

Earnings Release and Supplemental Information

Quarter Ended June 30, 2014



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CORESITE REPORTS

SOLID SECOND-QUARTER EARNINGS GROWTH

DENVER, CO – July 23, 2014

CoreSite Realty Corporation (NYSE:COR), a provider of secure, reliable, high-performance data center solutions, today announced financial results for the second quarter ended June 30, 2014.

Quarterly Highlights

- Reported second-quarter funds from operations (“FFO”) excluding one-time items of \$0.51 per diluted share and unit, representing 13.3% growth year over year
- Including a net benefit of \$0.06 of non-recurring FFO, total reported FFO was \$0.57 per diluted share and unit
- Reported second-quarter total operating revenues of \$65.7 million, representing a 13.9% increase year over year and data center revenues of \$63.7 million, representing a 14.5% increase year over year
- Executed new and expansion data center leases representing \$9.4 million of annualized GAAP rent at a rate of \$159 per square foot
- Realized rent growth on signed renewals of 2.1% on a cash basis and 8.1% on a GAAP basis and recorded rental churn of 1.8%
- Commenced 60,587 net rentable square feet of new and expansion leases with GAAP annualized rent of \$135 per square foot, increasing stabilized data center occupancy to 85.4%

Tom Ray, CoreSite’s Chief Executive Officer, commented, “Our second-quarter financial results reflect continued systematic execution of our business plan.” Mr. Ray continued, “We are pleased at the continued progress of our sales and marketing teams, with new and expansion sales of turn-key data center capacity for the quarter representing our highest volume since we became a public company. Second-quarter sales production reflects the execution of a large lease in the Bay Area and strong leasing across the remainder of the portfolio led by Los Angeles, Boston, and Northern Virginia.”

Financial Results

Excluding one-time items discussed below, CoreSite reported FFO attributable to shares and units of \$24.0 million for the three months ended June 30, 2014, a 13.9% increase year over year and an increase of 5.1% compared to the prior quarter. On a per-diluted-share-and-unit basis, FFO, excluding one-time items, increased 13.3% year over year to \$0.51 for the three months ended June 30, 2014.

Quarter Ended June 30, 2014

For the three months ended June 30, 2014, CoreSite recognized an impairment of internal-use software of \$1.0 million, or a charge of \$0.02 per share, and a benefit of \$3.7 million, or \$0.08 per share, related to a true-up of accrued real estate tax liabilities. These tax liabilities are associated with previously accrued amounts related to the change in ownership of acquired properties in association with the Company's 2010 IPO.

Including the net impact of these two items, CoreSite reported FFO attributable to shares and units of \$26.7 million for the three months ended June 30, 2014. On a per-diluted-share-and-unit basis, FFO was \$0.57 for the three months ended June 30, 2014, as compared to \$0.45 per diluted share and unit for the three months ended June 30, 2013.

Total operating revenues for the three months ended June 30, 2014, were \$65.7 million, a 13.9% increase year over year. Data center revenues for the three months ended June 30, 2014, were \$63.7 million, a 14.5% increase year over year. CoreSite reported net income attributable to common shares of \$3.9 million, or \$0.18 per diluted share.

Sales Activity

CoreSite executed 121 new and expansion data center leases representing \$9.4 million of GAAP annualized rent during the second quarter, comprised of 58,909 NRSF at a weighted-average GAAP rate of \$159 per NRSF. These new and expansion data center leases include a lease for 26,500 square feet at CoreSite's SV3 facility, which has partially commenced and will continue to commence in phases through the second quarter of 2016, as previously reported. As a component of executing this lease, CoreSite executed an early termination of a 12,600 square foot portion of a previously existing lease at the building. Net of the early termination at SV3, new and expansion leasing in Q2 represents 46,309 square feet.

CoreSite's renewal leases signed in the second quarter totaled \$7.0 million in GAAP annualized rent, comprised of 41,890 NRSF at a weighted average GAAP rate of \$167 per NRSF, reflecting a 2.1% increase in rent on a cash basis and an 8.1% increase on a GAAP basis. The second-quarter rental churn rate was 1.8%, which includes churn related to amending a single-customer lease at CoreSite's SV3 data center and releasing that space to a new customer.

CoreSite's second-quarter data center lease commencements totaled 60,587 NRSF at a weighted average GAAP rental rate of \$135 per NRSF, which represents \$8.2 million of GAAP annualized rent. Net of the termination at SV3, second-quarter commencements totaled 47,987 square feet.

Quarter Ended June 30, 2014

Development Activity

CoreSite had 50,000 NRSF of data center space under construction at VA2 in Northern Virginia at the end of the second quarter. As of June 30, 2014, CoreSite had incurred \$61.1 million of the estimated \$73.9 million required to complete this project.

Balance Sheet and Liquidity

As of June 30, 2014, CoreSite had \$276.8 million of total long-term debt equal to 2.0 times second-quarter annualized adjusted EBITDA and \$391.8 million of long-term debt and preferred stock equal to 2.9 times second-quarter annualized adjusted EBITDA.

At quarter end, CoreSite had \$11.1 million of cash available on its balance sheet and \$220.9 million of available capacity under its credit facility.

Dividend

On May 30, 2014, CoreSite announced a dividend of \$0.35 per share of common stock and common stock equivalents for the second quarter of 2014. The dividend was paid on July 15, 2014, to shareholders of record on June 30, 2014.

CoreSite also announced on May 30, 2014, a dividend of \$0.4531 per share of Series A preferred stock for the period April 15, 2014, to July 14, 2014. The preferred dividend was paid on July 15, 2014, to shareholders of record on June 30, 2014.

2014 Guidance

Excluding a one-time charge of \$0.02 per share and unit in the first quarter and the one-time net benefit recorded in the second quarter in the amount of \$0.06 per share, CoreSite is increasing its guidance of FFO per diluted share and unit to a range of \$2.07 to \$2.15 from the previous range of \$2.00 to \$2.10. Including the above-referenced one-time items, CoreSite is increasing its 2014 guidance of FFO per diluted share and unit to a range of \$2.11 to \$2.19.

In addition, CoreSite is increasing its 2014 guidance for net income attributable to common shares to a range of \$0.61 to \$0.69 per diluted share from the previous range of \$0.50 to \$0.60 per diluted share. The difference between FFO and net income is attributable to real estate depreciation and amortization.

This outlook is predicated on current economic conditions, internal assumptions about CoreSite's customer base, and the supply and demand dynamics of the markets in which CoreSite operates. The guidance does not include the impact of any future financing, investment or disposition activities, beyond what has already been disclosed.

Quarter Ended June 30, 2014

Upcoming Conferences and Events

CoreSite will participate in the Bank of America 2014 Global Real Estate Conference on September 10th in New York, New York; the Bank of America 2014 Media, Communications & Entertainment Conference on September 16th in Beverly Hills, California; and the Cantor Fitzgerald & Newmark Grubb Knight Frank Data Center Executive Symposium on September 30th in New York, New York.

