From our FFO (up 16 percent) to our dividend (up 37 percent). From our adjusted EBITDA (up 35 percent) to our global footprint (up 17 percent by square footage). Almost any way you measure our performance in 2010, “growth” is the word that describes it. Even under challenging business conditions, there is no debating that it was, nonetheless, a record year. A milestone year.

TWELVE MONTHS, 52 WEEKS, AND 365 DAYS

of numbers trending steadily, encouragingly, profitably up. We know there’s more work to do. But a year like this year warrants acknowledgment, along with a word of thanks to shareholders like you. We grew in large part because you believed in us. We’re grateful. We’re proud. And we’re intensely committed to delivering more growth in the years ahead.

A YEAR OF CONFIDENCE

The business landscape of the past two years has been challenging to navigate. But with an eye for opportunity, a prudent strategy, and a veteran team with the right expertise, we’re able to navigate extraordinary periods as our journey toward continued growth and profitability in these strange economic times continues. But our leadership in the market, our strong balance sheet, and our deep access to capital give us strength and confidence in our ability to consistently deliver growth in both operations and earnings—this year and in those to come.

A YEAR OF EXPANSION

In 2010 we entered the Asia-Pacific market with the acquisition of a 370,500 square-foot datacenter facility in Singapore. It’s a strategic move because Singapore is one of the region’s key financial and business centers—a market in which many of our customers are looking to deploy critical business applications, and one in which demand for quality datacenters outstrips the supply. Singapore is well positioned to serve as the region’s datacenter hub; we’re well positioned to lead in this dynamic market.
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A YEAR OF CONFIDENCE

The business landscape of the past two years has been challenging to navigate. But with an eye for opportunity, a prudent strategy, and a veteran team with the right expertise, we’ve been able to make extraordinary progress on our journey toward continued growth and profitability. In these strange economic days, we take nothing for granted. But our leadership in the market, our strong balance sheet, and our ready access to capital give us strength and confidence in our ability to consistently deliver growth in both operations and earnings—this year, and in those to come.

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A YEAR OF CONFIDENCE

The business landscape of the past two years has been challenging to navigate. But with an eye for opportunity, a prudent strategy, and a veteran team with the right expertise, we’ve been able to make extraordinary progress. In our pursuit toward continued growth and profitability, we have navigated uncertain waters, and are looking forward. But our leadership in the market, our strong balance sheet, and our deep access to capital give us strength and confidence in our ability to continue delivering growth in both operations and earnings—this year, and in those to come.

A YEAR OF EXPANSION

In 2010 we entered the Asia-Pacific market with the acquisition of a 370,500 square-foot datacenter facility in Singapore. Singapore is one of the region’s key financial centers and a hub for global businesses. As datacenter demand soars in these dynamic emerging markets, we are well positioned to lead. And with our leadership in the market, our strong balance sheet, and our deep access to capital, we are ready to execute our growth strategy and continue delivering exceptional value to our shareholders.
By year end 2010, we invested a record $1.3 billion acquiring fifteen properties, adding approximately 2.3 million square feet to our portfolio. These acquisitions expanded our gross square footage by 11.2% and increased our total asset value by $2.7 billion. We also invested $337 million in our development program, delivering 516,000 square feet of new data center space. The growth in our development program was driven by strong demand in our existing markets and expanding our presence in new markets. We brought two of our three major development projects online in the year and began efforts on the third project as we continue to expand our portfolio of properties and new customer leasing in the US, Europe and in Singapore, a new market for us.

As a result of our efforts, we expanded our footprint to include over 12.3 million square feet in 37 markets with a strong presence in North America and Europe, including 23 of the top 25 U.S. metropolitan areas. These acquisitions and developments kept us on the favorable market conditions, leading to our achievement of our targeted CAGR of approximately 18.2%.

As companies serving the enterprise customers, such as colocation and managed services providers. As a Company, through the dedication of our talented team of technical, real estate and finance professionals, whose combined efforts are the foundation of our performance. The Digital Realty Trust technical professional platform of over 180 dedicated team members has enabled us to attain an operating scale far beyond that of our competitors, delivering significant earnings growth. Funds from Operations (FFO) was up 16% over 2009 to $3.39 per diluted share and unit. This represents a 33% increase over our 2009 FFO of $2.59 per diluted share and unit. We achieved this growth by growing our Adjusted EBITDA by 32% and increasing our Adjusted EBITDA margin to 55%.

