

Digital Realty Trust, Inc.
Form 10-Q
August 09, 2007
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

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

Commission file number 001-32336

DIGITAL REALTY TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

26-0081711
(IRS employer
identification number)

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

94105
(Zip Code)

(415) 738-6500

(Registrant's telephone number, including area code)

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

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

Large accelerated filer Accelerated filer Non-accelerated filer

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

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

Class	Outstanding at July 31, 2007
Common Stock, \$.01 par value per share	60,713,878

Table of Contents

DIGITAL REALTY TRUST, INC.

FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2007

TABLE OF CONTENTS

	Page number
PART I. FINANCIAL INFORMATION	
ITEM 1. Condensed Consolidated Financial Statements:	
<u>Condensed Consolidated Balance Sheets as of June 30, 2007 (unaudited) and December 31, 2006</u>	1
<u>Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2007 and 2006 (unaudited)</u>	2
<u>Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2007 and 2006 (unaudited)</u>	3
<u>Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2007 and 2006 (unaudited)</u>	4
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	6
ITEM 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	22
ITEM 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	36
ITEM 4. <u>Controls and Procedures</u>	38
PART II. OTHER INFORMATION	
ITEM 1. <u>Legal Proceedings</u>	38
ITEM 1A. <u>Risk Factors</u>	38
ITEM 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	39
ITEM 3. <u>Defaults Upon Senior Securities</u>	39
ITEM 4. <u>Submission of Matters to a Vote of Security Holders</u>	39
ITEM 5. <u>Other Information</u>	39
ITEM 6. <u>Exhibits</u>	40
<u>Signatures</u>	40

Table of Contents**DIGITAL REALTY TRUST, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands, except share data)

	June 30, 2007 (unaudited)	December 31, 2006
ASSETS		
Investments in real estate:		
Properties:		
Land	\$ 273,047	\$ 228,728
Acquired ground leases	1,589	3,028
Buildings and improvements	1,557,335	1,415,236
Tenant improvements	182,363	172,334
Total investments in properties	2,014,334	1,819,326
Accumulated depreciation and amortization	(142,022)	(112,479)
Net investments in properties	1,872,312	1,706,847
Investment in unconsolidated joint venture, net	30,327	29,955
Net investments in real estate	1,902,639	1,736,802
Cash and cash equivalents	48,014	22,261
Accounts and other receivables, net of allowance for doubtful accounts of \$1,985 and \$2,032 as of June 30, 2007 and December 31, 2006, respectively	31,753	31,293
Deferred rent	50,247	40,225
Acquired above market leases, net	41,317	47,292
Acquired in place lease value and deferred leasing costs, net	254,880	248,751
Deferred financing costs, net	16,396	17,500
Restricted cash	32,605	28,144
Other assets	15,625	13,951
Total Assets	\$ 2,393,476	\$ 2,186,219
LIABILITIES AND STOCKHOLDERS' EQUITY		
Unsecured revolving credit facility	\$ 114,307	\$ 145,452
Mortgage loans	885,500	804,686
Exchangeable senior debentures	172,500	172,500
Accounts payable and other accrued liabilities	70,591	88,698
Accrued dividends and distributions	24,626	19,386
Acquired below market leases, net	96,813	87,487
Security deposits and prepaid rents	19,886	19,822
Total liabilities	1,384,223	1,338,031
Commitments and contingencies		
Minority interests in operating partnership	72,763	138,416
Stockholders' equity:		
Preferred Stock: \$0.01 par value, 20,000,000 authorized:	99,297	99,297