Conference Call Details

CoreSite will host a conference call on July 23, 2014, at 12:00 p.m., Eastern time (10:00 a.m., Mountain Time), to discuss its financial results, current business trends and market conditions.

The call can be accessed live over the phone by dialing 877-407-3982 for domestic callers or 201-493-6780 for international callers. A replay will be available shortly after the call and can be accessed by dialing 877-870-5176 for domestic callers or 858-384-5517 for international callers. The passcode for the replay is 13585288. The replay will be available until July 30, 2014.

Interested parties may also listen to a simultaneous webcast of the conference call by logging on to CoreSite's website at www.CoreSite.com and clicking on the "Investors" tab. The on-line replay will be available for a limited time beginning immediately following the call.

About CoreSite

CoreSite Realty Corporation (NYSE:COR) delivers secure and reliable data center solutions across eight key North American markets. More than 800 of the world's leading enterprises, carriers and mobile operators, content and cloud providers and media and entertainment companies choose CoreSite to connect, protect and optimize their performance sensitive data, applications and computing workloads. Our flexible, high-performance products and 350+ dedicated employees consistently deliver unmatched, scalable data center options -- all of which leads to a best-in-class customer experience. For more information, visit www.CoreSite.com.

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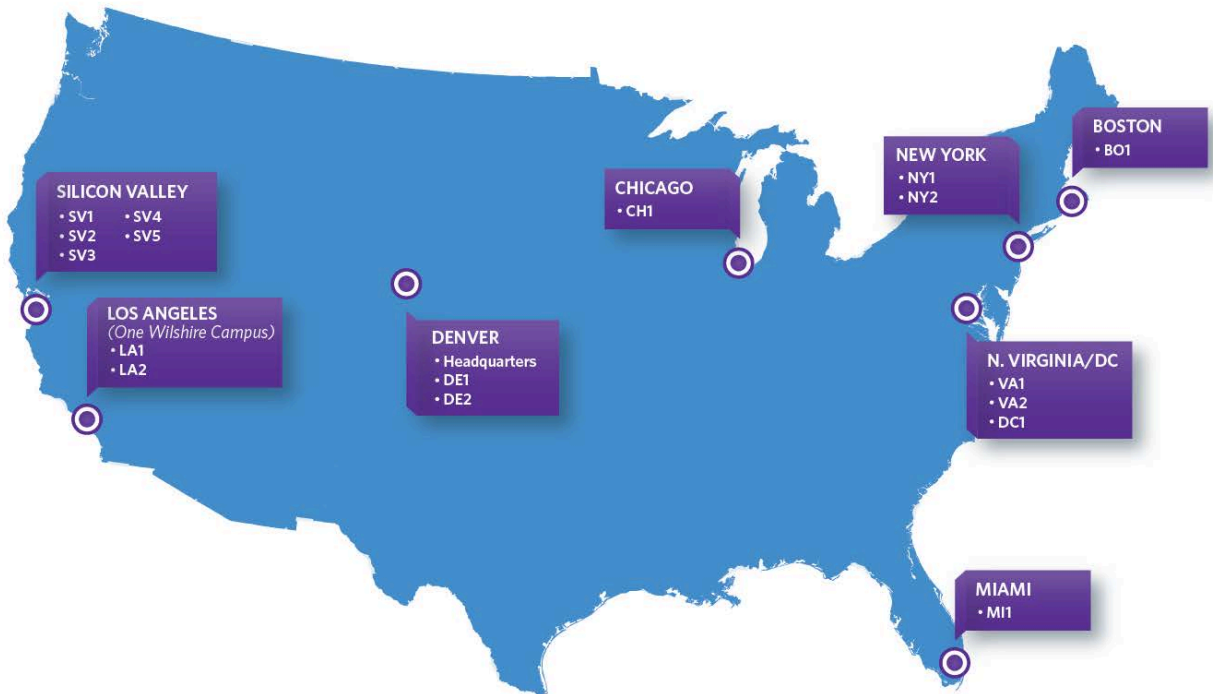
Forward Looking Statements

This earnings release and accompanying supplemental information may contain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “pro forma,” “estimates” or “anticipates” or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and contingencies, many of which are beyond CoreSite’s control, that may cause actual results to differ significantly from those expressed in any forward-looking statement. These risks include, without limitation: the geographic concentration of the company’s data centers in certain markets and any adverse developments in local economic conditions or the demand for data center space in these markets; fluctuations in interest rates and increased operating costs; difficulties in identifying properties to acquire and completing acquisitions; significant industry competition; the company’s failure to obtain necessary outside financing; the company’s failure to qualify or maintain its status as a REIT; financial market fluctuations; changes in real estate and zoning laws and increases in real property tax rates; and other factors affecting the real estate industry generally. All forward-looking statements reflect the company’s good faith beliefs, assumptions and expectations, but they are not guarantees of future performance. Furthermore, the company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes. For a further discussion of these and other factors that could cause the company’s future results to differ materially from any forward-looking statements, see the section entitled “Risk Factors” in the company’s most recent annual report on Form 10-K, and other risks described in documents subsequently filed by the company from time to time with the Securities and Exchange Commission.

Company Profile



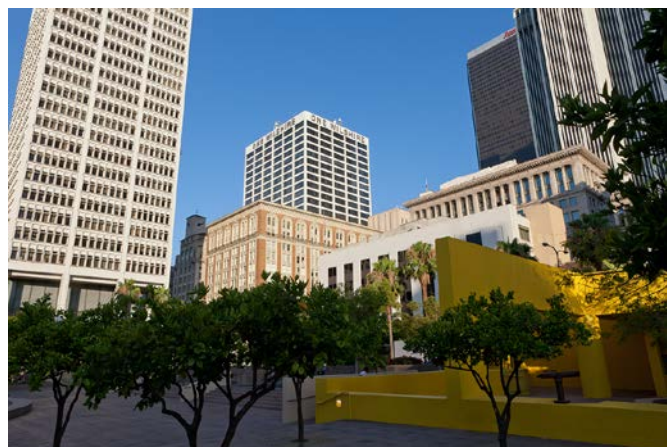
CoreSite delivers network-dense, cloud-enabled, enterprise-class data center products and services across eight key North American markets.



