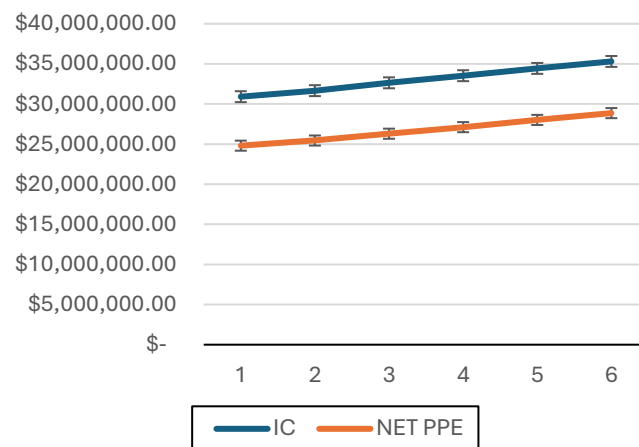
Digital Realty benefits from a historically low weighted average cost of debt, currently around 2.89% as a result of debt issued during periods of lower interest rates. This advantageous debt structure has minimized interest expense and freed up capital for reinvestment into growth initiatives. However, we recognize that as maturing debt needs to be refinanced, future borrowing rates will likely be higher, reflecting the broader shift in interest rate environments.

Higher refinancing costs could pressure future free cash flow margins if Digital Realty is unable to offset these pressures with operating leverage or continued revenue expansion. Despite this risk, the company's strong fixed-rate debt structure provides meaningful protection in the near-to-medium term.

## **Invested Capital:**

In evaluating Free Cash Flow (FCF) and Return on Invested Capital (ROIC) for Digital Realty, a critical step is understanding the drivers behind invested capital. In our model, invested capital primarily consists of total net property, plant, and equipment (PPE) combined with other operating assets such as working capital.

Digital Realty's invested capital is forecasted to grow modestly, reflecting targeted expansion of existing assets and limited new development projects, consistent with our thesis emphasizing data consolidation and revenue growth per square foot rather than large-scale greenfield construction. Over the next five years, we forecast approximately \$2 billion of incremental invested capital, in line with the company's historical investment cadence adjusted for inflation and operational scaling needs. Importantly, because Digital Realty is focused on maximizing output from its existing asset base rather than aggressively acquiring new land or building excessive new centers, we project that invested capital will grow in tandem with inflation and modest portfolio expansion, maintaining capital efficiency. Our calculation methodology aligns with common REIT practices, anchoring invested capital growth to net PPE expansion and stable working capital ratios.



## **Cost of Equity:**

We calculated Digital Realty's cost of equity at 8.03%, using the Capital Asset Pricing Model (CAPM). This calculation assumes:

- A risk-free rate based on the current U.S. 5-year Treasury yield at 4.30%
- A market beta of 0.81
- An equity risk premium of 4.60% (based on Damodaran's updated estimates)

Given that the cost of equity is used as the discount rate in our dividend discount and free cash flow valuation models, careful calibration of this assumption is crucial. The relatively moderate cost of equity reflects both DLR's stable REIT cash flow profile and its sensitivity to broader market risks.

# Model Valuation

Share Price: \$168-\$185

## Price to Funds from Operations (P/FFO):

Our primary valuation method was Price to Funds From Operations (P/FFO), a relative valuation technique widely accepted for REITs due to its direct link to recurring operating cash flows. This approach was selected because it better reflects the ongoing earning power of a REIT, which is required to distribute 90% of taxable income and often excludes one-off property sales.

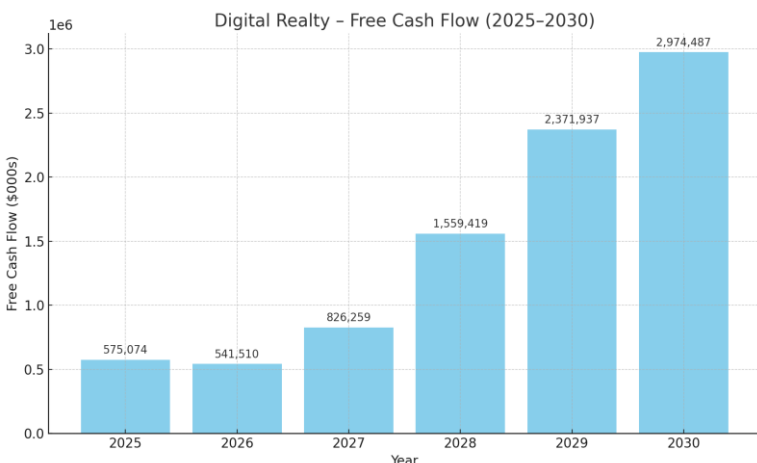
To determine an appropriate valuation range for Digital Realty (DLR), we identified three relevant peers—Equinix (EQIX), Iron Mountain (IRM), and American Tower (AMT)—and calculated their average P/FFO multiples. For 2024 and 2025, the peer group traded at an average P/FFO of approximately 19.47x and 18.0x, respectively.

We applied these multiples to Digital Realty’s projected Funds From Operations, as derived in our FFO model. This yielded an implied share price range of **\$168 to \$185**. Given its alignment with sector norms and DLR’s consistent cash generation, we weighted this valuation most heavily in our recommendation. The P/FFO approach provides an intuitive and industry-appropriate benchmark for estimating intrinsic value, especially when compared to traditional earnings metrics that don’t apply as cleanly to REIT structures.

Share Price: \$140.66

## Dividend Discount Model:

We used the Dividend Discount Model due to Digital Realty’s stable dividend history and REIT structure. Dividends from 2025–2029 were discounted using our 8.03% cost of equity. A terminal value was calculated by dividing the 2029 dividend by the difference between the cost of equity and the continuing ROE. After discounting all values to present and applying a partial-year adjustment, we arrived at an implied share price of **\$140.66**.



Share Price: \$168.94

## Discounted Cash Flow Analysis:

To estimate intrinsic value, we used both a DCF and Economic Profit approach. We projected DLR’s free cash flow to the firm (FCFF) from 2024–2029 and discounted it using a 7.43% WACC. After adjusting for minority interest, lease liabilities, and shares outstanding, we calculated an implied share price of **\$168.94**. This valuation method provides a cash-based perspective and complements our other approaches well.

## Sensitivity Analysis

### Beta vs. Equity Risk Premium:

Beta and the equity risk premium are crucial components when determining the cost of equity. Beta represents the company’s risk; a higher beta reduces valuation, while a lower beta increases it. Similarly, the equity risk premium, which measures the difference between the expected market return and the risk-free rate, affects valuation in the same manner. For instance, a 0.05 increase in beta can lead to nearly a \$6 decline in the stock price, while a 0.10% rise in the equity risk premium causes the stock price to drop by almost \$3.

		BETA						
		0.62	0.66	0.71	0.75	0.79	0.83	0.87
ERP	140.66	152.91	146.83	139.87	134.76	130.01	125.58	121.45
	4.90%	154.94	148.82	141.82	136.67	131.88	127.42	123.25
	4.80%	157.03	150.87	143.82	138.63	133.81	129.31	125.10
	4.70%	159.17	152.98	145.88	140.66	135.80	131.26	127.02
	4.60%	161.37	155.14	148.00	142.74	137.84	133.27	128.99
	4.50%	163.63	157.37	150.18	144.89	139.95	135.34	131.02
	4.40%	165.96	159.66	152.43	147.10	142.12	137.47	133.12
	4.30%							

### Dividend Growth vs. CV EPS:

This sensitivity table we will look at the effects of our dividend growth assumption along with the CV EPS % growth. The main driver you see is the EPS assumption. With a 0.5% increase in terminal EPS growth, our model shows an approximate \$1.80 increase in valuation. In contrast, a 0.5% increase in dividend growth raises our price by only ~\$0.40. This shows that our model is more sensitive to changes in long-term earnings power than dividend growth assumptions.

		Dividend Growth						
		1.75%	2.25%	2.75%	3.25%	3.75%	4.25%	4.75%
CV EPS	140.66	134.20	134.56	134.92	135.29	135.66	136.04	136.42
	1.00%	135.48	135.84	136.21	136.58	136.95	137.33	137.72
	1.50%	136.98	137.34	137.71	138.09	138.47	138.85	139.24
	2.00%	138.76	139.13	139.51	139.89	140.27	140.66	141.05
	2.50%	140.92	141.30	141.68	142.06	142.45	142.85	143.25
	3.00%	143.59	143.98	144.36	144.75	145.15	145.55	145.96
	3.50%	146.98	147.37	147.76	148.16	148.57	148.97	149.39
	4.00%							



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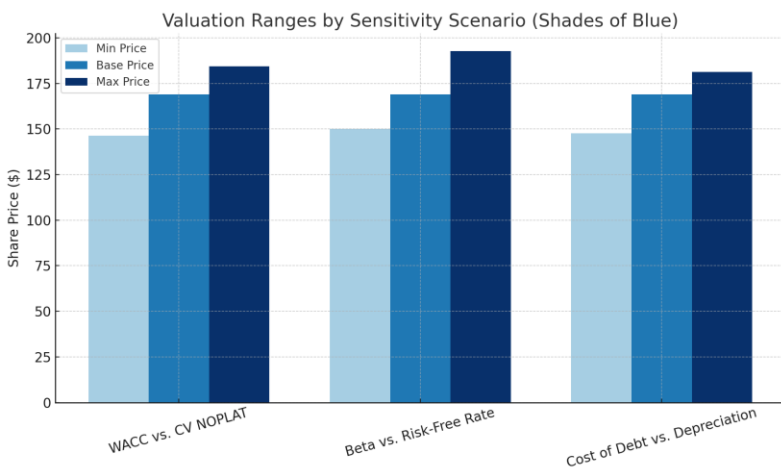
# Sensitivity Analysis Continued

## WACC vs. CV Growth NOPLAT:

This sensitivity table evaluates how our valuation reacts to changes in WACC and terminal growth in NOPLAT, which are key drivers in our DCF and Economic Profit models. As seen across the matrix, WACC has a significant inverse impact on valuation: increasing WACC from 6.88% to 7.48% causes our implied share price to drop from \$168.78 to \$146.40, a decline of over 13%, holding growth constant at 2.5%. This reflects the heightened cost of capital in a rising interest rate environment, which is especially impactful for REITs like DLR given their capital-intensive structure.

