

CoreSite
President and CEO



Paul Szurek

Fellow Shareholders,

In 2018, we delivered solid financial and operational results. We also made significant progress on our priority of rebuilding our development pipeline to better serve our customers with new capacity needed because of the high occupancies across our portfolio.

Our strategy remains focused on differentiating ourselves through dense, interconnected data center campuses that include major interconnection nodes, strategic cloud on-ramps, and a rich environment of enterprises and network and cloud providers.

We continue to invest in our markets to help customers address their evolving data environments. This includes the proliferation of new cloud applications emerging at an impressive pace. As data trends continue, whether driven by 5G networks, autonomous vehicles, or new cloud applications, we believe we're well positioned to serve our customers' changing needs.

2018 – A Building Block for Future Growth

To continue our legacy of strong growth and returns, we worked diligently in 2017 and 2018 to rebuild our development pipeline, which has become increasingly necessary as our stabilized data center occupancy approaches 93%. Our dedicated resource team made considerable progress with ongoing monitoring of land opportunities for future growth in our strategic markets, proactive entitlement, design, permitting and power procurement, and disciplined and consistent construction processes. Highlighting our key accomplishments -

- We strongly advanced our development pipeline to deliver in 2019 two new buildings in Reston, Virginia and Santa Clara, California, which are tracking to come on-line in Q2 and Q3
- We placed into service nearly 172,000 net rentable square feet, including completing a data center build out in Reston, Virginia and a new in-building data center in downtown Washington D.C., as well as data center expansions in the Los Angeles, Denver and New York markets
- We exited 2018 with 271,000 net rentable square feet under construction or in pre-construction, including data center expansions and ground up building projects, and
- We proactively pursued strategic development in Santa Clara that culminated in a contract this January for additional property adjacent to our existing campus

We believe our committed development pipeline will take us through 2021, depending on the pace and success of our leasing. Going forward, we will continue our program of proactively preparing new projects to be shovel-ready for customer needs.

2018 – A Year of Operational Excellence and Customer Solutions

The reliability of our data centers and the quality of the customer experience are core elements of our value proposition. We have invested extensively in people, systems, customer interfaces and ongoing training in order to provide exceptional results to our customers.

On the operational front -

- We delivered an approximate 7% improvement in Power Utilization Effectiveness on a same-store basis compared to 2017, due to important investments in new infrastructure combined with ongoing incremental operational improvements, and
- We achieved “seven 9’s” of reliability, or uptime, thereby improving our customers’ experience and reducing our operating costs

We also continued to roll out significant product improvements -

- We upgraded our Open Cloud Exchange to an SDN architecture, which makes it significantly easier for customers to provision cloud interconnection and enables us to add features in a more agile manner, and
- We piloted and put customers on our first inter-market connectivity product, and expanded our Blended IP product

2018 – Our Financial Accomplishments

We delivered solid financial results in 2018, which included 13.0% growth in operating revenues, 6.2% net income growth, 11.7% EBITDAre growth, and 14.7% growth in Funds From Operations (FFO) attributable to common shares or units, or 12.4% FFO on an adjusted basis¹.

As we have stated publicly, we expect our growth rate to trend down this year due to our limited capacity, but we expect it to increase in 2020 as we lease the new buildings we are bringing on line.

¹ Reconciliations of non-GAAP financial measures can be accessed on the CoreSite Investor Relations page of our website at CoreSite.com.

Looking Forward to 2019

In 2019, we remain committed to supporting our strong employee community, who work to deliver excellent service to our customers, which we believe in turn will drive long-term value creation for our shareholders.

We expect to post on our website in the near future our first sustainability report to share with all of you a more detailed view of the ways we incorporate those concepts into our activities and focus.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul E. Szurek". The signature is fluid and cursive, with a long horizontal stroke at the end.

Paul Szurek,
CoreSite President and CEO