Despite these challenges, our investment and development business would delivered another year of superior earnings growth. Funds from Operations (FFO) was up 16% over 2009 to $3.39 per diluted share and unit. This represents an increase of approximately 33% over our 2009 FFO of $2.59 per diluted share and unit. We achieved this growth by growing our Adjusted EBITDA by 32% and increasing our Adjusted EBITDA margin to 55%.

The rapid growth of our Adjusted EBITDA is a result of our disciplined and consistent execution of growth initiatives and the strong financial fundamentals that are in place to support growth. Our ability to consistently deliver superior earnings growth is a result of our disciplined and consistent execution of growth initiatives and the strong financial fundamentals that are in place to support growth.

By the first quarter of 2011, as a result of our growth in taxable income, we raised our quarterly common stock dividend by 28% to $0.68 per share to maintain our practice of distributing 100% of our taxable income, which represents FFO growth of nearly 20% on a compounded annual basis since our first full quarter of operations.

Average annualized Adjusted EBITDA growth of 32% on a compounded annual basis.
By year-end 2010, we invested a record $1.3 billion acquiring fifteen properties, adding approximately 2.3 million square feet to our portfolio. These acquisitions expanded our geographic reach in the U.S. and other major markets, and also included new business development in select U.S. markets, after three years of researching the Asia Pacific market, we completed the acquisition of our flagship property in Singapore: a 370,500 square foot, purpose-built datacenter development.

Through several acquisitions—including the purchase of two major U.S. portfolios—we increased our square-footage by 2.3 million—or 17%—in 2010. One of our acquisitions dramatically increases our presence in the important New England market; while another acquisition establishes our presence in the fast-growing Chinese market. Together, these acquisitions added over $2 billion to our portfolio.

Our portfolio has grown from 375 million square feet to 789.3 million square feet, or 110% at year-end 2004. Over this seven-year period, our annualized same-store revenue growth has exceeded 15%. With the sale of two properties, we currently have 591.8 million square feet in our portfolio. We believe this is the industry’s largest unconsolidated, unencumbered portfolio.

Our investments have grown our dividend by 18.2% on a compound annual basis. By year-end 2010, we raised our quarterly common stock dividend by 28% to $0.68 per share to maintain our practice of distributing 100% of our taxable income, which allows us to eliminate corporate level federal income taxes while retaining additional operating cash flow to reinvest in our portfolio. We greatly appreciate your continued support and look forward to continuing to enhance shareholder value as we grow the Company.

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Michael F. Foust
Chief Executive Officer

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By the first quarter of 2011, as a result of our growth in taxable income, we raised our quarterly common stock dividend again by 28% to $0.68 per share. Our focus continues to be delivering solid operating results and earnings growth. Funds from Operations (FFO) was up 16% over 2009 to $3.39 per diluted share and unit. This represents an Adjusted FFO growth of nearly 20% on a compound annual basis since our first full quarter of operations.

DEAR SHAREHOLDERS,

As of December 31, 2010, our portfolio consisted of 591.8 million square feet in 34 cities in the U.S., Europe, and Singapore at a total cost of $22.5 billion. During the year, we continued to expand our presence in select U.S markets, adding approximately 2.3 million square feet from new acquisitions and the majority of existing facilities. These investments were made to grow our portfolio and develop new and emerging datacenter markets.

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At the same time, we invested approximately $35 million in our development program that increased 168,000 square feet of new carrier-neutral space supply. Including the new carrier-neutral datacenter, Digital Realty Trust, data center business had a record 73% utilization during the year ending December 31, 2010.

While we remain optimistic about the prospects for growth and development opportunities in datacenter space, we continue to expect a modest economy for the duration of this year. However, we remain committed to a strong strategy to effectively use our balance sheet, including cost reduction initiatives and balancing our portfolio with the highest performing assets. We also continue to focus on developing opportunities to expand our presence in Asia Pacific, a region that is expected to grow significantly over the next few years.

Despite these challenges, our investment and development business would deliver another year of superior earnings growth. Funds from Operations (FFO) was up 16% over 2009 to $3.39 per diluted share and unit. This represents an Adjusted FFO growth of nearly 20% on a compound annual basis since our first full quarter of operations.