In contrast, changes in the CV NOPLAT growth rate affect the valuation in the opposite direction. At a constant 6.88% WACC, increasing the terminal growth rate from 1.75% to 3.25% results in a share price increase from \$157.75 to \$184.35, an almost 17% gain. This highlights the model's sensitivity to long-term profitability assumptions and supports the importance of DLR's ability to drive sustained growth through platform expansion and data center demand. Ultimately, this table helps frame the range of possible valuations based on realistic changes in macroeconomic and company-specific inputs, with our base case of \$168.78 reflecting what we believe to be the most balanced assumptions.

CV Growth NOPLAT	WACC							
	168.94	6.28%	6.48%	6.68%	6.88%	7.08%	7.28%	7.48%
1.75%	181.38	172.83	164.98	157.75	151.08	144.89	139.14	
2.00%	186.38	177.17	168.76	161.05	153.96	147.40	141.34	
2.25%	191.99	182.03	172.97	164.71	157.13	150.17	143.75	
2.50%	198.34	187.49	177.68	168.78	160.66	153.22	146.40	
2.75%	205.60	193.68	182.99	173.34	164.59	156.62	149.33	
3.00%	213.96	200.77	189.02	178.49	169.00	160.40	152.58	
3.25%	223.70	208.95	195.93	184.35	173.99	164.66	156.22	



## Beta vs. Risk Free Rate:

Starting with Beta, which measures DLR's volatility relative to the market: increasing Beta from 0.75 to 0.90 at a constant 4.30% risk-free rate leads to a share price drop from \$168.94 to \$151.38, reflecting a 10.4% decline. This mirrors the market's risk aversion—higher Beta implies greater perceived volatility, thus raising the cost of equity and discounting future cash flows more heavily.

Similarly, the risk-free rate, often proxied by U.S. Treasury yields, also plays a major role. At a Beta of 0.75, increasing the risk-free rate from 3.55% to 5.05% reduces the share price from \$192.81 to \$150.01, a nearly 22% decrease. This illustrates how sensitive REIT valuations are to broader macroeconomic conditions, particularly interest rate shifts.

Together, this sensitivity analysis captures the dual impact of market risk and macroeconomic environment on investor expectations. Our base case valuation of \$168.94 assumes a Beta of 0.75 and a risk-free rate of 4.30%, which we believe best reflects current market conditions and investor sentiment.

Risk Free Rate	BETA							
	168.94	0.60	0.65	0.70	0.75	0.80	0.85	0.90
3.55%	221.01	210.80	201.43	192.81	184.86	177.49	170.65	
3.80%	209.95	200.65	192.10	184.19	176.87	170.07	163.74	
4.05%	199.88	191.38	183.54	176.26	169.51	163.21	157.34	
4.30%	190.68	182.88	175.66	168.94	162.69	156.84	151.38	
4.55%	182.23	175.05	168.38	162.16	156.35	150.92	145.82	
4.80%	174.453	167.822	161.641	155.868	150.463	145.392	140.625	
5.05%	167.267	161.124	155.384	150.009	144.966	140.224	135.759	

## Pre-Tax Cost of Debt vs. Depreciation as a % of sales:

This sensitivity table highlights the dual impact of pre-tax cost of debt and depreciation as a percentage of sales on our DCF-based valuation of DLR. These two assumptions directly influence both the firm's cost structure and tax shield benefits, which are especially relevant for a REIT that holds significant fixed assets. Starting with the pre-tax cost of debt, we observe that a 1.5% increase—from 5.5% to 7.0%—leads to a share price decline from \$168.95 to \$157.49 (assuming a constant depreciation rate of 7.59%). This ~7% drop reflects higher financing costs and reduced tax advantages, both of which suppress enterprise value. On the vertical axis, changes in depreciation as a % of sales also meaningfully affect valuation. At a constant 5.5% cost of debt, increasing depreciation from 6.09% to 9.09% causes the share price to fall from \$181.62 to \$158.15, a 13% decrease. Higher depreciation reduces reported EBIT and NOPLAT, weakening terminal value calculations despite providing a larger tax shield.

Together, this table reinforces the importance of operational efficiency and capital structure in REIT valuation. Our base case estimate of \$168.95 uses assumptions of 7.59% depreciation and 5.5% cost of debt, reflecting a realistic balance of asset aging and capital market conditions.

Dep. as a % of Sales	Pre-Tax Cost of Debt							
	168.94	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%
6.09%	195.98	190.96	186.17	181.62	177.28	173.14	169.18	
6.59%	191.14	186.25	181.60	177.18	172.95	168.93	165.08	
7.09%	186.54	181.78	177.26	172.95	168.85	164.93	161.18	
7.59%	182.17	177.54	173.14	168.95	164.95	161.13	157.49	
8.09%	178.03	173.52	169.23	165.15	161.26	157.54	153.99	
8.59%	174.11	169.72	165.54	161.55	157.76	154.13	150.67	
9.09%	170.41	166.12	162.04	158.15	154.45	150.91	147.54	



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## Conclusion

We place a BUY rating on Digital Realty (DLR) due to its strong positioning in the evolving data center landscape. While the sector remains competitive, we believe DLR is well-equipped to outperform thanks to its advanced data consolidation capabilities and early exposure to AI-driven demand growth. The company reported a 5.2% revenue increase in 2024, and we anticipate an accelerating trajectory, fueled by rising revenue per square foot and the growing need for AI infrastructure.

DLR also continues to offer reliable income as a REIT, and we project a 3.0% annual increase in dividends per share over the forecast horizon. This combination of stable dividend growth and long-term capital appreciation potential makes DLR a strong addition to the Krause Fund portfolio.

## Important Disclaimer

This report was created by students enrolled in the Applied Equity Valuation class at the University of Iowa. The report was originally created to offer an internal investment recommendation for the University of Iowa Krause Fund and its advisory board. The report also provides potential employers and other interested parties with an example of the students' skills, knowledge, and abilities. Members of the Krause Fund are not registered investment advisors, brokers or officially licensed financial professionals. The investment advice contained in this report does not represent an offer or solicitation to buy or sell any of the securities mentioned. Unless otherwise noted, facts and figures included in this report are from publicly available sources. This report is not a complete compilation of data, and its accuracy is not guaranteed. From time to time, the University of Iowa, its faculty, staff, students, or the Krause Fund may hold a financial interest in the companies mentioned in this report.

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Digital Realty Trust  
Sensitivity Tables

		BETA							
		140.66	0.62	0.66	0.71	0.75	0.79	0.83	0.87
ERP	4.90%	152.91	146.83	139.87	134.76	130.01	125.58	121.45	
	4.80%	154.94	148.82	141.82	136.67	131.88	127.42	123.25	
	4.70%	157.03	150.87	143.82	138.63	133.81	129.31	125.10	
	4.60%	159.17	152.98	145.88	140.66	135.80	131.26	127.02	
	4.50%	161.37	155.14	148.00	142.74	137.84	133.27	128.99	
	4.40%	163.63	157.37	150.18	144.89	139.95	135.34	131.02	
	4.30%	165.96	159.66	152.43	147.10	142.12	137.47	133.12	

		WACC							
		168.94	6.28%	6.48%	6.68%	6.88%	7.08%	7.28%	7.48%
CV Growth NOPLAT	1.75%	181.38	172.83	164.98	157.75	151.08	144.89	139.14	
	2.00%	186.38	177.17	168.76	161.05	153.96	147.40	141.34	
	2.25%	191.99	182.03	172.97	164.71	157.13	150.17	143.75	
	2.50%	198.34	187.49	177.68	168.78	160.66	153.22	146.40	
	2.75%	205.60	193.68	182.99	173.34	164.59	156.62	149.33	
	3.00%	213.96	200.77	189.02	178.49	169.00	160.40	152.58	
	3.25%	223.70	208.95	195.93	184.35	173.99	164.66	156.22	

		Dividend Growth							
		140.66	1.75%	2.25%	2.75%	3.25%	3.75%	4.25%	4.75%
CV EPS	1.00%	134.20	134.56	134.92	135.29	135.66	136.04	136.42	
	1.50%	135.48	135.84	136.21	136.58	136.95	137.33	137.72	
	2.00%	136.98	137.34	137.71	138.09	138.47	138.85	139.24	
	2.50%	138.76	139.13	139.51	139.89	140.27	140.66	141.05	
	3.00%	140.92	141.30	141.68	142.06	142.45	142.85	143.25	
	3.50%	143.59	143.98	144.36	144.75	145.15	145.55	145.96	
	4.00%	146.98	147.37	147.76	148.16	148.57	148.97	149.39	

		Pre-Tax Cost of Debt							
		168.94	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%
Dep. as a % of Sales	6.09%	195.98	190.96	186.17	181.62	177.28	173.14	169.18	
	6.59%	191.14	186.25	181.60	177.18	172.95	168.93	165.08	
	7.09%	186.54	181.78	177.26	172.95	168.85	164.93	161.18	
	7.59%	182.17	177.54	173.14	168.95	164.95	161.13	157.49	
	8.09%	178.03	173.52	169.23	165.15	161.26	157.54	153.99	
	8.59%	174.11	169.72	165.54	161.55	157.76	154.13	150.67	
	9.09%	170.41	166.12	162.04	158.15	154.45	150.91	147.54	

