Digital Realty Trust, Inc.
Form 424B5
April 05, 2007
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-132980

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Officering Price	Amount of Registration Fee
4.375% Series C Cumulative Convertible Preferred Stock, $0.01 par value per share	8,050,000	$ 25	$ 201,250,000	$ 6,178.38(1)
Common Stock, $0.01 par value per share	4,988,585(2)(3)			

(1) The filing fee of $6,178.38 is calculated in accordance with Rules 457(o) and 457(r) of the Securities Act of 1933, as amended, and reflects the potential additional issuance of shares of 4.375% series C cumulative convertible preferred stock, $0.01 par value per share (the series C preferred stock) pursuant to an over-allotment option. In accordance with Rules 456(b) and 457(r), the registrant initially deferred payment of all of the registration fee for Registration Statement No. 333-132980 filed by the registrant on April 4, 2006.

(2) Represents the maximum number of shares of common stock that could be issuable upon conversion of the series C preferred stock, at the maximum rate of 0.6197 shares of common stock per $25.00 liquidation preference. Pursuant to Rule 416 of the Securities Act, Registration Statement No. 333-132980 also covers such additional shares of common stock that may be issued from time to time upon conversion of the series C preferred stock as a result of the anti-dilution provisions of the series C preferred stock.

(3) Pursuant to Rule 457(i) under the Securities Act, there is no filing fee payable with respect to the shares of common stock issuable upon conversion of the series C preferred stock because no additional consideration will be received in connection with the exercise of the conversion right.

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PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED APRIL 4, 2006

7,000,000 Shares

4.375% Series C Cumulative Convertible Preferred Stock

(Liquidation Preference $25.00 per share)

We are offering 7,000,000 shares of our 4.375% series C cumulative convertible preferred stock, par value $.01 per share, to which we refer in this prospectus supplement as our series C preferred stock. We have granted the underwriter an option to purchase up to an additional 1,050,000 shares of our series C preferred stock to cover over-allotments, if any. We will pay cumulative dividends on our series C preferred stock from the date of original issue at a rate of 4.375% per annum of the $25.00 liquidation preference per share (equivalent to an annual rate of $1.09375 per share). Dividends on our series C preferred stock will be payable quarterly in arrears, beginning on June 30, 2007. Our series C preferred stock does not have a stated maturity date and is not subject to any sinking fund or mandatory redemption provisions. Our series C preferred stock will rank on parity with our outstanding (i) 8.50% series A cumulative redeemable preferred stock, to which we refer in this prospectus supplement and the accompanying prospectus as our series A preferred stock and (ii) 7.875% series B cumulative redeemable preferred stock, to which we refer in this prospectus supplement and the accompanying prospectus as our series B preferred stock, and senior to our common stock, with respect to dividend rights and rights upon our liquidation, dissolution or winding-up. We are not allowed to redeem our series C preferred stock, except in limited circumstances, including to preserve our status as a real estate investment trust, or REIT. Holders of shares of our series C preferred stock will generally have no voting rights except for limited voting rights if we fail to pay dividends for six or more quarterly periods (whether or not consecutive) and in certain other circumstances.

Holders of shares of our series C preferred stock may convert such shares into shares of our common stock subject to certain conditions. The conversion rate will initially be 0.5164 shares of our common stock per $25.00 liquidation preference, which is equivalent to an initial conversion price of $48.41 per share of our common stock. The conversion rate will be subject to adjustment upon the occurrence of specified events. On or after April 10, 2012, we may, at our option, be able to cause some or all of the series C preferred stock to be automatically converted based on the market price of our common stock and subject to the conditions described in this prospectus supplement.

If you elect to convert your shares of our series C preferred stock in connection with a fundamental change that occurs on or prior to April 10, 2014, we will increase the conversion rate for the series C preferred stock surrendered for conversion to the extent disclosed in this prospectus supplement. In addition, on or prior to April 10, 2014, upon a fundamental change when the actual applicable price of our common stock is less than $40.34 per share, you may require us to convert some or all of your shares of our series C preferred stock at a conversion rate equal to the liquidation preference of the series C preferred stock being converted plus accrued and unpaid dividends to, but not including, such fundamental change conversion date, divided by 98% of the market price of our common stock. We will have the right to repurchase for cash some or all of the series C preferred stock that we would otherwise be required to convert, as described in the preceding sentence, at a price equal to 100% of the liquidation preference of the series C preferred stock, plus an amount equal to accrued and unpaid dividends to, but not including, such fundamental change conversion date.

We are organized and conduct our operations to qualify as a REIT for federal income tax purposes. To assist us in complying with certain federal income tax requirements applicable to REITs, our charter contains certain restrictions relating to the ownership and transfer of our capital stock, including an ownership limit of 9.8% on our series C preferred stock.

No market currently exists for our series C preferred stock. Our common stock currently trades on the New York Stock Exchange, or NYSE, under the symbol DLR . We do not intend to list our series C preferred stock on any national securities exchange.

See Risk Factors beginning on page S-11 of this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2006 for certain risk factors relevant to an investment in our series C preferred stock and the shares of common stock issuable upon conversion of our series C preferred stock.

We are selling to the underwriter the shares of our series C preferred stock at a price of $24.25 per share plus accrued dividends, if any, from the original date of issue.

The underwriter proposes to offer the shares of our series C preferred stock from time to time for sale in negotiated transactions or otherwise, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. The shares of our series C preferred stock will not be sold on or through the facilities of a national securities exchange or to or through a market maker otherwise than on an exchange.

