
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 30, 2020

CoreSite Realty Corporation

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

001-34877
(Commission
File Number)

27-1925611
(IRS Employer
Identification No.)

1001 17th Street, Suite 500
Denver, CO
(Address of principal executive offices)

80202
(Zip Code)

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

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value per share	COR	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 2 — Financial Information

Item 2.02 Results of Operations and Financial Condition.

On July 30, 2020, CoreSite Realty Corporation ("CoreSite") issued a press release reporting financial results and operating information for the quarter ended June 30, 2020. In addition, CoreSite made available on its website supplemental operating and financial data for the same period. The text of the press release and the supplemental information package are furnished herewith as Exhibits 99.1 and 99.2, respectively.

The information in this report, including Exhibits 99.1 and 99.2 attached hereto, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Section 9 — Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) The following exhibits are furnished with this Current Report on Form 8-K.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated July 30, 2020.
99.2	Quarter Ended June 30, 2020, Earnings Release and Supplemental Information, dated July 30, 2020.
101.INS	XBRL Instance – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

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

CORESITE REALTY CORPORATION

Date: July 30, 2020

By: /s/ Jeffrey S. Finnin

Name: **Jeffrey S. Finnin**

Title: **Chief Financial Officer**

By: /s/ Mark R. Jones

Name: **Mark R. Jones**

Title: **Chief Accounting Officer**

CoreSite Reports Second Quarter 2020 Financial Results

-- Completed Construction of CH2 Phase 1, Comprised of 55,000 NRSF --

-- Completed the 52,000 NRSF Expansion at SV8 Phase 3 --

-- Increased Liquidity with \$150 Million of Senior Notes --

DENVER, CO – July 30, 2020 – CoreSite Realty Corporation (NYSE:COR) (“the Company”), a premier provider of secure, reliable, high-performance data center, cloud and interconnection solutions across the U.S., today announced financial results for the second quarter ended June 30, 2020.

Q2 2020 Quarterly Highlights

- **Key Financial Results –**

- Grew operating revenues to \$150.5 million, an increase of 5.3% year over year and 2.2% sequentially
- Delivered net income of \$0.52 per common diluted share, a decrease of \$0.01 year over year and an increase of \$0.04 sequentially
- Generated Funds From Operations (“FFO”) of \$1.35 per diluted share and unit, an increase of \$0.08, or 6.3% year over year and \$0.06 sequentially, or 4.7%
- We declared a dividend of \$1.22 per share for the second quarter, which was paid on July 15th

- **Lease Commencements –**

- Commenced 121 new and expansion leases for 45,271 net rentable square feet (“NRSF”), representing \$7.9 million of annualized GAAP rent, for an average rate of \$175 per square foot

- **Leasing Activity –**

- Signed 112 new and expansion leases for 22,191 NRSF and \$3.5 million of annualized GAAP rent, for an average rate of \$156 per square foot
- Renewed 333 leases for 174,926 NRSF and \$25.0 million of annualized GAAP rent, for an average rate of \$143 per square foot, reflecting a reduction of 1.5% in cash rent and an increase of 5.5% in GAAP rent, and 1.0% churn

Q2 2020 Notable Events

- **Delivered new data center capacity of approximately 107,000 NRSF**

- Completed Phase 1 of our new CH2 building, comprised of 55,000 NRSF, and
- Placed into service our data center expansion at SV8 Phase 3, comprised of 52,000 NRSF

- **Increased Liquidity with Financing and Funding**

- On May 6th, executed a \$150 million financing and received proceeds of \$100 million, and
- On July 14th, received the remaining proceeds of \$50 million
- All proceeds were used to repay outstanding amounts on our revolving credit facility

“We successfully completed and placed into service Phase 1 of our new CH2 data center, the first purpose-built, enterprise-class data center in downtown Chicago, and our third and final phase of our SV8 development providing over 100,000 NRSF of sellable capacity in two of our top markets,” said Paul Szurek, CoreSite’s President and Chief Executive Officer. “During these uncertain times, the strategic nature of our diverse, network-and-cloud-dense campuses, and the interoperability of our diverse customer ecosystem continue to meet the essential needs of our customers.”

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Sales Activity

CoreSite achieved new and expansion sales of \$3.5 million of annualized GAAP rent for the quarter.

“We believe we are well positioned to continue to take advantage of our available capacity more effectively in the marketplace,” said Steve Smith, CoreSite’s Chief Revenue Officer. “Although sales cycles are longer in this economic environment, we continue translating our new capacity into increased sales opportunities as we grow with new and existing customers moving to or expanding high-performance, hybrid-cloud footprints and increasing their data storage and compute in our major metropolitan markets.”

Development Activity

CoreSite continues to execute on its property development pipeline.

• Completed Construction

During the second quarter, the Company completed and placed into service CH2 Phase 1 comprised of approximately 55,000 NRSF and SV8 Phase 3 comprised of approximately 52,000 NRSF.

• Construction in Progress

As of June 30, 2020, CoreSite had a total of approximately 51,000 NRSF and an incremental 10 megawatts of turn-key data center capacity under construction, as detailed below.

<u>Market</u>	<u>Building</u>	<u>NRSF</u>	<u>Estimated Completion</u>	<u>Costs Incurred To-Date (in millions)</u>	<u>Estimated Total Costs (in millions)</u>	<u>Percent Leased</u>	<u>Power (MW)</u>
Under Construction:							
Data center expansion							
New York - NY2 Power ⁽¹⁾	NY2, Phase 3	—	Q3 2020	\$ 29.5	\$ 38.8	— %	4.0
New development							
Los Angeles	LA3, Phase 1	51,376	Q4 2020	94.5	134.0	73.8	6.0
Total under construction		<u>51,376</u>		<u>\$ 124.0</u>	<u>\$ 172.8</u>	<u>73.8</u> %	<u>10.0</u>

(1) In order to meet customer demand and deploy capital efficiently, the NY2 Phase 3 development project was separated into two projects, including (1) a 34,589 NRSF computer room, which was placed into service in Q1 2020, which is being supported with existing building power infrastructure, and (2) a 4MW power infrastructure project expected to be completed in Q3 2020, which will ultimately support the 34,589 NRSF computer room as we lease the space and customers utilize the power and future computer rooms.