		BETA							
		168.94	0.60	0.65	0.70	0.75	0.80	0.85	0.90
Risk Free Rate	3.55%	221.01	210.80	201.43	192.81	184.86	177.49	170.65	
	3.80%	209.95	200.65	192.10	184.19	176.87	170.07	163.74	
	4.05%	199.88	191.38	183.54	176.26	169.51	163.21	157.34	
	4.30%	190.68	182.88	175.66	168.94	162.69	156.84	151.38	
	4.55%	182.23	175.05	168.38	162.16	156.35	150.92	145.82	
	4.80%	174.453	167.822	161.641	155.868	150.463	145.392	140.625	
	5.05%	167.267	161.124	155.384	150.009	144.966	140.224	135.759	

Digital Realty Trust												
Revenue Decomposition												
(Thousands)												
Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
<b>Total Revenue</b>	<b>3,209,241</b>	<b>3,903,609</b>	<b>4,427,882</b>	<b>4,691,834</b>	<b>5,477,061</b>	<b>5,554,968</b>	<b>5,368,784.54</b>	<b>6,117,874.76</b>	<b>7,049,878.68</b>	<b>8,246,354.95</b>	<b>9,765,740.67</b>	<b>11,741,889.89</b>
Total Revenue Calc. by per region (Sq ft)	2,727,477	3,304,587	3,616,541	3,892,858	5,430,173	5,396,208	4,913,338	5,444,156	6,091,921	6,885,036	7,860,572	9,067,237
Total Revenue Calc. by per region (Data Centers)	3,196,356	3,886,546	4,395,039	4,662,683	5,430,173	5,482,472	5,165,007	5,259,821	5,324,108	5,356,695	5,356,977	5,324,933
<b>Avg Total Revenue</b>	<b>3,044,358</b>	<b>3,698,247</b>	<b>4,146,487</b>	<b>4,415,792</b>	<b>5,445,802</b>	<b>5,477,883</b>	<b>5,149,043</b>	<b>5,607,284</b>	<b>6,155,302</b>	<b>6,829,362</b>	<b>7,661,096</b>	<b>8,711,353</b>
Total data centers	172	251	237	257	242	230	225.41	220.65	215.71	210.64	205.44	200.13
total data center Sq ft	24,572	31,097	30,418	32,667	32,203	32,999	32,343.75	32,587.89	32,860.43	33,169.29	33,523.45	33,933.05
Revenue per Sq ft	130	125	144	143	169	168	183.49	201.84	224.04	250.92	283.54	323.24
Revenue per data center	18583	15,484	18,544	18,143	22,439	21,919	22,913.36	23,838.26	24,681.31	25,430.76	26,075.82	26,606.86
Revenue growth percentage	0.00%	22.00%	13.00%	6.00%	17.00%	-0.63%	9.50%	10.50%	11.50%	12.50%	13.50%	14.50%
revenue per square ft growth	0.00%	-4.00%	16.00%	-1.00%	18.00%	-0.39%	9.00%	10.00%	11.00%	12.00%	13.00%	14.00%
revenue per data center growth	0.00%	-17.00%	20.00%	-2.00%	24.00%	-2.32%	4.54%	4.04%	3.54%	3.04%	2.54%	2.04%
<b>Regions</b>												
<b>North America</b>						<b>2,910,803</b>	<b>3,151,933</b>	<b>3,441,442</b>	<b>3,776,297</b>	<b>4,191,160</b>	<b>4,679,644</b>	<b>5,285,410</b>
Revenue calculated by per data center	2,248,599	1,935,531	2,114,069	2,158,986	2,400,944	2,213,819	2,236,548.55	2,244,050.54	2,236,109.77	2,212,828.64	2,174,625.71	2,122,223.42
Revenue calculated by per Sq ft	2,709,852	2,812,581	3,104,760	3,125,012	3,397,758	3,367,422.65	3,117,654	3,403,461	3,745,469	4,154,784	4,645,285	5,234,359
Revenue calculated by occupied Sq ft	2,327,763	2,446,945	2,651,465	2,696,886	2,847,321	2,879,146.36	3,005,182.32	3,133,730.37	3,264,643.40	3,397,760.74	3,532,908.24	3,669,898.38
Data centers	121	125	114	119	107	101	98	94	91	87	83	80
Net Rentable Sq ft (Thousands)	20,832.00	22,504.00	21,488.00	21,894.00	20,150.00	20,004.00	19,872.59	19,722.17	19,553.17	19,366.06	19,161.38	18,939.70
Occupancy	86%	87%	85%	86%	84.0%	85.5%	86%	86%	85%	85%	85%	85%
Revenue generating Sq ft	17,895	19,578	18,351	18,895	16,886	17,103	16,991	16,862	16,718	16,558	16,383	16,193
Revenue per Sq Ft						170	186	204	227	254	287	327
Data center growth		3.31%	-8.80%	4.39%	-10.08%	-6%	-3.36%	-3.56%	-3.76%	-3.96%	-4.16%	-4.36%
Square ft growth		8.03%	-4.51%	1.89%	-7.97%	-0.72%	-0.66%	-0.76%	-0.86%	-0.96%	-1.06%	-1.16%
Revenue growth		5.12%	8.36%	1.71%	5.58%	1.12%	4.38%	4.28%	4.18%	4.08%	3.98%	3.88%
Revenue per Sq Ft						168.34	156.88	172.57	191.55	214.54	242.43	276.37
<b>Total Revenue (North America)</b>	<b>2,329,017.60</b>	<b>2,447,310.00</b>	<b>2,630,131.20</b>	<b>2,692,524.12</b>	<b>2,860,494.00</b>	<b>2,879,146.36</b>	<b>3,120,692.48</b>	<b>3,404,014.36</b>	<b>3,735,227.59</b>	<b>4,145,578.85</b>	<b>4,628,750.09</b>	<b>5,227,927.29</b>
<b>Europe</b>						<b>866,575</b>	<b>724,284</b>	<b>792,593</b>	<b>874,350</b>	<b>972,251</b>	<b>1,089,667</b>	<b>1,230,830</b>
Revenue calculated by per data center	761,922.00	1,703,267.00	1,984,258.00	2,068,272.00	2,513,138.00	2,537,342.00	2,408,795.78	2,482,864.49	2,544,340.49	2,592,125.66	2,625,335.49	2,643,326.02
Revenue calculated by per Sq ft	367,740.00	956,607.00	1,090,741.00	1,132,735.00	1,496,194.00	1,487,429.84	1,243,194.09	1,360,443.52	1,500,775.11	1,668,816.38	1,870,355.91	2,112,653.51
Revenue calculated by occupied Sq ft	303,753.00	752,850.00	813,693.00	898,259.00	1,134,115.00	1,145,320.98	1,276,225.67	1,420,815.91	1,580,366.73	1,756,253.96	1,949,960.35	2,163,081.66
Data centers	41	110	107	114	112	106	105.13	104.15	103.09	101.93	100.68	99.35
Net Rentable Sq ft (Thousands)	2,827.00	7,654.00	7,549.00	7,936.00	8,873.00	8,836.00	8,799.15	8,753.66	8,699.65	8,637.28	8,566.71	8,488.15
Occupancy	83%	79%	75%	79%	76%	77%	78%	77%	77%	77%	77%	77%
Revenue generating Sq ft	2,335.00	6,024.00	5,632.00	6,293.00	6,726.00	6,803.72	6,775.35	6,740.32	6,698.73	6,650.70	6,596.37	6,535.88
Revenue per Sq Ft						98.07	106.90	117.59	130.52	146.19	165.19	188.32
Data center growth		168.29%	-2.73%	6.54%	-1.75%	-5.36%	-0.82%	-0.92%	-1.02%	-1.12%	-1.22%	-1.32%
Square ft growth		170.75%	-1.37%	5.13%	11.81%	-0.42%	-0.42%	-0.52%	-0.62%	-0.72%	-0.82%	-0.92%
Revenue growth		147.85%	8.08%	10.39%	26.26%	0.99%	11.43%	11.33%	11.23%	11.13%	11.03%	10.93%
<b>Total Revenue (Europe)</b>	<b>305,033.30</b>	<b>755,832.50</b>	<b>815,292.00</b>	<b>896,529.92</b>	<b>1,139,648.12</b>	<b>1,145,320.98</b>	<b>1,262,030.37</b>	<b>1,366,823.67</b>	<b>1,502,489.56</b>	<b>1,678,264.84</b>	<b>1,874,613.59</b>	<b>2,122,837.14</b>
<b>Asia Pacific</b>						<b>1,188,763</b>	<b>1,221,792</b>	<b>1,563,173</b>	<b>2,016,385</b>	<b>2,622,172</b>	<b>3,437,440</b>	<b>4,542,144</b>
Revenue calculated by per data center	185,835.00	201,295.00	222,534.00	217,713.00	246,826.00	249,203.00	241,952.48	241,385.88	239,413.30	236,063.43	231,388.87	225,464.80
Revenue calculated by per Sq ft	118,764.00	114,233.00	195,781.00	235,939.00	278,566.00	281,233.00	272,843.95	349,079.31	450,288.27	585,569.34	767,630.54	1,014,327.15
Revenue calculated by occupied Sq ft	95,961.00	101,667.00	149,185.00	179,078.00	213,660.00	215,029.23	261,653.39	318,125.29	386,467.23	469,104.40	568,942.53	689,459.98
Data centers	10	13	12	12	11	11	10.56	10.13	9.70	9.28	8.87	8.47
Net Rentable Sq ft (Thousands)	913.00	914.00	1,355.00	1,653.00	1,652.00	1,577.00	1,835.79	2,135.20	2,481.32	2,881.06	3,342.32	3,874.08
Occupancy	81%	89%	76%	76%	77%	81%	80%	80%	78%	79%	79%	79%
Revenue generating Sq ft	738	813.00	1,033.00	1,255.00	1,267.00	1,277.37	1,486.99	1,729.51	2,009.87	2,333.66	2,707.28	3,138.01
Revenue per Sq Ft						753.81	821.66	903.82	1,003.24	1,123.63	1,269.70	1,447.46
Data center growth		30.00%	-7.69%	0.00%	-8.33%	0.00%	-4.01%	-4.11%	-4.21%	-4.31%	-4.41%	-4.51%
Square ft growth		0.11%	48.25%	21.99%	-0.06%	-4.54%	16.41%	16.31%	16.21%	16.11%	16.01%	15.91%
Revenue growth		5.95%	46.74%	20.04%	19.31%	0.54%	21.68%	21.58%	21.48%	21.38%	21.28%	21.18%
<b>Total Revenue (Asia Pacific)</b>	<b>96,138.90</b>	<b>101,682.50</b>	<b>148,291.20</b>	<b>179,648.04</b>	<b>214,974.76</b>	<b>215,029.23</b>	<b>269,475.51</b>	<b>344,051.42</b>	<b>435,309.55</b>	<b>568,868.43</b>	<b>749,985.63</b>	<b>995,474.06</b>
<b>Africa</b>						<b>277,748</b>	<b>270,776</b>	<b>320,667</b>	<b>382,846</b>	<b>460,772</b>	<b>558,989</b>	<b>683,507</b>
Revenue calculated by per data center		46,453.00	74,178.00	217,713.00	269,265.00	271,858.00	277,709.92	291,520.02	304,244.33	315,677.15	325,626.47	333,919.22
Revenue calculated by per Sq ft		3,125.00	3,757.00	168,997.00	257,656.00	260,123.00	279,646.36	331,171.42	395,387.78	475,866.04	577,300.95	705,897.31
Revenue calculated by occupied Sq ft		3,125.00	2,198.00	118,636.00	182,936.00	238,083.04	338,489.26	480,901.06	682,748.55	968,634.28	1,373,259.65	1,945,534.98
Data centers		3	4	12	12	12	12.12	12.23	12.33	12.41	12.49	12.55
Net Rentable Sq ft (Thousands)		25.00	26.00	1,184.00	1,528.00	1,704.00	1,836.22	1,976.85	2,126.29	2,284.89	2,453.04	2,631.11
Occupancy		100%	59%	70%	71%	83%	71%	74%	75%	76%	74%	74%
Revenue generating Sq ft		25.00	15.00	831.00	1,085.00	1,414.32	1,524.06	1,640.79	1,764.82	1,896.46	2,036.02	2,183.82
Revenue per Sq Ft						163.00	177.67	195.43	216.93	242.96	274.55	312.99
Data center growth		0.00%	33.33%	200.00%	0.00%	0.00%	1%	0.90%	0.80%	0.70%	0.60%	0.50%
Square ft growth		0.00%	4.00%	4453.85%	29.05%	11.52%	7.76%	7.66%	7.56%	7.46%	7.36%	7.26%
Revenue growth		0.00%	-29.66%	5298.26%	54.20%	30.15%	42.17%	42.07%	41.97%	41.87%	41.77%	41.67%
<b>Total Revenue (Africa)</b>		<b>3,125.00</b>	<b>2,208.96</b>	<b>118,518.40</b>	<b>183,344.72</b>	<b>238,083.04</b>	<b>238,373.25</b>	<b>294,014.39</b>	<b>355,417.29</b>	<b>432,933.29</b>	<b>512,195.65</b>	<b>632,433.47</b>

