UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☑ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2011.

o **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Transition Period From __________ to __________.

Commission file number 001-34877

CoreSite Realty Corporation

(Exact name of registrant as specified in its charter)

Maryland (State or other jurisdiction of incorporation)	**27-1925611** (IRS Employer Identification Number)
1050 17th Street, Suite 800 **Denver, CO** (Address and zip code of principal executive offices)	**80265** (Zip Code)

(866) 777-2673
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer ☑ (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☑

The number of shares of common stock outstanding at November 3, 2011 was 19,848,795.

CORESITE REALTY CORPORATION
FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2011
TABLE OF CONTENTS

	PAGE NO.
PART I. FINANCIAL INFORMATION	3
ITEM 1. Financial Statements	3
Condensed Consolidated Balance Sheets as of September 30, 2011 (unaudited) and December 31, 2010	3
Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2011 and 2010 (unaudited)	4
Condensed Consolidated Statement of Stockholders' Equity and Comprehensive Income for the nine months ended September 30, 2011 (unaudited)	5
Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2011 and 2010 (unaudited)	6
ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	22
ITEM 3. Quantitative and Qualitative Disclosures about Market Risk	35
ITEM 4. Controls and Procedures	36
PART II. OTHER INFORMATION	36
ITEM 1. Legal Proceedings	36
ITEM 1A. Risk Factors	36
ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds	36
ITEM 3. Defaults Upon Senior Securities	36
ITEM 4. Reserved	37
ITEM 5. Other Information	37
ITEM 6. Exhibits	37
Signatures	39

Exhibit 31.1
Exhibit 31.2
Exhibit 32.1
Exhibit 32.2
EX-101 INSTANCE DOCUMENT
EX-101 SCHEMA DOCUMENT
EX-101 CALCULATION LINKBASE DOCUMENT
EX-101 LABELS LINKBASE DOCUMENT
EX-101 PRESENTATION LINKBASE DOCUMENT
EX-101 DEFINITION LINKBASE DOCUMENT

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CORESITE REALTY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands except share data)

	September 30, 2011 (unaudited)	December 31, 2010
ASSETS		
Investments in real estate:		
Land	$ 84,738	$ 84,738
Building and building improvements	480,053	450,097
Leasehold improvements	80,760	75,800
	645,551	610,635
Less: Accumulated depreciation and amortization	(55,854)	(32,943)
Net investment in operating properties	589,697	577,692
Construction in progress	75,624	11,987
Net investments in real estate	665,321	589,679
Cash and cash equivalents	10,204	86,246
Restricted cash	10,598	14,968
Accounts and other receivables, net of allowance for doubtful accounts of $328 and $305 as of September 30, 2011 and December 31, 2010, respectively	7,045	5,332
Lease intangibles, net of accumulated amortization of $28,581 and $17,105 as of September 30, 2011 and December 31, 2010, respectively	43,449	71,704
Goodwill	41,191	41,191
Other assets	30,833	23,906
Total assets	$ 808,641	$ 833,026
LIABILITIES AND EQUITY		
Liabilities:		
Mortgage loans payable	$ 110,501	$ 124,873
Accounts payable and accrued expenses	42,978	26,393
Deferred rent payable	3,284	2,277
Acquired below-market lease contracts, net of accumulated amortization of $8,241 and $4,989 as of September 30, 2011 and December 31, 2010, respectively	13,021	16,415
Prepaid rent and other liabilities	11,589	8,603
Total liabilities	181,373	178,561
Stockholders’ equity:		
Common stock, par value $0.01, 100,000,000 shares authorized and 19,849,222 and 19,644,042 shares issued and outstanding at September 30, 2011 and December 31, 2010	195	194
Additional paid-in capital	241,700	239,453
Accumulated other comprehensive income (loss)	(43)	52
Accumulated deficit	(19,998)	(7,460)
Total stockholders’ equity	221,854	232,239
Noncontrolling interests	405,414	422,226
Total equity	627,268	654,465
Total liabilities and equity	$ 808,641	$ 833,026

See accompanying notes to condensed consolidated financial statements

CORESITE REALTY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited and in thousands except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Operating revenues:				
Rental revenue	$ 27,616	$ 9,348	$ 79,533	$ 24,377
Power revenue	11,450	3,598	31,991	8,520
Tenant reimbursement	1,432	703	4,577	1,406
Other revenue	3,869	490	10,716	1,254
Total operating revenues	44,367	14,139	126,817	35,557
Operating expenses:				
Property operating and maintenance	14,133	5,806	39,986	14,272
Real estate taxes and insurance	2,163	450	7,055	1,262
Management fees to related party	—	1,287	—	3,582
Depreciation and amortization	16,091	4,900	53,224	11,848
Sales and marketing	1,315	65	4,125	125
General and administrative	4,747	1,997	15,966	2,498
Transaction costs	192	3,275	875	3,275
Rent	4,601	787	13,748	2,177
Total operating expenses	43,242	18,567	134,979	39,039
Operating income (loss)	1,125	(4,428)	(8,162)	(3,482)
Gain on early extinguishment of debt	(10)	—	939	—
Interest income	9	2	115	2
Interest expense	(916)	(680)	(4,437)	(1,590)
Income (loss) before income taxes	208	(5,106)	(11,545)	(5,070)
Income taxes	55	—	304	—
Net income (loss)	$ 263	$ (5,106)	$ (11,241)	$ (5,070)
Net income (loss) attributable to noncontrolling interests	151	(3,096)	(6,446)	(3,096)
Net income (loss) attributable to common shares	$ 112	$ (2,010)	$ (4,795)	$ (1,974)
Net income (loss) per share attributable to common shares:				
Basic	$ 0.01	$ (3.14)	$ (0.25)	$ (9.14)
Diluted	$ 0.01	$ (3.14)	$ (0.25)	$ (9.14)
Weighted average common shares outstanding:				
Basic	19,494,703	640,893	19,483,962	215,978
Diluted	19,587,961	640,893	19,483,962	215,978

See accompanying notes to condensed consolidated financial statements

CORESITE REALTY CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
(unaudited and in thousands except share data)

	Common Shares		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
	Number	Amount						
Balance at January 1, 2011	19,644,042	$ 194	$ 239,453	$ (7,460)	$ 52	$ 232,239	$ 422,226	$ 654,465
Offering costs	—	—	(17)	—	—	(17)	—	(17)
Issuance of restricted stock awards, net of forfeitures	205,180	—	—	—	—	—	—	—
Amortization of deferred compensation	—	1	2,264	—	—	2,265	—	2,265
Dividends and distributions	—	—	—	(7,743)	—	(7,743)	(10,239)	(17,982)
Comprehensive income:								
Net loss	—	—	—	(4,795)	—	(4,795)	(6,446)	(11,241)
Change in fair value on derivative contracts	—	—	—	—	(151)	(151)	(202)	(353)
Reclassification of other comprehensive loss to interest expense	—	—	—	—	56	56	75	131
Comprehensive loss						(4,890)	(6,573)	(11,463)
Balance at September 30, 2011	19,849,222	$ 195	$ 241,700	$ (19,998)	$ (43)	$ 221,854	$ 405,414	$ 627,268

See accompanying notes to condensed consolidated financial statements

Table of Contents

CORESITE REALTY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited and in thousands)

	Nine Months Ended September 30,	
	2011	**2010**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (11,241)	$ (5,070)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	53,224	11,848
Amortization of above/below market leases	(1,139)	(584)
Amortization of deferred financing costs	1,185	352
Gain on early extinguishment of debt	(939)	—
Amortization of share-based compensation	2,265	—
Amortization of discount to fair market value of acquired loan	687	—
Bad debt expense	(36)	(82)
Changes in operating assets and liabilities:		
Restricted cash	(595)	610
Accounts receivable	(1,678)	4,076
Due to and due from related parties	2	660
Deferred rent receivable	(3,680)	(1,766)
Deferred leasing costs	(4,581)	(4,545)
Other assets	(2,000)	(1,226)
Accounts payable and accrued expenses	10,516	(1,959)
Prepaid rent and other liabilities	2,629	86
Deferred rent payable	1,007	176
Net cash provided by operating activities	45,626	2,576
CASH FLOWS FROM INVESTING ACTIVITIES		
Real estate improvements	(94,644)	(46,183)
Assumption of cash balances in connection with the contribution of the CoreSite Acquired Properties	—	10,269
Changes in reserves for capital improvements	4,964	2,085
Net cash used in investing activities	(89,680)	(33,829)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock	—	310,960
Offering costs	(17)	(25,019)
Redemption of operating partnership units	—	(125,513)
Proceeds from mortgage loans payable	—	70,300
Repayments of mortgage loans payable	(14,113)	(152,600)
Payments of loan fees and costs	(14)	(3,698)
Contributions	—	33,399
Dividends and distributions	(17,844)	(2,000)
Net cash provided by (used in) financing activities	(31,988)	105,829
Net change in cash and cash equivalents	(76,042)	74,576
Cash and cash equivalents, beginning of period	86,246	7,466
Cash and cash equivalents, end of period	$ 10,204	$ 82,042
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 2,969	$ 2,136
NON-CASH INVESTING AND FINANCING ACTIVITY		
Construction costs payable capitalized to real estate	$ 8,872	$ 1,516
Accrual of dividends and distributions	$ 5,996	$ —
Contribution of the CoreSite Acquired Properties for Operating Partnership units	$ —	$ 316,836

See accompanying notes to condensed consolidated financial statements

CORESITE REALTY CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2011
(unaudited)

1. Organization

CoreSite Realty Corporation (the "Company," "we," or "our") was organized in the state of Maryland on February 17, 2010 and is a fully integrated, self-administered, and self-managed real estate investment trust ("REIT"). Through our controlling interest in CoreSite, L.P. (our "Operating Partnership"), we are engaged in the business of owning, acquiring, constructing and managing technology-related real estate.

On September 28, 2010, we completed our initial public offering (the "IPO") which resulted in the sale of 19,435,000 shares of our common stock, including 2,535,000 shares as a result of the underwriters exercising their over-allotment option, at a price per share of $16.00, generating gross proceeds to the Company of $311.0 million. The proceeds to the Company, net of underwriters' discounts, commissions and other offering costs were $285.6 million.

Upon completion of the IPO, our Operating Partnership entered into various formation transactions and acquired 100% of the ownership interests in the entities that owned our Predecessor, as defined below, from certain real estate funds (the "Funds") affiliated with The Carlyle Group. Our Predecessor includes the limited liability companies which were all wholly owned, directly or indirectly, by CRP Fund V Holdings, LLC. We have determined that CRP Fund V Holdings, LLC is the acquirer for accounting purposes and, therefore, interests contributed by CRP Fund V Holdings, LLC in the formation transactions (the Predecessor entities and properties) were recorded at historical cost.

Additionally, our Operating Partnership acquired 100% of the ownership interests in the entities that owned the CoreSite Acquired Properties, as defined below, from the Funds and their affiliates. The contribution or acquisition of interests in the CoreSite Acquired Properties was accounted for as an acquisition under the acquisition method of accounting and recognized at the estimated fair value of acquired assets and assumed liabilities on the date of the contribution.

Because these transactions occurred shortly before September 30, 2010, the financial condition and results of operations for the entities acquired by our predecessor in connection with the IPO and related formation transactions are only included in the condensed consolidated financial statements since the date of the transactions. More specifically, our results of operations for the three and nine month periods ending September 30, 2010 reflect the operations of the consolidated CoreSite Predecessor entities, as defined in the table below, together with the CoreSite Acquired Properties from the date of their acquisition, September 28, 2010. Changes in our capital structure that occurred on September 28, 2010, including the acquisition of our predecessor by our Operating Partnership, are reflected since that date in the financial statements, including the allocation of net loss attributable to noncontrolling interest holders and calculations of loss per share. The results of operations for the three and nine months ended September 30, 2011 reflect the consolidated financial condition and results of operations of our Predecessor and the CoreSite Acquired Properties. The accompanying condensed consolidated financial statements include the following entities and properties:

CoreSite Predecessor	Coresite Acquired Properties
CRP Fund V Holdings, LLC	One Wilshire
1656 McCarthy	900 N. Alameda
2901 Coronado	55 S. Market
Coronado-Stender Properties	427 S. LaSalle
70 Innerbelt	1275 K Street
32 Avenue of the Americas	2115 NW 22nd Street
12100 Sunrise Valley	CoreSite, LLC

2. Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared by management in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and in compliance with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, these condensed consolidated financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The results of operations for the three and nine months ended September 30, 2011 are not necessarily indicative of the expected results for the year ending December 31, 2011. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in our annual report on Form 10-K for the year ended December 31, 2010. Intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates, including those related to assessing the carrying values of our real estate properties, accrued liabilities, performance-based equity compensation plans, and qualification as a REIT based on estimates of historical experience, current market conditions, and various other assumptions that are believed to be reasonable under the circumstances. Actual results may vary from those estimates and those estimates could vary under different assumptions or conditions.

Investments in Real Estate

Real estate investments are carried at cost less accumulated depreciation and amortization. The cost of real estate includes the purchase price of the property and leasehold improvements. Expenditures for maintenance and repairs are expensed as incurred. Significant renovations and betterments that extend the economic useful lives of assets are capitalized. During the development of the properties, the capitalization of costs, which include interest, real estate taxes and other direct and indirect costs, begins upon commencement of development efforts and ceases when the property is ready for its intended use. Interest is capitalized during the period of development based upon applying the weighted-average borrowing rate to the actual development costs expended. Capitalized interest costs were $0.5 million and $0.1 million for the three months ended September 30, 2011 and 2010, respectively, and $0.9 million and $0.5 million for the nine months ended September 30, 2011 and 2010, respectively.

Depreciation and amortization are calculated using the straight-line method over the following useful lives of the assets:

Buildings	27 to 40 years
Building improvements	1 to 15 years
Leasehold improvements	The shorter of the lease term or useful life of the asset

Depreciation expense was $8.4 million and $4.0 million for the three months ended September 30, 2011 and 2010, respectively, and $24.9 million and $9.6 million for the nine months ended September 30, 2011 and 2010, respectively.

Acquisition of Investment in Real Estate

Purchase accounting is applied to the assets and liabilities related to all real estate investments acquired. The fair value of the real estate acquired is allocated to the acquired tangible assets, consisting primarily of land, building and improvements, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, value of in-place leases and the value of customer relationships.

The fair value of the land and building of an acquired property is determined by valuing the property as if it were vacant, and the “as-if-vacant” value is then allocated to land and building based on management’s determination of the fair values of these assets. Management determines the as-if-vacant fair value of a property using methods similar to those used by independent appraisers. Factors considered by management in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases.