Shares of our series C preferred stock will be ready for delivery in book-entry form through The Depositary Trust Company on or about April 10, 2007.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse

The date of this prospectus supplement is April 4, 2007.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriter has not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information contained in this prospectus supplement and the accompanying prospectus, as well as information that we have previously filed with the Securities and Exchange Commission and incorporated by reference, is accurate only as of the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since those dates. The descriptions set forth in this prospectus supplement replace and supplement, where inconsistent, the description of the general terms and provisions set forth in the accompanying prospectus.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of our series C preferred stock in certain jurisdictions may be restricted by law. If you possess this prospectus supplement and the accompanying prospectus, you should find out about and observe these restrictions. This prospectus supplement and the accompanying prospectus are not an offer to sell our series C preferred stock and are not soliciting an offer to buy our series C preferred stock in any jurisdiction where the offer or sale is not permitted or where the person making the offer or sale is not qualified to do so or to any person to whom it is not permitted to make such offer or sale. See Underwriting in this prospectus supplement.

Turn-Key Datacenter is a trademark of Digital Realty Trust, Inc. All other trademarks or trade names appearing in this prospectus supplement are the property of their respective owners.

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SUMMARY

The information below is only a summary of more detailed information included elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement. This summary does not contain all the information that is important to you or that you should consider before investing in shares of our series C preferred stock and the shares of our common stock into which shares of our series C preferred stock are convertible. As a result, you should read this entire prospectus supplement, the accompanying prospectus, as well as the documents incorporated herein by reference, carefully.

References in this prospectus supplement to we, our, us or our company refer to Digital Realty Trust, Inc., a Maryland corporation, together with our consolidated subsidiaries, including Digital Realty Trust, L.P., a Maryland limited partnership of which we are the sole general partner and to which we refer in this prospectus supplement and the accompanying prospectus as our operating partnership.

Digital Realty Trust, Inc.

Overview

We own, acquire, reposition and manage technology-related real estate. We target high-quality, strategically located properties containing applications and operations critical to the day-to-day operations of technology industry tenants and corporate enterprise datacenter users, including the information technology, or IT, departments of Fortune 1000 and financial services companies. Our tenant base is diversified and reflects a broad spectrum of regional, national and international tenants that are leaders in their respective areas. We operate as a real estate investment trust, or REIT, for federal income tax purposes.

Through our operating partnership, at December 31, 2006, we owned 59 properties, excluding one property held as an investment in an unconsolidated joint venture. Our properties are primarily located throughout North America with seven properties in Europe. As of December 31, 2006, our properties contain a total of approximately 9.4 million net rentable square feet, excluding approximately 1.6 million square feet held for redevelopment. Our operations and acquisition activities are focused on a limited number of markets where technology industry tenants and corporate datacenter users are concentrated, including the Boston, Chicago, Dallas, Los Angeles, New York, Northern Virginia, San Francisco and Silicon Valley metropolitan areas. As of December 31, 2006, our portfolio, excluding space held for redevelopment, was approximately 95.0% leased at an average gross annualized rent per leased square foot of $27.73. The types of properties within our focus include:

- Internet gateways, which serve as hubs for Internet and data communications within and between major metropolitan areas;
- Datacenters, which provide secure, continuously available environments for the storage and processing of critical electronic information. Datacenters are used for disaster recovery purposes, transaction processing and to house corporate IT operations;
- Technology manufacturing properties, which contain highly specialized manufacturing environments for such purposes as disk drive manufacturing, semiconductor manufacturing and specialty pharmaceutical manufacturing; and
- Regional or national offices of technology companies that are located in our target markets.

Our principal executive offices are located at 560 Mission Street, Suite 2900, San Francisco, California 94105. Our telephone number is (415) 738-6500. Our website is located at www.digitalrealtytrust.com. The information found on, or accessible through, our website is not incorporated into, and does not form a part of, this prospectus supplement, the accompanying prospectus or any other report or document we file with or furnish to the Securities and Exchange Commission, or the SEC.

Recent Developments

Acquisition Activity

On January 5, 2007, we acquired 21110 Ridgetop Circle, a property located in Sterling, Virginia, a suburb of Washington, D.C. for approximately $17.0 million. The property consists of a single building totaling 135,513 square feet. The acquisition was financed with borrowings under our unsecured credit facility.

On January 22, 2007, we acquired 3011 Lafayette Street, a property located in Santa Clara, California for approximately $13.6 million. The property consists of a single building totaling 90,780 square feet of re-development space. The acquisition was financed with borrowings under our unsecured credit facility.

On February 23, 2007, we signed an agreement to acquire an undeveloped parcel of land consisting of approximately 9.4 acres located in a suburb of London, England for approximately £14.5 million (approximately $28.5 million based on the exchange rate on February 23, 2007). The acquisition is expected to close in April 2007. The acquisition will be financed with borrowings under our unsecured credit facility.

On February 27, 2007, we acquired 44470 Chillum Place, a property located in Ashburn, Virginia, a suburb of Washington D.C., for approximately $42.5 million. The property consists of a single building totaling 95,440 square feet. The acquisition was financed with borrowings under our unsecured credit facility.

On March 15, 2007, we acquired a leasehold interest in two suites totaling 33,700 square feet at 111 8th Avenue in New York City, a building that consists of 2.7 million square feet, for $24.5 million. The acquisition was financed with borrowings under our unsecured credit facility.