Company Profile

NYSE-traded with a strong balance sheet

- NYSE: COR (2010); REIT status
- Predecessor entities founded in 2000
- Equity market cap: \$1.6 billion at June 30, 2014
- Growth capacity: 2.0x debt to annualized adjusted EBITDA and 2.9x debt and preferred stock to annualized adjusted EBITDA at June 30, 2014



Secure and reliable with best-in-class service

- Six 9s uptime for three consecutive years
- 350+ professionals with dedicated industry experts and 24x7 security guard monitoring
- Cabinet, standard or custom cage, and computer rooms
- Cross-connects, Any2 Internet Exchange, and Cloud Exchange – Ethernet
- Breakered and metered power



Scalable and flexible, broad platform in Tier-1 markets

- Recent delivery of our newest data center, NY2, located in Secaucus, NJ
- 16 data centers in eight top North American markets located in network, financial, cloud and commerce hubs
- 2.5+ million gross square feet
- Ability to nearly double data center footprint on land and buildings currently owned

Dense network connectivity and ecosystems

- Over 275 network service providers, 800 customers and 15,000 cross-connects
- Key ecosystems of customers and partners consisting of 34% networks and mobility, 24% cloud and IT service providers, 21% enterprise, 14% digital content and multimedia, and 7% systems integrators and managed services providers
- Partner-enabled value-added services supporting cloud computing

Summary of Financial Data

(in thousands, except share, per share and NRSF data)

	Three Months Ended			Six Months Ended	
	June 30, 2014	March 31, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Summary of Results					
Operating revenues	\$ 65,682	\$ 63,731	\$ 57,667	\$ 129,413	\$ 112,758
Data center revenues	63,731	61,716	55,664	125,447	108,863
Net income	10,638	8,118	7,879	18,756	14,074
Net income attributable to common shares	3,883	2,733	2,618	6,616	4,467
Funds from operations (FFO) to shares and units	26,716	22,870	21,103	49,586	40,356
Adjusted funds from operations (AFFO)	21,579	19,356	20,405	40,935	38,112
EBITDA	31,533	27,191	25,127	58,724	47,881
Adjusted EBITDA	34,111	30,059	27,209	64,170	51,963
Per share - diluted:					
Net income attributable to common shares	\$ 0.18	\$ 0.13	\$ 0.12	\$ 0.31	\$ 0.21
FFO per common share and OP unit	\$ 0.57	\$ 0.49	\$ 0.45	\$ 1.06	\$ 0.86

	As of				
	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
Dividend Activity					
Dividends declared per share and OP unit	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.27	\$ 0.27
AFFO payout ratio	76%	84%	84%	61%	62%
Operating Portfolio Statistics					
Operating data center properties	16	16	16	14	14
Operating data center NRSF	1,326,332	1,326,332	1,327,205	1,225,596	1,225,596
Data center NRSF occupied	1,132,894	1,101,305	1,084,444	987,416	986,646
Data center % occupied	85.4%	83.0%	81.7%	80.6%	80.5%
Turn-Key Data Center Same Store Statistics					
MRR per Cabinet Equivalent	\$ 1,405	\$ 1,399	\$ 1,379	\$ 1,352	\$ 1,305
Data center NRSF % occupied	79.8%	76.2%	74.6%	75.0%	75.0%

Market Capitalization, Debt & Preferred Stock

Total enterprise value	\$ 1,945,279	\$ 1,831,690	\$ 1,852,319	\$ 1,869,100	\$ 1,734,594
Total debt outstanding	276,750	260,000	232,500	166,625	132,000
Total debt and preferred stock outstanding	391,750	375,000	347,500	281,625	247,000

Debt to:

Annualized Adjusted EBITDA	2.0x	2.2x	2.1x	1.5x	1.2x
Undepreciated book value of total assets	22.3%	21.6%	19.8%	15.0%	12.7%

Debt & Preferred Stock to:

Annualized Adjusted EBITDA	2.9x	3.1x	3.1x	2.6x	2.3x
Undepreciated book value of total assets	31.5%	31.1%	29.6%	25.4%	23.8%

Consolidated Balance Sheets

(in thousands)

	June 30, 2014	December 31, 2013
Assets:		
Investments in real estate:		
Land	\$ 79,929	\$ 78,983
Building and building improvements	769,056	717,007
Leasehold improvements	98,121	95,218
	947,106	891,208
Less: Accumulated depreciation and amortization	(185,230)	(155,704)
Net investment in operating properties	761,876	735,504
Construction in progress	161,377	157,317
Net investments in real estate	923,253	892,821
Cash and cash equivalents	11,132	5,313
Accounts and other receivables, net	10,275	10,339
Lease intangibles, net	9,018	11,028
Goodwill	41,191	41,191
Other assets	62,386	55,802
Total assets	\$ 1,057,255	\$ 1,016,494
Liabilities and equity:		
Liabilities		
Revolving credit facility	\$ 176,750	\$ 174,250
Senior unsecured term loan	100,000	-
Mortgage loan payable	-	58,250
Accounts payable and accrued expenses	74,289	67,782
Deferred rent payable	9,401	9,646
Acquired below-market lease contracts, net	6,185	6,681
Prepaid rent and other liabilities	16,872	11,578
Total liabilities	383,497	328,187
Stockholders' equity		
Series A cumulative preferred stock	115,000	115,000
Common stock, par value \$0.01	211	209
Additional paid-in capital	271,379	267,465
Accumulated other comprehensive loss	(136)	-
Distributions in excess of net income	(58,649)	(50,264)
Total stockholders' equity	327,805	332,410
Noncontrolling interests	345,953	355,897
Total equity	673,758	688,307
Total liabilities and equity	\$ 1,057,255	\$ 1,016,494

Consolidated Statements of Operations

(in thousands, except share and per share data)

	Three Months Ended			Six Months Ended	
	June 30, 2014	March 31, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Operating revenues:					
Data center revenue:					
Rental revenue	\$ 36,938	\$ 34,899	\$ 32,355	\$ 71,837	\$ 63,664
Power revenue	16,575	16,002	14,486	32,577	28,015
Interconnection revenue	8,591	8,059	7,053	16,650	13,625
Tenant reimbursement and other	1,627	2,756	1,770	4,383	3,559
Total data center revenue	63,731	61,716	55,664	125,447	108,863
Office, light industrial and other revenue	1,951	2,015	2,003	3,966	3,895
Total operating revenues	65,682	63,731	57,667	129,413	112,758
Operating expenses:					
Property operating and maintenance	18,534	16,289	15,118	34,823	29,645
Real estate taxes and insurance	(980)	2,966	2,304	1,986	4,524
Depreciation and amortization	19,504	17,882	16,261	37,386	32,210
Sales and marketing	3,747	3,588	3,936	7,335	7,725
General and administrative	6,732	7,705	6,177	14,437	13,180
Rent	5,070	5,066	4,756	10,136	9,549
Impairment of internal-use software	1,037	922	-	1,959	-
Transaction costs	9	4	249	13	254
Total operating expenses	53,653	54,422	48,801	108,075	97,087
Operating income	12,029	9,309	8,866	21,338	15,671
Interest income	2	2	2	4	4
Interest expense	(1,415)	(1,173)	(783)	(2,588)	(1,222)
Income before income taxes	10,616	8,138	8,085	18,754	14,453
Income tax (expense) benefit	22	(20)	(206)	2	(379)
Net income	10,638	8,118	7,879	18,756	14,074
Net income attributable to noncontrolling interests	4,670	3,301	3,176	7,971	5,438
Net income attributable to CoreSite Realty Corporation	5,968	4,817	4,703	10,785	8,636
Preferred dividends	(2,085)	(2,084)	(2,085)	(4,169)	(4,169)
Net income attributable to common shares	\$ 3,883	\$ 2,733	\$ 2,618	\$ 6,616	\$ 4,467
Net income per share attributable to common shares:					
Basic	\$ 0.18	\$ 0.13	\$ 0.13	\$ 0.31	\$ 0.22
Diluted	\$ 0.18	\$ 0.13	\$ 0.12	\$ 0.31	\$ 0.21
Weighted average common shares outstanding:					
Basic	21,131,077	20,992,758	20,829,375	21,062,299	20,752,065
Diluted	21,604,730	21,521,838	21,445,875	21,599,749	21,412,289