The fair value of intangibles related to in-place leases includes the value of lease intangibles for above-market and below-market leases, lease origination costs, and customer relationships, determined on a lease-by-lease basis. Above-market and below-market leases are valued based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management’s estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancelable term of the lease and, for below-market leases, over a period equal to the initial term plus any below-market fixed rate renewal periods. Lease origination costs include estimates of costs avoided associated with leasing the property, including tenant allowances and improvements and leasing commissions. Customer relationship intangibles relate to the additional revenue opportunities expected to be generated through interconnection services and utility services to be provided to the in-place lease tenants.

The capitalized values for above and below-market lease intangibles, lease origination costs, and customer relationships are amortized over the term of the underlying leases. Amortization related to above-market and below-market leases where the Company is the lessor is recorded as either an increase to or a reduction of rental income, amortization related to above-market and below-market leases where the Company is the lessee is recorded as either an increase to or a reduction of rent expense and amortization for lease origination costs and customer relationships are recorded as amortization expense. If a lease is terminated prior to its stated expiration, all unamortized amounts relating to that lease are written off. The carrying value of intangible assets is reviewed for impairment in connection with its respective asset group whenever events or changes in circumstances indicate that the asset group may not be recoverable. An impairment loss is recognized if the carrying amount of the asset group is not recoverable and its carrying amount exceeds its estimated fair value.

The excess of the cost of an acquired business over the net of the amounts assigned to assets acquired (including identified intangible assets) and liabilities assumed is recorded as goodwill. As of September 30, 2011, we had approximately $41.2 million of goodwill. The Company's goodwill has an indeterminate life and is not amortized, but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the asset might be impaired.

Cash and Cash Equivalents

Cash and cash equivalents include all non-restricted cash held in financial institutions and other non-restricted highly liquid short-term investments with original maturities at acquisition of three months or less.

Restricted Cash

The Company is required to maintain certain minimum cash balances in escrow by loan agreements to cover various building improvements and obligations related to tax assessments and insurance premiums. The Company is legally restricted by these agreements from using this cash other than for the purposes specified therein.

Deferred Costs

Deferred leasing costs include commissions and other direct and incremental costs incurred to obtain new customer leases, which are capitalized and amortized over the terms of the related leases using the straight-line method. If a lease terminates prior to the expiration of its initial term, any unamortized costs related to the lease are written off to amortization expense.

Deferred financing costs include costs incurred in connection with obtaining debt and extending existing debt. These financing costs are capitalized and amortized on a straight-line basis, which approximates the effective-interest method, over the term of the loan and are included as a component of interest expense.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is recognized when estimated expected future cash flows (undiscounted and without interest charges) are less than the carrying amount of the assets. The estimation of expected future net cash flows is inherently uncertain and relies to a considerable extent on assumptions regarding current and future economics and market conditions and the availability of capital. If, in future periods, there are changes in the estimates or assumptions incorporated into the impairment review analysis, the changes could result in an adjustment to the carrying amount of the assets. To the extent that an impairment has occurred, the excess of the carrying amount of long-lived assets over its estimated fair value would be charged to income. For the three months and nine months ended September 30, 2011 and 2010, no impairment was recognized.

Derivative Instruments and Hedging Activities

We reflect all derivative instruments at fair value as either assets or liabilities on the condensed consolidated balance sheets. For those derivative instruments that are designated, and qualify, as hedging instruments, we record the effective portion of the gain or loss on the hedge instruments as a component of accumulated other comprehensive income. Any ineffective portion of a derivative's change in fair value is immediately recognized in earnings. For derivatives that do not meet the criteria for hedge accounting, changes in fair value are immediately recognized in earnings.

Revenue Recognition

All leases are classified as operating leases and minimum rents are recognized on a straight-line basis over the non-cancellable term of the agreements. The excess of rents recognized over amounts contractually due pursuant to the underlying leases are included in deferred rent receivable. If a lease terminates prior to its stated expiration, the deferred rent receivable relating to that lease is written off to rental revenue.

When arrangements include both lease and nonlease elements, the revenues associated with separate elements are allocated based on their relative fair values. The revenue associated with each element is then recognized as earned. Interconnection, utility and power services are considered as separate earnings processes that are provided and completed on a month-to-month basis and revenue is recognized in the period in which the services are performed. Utility and power services are included in power revenue in the accompanying statements of operations. Interconnection services are included in other revenue in the accompanying statements of operations. Set-up charges and utility installation fees are initially deferred and recognized over the term of the arrangement as other revenue or the expected period of performance unless management determines a separate earnings process exists related to an installation charge.

Tenant reimbursements for real estate taxes, common area maintenance, and other recoverable costs are recognized in the period in which the expenses are incurred.

Above-market and below-market lease intangibles that were acquired are amortized on a straight-line basis as decreases and increases, respectively, to rental revenue over the remaining non-cancellable term of the underlying leases. For the three months ended September 30, 2011 and 2010, the net effect of amortization of acquired above-market and below-market leases resulted in an increase to rental income of $0.4 million and $0.1 million, respectively. For the nine months ended September 30, 2011 and 2010, the net effect of amortization of acquired above-market and below-market leases resulted in an increase to rental income of $1.1 million and $0.6 million, respectively. Balances, net of accumulated amortization, at September 30, 2011 and December 31, 2010, are as follows (in thousands):

	September 30, 2011	December 31, 2010
Lease contracts above-market value	$ 8,668	$ 8,668
Accumulated amortization	(3,615)	(1,360)
Lease contracts above-market value, net	$ 5,053	$ 7,308
Lease contracts below-market value	$ 21,262	$ 21,404
Accumulated amortization	(8,241)	(4,989)
Lease contracts below-market value, net	$ 13,021	$ 16,415

A provision for uncollectible accounts is recorded if a receivable balance relating to contractual rent, rent recorded on a straight-line basis, or tenant reimbursements is considered by management to be uncollectible. At September 30, 2011 and December 31, 2010, the allowance for doubtful accounts totaled $0.3 million and $0.3 million, respectively. Additions to the allowance for doubtful accounts were less than $0.1 million and less than $0.3 million for the three months ended September 30, 2011 and 2010, respectively, and less than $0.1 million and $0.2 million for the nine months ended September 30, 2011 and 2010, respectively. Write-offs charged against the allowance were less than $0.1 million and less than $0.1 million for the three months ended September 30, 2011 and 2010, respectively, and $0.2 million and $0.1 million for the nine months ended September 30, 2011 and 2010, respectively.

Share-Based Compensation

We account for share based compensation using the fair value method of accounting. The estimated fair value of the stock options granted by us is being amortized on a straight-line basis over the vesting period of the stock options. The fair value of restricted share-based and Operating Partnership unit compensation is based on the market value of our common stock on the date of the grant and is amortized on a straight-line basis over the vesting period.

Advertising Costs

Advertising costs are expensed as incurred and are included in sales and marketing expense. Advertising costs were less than $0.1 million and less than $0.1 million for the three months ended September 30, 2011 and 2010, respectively, and less than $0.1 million and less than $0.1 million for the nine months ended September 30, 2011 and 2010, respectively.

Asset Retirement Obligations

We record accruals for estimated retirement obligations. The asset retirement obligations relate primarily to the removal of asbestos and contaminated soil during development or redevelopment of the properties as well as the estimated equipment removal costs upon termination of a certain lease under which the Company is the lessee. At September 30, 2011 and December 31, 2010, the amount included in other liabilities on the condensed consolidated balance sheets was approximately $1.9 million and $2.1 million, respectively.

Income Taxes

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with our taxable year ending December 31, 2010. To qualify as a REIT, we are required to distribute at least 90% of our taxable income to our stockholders and meet the various other requirements imposed by the Code relating to such matters as operating results, asset holdings, distribution levels and diversity of stock ownership. Provided we qualify for taxation as a REIT, we are generally not subject to corporate level federal income tax on the earnings distributed currently to our stockholders. If we fail to qualify as a REIT in any taxable year, and are unable to avail ourselves of certain savings provisions set forth in the Code, all of our taxable income would be subject to federal income tax at regular corporate rates, including any applicable alternative minimum tax.

To maintain REIT status we will distribute a minimum of 90% of the Company's taxable income. However, it is our policy and intent, subject to change, to distribute 100% of the Company's taxable income and therefore no provision is required in the accompanying financial statements for federal income taxes with regards to activities of the REIT and its subsidiary pass-through entities. Any taxable income prior to the completion of the IPO is the responsibility of the Company's prior members. The allocable share of income is included in the income tax returns of the members. The Company is subject to the statutory requirements of the locations in which it conducts business. State and local income taxes are accrued as deemed required in the best judgment of management based on analysis and interpretation of respective tax laws.

We have elected to treat one of our subsidiaries as a taxable REIT subsidiary ("TRS"). Certain activities that we undertake must be conducted by a TRS, such as services for our tenants that would otherwise be impermissible for us to perform and holding assets that we cannot hold directly. A TRS is subject to corporate level federal and state income taxes. Relative deferred tax assets and liabilities arising from temporary differences in financial reporting versus tax reporting are also established as determined by management.

Deferred income taxes are recognized in certain taxable entities. Deferred income tax is generally a function of the period's temporary differences (items that are treated differently for tax purposes than for financial reporting purposes), the utilization of tax net operating losses generated in prior years that previously had been recognized as deferred income tax assets and the reversal of any previously recorded deferred income tax liabilities. A valuation allowance for deferred income tax assets is provided if we believe all or some portion of the deferred income tax asset may not be realized. Any increase or decrease in the valuation allowance resulting from a change in circumstances that causes a change in the estimated realizability of the related deferred income tax asset is included in deferred tax expense. As of September 30, 2011, the deferred income taxes were not material.

We currently have no liabilities for uncertain tax positions. The earliest tax year for which the Company is subject to examination is 2010. Prior to their contribution to our Operating Partnership, our subsidiaries were treated as pass-through entities for tax purposes and the earliest year for which our subsidiaries are subject to examination is 2007.

Concentration of Credit Risks

The Company's cash and cash equivalents are maintained in various financial institutions, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts, and management believes that the Company is not exposed to any significant credit risk in this area. The Company has no off-balance-sheet concentrations of credit risk, such as foreign exchange contracts, option contracts, or foreign currency hedging arrangements.

For the three months ended September 30, 2011 and 2010 and the nine months ended September 30, 2011 and 2010, total operating revenues recognized from one customer accounted for 11.0%, 31.1%, 11.6% and 22.2%, respectively. For the three months ended September 30, 2011 and 2010 and the nine months ended September 30, 2011 and 2010, total operating revenues recognized from another customer accounted for 6.4%, 9.9%, 6.6% and 11.4%, respectively. The Company obtains security deposits from most of its tenants.

Segment Information

The Company manages its business as one reportable segment consisting of investments in data centers located in the United States. Although the Company provides services in several markets, these operations have been aggregated into one reportable segment based on the similar economic characteristics amongst all markets, including the nature of the services provided and the type of customers purchasing these services.

Recent Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-08, Intangibles—Goodwill and Other (Topic 350): Testing Goodwill for Impairment. ASU 2011-08 permits an entity to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is determined through the qualitative assessment that a reporting unit's fair value is more likely than not greater than its carrying value, the remaining impairment steps would be unnecessary. The new standard is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company adopted the provisions of this standard effective September 30, 2011. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In June 2011, the FASB issued ASU 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income, which amends current comprehensive income guidance. This accounting update eliminates the option to present the components of other comprehensive income as part of the statement of stockholders' equity. Instead, the Company must report comprehensive income in either a single continuous statement of comprehensive income which contains two sections, net income and other comprehensive income, or in two separate but consecutive statements. This new guidance is effective for fiscal years and interim periods beginning after December 15, 2011. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

3. Investment in Real Estate

The following is a summary of the properties owned and leased at September 30, 2011 (in thousands):

Property Name	Location	Acquisition Date	Land	Buildings and Improvements	Leasehold Improvements	Construction in Progress	Total Cost
1656 McCarthy	Milpitas, CA	12/6/2006	$ 5,086	$ 21,940	$ —	$ —	$ 27,026
2901 Coronado	Santa Clara, CA	2/2/2007	3,972	45,165	—	—	49,137
2972 Stender	Santa Clara, CA	2/2/2007	4,442	16,446		37,013	57,901
Coronado-Stender Properties	Santa Clara, CA	2/2/2007	11,486	11,967	—	184	23,637
70 Innerbelt	Somerville, MA	4/11/2007	6,100	61,302	—	5,096	72,498
32 Avenue of the Americas	New York, NY	6/30/2007	—	—	30,881	1	30,882
12100 Sunrise Valley	Reston, VA	12/28/2007	12,100	65,936	—	24,627	102,663
One Wilshire	Los Angeles, CA	9/28/2010	—	—	44,213	201	44,414
900 N. Alameda	Los Angeles, CA	9/28/2010	28,467	98,869	—	4,998	132,334
55 S. Market	San Jose, CA	9/28/2010	6,863	94,270	—	2,913	104,046
427 S. LaSalle	Chicago, IL	9/28/2010	5,493	54,678	—	491	60,662
1275 K Street	Washington, DC	9/28/2010	—	—	5,666	39	5,705
2115 NW 22nd Street	Miami, FL	9/28/2010	729	9,480	—	61	10,270
Total			$ 84,738	$ 480,053	$ 80,760	$ 75,624	$ 721,175

4. Other Assets

Our other assets consisted of the following, net of amortization and depreciation, if applicable, as of September 30, 2011 and December 31, 2010 (in thousands):

	September 30, 2011	December 31, 2010
Deferred leasing costs	$ 10,717	$ 7,954
Deferred rent receivable	9,745	6,065
Deferred financing costs	2,247	3,426
Leasehold interests in corporate headquarters	2,634	2,959
Other	5,490	3,502
Total	$ 30,833	$ 23,906

5. Debt

A summary of outstanding indebtedness as of September 30, 2011 and December 31, 2010 is as follows (in thousands):

	Interest Rate	Maturity Date	September 30, 2011	December 31, 2010
Senior secured credit facility	(1)	September 28, 2013	$ —	$ —
427 S. LaSalle - Senior mortgage loan	LIBOR plus 0.60% (0.83% and 0.86% at September 30, 2011 and December 31, 2010)	March 9, 2012	25,000	25,000
427 S. LaSalle — Subordinate mortgage loan	LIBOR plus 2.95% (3.21% at December 31, 2010)	N/A	—	5,000
427 S. LaSalle - Mezzanine loan	LIBOR plus 4.83% (5.09% at December 31, 2010)	N/A	—	10,000
55 S. Market	LIBOR plus 3.50% (3.73% and 3.76% at September 30, 2011 and December 31, 2010) (2)	October 9, 2012 (3)	60,000	60,000
12100 Sunrise Valley	LIBOR plus 2.75% (2.98% and 3.01% at September 30, 2011 and December 31, 2010) (2)	June 1, 2013	25,501	25,560
Total principal outstanding			110,501	125,560
Unamortized acquired below-market debt adjustment on 427 S. LaSalle mortgage loans			—	(687)
Total indebtedness			$ 110,501	$ 124,873

(1) At the Company's election, borrowings under the credit facility bear interest at a rate per annum equal to either (i) LIBOR plus 350 basis points to 400 basis points, depending on our leverage ratio, or (ii) a base rate plus 250 basis points to 300 basis points.