CoreSite’s ongoing data center development and operational position includes –

- the ability to increase its occupied footprint of Tier 1, purpose-built data centers, both owned or leased, by approximately 2.1 million NRSF, or about 91.5%, including space unoccupied, under construction, pre-construction or held for development, and
- owning (versus leasing) 92.4% of its current and developable 4.3 million data center NRSF, supporting operational control, expansion and long-term expense management

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Balance Sheet and Liquidity

The Company's balance sheet remains strong, with a ratio of net principal debt to second quarter annualized adjusted EBITDA of 5.0 times. As of the end of the second quarter, CoreSite had \$397.6 million of current liquidity, including \$2.7 million of cash, \$344.9 million of available capacity on its revolving credit facility, and the \$50 million of senior notes funded subsequent to quarter end. The Company's liquidity provides the ability to fund our business plan well beyond our remaining committed construction costs of \$65.6 million related to our 2020 capital investment plans.

Financing

On May 6th, the Company executed a note purchase agreement to issue a 7-year \$150 million unsecured private placement of senior notes, at an interest rate of 3.75%. We received \$100 million of proceeds at closing and the remaining \$50 million of proceeds was funded on July 14th. CoreSite used the proceeds to repay outstanding amounts on its revolving credit facility and for general working capital. The Company ended the quarter with 6% of variable debt and 94% fixed debt.

2020 Guidance

CoreSite is increasing its 2020 Guidance related to net income attributable to common diluted shares from its previous range of \$1.74 to \$1.84 per share to its new guidance range of \$1.81 to \$1.91 per share. In addition, CoreSite's 2020 FFO per share guidance has been increased from its previous range of \$5.10 to \$5.20 per share to its new guidance range of \$5.15 to \$5.25 per share. The increase of \$0.05 per share at the midpoint, or approximately 1%, is largely driven by interest expense savings resulting from its financing activities earlier this year and lower rates expected through the rest of this year. Other than the changes noted, CoreSite's 2020 guidance and guidance drivers remain unchanged. CoreSite's full 2020 guidance can be found in the Company's second quarter 2020 Supplemental Earnings Information on page 23.

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Upcoming Conferences and Events

CoreSite's management will participate virtually in the Cowen Communications Infrastructure Summit on August 11th and the KeyBanc Future of Technology Series on August 12th.

Conference Call Details

CoreSite will host its second quarter 2020 earnings call on Thursday, July 30, 2020, at 12:00 p.m. (Eastern Time). The call will be accessible by dialing 1-877-407-3982 (domestic) or 1-201-493-6780 (international).

A replay will be available after the call until August 6, 2020, and can be accessed dialing 1-844-512-2921 (domestic) or 1-412-317-6671 (international). The passcode for the replay is 13705744.

The quarterly conference call also will be offered as a simultaneous webcast, accessible by visiting [CoreSite.com](https://www.CoreSite.com) and clicking on the "Investors" link. An on-line replay will be available for a limited time immediately following the call.

Concurrently with issuing its financial results, the Company will post its second quarter 2020 Supplemental Information on its website at [CoreSite.com](https://www.CoreSite.com), under the "Investors" link.

About CoreSite

CoreSite Realty Corporation (NYSE:COR) delivers secure, reliable, high-performance data center, cloud and interconnection solutions to a growing customer ecosystem across eight key North American markets. More than 1,350 of the world's leading enterprises, network operators, cloud providers, and supporting service providers choose CoreSite to connect, protect and optimize their performance-sensitive data, applications and computing workloads. Our scalable, flexible solutions and 450+ dedicated employees consistently deliver unmatched data center options — all of which leads to a best-in-class customer experience and lasting relationships. For more information, visit www.CoreSite.com.

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Forward Looking Statements

This earnings release and accompanying supplemental information may contain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “pro forma,” “estimates” or “anticipates” or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and contingencies, many of which are beyond CoreSite’s control that may cause actual results to differ significantly from those expressed in any forward-looking statement. These risks include, without limitation: the geographic concentration of the Company’s data centers in certain markets and any adverse developments in local economic conditions or the level of supply of or demand for data center space in these markets; fluctuations in interest rates and increased operating costs; difficulties in identifying properties to acquire and completing acquisitions; significant industry competition, including indirect competition from cloud service providers; failure to obtain necessary outside financing; the ability to service existing debt; the failure to qualify or maintain its status as a REIT; financial market fluctuations; changes in real estate and zoning laws and increases in real property tax rates; the effects on our business operations, demand for our services and general economic conditions resulting from the spread of the novel coronavirus (“COVID-19”) in our markets, as well as orders, directives and legislative action by local, state and federal governments in response to such spread of COVID-19; and other factors affecting the real estate industry generally. All forward-looking statements reflect the Company’s good faith beliefs, assumptions and expectations, but they are not guarantees of future performance. Furthermore, the Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes. For a further discussion of these and other factors that could cause the Company’s future results to differ materially from any forward-looking statements, see the section entitled “Risk Factors” in its most recent annual report on Form 10-K, and other risks described in documents subsequently filed by the Company from time to time with the Securities and Exchange Commission.

Use of Funds From Operations (“FFO”)

FFO is a supplemental measure of CoreSite’s 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. The Company calculates FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts (“Nareit”). FFO represents net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales of property and undepreciated land and impairment write-downs of depreciable real estate, plus real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures.

CoreSite’s management uses FFO as a supplemental performance measure because, by 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.

CoreSite offers this measure because it recognizes that investors use FFO as a basis to compare its operating performance with that of other REITs. However, the utility of FFO as a measure of the Company’s performance is limited because FFO excludes depreciation and amortization and captures neither the changes in the value of its 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 its properties, all of which have real

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economic effect and could materially impact the Company's financial condition and results from operations. 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 the Company's cash needs, including its ability to pay dividends or make distributions. In addition, CoreSite's 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 the Company. Investors in CoreSite's securities should not rely on these measures as a substitute for any GAAP measure, including net income.

Use of Earnings Before Interest, Taxes, Depreciation and Amortization for Real Estate ("EBITDAre")

EBITDAre is calculated in accordance with the standards established by the National Association of Real Estate Investment Trusts ("Nareit"). EBITDAre is defined as earnings before interest, taxes, depreciation and amortization, gains or losses from the sale of depreciated property, and impairment of depreciated property. CoreSite calculates adjusted EBITDA by adding its non-cash compensation expense, transaction costs from unsuccessful deals and business combinations and litigation expense to EBITDAre as well as adjusting for the impact of other impairment charges, gains or losses from sales of undepreciated land and gains or losses on early extinguishment of debt. Management uses EBITDAre and adjusted EBITDA as indicators of the Company's ability to incur and service debt. In addition, CoreSite considers EBITDAre and adjusted EBITDA to be appropriate supplemental measures of its performance because they eliminate depreciation and interest, which permits investors to view income from operations without the impact of non-cash depreciation or the cost of debt. However, because EBITDAre and adjusted EBITDA are calculated before recurring cash charges including interest expense and taxes, and are not adjusted for capital expenditures or other recurring cash requirements of the Company's business, their utilization as a cash flow measurement is limited.