Digital Realty Trust												
Income Statement												
	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
<b>Operating Revenues:</b>												
Revenue from operating activities	3,209,241	3,903,609	4,427,882	4,691,834	5,477,061	5,554,968	5,368,785	6,117,875	7,049,879	8,246,355	9,765,741	11,741,890
<b>Total operating revenues</b>	<b>3,209,241</b>	<b>3,903,609</b>	<b>4,427,882</b>	<b>4,691,834</b>	<b>5,477,061</b>	<b>5,554,968</b>	<b>5,368,785</b>	<b>6,117,875</b>	<b>7,049,879</b>	<b>8,246,355</b>	<b>9,765,741</b>	<b>11,741,890</b>
<b>Operating Expenses:</b>												
Rental property operating & maintenance	1,020,578	1,331,493	1,570,506	1,825,817	2,381,666	2,318,337	1,803,131	2,054,716	2,367,734	2,769,576	3,279,868	3,884,857
Property taxes & insurance	172,183	182,623	207,814	191,745	216,405	200,778	196,775	192,613	188,307	183,876	179,337	174,706
Amortization of Intangibles excluding Goodwill	-	-	-	-	252,000	240,400	259,346	258,974	250,008	209,750	166,262	721,483
Depreciation & amortization	1,163,774	1,366,379	1,486,632	1,577,933	1,694,859	1,771,797	1,830,932	1,882,890	1,931,592	1,996,115	2,058,154	2,126,451
General & administrative	211,097	351,369	400,654	422,167	449,056	480,023	344,188	361,622	395,562	454,449	528,415	623,601
Transactions & integration	27,925	106,662	47,426	68,766	-	93,902	70,060	84,268	81,185	96,070	108,878	152,728
Impairment of investments in real estate	5,351	6,482	18,291	3,000	-	191,184	44,862	52,764	62,020	70,766	84,319	84,319
Other operating expenses	14,118	1,075	2,550	12,438	7,529	27,803	12,779	12,503	16,486	21,706	25,674	33,325
<b>Total operating expenses</b>	<b>2,615,026</b>	<b>3,346,083</b>	<b>3,733,873</b>	<b>4,101,866</b>	<b>4,952,600</b>	<b>5,324,224</b>	<b>4,562,071</b>	<b>4,900,350</b>	<b>5,292,894</b>	<b>5,802,308</b>	<b>6,430,907</b>	<b>7,801,470</b>
<b>Operating income (loss)</b>	<b>594,215</b>	<b>557,526</b>	<b>694,009</b>	<b>589,968</b>	<b>524,461</b>	<b>471,864</b>	<b>806,713</b>	<b>1,217,525</b>	<b>1,756,985</b>	<b>2,444,047</b>	<b>3,334,834</b>	<b>3,940,419</b>
<b>Other Income (Expenses):</b>												
Equity in earnings (loss) of unconsolidated entities	8,067	(57,629)	62,283	(13,497)	(29,791)	(120,138)	(44,951)	(81,904)	(107,625)	(211,219)	(323,521)	(408,678)
Gain on disposition of properties, net	335,148	316,894	1,380,795	176,754	900,531	595,825	617,658	664,743	722,718	613,038	685,752	649,956
Other income (expenses), net	66,000	20,222	(4,358)	8,917	68,431	154,243	(59,883)	(58,641)	(72,750)	(100,633)	(135,943)	(166,243)
Interest income (expense)	(353,057)	(333,021)	(293,846)	(299,132)	(437,741)	(452,836)	(486,144)	(497,899)	(513,027)	(528,150)	(544,827)	(562,836)
Gain (loss) from early extinguishment of debt	(39,157)	(103,215)	(18,672)	(51,135)	-	(5,871)	-	-	-	-	-	-
Income tax income (expense)	(11,995)	(38,047)	(72,799)	(31,550)	(75,579)	(54,760)	(62,504)	(93,287)	(133,973)	(166,281)	(226,222)	(258,946)
<b>Net Income (loss)</b>	<b>599,221</b>	<b>362,730</b>	<b>1,747,412</b>	<b>380,325</b>	<b>950,312</b>	<b>588,327</b>	<b>925,897</b>	<b>1,040,547</b>	<b>1,289,728</b>	<b>1,217,663</b>	<b>1,550,416</b>	<b>1,835,291</b>
<b>Net income (loss) attributable to noncontrolling interests</b>	<b>(19,460)</b>	<b>(6,332)</b>	<b>(38,153)</b>	<b>(2,641)</b>	<b>(1,474)</b>	<b>14,163</b>	<b>(2,251)</b>	<b>(1,899)</b>	<b>(2,398)</b>	<b>(892)</b>	<b>(1,180)</b>	<b>(1,548)</b>
Net income attributable to Digital Realty Trust, Inc.	579,761	356,398	1,709,259	377,684	948,838	602,490	912,847	1,029,380	1,276,621	1,211,619	1,542,981	1,825,389
Preferred stock dividends, including undeclared dividends	(74,990)	(76,536)	(45,761)	(40,724)	(40,724)	(40,724)	(40,724)	(40,724)	(40,724)	(40,724)	(40,724)	(40,724)
Gain (loss) on redemption of preferred stock	(11,760)	(16,520)	18,000	-	-	-	-	-	-	-	-	-
<b>Net income (loss) available to common stockholders</b>	<b>493,011</b>	<b>263,342</b>	<b>1,681,498</b>	<b>336,960</b>	<b>908,114</b>	<b>561,766</b>	<b>872,123</b>	<b>988,656</b>	<b>1,235,897</b>	<b>1,170,895</b>	<b>1,502,257</b>	<b>1,784,665</b>
Net Income per share - basic	2.37	1.01	5.95	1.18	3.04	1.74	2.70	3.06	3.82	3.62	4.65	5.52
Weighted Shares Outstanding - Basic	208,326	260,099	282,475	286,334	298,603	323,336	323,336	323,336	323,336	323,336	323,336	323,336
Cash Dividend per common share	-	448	464	488	488	489	489	489	489	489	489	489
Fund from Operating (FFO)	1,454	1,382	1,843	1,820	1,916	2,027	2,085	2,207	2,445	2,554	2,875	3,261
FFO per Share	6.98	5.31	6.52	6.36	6.42	6.27	6.45	6.83	7.56	7.90	8.89	10.09
Dividends per share	4.78	4.76	4.88	5.07	5.09	5.05	4.95	5.16	5.38	5.61	5.85	6.10