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Series A Cumulative Redeemable Preferred Stock, 8.50%, \$103,500,000 liquidation preference (\$25.00 per share), 4,140,000 issued and outstanding		
Series B Cumulative Redeemable Preferred Stock, 7.875%, \$63,250,000 liquidation preference (\$25.00 per share), 2,530,000 issued and outstanding	60,502	60,502
Series C Cumulative Convertible Preferred Stock, 4.375%, \$175,000,000 liquidation preference (\$25.00 per share), 7,000,000 issued and outstanding	169,061	
Common Stock; \$0.01 par value: 100,000,000 authorized, 60,713,878 and 54,257,691 shares issued and outstanding as of June 30, 2007 and December 31, 2006	607	542
Additional paid-in capital	664,956	597,334
Dividends in excess of earnings	(65,464)	(52,093)
Accumulated other comprehensive income, net	7,531	4,190
Total stockholders' equity	936,490	709,772
Total liabilities and stockholders' equity	\$ 2,393,476	\$ 2,186,219

See accompanying notes to the condensed consolidated financial statements.

Table of Contents**DIGITAL REALTY TRUST, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(unaudited in thousands, except share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Operating Revenues:				
Rental	\$ 78,705	\$ 49,900	\$ 151,993	\$ 95,650
Tenant reimbursements	16,631	12,337	32,310	23,540
Other	247		247	168
Total operating revenues	95,583	62,237	184,550	119,358
Operating Expenses:				
Rental property operating and maintenance	23,865	13,205	45,104	24,519
Property taxes	7,342	6,839	14,882	13,422
Insurance	1,419	1,050	2,845	1,922
Depreciation and amortization	31,832	18,534	61,231	35,071
General and administrative	8,456	4,674	15,666	8,920
Other	128	150	316	331
Total operating expenses	73,042	44,452	140,044	84,185
Operating income	22,541	17,785	44,506	35,173
Other Income (Expenses):				
Equity in earnings of unconsolidated joint venture	216		761	
Interest and other income	532	262	1,045	490
Interest expense	(15,264)	(11,249)	(31,858)	(21,701)
Loss from early extinguishment of debt		(425)		(482)
Income from continuing operations before minority interests	8,025	6,373	14,454	13,480
Minority interests in continuing operations of operating partnership	(305)	(1,312)	(806)	(3,251)
Income from continuing operations	7,720	5,061	13,648	10,229
Income (loss) from discontinued operations before gain on sale of assets and minority interests				
	43	62	1,413	(112)
Gain on sale of assets			18,049	
Minority interests attributable to discontinued operations	(5)	(28)	(3,266)	65
Income (loss) from discontinued operations	38	34	16,196	(47)
Net income	7,758	5,095	29,844	10,182
Preferred stock dividends	(5,167)	(3,445)	(8,612)	(6,890)
Net income available to common stockholders	\$ 2,591	\$ 1,650	\$ 21,232	\$ 3,292
Income per share from continuing operations available to common stockholders:				
Basic	\$ 0.04	\$ 0.05	\$ 0.08	\$ 0.11

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Diluted	\$	0.04	\$	0.05	\$	0.08	\$	0.11
Income per share from discontinued operations:								
Basic	\$		\$		\$	0.28	\$	
Diluted	\$		\$		\$	0.27	\$	
Net income per share available to common stockholders:								
Basic	\$	0.04	\$	0.05	\$	0.36	\$	0.11
Diluted	\$	0.04	\$	0.05	\$	0.35	\$	0.11
Weighted average common shares outstanding:								
Basic		60,697,740		33,372,240		58,616,035		30,453,957
Diluted		62,970,291		33,872,344		60,732,426		30,944,327

See accompanying notes to the condensed consolidated financial statements.

Table of Contents**DIGITAL REALTY TRUST, INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(unaudited in thousands)**

	Three months ended		Six months ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Net income	\$ 7,758	\$ 5,095	\$ 29,844	\$ 10,182
Other comprehensive income:				
Foreign currency translation adjustments	287	2,703	1,293	3,276
Minority interests in foreign currency translation adjustments	(31)	(1,211)	(200)	(1,517)
Increase in fair value of interest rate swaps	3,519	1,061	4,161	2,265
Minority interests in increase in fair value of interest rate swaps	(375)	(474)	(483)	(1,117)
Reclassification of other comprehensive income to earnings	(313)	(644)	(1,695)	(1,065)
Minority interests in reclassification of other comprehensive income to earnings	33	287	265	512
Comprehensive income	\$ 10,878	\$ 6,817	\$ 33,185	\$ 12,536

See accompanying notes to the condensed consolidated financial statements.