(2) In October 2010, we entered into an interest rate swap agreement with respect to 55 S. Market and an interest rate cap agreement with respect to 12100 Sunrise Valley, each as a cash flow hedge for interest incurred by these LIBOR based loans.

(3) The mortgage contains one two-year extension option subject to the Company meeting certain financial and other customary conditions and the payment of an extension fee equal to 60 basis points.

Senior Secured Credit Facility

In conjunction with our IPO and formation transactions, our Operating Partnership entered into a $110.0 million senior secured revolving credit facility with a group of lenders for which KeyBank National Association acts as the administrative agent. The revolving credit facility is unconditionally guaranteed on an unsecured basis by CoreSite Realty Corporation. CoreSite, L.P. acts as the parent borrower and its subsidiaries that own the real estate properties known as 1656 McCarthy, 70 Innerbelt, 2901 Coronado and 900 N. Alameda are co-borrowers under the facility, and such real estate properties provide security for the facility. Each of the parent borrower and the subsidiary borrowers are liable under the facility on a joint and several basis. The facility has an initial maturity date of September 28, 2013 with a one-time extension option, which, if exercised, would extend the maturity date to March 28, 2014. The exercise of the extension option is subject to the payment of an extension fee equal to 25 basis points of the $110.0 million facility and certain other customary conditions. As of September 30, 2011, the Company has not drawn any funds under the facility.

The Company can elect to have borrowings under the credit facility bear interest at a rate per annum equal to (i) LIBOR plus 350 basis points to 400 basis points, depending on our leverage ratio, or (ii) a base rate plus 250 basis points to 300 basis points, depending on our leverage ratio. The secured revolving credit facility contains an accordion feature that allows us to increase the total commitment by $90.0 million, to $200.0 million, under specified circumstances.

The total amount available for us to borrow under the facility will be subject to the lesser of a percentage of the appraised value of our properties that form the designated borrowing base properties of the facility, a minimum borrowing base debt service coverage ratio and a minimum borrowing base debt yield. As of September 30, 2011, $101.3 million was available for us to borrow under the facility. Our ability to borrow under the facility is subject to ongoing compliance with a number of customary restrictive covenants, including:

- a maximum leverage ratio (defined as consolidated total indebtedness to total gross asset value) of 55%;

- a minimum fixed charge coverage ratio (defined as adjusted consolidated earnings before interest, taxes, depreciation and amortization to consolidated fixed charges) of 1.75 times;

- a maximum unhedged variable rate debt ratio (defined as unhedged variable rate indebtedness to gross asset value) of 30%;

- a maximum recourse debt ratio (defined as recourse indebtedness other than indebtedness under the revolving credit facility to gross asset value) of 30%; and

- a minimum tangible net worth equal to at least 75% of our tangible net worth at the closing of our IPO plus 80% of the net proceeds of any additional equity issuances.

427 S. LaSalle

As of September 30, 2011, the 427 S. LaSalle property had a senior mortgage loan payable of $25.0 million which matures on March 9, 2012. This loan is secured by deeds of trust on the property and requires payments of interest only until maturity. The mortgage requires ongoing compliance by us with various nonfinancial covenants. As of September 30, 2011, the Company was in compliance with the covenants.

On April 29, 2011, the Company repaid the $10.0 million mezzanine loan on the 427 S. LaSalle property at a discount. As a result of this discounted payoff, we reduced our debt by $10.0 million, paying $9.5 million in cash and recognizing a $0.5 million gain, net of fees on the transaction.

On June 3, 2011, the Company repaid the $5.0 million subordinate loan on the 427 S. LaSalle property at a discount. As a result of this discounted payoff, we reduced our debt by $5.0 million, paying $4.6 million in cash and recognizing a $0.4 million gain, net of fees on the transaction.

55 S. Market

As of September 30, 2011, the 55 S. Market property had a $60.0 million mortgage loan, which matures on October 9, 2012. The mortgage payable contains one two-year extension option provided the Company meets certain financial and other customary conditions and subject to the payment of an extension fee equal to 60 basis points. The loan bears interest at LIBOR plus 350 basis points and requires the payment of interest only until maturity. The mortgage requires ongoing compliance by us with various covenants including liquidity and net operating income covenants. As of September 30, 2011, the Company was in compliance with the covenants.

On October 7, 2010, the Company entered into a $60.0 million interest rate swap agreement to protect against adverse fluctuations in interest rates by reducing its exposure to variability in cash flows relating to interest payments on the $60.0 million 55 S. Market mortgage. The interest rate swap matures on October 9, 2012 and effectively fixes the interest rate at 4.01%.

12100 Sunrise Valley

As of September 30, 2011, the 12100 Sunrise Valley property had a mortgage loan payable of $25.5 million. We may make additional draws of up to $6.4 million to fund specified construction under the loan agreement for a maximum total borrowing of $31.9 million. On October 24, 2011, the Company drew the remaining $6.4 million to fund construction activities at 12100 Sunrise Valley. The mortgage loan payable is secured by the 12100 Sunrise Valley property and required payments of interest only until the "amortization commencement date" on July 1, 2011. The loan matures on June 1, 2013 and we may exercise the one remaining one-year extension option provided the Company meets certain financial and other customary conditions and subject to the payment of an extension fee equal to 50 basis points. The mortgage loan payable contains certain financial and nonfinancial covenants. As of September 30, 2011, the Company was in compliance with the covenants.

On October 8, 2010, the Company purchased an interest rate cap to hedge $25.0 million of the indebtedness secured by our 12100 Sunrise Valley property. The interest rate cap matures on October 1, 2012 and hedges against LIBOR interest rate increases above 2.0%.

Debt Maturities

The following table summarizes our debt maturities as of September 30, 2011 (in thousands):

Year	
Remainder of 2011	$ 63
2012	85,249
2013	25,189
Total	$ 110,501

6. Derivatives and Hedging Activities

Risk Management Objective of Using Derivatives

The Company is exposed to certain risk arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its debt funding and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's investments and borrowings.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps and caps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate caps designated as cash flow hedges involve the receipt of variable amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an up-front premium.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During the period, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. During the three and nine months ended September 30, 2011 and 2010, the Company did not record any amount in earnings related to derivatives due to hedge ineffectiveness.

Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. During 2011, the Company estimates that $0.1 million will be reclassified as an increase to interest expense.

As of September 30, 2011, the Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk:

Cash Flow Hedge Derivative Summary

	Number of Instruments	Notional
Derivative type		
Interest rate swap	1	$ 60,000,000
Interest rate cap	1	25,000,000
Total	2	$ 85,000,000

Non-designated Hedges

Additionally, the Company does not use derivatives for trading or speculative purposes. Derivatives not designated as hedges are not speculative and are used to manage the Company's exposure to interest rate movements but due to immateriality, are not designated for hedge accounting purposes. The Company's derivatives detailed in the table below are not designated as hedging instruments for accounting purposes and do not have material economic value as of September 30, 2011. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings. As of September 30, 2011, the Company had the following outstanding derivatives that were not designated as hedges in qualifying hedging relationships:

Non-Designated Derivative Summary

	Number of Instruments	Notional
Derivative type		
Interest rate caps	2	$ 40,000,000
Total	2	$ 40,000,000

Tabular Disclosure of Fair Values of Derivative Instruments on the Balance Sheet

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the balance sheet as of September 30, 2011 and December 31, 2010.

	Fair Values of Derivative Instruments			
	Derivative Assets		Derivative Liabilities	
	As of September 30, 2011	As of December 31, 2010	As of September 30, 2011	As of December 31, 2010
	(In thousands)			
Derivatives designated as hedging instruments				
Balance sheet location	Other Assets	Other Assets	Other Liabilities	Other Liabilities
Interest rate caps	$ 1	$ 31	$ —	$ —
Interest rate swaps	—	117	77	—
Total	$ 1	$ 148	$ 77	$ —
Derivatives not designated as hedging instruments				
Balance sheet location	Other Assets	Other Assets	Other Liabilities	Other Liabilities
Interest rate caps	$ —	$ —	$ —	$ —
Total	$ —	$ —	$ —	$ —

Tabular Disclosure of the Effect of Derivative Instruments on the Income Statement

The table below presents the effect of the Company's derivative financial instruments on the statement of operations for the three and nine months ended September 30, 2011 and 2010 (in thousands).

Income Statement Impact of Derivatives in Cash Flow Hedging Relationships

	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion) for the Three Months Ended September 30,		Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) for the Three Months Ended September 30,		Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) for the Three Months Ended September 30,	
	2011	2010		2011	2010		2011	2010
Interest rate derivatives								
Interest rate caps	$ 3	$ —	Interest income / (expense)	$ 1	$ —	Other income / (expense)	$ —	$ —
Interest rate swap	21	—	Interest income / (expense)	47	—	Other income / (expense)	—	—
Total	$ 24	$ —		$ 48	$ —		$ —	$ —

	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion) for the Nine Months Ended September 30,		Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) for the Nine Months Ended September 30,		Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) for the Nine Months Ended September 30,	
	2011	2010		2011	2010		2011	2010
Interest rate derivatives								
Interest rate caps	$ 30	$ —	Interest income / (expense)	$ 2	$ —	Other income / (expense)	$ —	$ —
Interest rate swap	323	—	Interest income / (expense)	129	—	Other income / (expense)	—	—
Total	$ 353	$ —		$ 131	$ —		$ —	$ —

Credit-Risk-Related Contingent Features

The Company has agreements with each of its derivative counterparties that contain a provision under which if the Company defaults on any of its indebtedness, including default when repayment of the indebtedness has not been accelerated by the lender, the Company could also be declared in default on its derivative obligations. Such a default may require the Company to settle any outstanding derivatives at their then current fair value. As of September 30, 2011, the derivative instruments with fair values in a net liability position were not material and the Company has not posted any cash collateral related to these agreements.

7. Noncontrolling Interests — Operating Partnership

Noncontrolling interests represent the limited partnership interests in the Operating Partnership held by individuals and entities other than CoreSite Realty Corporation. Since the first anniversary of the IPO, the current holders of Operating Partnership units have been eligible to have the OP units redeemed for cash or, at our option, exchangeable into our common stock on a one-for-one basis. We have evaluated whether we control the actions or events necessary to issue the maximum number of shares that could be required to be delivered under the share settlement of the Operating Partnership units. Based on the results of this analysis, we concluded that the Operating Partnership units met the criteria to be classified within equity at September 30, 2011.

The following table shows the ownership interest in the Operating Partnership as of September 30, 2011:

	September 30, 2011	
	Number of Units	Percentage of Total
The Company	19,513,171	42.7%
Noncontrolling interests consist of:		
Common units held by third parties	26,165,000	57.2%
Incentive units held by employees	69,692	0.1%
Total	45,747,863	100.0%

For each share of common stock issued, the Operating Partnership issues an equivalent Operating Partnership unit to the Company. During the nine months ended September 30, 2011, the Company issued 54,566 shares of common stock related to employee compensation arrangements and therefore an equivalent number of Operating Partnership units were issued. Additionally, during the nine months ended September 30, 2011, 8,627 Operating Partnership units were issued to employees upon their vesting in the incentive unit awards. The redemption value of the noncontrolling interests at September 30, 2011 was $376.5 million based on the closing price of the Company's stock of $14.35 on that date.

8. Stockholders' Equity

During the nine months ended September 30, 2011, we issued 255,638 shares of restricted stock and options to purchase 526,257 shares of common stock to certain employees in connection with our 2010 equity incentive plan.

For their services as members of the Board of Directors, the independent directors not affiliated with the Carlyle Group were each issued 2,475 restricted stock units during the nine months ended September 30, 2011.

On March 15, 2011 we declared a regular cash dividend for the first quarter of 2011 of $0.13 per common share payable to stockholders of record as of March 31, 2011. In addition, holders of Operating Partnership units also received a distribution of $0.13 per unit. The dividend and distribution were paid on April 15, 2011.

On June 17, 2011 we declared a regular cash dividend for the second quarter of 2011 of $0.13 per common share payable to stockholders of record as of June 30, 2011. In addition, holders of Operating Partnership units also received a distribution of $0.13 per unit. The dividend and distribution were paid on July 15, 2011.

On September 19, 2011, we declared a regular cash dividend for the third quarter of 2011 of $0.13 per common share payable on October 17, 2011 to stockholders of record as of September 30, 2011. In addition, holders of Operating Partnership units also received a distribution of $0.13 per unit. We recorded a payable as of September 30, 2011 of $6.0 million for this dividend and distribution.

9. Equity Incentive Plan

In connection with our initial public offering, the Company's Board of Directors adopted the 2010 equity incentive plan, which we refer to as the 2010 Plan. The 2010 Plan is administered by the Board of Directors, or the plan administrator. Awards issuable under the 2010 Plan include common stock, stock options, restricted stock, stock appreciation rights, dividend equivalents and other incentive awards. We have reserved a total of 3,000,000 shares of our common stock for issuance pursuant to the 2010 Plan, which may be adjusted for changes in our capitalization and certain corporate transactions. To the extent that an award expires, terminates or lapses, or an award is settled in cash without the delivery of shares of common stock to the participant, then any unexercised shares subject to the award will be available for future grant or sale under the 2010 Plan. Shares of restricted stock which are forfeited or repurchased by us pursuant to the 2010 Plan may again be optioned, granted or awarded under the 2010 Plan. The payment of dividend equivalents in cash in conjunction with any outstanding awards will not be counted against the shares available for issuance under the 2010 Plan.

Stock Options

Stock option awards are granted with an exercise price equal to the closing market price of the Company's common stock at the date of grant. The fair value of each option granted under the 2010 Plan is estimated on the date of the grant using the Black-Scholes option-pricing model. For the nine months ended September 30, 2011, options to purchase 526,257 shares of common stock were granted. The fair values are being expensed on a straight-line basis over the vesting periods.