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Consolidated Balance Sheets
(in thousands, except per share data)

	June 30, 2020	December 31, 2019
Assets:		
Investments in real estate:		
Land	\$ 100,432	\$ 94,593
Buildings and improvements	2,140,529	1,989,731
	<u>2,240,961</u>	<u>2,084,324</u>
Less: Accumulated depreciation and amortization	(792,281)	(720,498)
Net investment in operating properties	1,448,680	1,363,826
Construction in progress	381,145	394,474
Net investments in real estate	<u>1,829,825</u>	<u>1,758,300</u>
Operating lease right-of-use assets, net	171,576	172,976
Cash and cash equivalents	2,686	3,048
Accounts and other receivables, net	22,059	21,008
Lease intangibles, net	3,275	3,939
Goodwill	40,646	40,646
Other assets, net	98,823	101,082
Total assets	<u>\$ 2,168,890</u>	<u>\$ 2,100,999</u>
Liabilities and equity:		
Liabilities		
Debt, net	\$ 1,615,241	\$ 1,478,402
Operating lease liabilities	186,636	187,443
Accounts payable and accrued expenses	116,580	123,304
Accrued dividends and distributions	62,227	62,332
Acquired below-market lease contracts, net	2,412	2,511
Unearned revenue, prepaid rent and other liabilities	54,212	33,119
Total liabilities	<u>2,037,308</u>	<u>1,887,111</u>
Stockholders' equity		
Common stock, par value \$0.01	420	373
Additional paid-in capital	545,814	512,324
Accumulated other comprehensive loss	(23,840)	(6,026)
Distributions in excess of net income	(408,021)	(348,509)
Total stockholders' equity	<u>114,373</u>	<u>158,162</u>
Noncontrolling interests	17,209	55,726
Total equity	<u>131,582</u>	<u>213,888</u>
Total liabilities and equity	<u>\$ 2,168,890</u>	<u>\$ 2,100,999</u>

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Consolidated Statements of Operations
(in thousands, except per share data)

	Three Months Ended			Six Months Ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Operating revenues:					
Data center revenue: ⁽¹⁾					
Rental, power, and related revenue	\$ 127,108	\$ 124,505	\$ 121,083	\$ 251,613	\$ 238,936
Interconnection revenue	20,897	20,085	18,776	40,982	37,192
Total data center revenue	148,005	144,590	139,859	292,595	276,128
Office, light-industrial and other revenue	2,538	2,772	3,047	5,310	5,673
Total operating revenues	150,543	147,362	142,906	297,905	281,801
Operating expenses:					
Property operating and maintenance	41,037	40,183	38,067	81,220	76,177
Real estate taxes and insurance	5,599	6,190	5,988	11,789	12,184
Depreciation and amortization	41,779	40,991	36,996	82,770	72,642
Sales and marketing	5,837	6,144	5,784	11,981	11,436
General and administrative	11,603	11,267	12,282	22,870	22,452
Rent	8,995	8,399	7,733	17,394	15,421
Total operating expenses	114,850	113,174	106,850	228,024	210,312
Operating income	35,693	34,188	36,056	69,881	71,489
Interest expense	(10,586)	(11,183)	(10,311)	(21,769)	(19,809)
Income before income taxes	25,107	23,005	25,745	48,112	51,680
Income tax expense	(19)	(17)	(2)	(36)	(32)
Net income	25,088	22,988	25,743	48,076	51,648
Net income attributable to noncontrolling interests	4,417	5,140	6,208	9,557	12,452
Net income attributable to common shares	\$ 20,671	\$ 17,848	\$ 19,535	\$ 38,519	\$ 39,196
Net income per share attributable to common shares:					
Basic	\$ 0.52	\$ 0.48	\$ 0.54	\$ 1.00	\$ 1.08
Diluted	\$ 0.52	\$ 0.48	\$ 0.53	\$ 0.99	\$ 1.07
Weighted average common shares outstanding:					
Basic	39,873	37,336	36,463	38,605	36,406
Diluted	39,993	37,504	36,619	38,759	36,581

(1) Below is a breakout of our contractual data center rental, power, and tenant reimbursements and other revenue:

	Three Months Ended			Six Months Ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Rental revenue	\$ 81,612	\$ 80,886	\$ 76,529	\$ 162,498	\$ 151,460
Power revenue	41,902	41,278	41,316	83,180	81,818
Tenant reimbursement and other	3,594	2,341	3,238	5,935	5,658
Rental, power, and related revenue	\$ 127,108	\$ 124,505	\$ 121,083	\$ 251,613	\$ 238,936

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Reconciliations of Net Income to FFO
(in thousands, except per share data)

	Three Months Ended			Six Months Ended	
	June 30, 2020	March, 31 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net income	\$ 25,088	\$ 22,988	\$ 25,743	\$ 48,076	\$ 51,648
Real estate depreciation and amortization	40,162	39,415	35,573	79,577	69,760
FFO available to common shareholders and OP unit holders	\$ 65,250	\$ 62,403	\$ 61,316	\$ 127,653	\$ 121,408
Weighted average common shares outstanding - diluted	39,993	37,504	36,619	38,759	36,581
Weighted average OP units outstanding - diluted	8,377	10,796	11,599	9,586	11,600
Total weighted average shares and units outstanding - diluted	48,370	48,300	48,218	48,345	48,181
FFO per common share and OP unit - diluted	\$ 1.35	\$ 1.29	\$ 1.27	\$ 2.64	\$ 2.52