Reconciliations of Net Income to FFO, AFFO and EBITDA

(in thousands, except share and per share data)

Reconciliation of Net Income to FFO

	Three Months Ended			Six Months Ended	
	June 30, 2014	March 31, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Net income	\$ 10,638	\$ 8,118	\$ 7,879	\$ 18,756	\$ 14,074
Real estate depreciation and amortization	18,163	16,836	15,309	34,999	30,451
FFO	\$ 28,801	\$ 24,954	\$ 23,188	\$ 53,755	\$ 44,525
Preferred stock dividends	(2,085)	(2,084)	(2,085)	(4,169)	(4,169)
FFO available to common shareholders and OP unit holders	\$ 26,716	\$ 22,870	\$ 21,103	\$ 49,586	\$ 40,356
Weighted average common shares outstanding - diluted	21,604,730	21,521,838	21,445,875	21,599,749	21,412,289
Weighted average OP units outstanding - diluted	25,360,847	25,360,847	25,353,709	25,360,847	25,353,709
Total weighted average shares and units outstanding - diluted	46,965,577	46,882,685	46,799,584	46,960,596	46,765,998
FFO per common share and OP unit - diluted	\$ 0.57	\$ 0.49	\$ 0.45	\$ 1.06	\$ 0.86

Reconciliation of FFO to AFFO

	Three Months Ended			Six Months Ended	
	June 30, 2014	March 31, 2014	June 30, 2013	June 30, 2014	June 30, 2013
FFO available to common shareholders and unit holders	\$ 26,716	\$ 22,870	\$ 21,103	\$ 49,586	\$ 40,356
Adjustments:					
Amortization of deferred financing costs	449	580	427	1,029	847
Non-cash compensation	1,532	1,716	1,683	3,248	3,578
Non-real estate depreciation	1,341	1,046	952	2,387	1,759
Straight-line rent adjustment	(1,378)	(436)	(339)	(1,814)	(431)
Amortization of above and below market leases	(112)	(70)	(199)	(182)	(431)
Impairment of internal-use software	1,037	922	-	1,959	-
Recurring capital expenditures	(1,377)	(1,673)	(935)	(3,050)	(2,634)
Tenant improvements	(1,579)	(1,208)	(1,027)	(2,787)	(2,640)
Capitalized leasing costs	(5,050)	(4,391)	(1,260)	(9,441)	(2,292)
AFFO available to common shareholders and OP unit holders	\$ 21,579	\$ 19,356	\$ 20,405	\$ 40,935	\$ 38,112

Reconciliation of Net Income to EBITDA and Adjusted EBITDA

	Three Months Ended			Six Months Ended	
	June 30, 2014	March 31, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Net income	\$ 10,638	\$ 8,118	\$ 7,879	\$ 18,756	\$ 14,074
Adjustments:					
Interest expense, net of interest income	1,413	1,171	781	2,584	1,218
Income tax (benefit) expense	(22)	20	206	(2)	379
Depreciation and amortization	19,504	17,882	16,261	37,386	32,210
EBITDA	\$ 31,533	\$ 27,191	\$ 25,127	\$ 58,724	\$ 47,881
Non-cash compensation	1,532	1,716	1,683	3,248	3,578
Transaction costs / litigation	9	230	399	239	504
Impairment of internal-use software	1,037	922	-	1,959	-
Adjusted EBITDA	\$ 34,111	\$ 30,059	\$ 27,209	\$ 64,170	\$ 51,963

Operating Properties

(in thousands, except NRSF data)

Stabilized Operating NRSF

Market/Facilities	Annualized Rent (\$000) ⁽³⁾	Data Center ⁽¹⁾		Office and Light-Industrial ⁽²⁾		Total		Pre-Stabilized NRSF ⁽⁵⁾	Development NRSF ⁽⁶⁾	Total Portfolio NRSF
		Total	Percent Occupied ⁽⁴⁾	Total	Percent Occupied ⁽⁴⁾	Total	Percent Occupied ⁽⁴⁾			
Los Angeles										
One Wilshire Campus										
LA1*	\$ 24,469	149,405	77.4 %	4,373	82.8 %	153,778	77.6 %	-	-	153,778
LA2	15,284	159,617	84.8	7,029	70.8	166,646	84.2	65,296	199,978	431,920
Los Angeles Total	39,753	309,022	81.2	11,402	75.4	320,424	81.0	65,296	199,978	585,698
San Francisco Bay										
SV1	11,296	84,045	84.0	206,255	84.5	290,300	84.4	-	-	290,300
SV2	7,060	76,676	78.3	-	-	76,676	78.3	-	-	76,676
Santa Clara Campus	24,251	220,676	94.9	71,308	91.7	291,984	94.1	31,497	173,240	496,721
San Francisco Bay Total	42,607	381,397	89.2	277,563	86.4	658,960	88.0	31,497	173,240	863,697
Northern Virginia										
VA1	23,572	201,719	79.2	61,050	79.2	262,769	79.2	-	-	262,769
VA2	-	-	-	-	-	-	-	-	198,000	198,000
DC1*	2,846	22,137	87.6	-	-	22,137	87.6	-	-	22,137
Northern Virginia Total	26,418	223,856	80.0	61,050	79.2	284,906	79.8	-	198,000	482,906
Boston										
BO1	13,735	166,026	95.0	19,495	62.4	185,521	91.5	-	87,650	273,171
Chicago										
CH1	11,492	158,167	86.9	4,946	65.8	163,113	86.3	20,240	-	183,353
New York										
NY1*	5,360	48,404	73.1	209	100.0	48,613	73.3	-	-	48,613
NY2	-	-	-	-	-	-	-	52,692	202,367	255,059
New York Total	5,360	48,404	73.1	209	100.0	48,613	73.3	52,692	202,367	303,672
Miami										
MI1	1,765	30,176	79.8	1,934	38.6	32,110	77.3	-	13,154	45,264
Denver										
DE1*	704	4,144	100.0	-	-	4,144	100.0	-	-	4,144
DE2*	178	5,140	77.9	-	-	5,140	77.9	-	-	5,140
Denver Total	882	9,284	87.8	-	-	9,284	87.8	-	-	9,284
Total Facilities	\$ 142,012	1,326,332	85.4 %	376,599	83.1 %	1,702,931	84.9 %	169,725	874,389	2,747,045

* Indicates properties in which we hold a leasehold interest.

