



Fellow Shareholders,

CoreSite's mission is to help businesses connect, protect, and maintain optimal performance and continued operation of their mission-critical data and IT infrastructure. We execute upon our mission supported by our 360+ talented employees and portfolio of network-dense, cloud-enabled data centers located in eight of the top North American markets. 2013 was highlighted not only by strong financial results but also by a substantial amount of change, reflecting our drive to respond to market opportunities, consistently raise the bar in serving our customers, and continually make our company more effective and efficient with our human resources and our shareholders' capital. As we look to the remainder of 2014 and beyond, we believe we are well-positioned to accelerate our growth over 2013, leveraging off key strengths and differentiated capabilities.

In 2013, we achieved a number of milestones and meaningfully advanced our abilities to continue to deliver differentiated value to our customers. We believe that these achievements and advancements further separated our company from a growing pool of undifferentiated service providers in the data center industry. We would like to share with you an overview of what we accomplished over the past year and how we believe those accomplishments position us for accelerating success in 2014 and beyond.

- *Delivered financial results*—Reflecting our strategy to drive higher return on investment, in 2013 we increased funds from operations attributable to common shares and units by 18.5% over 2012, well above our revenue growth rate for the year. Contributing to our earnings growth, Adjusted EBITDA margins increased 270 basis points compared to 2012<sup>(1)</sup>. We attribute a component of our increase in earnings and margin to a more profitable sales mix, reflecting an increase in the share of our revenues obtained from interconnection services and breakered-amp power solutions. Reflecting our earnings growth, we were pleased to increase our fourth-quarter dividend by 30% over that of the prior-year quarter.
- *Added to the value of our assets and customer communities*—Although our platform is among the most network-dense in the US, we do not rest upon the location advantages we've already created. Rather, we work purposefully to strengthen those advantages and further distance our company from our competitors. Reflecting the strategic locations of our assets and our execution of our strategic plan, in 2013, we executed more leases (182) in our network vertical than in any year since we became a public company. We added to that 98 lease executions in our cloud vertical. Importantly, as we accelerated in our network and cloud verticals, we increased our capabilities to support enterprises in optimizing their IT architectures in terms of performance, reliability and cost, all underpinned by excellence in customer experience. With our growth in the network and cloud capabilities in our assets and increasing strength among enterprises, we believe that in 2013 we increased the value of our platform relative to much of the competitive marketplace around us.
- *Enhanced embedded growth capabilities*—2013 represented our largest year of capital investment since becoming a public company. During the year, we invested \$233 million in expansion projects, including ground-up developments in each of Secaucus, New Jersey, Reston, Virginia, and Santa Clara, California, and follow-on investments in existing powered shells in additional markets. We ended 2013 with available capacity plus capacity under development to increase the amount of leased capacity in our portfolio by 33%. Additionally,

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<sup>(1)</sup> Reconciliations of non-GAAP financial measures can be accessed on the Investor Relations pages of our website at [CoreSite.com](http://CoreSite.com).

we own shell capacity to increase leased capacity by 54% and land that we believe we can develop representing a potential increase in leased capacity of 44%.

- *Reflected continued operational excellence*—2013 marked the third consecutive year that we achieved uptime across our portfolio exceeding six 9s (99.9999%), with our performance correlating to less than 30 seconds of service interruption on average over the course of the year. In addition to delivering on our commitment to support our customers with reliability, we work to support their compliance with regulatory frameworks, including HIPAA, PCI, FISMA, and others. We believe that our results in 2013 validate our commitment to the most stringent standards of operational excellence and help cement our customers' trust in our company as we look ahead.
- *Launched the CoreSite Open Cloud Exchange (OCX) and welcomed key public-peering partners*—In 2013, we launched the CoreSite OCX, supporting the delivery of cloud-based IT resources and applications and improving customer choice among best-of-breed cloud providers. During the year we also welcomed additional global public peering partners to our platform, including LINX, DEC-IX, AMS-IX and NYIIX, reflecting our long-held support of open peering.
- *Invested in enhancing the CoreSite customer experience*—Delivering excellence in customer experience has long been a cornerstone of CoreSite's culture and our differentiation in the market. In early 2014, we launched a strengthened Customer Experience Program, with the goal of consistently accelerating profitable growth by leveraging the Voice of the Customer into our daily operations, improving the customer experience and creating a culture of continuous improvement.

Although we are pleased with the progress we made on multiple fronts during 2013, we also ended the year believing that we could and as such should deliver stronger results in 2014. To that objective, in late 2013 and early 2014 we realigned certain resources around our sales and marketing functions to create a more effective go-to-market platform and streamline our operating structure. Specifically, we added quota-bearing headcount, invested in additional resources targeted toward the enterprise vertical, and added or promoted key leaders to drive results in 2014. Key among CoreSite's senior leaders is a new addition to our executive team, Steve Smith, Senior Vice President of Sales, who hit the ground running and who we are pleased to have on our team. With our realignment, we believe we have aligned leadership in sales and marketing to succeed in maintaining our success and momentum in the network and cloud verticals while accelerating our penetration of the enterprise market segment.

As we look ahead into 2014 and beyond, we do so with excitement and gratitude. We are excited about our opportunity to grow and increase returns to our investors, leveraging our differentiated asset base, customer communities, embedded growth opportunity, and organizational and operational capabilities. We are also thankful—for the support of our investors, the trust of our customers and business partners, and the integrity, capability, work ethic, and joyfulness of our employees. We remain energized by the opportunity before us and we will continue to work hard to deliver on our commitment to profitably grow our company and deliver strong returns to our investors.

Sincerely,



Tom Ray, President and CEO  
CoreSite Realty Corporation