



Fellow Shareholders,

From our beginning 15 years ago and looking into the future, CoreSite works to meet the demands of the connected world through our portfolio of 17 network-dense, cloud-enabled data centers across eight key North American markets. We provide secure, reliable and high-performance data center and interconnection solutions to more than 800 of the world's leading enterprises, network operators, cloud providers, and supporting service providers. Our customers choose CoreSite to connect, protect, and optimize their performance-sensitive data, applications, and computing workloads, all supported by industry-leading customer service delivered by our 350+ dedicated and talented employees.

We view 2014 as a solid year for CoreSite, highlighted by steady execution leading to strong financial and operating results. Throughout 2014, we worked hard to make our organization leaner, more efficient, and more productive, and we believe that our work is reflected in our results for the year. We continued to focus upon and invest in supporting our diverse customer base with industry-leading customer service. We are pleased with the positive feedback from our customers regarding our service, seen in customer comments and measured in our net promoter score, growth in our customer base, growth in valuable customer deployments across our portfolio, and growth in interconnections among our customers currently deployed inside our national footprint.

To help put our 2014 activities and results into perspective, we would like to share an overview of what we accomplished over the past year across five operational areas, laying the foundation for our opportunity to accelerate success in 2015 and beyond.

1. *Delivered strong financial results*—Reflecting our strategy to drive higher return on shareholder investment, in 2014 we increased funds from operations attributable to common shares and units, excluding non-recurring items, by 20.4% over 2013⁽¹⁾, exceeding our revenue growth rate of 16.0% for the full year. We continue to focus on improving our sales mix through an increased contribution from our more profitable product lines of interconnection services and breaker-amp power offerings. Our continued strong earnings growth allowed us to increase our fourth-quarter dividend by 20% over that of the prior-year quarter. This represents the fourth consecutive year of double-digit growth in the quarterly dividend rate.
2. *Produced record new and expansion leasing results*—In 2014 we executed 466 new and expansion leases totaling \$33.2 million in annualized GAAP rent, representing an increase of 81.3% relative to leases signed in 2013. The solid new and expansion leasing results reflect our ability to increase the transaction count of smaller colocation leases in addition to renewed strength among mid-sized lease opportunities throughout the year. This strong leasing helped us increase occupancy in our total data center operating portfolio by 530 basis points to 82.6% over the last twelve months.
3. *Enhanced the value of our platform and customer ecosystems*—We view fixed and mobile networks, cloud and IT service providers, and the enterprise as the three legs of the stool that support differentiated value in the data center. Early in 2014, we simplified our sales structure to organize our teams around these three market segments to capitalize on the

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

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SECURE, RELIABLE, HIGH-PERFORMANCE DATA CENTER SOLUTIONS

growing trend of enterprise adoption of public and/or private cloud solutions, as well as to better address customers' needs. These efforts meaningfully advanced the network and cloud capabilities in our portfolio and our strategy to provide solutions for high-performance workloads and applications. During the year, our network-and-mobility and cloud-and-IT-services verticals together accounted for 55% of transactions and 53% of annualized GAAP rent from new and expansion leases signed. In addition to growth in these key verticals, we are pleased with our execution related to the third key component of our strategy—the enterprise. Within our enterprise segment, we continued to see solid performance in digital content, systems integrators and managed service providers serving the enterprise, healthcare, and other professional services.

4. *Executed upon our commitment to operational excellence*—In 2014, we simplified our internal decision-making processes and worked to maximize efficiency in certain functions within our organization, enabling us to operate more effectively. Reflecting that work, in 2014 we increased our Adjusted EBITDA margin, excluding non-recurring items, by 170 basis points over 2013⁽²⁾. Further, our people delivered upon our commitment to serve our customers, making 2014 the fourth consecutive year that we achieved uptime across our portfolio exceeding six 9s (99.9999%), with our performance correlating to less than 32 seconds of service interruption on average over the course of the year. We also continued to support our enterprise customers' requirements around reliability, security and compliance, expanding our certifications and independent reviews to support our customers' compliance and regulatory requirements.
5. *Strengthened our foundation for continued organic growth*—In 2014, we completed two data center expansions across two of our key markets. During the year, we also commenced 6 data center expansions across 5 markets, enabling us to exit the year with an embedded platform for what we believe can contribute to strong growth.

With 2014 behind us, we are focused upon our activities and growth plans for 2015. We remain excited about the opportunity ahead of us to grow within our existing portfolio, generate strong returns on capital for our shareholders, and continue to provide our customers with industry-leading solutions and service. We will continue to work to make our business leaner, simpler, and more productive, continuously driving to execute upon the promise that we see in our company and our industry.

Sincerely,



Tom Ray, President and CEO
CoreSite Realty Corporation

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