- (1) Represents the NRSF at each operating facility that is currently occupied or readily available for lease as data center space. Both occupied and available data center NRSF includes a factor to account for a customer's proportionate share of the required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas, which may be updated on a periodic basis to reflect the most current build-out of our properties. During the second quarter of 2014, certain facility factors were adjusted resulting in a 1.4% increase to our data center occupancy.
- (2) Represents the NRSF at each operating facility that is currently occupied or readily available for lease as space other than data center space, which is typically space offered for office or light industrial uses.
- (3) Represents the monthly contractual rent on stabilized operating NRSF under existing commenced customer leases as of June 30, 2014, multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and excludes power revenue, interconnection revenue and operating expense reimbursement. On a gross basis, our annualized rent was approximately \$147.0 million as of June 30, 2014, which reflects the addition of \$5.0 million in operating expense reimbursements to contractual net rent under modified gross and triple-net leases.
- (4) Includes customer leases that have commenced and are occupied as of June 30, 2014. The percent occupied is determined based on leased square feet as a proportion of total operating NRSF. The percent occupied for data center space, office and light industrial space, and space in total would have been 88.0%, 83.3%, and 87.0%, respectively, if all leases signed in current and prior periods had commenced.
- (5) Represents pre-stabilized NRSF of projects/facilities which recently have been developed and are in the initial lease-up phase. Pre-stabilized projects/facilities become stabilized operating properties at the earlier of achievement of 85% occupancy or 24 months after development completion. Annualized rent and NRSF percent occupied for pre-stabilized NRSF is \$5.3 million and 25.4%, respectively, as of June 30, 2014.
- (6) Represents vacant space and entitled land in our portfolio that requires significant capital investment in order to develop into data center facilities as of June 30, 2014. Includes NRSF under construction for which substantial activities are ongoing to prepare the property for its intended use following development. In addition to the amounts above, we may develop an additional 138,000 NRSF at the Santa Clara Campus and 100,000 NRSF at NY2 upon our receipt of the necessary entitlements.

Leasing Statistics

Data Center Leasing Activity

	Leasing Activity Period	Number of Leases ⁽¹⁾	Total Leased NRSF ⁽²⁾	GAAP Annualized Rent per Leased NRSF	GAAP Annualized Rent (\$000)	Rental Churn Rate ⁽³⁾	Cash Rent Growth ⁽⁴⁾	GAAP Rent Growth ⁽⁴⁾
New/expansion leases commenced	YTD 2014	245	88,712	\$ 134	\$ 11,915			
	Q2 2014	126	60,587	135	8,152			
	Q1 2014	119	28,125	134	3,763			
	Q4 2013	109	116,052	41 ⁽⁵⁾	4,808			
	Q3 2013	110	37,243	180	6,688			
	Q2 2013	121	42,672	147	6,267			
New/expansion leases signed	YTD 2014	252	98,692	\$ 147	\$ 14,507			
	Q2 2014	121	58,909	159	9,368			
	Q1 2014	131	39,783	129	5,139			
	Q4 2013	122	26,276	132	3,472			
	Q3 2013	106	23,294	170	3,965			
	Q2 2013	115	30,810	188	5,782			
Renewal leases commenced	YTD 2014	151	64,181	\$ 164	\$ 10,544	1.5%	2.9%	8.5%
	Q2 2014	77	41,890	167	7,009	1.8%	2.1%	8.1%
	Q1 2014	74	22,291	159	3,535	1.2%	4.7%	9.4%
	Q4 2013	59	50,513	135	6,816	1.9%	3.5%	14.3%
	Q3 2013	100	29,567	155	4,575	2.7%	6.6%	10.7%
	Q2 2013	112	44,702	166	7,404	2.0%	2.9%	9.0%

- (1) Number of leases represents each agreement with a customer; a lease agreement could include multiple spaces and a customer could have multiple leases.
- (2) Total leased NRSF is determined based on contractually leased square feet for leases that have commenced on or before June 30, 2014. We calculate occupancy based on factors in addition to contractually leased square feet, including required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas.
- (3) Rental churn is calculated based on the annualized rental revenue of expired leases terminated in the period, compared with total annualized rental revenue at the beginning of the period.
- (4) Rent growth represents the increase in rental rates on renewed leases commencing during the period, as compared with the previous rental rates for the same space.
- (5) The GAAP Annualized Rent per Leased NRSF for new/expansion leases commenced in Q4 2013 includes a 101,721 NRSF built-to-suit lease. Excluding this lease, the GAAP Annualized Rent per Leased NRSF for new/expansion leases commenced in Q4 2013 would have been \$116.

Leasing Statistics

Lease Expirations *(total operating properties, excluding pre-stabilized)*

Year of Lease Expiration	Number of Leases Expiring ⁽¹⁾	Total Operating NRSF of Expiring Leases	Percentage of Total Operating NRSF	Annualized Rent (\$000) ⁽²⁾	Percentage of Annualized Rent	Annualized Rent per Leased NRSF	Annualized Rent at Expiration (\$000) ⁽³⁾	Annualized Rent per Leased NRSF at Expiration ⁽⁴⁾
Available as of June 30, 2014 ⁽⁵⁾	-	256,961	15.1 %	\$ -	- %	\$ -	\$ -	\$ -
2014	386	136,169	8.0	18,975	13.4	139.35	19,427	142.67
2015	362	195,080	11.4	33,129	23.3	169.82	34,370	176.18
2016	309	164,662	9.7	24,173	17.0	146.80	27,050	164.28
2017	224	155,635	9.1	25,200	17.7	161.92	29,387	188.82
2018	67	149,882	8.8	15,471	10.9	103.22	19,036	127.01
2019-Thereafter	58	331,466	19.5	17,884	12.6	53.95	27,976	84.40
Office and light industrial ⁽⁶⁾	83	313,076	18.4	7,180	5.1	22.93	7,488	23.92
Portfolio Total / Weighted Average	1,489	1,702,931	100.0 %	\$ 142,012	100.0 %	\$ 98.21	\$ 164,734	\$ 113.93

- (1) Includes leases that upon expiration will automatically be renewed, primarily on a month-to-month basis. Number of leases represents each agreement with a customer; a lease agreement could include multiple spaces and a customer could have multiple leases.
- (2) Represents the monthly contractual rent under existing commenced customer leases as of June 30, 2014, multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and excludes power revenue, interconnection revenue and operating expense reimbursement.
- (3) Represents the final monthly contractual rent under existing customer leases as of June 30, 2014, multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and excludes operating expense reimbursement, power revenue and interconnection revenue.
- (4) Annualized rent at expiration as defined above, divided by the square footage of leases expiring in the given year. This metric reflects the rent growth inherent in the existing base of lease agreements.
- (5) Excludes NRSF held for development or under construction.
- (6) Of the occupied office and light industrial leases, 9,656 NRSF, 9,380 NRSF, 93,146 NRSF, 35,590 NRSF, 4,207 NRSF and 161,097 NRSF are scheduled to expire in 2014, 2015, 2016, 2017, 2018 and 2019 and thereafter, respectively, which accounts for (in thousands) \$231, \$154, \$1,782, \$591, \$117 and \$4,305 of annualized rent scheduled to expire during each respective period.