The following table sets forth the 2010 Plan's stock option activity for the nine months ended September 30, 2011:

	Number of Shares Subject to Option	Weighted Average Exercise Price
Options outstanding, December 31, 2010	587,555	$ 16.00
Granted	526,257	15.24
Forfeited	(119,783)	15.81
Exercised	—	—
Options outstanding, September 30, 2011	994,029	$ 15.62

The following table sets forth the number of shares subject to option that are unvested as of September 30, 2011 and the fair value of these options at the grant date:

	Number of Shares Subject to Option	Weighted Average Fair Value at Grant Date
Unvested balance, December 31, 2010	587,555	$ 4.95
Granted	526,257	4.88
Forfeited	(119,783)	4.94
Vested	(140,978)	4.92
Unvested balance, September 30, 2011	853,051	$ 4.91

As of September 30, 2011, total unearned compensation on options was approximately $3.5 million, and the weighted average vesting period was 3.2 years.

Restricted Awards

During the nine months ended September 30, 2011, the Company issued 255,638 shares of restricted stock. Additionally, the Company issued 9,900 restricted stock units, or RSUs. The principal difference between these instruments is that RSUs are not shares of CoreSite Realty Corporation common stock and do not have any of the rights or privileges thereof, including voting rights. On the applicable vesting date, the holder of an RSU becomes entitled to a share of common stock. The restricted awards will be amortized on a straight-line basis to expense over the vesting period. The following table sets forth the number of unvested restricted awards and the weighted average fair value of these awards at the date of grant:

	Restricted Awards	Weighted Average Fair Value at Grant Date
Unvested balance, December 31, 2010	195,437	$ 15.98
Granted	265,538	15.14
Forfeited	(50,458)	15.82
Vested	(74,466)	16.10
Unvested balance, September 30, 2011	336,051	$ 15.31

As of September 30, 2011, total unearned compensation on restricted awards was approximately $4.3 million, and the weighted average vesting period was 3.0 years.

Operating Partnership Units

In connection with the Company's IPO, we issued 25,883 Operating Partnership units, which were fair valued at $15.98 per unit or $0.4 million in total. The Operating Partnership units will be amortized on a straight-line basis to expense over the vesting period. As of September 30, 2011, 8,627 units have vested and 17,256 units were unvested. As of September 30, 2011, total unearned compensation on Operating Partnership units was approximately $0.3 million, and the weighted average vesting period was 2.0 years.

10. Earnings Per Share

The following is a summary of basic and diluted income (loss) per share (in thousands, except share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net income (loss) attributable to common shares	$ 112	$ (2,010)	$ (4,795)	$ (1,974)
Weighted average common shares outstanding — basic	19,494,703	640,893	19,483,962	215,978
Potentially dilutive common shares:				
Unvested restricted awards	93,258	—	—	—
Weighted average common shares outstanding — diluted	19,587,961	640,893	19,483,962	215,978
Net income (loss) per share attributable to common shares				
Basic	$ 0.01	$ (3.14)	$ (0.25)	$ (9.14)
Diluted	$ 0.01	$ (3.14)	$ (0.25)	$ (9.14)

We have excluded the following potentially dilutive securities in the calculations above as their effect would have been antidilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Stock options	994,029	587,555	994,029	587,555
Restricted awards	242,793	195,435	336,051	195,435
	1,236,822	782,990	1,330,080	782,990

11. Estimated Fair Value of Financial Instruments

Authoritative guidance issued by the Financial Accounting Standards Board establishes a hierarchy of valuation techniques based on the observability of inputs utilized in measuring assets and liabilities at fair values. This hierarchy establishes market-based or observable inputs as the preferred source of values, followed by valuation models using management assumptions in the absence of market inputs. The three levels of the hierarchy under the authoritative guidance are as follows:

Level 1 — Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 — Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, and market-corroborated inputs which are derived principally from or corroborated by observable market data.

Level 3 — Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

Our financial instruments consist of cash and cash equivalents, restricted cash, accounts and other receivables, interest rate caps, interest rate swaps, mortgage loans payable, interest payable and accounts payable. The carrying values of cash and cash equivalents, restricted cash, accounts and other receivables, interest payable and accounts payable approximate fair values due to the short-term nature of these accounts. The interest rate caps and interest rate swap are carried at fair value.

The combined balance of our mortgage loans payable was $110.5 million and $125.6 million (excluding a $0.7 million fair value of acquired debt adjustment as of December 31, 2010) as of September 30, 2011 and December 31, 2010, respectively, with a fair value of $109.6 million and $123.8 million, respectively, based on Level 3 inputs from the fair value hierarchy. The fair values of mortgage notes payable are based on the Company's assumptions of interest rates and terms available incorporating the Company's credit risk.

Measurements of asset retirement obligations upon initial recognition are based on Level 3 inputs. The significant unobservable inputs to this fair value measurement include estimates of remediation costs, inflation rate, market risk premium and the expected timing of development or redevelopment. The inputs are derived based on historical data as well as management's best estimate of current costs.

Derivative financial instruments

Currently, the Company uses interest rate derivative instruments to manage interest rate risk. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on the expectation of future interest rates (forward curves) derived from observed market interest rate curves. In addition, to comply with the provisions of FASB ASC 820, credit valuation adjustments, which consider the impact of any credit risk to the contracts, are incorporated in the fair values to account for potential nonperformance risk. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered any applicable credit enhancements such as collateral postings, thresholds, mutual puts, and guarantees.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by the Company and its counterparties. However, as of September 30, 2011, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustment is not significant to the overall valuation of its derivative portfolios. As a result, the Company classifies its derivative valuations in Level 2 of the fair value hierarchy.

The table below presents the Company's assets and liabilities measured at fair value on a recurring basis as of September 30, 2011 and December 31, 2010, aggregated by the level in the fair value hierarchy within which those measurements fall.

	Recurring Fair Value Measurements							
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		Total Fair Value	
	As of September 30, 2011	As of December 31, 2010	As of September 30, 2011	As of December 31, 2010	As of September 30, 2011	As of December 31, 2010	As of September 30, 2011	As of December 31, 2010
	(In thousands)							
Assets								
Derivative Financial Instruments	$ —	$ —	$ 1	$ 148	$ —	$ —	$ 1	$ 148
Liabilities								
Derivative Financial Instruments	$ —	$ —	$ 77	$ —	$ —	$ —	$ 77	$ —

12. Related Party Transactions

Prior to the closing of the IPO on September 28, 2010, CoreSite, LLC was engaged to act as the Company's agent for the purpose of coordinating the activities of the property manager, for leasing and servicing the properties, and for overseeing property build-out activities. Subsequent to our Predecessor's acquisition of CoreSite, LLC as part of the IPO on September 28, 2010, all related party revenue and expenses incurred in connection with CoreSite, LLC's activities have been eliminated in consolidation.

For the three months and nine months ended September 30, 2010, CoreSite, LLC earned management fees from the Predecessor of $1.3 million and $3.6 million respectively. For the three months and nine months ended September 30, 2010, CoreSite, LLC earned lease commissions from our Predecessor of $0.2 million and $2.8 million, respectively. These commissions are included in deferred leasing costs. For the three and nine months ended September 30, 2010, CoreSite, LLC earned construction management fees from our Predecessor of $0.2 million and $1.2 million, respectively. The construction management fees are included in building improvements and construction in progress. For the three and nine months ended September 30, 2010, CoreSite, LLC was reimbursed for payroll related expenses from our Predecessor of $0.4 million and $1.2 million, respectively. At September 30, 2011 and December 31, 2010, no such fees were payable to CoreSite, LLC.

We lease 1,515 net rentable square feet of space at our 12100 Sunrise Valley property to an affiliate of The Carlyle Group. The lease commenced on July 1, 2008 and expires on June 30, 2013. Rental revenue was less than $0.1 million and less than $0.1 million for the three months ended September 30, 2011 and 2010, respectively, and $0.2 million and $0.1 million for the nine months ended September 30, 2011 and 2010, respectively.

13. Commitments and Contingencies

The Company currently leases the data center space under noncancelable operating lease agreements at 32 Avenue of the Americas, One Wilshire and 1275 K Street, and the Company leases its headquarters located in Denver, Colorado under a noncancelable operating lease agreement. The lease agreements provide for base rental rate increases at defined intervals during the term of the lease. In addition, the Company has negotiated rent abatement periods to better match the phased build-out of the data center space. The Company accounts for such abatements and increasing base rentals using the straight-line method over the noncancelable term of the lease. The difference between the straight-line expense and the cash payment is recorded as deferred rent payable.

Additionally, the Company has commitments related to telecommunications capacity used to connect data centers located within the same market or geographical area and power usage.

The following table summarizes our contractual obligations as of September 30, 2011 (in thousands):

	Remainder of 2011	2012	2013	2014	2015	Thereafter	Total
Operating leases	$ 4,218	$ 17,044	$ 17,457	$ 17,742	$ 17,620	$ 44,255	$118,336
Other(1)	2,478	4,750	1,384	261	157	1,029	10,059
Total	$ 6,696	$ 21,794	$ 18,841	$ 18,003	$ 17,777	$ 45,284	$128,395

(1) Obligations for tenant improvement work at 55 S. Market Street, power contracts, telecommunications leases and insurance premiums.

Rent expense for the three months ended September 30, 2011 and 2010 was $4.6 million and $0.8 million, respectively, and for the nine months ended September 30, 2011 and 2010 rent expense was $13.7 million and $2.2 million, respectively.

Our properties require periodic investments of capital for general capital improvements and for tenant related capital expenditures. Additionally, the Company enters into various construction contracts with third parties for the development and redevelopment of our properties. At September 30, 2011, we had open commitments related to construction contracts of approximately $17.6 million.

As previously disclosed, the Company is involved in litigation in Colorado District Court in Denver with Ari Brumer, the former general counsel of its affiliate CoreSite, LLC, arising out of the termination of Mr. Brumer’s employment. The allegations made by Mr. Brumer against the Company in his complaint and the allegations by the Company against him in its counterclaims have also been previously reported. The Company continues to believe that this litigation will not have a material adverse effect on its business, financial position or liquidity.

One of our former customers, Add2Net, Inc., brought an action against us in April of 2009 before the American Arbitration Association in California asserting claims of breach of contract, unfair business practices, negligent misrepresentation and fraudulent inducement. Add2Net alleges that it has suffered damages of approximately $3.5 million, consisting of license and service fees paid to us, loss of business income and equipment damage, and seeks attorney’s fees and punitive damages. We have counterclaimed for breach of contract and bad faith dealing on account of $1.25 million in unpaid license and service fees, plus attorney’s fees. We believe that we have valid defenses to Add2Net’s claims and that our claims for unpaid license and service fees are valid and justified. We intend to vigorously defend the claims against us and pursue the counterclaims for our unpaid license and service fees.

Because the arbitration is still in the discovery stage, the cost of the litigations and its ultimate resolution are not estimable at this time. Based on the information currently available, however, we do not believe that it will have a material adverse effect on our business, financial position or liquidity.

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of its business activities. Management believes that the resolution of such matters will not have a material adverse effect on the financial position, results of operations or cash flows of the Company.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Quarterly Report on Form 10-Q (this "Quarterly Report"), together with other statements and information publicly disseminated by our company, contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions.

In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "pro forma" 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. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: (i) the geographic concentration of our data centers in certain markets and any adverse developments in local economic conditions or the demand for data center space in these markets; (ii) fluctuations in interest rates and increased operating costs; (iii) difficulties in identifying properties to acquire and completing acquisitions; (iv) the significant competition in our industry and an inability to lease vacant space, renew existing leases or release space as leases expire; (v) lack of sufficient customer demand to realize expected returns on our investments to expand our property portfolio; (vi) decreased revenue from costs and disruptions associated with any failure of our physical infrastructure or services; (vii) our ability to lease available space to existing or new customers; (viii) our failure to obtain necessary outside financing; (ix) our failure to qualify or maintain our status as a REIT; (x) financial market fluctuations; (xi) changes in real estate and zoning laws and increases in real property tax rates; (xii) delays or disruptions in third-party network connectivity; (xiii) inability to renew net leases on the data center properties we lease and (xiv) other factors affecting the real estate industry generally.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim 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. The risks included here are not exhaustive, and additional factors could adversely affect our business and financial performance, including factors and risks included in other sections of this Quarterly Report. Additional information concerning these and other risks and uncertainties is contained in our other periodic filings with the United States Securities and Exchange Commission, or SEC, pursuant to the Exchange Act. We discussed a number of material risks in our annual report on Form 10-K for the year ended December 31, 2010. Those risks continue to be relevant to our performance and financial condition. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on our company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Overview

Unless the context requires otherwise, references in this Quarterly Report to "we," "our," "us" and "our company" refer to CoreSite Realty Corporation, a Maryland corporation, together with its consolidated subsidiaries, including CoreSite, L.P., a Delaware limited partnership of which CoreSite Realty Corporation is the sole general partner and which we refer to in this Quarterly Report as our "Operating Partnership" and CoreSite Services, Inc., a Delaware corporation, our taxable REIT subsidiary, or "TRS".

We formed CoreSite Realty Corporation as a Maryland corporation on February 17, 2010, with perpetual existence. Through our controlling interest in our Operating Partnership, we are engaged in the business of ownership, acquisition, construction and management of strategically located data centers in some of the largest and fastest growing data center markets in the United States, including Los Angeles, the San Francisco Bay and Northern Virginia areas, Chicago and New York City. Our high-quality data centers feature ample and redundant power, advanced cooling and security systems and many are points of dense network interconnection. We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with our taxable year ending December 31, 2010.

On September 28, 2010, we completed our initial public offering (the "IPO"), which resulted in the sale of 19,435,000 shares of our common stock, including 2,535,000 shares as a result of the underwriters exercising their over-allotment option, at a price per share of $16.00, generating gross proceeds to the Company of $311.0 million. The proceeds to the Company, net of underwriters' discounts, commissions and other offering costs were $285.6 million. Upon completion of the IPO, our Operating Partnership used the proceeds to enter into various formation transactions and acquire 100% of the ownership interests in the entities that owned our Predecessor and the CoreSite Acquired Properties from certain real estate funds (the "Funds") affiliated with The Carlyle Group ("Carlyle").