On March 23, 2007, we acquired 43881, 43831 and 43791 Devin Shafron Drive, previously known as Loudoun Exchange, a property located in Ashburn, Virginia, a suburb of Washington D.C., for approximately $62.5 million. The property consists of three-single story buildings totaling 432,000 square feet, 265,000 square feet of redevelopment space. The acquisition was financed with the proceeds from the sale of 100 Technology Center Drive (see Disposition Activity) and from borrowings under our unsecured credit facility.

Consistent with our growth strategy, we are actively pursuing multiple opportunities for potential acquisitions, with due diligence and negotiations at different stages of advancement.

Disposition Activity

On March 20, 2007, we sold 100 Technology Center Drive, a 197,000 square foot suburban technology office building located in Stoughton, Massachusetts, for approximately $45.5 million, and on March 30, 2007, we sold 4055 Valley View Lane, a 240,153 square foot technology office building located in suburban Dallas, Texas, for approximately $33.0 million. The sale of these properties resulted in an aggregate gain on sale of approximately $18.1 million. The disposition of 100 Tech Center Drive and the acquisition of 43881, 43831 and 43791 Devin Shafron Drive are intended to qualify as a tax-deferred exchange pursuant to Section 1031 of the Internal Revenue Code.

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Financing Activity

On January 31, 2007, we completed the financing of 2045 and 2055 Lafayette in Santa Clara, California. The new loan for $68.0 million has a 10-year maturity with no principal amortization for two years, and a fixed rate of 5.9265%.

On February 2, 2007, we completed the financing of 150 South First Street in San Jose, California. The new loan for $53.3 million has a 10-year maturity with no principal amortization for two years, and a fixed rate of 6.2995%.

At March 31, 2007, our unsecured credit facility had a total outstanding balance of $214.2 million, excluding committed letters of credit, consisting of $175.0 million bearing interest at LIBOR plus 1.5% per annum, which equaled a rate of 6.82%, 26.8 million bearing interest at EURIBOR plus 1.5% per annum, which equaled a rate of 5.364%, and £2.0 million bearing interest at GBP LIBOR plus 1.5% per annum, which equaled a rate of 6.97%.

Our Competitive Strengths

We believe we distinguish ourselves from other owners, acquirors and managers of technology-related real estate through our competitive strengths, which include:

High-Quality Portfolio that is Difficult to Replicate. Our portfolio contains state-of-the-art facilities with extensive tenant improvements. Based on current market rents and the estimated replacement costs of our properties and their improvements, we believe that they could not be replicated today on a cost-competitive basis. Many of the properties in our portfolio are located on major aggregation points formed by the physical presence of multiple major telecommunications service providers, which reduces our tenants costs and operational risks and increases the attractiveness of our buildings.

Presence in Key Markets. Our portfolio is located in 25 metropolitan areas, including the Boston, Chicago, Dallas, Los Angeles, New York, Northern Virginia, San Francisco and Silicon Valley metropolitan areas, and is diversified so that no one market represented more than 20% of the aggregate gross annualized rent of our portfolio as of December 31, 2006.

Long-Term Leases. We have long-term leases with stable cash flows. As of December 31, 2006, our average lease term was in excess of 12.2 years, with an average of 6.9 years remaining, excluding renewal options. Through 2008, leases representing only 6.5% of our net rentable square feet excluding space held for development, or 11.3% of our aggregate gross annualized rent, are scheduled to expire. Moreover, through 2007, leases representing only 2.0% of our net rentable square feet excluding space held for development, or 4.2% of our aggregate gross annualized rent, are scheduled to expire.

Specialized Focus in Dynamic and Growing Industry. We focus solely on technology-related real estate because we believe that the growth of the technology industry, particularly Internet and data communications and corporate datacenter use, will be superior to that of the overall economy. We believe that our specialized understanding of both real estate and technology gives us a significant competitive advantage over less specialized investors. We use our in-depth knowledge of the technology industry, particularly Internet and data communications and corporate datacenter use, to identify strategically located properties, market our properties to tenants with specific technology needs, evaluate tenants creditworthiness and business models and assess the long-term value of in-place technical improvements.

Proven Acquisition Capability. As of December 31, 2006, our portfolio consists of 59 technology-related real estate properties, excluding one property held as an investment in an unconsolidated joint venture, that we, together with GI Partners, our predecessor, acquired beginning in 2002, (including 37

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properties, which contain over 4.5 million net rentable square feet excluding 1.3 million square feet held for redevelopment, since our initial public offering in November 2004), for an aggregate of 9.4 million net rentable square feet, excluding approximately 1.6 million square feet held for redevelopment. Our broad network of contacts within a highly fragmented universe of sellers and brokers of technology-related real estate enables us to capitalize on acquisition opportunities. We have developed detailed, standardized procedures for evaluating acquisitions to ensure that they meet our financial, technical and other criteria, which allows us to evaluate investment opportunities efficiently and, as appropriate, commit and close quickly. We acquired more than half of our properties before they were broadly marketed by real estate brokers.

Experienced and Committed Management Team. Our senior management team, including our Chairman, has an average of over 23 years of experience in the technology or real estate industries, including experience as investors in, advisors to and founders of technology companies. We believe that our senior management team s extensive knowledge of both the real estate and the technology industries provides us with a key competitive advantage. At December 31, 2006, our senior management team collectively owned a common equity interest in our company of approximately 2.7%, which aligns management s interests with those of our stockholders.