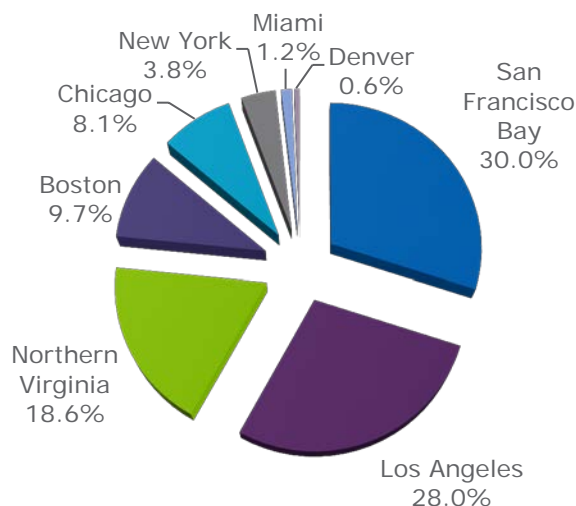
Lease Distribution *(total operating properties, excluding pre-stabilized)*

Square Feet Under Lease ⁽¹⁾	Number of Leases ⁽²⁾	Percentage of All Leases	Total Operating NRSF of Leases ⁽³⁾	Percentage of Total Operating NRSF	Annualized Rent (\$000) ⁽⁴⁾	Percentage of Annualized Rent
Available colocation ⁽⁵⁾	-	- %	193,438	11.4 %	\$ -	- %
Available office and light-industrial	-	-	63,523	3.7	-	-
Colocation NRSF:						
5,000 or less	1,355	91.0	453,266	26.6	72,954	51.3
5,001 - 10,000	22	1.5	148,050	8.7	17,399	12.3
10,001 - 25,000	11	0.7	161,518	9.5	26,782	18.9
Greater than 25,000	2	0.1	60,807	3.6	7,269	5.1
Powered shell	16	1.1	309,253	18.1	10,427	7.3
Office and light-industrial	83	5.6	313,076	18.4	7,181	5.1
Portfolio Total	1,489	100.0 %	1,702,931	100.0 %	\$ 142,012	100.0 %

- (1) Represents all leases in our portfolio, including data center and office and light industrial leases.
- (2) Includes leases that upon expiration will automatically be renewed, primarily on a month-to-month basis. Number of leases represents each agreement with a customer; a lease agreement could include multiple spaces and a customer could have multiple leases.
- (3) Represents the square feet at a building under lease as specified in the lease agreements plus management's estimate of space available for lease to third parties based on engineers' drawings and other factors, including required data center support space (such as mechanical, telecommunications and utility rooms) and building common areas.
- (4) Represents the monthly contractual rent under existing commenced customer leases as of June 30, 2014, multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and it excludes power revenue, interconnection revenue and operating expense reimbursement.
- (5) Excludes NRSF held for development or under construction.

Geographic Diversification and 10 Largest Customers

Geographic Diversification



Metropolitan Market	Percentage of Total Annualized Rent
San Francisco Bay	30.0 %
Los Angeles	28.0
Northern Virginia	18.6
Boston	9.7
Chicago	8.1
New York	3.8
Miami	1.2
Denver	0.6
Total	100.0 %

10 Largest Customers

Customer Industry	CoreSite Vertical	Number of Locations	Total Occupied NRSF ⁽¹⁾	Percentage of Total Operating NRSF ⁽²⁾	Annualized Rent (\$000) ⁽³⁾	Percentage of Annualized Rent ⁽⁴⁾	Weighted Average Remaining Lease Term in Months ⁽⁵⁾	
1	Technology	Digital Content	4	41,811	2.5 %	\$ 10,459	7.4 %	28
2	Technology	Cloud	6	131,632	7.7	7,745	5.5	65
3	Technology	Systems Integration & Managed Service Provider	3	53,014	3.1	6,726	4.7	38
4	Technology	Digital Content	8	49,735	2.9	4,737	3.3	10
5	Government *	Enterprise	1	141,774	8.3	4,113	2.9	89
6	Technology	Cloud	1	27,036	1.6	3,981	2.8	47
7	Financial	Enterprise	2	12,188	0.7	3,041	2.1	8
8	Technology	Systems Integration & Managed Service Provider	1	6,255	0.4	2,646	1.9	7
9	Managed Services	Systems Integration & Managed Service Provider	1	23,663	1.4	2,381	1.7	105
10	Government	Enterprise	2	16,769	1.0	2,328	1.6	60
Total/Weighted Average				503,877	29.6 %	\$ 48,157	33.9 %	43

* Denotes customer using space for general office purposes.

(1) Total occupied NRSF is determined based on contractually leased square feet for leases that have commenced on or before June 30, 2014. We calculate occupancy based on factors in addition to contractually leased square feet, including required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas.

(2) Represents the customer's total occupied square feet divided by the total operating NRSF in the portfolio which, as of June 30, 2014, consisted of 1,702,931 NRSF.

(3) Represents the monthly contractual rent under existing commenced customer leases as of June 30, 2014, multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and excludes power revenue, interconnection revenue and operating expense reimbursement.

(4) Represents the customer's total annualized rent divided by the total annualized rent in the portfolio as of June 30, 2014, which was approximately \$142.0 million.

(5) Weighted average based on percentage of total annualized rent expiring calculated as of June 30, 2014.

Development Summary and Capital Expenditures

(in thousands, except NRSF data)

Completed Pre-Stabilized Data Center Projects as of June 30, 2014

Projects/Facilities ⁽¹⁾	Metropolitan Area	Completion	NRSF ⁽¹⁾	Cost	Percent Leased ⁽²⁾	Percent Occupied
SV4	San Francisco Bay	Mar 2013	16,640	\$ 13,261	86.6 %	73.2 %
LA2	Los Angeles	Mar 2013	2,294	320	33.3	33.3
LA2	Los Angeles	Mar 2013	8,122	871	43.6	43.6
LA2	Los Angeles	Mar 2013	21,169	8,866	77.9	52.4
SV4	San Francisco Bay	Apr 2013	14,857	12,911	0.0	0.0
CH1	Chicago	Apr 2013	20,240	5,200	28.1	28.1
NY2	New York	Dec 2013	18,103	14,417	79.6	47.0
LA2	Los Angeles	Feb 2014	33,711	9,800	0.0	0.0
NY2	New York	Mar 2014	16,484	14,540	0.0	0.0
NY2	New York	Mar 2014	18,105	14,540	6.8	6.8
Total completed pre-stabilized			169,725	\$ 94,726	33.3 %	25.4 %

(1) These pre-stabilized projects/facilities are excluded from the stabilized operating NRSF information in the Operating Properties table. See Appendix for definition of stabilized and pre-stabilized NRSF.