Our Portfolio

As of September 30, 2011, our property portfolio included 12 operating data center facilities and one development site, which collectively comprise over 2.0 million net rentable square feet ("NRSF"), of which approximately 1.1 million NRSF is existing data center space. These properties include 254,408 NRSF of space readily available for lease, of which 175,023 NRSF is available for lease as data center space. Including the space currently under construction or in preconstruction at September 30, 2011, and including currently operating space targeted for future redevelopment, we own land and buildings sufficient to develop or redevelop 964,037 feet of data center space, comprised of (1) 161,385 NRSF of data center space currently under construction, (2) 354,451 NRSF of office and industrial space currently available for redevelopment, (3) 102,951 NRSF of currently operating data center space targeted for future redevelopment, and (4) 345,250 NRSF of new data center space that can be developed on land that the Company currently owns at its Coronado-Stender Business Park. We expect that this redevelopment and development potential plus any potential expansion into new markets will enable us to accommodate existing and future customer demand and position us to significantly increase our cash flows. We will pursue redevelopment and development projects and expansion into new markets when we believe those opportunities support the additional supply in those markets.

The following table provides an overview of our new and expansion data center leasing activity during the nine months ended September 30, 2011:

	Three Months Ended:		
	September 30, 2011	**June 30, 2011(1)**	**March 31, 2011**
New and expansion leases signed but not yet commenced at beginning of period	39,079	32,626	32,786
New and expansion leases signed during the period	28,553	29,853	41,652
New and expansion leases signed during the period which have commenced	(12,485)	(9,436)	(22,649)
New and expansion leases signed in previous periods which commenced during period	(26,173)	(13,964)	(19,163)
Total leases signed but not yet commenced at end of period	**28,974**	**39,079**	**32,626**

(1) The previously reported rollforward at June 30, 2011 of 40,690 NRSF has been adjusted to remove 1,611 NRSF due to a change in the factor used to allocate support space to reflect the current build out of certain properties. This adjustment does not alter the contractual rent we expect to receive under the affected leases.

Table of Contents

The following table provides an overview of our properties as of September 30, 2011:

			NRSF									
			Operating(1)						Redevelopment and Development(4)			
			Data Center(2)		Office and Light-Industrial(3)		Total					
Market/Facilities	Acquisition Date(5)	Annualized Rent ($000)(6)	Total	Percent Leased(7)	Total	Percent Leased(7)	Total(8)	Percent Leased(7)	Under Construction(9)	Vacant	Total	Total Portfolio
Los Angeles												
One Wilshire*	Aug. 2007	$ 21,837	157,587	67.2%	7,500	57.5%	165,087	66.8%	—	—	—	165,087
900 N. Alameda	Oct. 2006	13,173	246,817	91.5	8,360	20.4	255,177	89.2	25,000	153,982	178,982	434,159
Los Angeles Total		**35,010**	**404,404**	**82.0**	**15,860**	**37.9**	**420,264**	**80.4**	**25,000**	**153,982**	**178,982**	**599,246**
San Francisco Bay												
55 S. Market	Feb. 2000	11,806	84,045	92.1	206,255	90.2	290,300	90.8	—	—	—	290,300
2901 Coronado	Feb. 2007	9,085	50,000	100.0	—	—	50,000	100.0	—	—	—	50,000
1656 McCarthy	Dec. 2006	7,606	76,676	86.6	—	—	76,676	86.6	—	—	—	76,676
Coronado-Stender Properties(10)	Feb. 2007	937	—	—	115,560	82.5	115,560	82.5	—	13,640	13,640	129,200
2972 Stender(11)	Feb. 2007	477	18,116	17.0	—	—	18,116	17.0	32,284	50,600	82,884	101,000
San Francisco Bay Total		**29,911**	**228,837**	**86.1**	**321,815**	**87.5**	**550,652**	**86.9**	**32,284**	**64,240**	**96,524**	**647,176**
Northern Virginia												
12100 Sunrise Valley	Dec. 2007	13,362	137,669	90.6	60,539	70.1	198,208	84.3	64,561	—	64,561	262,769
1275 K Street*	June 2006	1,707	22,137	71.5	—	—	22,137	71.5	—	—	—	22,137
Northern Virginia Total		**15,069**	**159,806**	**88.0**	**60,539**	**70.1**	**220,345**	**83.0**	**64,561**	**—**	**64,561**	**284,906**
Boston												
70 Innerbelt	Apr. 2007	8,482	133,646	96.8	13,063	33.4	146,709	91.1	15,149	111,313	126,462	273,171
Chicago												
427 S. LaSalle	Feb. 2007	6,405	128,888	83.2	4,946	52.6	133,834	82.1	24,391	25,109	49,500	183,334
New York												
32 Avenue of the Americas*	June 2007	4,741	48,404	78.1	—	—	48,404	78.1	—	—	—	48,404
Miami												
2115 NW 22nd Street	June 2006	1,389	30,176	51.4	1,641	100.0	31,817	53.9	—	13,447	13,447	45,264
Total Facilities		**$ 101,007**	**1,134,161**	**84.6%**	**417,864**	**81.0%**	**1,552,025**	**83.6%**	**161,385**	**368,091**	**529,476**	**2,081,501**

* Indicates properties in which we hold a leasehold interest.

(1) Represents the square feet at each building under lease as specified in existing customer lease agreements plus management's estimate of space available for lease to customers based on engineers' drawings and other factors, including required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas. Total NRSF at a given facility includes the total operating NRSF and total redevelopment and development NRSF, but excludes our office space at a facility and our corporate headquarters.

(2) Represents the NRSF at each operating facility that is currently leased or readily available for lease as data center space. Both leased 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.

(3) Represents the NRSF at each operating facility that is currently leased or readily available for lease as space other than data center space, which is typically space offered for office or light-industrial uses.

(4) Represents vacant space in our portfolio that requires significant capital investment in order to redevelop or develop into data center facilities. Total redevelopment and development NRSF and total operating NRSF represent the total NRSF at a given facility.

(5) Reflects date property was acquired by the Funds or their affiliates and not the date of our acquisition upon consummation of our initial public offering. In the case of a leased property, indicates the date the initial lease commenced.

(6) Represents the monthly contractual rent under existing customer leases as of September 30, 2011 multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and, for any customer under a modified gross or triple-net lease, it excludes the operating expense reimbursement attributable to such lease. On a gross basis, our annualized rent was approximately $106,587,000 as of September 30, 2011, which reflects the addition of $5,580,000 in operating expense reimbursements to contractual net rent under modified gross and triple-net leases.

(7) Includes customer leases that have commenced as of September 30, 2011. The percent leased is determined based on leased square feet as a proportion of total operating NRSF. The percent leased for data center space, office and light industrial space, and space in total would have been 87.1%, 81.1%, and 85.5%, respectively, if all leases signed in current and prior periods had commenced.

(8) Represents the NRSF at an operating facility currently leased or readily available for lease. This excludes existing vacant space held for redevelopment or development.

(9) Reflects NRSF for which substantial activities are ongoing to prepare the property for its intended use following redevelopment or development, as applicable. All of the 161,385 NRSF under construction as of September 30, 2011, was data center space.

(10) The Coronado-Stender Business Park became entitled for our proposed data center development upon receipt of the mitigated negative declaration from the city of Santa Clara in the first quarter of 2011. We have the ability to develop 345,250 NRSF of data center space at this property, which is in addition to the 50,400 NRSF of data center space and 50,600 NRSF of unconditioned core and shell space completed or under construction at 2972 Stender.

(11) We have completed construction on 18,116 NRSF of data center space at this property, and are under construction on an additional 32,284 NRSF of data center space. We have also developed an incremental 50,600 NRSF of unconditioned core and shell space to be held for potential future development into data center space, subject to our assessment of market demand and alternative uses of our capital.

The following table shows the September 30, 2011 operating statistics for space that was leased and available to be leased as of June 30, 2010 at each of our properties, and excludes space for which development or redevelopment was completed and became available to be leased after June 30, 2010. For comparison purposes, the operating activity totals at quarterly intervals over the prior year for this space are provided at the bottom of this table.

			Operating NRSF					
			Data Center		Office and Light Industrial		Total	
Market/Facilities	Acquisition Date	Annualized Rent ($000)	Total	Percent Leased	Total	Percent Leased	Total	Percent Leased
Los Angeles								
One Wilshire*	Aug. 2007	$ 21,837	157,587	67.2%	7,500	57.5%	165,087	66.8%
900 N. Alameda	Oct. 2006	12,541	230,691	94.6	8,360	20.4	239,051	92.0
Los Angeles Total		**34,378**	**388,278**	**83.5**	**15,860**	**37.9**	**404,138**	**81.7**
San Francisco Bay								
55 S. Market	Feb. 2000	11,807	84,045	92.1	206,255	90.2	290,300	90.8
2901 Coronado	Feb. 2007	9,085	50,000	100.0	—	—	50,000	100.0
1656 McCarthy	Dec. 2006	7,606	71,847	92.4	—	—	71,847	92.4
Coronado-Stender Properties	Feb. 2007	681	—	—	78,800	74.3	78,800	74.3
2972 Stender	Feb. 2007	—	—	—	—	—	—	—
San Francisco Bay Total		**29,179**	**205,892**	**94.1**	**285,055**	**85.8**	**490,947**	**89.3**
Northern Virginia								
12100 Sunrise Valley	Dec. 2007	12,641	116,498	97.8	38,350	91.6	154,848	96.3
1275 K Street*	June 2006	1,707	22,137	71.5	—	—	22,137	71.5
Northern Virginia Total		**14,348**	**138,635**	**93.6**	**38,350**	**91.6**	**176,985**	**93.2**
Boston								
70 Innerbelt	Apr. 2007	6,996	119,567	98.6	2,024	100.0	121,591	98.6
Chicago								
427 S. LaSalle	Feb. 2007	6,360	128,888	83.2	—	—	128,888	83.2
New York								
32 Avenue of the Americas*	June 2007	4,741	48,404	78.1	—	—	48,404	78.1
Miami								
2115 NW 22nd Street	June 2006	1,389	30,176	51.4	1,641	100.0	31,817	53.9
Total Facilities at September 30, 2011(1)		**$ 97,391**	**1,059,840**	**87.4%**	**342,930**	**84.4%**	**1,402,770**	**86.7%**
Total Facilities at June 30, 2011		**$ 93,956**		**86.3%**		**81.9%**		**85.2%**
Total Facilities at March 31, 2011		**$ 92,174**		**85.9%**		**83.0%**		**85.1%**
Total Facilities at December 31, 2010		**$ 89,225**		**83.1%**		**83.1%**		**83.1%**
Total Facilities at September 30, 2010		**$ 86,939**		**81.9%**		**81.9%**		**81.9%**
Total Facilities at June 30, 2010		**$ 85,695**		**82.4%**		**78.2%**		**81.3%**

* Indicates properties in which we hold a leasehold interest.

(1) The percent leased for data center space, office and light industrial space, and space in total would have been 89.2%, 84.5%, and 88.1%, respectively, if all leases signed in current and prior periods had commenced.

Table of Contents

The following table summarizes the redevelopment and development opportunities throughout our portfolio as of September 30, 2011:

	Redevelopment NRSF								
	Currently Vacant				Currently Operating				
Facilities	Under Construction(1)	Near-Term(2)	Long-Term	Total	Near-Term(2)	Long-Term	Total	Incremental Entitled	Total
Los Angeles									
One Wilshire*	—	—	—	—	—	—	—	—	—
900 N. Alameda(3)	25,000	—	153,982	178,982	—	102,951	102,951	—	281,933
Los Angeles Total	**25,000**	**—**	**153,982**	**178,982**	**—**	**102,951**	**102,951**	**—**	**281,933**
San Francisco Bay									
55 S. Market	—	—	—	—	—	—	—	—	—
2901 Coronado	—	—	—	—	—	—	—	—	—
1656 McCarthy	—	—	—	—	—	—	—	—	—
2972 Stender(4)	32,284	—	50,600	82,884	—	—	—	—	82,884
San Francisco Bay Total	**32,284**	**—**	**50,600**	**82,884**	**—**	**—**	**—**	**—**	**82,884**
Northern Virginia									
12100 Sunrise Valley(5)	64,561	—	—	64,561	—	—	—	—	64,561
1275 K Street*	—	—	—	—	—	—	—	—	—
Northern Virginia Total	**64,561**	**—**	**—**	**64,561**	**—**	**—**	**—**	**—**	**64,561**
Boston									
70 Innerbelt(3)	15,149	15,000	96,313	126,462	—	—	—	—	126,462
Chicago									
427 S. LaSalle	24,391	—	25,109	49,500	—	—	—	—	49,500
New York									
32 Avenue of the Americas*	—	—	—	—	—	—	—	—	—
Miami									
2115 NW 22nd Street	—	13,447	—	13,447	—	—	—	—	13,447
Total Redevelopment	**161,385**	**28,447**	**326,004**	**515,836**	**—**	**102,951**	**102,951**	**—**	**618,787**

	Development NRSF								
	Currently Vacant				Currently Operating				
Facilities	Under Construction(1)	Near-Term(2)	Long-Term	Total	Near-Term(2)	Long-Term	Total	Incremental Entitled	Total
San Francisco Bay									
Coronado-Stender Properties(6)	—	—	13,640	13,640	—	115,560	115,560	216,050	345,250
Total Development	**—**	**—**	**13,640**	**13,640**	**—**	**115,560**	**115,560**	**216,050**	**345,250**
Total Facilities	**161,385**	**28,447**	**339,644**	**529,476**	**—**	**218,511**	**218,511**	**216,050**	**964,037**

* Indicates properties in which we hold a leasehold interest.

(1) Reflects NRSF at a facility for which the initiation of substantial activities to prepare the property for its intended use following redevelopment or development, as applicable, has commenced prior to the applicable period.

(2) Reflects NRSF at a facility for which the initiation of substantial activities to prepare the property for its intended use following redevelopment or development, as applicable, is planned to commence after September 30, 2011 but prior to September 30, 2012.

(3) The NRSF shown is our current estimate based on engineering drawings and required support space and is subject to change based on final demising of the space.

(4) We have completed construction on 18,116 NRSF of data center space at this property, and are under construction on an additional 32,284 NRSF of data center space. We have also completed development of an incremental 50,600 NRSF of unconditioned core and shell space to be held for potential future development into data center space, subject to our assessment of market demand and alternative uses of our capital.

(5) The remaining 64,561 NRSF of vacant space is being redeveloped into data center space in two phases and is expected to deliver across the fourth quarter of 2011 and the first quarter of 2012.

(6) We are entitled to develop up to 345,250 NRSF of data center space at this property, or an incremental 216,050 NRSF, which is in addition to the leased and vacant NRSF existing at the property.