Table of Contents**DIGITAL REALTY TRUST, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited in thousands)

	Six Months Ended	
	June 30, 2007	June 30, 2006
Cash flows from operating activities (including discontinued operations):		
Net income	\$ 29,844	\$ 10,182
Adjustments to reconcile net income to net cash provided by operating activities		
Gain on sale of assets	(18,049)	
Minority interests in operating partnership and discontinued operations	4,072	3,171
Equity in earnings of unconsolidated joint venture	(761)	
Distributions from unconsolidated joint venture	389	
Write-off of net assets due to early lease terminations	(34)	80
Depreciation and amortization of buildings and improvements, tenant improvements and acquired ground leases, including amounts for discontinued operations	35,277	21,294
Amortization over the vesting period of the fair value of share-based compensation	1,343	866
Allowance for doubtful accounts	36	524
Amortization of deferred financing costs	2,699	1,702
Write-off of deferred financing costs, included in net loss on early extinguishment of debt		106
Amortization of debt premium	(114)	(114)
Amortization of acquired in place lease value and deferred leasing costs	26,333	16,764
Amortization of acquired above market leases and acquired below market leases, net	(4,916)	(2,216)
Changes in assets and liabilities:		
Restricted cash	(4,461)	(787)
Accounts and other receivables	186	(2,213)
Deferred rent	(10,497)	(7,992)
Deferred leasing costs	(5,867)	(3,720)
Other assets	2,558	(1,439)
Accounts payable and other accrued liabilities	(2,582)	4,194
Security deposits and prepaid rents	(302)	3,267
Net cash provided by operating activities (including discontinued operations)	55,154	43,669
Cash flows from investing activities:		
Acquisitions of properties	(192,753)	(146,497)
Proceeds from sale of assets, net of sales costs	78,191	
Deposits paid for acquisitions of properties	(1,089)	(500)
Receipt of value added tax refund paid in conjunction with acquisition	412	3,121
Refundable value added tax paid in conjunction with acquisition	(5,226)	(805)
Improvements to investments in real estate	(83,910)	(23,769)
Other deposits		(911)
Tenant improvement advances to tenants	(17,878)	(7,362)
Collection of advances to tenants for tenant improvements	22,185	
Net cash used in investing activities	(200,068)	(176,723)

Table of Contents**DIGITAL REALTY TRUST, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**

(unaudited in thousands)

	Six Months Ended	
	June 30, 2007	June 30, 2006
Cash flows from financing activities:		
Borrowings on unsecured revolving credit facility	\$ 261,590	\$ 225,554
Repayments on unsecured revolving credit facility	(294,000)	(195,000)
Proceeds from mortgage loans	121,288	107,865
Principal payments on mortgage loans	(44,090)	(42,230)
Settlement of foreign currency forward sale contract		694
Payment of loan fees and costs	(1,807)	(1,965)
Refund of rate-lock deposit		1,200
Gross proceeds from the sale of common stock		97,600
Gross proceeds from the sale of preferred stock	175,000	
Common stock offering costs paid		(3,097)
Preferred stock offering costs paid	(5,444)	
Proceeds from exercise of stock options	402	452
Payment of dividends to preferred stockholders	(3,445)	(6,890)
Payment of dividends to common stockholders and distributions to limited partners of operating partnership	(38,827)	(47,990)
Net cash provided by financing activities	170,667	136,193
Net increase in cash and cash equivalents	25,753	3,139
Cash and cash equivalents classified within assets held for sale		(661)
Cash and cash equivalents at beginning of period	22,261	10,930
Cash and cash equivalents at end of period	\$ 48,014	\$ 13,408
Supplemental disclosure of cash flow information:		
Cash paid for interest, including amounts capitalized	\$ 32,241	\$ 23,540
Cash paid for taxes	376	
Supplementary disclosure of noncash investing and financing activities:		
Change in net assets related to foreign currency translation adjustments	\$ 1,293	\$ 3,276
Accrual of dividends and distributions	24,626	
Increase in other assets related to increase in fair value of interest rate swaps	4,161	2,265
Reclassification of owner's equity to minority interest in the Operating Partnership	739	(42,123)
Operating Partnership units redeemed for shares of common stock	65,201	53,842
Accrual for additions to investments in real estate and tenant improvement advances included in accounts payable and accrued expenses	6,653	3,261
Allocation of purchase of properties to:		
Investments in real estate	175,624	146,703
Accounts and other receivables	1,686	
Other assets	952	
Acquired above market leases	(91)	
Acquired below market leases	(17,984)	(22,846)
Acquired in place lease value and deferred leasing costs	34,738	23,699