(2) Includes customer leases that have been signed as of June 30, 2014. The percent leased is determined based on leased square feet as proportion of total pre-stabilized NRSF.

Data Center Projects Under Construction as of June 30, 2014

Projects/Facilities	Metropolitan Area	Estimated Completion	NRSF ⁽¹⁾	Costs	
				Incurred to-date	Estimated Total ⁽²⁾
VA2	Northern Virginia	Q3/Q4 2014	50,000	\$ 61,052	\$ 73,900
Total under construction			50,000	\$ 61,052	\$ 73,900

(1) NRSF reflects management's estimate based on engineering drawings and required support space and is subject to change based on final demising of the space.

(2) Reflects management's estimate of cost of completion based upon the actual cost at quarter-end, plus management's estimate of the cost to complete construction.

Capital Expenditures – Quarter Ended

	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
Data center expansion	(1) \$ 32,082	\$ 18,917	\$ 46,574	\$ 67,688	\$ 33,544
Non-recurring investments	(2) 2,671	5,714	9,330	3,831	4,526
Tenant improvements	1,579	1,208	2,074	1,578	1,027
Recurring capital expenditures	(3) 1,377	1,673	1,612	1,174	935
Total capital expenditures	\$ 37,709	\$ 27,512	\$ 59,590	\$ 74,271	\$40,032
Repairs and maintenance expense	(4) \$ 2,600	\$ 2,284	\$ 2,665	\$ 1,954	\$ 1,918

(1) Data center expansion capital expenditures include new data center construction, development projects adding capacity to existing data centers and other revenue generating investments.

(2) Non-recurring investments include upgrades to existing data center or office space and company-wide improvements that are ancillary to revenue generation such as internal system development and system-wide security upgrades.

(3) Recurring capital expenditures include required equipment upgrades within our operating portfolio, which have a future economic benefit.

(4) Repairs and maintenance expense is classified within property operating and maintenance expense in the consolidated statement of operations. These expenditures represent recurring maintenance contracts and repairs to operating equipment necessary to maintain current operations.

Market Capitalization and Debt Summary

(in thousands, except per share data)

Market Capitalization

	Shares or Equivalents Outstanding	Market Price / Liquidation Value as of June 30, 2014	Market Value Equivalents
Common shares	21,616	\$33.07	\$ 714,841
Operating partnership units	25,361	\$33.07	838,688
Liquidation value of preferred stock	4,600	\$25.00	115,000
Total equity			1,668,529
Total debt			276,750
Total enterprise value			\$ 1,945,279
Total debt to annualized adjusted EBITDA			2.0x
Total debt and preferred stock to annualized adjusted EBITDA			2.9x

Debt Summary (1)

Outstanding as of:

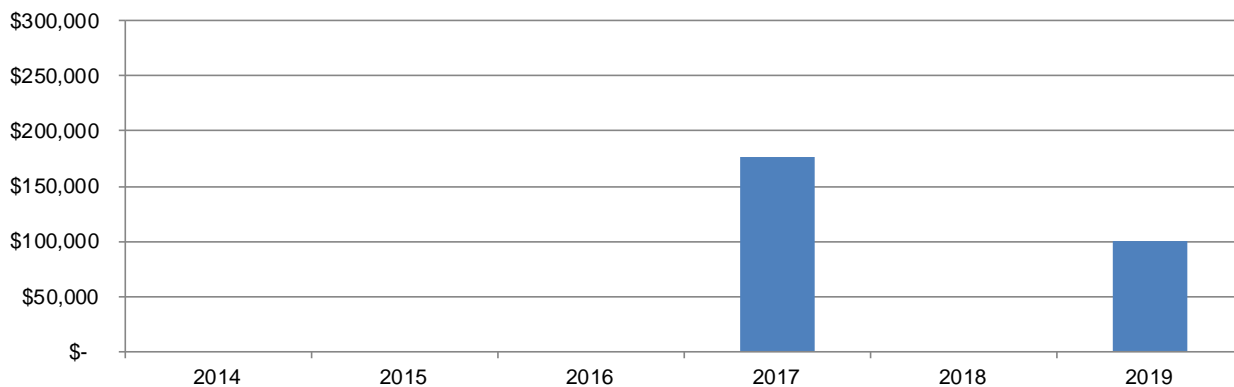
Instrument	Rate	Maturity Date	Maturity Date with Extension	June 30, 2014	December 31, 2013
Revolving credit facility ⁽²⁾	2.16%	1/3/2017	1/3/2018	\$ 176,750	\$ 174,250
Senior unsecured term loan ⁽³⁾	3.23%	1/31/2019	1/31/2019	100,000	-
SV1 - mortgage loan		N/A	N/A	-	58,250
Total Debt				\$ 276,750	\$ 232,500
Weighted average debt rate	<u>2.55%</u>				
Preferred Stock	7.25%	N/A	N/A	115,000	115,000
Total Debt and Preferred Stock				\$ 391,750	\$ 347,500
Floating rate vs. fixed rate debt				64% / 36%	100% / 0%
Floating rate vs. fixed rate debt and preferred stock				45% / 55%	67% / 33%

(1) See the most recent filed Form 10-K and 10-Q for information on specific debt instruments.

(2) The revolving credit facility interest rate is based on LIBOR at June 30, 2014, plus applicable spread.

(3) Represents the effective interest rate as a result of the interest rate swap agreement associated with \$100 million 1 month LIBOR variable rate debt.

Debt Maturities



Interest Summary and Debt Covenants

(in thousands)

Interest Expense Components

	Three Months Ended			Six Months Ended	
	June 30, 2014	March 31, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Interest expense and fees	\$ 1,997	\$ 1,762	\$ 1,296	\$ 3,759	\$ 2,258
Amortization of deferred financing costs	449	580	427	1,029	847
Capitalized interest	(1,031)	(1,169)	(940)	(2,200)	(1,883)
Total interest expense	\$ 1,415	\$ 1,173	\$ 783	\$ 2,588	\$ 1,222
Percent capitalized	42.2%	49.9%	54.6%	45.9%	60.6%

Debt Covenants

		Revolving Credit Facility & Senior Unsecured Term Loan					
Required Compliance		June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013	
Fixed charge coverage ratio	Greater than 1.75x	7.5x	7.8x	7.2x	7.5x	7.7x	
Total indebtedness to gross asset value	Less than 60%	16.4%	15.6%	15.5%	11.5%	10.0%	
Secured debt to gross asset value	Less than 40%	0.0%	0.0%	3.7%	3.8%	4.0%	
Unhedged variable rate debt to gross asset value	Less than 30%	10.2%	9.3%	14.9%	10.8%	9.0%	
Facility availability		\$405,000	\$405,000	\$405,000	\$405,000	\$405,000	
Borrowings outstanding		(176,750)	(160,000)	(174,250)	(108,000)	(73,000)	
Outstanding letters of credit		(7,330)	(8,390)	(8,390)	(8,390)	(7,540)	
Current availability		\$220,920	\$236,610	\$222,360	\$288,610	\$324,460	

2014 Guidance

(in thousands, except per share amounts)

The annual guidance provided below represents forward-looking projections, which are based on current economic conditions, internal assumptions about our existing customer base and the supply and demand dynamics of the markets in which we operate. Further, the guidance does not include the impact of any future financing, investment or disposition activities. Please refer to the press release for additional information on forward-looking statements.