Proven Ability to Sign New Leases. We have considerable experience in identifying and leasing to new tenants. The combination of our specialized datacenter leasing team, external resources and customer referrals provided a robust funnel of new tenants in 2006. During the year ended December 31, 2006, we leased approximately 455,000 square feet to new tenants which resulted in gross annualized rent on a straight line basis of $31.0 million.

Business and Growth Strategies

Our primary business objectives are to maximize sustainable long-term growth in earnings, funds from operations and cash flow per share and to maximize returns to our stockholders. Our business strategies to achieve these objectives are:

Capitalize on Acquisition Opportunities. We believe that acquisitions enable us to increase cash flow and create long-term stockholder value. Our relationships with corporate information technology groups, technology tenants and real estate brokers who are dedicated to serving these tenants provide us with ongoing access to potential acquisitions and often enable us to avoid competitive bidding. Furthermore, the specialized nature of technology-related real estate makes it more difficult for traditional real estate investors to understand, which fosters reduced competition for acquisitions relative to other property types. We believe this dynamic creates an opportunity for us to obtain better risk-adjusted returns on our capital.

Maximize the Cash Flow of Our Properties. We aggressively manage and lease our assets to increase their cash flow. We often acquire properties with substantial in-place cash flow and some vacancy, which enables us to create upside through lease-up. Our portfolio, excluding space held for redevelopment, was approximately 95.0% leased as of December 31, 2006, leaving approximately 0.5 million square feet of net rentable space available for lease-up and approximately 1.6 million square feet held for redevelopment. Moreover, many of our properties contain extensive in-place infrastructure or buildout which may result in higher rents when leased to tenants seeking these improvements. We control our costs by negotiating expense pass-through provisions in tenant leases for operating expenses and certain capital expenditures. Leases covering more than 95% of the leased net rentable square feet in our portfolio as of December 31, 2006 required tenants to pay all or a portion of increases in operating expenses, including real estate taxes, insurance, common area charges and other expenses. Since our initial public offering in November 2004, we have executed leases for approximately 820,000 square feet of technical space at an average gross annualized rent of $59.19 per

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square foot and approximately 399,000 square feet of nontechnical space at an average gross annualized rent of $22.49 per square foot, in each case including lease renewals and expansions commencing in 2004 through 2019.

Develop and Obtain Optimal Returns on Our Space Held for Redevelopment. At December 31, 2006, we had approximately 1.6 million square feet held for redevelopment. We intend to redevelop this space for lease when justified by anticipated returns.

Subdivide Improved Space for Turn-Key Datacenter Use. Turn-Key Datacenter space is move-in-ready space for the placement of computer and network equipment required to provide a datacenter environment. We own approximately 850,000 net rentable square feet of Turn-Key Datacenter space with extensive datacenter improvements. We had leased approximately 681,000 square feet of this space at December 31, 2006. Rather than leasing all of this space to large single tenants, we are subdividing some of it for multi-tenant Turn-Key Datacenter use, with tenants averaging between 100 and 15,000 square feet of net rentable space. Multi-tenant Turn-Key Datacenters are effective solutions for tenants who lack the expertise or capital budget to provide their own extensive datacenter infrastructure and security. As experts in datacenter construction and operations, we are able to lease space to these tenants at a significant premium over other uses.

Leverage Strong Industry Relationships. We use our strong industry relationships with national and regional corporate enterprise information technology groups and technology-intensive companies to identify and comprehensively respond to their real estate needs. Our leasing and sales professionals are real estate and technology industry specialists who can develop complex facility solutions for the most demanding corporate datacenter and other technology tenants.

Use Capital Efficiently. We intend to occasionally sell our assets held for investment opportunistically. We believe that we can increase stockholder returns by effectively redeploying asset sales proceeds into new investment opportunities. Recently, we have sold non-core assets such as office buildings. Datacenters have been particularly attractive candidates for sale to owners/users, as the cost of acquisition is usually substantially lower than the cost to construct a new facility. We will occasionally seek such opportunities to realize gains from these investment assets and reinvest our capital.

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The Offering

The offering terms are summarized below solely for your convenience. For a more complete description of the terms of our series C preferred stock, see Description of Series C Preferred Stock in this prospectus supplement.

Issuer	Digital Realty Trust, Inc., a Maryland corporation.
Securities Offered	7,000,000 shares of our 4.375% series C cumulative convertible preferred stock (plus up to an additional 1,050,000 shares if the underwriter s over-allotment option is exercised in full).
Ranking	The series C preferred stock will rank, with respect to dividend rights and rights upon our liquidation, dissolution or winding-up:
	senior to all classes or series of our common stock, and to any other class or series of our capital stock expressly designated as ranking junior to our series C preferred stock;
	on parity with any class or series of our capital stock expressly designated as ranking on parity with our series C preferred stock, including our series A preferred stock and our series B preferred stock; and
	junior to any other class or series of our capital stock expressly designated as ranking senior to our series C preferred stock.
	The term capital stock does not include convertible or exchangeable debt securities, which, prior to conversion or exchange, rank senior in right of payment to our series C preferred stock. Our series C preferred stock will also rank junior in right of payment to our other existing and future debt obligations.
Dividends	Holders of shares of our series C preferred stock will be entitled to receive cumulative cash dividends on our series C preferred stock from and including the date of original issue, payable quarterly in arrears on or about the last calendar day of each of March, June, September and December of each year, commencing June 30, 2007, at the rate of 4.375% per annum of the $25.00 liquidation preference per share (equivalent to an annual rate of $1.09375 per share). The first dividend payable on our series C preferred stock on June 30, 2007 will be a pro rata dividend from and including the original issue date to and including June 30, 2007 in the amount of $0.246094 per share. Dividends on our series C preferred stock will accrue whether or not (i) we have earnings, (ii) there are funds legally available for the payment of such dividends and (iii) such dividends are authorized or declared.
Liquidation Preference	If we liquidate, dissolve or wind up, holders of shares of our series C preferred stock will have the right to receive $25.00 per share of our series C preferred stock, plus accrued and unpaid dividends (whether or not authorized or declared) up to but excluding the date of payment,