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Accounts payable and other accrued liabilities	(1,925)	(1,059)
Security deposits and prepaid rents	(247)	
Cash paid for acquisition of properties	\$ 192,753	\$ 146,497

See accompanying notes to the consolidated financial statements.

Table of Contents

DIGITAL REALTY TRUST, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2007 and 2006

(unaudited)

1. Organization and Description of Business

Digital Realty Trust, Inc. through its controlling interest in Digital Realty Trust, L.P. (the Operating Partnership) and the subsidiaries of the Operating Partnership (collectively, we or the Company) is engaged in the business of owning, acquiring, repositioning and managing technology-related real estate. The Company is focused on providing Turn-Key Datacenter and Powered Base Building datacenter solutions for domestic and international tenants across a variety of industry verticals ranging from information technology and internet enterprises, to manufacturing and financial services. As of June 30, 2007, our portfolio consists of 62 properties, excluding one property held as an investment in an unconsolidated joint venture; 54 are located throughout North America and eight are located in Europe. Our properties are diversified in major markets where corporate datacenter and technology tenants are concentrated, including the Chicago, Dallas, Los Angeles, New York, Northern Virginia, Phoenix, San Francisco and Silicon Valley metropolitan areas in the U.S. and the London, Dublin, Paris and Amsterdam markets in Europe. The portfolio consists of Internet gateway properties, datacenter properties, technology manufacturing properties and regional or national headquarters of technology companies.

We completed our initial public offering (IPO) on November 3, 2004 and commenced operations on that date. The Operating Partnership was formed on July 21, 2004 in anticipation of our IPO. As of June 30, 2007, we own an 89.3% common interest and a 100% preferred interest in the Operating Partnership. As general partner, we have control over the Operating Partnership. The limited partners of the Operating Partnership do not have rights to replace us as the general partner nor do they have participating rights, although they do have certain protective rights.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation and Basis of Presentation

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

The accompanying interim condensed consolidated financial statements are unaudited, but have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information and in compliance with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, they do not include all of the disclosures required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments necessary for a fair presentation have been included. All such adjustments are considered to be of a normal recurring nature. The results of operations for the interim periods are not necessarily indicative of the results to be obtained for the full fiscal year. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in our annual report on Form 10-K for the year ended December 31, 2006.

(b) Cash Equivalents

For purpose of the condensed consolidated statements of cash flows, we consider short-term investments with original maturities of 90 days or less when purchased to be cash equivalents. As of June 30, 2007 and December 31, 2006, cash equivalents consist of investments in money market funds.

(c) Share Based Compensation

We account for share based compensation, including stock options, restricted stock, long-term incentive units and Class C profits interest units of the Operating Partnership (Class C Units) granted using the fair value method of accounting. The estimated fair value of each of the initial long-term incentive units granted in connection with our IPO was equal to the IPO price of our stock and such amount was recorded as an expense upon closing of the IPO since those long-term incentive units were fully vested as of the grant date. The estimated fair value of the stock options, restricted stock and long-term incentive units granted by us is being amortized to expense over the vesting period of the awards. The estimated fair value of the Class C Units (discussed in note 10) is being amortized over the expected service period of five years.