Projected per share and OP unit information:

	Low	High
Net income attributable to common shares	\$ 0.61	\$ 0.69
Real Estate depreciation and amortization	1.50	
FFO ⁽¹⁾	\$ 2.11	\$ 2.19
Non-recurring FFO items:		
Q2 benefit from real estate tax accrual true-up	(0.08)	
Q1 and Q2 charges for software impairment	0.04	
FFO excluding non-recurring items ⁽¹⁾	\$ 2.07	\$ 2.15

Projected operating results:

Total operating revenues	\$ 265,000	\$ 270,000
Data center revenue	\$ 260,000	\$ 265,000
General and administrative expenses	\$ 28,000	\$ 30,000
Adjusted EBITDA	\$ 127,000	\$ 132,000

Guidance drivers:

Rental churn rate per quarter	1%	2%
Cash rent growth on data center renewals	1%	4%

Capital expenditures:

Data center expansion	\$ 90,000	\$ 100,000
Non-recurring investments	\$ 15,000	\$ 20,000
Tenant improvements	\$ 5,000	\$ 10,000
Recurring capital expenditures	\$ 5,000	\$ 10,000
Total capital expenditures	\$ 115,000	\$ 140,000

(1) In the second half of 2014, CoreSite expects to incur additional non-real estate depreciation expense of approximately \$0.02 to \$0.03 per share to FFO.

Appendix

Definitions

This document includes certain non-GAAP financial measures that management believes are helpful in understanding our business, as further described below. Our definition and calculation of non-GAAP financial measures may differ from those of other REITs and therefore may not be comparable. The non-GAAP measures should not be considered an alternative to net income as an indicator of our performance and should be considered only a supplement to net income, cash flows from operating, investing or financing activities as a measure of profitability and/or liquidity, computed in accordance with GAAP.

Turn-Key Same Store

Includes turn-key data center space that was leased or available to be leased to our colocation customers as of December 31, 2012, at each of our properties, and excludes powered shell data center space, SV3 data center space, office and light industrial space and space for which development was completed and became available to be leased after December 31, 2012. The turn-key same store space as of December 31, 2012, is 948,427 NRSF. CoreSite tracks same store on a computer room basis within each data center facility.

Monthly Recurring Revenue per Cabinet Equivalent

Represents the turn-key monthly recurring colocation revenue (MRR) per cabinet equivalent billed. MRR is defined as recurring contractual revenue under existing commenced customer leases. MRR per cabinet equivalent is calculated as (current quarter MRR/3) divided by ((quarter end cabinet equivalents billed plus prior quarter end cabinet equivalents billed)/2)). Cabinet equivalents are calculated as cage-usable square feet (turn-key leased NRSF/NRSF factor) divided by 25.

Stabilized and pre-stabilized NRSF

Projects and facilities that have been recently developed and are in the initial lease-up phase are classified as pre-stabilized NRSF until they reach 85% occupied or have been in service for 24 months. Pre-stabilized projects and facilities become stabilized operating properties at the earlier of achievement of 85% occupancy or 24 months after development completion and are included in the stabilized operating NRSF.

Appendix

Funds From Operations “FFO” is a supplemental measure of our performance which should be considered along with, but not as an alternative to, net income and cash provided by operating activities as a measure of operating performance and liquidity. We calculate FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts (“NAREIT”). FFO represents net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales of property and impairment write-downs of depreciable real estate, plus real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures.

Our management uses FFO as a supplemental performance measure because, in excluding real estate related depreciation and amortization and gains and losses from property dispositions, it provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs.

We offer this measure because we recognize that FFO will be used by investors as a basis to compare our operating performance with that of other REITs. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of our properties that result from use or market conditions, nor the level of capital expenditures and capitalized leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our financial condition and results from operations, the utility of FFO as a measure of our performance is limited. FFO is a non-GAAP measure and should not be considered a measure of liquidity, an alternative to net income, cash provided by operating activities or any other performance measure determined in accordance with GAAP, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or make distributions. In addition, our calculations of FFO are not necessarily comparable to FFO as calculated by other REITs that do not use the same definition or implementation guidelines or interpret the standards differently from us. Investors in our securities should not rely on these measures as a substitute for any GAAP measure, including net income.

Appendix

Adjusted Funds From Operations “AFFO” is a non-GAAP measure that is used as a supplemental operating measure specifically for comparing year over year ability to fund dividend distribution from operating activities. AFFO is used by us as a basis to address our ability to fund our dividend payments. We calculate adjusted funds from operations by adding to or subtracting from FFO:

1. Plus: Amortization of deferred financing costs
2. Plus: Non-cash compensation
3. Plus: Non-real estate depreciation
4. Plus: Impairment charges
5. Plus: Below market debt amortization
6. Less: Straight line rents adjustments
7. Less: Above and below market leases
8. Less: Maintenance capital investment
9. Less: Tenant improvement capital investment
10. Less: Capitalized leasing commissions

AFFO is not intended to represent cash flow from operations for the period, and is only intended to provide an additional measure of performance by adjusting the effect of certain items noted above included in FFO. AFFO is a widely reported measure by other REITs, however, other REITs may use different methodologies for calculating AFFO and, accordingly, our AFFO may not be comparable to other REITs.

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA -

EBITDA is defined as earnings before interest, taxes, depreciation and amortization. We calculate adjusted EBITDA by adding our non-cash compensation expense, transaction costs and litigation expense to EBITDA as well as adjusting for the impact of impairment charges and gains or losses on early extinguishment of debt. Management uses EBITDA and adjusted EBITDA as indicators of our ability to incur and service debt. In addition, we consider EBITDA and adjusted EBITDA to be appropriate supplemental measures of our performance because they eliminate depreciation and interest, which permits investors to view income from operations without the impact of non-cash depreciation or the cost of debt. However, because EBITDA and adjusted EBITDA are calculated before recurring cash charges including interest expense and taxes, and are not adjusted for capital expenditures or other recurring cash requirements of our business, their utilization as a cash flow measurement is limited.