Digital Realty Trust												
Balance Sheet												
Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
<b>Assets</b>												
Investments in real estate:												
Investments in properties, net	14,230,575	20,582,954	20,762,241	23,774,662	24,236,088	24,120,782	24,805,287	25,446,883	26,296,919	27,114,216	28,013,974	28,862,078
Investments in unconsolidated entities	1,287,109	1,148,158	1,807,689	1,991,426	2,295,889	2,639,800	2,594,849	2,512,944	2,405,319	2,194,100	1,870,579	1,461,901
<b>Net investments in real estate</b>	<b>15,517,684</b>	<b>21,731,112</b>	<b>22,569,930</b>	<b>25,766,088</b>	<b>26,531,977</b>	<b>26,760,582</b>	<b>27,400,136</b>	<b>27,959,828</b>	<b>28,702,238</b>	<b>29,308,316</b>	<b>29,884,553</b>	<b>30,323,979</b>
Operating lease right-of-use assets, net	628,681	1,386,959	1,405,441	1,351,329	1,414,256	1,178,853	1,207,027	1,231,682	1,264,387	1,291,085	1,316,470	1,335,827
Cash & cash equivalents	89,817	108,501	142,698	141,773	1,625,495	3,870,891	2,191,415	1,263,513	421,363	(467,255)	(1,061,503)	(1,359,993)
Accounts & other receivables, net	305,501	603,111	671,721	969,292	1,278,110	1,257,464	955,387	1,088,689	1,254,541	1,467,457	1,737,835	2,089,495
Deferred rent, net	478,744	528,180	547,385	601,590	624,427	642,456	685,403	759,101	861,552	1,005,828	1,180,981	1,433,508
Goodwill	3,363,070	8,330,996	7,937,440	9,208,497	9,239,871	8,929,431	8,929,431	8,929,431	8,929,431	8,929,431	8,929,431	8,929,431
Customer relationship value, deferred leasing costs & intangibles, net	2,195,324	3,122,904	2,735,486	3,092,627	2,500,237	2,178,054	2,105,053	2,306,997	2,552,699	2,862,237	3,243,116	3,723,250
Assets held for sale	229,934	-	-	-	478,503	-	-	-	-	-	-	-
Other assets	184,561	264,528	359,459	353,802	420,382	465,885	395,934	410,464	418,239	415,305	417,047	417,876
<b>Total assets</b>	<b>23,068,131</b>	<b>36,076,291</b>	<b>36,369,560</b>	<b>41,484,998</b>	<b>44,113,258</b>	<b>45,283,616</b>	<b>43,869,786</b>	<b>43,949,704</b>	<b>44,404,450</b>	<b>44,812,404</b>	<b>45,647,930</b>	<b>46,893,373</b>
<b>Liabilities and Equity</b>												
Total long-term debt	10,122,448	13,304,717	13,448,210	16,596,803	17,425,907	16,714,377	16,821,593	17,228,354	17,751,788	18,275,090	18,852,154	19,475,293
Operating lease liabilities	693,539	1,468,712	1,512,187	1,471,044	1,542,094	1,294,219	1,325,150	1,352,218	1,388,123	1,417,435	1,445,303	1,466,555
Accounts payable & other accrued liabilities	1,007,761	1,420,162	1,543,623	1,868,885	2,168,984	2,056,215	1,987,298	2,264,579	2,609,568	3,052,453	3,614,866	4,346,353
Deferred tax liabilities, net	-	698,308	666,451	1,192,752	1,151,096	1,084,562	1,138,790	1,195,730	1,255,516	1,318,292	1,384,206	1,453,417
Accrued dividends & distributions	234,620	324,386	338,729	363,716	387,988	418,661	(400,280)	(417,292)	(435,027)	(453,515)	(472,790)	(492,883)
Security deposits & prepaid rents	208,724	371,659	336,578	369,654	401,867	539,802	552,703	563,993	578,968	591,194	602,817	611,681
Obligations associated with assets held for sale	2,700	-	-	-	39,001	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>12,418,566</b>	<b>17,587,944</b>	<b>17,845,778</b>	<b>21,862,854</b>	<b>23,116,937</b>	<b>22,107,836</b>	<b>21,425,253</b>	<b>22,187,582</b>	<b>23,148,936</b>	<b>24,200,948</b>	<b>25,426,557</b>	<b>26,860,416</b>
<b>Stockholders' Equity</b>												
Preferred stock	1,434,420	950,940	731,690	731,690	731,690	731,690	731,690	731,690	731,690	731,690	731,690	731,690
Common equity	11,579,393	20,629,685	21,078,687	22,145,755	24,399,885	28,083,075	28,083,075	28,083,075	28,083,075	28,083,075	28,083,075	28,083,075
Cash flow hedge adjustments	-	(2,630)	(107)	(98,659)	(112,810)	-	-	-	-	-	-	-
<b>Total common equity</b>	<b>11,579,393</b>	<b>20,629,685</b>	<b>21,078,687</b>	<b>22,145,755</b>	<b>24,399,885</b>	<b>28,083,075</b>	<b>28,083,075</b>	<b>28,083,075</b>	<b>28,083,075</b>	<b>28,083,075</b>	<b>28,083,075</b>	<b>28,083,075</b>
Accumulated other comprehensive income (loss), net	(87,922)	173,890	(135,000)	(595,798)	(751,393)	(1,182,283)	(1,182,283)	(1,182,283)	(1,182,283)	(1,182,283)	(1,182,283)	(1,182,283)
Accumulated dividends in excess of earnings (Retained Earnings)	(3,046,579)	(3,997,938)	(3,631,929)	(4,698,313)	(5,262,648)	(6,292,085)	(7,021,082)	(7,701,593)	(8,205,803)	(8,848,969)	(9,237,871)	(9,424,739)
<b>Total stockholders' equity</b>	<b>9,879,312</b>	<b>17,717,697</b>	<b>18,004,568</b>	<b>17,583,334</b>	<b>19,117,534</b>	<b>49,423,472</b>	<b>20,611,400</b>	<b>19,930,889</b>	<b>19,426,679</b>	<b>18,783,513</b>	<b>18,394,611</b>	<b>18,207,743</b>
Noncontrolling interests in operating partnership	708,163	608,980	-	-	-	-	-	-	-	-	-	-
Noncontrolling interests in consolidated joint ventures	20,625	119,659	-	-	-	-	-	-	-	-	-	-
<b>Noncontrolling interests</b>	<b>728,788</b>	<b>728,639</b>	<b>472,219</b>	<b>524,131</b>	<b>483,973</b>	<b>402,198</b>	<b>399,947</b>	<b>398,048</b>	<b>395,650</b>	<b>394,758</b>	<b>393,577</b>	<b>392,030</b>
<b>Total equity</b>	<b>10,608,100</b>	<b>18,446,336</b>	<b>18,476,787</b>	<b>18,107,465</b>	<b>19,601,507</b>	<b>49,825,670</b>	<b>21,011,348</b>	<b>20,328,937</b>	<b>19,822,329</b>	<b>19,178,270</b>	<b>18,788,188</b>	<b>18,599,772</b>
Redeemable noncontrolling interests	41,465	42,011	46,995	1,514,679	1,394,814	1,433,185	1,433,185	1,433,185	1,433,185	1,433,185	1,433,185	1,433,185
<b>Total liabilities and equity</b>	<b>23,068,131</b>	<b>36,076,291</b>	<b>36,369,560</b>	<b>41,484,998</b>	<b>44,113,258</b>	<b>45,283,616</b>	<b>43,869,786</b>	<b>43,949,704</b>	<b>44,404,450</b>	<b>44,812,404</b>	<b>45,647,930</b>	<b>46,893,373</b>