Table of Contents

Customer Diversification

As of September 30, 2011, our portfolio was leased to over 700 customers, many of which are nationally recognized firms. The following table sets forth information regarding the ten largest customers in our portfolio based on annualized rent as of September 30, 2011:

	Customer	Number of Locations	Total Leased 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	Facebook, Inc.	3	74,091	4.8%	$ 11,902	11.8%	48
2	Computer Sciences Corporation	2	45,090	2.9	4,045	4.0	72
3	General Services Administration-IRS*(6)	1	141,774	9.1	3,709	3.7	14
4	Sprint Communications Corporation(7)	4	104,769	6.8	3,268	3.2	7
5	Nuance Communications	1	25,404	1.6	3,153	3.1	81
6	Akamai Technologies(8)	5	23,929	1.5	2,687	2.7	12
7	Verizon Communications	7	74,010	4.8	2,558	2.5	44
8	Gov't of District of Columbia	2	16,646	1.1	2,158	2.1	22
9	Tata Communications	2	18,476	1.2	1,861	1.8	98
10	NBC Universal	1	17,901	1.2	1,719	1.7	10
	Total/Weighted Average		542,090	35.0%	$ 37,060	36.6%	41

* Denotes customer using space for general office purposes.

(1) Total leased NRSF is determined based on contractually leased square feet for leases that have commenced on or before September 30, 2011. 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 leased square feet divided by the total operating NRSF in the portfolio which, as of September 30, 2011, consisted of 1,552,025 NRSF.

(3) Represents the monthly contractual rent under existing customer leases as of September 30, 2011 multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and, for any customer under a modified gross or triple-net lease, it excludes the operating expense reimbursement attributable to those leases.

(4) Represents the customer's total annualized rent divided by the total annualized rent in the portfolio as of September 30, 2011, which was approximately $101,007,000.

(5) Weighted average based on percentage of total annualized rent expiring and is as of September 30, 2011.

(6) The data presented represents an interim lease in place that expires in May 2012. Upon expiration of the interim lease and the substantial completion of tenant improvements by us, a new lease that has already been executed by both parties will commence. That lease includes 119,729 NRSF with a ten-year term and a termination option at the end of year eight.

(7) Sprint's 102,951 NRSF lease at 900 N. Alameda is scheduled to expire in the fourth quarter of 2011. We do not expect the customer to renew this lease. Upon expiration, Sprint would no longer rank in the top 10 among our customers.

(8) We signed additional leases in the second and third quarters of 2011 that commenced or will commence in the third and fourth quarters of 2011. Upon stabilization of those leases, Akamai will be our second largest customer in terms of annualized rent, with 38,138 NRSF leased and an annualized rent of $4,450,000.

Lease Distribution

The following table sets forth information relating to the distribution of leases in the properties in our portfolio, based on NRSF (excluding space held for redevelopment or development) under lease as of September 30, 2011:

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(5)	—	—%	254,408	16.4%	$ —	—%
1,000 or less	959	85.6	164,185	10.6	27,520	27.2
1,001 - 2,000	64	5.7	91,176	5.8	11,266	11.2
2,001 - 5,000	58	5.2	170,679	11.0	14,786	14.6
5,001 - 10,000	19	1.7	137,750	8.9	12,247	12.1
10,001 - 25,000	12	1.1	218,731	14.1	15,392	15.3
Greater than 25,000	8	0.7	515,096	33.2	19,796	19.6
Portfolio Total	**1,120**	**100.0%**	**1,552,025**	**100.0%**	**$ 101,007**	**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 be automatically 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 engineer's drawings and other factors, including required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas.

(4) Represents the monthly contractual rent under existing customer leases as of September 30, 2011 multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and, for any customer under a modified gross or triple-net lease, it excludes the operating expense reimbursement attributable to those leases.

(5) Excludes approximately 529,476 vacant NRSF held for redevelopment or under construction at September 30, 2011.

Lease Expirations

The following table sets forth a summary schedule of the expirations for leases in place as of September 30, 2011, plus available space, for the remainder of 2011 and for each of the ten full calendar years beginning January 1, 2012 at the properties in our portfolio. Unless otherwise stated in the footnotes, the information set forth in the table assumes that customers exercise no renewal options and all early termination rights.

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(3)	Annualized Rent at Expiration ($000)(4)	Annualized Rent Per Leased NRSF at Expiration(5)
Available as of September 30, 2011(6)	—	254,408	16.4%	$ —	—%	$ —	$ —	$ —
Remainder of 2011(7)	210	185,172	11.9	12,277	12.2	66.30	12,400	66.96
2012(8)	345	348,965	22.5	25,568	25.3	73.27	25,978	74.44
2013	232	182,349	11.7	19,291	19.1	105.79	20,088	110.16
2014	171	102,193	6.6	11,870	11.8	116.15	14,707	143.91
2015	40	71,550	4.6	3,506	3.5	49.00	4,664	65.19
2016(9)	79	158,239	10.2	10,740	10.6	67.87	13,158	83.15
2017	19	43,609	2.8	7,315	7.2	167.74	8,739	200.39
2018	10	71,476	4.6	6,581	6.5	92.07	8,828	123.51
2019	2	80,466	5.2	1,515	1.5	18.83	1,727	21.46
2020	2	1,427	0.1	142	0.1	99.51	178	124.74
2021-Thereafter	10	52,171	3.4	2,202	2.2	42.21	3,774	72.34
Portfolio Total / Weighted Average	**1,120**	**1,552,025**	**100.0%**	**$ 101,007**	**100.0%**	**$ 77.84**	**$ 114,241**	**$ 88.04**

(1) Includes leases that upon expiration will be automatically 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 customer leases as of September 30, 2011 multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and, for any customer under a modified gross or triple-net lease, it excludes the operating expense reimbursement attributable to those leases.

(3) Annualized rent as defined above, divided by the square footage of leases expiring in the given year.

(4) Represents the final monthly contractual rent under existing customer leases as of September 30, 2011 multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and, for any customer under a modified gross or triple-net lease, it excludes the operating expense reimbursement attributable to those leases.

(5) 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.

(6) Excludes approximately 529,476 vacant NRSF held for redevelopment or under construction at September 30, 2011.

(7) Includes a lease with Sprint at 900 N. Alameda for 102,951 NRSF scheduled to expire in the fourth quarter of 2011. We anticipate redeveloping the subject space as data center space upon expiration of that lease.

(8) Includes an office lease with General Services Administration — IRS, which is an interim lease in place that expires on May 31, 2012. Upon the expiration of the interim lease and the substantial completion of tenant improvements by us, a new lease that has already been executed by both parties will commence. The new lease includes 119,729 NRSF with a ten-year term and a termination option at the end of year eight.

(9) Total operating NRSF of expiring leases in 2016 reflects the expiration of half of a 50,000 NRSF lease, the other half of which expires in 2017.

Results of Operations

Prior to the formation transactions on September 28, 2010, we had no corporate activity other than the issuance of shares of common stock in connection with the initial capitalization of our company. The results of operations for the three and nine months ended September 30, 2010 reflect the financial condition and operating results of the consolidated CoreSite Predecessor entities together with the CoreSite Acquired Properties from the date of their acquisition, September 28, 2010. The results of operations for the three and nine months ended September 30, 2011 reflect the consolidated financial condition and results of operations of our Predecessor and the CoreSite Acquired Properties. Our results of operations may not be indicative of our future results of operations.

Our Predecessor was comprised of the real estate activities and interconnection services of four of our operating properties, 1656 McCarthy, 32 Avenue of the Americas, 12100 Sunrise Valley and 70 Innerbelt, as well as the Coronado-Stender Business Park. The CoreSite Acquired Properties include our continuing real estate operations at 55 S. Market, One Wilshire, 1275 K Street, 900 N. Alameda, 427 S. LaSalle and 2115 NW 22nd Street, as well as 1050 17th Street, a property we lease for our corporate headquarters, which does not generate operating revenue.

Three Months Ended September 30, 2011 Compared to Three Months Ended September 30, 2010

	Three Months Ended September 30,	
	2011	2010
Operating revenue	$ 44,367	$ 14,139
Operating expense	$ 43,242	$ 18,567
Interest expense	$ (916)	$ (680)
Net income (loss)	$ 263	$ (5,106)

Operating Revenue. Operating revenue for the three months ended September 30, 2011 was $44.4 million. This includes rental revenue of $27.6 million, power revenue of $11.5 million, tenant reimbursements of $1.4 million and other revenue of $3.9 million,

primarily from interconnection services. This compares to revenue of $14.1 million for the three months ended September 30, 2010. The increase of $30.2 million was due primarily to the acquisition of the CoreSite Acquired Properties on September 28, 2010.

Operating Expenses. Operating expenses for the three months ended September 30, 2011 were $43.2 million compared to $18.6 million for the three months ended September 30, 2010. The increase of $24.7 million was primarily due to the acquisition of the CoreSite Acquired Properties and the resulting internalization of the management function through the acquisition of CoreSite, LLC, our management company. These costs were partially offset by a decrease in transaction costs.

Interest Expense. Interest expense, including amortization of deferred financing costs, for the three months ended September 30, 2011 was $0.9 million compared to interest expense of $0.7 million for the three months ended September 30, 2010. The increase in interest expense was due to increased debt balances from the acquisition of the CoreSite Acquired Properties.

Net Income (Loss). Net income for the three months ended September 30, 2011 was $0.3 million compared to net loss of $5.1 million for the three months ended September 30, 2010. The increase of $5.4 million was primarily due to the increased operating revenue from the acquisition of the CoreSite Acquired Properties and a reduction in transaction costs associated with our acquisition of the CoreSite Acquired Properties. The increased revenue and decreased transaction costs were partially offset by increased costs associated with the internalization of the management function through the acquisition of CoreSite, LLC, our management company.

Nine months ended September 30, 2011 Compared to Nine months ended September 30, 2010

	Nine Months Ended September 30,	
	2011	**2010**
Operating revenue	$ 126,817	$ 35,557
Operating expense	$ 134,979	$ 39,039
Interest expense	$ (4,437)	$ (1,590)
Net income (loss)	$ (11,241)	$ (5,070)

Operating Revenue. Operating revenue for the nine months ended September 30, 2011 was $126.8 million. This includes rental revenue of $79.5 million, power revenue of $32.0 million, tenant reimbursements of $4.6 million and other revenue of $10.7 million, primarily from interconnection services. This compares to revenue of $35.6 million for the nine months ended September 30, 2010. The increase of $91.3 million was due primarily to the acquisition of the CoreSite Acquired Properties on September 28, 2010.

Operating Expenses. Operating expenses for the nine months ended September 30, 2011 were $135.0 million compared to $39.0 million for the nine months ended September 30, 2010. The increase of $95.9 million was primarily due to the acquisition of the CoreSite Acquired Properties and the resulting internalization of the management function through the acquisition of CoreSite, LLC, our management company. These costs were partially offset by a decrease in transaction costs.

Interest Expense. Interest expense, including amortization of deferred financing costs, for the nine months ended September 30, 2011 was $4.4 million compared to interest expense of $1.6 million for the nine months ended September 30, 2010. The increase in interest expense was due to increased debt balances from the acquisition of the CoreSite Acquired Properties.

Net Income (Loss). Net loss for the nine months ended September 30, 2011 was $11.2 million compared to net loss of $5.1 million for the nine months ended September 30, 2010. The decrease of $6.2 million was primarily due to the acquisition of the CoreSite Acquired Properties and the resulting internalization of the management function through the acquisition of CoreSite, LLC, our management company, transaction related costs for an acquisition that was not consummated, and increased interest expense. These increased costs were partially offset by increased operating revenue from the acquisition of the CoreSite Acquired Properties and a reduction in transaction costs associated with our acquisition of the CoreSite Acquired Properties.

Factors that May Influence our Results of Operations

A complete discussion of factors that may influence our results of operations can be found in our Annual Report on Form 10-K, filed with the SEC on March 11, 2011 pursuant to Section 15(d) of the Exchange Act, which is accessible on the SEC's website at www.sec.gov.

Liquidity and Capital Resources

Discussion of Cash Flows

Nine months ended September 30, 2011 Compared to Nine months ended September 30, 2010

Net cash provided by operating activities was $45.6 million for the nine months ended September 30, 2011, compared to $2.6 million for the prior period. The increased cash provided by operating activities of $43.1 million was primarily due to the increased number of operating properties acquired in connection with our IPO and an increase in accounts payable and accrued expenses.

Net cash used in investing activities increased by $55.9 million to $89.7 million for the nine months ended September 30, 2011 compared to $33.8 million for the nine months ended September 30, 2010. This increase was primarily due to an increase in cash paid for capital expenditures related to redevelopment and development of data center space.

Net cash used in financing activities was $32.0 million for the nine months ended September 30, 2011 compared to cash provided by financing activities of $105.8 million for the nine months ended September 30, 2010. The increase in cash used in financing activities of $137.8 million was primarily due to the net proceeds received in connection with our IPO and a decrease in capital contributions received from the member of the Predecessor. These amounts were partially offset by a decrease in the repayments of mortgage loans payable and redemption of operating partnership units.

Analysis of Liquidity and Capital Resources

As of September 30, 2011, we had $10.2 million of cash and equivalents, excluding $10.6 million of restricted cash. Restricted cash primarily consists of interest bearing cash deposits required by the terms of our loans and cash impound accounts for real estate taxes, insurance and anticipated or contractually obligated tenant improvements as required by several of our mortgage loans.

Our short-term liquidity requirements primarily consist of funds needed for future distributions to stockholders and holders of our operating partnership units, interest expense, operating costs, including utilities, site maintenance costs, real estate and personal property taxes, insurance, rental expenses and selling, general and administrative expenses and certain recurring and non-recurring capital expenditures, including costs relating to the redevelopment and development of data center space during the next 12 months. We expect to meet our short-term liquidity requirements through net cash provided by operations, reserves established for certain future payments, the remaining net proceeds from our IPO and by incurring additional indebtedness, including by drawing on our revolving credit facility.

Our long-term liquidity requirements primarily consist of the costs to fund the development of the Coronado-Stender business park, our 9.1 acre development site that houses five buildings in Santa Clara, California, future redevelopment or development of other space in our portfolio not currently scheduled, property or other acquisitions, scheduled debt maturities and recurring and non-recurring capital improvements. We expect to meet our long-term liquidity requirements primarily by incurring long-term indebtedness and drawing on our revolving credit facility. We also may raise capital in the future through the issuance of additional equity securities, subject to prevailing market conditions, and/or through the issuance of operating partnership units.