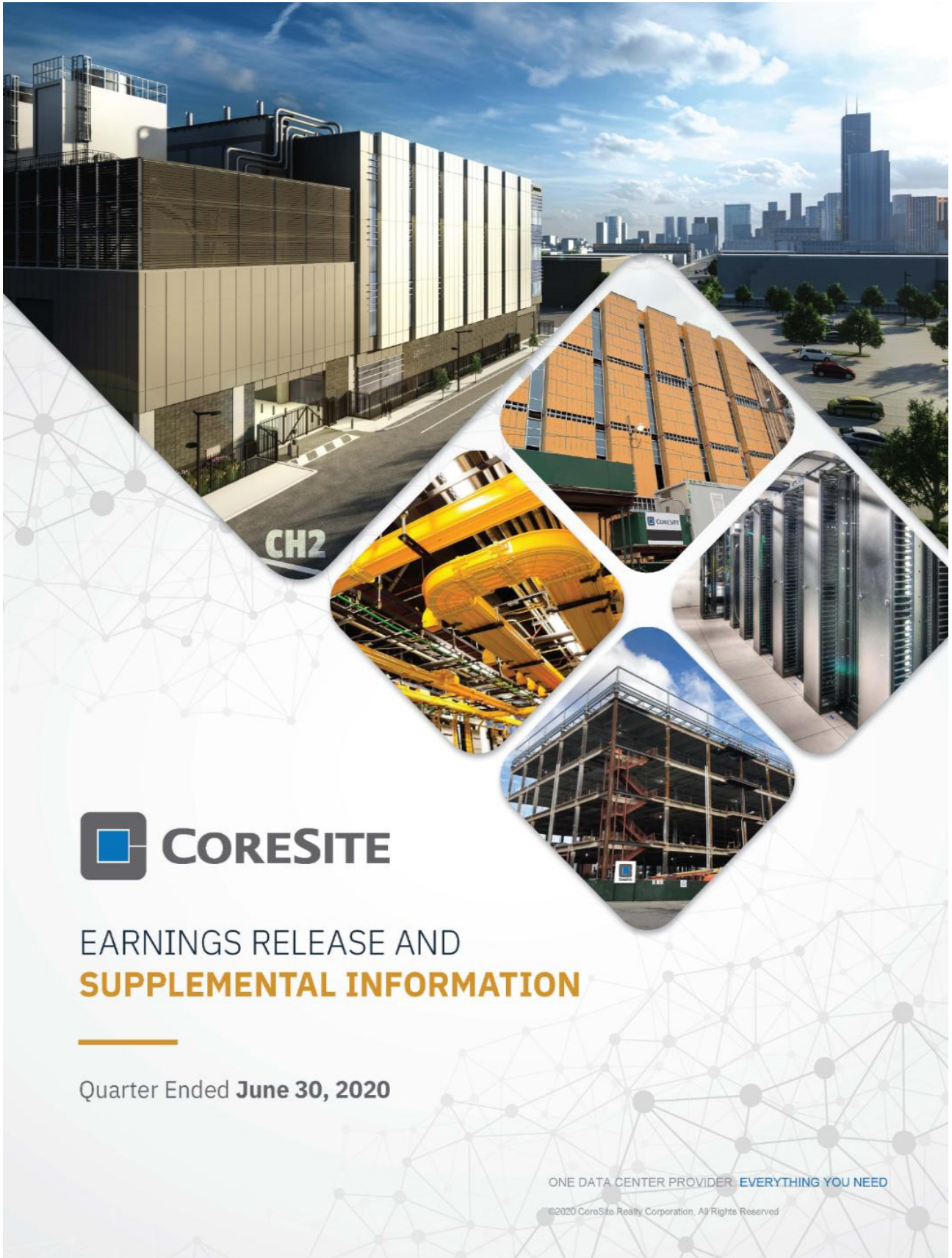
Reconciliations of Net Income to EBITDAre and Adjusted EBITDA:
(in thousands)

	Three Months Ended			Six Months Ended	
	June 30, 2020	March, 31 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net income	\$ 25,088	\$ 22,988	\$ 25,743	\$ 48,076	\$ 51,648
Adjustments:					
Interest expense	10,586	11,183	10,311	21,769	19,809
Income taxes	19	17	2	36	32
Depreciation and amortization	41,779	40,991	36,996	82,770	72,642
EBITDAre	\$ 77,472	\$ 75,179	\$ 73,052	\$ 152,651	\$ 144,131
Non-cash compensation	4,172	3,482	3,617	7,654	7,049
Adjusted EBITDA	\$ 81,644	\$ 78,661	\$ 76,669	\$ 160,305	\$ 151,180

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EARNINGS RELEASE AND
SUPPLEMENTAL INFORMATION

Quarter Ended **June 30, 2020**

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CoreSite Reports Second Quarter 2020 Financial Results

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- Increased Liquidity with \$150 Million of Senior Notes --

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 - Delivered net income of \$0.52 per common diluted share, a decrease of \$0.01 year over year and an increase of \$0.04 sequentially
 - Generated Funds From Operations (“FFO”) of \$1.35 per diluted share and unit, an increase of \$0.08, or 6.3% year over year and \$0.06 sequentially, or 4.7%
 - We declared a dividend of \$1.22 per share for the second quarter, which was paid on July 15th
- **Lease Commencements –**
 - Commenced 121 new and expansion leases for 45,271 net rentable square feet (“NRSF”), representing \$7.9 million of annualized GAAP rent, for an average rate of \$175 per square foot
- **Leasing Activity –**
 - Signed 112 new and expansion leases for 22,191 NRSF and \$3.5 million of annualized GAAP rent, for an average rate of \$156 per square foot
 - Renewed 333 leases for 174,926 NRSF and \$25.0 million of annualized GAAP rent, for an average rate of \$143 per square foot, reflecting a reduction of 1.5% in cash rent and an increase of 5.5% in GAAP rent, and 1.0% churn

Q2 2020 Notable Events

- **Delivered new data center capacity of approximately 107,000 NRSF**
 - Completed Phase 1 of our new CH2 building, comprised of 55,000 NRSF, and
 - Placed into service our data center expansion at SV8 Phase 3, comprised of 52,000 NRSF
- **Increased Liquidity with Financing and Funding**
 - On May 6th, executed a \$150 million financing and received proceeds of \$100 million, and
 - On July 14th, received the remaining proceeds of \$50 million
 - All proceeds were used to repay outstanding amounts on our revolving credit facility

“We successfully completed and placed into service Phase 1 of our new CH2 data center, the first purpose-built, enterprise-class data center in downtown Chicago, and our third and final phase of our SV8 development providing over 100,000 NRSF of sellable capacity in two of our top markets,” said Paul Szurek, CoreSite’s President and Chief Executive Officer. “During these uncertain times, the strategic nature of our diverse, network-and-cloud-dense campuses, and the interoperability of our diverse customer ecosystem continue to meet the essential needs of our customers.”

Quarter Ended June 30, 2020

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Quarter Ended June 30, 2020

Sales Activity

CoreSite achieved new and expansion sales of \$3.5 million of annualized GAAP rent for the quarter.

“We believe we are well positioned to continue to take advantage of our available capacity more effectively in the marketplace,” said Steve Smith, CoreSite’s Chief Revenue Officer. “Although sales cycles are longer in this economic environment, we continue translating our new capacity into increased sales opportunities as we grow with new and existing customers moving to or expanding high-performance, hybrid-cloud footprints and increasing their data storage and compute in our major metropolitan markets.”