**Digital Realty Trust**
*Historical Cash Flow Statement*

<i>Fiscal Years Ending Dec. 31</i>	2019	2020	2021	2022	2023	2024
<b>Cash flows from operating activities:</b>						
<b>Net Income</b>	<b>599,221</b>	<b>362,730</b>	<b>1,747,412</b>	<b>380,325</b>	<b>950,312</b>	<b>588,327</b>
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>						
Loss (gain) on disposition of properties, net	(384,356)	(271,243)	(1,380,795)	(176,754)	(900,531)	(595,825)
Equity in (earnings) loss of unconsolidated entities	(8,067)	57,629	(62,283)	13,497	29,791	120,138
Distributions from unconsolidated entities	44,293	39,878	66,232	42,376	73,518	78,269
Depreciation & amortization	1,163,774	1,366,379	1,486,632	1,577,933	1,694,859	1,771,797
Amortization of share-based compensation	(8,435)	2,432	84,083	92,461	80,532	75,606
Loss from early extinguishment of debt	39,157	103,215	18,672	51,135	0	5,871
Straight-lined rents & amortization of above & below market leases	0	0	(30,793)	(64,954)	(50,931)	(56,465)
Amortization of acquired above market leases and acquired below market	17,097	12,686	6,074	0	0	0
Amortization of deferred financing costs and debt discount/premium	15,622	19,202	18,694	18,848	26,834	28,666
Other operating activities, net	0	0	81,038	(45,141)	(8,216)	29,237
Other items, net	(26,535)	(4,443)	27,341	0	0	0
<b>Changes in assets and liabilities:</b>						
Increase in accounts receivable and other assets	(103,162)	(103,327)	(389,116)	(272,452)	(155,317)	(342,061)
Increase (decrease) in accounts payable and other liabilities	72,660	94,909	62,452	42,114	(224,434)	366,733
<b>Net cash flow from operating activities</b>	<b>1,513,817</b>	<b>1,706,541</b>	<b>1,702,228</b>	<b>1,659,388</b>	<b>1,634,780</b>	<b>2,261,477</b>
<b>Improvements to investments in real estate</b>	<b>(1,436,902)</b>	<b>(2,064,066)</b>	<b>(2,520,772)</b>	<b>(2,643,097)</b>	<b>(3,525,598)</b>	<b>(2,831,740)</b>
Cash paid for business combination and asset acquisitions, net of cash an	(75,704)	(908,567)	(192,015)	(1,930,178)	(52,297)	(508,001)
Investments in and advances from unconsolidated entities	0	0	(59,450)	(299,427)	(336,456)	(315,623)
Proceeds from (investment in) unconsolidated entities, net	1,296,699	(144,323)	2,665	0	0	99,864
Proceeds from sale of real estate	0	564,615	1,691,072	271,567	2,619,778	1,764,835
Other investing activities, net	(59,085)	(47,006)	(42,671)	(101,600)	(62,511)	(115,492)
<b>Net cash flows from investing activities</b>	<b>(274,992)</b>	<b>(2,599,347)</b>	<b>(1,061,721)</b>	<b>(4,699,403)</b>	<b>(1,115,111)</b>	<b>(1,906,157)</b>
Proceeds from credit facilities	0	162,111	2,521,497	5,510,267	2,870,841	1,636,351
Net proceeds from (payments on) credit facilities	(1,412,388)	0	(2,611,051)	(3,820,086)	(3,293,644)	(1,715,044)
Borrowings on secured or unsecured debt	2,869,240	3,573,120	1,824,389	2,791,027	869,132	2,234,999
Repayments on secured or unsecured debt	(1,915,301)	(2,928,924)	(990,968)	(1,036,577)	(111,979)	(2,119,007)
Premium paid for early extinguishment of debt	(35,067)	(96,124)	(16,482)	(49,662)	0	0
Capital contributions from noncontrolling interests, net	63,173	102,285	124,134	44,312	4,474	(21,418)
Proceeds from issuance of common stock, net	535,620	1,879,957	172,096	928,432	2,207,259	3,650,771
Redemption of preferred stock	(365,050)	(500,000)	(201,250)	0	0	0
Payments of dividends & distributions	(996,766)	(1,239,318)	(1,379,198)	(1,450,637)	(1,520,644)	(1,633,247)
Other financing activities, net	(15,482)	(17,418)	33,797	52,073	(61,965)	30,028
<b>Net cash flows from financing activities</b>	<b>(1,272,021)</b>	<b>935,689</b>	<b>(590,630)</b>	<b>2,969,149</b>	<b>963,474</b>	<b>2,063,433</b>
Net increase (decrease) in cash, cash equivalents & restricted cash	(33,196)	42,883	49,877	(70,866)	1,485,774	2,418,753
Effect of exchange rate changes on cash, cash equivalents & restricted cash	(4,773)	(16,484)	(22,044)	70,077	2,631	(178,523)
Cash, cash equivalents & restricted cash at beginning of period	135,222	97,253	123,652	151,485	150,696	1,636,470
<b>Cash, cash equivalents &amp; restricted cash at end of period</b>	<b>97,253</b>	<b>123,652</b>	<b>151,485</b>	<b>150,696</b>	<b>1,636,470</b>	<b>3,876,700</b>

## Digital Realty Trust

## Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E
<b>Cash Flows From Operating Activities:</b>						
Net income	912,846.74	1,029,379.69	1,276,620.77	1,211,618.69	1,542,981.10	1,825,388.76
Add back: Depreciation and Amortization	1,830,931.57	1,882,890.20	1,931,591.69	1,996,115.17	2,058,153.58	2,126,451.33
Change in accounts receivable	302,076.95	(133,302.26)	(165,852.15)	(212,915.59)	(270,378.04)	(351,660.11)
Change in deferred rent	(42,947.38)	(73,697.46)	(102,451.50)	(144,275.44)	(175,153.36)	(252,526.66)
Change in other assets	69,951.07	(14,529.87)	(7,774.70)	2,933.95	(1,742.51)	(829.27)
Change in accounts payable	(68,917.27)	277,281.62	344,988.57	442,885.08	562,412.55	731,487.14
Change in deferred tax liability	54,228.10	56,939.51	59,786.48	62,775.80	65,914.59	69,210.32
Change in security deposits and prepaid rents	12,900.79	11,289.84	14,975.56	12,225.52	11,623.58	8,863.90
<b>Net cash flows from operating activities</b>	<b>3,071,070.57</b>	<b>3,036,251.26</b>	<b>3,351,884.71</b>	<b>3,371,363.19</b>	<b>3,793,811.49</b>	<b>4,156,385.42</b>
Capex	(2,515,437.00)	(2,524,486.01)	(2,781,627.21)	(2,813,412.19)	(2,957,911.48)	(2,974,555.60)
Change in operating ROU assets	(28,173.54)	(24,655.44)	(32,704.56)	(26,698.84)	(25,384.29)	(19,357.54)
Change in goodwill	-	-	-	-	-	-
Change in Intangibles	73,000.90	(201,943.55)	(245,702.29)	(309,538.19)	(380,879.29)	(480,133.39)
Change in assets held for sale	-	-	-	-	-	-
Change in liabilities associated with assets held for sale	-	-	-	-	-	-
Change in investment in unconsolidated entity	44,951.34	81,904.32	107,624.88	211,219.35	323,521.24	408,677.90
Change in noncontrolling interest	(2,250.67)	(1,899.31)	(2,397.83)	(892.48)	(1,180.31)	(1,547.73)
<b>Net cash flows from investing activities</b>	<b>(2,427,908.96)</b>	<b>(2,671,079.99)</b>	<b>(2,954,807.00)</b>	<b>(2,939,322.35)</b>	<b>(3,041,834.13)</b>	<b>(3,066,916.37)</b>
Total dividends paid	(1,601,119.46)	(1,669,167.03)	(1,740,106.63)	(1,814,061.16)	(1,891,158.76)	(1,971,533.01)
Change in lt & st debt	107,216.05	406,761.08	523,433.46	523,302.67	577,063.79	623,139.00
Change in operating lease liabilities	30,930.68	27,068.30	35,905.12	29,311.67	27,868.47	21,251.93
Change in accrued dividends and distributions	(818,940.86)	(17,011.89)	(17,734.90)	(18,488.63)	(19,274.40)	(20,093.56)
Preferred Stock Dividends	(40,724.00)	(40,724.00)	(40,724.00)	(40,724.00)	(40,724.00)	(40,724.00)
Change in total common equity	-	-	-	-	-	-
Change in AOIC	-	-	-	-	-	-
<b>Net cash flows from financing activities</b>	<b>(2,322,637.59)</b>	<b>(1,293,073.55)</b>	<b>(1,239,226.95)</b>	<b>(1,320,659.46)</b>	<b>(1,346,224.90)</b>	<b>(1,387,959.64)</b>
Net increase (decrease) in cash, cash equivalents & restricted cash	(1,679,475.98)	(927,902.29)	(842,149.24)	(888,618.63)	(594,247.54)	(298,490.60)
Cash, cash equivalents & restricted cash at beginning of period	3,870,891.00	2,191,415.02	1,263,512.73	421,363.49	(467,255.14)	(1,061,502.68)
<b>Cash, cash equivalents &amp; restricted cash at end of period</b>	<b>2,191,415.02</b>	<b>1,263,512.73</b>	<b>421,363.49</b>	<b>(467,255.14)</b>	<b>(1,061,502.68)</b>	<b>(1,359,993.28)</b>