Table of Contents

Indebtedness

A summary of outstanding indebtedness as of September 30, 2011 and December 31, 2010 is as follows (in thousands):

	Interest Rate	Maturity Date	September 30, 2011	December 31, 2010
Senior secured credit facility	(1)	September 28, 2013	$ —	$ —
427 S. LaSalle - Senior mortgage loan	LIBOR plus 0.60% (0.83% and 0.86% at September 30, 2011 and December 31, 2010)	March 9, 2012	25,000	25,000
427 S. LaSalle — Subordinate mortgage loan	LIBOR plus 2.95% (3.21% at December 31, 2010)	N/A	—	5,000
427 S. LaSalle - Mezzanine loan	LIBOR plus 4.83% (5.09% at December 31, 2010)	N/A	—	10,000
55 S. Market	LIBOR plus 3.50% (3.73% and 3.76% at September 30, 2011 and December 31, 2010)(2)	October 9, 2012(3)	60,000	60,000
12100 Sunrise Valley	LIBOR plus 2.75% (2.98% and 3.01% at September 30, 2011 and December 31, 2010)(2)	June 1, 2013	25,501	25,560
Total principal outstanding			110,501	125,560
Unamortized acquired below-market debt adjustment on 427 S. LaSalle mortgage loans			—	(687)
Total indebtedness			$ 110,501	$ 124,873

(1) At the Company's election, borrowings under the credit facility bear interest at a rate per annum equal to either (i) LIBOR plus 350 basis points to 400 basis points, depending on our leverage ratio, or (ii) a base rate plus 250 basis points to 300 basis points.

(2) In October 2010, we entered into an interest rate swap agreement with respect to 55 S. Market and an interest rate cap agreement with respect to 12100 Sunrise Valley, each as a cash flow hedge for interest incurred by these LIBOR based loans.

(3) The mortgage contains one two-year extension option subject to the Company meeting certain financial and other customary conditions and the payment of an extension fee equal to 60 basis points.

Senior Secured Credit Facility

In conjunction with our IPO and formation transactions, our Operating Partnership entered into a $110.0 million senior secured revolving credit facility with a group of lenders for which KeyBank National Association acts as the administrative agent. The revolving credit facility is unconditionally guaranteed on an unsecured basis by CoreSite Realty Corporation. CoreSite, L.P. acts as the parent borrower and its subsidiaries that own the real estate properties known as 1656 McCarthy, 70 Innerbelt, 2901 Coronado and 900 N. Alameda are co-borrowers under the facility, and such real estate properties provide security for the facility. Each of the parent borrower and the subsidiary borrowers are liable under the facility on a joint and several basis. The facility has an initial maturity date of September 28, 2013 with a one-time extension option, which, if exercised, would extend the maturity date to March 28, 2014. The exercise of the extension option is subject to the payment of an extension fee equal to 25 basis points of the $110.0 million facility and certain other customary conditions. As of September 30, 2011, the Company has not drawn any funds under the facility.

The Company can elect to have borrowings under the credit facility bear interest at a rate per annum equal to (i) LIBOR plus 350 basis points to 400 basis points, depending on our leverage ratio, or (ii) a base rate plus 250 basis points to 300 basis points, depending on our leverage ratio. The secured revolving credit facility contains an accordion feature that allows us to increase the total commitment by $90.0 million, to $200.0 million, under specified circumstances.

The total amount available for us to borrow under the facility will be subject to the lesser of a percentage of the appraised value of our properties that form the designated borrowing base properties of the facility, a minimum borrowing base debt service coverage ratio and a minimum borrowing base debt yield. As of September 30, 2011, $101.3 million was available for us to borrow under the facility. Our ability to borrow under the facility is subject to ongoing compliance with a number of customary restrictive covenants, including:

- a maximum leverage ratio (defined as consolidated total indebtedness to total gross asset value) of 55%;
- a minimum fixed charge coverage ratio (defined as adjusted consolidated earnings before interest, taxes, depreciation and amortization to consolidated fixed charges) of 1.75 times;
- a maximum unhedged variable rate debt ratio (defined as unhedged variable rate indebtedness to gross asset value) of 30%;
- a maximum recourse debt ratio (defined as recourse indebtedness other than indebtedness under the revolving credit facility to gross asset value) of 30%; and
- a minimum tangible net worth equal to at least 75% of our tangible net worth at the closing of our IPO plus 80% of the net proceeds of any additional equity issuances.

427 S. LaSalle

As of September 30, 2011, the 427 S. LaSalle property had a senior mortgage loan payable of $25.0 million which matures on March 9, 2012. This loan is secured by deeds of trust on the property and requires payments of interest only until maturity. The mortgage requires ongoing compliance by us with various nonfinancial covenants. As of September 30, 2011, the Company was in compliance with the covenants.

On April 29, 2011, the Company repaid the $10.0 million mezzanine loan on the 427 S. LaSalle property at a discount. As a result of this discounted payoff, we reduced our debt by $10.0 million, paying $9.5 million in cash and recognizing a $0.5 million gain, net of fees on the transaction.

On June 3, 2011, the Company repaid the $5.0 million subordinate loan on the 427 S. LaSalle property at a discount. As a result of this discounted payoff, we reduced our debt by $5.0 million, paying $4.6 million in cash and recognizing a $0.4 million gain, net of fees on the transaction.

55 S. Market

As of September 30, 2011, the 55 S. Market property had a $60.0 million mortgage loan, which matures on October 9, 2012. The mortgage payable contains one two-year extension option provided the Company meets certain financial and other customary conditions and subject to the payment of an extension fee equal to 60 basis points. The loan bears interest at LIBOR plus 350 basis points and requires the payment of interest only until maturity. The mortgage requires ongoing compliance by us with various covenants including liquidity and net operating income covenants. As of September 30, 2011, the Company was in compliance with the covenants.

On October 7, 2010, the Company entered into a $60.0 million interest rate swap agreement to protect against adverse fluctuations in interest rates by reducing its exposure to variability in cash flows relating to interest payments on the $60.0 million 55 S. Market mortgage. The interest rate swap matures on October 9, 2012 and effectively fixes the interest rate at 4.01%.

12100 Sunrise Valley

As of September 30, 2011, the 12100 Sunrise Valley property had a mortgage loan payable of $25.5 million. We may make additional draws of up to $6.4 million to fund specified construction under the loan agreement for a maximum total borrowing of $31.9 million. On October 24, 2011, the Company drew the remaining $6.4 million to fund construction activities at 12100 Sunrise Valley. The mortgage loan payable is secured by 12100 Sunrise Valley and required payments of interest only until the “amortization commencement date” on July 1, 2011. The loan matures on June 1, 2013 and we may exercise the one remaining one-year extension option provided the Company meets certain financial and other customary conditions and subject to the payment of an extension fee equal to 50 basis points. The mortgage loan payable contains certain financial and nonfinancial covenants. As of September 30, 2011, the Company was in compliance with all covenants.

On October 8, 2010, the Company purchased an interest rate cap to hedge $25.0 million of the indebtedness secured by our 12100 Sunrise Valley property. The interest rate cap matures on October 1, 2012 and hedges against LIBOR interest rate increases above 2.0%.

Debt Maturities

The following table summarizes our debt maturities as of September 30, 2011 (in thousands):

Year		
Remainder of 2011	$	63
2012		85,249
2013		25,189
Total	$	110,501

Commitments and Contingencies

The following table summarizes our contractual obligations as of September 30, 2011, including the maturities and scheduled principal repayments of indebtedness (in thousands):

	Remainder of 2011	2012	2013	2014	2015	Thereafter	Total
Operating leases	$ 4,218	$ 17,044	$ 17,457	$ 17,742	$ 17,620	$ 44,255	$118,336
Credit Facility	—	—	—	—	—	—	—
Mortgages payable	63	85,249	25,189	—	—	—	110,501
Construction contracts	17,629	—	—	—	—	—	17,629
Other (1)	2,478	4,750	1,384	261	157	1,029	10,059
Total	$ 24,388	$107,043	$ 44,030	$ 18,003	$ 17,777	$ 45,284	$256,525

(1) Obligations for tenant improvement work at 55 S. Market Street, power contracts, telecommunications leases and insurance premiums.

Off-Balance Sheet Arrangements

As of September 30, 2011, our Company did not have any off-balance sheet arrangements.

Related Party Transactions

We lease 1,515 net rentable square feet of space at our 12100 Sunrise Valley property to an affiliate of the Carlyle Group. The lease commenced on July 1, 2008 and expires on June 30, 2013. Rental revenue was less than $0.1 million and less than $0.1 million for the three months ended September 30, 2011 and 2010, respectively, and $0.2 million and $0.1 million for the nine months ended September 30, 2011 and 2010, respectively.

Funds From Operations

We consider funds from operations (“FFO”) to be 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, 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. The following table is a reconciliation of our net income (loss) to FFO:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2011	2010	2011	2010
Net income (loss)	$ 263	$ (5,106)	$ (11,241)	$ (5,070)
Real estate depreciation and amortization	15,738	4,852	52,366	11,747
FFO	$ 16,001	$ (254)	$ 41,125	$ 6,677

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Our actual results may differ from these estimates. We have provided a summary of our significant accounting policies in Note 2 to our consolidated financial statements included elsewhere in this report. We describe below those accounting policies that require material subjective or complex judgments and that have the most significant impact on our financial condition and results of operations. Our management evaluates these estimates on an ongoing basis, based upon information currently available and on various assumptions management believes are reasonable as of the date of this prospectus.

Acquisition of Real Estate. We apply purchase accounting to the assets and liabilities related to all of our real estate investments acquired. Accordingly, we are required to make subjective assessments to allocate the purchase price paid to the acquired tangible assets, consisting primarily of land, building and improvements, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases and lease origination costs. These allocation assessments involve significant judgment and complex calculations and have a direct impact on our results of operations.

Capitalization of Costs. We capitalize direct and indirect costs related to leasing, construction, redevelopment and development, including property taxes, insurance and financing costs relating to properties under development. We cease cost capitalization on redevelopment and development space once the space is ready for its intended use and held available for occupancy. All renovations and betterments that extend the economic useful lives of assets are capitalized.

Useful Lives of Assets. We are required to make subjective assessments as to the useful lives of our properties for purposes of determining the amount of depreciation to record on an annual basis with respect to our investments in real estate. These assessments have a direct impact on our net income. Buildings are depreciated on a straight-line basis over 27 to 40 years. Additionally we depreciate building improvements over ten years for owned properties and the remaining term of the original lease for leased properties. Leasehold improvements are depreciated over the shorter of the lease term or useful life of the asset.

Impairment of Long-Lived Assets. We review the carrying value of our properties for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is recognized when estimated expected future cash flows (undiscounted and without interest charges) from an asset are less than the carrying amount of the asset. The estimation of expected future net cash flows is inherently uncertain and relies to a considerable extent on assumptions regarding current and future economic and market conditions and the availability of capital. If, in future periods, there are changes in the estimates or assumptions incorporated into an impairment review analysis, these changes could result in an adjustment to the carrying amount of our assets. To the extent that an impairment has occurred, the excess of the carrying amount of the property over its estimated fair value would be charged to income. No such impairment losses have been recognized to date.

Goodwill. The excess of the cost of an acquired business over the net of the amounts assigned to assets acquired (including identified intangible assets) and liabilities assumed is recorded as goodwill. The Company’s goodwill has an indeterminate life and is not amortized, but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the asset might be impaired.

Revenue Recognition. Rental income is recognized on a straight-line basis over the non-cancellable term of customer leases. The excess of rents recognized over amounts contractually due pursuant to the underlying leases are recorded as deferred rent receivable on our balance sheets. Many of our leases contain provisions under which our customers reimburse us for a portion of direct operating expenses, including power, as well as real estate taxes and insurance. Such reimbursements are recognized in the period that the expenses are recognized. We recognize the amortization of the acquired above-market and below-market leases as decreases and increases, respectively, to rental revenue over the remaining non-cancellable term of the underlying leases. If the value of below-market leases includes renewal option periods, we include such renewal periods in the amortization period utilized.

Interconnection and utility services are considered separate earnings processes that are typically provided and completed on a month-to-month basis and revenue is recognized in the period that the services are performed. Set-up charges and utility installation fees are initially deferred and recognized over the term of the arrangement or the expected period of performance unless management determines a separate earnings process exists related to an installation charge.

We must make subjective estimates as to when our revenue is earned and the collectability of our accounts receivable related to rent, deferred rent, expense reimbursements and other income. We analyze individual accounts receivable and historical bad debts, customer concentrations, customer creditworthiness and current economic trends when evaluating the adequacy of the allowance for bad debts. These estimates have a direct impact on our net income because a higher bad debt allowance would result in lower net income and recognizing rental revenue as earned in one period versus another would result in higher or lower net income for a particular period.

Share-Based Awards. We generally recognize compensation expense related to share-based awards on a straight-line basis over the vesting period of the award. The calculation of the fair value of share-based awards is subjective and requires several assumptions over such items as expected stock volatility, dividend payments and interest rates. These assumptions have a direct impact on our net income because a higher share-based awards amount would result in lower net income for a particular period.

Recent Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-08, Intangibles—Goodwill and Other (Topic 350): Testing Goodwill for Impairment. ASU 2011-08 permits an entity to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is determined through the qualitative assessment that a reporting unit's fair value is more likely than not greater than its carrying value, the remaining impairment steps would be unnecessary. The new standard is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company adopted the provisions of this standard effective September 30, 2011. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In June 2011, the FASB issued ASU 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income, which amends current comprehensive income guidance. This accounting update eliminates the option to present the components of other comprehensive income as part of the statement of stockholders' equity. Instead, the Company must report comprehensive income in either a single continuous statement of comprehensive income which contains two sections, net income and other comprehensive income, or in two separate but consecutive statements. This new guidance is effective for fiscal years and interim periods beginning after December 15, 2011. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

Distribution Policy

In order to comply with the REIT requirements of the Code, we are generally required to make annual distributions to our shareholders of at least 90% of our taxable net income. Our common share distribution policy is to distribute a percentage of our cash flow that ensures that we will meet the distribution requirements of the Code and that allows us to maximize the cash retained to meet other cash needs, such as capital improvements and other investment activities.

We have made distributions every quarter since our IPO. While we plan to continue to make quarterly distributions, no assurances can be made as to the frequency or amounts of any future distributions. The payment of common share distributions is dependent upon our financial condition, operating results and REIT distribution requirements and may be adjusted at the discretion of the Board during the year.

Inflation

Substantially all of our leases contain annual rent increases. As a result, we believe that we are largely insulated from the effects of inflation. However, any increases in the costs of redevelopment or development of our properties will generally result in a higher cost of the property, which will result in increased cash requirements to develop our properties and increased depreciation expense in future periods, and, in some circumstances, we may not be able to directly pass along the increase in these development costs to our customers in the form of higher rents.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevalent market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. The primary market risk to which we believe we are exposed is interest rate risk. Many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors that are beyond our control contribute to interest rate risk.