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before any payment is made to holders of our common stock and any other class or series of capital stock ranking junior to our series C preferred stock as to liquidation rights. We may only issue equity securities ranking senior to our series C preferred stock with respect to dividend rights and rights upon our liquidation, dissolution and winding-up if we obtain the affirmative vote of the holders of at least two-thirds of the outstanding series C preferred stock together with each other class or series of preferred stock ranking on parity with our series C preferred stock with respect to the payment of dividends and the distribution of assets upon our liquidation, dissolution or winding up. The rights of holders of shares of our series C preferred stock to receive their liquidation preference will be subject to the proportionate rights of any other class or series of our capital stock ranking on parity with our series C preferred stock as to liquidation, including our series A preferred stock and series B preferred stock, and junior to the rights of any class or series of our capital stock expressly designated as ranking senior to our series C preferred stock.

Optional Redemption	We may not redeem our series C preferred stock except in limited circumstances, including to preserve our status as a REIT, as described in Description of Series C Preferred Stock Optional Redemption to Preserve our Status as a REIT in this prospectus supplement. However, on and after April 10, 2012, we may have the right to require holders of shares of our series C preferred stock to convert their shares of series C preferred stock into shares of our common stock based on the market price of our common stock. See Description of Series C Preferred Stock Company Conversion Option in this prospectus supplement.
Limited Voting Rights	Holders of shares of our series C preferred stock will generally have no voting rights. However, if we are in arrears on dividends on our series C preferred stock for six or more quarterly periods, whether or not consecutive, holders of shares of our series C preferred stock (voting together as a class with the holders of all other classes or series of preferred stock upon which like voting rights have been conferred, including our series A preferred stock and our series B preferred stock, and are exercisable) will be entitled to vote at a special meeting called by at least 10% of such holders or at our next annual meeting and each subsequent annual meeting of stockholders for the election of two additional directors to serve on our board of directors until all unpaid dividends with respect to our series C preferred stock and any other class or series of parity preferred stock have been paid or declared and a sum sufficient for the payment thereof set aside for payment. In addition, we may not make certain material and adverse changes to the terms of our series C preferred stock without the affirmative vote of the holders of at least two-thirds of the outstanding shares of our series C preferred stock together with the holders of all other shares of any class or series of preferred stock ranking on parity with our series C preferred stock with respect to the payment of dividends and distribution of assets upon our liquidation that are entitled to similar voting rights, including

	our series A preferred stock and our series B preferred stock (voting together as a single class).
Restrictions on Ownership and Transfer	For us to qualify as a REIT under the Internal Revenue Code of 1986, as amended, or the Code, the transfer of our capital stock, which includes our series C preferred stock, is restricted and not more than 50% in value of our outstanding capital stock may be owned, directly or constructively, by five or fewer individuals, as defined in the Code, during the last half of any taxable year. In order to assist us in meeting these requirements, no person or entity may own, or be deemed to own by virtue of the constructive ownership rules of the Code, subject to limited exceptions, more than 9.8% of the outstanding shares of our series C preferred stock or more than 9.8% of our outstanding capital stock.
	For purposes of the ownership limit, ownership of our series C preferred stock will also be deemed to be the ownership of our common stock issuable upon conversion of our series C preferred stock. Notwithstanding any other provision of our series C preferred stock, no holder of shares of our series C preferred stock will be entitled to convert such series C preferred stock for shares of our common stock to the extent that receipt of such shares of common stock would cause such holder (or any other person) to exceed the ownership limit on our common stock contained in our charter.
Maturity	Our series C preferred stock has no maturity date, and we are not required to redeem our series C preferred stock at any time. Accordingly, our series C preferred stock will remain outstanding indefinitely unless you or we decide to convert it or it is redeemed under certain circumstances.
Conversion Rights	Holders of shares of series C preferred stock may convert some or all of their outstanding shares of series C preferred stock initially at a conversion rate of 0.5164 shares of common stock per $25.00 liquidation preference, which is equivalent to an initial conversion price of approximately $48.41 per share of common stock (subject to adjustment in certain events). Except as otherwise provided, shares of our series C preferred stock will be convertible only into shares of our common stock. See Description of Series C Preferred Stock Conversion Rights in this prospectus supplement.
Company Conversion Option	On or after April 10, 2012, we may, at our option, convert some or all of our series C preferred stock into that number of shares of common stock that are issuable at the then-applicable conversion rate. We may exercise this conversion option only if (1) the closing sale price per share of our common stock equals or exceeds 130% of the then-applicable conversion price of our series C preferred stock for at least 20 trading days in a period of 30 consecutive trading days (including the last trading day of such period) ending on the trading day immediately prior to our issuance of a press release announcing the exercise of our conversion option; and (2) on or prior to the effective

date of our conversion option, we have either declared and paid, or declared and set apart for payment, any unpaid dividends that are in arrears on our series C preferred stock. See Description of Series C Preferred Stock Company Conversion Option in this prospectus supplement.