Development Activity

CoreSite continues to execute on its property development pipeline.

- **Completed Construction**

During the second quarter, the Company completed and placed into service CH2 Phase 1 comprised of approximately 55,000 NRSF and SV8 Phase 3 comprised of approximately 52,000 NRSF.

- **Construction in Progress**

As of June 30, 2020, CoreSite had a total of approximately 51,000 NRSF and an incremental 10 megawatts of turn-key data center capacity under construction, as detailed below.

<u>Market</u>	<u>Building</u>	<u>NRSF</u>	<u>Estimated Completion</u>	<u>Costs Incurred To-Date (in millions)</u>	<u>Estimated Total Costs (in millions)</u>	<u>Percent Leased</u>	<u>Power (MW)</u>
Under Construction:							
Data center expansion							
New York - NY2 Power ⁽¹⁾	NY2, Phase 3	—	Q3 2020	\$ 29.5	\$ 38.8	— %	4.0
New development							
Los Angeles	LA3, Phase 1	51,376	Q4 2020	94.5	134.0	73.8	6.0
Total under construction		51,376		\$ 124.0	\$ 172.8	73.8 %	10.0

(1) In order to meet customer demand and deploy capital efficiently, the NY2 Phase 3 development project was separated into two projects, including (1) a 34,589 NRSF computer room, which was placed into service in Q1 2020, which is being supported with existing building power infrastructure, and (2) a 4MW power infrastructure project expected to be completed in Q3 2020, which will ultimately support the 34,589 NRSF computer room as we lease the space and customers utilize the power and future computer rooms.

CoreSite’s ongoing data center development and operational position includes –

- the ability to increase its occupied footprint of Tier 1, purpose-built data centers, both owned or leased, by approximately 2.1 million NRSF, or about 91.5%, including space unoccupied, under construction, pre-construction or held for development, and
- owning (versus leasing) 92.4% of its current and developable 4.3 million data center NRSF, supporting operational control, expansion and long-term expense management

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Balance Sheet and Liquidity

The Company's balance sheet remains strong, with a ratio of net principal debt to second quarter annualized adjusted EBITDA of 5.0 times. As of the end of the second quarter, CoreSite had \$397.6 million of current liquidity, including \$2.7 million of cash, \$344.9 million of available capacity on its revolving credit facility, and the \$50 million of senior notes funded subsequent to quarter end. The Company's liquidity provides the ability to fund our business plan well beyond our remaining committed construction costs of \$65.6 million related to our 2020 capital investment plans.

Financing

On May 6th, the Company executed a note purchase agreement to issue a 7-year \$150 million unsecured private placement of senior notes, at an interest rate of 3.75%. We received \$100 million of proceeds at closing and the remaining \$50 million of proceeds was funded on July 14th. CoreSite used the proceeds to repay outstanding amounts on its revolving credit facility and for general working capital. The Company ended the quarter with 6% of variable debt and 94% fixed debt.

2020 Guidance

CoreSite is increasing its 2020 Guidance related to net income attributable to common diluted shares from its previous range of \$1.74 to \$1.84 per share to its new guidance range of \$1.81 to \$1.91 per share. In addition, CoreSite's 2020 FFO per share guidance has been increased from its previous range of \$5.10 to \$5.20 per share to its new guidance range of \$5.15 to \$5.25 per share. The increase of \$0.05 per share at the midpoint, or approximately 1%, is largely driven by interest expense savings resulting from its financing activities earlier this year and lower rates expected through the rest of this year. Other than the changes noted, CoreSite's 2020 guidance and guidance drivers remain unchanged. CoreSite's full 2020 guidance can be found in the Company's second quarter 2020 Supplemental Earnings Information on page 23.

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Upcoming Conferences and Events

CoreSite’s management will participate virtually in the Cowen Communications Infrastructure Summit on August 11th and the KeyBanc Future of Technology Series on August 12th.

Conference Call Details

CoreSite will host its second quarter 2020 earnings call on Thursday, July 30, 2020, at 12:00 p.m. (Eastern Time). The call will be accessible by dialing 1-877-407-3982 (domestic) or 1-201-493-6780 (international).

A replay will be available after the call until August 6, 2020, and can be accessed dialing 1-844-512-2921 (domestic) or 1-412-317-6671 (international). The passcode for the replay is 13705744.

The quarterly conference call also will be offered as a simultaneous webcast, accessible by visiting [CoreSite.com](#) and clicking on the “Investors” link. An on-line replay will be available for a limited time immediately following the call.

Concurrently with issuing its financial results, the Company will post its second quarter 2020 Supplemental Information on its website at [CoreSite.com](#), under the “Investors” link.

About CoreSite

CoreSite Realty Corporation (NYSE:COR) delivers secure, reliable, high-performance data center, cloud and interconnection solutions to a growing customer ecosystem across eight key North American markets. More than 1,350 of the world’s leading enterprises, network operators, cloud providers, and supporting service providers choose CoreSite to connect, protect and optimize their performance-sensitive data, applications and computing workloads. Our scalable, flexible solutions and 450+ dedicated employees consistently deliver unmatched data center options — all of which leads to a best-in-class customer experience and lasting relationships. For more information, visit [www.CoreSite.com](#).

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Forward Looking Statements

This earnings release and accompanying supplemental information may contain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “pro forma,” “estimates” or “anticipates” or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and contingencies, many of which are beyond CoreSite’s control that may cause actual results to differ significantly from those expressed in any forward-looking statement. These risks include, without limitation: the geographic concentration of the Company’s data centers in certain markets and any adverse developments in local economic conditions or the level of supply of or demand for data center space in these markets; fluctuations in interest rates and increased operating costs; difficulties in identifying properties to acquire and completing acquisitions; significant industry competition, including indirect competition from cloud service providers; failure to obtain necessary outside financing; the ability to service existing debt; the failure to qualify or maintain its status as a REIT; financial market fluctuations; changes in real estate and zoning laws and increases in real property tax rates; the effects on our business operations, demand for our services and general economic conditions resulting from the spread of the novel coronavirus (“COVID-19”) in our markets, as well as orders, directives and legislative action by local, state and federal governments in response to such spread of COVID-19; and other factors affecting the real estate industry generally. All forward-looking statements reflect the Company’s good faith beliefs, assumptions and expectations, but they are not guarantees of future performance. Furthermore, the Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes. For a further discussion of these and other factors that could cause the Company’s future results to differ materially from any forward-looking statements, see the section entitled “Risk Factors” in its most recent annual report on Form 10-K, and other risks described in documents subsequently filed by the Company from time to time with the Securities and Exchange Commission.