As of September 30, 2011, we had $110.5 million of consolidated indebtedness that bore interest at variable rates. $25.0 million and $25.0 million of our consolidated indebtedness is hedged against LIBOR interest rate increases above 7.24% and 2.0%, respectively. In addition, we entered into a swap agreement that effectively fixed the interest rate on $60.0 million of consolidated indebtedness under our 55 S. Market mortgage at 4.01% through the maturity date of such indebtedness.

We monitor our market risk exposures using a sensitivity analysis. Our sensitivity analysis estimates the exposure to market risk sensitive instruments assuming a hypothetical 1% change in year-end interest rates. If interest rates were to increase by 1%, the increase in interest expense on our variable rate debt (excluding the $60.0 million of consolidated indebtedness under our 55 S. Market mortgage that is hedged through our interest rate swap) would decrease future earnings and cash flows by less than $0.5 million annually. If interest rates were to decrease 1%, the decrease in interest expense (excluding the $60.0 million of consolidated indebtedness under our 55 S. Market mortgage that is hedged through our interest rate swap) on the variable rate debt would be less than $0.5 million annually. Interest risk amounts were determined by considering the impact of hypothetical interest rates on our financial instruments.

These analyses do not consider the effect of any change in overall economic activity that could occur in that environment. Further, in the event of a change of that magnitude, we may take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, these analyses assume no changes in our financial structure.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and regulations and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of September 30, 2011, the end of the period covered by this Quarterly Report, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, regarding the effectiveness of our disclosure controls and procedures at the end of the period covered by this Quarterly Report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded, as of that time, that our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in reports filed or submitted under the Exchange Act (i) is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15(d)-15(f) under the Exchange Act) that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

As previously disclosed, the Company is involved in litigation in Colorado District Court in Denver with Ari Brumer, the former general counsel of its affiliate CoreSite, LLC, arising out of the termination of Mr. Brumer's employment. The allegations made by Mr. Brumer against the Company in his complaint and the allegations by the Company against him in its counterclaims have also been previously reported. The Company continues to believe that this litigation will not have a material adverse effect on its business, financial position or liquidity.

One of our former customers, Add2Net, Inc., brought an action against us in April of 2009 before the American Arbitration Association in California asserting claims of breach of contract, unfair business practices, negligent misrepresentation and fraudulent inducement. Add2Net alleges that it has suffered damages of approximately $3.5 million, consisting of license and service fees paid to us, loss of business income and equipment damage, and seeks attorney's fees and punitive damages. We have counterclaimed for breach of contract and bad faith dealing on account of $1.25 million in unpaid license and service fees, plus attorney's fees. We believe that we have valid defenses to Add2Net's claims and that our claims for unpaid license and service fees are valid and justified. We intend to vigorously defend the claims against us and pursue the counterclaims for our unpaid license and service fees.

Because the arbitration is still in the discovery stage, the cost of the litigation and its ultimate resolution are not estimable at this time. Based on the information currently available, however, we do not believe that it will have a material adverse effect on our business, financial position or liquidity.

In the ordinary course of our business, we are subject to claims for negligence and other claims and administrative proceedings, none of which we believe are material or would be expected to have, individually or in the aggregate, a material adverse effect on our business, financial condition or results of operations.

ITEM 1.A RISK FACTORS

There have been no material changes to the risk factors included in the section entitled "Risk Factors" beginning on page 14 of our Annual Report on Form 10-K, filed with the SEC on March 11, 2011 pursuant to Section 15(d) of the Exchange Act, which is accessible on the SEC's website at www.sec.gov.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

On September 22, 2010, our registration statement on Form S-11 (File No. 333-166810), relating to our initial public offering, was declared effective by the SEC. We intend to use the remainder of the net proceeds from the offering to redevelop and develop additional data center space and for general corporate purposes. During the quarter ended September 30, 2011, we did not issue or sell any shares of our common stock or other equity securities pursuant to unregistered transactions in reliance upon any exception from registration requirements of the Securities Act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. Reserved

ITEM 5. Other Information

On September 28, 2011, we filed a resale registration statement on Form S-3 with the United States Securities and Exchange Commission, or SEC. This registration statement relates to the possible issuance of up to 26,165,000 shares of our common stock in exchange for units representing common limited partnership interests ("partnership units") in our Operating Partnership, upon any redemption by one or more of the selling stockholders named in the prospectus that forms a part of the registration statement (the "prospectus"), and, following any such issuance, the possible resale by such selling stockholders from time to time of some or all of such shares so issued.

The 26,165,000 units that may be redeemed were issued to the selling stockholders, certain real estate funds affiliated with The Carlyle Group, as part of the restructuring transactions that were effected on September 28, 2010 in connection with our initial public offering. We registered the resale of the applicable shares of our common stock to provide the selling stockholders with freely tradable securities pursuant to our contractual obligations under a registration rights agreement entered into with the selling stockholders concurrently with the consummation of our initial public offering.

At September 28, 2011, as the sole general partner of our Operating Partnership, we owned approximately 43% of the total outstanding partnership units. DBD Investors V, L.L.C. and TCG Holdings, L.L.C., the selling stockholders named in the prospectus, beneficially owned 25,275,389 and 889,611 partnership units, respectively, or collectively approximately 57% of the total outstanding partnership units.

The registration of the resale by the selling stockholders of the shares of common stock covered by the prospectus does not necessarily mean that any of the holders of partnership units will redeem their units, that upon any such redemption we will elect, in our discretion, to exchange some or all of the partnership units for shares of common stock in lieu of cash or that any shares of common stock received in exchange for partnership units will be resold by the selling stockholders.

On September 28, 2011, we also filed with the SEC a registration statement using a "shelf" registration process. Under this process, we may sell debt securities, common stock, preferred stock, depository shares, warrants, rights and units in one or more offerings up to a total dollar amount of $800,000,000. The prospectus that forms a part of the registration statement provides a general description of the securities we may offer. At such time we offer securities, if at all, we will provide a prospectus supplement containing specific information about the terms of the applicable offering.

Registration Statements relating to these securities have been filed with the SEC. The information contained in this Quarterly Report shall not constitute an offer to sell or a solicitation of an offer to buy these securities.

ITEM 6. Exhibits

Exhibit No.	Description
3.1	Articles of Amendment and Restatement of CoreSite Realty Corporation.(1)
3.2	Amended and Restated Bylaws of CoreSite Realty.(1)
10.1	Limited Partnership Agreement of CoreSite, L.P.(3)
10.2	Form of 2010 Equity Incentive Plan.(1)*
10.3	Form of 2010 Equity Incentive Plan Restricted Stock Unit Award Agreement.(1)*
10.4	Form of 2010 Equity Incentive Plan Stock Option Agreement.(1)*
10.5	Form of 2010 Equity Incentive Plan Restricted Stock Agreement.(1)*
10.6	Form of 2010 Equity Incentive Plan Restricted Stock Agreement for Non-Employee Directors.(1)*
10.7	Employment Agreement between CoreSite Realty Corporation and Thomas M. Ray.(1)*
10.8	Employment Agreement between CoreSite Realty Corporation and Jeffrey S. Finnin.(4)*
10.9	Employment Agreement between CoreSite Realty Corporation and Derek McCandless.(5)*
10.10	Form of Indemnification Agreement for directors and officers of CoreSite Realty Corporation.(1)*
10.11	Registration Rights Agreement.(3)
10.12	Tax Protection Agreement.(3)
10.13	Contribution Agreement.(3)
10.14	Lease Agreement between Hines REIT One Wilshire Services, Inc. and CRG West One Wilshire, L.L.C., dated as of August 1, 2007.(1)
10.15	Lease Agreement between Hines REIT One Wilshire, LP and CRG West One Wilshire, L.L.C., dated as of August 1, 2007.(1)

Exhibit No.	Description
10.16	First Amendment to Lease between Hines REIT One Wilshire, LP and CRG West One Wilshire, L.L.C., dated as of May 1, 2008.(1)
10.17	Form of Restricted Stock Agreement.(1)*
10.18	Form of Restricted Unit Agreement.(1)*
10.19	Form of Management Rights Agreement.(1)*
10.20	CoreSite Realty Corporation and CoreSite, L.P. Senior Management Severance and Change in Control Program.(1)*
10.21	CoreSite Realty Corporation Non-Employee Director Compensation Policy.(1)*
10.22	Credit Agreement among CoreSite, L.P., as parent borrower, CoreSite Real Estate 70 Innerbelt, L.L.C., CoreSite Real Estate 900 N. Alameda, L.L.C., CoreSite Real Estate 2901 Coronado, L.L.C. and CoreSite Real Estate 1656 McCarthy, L.L.C., as subsidiary borrowers, Keybank National Association, the other lenders party thereto and other lenders that may become parties thereto, Keybank National Association, as agent, and Keybanc Capital Markets and RBC Capital Markets Corporation, as joint lead arrangers and joint book managers, dated as of September 28, 2010.(3)
10.23	Form of Restricted Stock Agreement.(3)*
31.1	Certification of Principal Executive Officer Pursuant To Section 302 Of The Sarbanes—Oxley Act Of 2002.
31.2	Certification of Principal Financial Officer Pursuant To Section 302 Of The Sarbanes—Oxley Act Of 2002.
32.1	Certifications of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Represents management contract or compensatory plan or agreement.

(1) Incorporated by reference to our Registration Statement (Amendment No. 7) on Form S-11 (Registration No. 333-166810) filed on September 22, 2010.

(2) Incorporated by reference to our Post-Effective Amendment to the company's Registration Statement on Form S-11 (Registration No. 333-166810) filed on September 22, 2010.

(3) Incorporated by reference to our Current Report on Form 8-K filed on October 1, 2010.

(4) Incorporated by reference to our Current Report on Form 8-K filed January 6, 2011.

(5) Incorporated by reference to our Current Report on Form 8-K filed February 11, 2011.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CORESITE REALTY CORPORATION

Date: November 4, 2011

By: /s/ Thomas M. Ray
Thomas M. Ray
President and Chief Executive Officer
(Principal Executive Officer)

Table of Contents

Exhibit Index

Exhibit No.	Description
3.1	Articles of Amendment and Restatement of CoreSite Realty Corporation.(1)
3.2	Amended and Restated Bylaws of CoreSite Realty Corporation.(1)
4.1	Specimen certificate representing the Common Stock of CoreSite Realty Corporation.(2)
10.1	Limited Partnership Agreement of CoreSite, L.P.(3)
10.2	Form of 2010 Equity Incentive Plan.(1)*
10.3	Form of 2010 Equity Incentive Plan Restricted Stock Unit Award Agreement.(1)*
10.4	Form of 2010 Equity Incentive Plan Stock Option Agreement.(1)*
10.5	Form of 2010 Equity Incentive Plan Restricted Stock Agreement.(1)*
10.6	Form of 2010 Equity Incentive Plan Restricted Stock Agreement for Non-Employee Directors.(1)*
10.7	Employment Agreement between CoreSite Realty Corporation and Thomas M. Ray.(1)*
10.8	Employment Agreement between CoreSite Realty Corporation and Jeffrey S. Finnin.(4)*
10.9	Employment Agreement between CoreSite Realty Corporation and Derek McCandless.(5)*
10.10	Form of Indemnification Agreement for directors and officers of CoreSite Realty Corporation.(1)*
10.11	Registration Rights Agreement.(3)
10.12	Tax Protection Agreement.(3)
10.13	Contribution Agreement.(3)
10.14	Lease Agreement between Hines REIT One Wilshire Services, Inc. and CRG West One Wilshire, L.L.C., dated as of August 1, 2007.(1)
10.15	Lease Agreement between Hines REIT One Wilshire, LP and CRG West One Wilshire, L.L.C., dated as of August 1, 2007.(1)
10.16	First Amendment to Lease between Hines REIT One Wilshire, LP and CRG West One Wilshire, L.L.C., dated as of May 1, 2008.(1)
10.17	Form of Restricted Stock Agreement.(1)*
10.18	Form of Restricted Unit Agreement.(1)*
10.19	Form of Management Rights Agreement.(1)*
10.20	CoreSite Realty Corporation and CoreSite, L.P. Senior Management Severance and Change in Control Program.(1)*
10.21	CoreSite Realty Corporation Non-Employee Director Compensation Policy.(1)*
10.22	Credit Agreement among CoreSite, L.P., as parent borrower, CoreSite Real Estate 70 Innerbelt, L.L.C., CoreSite Real Estate 900 N. Alameda, L.L.C., CoreSite Real Estate 2901 Coronado, L.L.C. and CoreSite Real Estate 1656 McCarthy, L.L.C., as subsidiary borrowers, Keybank National Association, the other lenders party thereto and other lenders that may become parties thereto, Keybank National Association, as agent, and Keybanc Capital Markets and RBC Capital Markets Corporation, as joint lead arrangers and joint book managers, dated as of September 28, 2010.(3)
10.23	Form of Restricted Stock Agreement.(3)*
31.1	Certification of Principal Executive Officer Pursuant To Section 302 Of The Sarbanes—Oxley Act Of 2002.
31.2	Certification of Principal Financial Officer Pursuant To Section 302 Of The Sarbanes—Oxley Act Of 2002.
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Represents management contract or compensatory plan or agreement.

(1) Incorporated by reference to our Registration Statement (Amendment No. 7) on Form S-11 (Registration No. 333-166810) filed on September 22, 2010.

(2) Incorporated by reference to our Post-Effective Amendment to the company's Registration Statement on Form S-11 (Registration No. 333-166810) filed on September 22, 2010.

(3) Incorporated by reference to our Current Report on Form 8-K filed on October 1, 2010.

(4) Incorporated by reference to our Current Report on Form 8-K filed January 6, 2011.

(5) Incorporated by reference to our Current Report on Form 8-K filed February 11, 2011. Incorporated by reference to our Annual Report on Form 8-K filed February 11, 2011.

Exhibit 31.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Thomas M. Ray, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CoreSite Realty Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2011

By: /s/ Thomas M. Ray
Name: Thomas M. Ray
Title: Chief Executive Officer

Exhibit 31.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Jeffrey S. Finnin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CoreSite Realty Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2011

By: /s/ Jeffrey S. Finnin
Name: Jeffrey S. Finnin
Title: Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of CoreSite Realty Corporation (the "Company") hereby certifies, to such officer's knowledge, that:

(i) The accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2011 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2011

By: /s/ Thomas M. Ray
Name: Thomas M. Ray
Title: Chief Executive Officer

The foregoing certification is being furnished solely to accompany the Quarterly Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of CoreSite Realty Corporation (the "Company") hereby certifies, to such officer's knowledge, that:

(i) The accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2011 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2011

By: /s/ Jeffrey S. Finnin
Name: Jeffrey S. Finnin
Title: Chief Financial Officer

The foregoing certification is being furnished solely to accompany the Quarterly Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.