1 Adjusted EBITDA and FFO are non-GAAP financial measures. For an explanation of how we calculate these measures and reconciliations to net income available to common shareholders, please see our financial statements in the Form 10-K.

MICHAEL FOUST
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DEAR SHAREHOLDERS,

We entered 2011 with the wind at our back. Demand for data center facilities remained strong and we continued to capitalize on favorable market conditions. Our strategy under the leadership of Brad Decker, President and CEO, and a strong location in the Pacific region, allowed us to achieve extraordinary results. Our strong financial performance has enabled us to maintain an investment grade debt rating in New England and the West. Our BBB- Moody’s investment grade debt ratings and a stable outlook from all three rating agencies reflect the strength of our business model and the quality of our assets.

Although we believe that we were not the highest bidder, the strength of our balance sheet, investment grade debt ratings, and solid reputation as a serious owner and operator made us the buyer of choice for the sellers. The acquisition of our flagship property in Singapore: a 370,500 square foot, purpose-built datacenter development during the last quarter of 2010, allowed us to expand our global footprint and expand our presence in one of the fastest growing datacenter markets in the world.

While our occupancy, development and acquisition operations continued to capitalize on the favorable market conditions, our expansion strategy and strong financial performance accelerated our growth. Our growth for the year continues to outpace that of our competitors, and our financial performance will allow us to continue to deliver superior shareholder returns.

As we continued to pursue investment opportunities and acquire both income producing properties and properties based on our global presence, our cash flow generation and strong financial condition allowed us to raise capital efficiently. Concurrent with our purchase agreement in January 2010, we were able to place the $725 million portfolio under contract, and our strong access to capital delivered efficient financing for this large acquisition. Our BBB investment grade debt ratings with a stable outlook from all three rating agencies provides us with the flexibility to access the capital markets and to maintain efficient capital structure.

In January and following up on our original announced hiring strategy, we announced our hiring of new leadership to our management team in New England.

We entered 2010 with the wind at our back. Demand for data center facilities remained strong and we continued to capitalize on favorable market conditions. Our strategy under the leadership of Brad Decker, President and CEO, and a strong location in the Pacific region, allowed us to achieve extraordinary results.

Since our IPO in late 2004, our investment and development business model has consistently delivered solid operating results and earnings growth, often in the midst of challenging business conditions. Our exceptional 2010 results are based on the dedication of our talented team of technical, real estate and finance professionals, whose combined expertise enabled us to attain an operating scale far beyond that of our competitors, delivering significant value to our customers and shareholders.

Despite these challenges, our investment and development business would deliver another year of superior earnings growth. Funds from Operations (FFO) grew 24% to $226.6 million and cash available for distribution grew 29% to $171.5 million. Our strong performance in 2010 results in part from a cost-effective capital structure that allowed us to reduce our cost of capital. Our BBB investment grade debt ratings with a stable outlook from all three rating agencies allow us to access capital efficiently.

In addition, we continued to be active in the capital markets. We recently completed our inaugural unsecured bond offering totaling $500 million aggregate principal amount in 2010. The proceeds of our bond offering will be used to retire existing debt and for general corporate purposes.

During the fourth quarter of 2010, we had an opportunity to place an additional $525 million of debt under contract. As a result, we were able to capitalize on favorable market conditions. Our cash flow growth was made possible through a combination of capital management and disciplined acquisitions. We have significantly increased our capital efficiency and have demonstrated our ability to generate and deploy capital efficiently. Our ability to grow our business and our business model have resulted in a strong return on investment for our shareholders.

Our capital efficiency has allowed us to grow our dividend by 18.2% on a compounded annual basis since our first full quarter of operations in 2005. Likewise, Adjusted EBITDA for 2010 was $512 million, up 35% over 2009 Adjusted EBITDA. Since 2005, we have grown our dividend by 18.2% on a compounded annual basis.

In order to maintain our dividend and to sustain our growth, we have focused on maintaining our level of debt at approximately 60% of our total capitalization. Our capital efficiency has allowed us to grow our dividend by 18.2% on a compounded annual basis since our first full quarter of operations in 2005. Likewise, Adjusted EBITDA for 2010 was $512 million, up 35% over 2009 Adjusted EBITDA. Since 2005, we have grown our dividend by 18.2% on a compounded annual basis.