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Company Profile

Low-latency, secure and reliable access to Amazon, Microsoft, Google, Alibaba Cloud, Oracle and IBM from eight key North American Markets.



ONE DATA CENTER PROVIDER. EVERYTHING YOU NEED.

CONNECTIVITY TO NETWORKS AND CLOUDS

Connecting to cloud and network providers within the same data center campus can save thousands of dollars a month in networking and data egress fees while reducing latency

- Optionality to connect to 775+ cloud, IT and network service providers as business needs evolve
- 28,000+ interconnections
- Peering and cloud exchanges
- The CoreSite Interconnect GatewaySM allows customers to rapidly optimize application performance with a 100% managed solution
- CoreSite's Inter-Site Connectivity allows SDN connectivity between its markets, enabling access to its national ecosystem

THE BEST CUSTOMER EXPERIENCE

450+ team dedicated to ensuring optimal data center performance and meeting the needs of our 1,350+ customers at all times of day

- Consistent customer satisfaction demonstrated by customer expansion and retention
- Dedicated move-in and service representatives, and in-house 24/7 data center operations personnel
- 100% uptime Service Level Agreement with a minimum of six-nines portfolio uptime goal
- Prepared to support and respond to our customers, employees, and communities during the COVID-19 pandemic
- Direct access through our customer portal to provision new space, power, cross-connects, and monitor temperature, humidity, and power draw

HIGH GROWTH, HIGH-DENSITY SOLUTIONS

Cloud connectivity is important, and so is the ability for a data center campus to grow as business evolves

- The ability to cost-effectively scale from a single cabinet to a large-scale deployment
- Data center campuses that connect our buildings via short-run dark fiber to a network/cloud dense campus ecosystem
- Flexible and high-density solutions

LOW LATENCY, EDGE MARKETS, GLOBAL REACH

The closer a business is to end users, the easier it is to provide a high quality experience

- 24 operating data centers in eight major metros that provide access to 75% of US businesses within 5 milliseconds
- National footprint with international cloud and data center partnerships for multi-market requirements
- Subsea cables for international reach

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Summary of Financial Data

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

Summary of Results	For the period of			Growth %	Growth %	YTD 2020	YTD 2019	Growth %
	Q2 2020	Q1 2020	Q2 2019	Q/Q	Y/Y			Y/Y
GAAP Financial Measures								
Operating revenues	\$ 150,543	\$ 147,362	\$ 142,906	2.2 %	5.3 %	\$ 297,905	\$ 281,801	5.7 %
Net income	25,088	22,988	25,743	9.1	(2.5)	48,076	51,648	(6.9)
Net income attributable to common shares	20,671	17,848	19,535	15.8	5.8	38,519	39,196	(1.7)
Net income per share attributable to common shares - diluted	\$ 0.52	\$ 0.48	\$ 0.53	8.3	(1.9)	\$ 0.99	\$ 1.07	(7.5)
REIT Financial Measures⁽¹⁾								
Funds from operations (FFO) to shares and units	\$ 65,250	\$ 62,403	\$ 61,316	4.6 %	6.4 %	\$ 127,653	\$ 121,408	5.1 %
Adjusted funds from operations (AFFO)	65,291	60,110	63,303	8.6	3.1	125,401	123,954	1.2
EBITDAre	77,472	75,179	73,052	3.1	6.1	152,651	144,131	5.9
Adjusted EBITDA	81,644	78,661	76,669	3.8	6.5	160,305	151,180	6.0
FFO per common share and OP unit - diluted	\$ 1.35	\$ 1.29	\$ 1.27	4.7	6.3	\$ 2.64	\$ 2.52	4.8
Other Financial Ratios								
EBITDAre Margin	51.5 %	51.0 %	51.1 %	50 bps	40 bps	51.2 %	51.1 %	10 bps
Adjusted EBITDA Margin	54.2 %	53.4 %	53.6 %	80 bps	60 bps	53.8 %	53.6 %	20 bps

	As of				
	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Dividend Activity					
Dividends declared per share and OP unit	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22
TTM FFO payout ratio	93.9 %	95.2 %	93.7 %	92.1 %	88.8 %
TTM AFFO payout ratio	95.2 %	95.9 %	93.2 %	91.2 %	88.6 %
Operating Portfolio Statistics					
Operating data center properties	24	23	23	23	22
Stabilized data center NRSF	2,516,411	2,482,660	2,406,512	2,335,962	2,277,668
Stabilized data center NRSF occupied	2,226,153	2,183,751	2,179,854	2,110,574	2,078,752
Stabilized data center % occupied	88.5 %	88.0 %	90.6 %	90.4 %	91.3 %
Turn-Key Data Center ("TKD") Same-Store Statistics					
MRR per cabinet equivalent ⁽²⁾	\$ 1,596	\$ 1,602	\$ 1,597	\$ 1,580	\$ 1,562
TKD NRSF % occupied	84.6 %	83.4 %	83.6 %	83.3 %	84.4 %
Market Capitalization & Net Principal Debt					
Total enterprise value	\$ 7,514,871	\$ 7,218,678	\$ 6,919,211	\$ 7,287,403	\$ 6,895,883
Total net principal debt outstanding	\$ 1,621,314	\$ 1,577,193	\$ 1,484,452	\$ 1,382,547	\$ 1,314,414
Net Principal Debt to:					
Annualized adjusted EBITDA	5.0 x	5.0 x	4.7 x	4.4 x	4.3 x
Annualized adjusted EBITDA, including backlog ⁽³⁾	4.8 x	4.7 x	4.5 x	4.1 x	3.9 x
Enterprise value	21.6 %	21.8 %	21.5 %	19.0 %	19.1 %

(1) See reconciliations of non-GAAP measures on page 12 and a discussion of the non-GAAP disclosures in the Appendix.

(2) MRR per Cabinet Equivalent Billed for Q4 2019 and Q1 2020 has been corrected since the amounts reported in Q1 2020.

(3) Backlog is the annualized rent for data center leases that were signed, but have not yet commenced during the quarter. Backlog for the quarter ended June 30, 2020, was \$13.3 million on a GAAP basis and \$18.5 million on a cash basis.