(d) Income Taxes

We have elected to be treated and believe that we have operated in a manner that has enabled us to qualify as a Real Estate Investment Trust (REIT) under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the Code). As a REIT, we generally are not required to pay federal corporate income and excise taxes on our taxable income to the extent it is currently distributed to our stockholders.

Table of Contents

However, qualification and taxation as a REIT depends upon our ability to meet the various qualification tests imposed under the Code including tests related to annual operating results, asset composition, distribution levels and diversity of stock ownership. Accordingly, no assurance can be given that we will be organized or be able to operate in a manner so as to qualify or remain qualified as a REIT. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate tax rates.

Even if we qualify for taxation as a REIT, we are taxed in certain states in which we operate. Our consolidated taxable REIT subsidiaries are subject to both federal and state income taxes to the extent there is taxable income. We are also taxed in foreign countries where we operate that do not recognize REITs under their respective tax laws. Accordingly, we recognize and accrue income taxes for taxable REIT subsidiaries, certain states and foreign jurisdictions, as appropriate.

(e) Presentation of Transactional-based Taxes

In accordance with the provisions of Emerging Issues Task Force Issue No. 06-3 (EITF 06-3), *How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)*, we account for such taxes on a net basis.

(f) Asset Retirement Obligations

We record accruals for estimated retirement obligations, as required by Statement of Financial Accounting Standards (SFAS) No. 143, *Accounting for Asset Retirement Obligations* and Financial Accounting Standards Board (FASB) Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations*. The amount of asset retirement obligations relates primarily to estimated asbestos removal costs at the end of the economic life of properties that were built before 1984. As of June 30, 2007 and December 31, 2006, the amount included in accounts payable and other accrued liabilities on our condensed consolidated balance sheets was approximately \$1.1 million and \$1.2 million, respectively, and the equivalent asset is recorded at \$1.1 million, net of accumulated depreciation.

(g) Reclassifications

Certain reclassifications have been made to the 2006 consolidated financial statements to conform to the 2007 presentation. These include the reclassification of 7979 East Tufts Avenue (sold in July 2006), 100 Technology Center Drive (sold in March 2007) and 4055 Valley View Lane (sold in March 2007) revenues and expenses to discontinued operations in the accompanying condensed consolidated statements of operations, as further described in note 5.

(h) Management's Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Minority Interests in the Operating Partnership

Minority interests in the Operating Partnership relate to the interests that are not owned by us. The following table shows the ownership interest in the Operating Partnership as of June 30, 2007 and December 31, 2006:

	June 30, 2007		December 31, 2006	
	Common units and long term incentive units	Percentage of total	Common units and long term incentive units	Percentage of total
The Company	60,713,878	89.3%	54,257,691	79.9%
Minority interest consisting of:				
GI Partners			6,469,476	9.5
Third Parties	5,290,070	7.8	5,555,846	8.2
Employees (long term incentive units, see note 10)	1,980,344	2.9	1,630,142	2.4

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67,984,292	100.0%	67,913,155	100.0%
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The following table shows activity for the Operating Partnership and long-term incentive units that are not owned by us for the six months ended June 30, 2007:

7

Table of Contents

	GI Partners	Third Parties	Employees	Total
As of January 1, 2007	6,469,476	5,555,846	1,630,142	13,655,464
Distributions of GI Partners founder Operating Partnership common units to its investors who redeemed units for our common stock (1)	(6,160,641)			(6,160,641)
Redemption of third party common Operating Partnership units for shares of our common stock (1)		(265,776)		(265,776)
Distributions of GI Partners founder Operating Partnership common units to its investors who are employees of the Company	(308,835)		308,835	
Redemption of common Operating Partnership units for shares of our common stock by an employee of the Company (1)			(6,002)	(6,002)
Grant of long-term incentive units to employees			47,369	47,369
As of June 30, 2007		5,290,070	1,980,344	7,270,414

(1) This redemption was recorded as a reduction to minority interest and an increase to common stock and additional paid in capital based on the book value per unit in the accompanying condensed consolidated balance sheet.