By year end 2010, we invested a record $2.3 billion across five properties, adding approximately 2.3 million square feet to our portfolio. These investments achieved our growth targets for the year and continued to transform Digital Realty into a leading global datacenter platform.

At the same time, we invested approximately $32 million in our development program that included $18.6 million of cash spent on land and construction. Including the delivery of the fourth quarter, we have demonstrated that we can successfully develop high-quality datacenter platforms.

Our ability to efficiently fund and execute our real estate development programs has been a key element of our success in the datacenter industry. Our quick pace in delivery, quality of development and alignment to our customers’ requirements have contributed significantly to our financial performance. Our development pipeline is well diversified and consists of projects in various geographic markets.

In 2010, we signed leases for a record 2.3 million square feet of new data center supply. Including this new inventory, Digital Realty Trust signed leases for a record 2.3 million square feet of new data center supply. Including this new inventory, Digital Realty Trust signed leases for a record 2.3 million square feet of new data center supply.

Our strategy to deploy capital efficiently and to grow beyond our competitors’ scale has been beneficial to our shareholders. Our ability to grow our business and our business model has resulted in a strong return on investment for our shareholders.

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In addition, we continued to be active in the capital markets. We recently completed our inaugural unsecured bond offering totaling $500 million aggregate principal amount in 2010. The proceeds of our bond offering will be used to retire existing debt and for general corporate purposes.
A YEAR OF OPPORTUNITIES

By year end 2010, we invested a record $2.5 billion across our real estate properties, adding approximately 2.2 million square feet to our portfolio. These investments drove our gross returns in 2010 to 26%, or approximately 8% on a cash basis.

At the same time, we acquired approximately $258 million in our development program that increased 1.0 million square feet of new data center supply. Including the development, Digital Realty Trust’s total development pipeline increased to 5.8 million square feet, or $725 million, representing the largest development pipeline in our industry.

While our leasing, acquisitions and development operations remained to be capitalized on the favorable market conditions, we also experienced challenges during the year. We faced significantly higher debt costs due to a change in our credit ratings, and solid reputation as a serious owner and operator made us the buyer of choice for the sellers.

aggregate principal amount of 4.500% notes due 2015, in part, to finance the balance of the purchase price.

Soon thereafter, the strategic, five-property 365 Main/Rockwood portfolio, which we had been tracking for three years, came back on the market. We were able to place the $725 million portfolio under contract, and our strong access to capital delivered efficient financing for this large acquisition. Concurrent with our purchase agreement announcement, we initiated a public offering of our common stock and raised approximately $377 million through an underwritten public offering. The combination of an underwritten public offering and an at-the-market offering, along with the proceeds from the acquisition, resulted in a cash balance of $1.37 billion.

Despite these challenges, our investment and development business would deliver another year of superior earnings growth. Funds from Operations (FFO) grew up to $1.61 per share in 2010 from $1.37 per share in 2009. This represented a 17.8% increase in FFO and 8.4% increase in funds from operations. Our net operating income grew 14.4% versus 2009 from $127.3 million to $171.5 million. This represented a 15.5% increase in core earnings from operations.

Our 2010 dividend was a $2.02 per share dividend, which represented a 28% increase from our dividend of $1.61 per share in 2009. The dividend is paid quarterly, and we also announced a 2% share buyback program. Our current dividend yield is approximately 5.5%.

BRENNER. Developed and managed by Broadview Partners and Broadview Advisors, this project at the Company’s corporate headquarters has been designed to house the largest concentration of data center space in the Bay Area.

In summary, the strategic acquisitions during the year were key to our growth and continued growth. The Company completed the acquisition of our flagship property in Singapore: a 370,500 square foot, purpose-built datacenter development.

The Company’s annual meeting will be held on “Investors”) or contact us at:

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DEAR SHAREHOLDERS,

We entered 2010 with the wind at our back. Demand for data center facilities remained strong and we continued to capitalize on the favorable market conditions in the New England and East Coast markets.

In the fourth quarter of 2010, our portfolio grew to 9.8 million square feet or 24.4% over year-end 2009, driven mainly by a record development program. These positive developments continue to set the stage for strong earnings growth in 2011.

As we close out this past year, we are proud to have made significant progress in each of our business segments, and all of our acquisitions are intended to provide our shareholders with attractive, risk-adjusted returns.