Payment of Dividends Upon Conversion	If holders of shares of our series C preferred stock exercise their conversion rights, upon delivery of the shares of series C preferred stock for conversion, those shares of series C preferred stock will cease to cumulate dividends as of the end of the conversion date and holders of shares of our series C preferred stock will not receive any cash payment representing accrued and unpaid dividends on such shares, except in those limited circumstances discussed below. Except as provided below, we will make no payment for accrued and unpaid dividends, whether or not in arrears, on shares of our series C preferred stock converted at the election of holders of such shares. As described under Description of Series C Preferred Stock Company Conversion Option, if we convert shares of our series C preferred stock pursuant to our conversion option, on or prior to the effective date of our conversion option, we must first declare and pay, or declare and set apart for payment, all unpaid dividends that are in arrears on our series C preferred stock. See Description of Series C Preferred Stock Payments of Dividends Upon Conversion in this prospectus supplement.
Conversion Rate Adjustments	The conversion rate is subject to adjustment upon the occurrence of certain events, including if we distribute to holders of outstanding shares of our common stock quarterly cash dividends (subject to adjustment) in excess of $0.28625 per share of our common stock. See Description of Series C Preferred Stock Conversion Rate Adjustments in this prospectus supplement.
Adjustment to Conversion Rate Upon Certain Fundamental Changes	If holders of shares of our series C preferred stock elect to convert their shares of our series C preferred stock in connection with a fundamental change that occurs on or prior to April 10, 2014, we will increase the conversion rate for shares of our series C preferred stock surrendered for conversion by a number of additional shares determined based on the stock price at the time of such fundamental change and the effective date of such fundamental change. See Description of Series C Preferred Stock Adjustment to Conversion Rate Upon Certain Fundamental Changes in this prospectus supplement.
Rights Upon a Fundamental Change	On or prior to April 10, 2014, in the event of a fundamental change when the applicable price of our common stock described in Description of Series C Preferred Stock Adjustment to Conversion Rate upon Certain Fundamental Changes is less than $40.34 per share, then you will have a special right to convert some or all of your series C preferred stock on the fundamental change conversion date (as defined below) into a number shares of our common stock per $25.00

liquidation preference equal to such liquidation preference, plus an amount equal to accrued and unpaid dividends to, but not including, the fundamental change conversion date, divided by 98% of the market price (as defined below) of our common stock. In the event that you exercise that special conversion right, we have the right to repurchase for cash all or any part of your series C preferred stock as to which the conversion right was exercised at a repurchase price equal to 100% of the liquidation preference of the series C preferred stock to be repurchased plus an amount equal to accrued and unpaid dividends to, but not including, the fundamental change conversion date. If we elect to exercise our repurchase right, you will not have the special conversion right described in this paragraph. See Description of Series C Preferred Stock Special Conversion Right of Series C Preferred Stock upon a Fundamental Change; Company Repurchase Right below.

Transfer Agent	The transfer agent and registrar for our common stock and our preferred stock is American Stock Transfer & Trust Company.
Form and Book-Entry System	Our series C preferred stock will only be issued and maintained in book-entry form registered in the name of Cede & Co., the nominee of The Depository Trust Company, except under limited circumstances.
Listing	We do not intend to list our series C preferred stock on any national securities exchange. The underwriter has advised us that it intends to make a market in our series C preferred stock. However, the underwriter will have no obligation to do so, and we cannot assure you that a market for our series C preferred stock will develop or be maintained.
Use of Proceeds	We expect that the net proceeds from our series C preferred stock offering will be approximately $169.1 million after deducting the underwriting discounts and commissions and our estimated expenses (or approximately $194.6 million if the underwriter s over-allotment option is exercised in full). We intend to contribute the net proceeds from this offering to our operating partnership, which will subsequently use the net proceeds from the offering to temporarily repay borrowings under our unsecured credit facility, potentially to acquire additional properties, to fund redevelopment activities and for general corporate purposes. See Use of Proceeds in this prospectus supplement.
Settlement Date	Delivery of our series C preferred stock will be made against payment therefor on or about April 10, 2007.
Risk Factors	An investment in our series C preferred stock involves various risks, and before making a decision to invest in our series C preferred stock, prospective investors should carefully consider the matters discussed under the caption entitled Risk Factors beginning on page S-11 of this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2006 incorporated by reference in this prospectus supplement.

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RISK FACTORS

In addition to other information contained in this prospectus supplement and the accompanying prospectus, you should carefully consider the risks described below and incorporated by reference to our Annual Report on Form 10-K for the year ended December 31, 2006 in evaluating our company, our properties and our business before investing in our series C preferred stock. These risks are not the only ones faced by us. Additional risks not presently known or that are currently deemed immaterial could also materially and adversely affect our financial condition, results of operations, business and prospects. Any of the following risks might cause you to lose all or a part of your investment. Some statements in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled Forward-Looking Statements in the accompanying prospectus.

Risks Related to this Offering

Our series C preferred stock is a new issuance and does not have an established trading market, which may negatively affect its market value and your ability to transfer or sell your shares; our series C preferred stock has no stated maturity date.