**Digital Realty Trust**
*Common Size Income Statement*

<b>Fiscal Years Ending Dec. 31</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>
<b>Operating Revenues:</b>												
Revenue from Operating Activities	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Total operating revenues</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Operating Expenses:</b>												
Rental property operating and maintenance	31.8%	34.1%	35.5%	38.9%	40.5%	38.7%	33.6%	33.6%	33.6%	33.6%	33.6%	33.1%
Property taxes and Insurance	5.4%	4.7%	4.7%	4.1%	4.0%	3.6%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
Change in fair value of contingent consideration	0.0%	0.0%	0.0%	0.0%	4.6%	4.3%	4.5%	4.3%	4.4%	4.4%	4.4%	4.4%
Depreciation and amortization	36.3%	35.0%	33.6%	33.6%	30.9%	31.9%	34.1%	30.8%	27.4%	24.2%	21.1%	18.1%
General and administrative	6.6%	9.0%	9.0%	9.0%	8.2%	8.6%	6.4%	5.9%	5.6%	5.5%	5.4%	5.3%
Transaction expenses	0.9%	2.7%	1.1%	1.5%	0.0%	1.7%	1.3%	1.4%	1.2%	1.2%	1.1%	1.3%
Impairment on investments in real estate	0.2%	0.2%	0.4%	0.1%	0.0%	3.4%	0.7%	0.8%	0.9%	1.0%	1.1%	1.3%
Other	0.4%	0.0%	0.1%	0.3%	0.1%	0.5%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%
<b>Total operating expenses</b>	<b>81.48%</b>	<b>85.72%</b>	<b>84.33%</b>	<b>87.43%</b>	<b>90.42%</b>	<b>95.85%</b>	<b>84.97%</b>	<b>80.10%</b>	<b>75.08%</b>	<b>70.36%</b>	<b>65.85%</b>	<b>66.44%</b>
<b>Operating income</b>	<b>18.52%</b>	<b>14.28%</b>	<b>15.67%</b>	<b>12.57%</b>	<b>9.58%</b>	<b>8.49%</b>	<b>15.03%</b>	<b>19.90%</b>	<b>24.92%</b>	<b>29.64%</b>	<b>34.15%</b>	<b>33.56%</b>
<b>Other Income (Expenses):</b>												
Equity in earnings of unconsolidated joint ventures	1.36%	-10.34%	8.97%	-2.29%	-5.68%	-25.46%	-5.57%	-6.73%	-6.13%	-8.64%	-9.70%	-10.37%
Gain on sale of property	10.44%	8.12%	31.18%	3.77%	16.44%	10.73%	13.45%	13.95%	14.92%	12.21%	13.61%	13.14%
Gain on contribution of investment properties to unconsolidated joint	2.06%	0.52%	-0.10%	0.19%	1.25%	2.78%	1.12%	0.96%	1.03%	1.22%	1.39%	1.42%
Interest and other income	-11.00%	-8.53%	-6.64%	-6.38%	-7.99%	-8.15%	-8.11%	-7.63%	-7.48%	-7.63%	-7.83%	-7.81%
Interest expense	-1.22%	-2.64%	-0.42%	-1.09%	0.00%	-0.11%	-0.91%	-0.86%	-0.57%	-0.59%	-0.51%	-0.59%
Tax expense	-0.37%	-0.97%	-1.64%	-0.67%	-1.38%	-0.99%	-1.01%	-1.11%	-1.13%	-1.05%	-1.11%	-1.07%
Loss from early extinguishment of debt	18.67%	9.29%	39.46%	8.11%	17.35%	10.59%	17.25%	17.01%	18.29%	14.77%	15.88%	15.63%
Net income	-0.61%	-0.16%	-0.86%	-0.06%	-0.03%	0.25%	-0.24%	-0.18%	-0.19%	-0.07%	-0.08%	-0.08%
Net income attributable to noncontrolling interests	18.07%	9.13%	38.60%	8.05%	17.32%	10.85%	17.00%	16.83%	18.11%	14.69%	15.80%	15.55%
Net income attributable to Digital Realty Trust, Inc.	-2.34%	-1.96%	-1.03%	-0.87%	-0.74%	-0.73%	-1.28%	-1.10%	-0.96%	-0.95%	-0.96%	-1.00%
Preferred stock dividends	-0.37%	-0.42%	0.41%	0.00%	0.00%	0.00%	-0.06%	-0.01%	0.05%	0.00%	0.00%	-0.01%
<b>Net income available to common stockholders</b>	<b>15.36%</b>	<b>6.75%</b>	<b>37.98%</b>	<b>7.18%</b>	<b>16.58%</b>	<b>10.11%</b>	<b>15.66%</b>	<b>15.71%</b>	<b>17.20%</b>	<b>13.74%</b>	<b>14.83%</b>	<b>14.54%</b>

Digital Realty Trust  
Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
<b>Assets</b>												
Investments in real estate:												
Investments in properties, net	443.42%	527.28%	468.90%	506.72%	442.50%	434.22%	470.51%	470.51%	470.51%	470.51%	470.51%	470.51%
Investments in unconsolidated entities	40.11%	29.41%	40.83%	42.44%	41.92%	47.52%	40.37%	40.37%	40.37%	40.37%	40.37%	40.37%
Net investments in real estate	483.53%	556.69%	509.72%	549.17%	484.42%	481.74%	510.88%	515.44%	508.56%	508.37%	501.57%	504.43%
Operating lease right-of-use assets, net	19.59%	35.53%	31.74%	28.80%	25.82%	21.22%	27.12%	28.37%	27.18%	26.42%	26.02%	26.06%
Cash & cash equivalents	2.80%	2.78%	3.22%	3.02%	29.68%	69.68%	18.53%	21.15%	24.21%	27.71%	31.83%	32.19%
Accounts & other receivables, net	9.52%	15.45%	15.17%	20.66%	23.34%	22.64%	17.80%	19.17%	19.80%	20.57%	20.55%	20.09%
Deferred rent, net	14.92%	13.53%	12.36%	12.82%	11.40%	11.57%	12.77%	12.41%	12.22%	12.20%	12.09%	12.21%
Goodwill	104.79%	213.42%	179.26%	196.27%	168.70%	160.75%	170.53%	181.49%	176.17%	175.65%	172.21%	172.80%
Customer relationship value, deferred leasing costs & intangibles, net	68.41%	80.00%	61.78%	65.92%	45.65%	39.21%	39.21%	37.71%	36.21%	34.71%	33.21%	31.71%
Assets held for sale	7.16%	0.00%	0.00%	0.00%	8.74%	0.00%	2.65%	1.90%	2.21%	2.58%	3.01%	2.06%
Other assets	5.75%	6.78%	8.12%	7.54%	7.68%	8.39%	7.37%	7.65%	7.79%	7.74%	7.77%	7.78%
<b>Total assets</b>	<b>718.80%</b>	<b>924.18%</b>	<b>821.38%</b>	<b>884.20%</b>	<b>805.42%</b>	<b>815.19%</b>	<b>828.19%</b>	<b>846.43%</b>	<b>833.47%</b>	<b>835.48%</b>	<b>827.36%</b>	<b>831.02%</b>
<b>Liabilities and Equity</b>												
Global revolving credit facilities, net	7.29%	13.63%	8.99%	45.83%	33.09%	29.01%	22.97%	25.59%	27.58%	30.68%	28.15%	27.33%
Unsecured term loans, net	25.25%	13.75%	0.00%	17.00%	28.49%	6.96%	15.24%	13.57%	13.54%	15.80%	15.60%	13.45%
Unsecured senior notes, net of discount	279.60%	307.33%	291.41%	279.64%	245.06%	251.36%	275.73%	275.09%	269.72%	266.10%	263.84%	266.97%
Secured debt, including premiums	3.27%	6.13%	3.31%	11.27%	11.52%	13.56%	8.18%	9.00%	9.47%	10.50%	10.37%	10.18%
Secured & other debt, including premiums	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating lease liabilities	21.61%	37.62%	34.15%	31.35%	28.16%	23.30%	29.37%	30.66%	29.50%	28.72%	28.28%	28.30%
Accounts payable & other accrued liabilities	31.40%	36.38%	34.86%	39.83%	39.60%	37.02%	36.52%	37.37%	37.53%	37.98%	37.67%	37.35%
Deferred tax liabilities, net	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Accrued dividends & distributions	7.31%	8.31%	7.65%	7.75%	7.08%	7.54%	7.61%	7.66%	7.55%	7.53%	7.49%	7.56%
Security deposits & prepaid rents	6.50%	9.52%	7.60%	7.88%	7.34%	9.72%	8.09%	8.36%	8.16%	8.26%	8.32%	8.49%
Obligations associated with assets held for sale	0.08%	0.00%	0.00%	0.00%	0.71%	0.00%	0.13%	0.14%	0.16%	0.19%	0.22%	0.14%
<b>Total liabilities</b>	<b>386.96%</b>	<b>450.56%</b>	<b>403.03%</b>	<b>465.98%</b>	<b>422.07%</b>	<b>397.98%</b>	<b>421.10%</b>	<b>426.79%</b>	<b>422.82%</b>	<b>426.12%</b>	<b>419.48%</b>	<b>419.05%</b>
<b>Stockholders' Equity</b>												
Preferred stock	44.70%	24.36%	16.52%	15.59%	13.36%	13.17%	21.28%	17.38%	16.22%	16.17%	16.26%	16.75%
Common Equity	360.81%	528.48%	476.04%	472.01%	445.49%	1024.27%	551.18%	582.91%	591.98%	611.31%	634.53%	666.03%
Accumulated dividends in excess of earnings	-94.93%	-102.42%	-82.02%	-100.14%	-96.09%	-113.27%	-98.14%	-98.68%	-98.06%	-100.73%	-100.83%	-101.62%
Foreign currency translation adjustments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash flow hedge adjustments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Accumulated other comprehensive income (loss), net	-2.74%	4.45%	-3.05%	-12.70%	-13.72%	-21.28%	-8.17%	-9.08%	-11.33%	-12.71%	-12.72%	-12.55%
<b>Total stockholders' equity</b>	<b>307.84%</b>	<b>453.88%</b>	<b>406.62%</b>	<b>374.76%</b>	<b>349.05%</b>	<b>889.72%</b>	<b>463.64%</b>	<b>489.61%</b>	<b>495.57%</b>	<b>510.39%</b>	<b>533.00%</b>	<b>563.65%</b>
Noncontrolling interests in operating partnership	22.07%	15.60%	0.00%	0.00%	0.00%	0.00%	6.28%	3.65%	1.65%	1.93%	2.25%	2.63%
Noncontrolling interests in consolidated joint ventures	0.64%	3.07%	0.00%	0.00%	0.00%	0.00%	0.62%	0.61%	0.21%	0.24%	0.28%	0.33%
Noncontrolling interests	22.71%	18.67%	10.66%	11.17%	8.84%	7.24%	13.21%	11.63%	10.46%	10.43%	10.30%	10.55%
<b>Total equity</b>	<b>330.55%</b>	<b>472.55%</b>	<b>417.28%</b>	<b>385.94%</b>	<b>357.88%</b>	<b>896.96%</b>	<b>476.86%</b>	<b>501.24%</b>	<b>506.03%</b>	<b>520.82%</b>	<b>543.30%</b>	<b>574.20%</b>
<b>Total liabilities and equity</b>	<b>718.80%</b>	<b>924.18%</b>	<b>821.38%</b>	<b>884.20%</b>	<b>805.42%</b>	<b>815.19%</b>	<b>828.19%</b>	<b>846.43%</b>	<b>833.47%</b>	<b>835.48%</b>	<b>827.36%</b>	<b>831.02%</b>