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Consolidated Balance Sheets

(in thousands, except per share data)

	June 30, 2020	December 31, 2019
Assets:		
Investments in real estate:		
Land	\$ 100,432	\$ 94,593
Buildings and improvements	2,140,529	1,989,731
	<u>2,240,961</u>	<u>2,084,324</u>
Less: Accumulated depreciation and amortization	(792,281)	(720,498)
Net investment in operating properties	1,448,680	1,363,826
Construction in progress	381,145	394,474
Net investments in real estate	<u>1,829,825</u>	<u>1,758,300</u>
Operating lease right-of-use assets, net	171,576	172,976
Cash and cash equivalents	2,686	3,048
Accounts and other receivables, net	22,059	21,008
Lease intangibles, net	3,275	3,939
Goodwill	40,646	40,646
Other assets, net	98,823	101,082
Total assets	<u>\$ 2,168,890</u>	<u>\$ 2,100,999</u>
Liabilities and equity:		
Liabilities		
Debt, net	\$ 1,615,241	\$ 1,478,402
Operating lease liabilities	186,636	187,443
Accounts payable and accrued expenses	116,580	123,304
Accrued dividends and distributions	62,227	62,332
Acquired below-market lease contracts, net	2,412	2,511
Unearned revenue, prepaid rent and other liabilities	54,212	33,119
Total liabilities	<u>2,037,308</u>	<u>1,887,111</u>
Stockholders' equity		
Common stock, par value \$0.01	420	373
Additional paid-in capital	545,814	512,324
Accumulated other comprehensive loss	(23,840)	(6,026)
Distributions in excess of net income	(408,021)	(348,509)
Total stockholders' equity	<u>114,373</u>	<u>158,162</u>
Noncontrolling interests	17,209	55,726
Total equity	<u>131,582</u>	<u>213,888</u>
Total liabilities and equity	<u>\$ 2,168,890</u>	<u>\$ 2,100,999</u>

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Consolidated Statements of Operations

(in thousands, except per share data)

	Three Months Ended			Six Months Ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Operating revenues:					
Data center revenue: ⁽¹⁾					
Rental, power, and related revenue	\$ 127,108	\$ 124,505	\$ 121,083	\$ 251,613	\$ 238,936
Interconnection revenue	20,897	20,085	18,776	40,982	37,192
Total data center revenue	148,005	144,590	139,859	292,595	276,128
Office, light-industrial and other revenue	2,538	2,772	3,047	5,310	5,673
Total operating revenues	150,543	147,362	142,906	297,905	281,801
Operating expenses:					
Property operating and maintenance	41,037	40,183	38,067	81,220	76,177
Real estate taxes and insurance	5,599	6,190	5,988	11,789	12,184
Depreciation and amortization	41,779	40,991	36,996	82,770	72,642
Sales and marketing	5,837	6,144	5,784	11,981	11,436
General and administrative	11,603	11,267	12,282	22,870	22,452
Rent	8,995	8,399	7,733	17,394	15,421
Total operating expenses	114,850	113,174	106,850	228,024	210,312
Operating income	35,693	34,188	36,056	69,881	71,489
Interest expense	(10,586)	(11,183)	(10,311)	(21,769)	(19,809)
Income before income taxes	25,107	23,005	25,745	48,112	51,680
Income tax expense	(19)	(17)	(2)	(36)	(32)
Net income	25,088	22,988	25,743	48,076	51,648
Net income attributable to noncontrolling interests	4,417	5,140	6,208	9,557	12,452
Net income attributable to common shares	\$ 20,671	\$ 17,848	\$ 19,535	\$ 38,519	\$ 39,196
Net income per share attributable to common shares:					
Basic	\$ 0.52	\$ 0.48	\$ 0.54	\$ 1.00	\$ 1.08
Diluted	\$ 0.52	\$ 0.48	\$ 0.53	\$ 0.99	\$ 1.07
Weighted average common shares outstanding:					
Basic	39,873	37,336	36,463	38,605	36,406
Diluted	39,993	37,504	36,619	38,759	36,581

(1) Below is a breakout of our contractual data center rental, power, and tenant reimbursements and other revenue:

	Three Months Ended			Six Months Ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Rental revenue	\$ 81,612	\$ 80,886	\$ 76,529	\$ 162,498	\$ 151,460
Power revenue	41,902	41,278	41,316	83,180	81,818
Tenant reimbursement and other	3,594	2,341	3,238	5,935	5,658
Rental, power, and related revenue	\$ 127,108	\$ 124,505	\$ 121,083	\$ 251,613	\$ 238,936

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Reconciliations of Net Income to FFO, AFFO, EBITDAre and Adjusted EBITDA

(in thousands, except per share data)

Reconciliation of Net Income to FFO

	Three Months Ended			Six Months Ended	
	June 30, 2020	March, 31 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net income	\$ 25,088	\$ 22,988	\$ 25,743	\$ 48,076	\$ 51,648
Real estate depreciation and amortization	40,162	39,415	35,573	79,577	69,760
FFO available to common shareholders and OP unit holders	\$ 65,250	\$ 62,403	\$ 61,316	\$ 127,653	\$ 121,408
Weighted average common shares outstanding - diluted	39,993	37,504	36,619	38,759	36,581
Weighted average OP units outstanding - diluted	8,377	10,796	11,599	9,586	11,600
Total weighted average shares and units outstanding - diluted	48,370	48,300	48,218	48,345	48,181
FFO per common share and OP unit - diluted	\$ 1.35	\$ 1.29	\$ 1.27	\$ 2.64	\$ 2.52

Reconciliation of FFO to AFFO

	Three Months Ended			Six Months Ended	
	June 30, 2020	March, 31 2020	June 30, 2019	June 30, 2020	June 30, 2019
FFO available to common shareholders and unit holders	\$ 65,250	\$ 62,403	\$ 61,316	\$ 127,653	\$ 121,408
Adjustments:					
Amortization of deferred financing costs and hedge amortization	1,043	1,029	856	2,072	1,467
Non-cash compensation	4,172	3,482	3,617	7,654	7,049
Non-real estate depreciation	1,617	1,576	1,423	3,193	2,882
Straight-line rent adjustment	(165)	(419)	1,710	(584)	2,960
Amortization of above and below market leases	(34)	(34)	(86)	(68)	(172)
Recurring capital expenditures ⁽¹⁾	(1,550)	(1,418)	672	(2,968)	(1,571)
Tenant improvements	(2,172)	(966)	(997)	(3,138)	(2,093)
Capitalized leasing costs	(2,870)	(5,543)	(5,208)	(8,413)	(7,976)
AFFO available to common shareholders and OP unit holders	\$ 65,291	\$ 60,110	\$ 63,303	\$ 125,401	\$ 123,954

(1) Recurring capital expenditures for the three and six months ended June 30, 2019, included, and therefore, was reduced due to a \$1.7 million energy efficiency rebate received from the power utility related to the replacement of our chiller plant at LA2.