The shares of series C preferred stock are a new issue of securities with no established trading market. Since the securities have no stated maturity date, investors seeking liquidity will be limited to selling their shares in the secondary market. We do not intend to list the series C preferred stock on any national securities exchange. We cannot assure you that an active trading market in the series C preferred stock will develop or, even if it develops, we cannot assure you that it will last. In either case the trading price of the series C preferred stock could be adversely affected and your ability to transfer your shares of series C preferred stock will be limited.

We have been advised by the underwriter that it intends to make a market in the shares of our series C preferred stock, but it is not obligated to do so and may discontinue market-making at any time without notice. Our series C preferred stock has not been rated by any nationally recognized statistical rating organization, and will be subordinated to all of our existing and future debt.

The trading price for our series C preferred stock will be directly affected by the trading price for our common stock, which is impossible to predict.

The trading price for our common stock, and consequently the trading price for our series C preferred stock may depend on many factors, including:

- the market for similar securities;
- additional issuances by us of common stock;
- additional issuances by us of other series or classes of preferred shares;
- general economic conditions; and
- our financial condition, performance and prospects.

Each of these factors, among others, may cause the trading price of our series C preferred stock to fall below the offering price, which could have a material adverse effect on your investment in our series C preferred stock. In addition, the stock market in recent years has experienced significant price and volume fluctuations that have often been unrelated to the operating performance of companies.

The price of our common stock could be affected by possible sales of our common stock by investors who view our series C preferred stock as a more attractive means of equity participation in our company and by

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hedging or arbitrage trading activity that may develop involving our common stock. The hedging or arbitrage trading activity could, in turn, affect the trading price of our series C preferred stock.

Market interest rates may affect the value of our series C preferred stock.

One of the factors that will influence the price of our series C preferred stock will be the dividend yield on our series C preferred stock relative to market interest rates. An increase in market interest rates could cause the market price of our series C preferred stock to go down.

Our unsecured credit facility prohibits us from redeeming our series C preferred stock and may limit our ability to pay dividends on our series C preferred stock.

Our unsecured credit facility prohibits us from redeeming or otherwise repurchasing any shares of our capital stock, including our series C preferred stock. Our unsecured credit facility also prohibits us from distributing to our stockholders more than 95% of our funds from operations (as defined in our unsecured credit facility) during any four consecutive fiscal quarters, except as necessary to enable us to qualify as a REIT for federal income tax purposes. Consequently, if we do not generate sufficient funds from operations (as defined in our unsecured credit facility) during the twelve months preceding any series C preferred stock dividend payment date, we would not be able to pay all or a portion of the accumulated dividends payable to holders of shares of our series C preferred stock on that payment date without causing a default under our unsecured credit facility. In the event of a default under our unsecured credit facility, we would be unable to borrow under our unsecured credit facility and any amounts we have borrowed thereunder could become immediately due and payable.

Shares of our series C preferred stock have not been rated and are subordinated to existing and future debt; there are no restrictions on issuance of parity preferred securities.

Shares of our series C preferred stock have not been rated by any nationally recognized statistical rating organization. Furthermore, payment of accrued dividends on our series C preferred stock will be subordinated to all of our existing and future debt and will be structurally subordinate to the obligations of our subsidiaries. In addition, we may issue additional series C preferred stock or shares of another class or series of preferred stock ranking on parity with (or, upon the affirmative vote or consent of the holders of shares of series C preferred stock, senior to) our series C preferred stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up. These factors may affect the trading price of our series C preferred stock.

If you hold shares of our series C preferred stock, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.

If you hold shares of our series C preferred stock, you will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but you will be subject to all changes affecting the common stock. You will have rights with respect to our common stock only if and when we deliver shares of common stock to you upon conversion of your shares of series C preferred stock and, in certain cases, under the conversion rate adjustments applicable to our series C preferred stock. For example, in the event that an amendment is proposed to our charter or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the delivery of common stock to you following a conversion, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

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The adjustment to the conversion rate of our series C preferred stock upon a conversion in connection with certain fundamental changes may not adequately compensate you for the lost option value of our series C preferred stock as a result of that fundamental change.

If a fundamental change occurs on or prior to April 10, 2014, we will under certain circumstances adjust the conversion rate to provide for the issuance of additional common stock upon any conversion of shares of series C preferred stock in connection with such fundamental change. The number of additional shares of common stock will be determined based on the date on which such fundamental change becomes effective and the price paid per share of our common stock in the fundamental change (in the case where the consideration for our common stock consists solely of cash or, in the case of an asset sale, where the consideration paid for our property and assets consists solely of cash) or the average of the closing sale price per share of our common stock for the ten consecutive trading-day period immediately preceding the effective date of the relevant fundamental change. See Description of Series C Preferred Stock Adjustment to Conversion Rate Upon Certain Fundamental Changes in this prospectus supplement. Although the adjustment to the conversion rate of the shares of our series C preferred stock that are converted is designed to compensate you for the lost option value of our series C preferred stock as a result of the fundamental change, this adjustment to the conversion rate is only an approximation of the lost value and may not adequately compensate holders of shares of our series C preferred stock for the actual loss.

The conversion rate of our series C preferred stock may not be adjusted for all dilutive events. Accordingly, we may engage in transactions that could dilute the value of shares of our common stock into which shares of our series C preferred stock may be convertible.