Limited partners have the right to require the Operating Partnership to redeem part or all of their common units for cash based on the fair market value of an equivalent number of shares of our common stock at the time of the redemption. Alternatively, we may elect to acquire those common units in exchange for shares of our common stock on a one-for-one basis, subject to adjustment in the event of stock splits, stock dividends, issuance of stock rights, specified extraordinary distributions and similar events. We have filed a shelf registration statement covering the issuance of the shares of our common stock issuable upon redemption of the common units, and the resale of those shares of common stock by the holders. Richard Magnuson, the Chairman of our Board of Directors, Michael Foust, our Chief Executive Officer and a member of our Board of Directors, and Scott Peterson, our Senior Vice President, Acquisitions, are minority indirect investors in GI Partners.

Under the terms of certain third parties (the exchange parties) contribution agreement signed in the third quarter of 2004, we have agreed to indemnify each exchange party against adverse tax consequences in the event the Operating Partnership directly or indirectly, sells, exchanges or otherwise disposes of (whether by way of merger, sale of assets or otherwise) in a taxable transaction any interest in 200 Paul Avenue 1-4 or 1100 Space Park Drive until the earlier of November 3, 2013 and the date on which these contributors hold less than 25% of the Operating Partnership common units issued to them in the formation transactions consummated concurrently with the IPO. Under the exchange parties contribution agreement, the Operating Partnership has agreed to make available to these parties to guarantee \$20.0 million of indebtedness until the earlier of November 3, 2013 and the date on which these contributors or certain transferees hold less than 25% of the Operating Partnership common units issued to them in the formation transactions consummated concurrently with the IPO, and we have agreed to indemnify each exchange party against adverse tax consequences if the Operating Partnership does not provide such indebtedness to guarantee.

4. Properties Acquired During the Six Months Ended June 30, 2007

We made the following acquisitions of real estate properties during the six months ended June 30, 2007:

Table of Contents

Property	Metropolitan Area	Date Acquired	Purchase Price (in millions)
21110 Ridgetop Circle	Northern Virginia	January 5, 2007	\$ 17.2
3011 LaFayette Street	Silicon Valley	January 22, 2007	13.7
44470 Chilum Place	Northern Virginia	February 27, 2007	43.1
111 8th Avenue (1)	New York City	March 15, 2007	24.4
Devon Shafron Drive (2)	Northern Virginia	March 23, 2007	63.0
Mundells Roundabout (3)	London	April 11, 2007	31.4
			\$ 192.8

(1) Acquisition of an approximately 33,700 square foot leasehold interest.

(2) The purchase consists of three buildings; 43791 Devon Shafron Drive, 43831 Devon Shafron Drive and 43881 Devon Shafron Drive.

(3) A land parcel to be developed. Purchase price excludes refundable value added tax of approximately \$5.2 million.

The purchase price of these acquisitions have been allocated on a preliminary basis to the assets acquired and the liabilities assumed, if any. We expect to finalize our purchase price allocations no later than twelve months from the date of each acquisition.

Table of Contents**5. Discontinued Operations**

In 2007 and 2006, we sold the following properties:

Property	Date of Sale	Proceeds (in millions)	Gain on Sale (in millions)
4055 Valley View Lane	March 30, 2007	\$ 33.0	\$ 6.2
100 Technology Center Drive	March 20, 2007	45.5	11.8
7979 East Tufts Avenue	July 12, 2006	60.4	18.1

The results of operations of the properties above are reported as discontinued operations for all periods presented in the accompanying condensed consolidated financial statements. The following table summarizes the income and expense components that comprise income (loss) from discontinued operations for the three and six months ended June 30, 2007 and 2006 (in thousands):

	Three Months Ended June 30, 2007	Six Months Ended June 30, 2006
--	---	---