In 2010, the Company completed several acquisitions of real estate properties, including a technology development project in New England under contract. Our BBB/Baa2 investment grade debt ratings with a stable outlook from all three major rating agencies provided us access to attractively priced capital and placed us at a significant advantage in a difficult economy.

We were able to place the $725 million portfolio under contract, and our strong access to capital delivered efficient financing for this large acquisition. Concurrent with our purchase agreement announcement, we initiated a public offering of our common stock and raised approximately $377 million through an underwritten public offering. The combination of an underwritten public offering and an at-the-market offering, along with the proceeds from the acquisition, resulted in a cash balance of $1.37 billion.

Despite these challenges, our investment and development business would deliver another year of superior earnings growth. Funds from Operations (FFO) grew up to $1.61 per share in 2010 from $1.37 per share in 2009. This represented a 17.8% increase in FFO and 8.4% increase in funds from operations. Our net operating income grew 14.4% versus 2009 from $127.3 million to $171.5 million. This represented a 15.5% increase in core earnings from operations.

Our 2010 dividend was a $2.02 per share dividend, which represented a 28% increase from our dividend of $1.61 per share in 2009. The dividend is paid quarterly, and we also announced a 2% share buyback program. Our current dividend yield is approximately 5.5%.

BRENNER. Developed and managed by Broadview Partners and Broadview Advisors, this project at the Company’s corporate headquarters has been designed to house the largest concentration of data center space in the Bay Area.

In summary, the strategic acquisitions during the year were key to our growth and continued growth. The Company completed the acquisition of our flagship property in Singapore: a 370,500 square foot, purpose-built datacenter development.

The Company’s annual meeting will be held on “Investors”) or contact us at:

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DEAR SHAREHOLDERS,

We entered 2010 with the wind at our back. Demand for data center facilities remained strong and we continued to capitalize on the favorable market conditions in the New England and East Coast markets.

In the fourth quarter of 2010, our portfolio grew to 9.8 million square feet or 24.4% over year-end 2009, driven mainly by a record development program. These positive developments continue to set the stage for strong earnings growth in 2011.

As we close out this past year, we are proud to have made significant progress in each of our business segments, and all of our acquisitions are intended to provide our shareholders with attractive, risk-adjusted returns.

In 2010, the Company completed several acquisitions of real estate properties, including a technology development project in New England under contract. Our BBB/Baa2 investment grade debt ratings with a stable outlook from all three major rating agencies provided us access to attractively priced capital and placed us at a significant advantage in a difficult economy.

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From our FFO (up 16 percent) to our dividend (up 37 percent). From our adjusted EBITDA (up 35 percent) to our global footprint (up 17 percent by square footage). Almost any way you measure our performance in 2010, “growth” is the word that describes it. Even under challenging business conditions, there is no debating that it was, nonetheless, a record year. A milestone year.

TWELVE MONTHS, 52 WEEKS, AND 365 DAYS of numbers trending steadily, encouragingly, profitably up. We know there’s more work to do. But a year like this year warrants acknowledgment, along with a word of thanks to shareholders like you. We grew in large part because you believed in us. We’re grateful. We’re proud. And we’re intensely committed to delivering more growth in the years ahead.

A YEAR OF CONFIDENCE

The business landscape of the past two years has been challenging to navigate. But with an eye for opportunity, a prudent strategy, and a veteran team with the right expertise, we’ve managed to navigate extraordinary pressures in our business, maintain continued growth and profitability, and deliver extraordinary results, and we’re nothing but pleased. But our leadership, in the market, our valued shareholders, and our dedicated employees all work hard to ensure that we are able to deliver on our promise: to create value and deliver growth and profitability in our business and in our communities.

A YEAR OF GROWTH

In 2010, we expanded our footprint in Asia-Pacific with the acquisition of a 370,500 square-foot datacenter facility in Singapore. It’s a strategic move because Singapore is one of the region’s key financial and business centers—a market in which many of our customers are looking to deploy critical business applications, and one in which demand for quality datacenters outstrips the supply. Singapore is well positioned to serve as the region’s datacenter hub, and we’re excited to deliver on our promise: to create value and deliver growth and profitability in our business and in our communities.

A YEAR OF EXPANSION

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