As described under Description of Series C Preferred Stock Conversion Rate Adjustments , we will adjust the conversion rate of the series C preferred stock only for certain events. We will not adjust the conversion rate, among other things, for:

- the issuance of any shares of our common stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on our securities or those of our operating partnership and the investment of additional optional amounts in shares of our common stock under any plan;
- the issuance of any shares of our common stock or options or rights to purchase such shares pursuant to any of our present or future employee, director, trustee or consultant benefit plan, employee agreement or arrangement or program or those of our operating partnership;
- the issuance of any shares of our common stock pursuant to any option, warrant, right, or exercisable, exchangeable or convertible security outstanding as of the date shares of our series C preferred stock were first issued;
- a change in the par value of our common stock;
- accumulated and unpaid dividends or distributions; and
- the issuance of limited partnership units by our operating partnership and the issuance of shares of our common stock or the payment of cash upon redemption thereof.

If we engage in any of these types of transactions, the value of the shares of common stock into which shares of our series C preferred stock may be convertible may be diluted. In addition, we will not adjust the conversion rate unless the adjustment would require an increase or decrease of at least 1% of the conversion rate.

Future sales of our common stock in the public market could lower the market price for our common stock and adversely impact the trading price of the series C preferred stock.

In the future, we may sell additional shares of our common stock to raise capital. In addition, shares of our common stock are reserved for issuance on the exercise of stock options and the conversion or exchange of

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securities convertible into or exchangeable or exercisable for any shares of our common stock, including the shares of our series C preferred stock included in this offering. We cannot predict the size of future issuances or the effect, if any, that they may have on the market price for our common stock. The issuance and sales of substantial amounts of common stock, or the perception that such issuances and sales may occur, could adversely affect the trading price for our series C preferred stock and the market price of our common stock.

If our common stock is delisted, your ability to transfer or sell your shares of our series C preferred stock, or common stock upon conversion, may be limited and the market value of our series C preferred stock will be materially adversely affected.

Our series C preferred stock does not contain provisions that protect you if our common stock is delisted. Since our series C preferred stock has no stated maturity date, you may be forced to elect between converting your shares of our series C preferred stock into illiquid shares of our common stock or holding your shares of our series C preferred stock and receiving stated dividends on the stock when, as and if authorized and declared by our board of directors with no assurance as to ever receiving the liquidation preference. In addition, if our common stock is delisted, it is likely that our series C preferred stock will be delisted as well. Accordingly, if our common stock is delisted, your ability to transfer or sell your shares of our series C preferred stock, or common stock upon conversion, may be limited and the market value of our series C preferred stock will be materially adversely affected.

Our charter contains 9.8% ownership limits with respect to our capital stock which could have adverse consequences to you.

Our charter, subject to certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT and to limit any person to actual or constructive ownership of no more than 9.8% (by value or by number of shares, whichever is more restrictive) of the outstanding shares of our common stock, 9.8% (by value or by number of shares, whichever is more restrictive) of the outstanding shares of each series of preferred stock and 9.8% of the value of our outstanding capital stock. Our board of directors, in its sole discretion, may exempt a proposed transferee from the ownership limit. However, our board of directors may not grant an exemption from the ownership limit to any proposed transferee whose direct or indirect ownership of our capital stock could jeopardize our status as a REIT. These restrictions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT. The ownership limit may delay, defer or prevent a transaction that might be in the best interest of holders of shares of our common or preferred stock.

You should consider the United States federal income tax consequences of owning our series C preferred stock.

The principal U.S. federal income tax consequences of purchasing, owning and disposing of shares of our series C preferred stock and any common stock received upon their conversion are summarized under United States Federal Income Tax Considerations. Certain of our actions, including an increase in the cash dividend on our common stock in excess of the dividend threshold amount, may result in an adjustment to the conversion rate that could cause you to be deemed to receive a taxable dividend subject to U.S. federal income tax without the receipt of any cash. If you are a foreign shareholder, such deemed dividend may subject you to U.S. federal withholding tax at a 30% rate or such lower rate as may be specified by an applicable treaty. See United States Federal Income Tax Considerations.

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USE OF PROCEEDS

We expect that the net proceeds from this offering will be approximately $169.1 million after deducting the underwriting discounts and commissions and our estimated expenses of approximately $650,000 (or approximately $194.6 million if the underwriter s over-allotment option is exercised in full).

We intend to contribute the net proceeds of this offering to our operating partnership, which will subsequently use the net proceeds received from us to temporarily repay borrowings under our unsecured credit facility, to fund acquisitions, to fund redevelopment activities and for general corporate purposes. At March 31, 2007, our unsecured credit facility had a total outstanding balance of $214.2 million, excluding committed letters of credit, consisting of $175.0 million bearing interest at LIBOR plus 1.5% per annum, which equaled a rate of 6.82%, 26.8 million bearing interest at EURIBOR plus 1.5% per annum, which equaled a rate of 5.364%, and £2.0 million bearing interest at GBP LIBOR plus 1.5% per annum, which equaled a rate of 6.97%. Our unsecured credit facility matures in October 2008, subject to a one-year extension option that we may exercise if certain conditions are met. We have used the proceeds of borrowings under our unsecured credit facility to fund acquisitions, to fund redevelopment activities and for general corporate purposes.

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RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED DIVIDENDS

The following table sets forth our ratio of earnings to fixed charges and ratio of earnings to fixed charges and preferred dividends for the periods shown:

	The Company[1]	The Company and the Predecessor[2]