



Fellow Shareholders,

In 2017, our financial and operating results reflected another solid year for CoreSite, highlighted by consistent execution, growth across our markets and ecosystems, and programmatic investment as we continue to provide for future capacity growth.

We have remained committed to a focused strategy based primarily on our network-and-cloud-anchored campuses in major metropolitan markets. We generally provide our customers with access to low-latency, interconnection-rich network nodes complemented by flexible, scalable and energy efficient purpose-built data centers that can accommodate higher-density workloads and the customer ecosystems emerging in these markets. In our campuses, our customers have directly-connected access to numerous network, cloud, and IT service providers to optimize their IT architecture, securely and reliably conduct data-related business, and effectively exchange data via our portfolio of interconnection solutions, leading to lasting customer relationships. Our portfolio of products and services provides an ideal environment for enterprises to deploy hybrid and multi-cloud architecture.

We believe our business model supports future growth and creates a compelling value proposition for our current and future customers, and it enables us to continue to prosper on behalf of our shareholders. With those concepts in mind, I would like to share some highlights of our performance in 2017:

- Revenue grew 20.3% year over year;
- FFO per share, as adjusted¹, and adjusted EBITDA¹ increased 22% and 24%, respectively, while our adjusted EBITDA margin expanded 160 basis points to 54.6%;
- Experienced continuing growth from existing capacity via 3.4% cash rental growth on renewals, contractual rental growth and 17% interconnection revenue growth;
- Achieved strong organic new capacity growth highlighted by the 92% of 2017 leasing volume which came from existing customers;
- Increased our customer base by 6% to more than 1,200 of the world's leading enterprises, network operators, cloud providers, and supporting service providers, including 117 new logos signed in 2017; and
- Increased the quarterly common stock dividend by 22.5% to \$0.98 per share, reflecting an annual rate of \$3.92 per share. This represents the seventh consecutive year of double-digit growth in the quarterly dividend rate and 33% compound annual growth since our initial public offering.

Our leasing activity for the year included 478 new and expansion leases executed, totaling \$39 million in annualized GAAP rent. In addition, we commenced 137,000 square feet of occupied data center space, increasing our total data center occupancy by 360 basis points to 91%. This new occupancy translates into \$33 million in annualized GAAP rent commenced during the year. We also continue to provide our customers with a superior customer experience, as evidenced by our low churn rate of 5.5% in 2017, as well as the continued organic capacity growth attributable to expansions of existing customers. Our leasing

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

execution and strong internal organic growth, combined with our ongoing focus on improving efficiencies across the organization.

We executed well on our strategic priorities, taking important steps to grow our campuses in key markets, including Santa Clara, Northern Virginia, and Los Angeles, and in early 2018, purchased land to expand our footprint in downtown Chicago. We believe that these prospective campus expansions, together with computer room build-outs in our other markets, support the foundation for another extended phase of attractive customer-driven growth over the next few years, providing us the ability to increase our occupied data center footprint by approximately 1.7 million net rentable square feet, or 83% of currently occupied space.

In addition to the strength in our operating and financial performance in 2017, we achieved “Six 9s” uptime on all managed capacity across the portfolio as we continue to focus on enhancing operational excellence. We also took important steps to improve energy efficiency and reduce carbon emissions by entering into a renewable energy source contract for one data center and a long term Power Purchase Agreement leveraging fuel cell technology in two other data centers.

Our continued success reflects the commitment and dedication of our talented CoreSite team. We have the necessary building blocks in place to meet our customers’ needs for high-performance, cloud-enabled, scalable colocation capacity and have laid the groundwork for continued growth in 2018 and beyond.

Sincerely,



Paul Szurek
President and CEO
CoreSite Realty Corporation