<b>Digital Realty Trust</b>												
<i>Value Driver Estimation</i>												
<b>Fiscal Years Ending Dec. 31</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>
<b>Free Cash Flow (FCF):</b>												
NOPLAT	621,957	1,292,232	770,038	1,148,875	460,502	339,413	904,462	1,292,874	1,804,076	2,446,368	3,281,538	3,841,871
Change in IC		7,933,201	543,742	3,527,382	356,391	(171,160)	329,387	751,363	977,817	886,949	909,601	867,383
<b>FCF</b>		<b>(6,640,970)</b>	<b>226,296</b>	<b>(2,378,507)</b>	<b>104,111</b>	<b>510,573</b>	<b>575,075</b>	<b>541,510</b>	<b>826,259</b>	<b>1,559,419</b>	<b>2,371,937</b>	<b>2,974,488</b>
<b>Return on Invested Capital (ROIC):</b>												
NOPLAT	621,957	1,292,232	770,038	1,148,875	460,502	339,413	904,462	1,292,874	1,804,076	2,446,368	3,281,538	3,841,871
Beginning IC	18,391,951	26,325,152	26,868,894	30,396,276	30,752,667	30,581,507	30,910,895	31,662,258	32,640,075	33,527,023	34,436,624	
<b>ROIC</b>		<b>7.03%</b>	<b>2.93%</b>	<b>4.28%</b>	<b>1.51%</b>	<b>1.10%</b>	<b>2.96%</b>	<b>4.18%</b>	<b>5.70%</b>	<b>7.49%</b>	<b>9.79%</b>	<b>11.16%</b>
<b>Economic Profit (EP):</b>												
Beginning IC	18,391,951	26,325,152	26,868,894	30,396,276	30,752,667	30,581,507	30,910,895	31,662,258	32,640,075	33,527,023	34,436,624	
x (ROIC - WACC)		0.15%	-3.95%	-2.60%	-5.36%	-5.77%	-3.92%	-2.69%	-1.18%	0.62%	2.91%	4.28%
<b>EP</b>		<b>27,581</b>	<b>(1,040,109)</b>	<b>(698,660)</b>	<b>(1,629,580)</b>	<b>(1,775,174)</b>	<b>(1,198,356)</b>	<b>(832,594)</b>	<b>(373,055)</b>	<b>202,000</b>	<b>976,183</b>	<b>1,473,971</b>

**Digital Realty Trust***Weighted Average Cost of Capital (WACC) Estimation***Cost of Equity:**

Risk-Free Rate	4.30%
Beta	0.75
Equity Risk Premium	4.60%
<b>Cost of Equity</b>	<b>7.75%</b>

**ASSUMPTIONS:**

10 Yr Treasury  
 Avg. 5 yr Beta  
 Last 5 Year Average over 10yr Treasury

**Cost of Debt:**

Risk-Free Rate	4.30%
Implied Default Premium	1.50%
Pre-Tax Cost of Debt	5.50%
Marginal Tax Rate	7.5%
<b>After-Tax Cost of Debt</b>	<b>5.09%</b>

10 Yr Treasury  
 YTM on 10yr Bond

**Cost of Preferred Stock:**

Annual Pfd. Dividend	1.3
Price of Pfd. Shares	25
<b>Cost of Preferred:</b>	<b>5.20%</b>

**Market Value of Common Equity:**

Total Shares Outstanding	311,608
Current Stock Price	\$158.16
<b>MV of Equity</b>	<b>49,283,921.28</b>

**MV Weights**

66.73%

**Market Value of Debt:**

Total Debt	16,714,377
PV of Operating Leases	64,837
<b>MV of Total Debt</b>	<b>16,779,213.92</b>

22.72%

**Market Value of Preferred Stock:**

Total Shares Outstanding	311608
Price of Pfd. Shares	25
<b>MV of Preferred</b>	<b>7,790,200.00</b>

10.55%

**Market Value of the Firm**

73,853,335.20

100.00%

**Estimated WACC****6.88%**

**Digital Realty Trust***Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models*

## Key Inputs:

CV Growth of NOPLAT	2.50%
CV Year ROIC	11.16%
WACC	6.88%
Cost of Equity	7.75%
IC (t-1)	30,581,507.11
NOPLAT (CV)	3,841,871.08

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E
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**DCF Model:**

Free Cash Flow (FCF)	575,074.74	541,510.46	826,259.40	1,559,419.01	2,371,937.38	2,974,487.92
Continuing Value (CV)						68,118,837.54
PV of FCF	538,076.04	474,073.38	676,822.05	1,195,199.13	1,700,983.19	48,849,939.48
Value of Operating Assets:	53,435,093.26					
Non-Operating Adjustments						
+minority interest	2,594,848.66					
-operating lease liability	(1,207,026.54)					
-pv lease	(66,386.46)					
-pref stock	(731,690.00)					
Value of Equity	54,024,838.92					
Shares Outstanding	323,336.00					
Intrinsic Value of Last FYE	\$ 167.09					
Implied Price as of Today	\$ 168.94					

**EP Model:**

Economic Profit (EP)	(1,198,355.97)	(832,593.60)	(373,055.39)	202,000.20	976,182.77	1,473,970.83
Continuing Value (CV)						33,682,213.58
PV of EP	(1,121,257.09)	(728,906.44)	(305,584.55)	154,820.78	700,048.20	24,154,465.26
Total PV of EP	22853586.2					
Invested Capital (last FYE)	30581507.1					
Value of Operating Assets:	53435093.3					
Non-Operating Adjustments						
+minority int	2594848.7					
-operating lease liability	-1207026.5					
-pref stock	-731690.0					
-PV Lease	-66386.5					
Value of Equity	54024838.9					
Shares Outstanding	323336.0					
Intrinsic Value of Last FYE	\$ 167.09					
Implied Price as of Today	\$ 168.94					

## Digital Realty Trust

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending	2025E	2026E	2027E	2028E	2029E	2030E
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Adjusted EPS (for depreciation)	\$ 8.36	\$ 8.88	\$ 9.80	\$ 9.79	\$ 11.01	\$ 12.10
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### Key Assumptions

CV growth of EPS	2.50%
CV Year ROE	8.90%
Cost of Equity	7.75%

### Future Cash Flows

P/E Multiple (CV Year)						13.70
EPS (CV Year)						\$ 12.10
Future Stock Price						\$ 165.71
Dividends Per Share	4.95	5.16	5.38	5.61	5.85	
Discounted Cash Flows	4.60	4.79	4.99	5.21	5.43	114.10

Intrinsic Value as of Last FYE \$ 139.11

Implied Price as of Today \$ 140.66

**Digital Realty Trust***Relative Valuation Models*

Ticker	Company	Price	EPS		P/E		Tangible		Tangible
			2025E	2026E	25	26	BV Equity	P/FFO 24	P/FFO 25
EQIX	Equinix Inc.	\$790.15	\$13.22	\$14.87	58.70	52.20		20.80	19.30
IRM	Iron Mountain	\$84.21	\$1.89	\$2.14	42.90	38.00		16.50	15.00
AMT	American Tower Corp	\$222.66	\$6.45	\$7.16	34.00	30.60		21.10	19.70
AJBU-SG	Keppel DC REIT	\$1.51	\$0.11	\$0.11	19.20	18.10		20.50	19.50
DBRG	Digital Bridge Group	\$7.94	(\$0.17)	(\$0.12)	-	-		19.10	13.40
Average					38.70	34.73		19.60	17.38

P/FFO ('24) \$ 190.32

P/FFO ('25) \$ 168.76

Digital Realty Trust  
Key Management Ratios

Fiscal Years Ending Dec. 31	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
<b>Liquidity Ratios:</b>												
Current Ratio	1.86	2.05	2.04	1.90	1.91	2.05	2.05	1.98	1.92	1.85	1.80	1.75
Cash Ratio	0.01	0.01	0.01	0.01	0.07	0.18	0.10	0.06	0.02	-0.02	-0.04	-0.05
NWC to Revenue	7.19	9.24	8.21	8.84	8.05	8.15	8.17	7.18	6.30	5.43	4.67	3.99
<b>Asset-Management Ratios:</b>												
Total Asset Turnover	0.14	0.11	0.12	0.11	0.12	0.12	0.12	0.14	0.16	0.18	0.21	0.25
Fixed Asset Turnover	0.21	0.18	0.20	0.18	0.21	0.21	0.20	0.22	0.25	0.28	0.33	0.39
Working Capital Turnover	0.14	0.11	0.12	0.11	0.12	0.12	0.12	0.14	0.16	0.18	0.21	0.25
<b>Financial Leverage Ratios:</b>												
Debt to Assets	0.44	0.37	0.37	0.40	0.40	0.37	0.38	0.39	0.40	0.41	0.41	0.42
Debt to Equity	0.95	0.72	0.73	0.92	0.89	0.34	0.80	0.85	0.90	0.95	1.00	1.05
Debt to EBITDA	15.96	20.78	17.03	24.87	31.49	34.34	18.32	12.88	9.40	7.07	5.40	4.75
<b>Profitability Ratios:</b>												
Return on Equity (NI/Beg TSE)		3.67%	9.86%	2.11%	5.40%	3.08%	1.87%	5.05%	6.47%	6.27%	8.25%	9.98%
Return on Assets	2.60%	1.01%	4.80%	0.92%	2.15%	1.30%	2.11%	2.37%	2.90%	2.72%	3.40%	3.91%
Operating Profit Margin	18.67%	9.29%	39.46%	8.11%	17.35%	10.59%	17.25%	17.01%	18.29%	14.77%	15.88%	15.63%
<b>Payout Policy Ratios:</b>												
Dividend Payout Ratio (Dividend/EPS)	202%	472%	82%	429%	168%	290%	184%	169%	141%	155%	126%	110%