Reconciliation of Net Income to EBITDAre and Adjusted EBITDA

	Three Months Ended			Six Months Ended	
	June 30, 2020	March, 31 2020	June 30, 2019	June 30, 2020	June 30, 2019
Net income	\$ 25,088	\$ 22,988	\$ 25,743	\$ 48,076	\$ 51,648
Adjustments:					
Interest expense	10,586	11,183	10,311	21,769	19,809
Income taxes	19	17	2	36	32
Depreciation and amortization	41,779	40,991	36,996	82,770	72,642
EBITDAre	\$ 77,472	\$ 75,179	\$ 73,052	\$ 152,651	\$ 144,131
Non-cash compensation	4,172	3,482	3,617	7,654	7,049
Adjusted EBITDA	\$ 81,644	\$ 78,661	\$ 76,669	\$ 160,305	\$ 151,180

For additional discussion of these non-GAAP measures, see the Appendix starting on page 24.

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Operating Properties

Market / Facilities	Data Center Operating Properties									
	Annualized Rent (\$000) ⁽¹⁾	Stabilized		Pre-Stabilized		Total		NRSF Under Construction	Held for Development NRSF	Total NRSF
		Total NRSF	Percent Occupied ⁽²⁾	Total NRSF	Percent Occupied ⁽²⁾	NRSF	Percent Occupied ⁽²⁾			
San Francisco Bay										
SV1	\$ 6,251	88,251	77.2 %	—	— %	88,251	77.2 %	—	—	88,251
SV2	3,664	76,676	49.8	—	—	76,676	49.8	—	—	76,676
Santa Clara campus (SV3 - SV9)	96,955	723,181	97.4	52,201	—	775,382	90.8	—	240,000	1,015,382
San Francisco Bay Total	106,870	888,108	91.3	52,201	—	940,309	86.2	—	240,000	1,180,309
Los Angeles										
One Wilshire campus										
LA1*	31,254	145,776	92.0	17,238	33.2	163,014	85.8	—	10,352	173,366
LA2	54,540	424,890	88.7	—	—	424,890	88.7	—	—	424,890
LA3	—	—	—	—	—	—	—	51,376	108,776	160,152
LA4*	1,026	21,850	74.6	—	—	21,850	74.6	—	—	21,850
Los Angeles Total	86,820	592,516	89.0	17,238	33.2	609,754	87.4	51,376	119,128	780,258
Northern Virginia										
VA1	23,642	201,719	81.9	—	—	201,719	81.9	—	—	201,719
VA2	23,020	188,446	99.7	—	—	188,446	99.7	—	—	188,446
VA3	5,736	79,171	95.1	51,233	22.7	130,404	66.7	—	395,997	526,401
DC1*	3,063	22,137	74.9	—	—	22,137	74.9	—	—	22,137
DC2*	2,306	9,810	100.0	14,753	7.8	24,563	44.6	—	—	24,563
Reston Campus Expansion ⁽³⁾	—	—	—	—	—	—	—	—	413,745	413,745
Northern Virginia Total	57,767	501,283	90.7	65,986	19.4	567,269	82.4	—	809,742	1,377,011
New York										
NY1*	6,448	48,404	99.1	—	—	48,404	99.1	—	—	48,404
NY2	17,182	119,863	86.9	34,589	—	154,452	67.4	—	81,799	236,251
New York Total	23,630	168,267	90.4	34,589	—	202,856	75.0	—	81,799	284,655
Boston										
BO1	15,767	122,730	75.8	19,961	—	142,691	65.2	—	110,985	253,676
Boston Total	15,767	122,730	75.8	19,961	—	142,691	65.2	—	110,985	253,676
Chicago										
CH1	15,196	178,407	81.0	—	—	178,407	81.0	—	—	178,407
CH2	37	—	—	54,798	0.4	54,798	0.4	—	112,368	167,166
Chicago Total	15,233	178,407	81.0	54,798	0.4	233,205	62.1	—	112,368	345,573
Denver										
DE1*	4,578	29,784	65.1	—	—	29,784	65.1	—	—	29,784
DE2*	489	5,140	74.0	—	—	5,140	74.0	—	—	5,140
Denver Total	5,067	34,924	66.4	—	—	34,924	66.4	—	—	34,924
Miami										
M11	1,690	30,176	68.7	—	—	30,176	68.7	—	13,154	43,330
Miami Total	1,690	30,176	68.7	—	—	30,176	68.7	—	13,154	43,330
Total Data Center Facilities	\$ 312,844	2,516,411	88.5 %	244,773	7.6 %	2,761,184	81.3 %	51,376	1,487,176	4,299,736
Office & Light-Industrial	8,626	368,946	76.9	—	—	368,946	76.9	—	—	368,946
Reston Office & Light-Industrial ⁽³⁾	970	65,586	100.0	—	—	65,586	100.0	—	(65,586)	—
Total Portfolio	\$ 322,440	2,950,943	87.3 %	244,773	7.6 %	3,195,716	81.2 %	51,376	1,421,590	4,668,682

* Indicates properties in which we hold a leasehold interest.

- (1) On a gross basis, our total portfolio annualized rent was approximately \$328.1 million as of June 30, 2020, which includes \$5.7 million in operating expense reimbursements under modified gross and triple-net leases.
- (2) Includes customer leases that have commenced as of June 30, 2020. If all leases signed during the current and prior periods had commenced, the percent occupied would have been as follows:

Percent Leased	Stabilized	Pre-Stabilized	Total
Total Data Center Facilities	89.0 %	13.6 %	82.3 %
Total Portfolio	87.6 %	13.6 %	82.1 %

- (3) Included within our Reston Campus Expansion held for development space is 65,586 NRSF which is currently operating as office and light-industrial space.

See Appendix for definitions.

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Leasing Statistics

Data Center Leasing Activity								
	Leasing Activity Period	Number of Leases ⁽¹⁾	GAAP Annualized Rent (\$000)	Total Leased NRSF	GAAP Annualized Rent per Leased NRSF	Cash Rental Churn Rate	Cash Rent Growth	GAAP Rent Growth
New / expansion leases commenced	YTD 2020	233	\$ 17,603	90,593	\$ 194			
	Q2 2020	121	7,925	45,271	175			
	Q1 2020	112	9,678	45,322	214			
	Q4 2019	130	16,613	86,187	193			
	Q3 2019	130	15,660	78,244	200			
	Q2 2019	140	10,248 ⁽²⁾	65,193	176 ⁽²⁾			
New / expansion leases signed	YTD 2020	229	\$ 15,477	81,545	\$ 190			
	Q2 2020	112	3,471	22,191	156			
	Q1 2020	117	12,006	59,354	202			
	Q4 2019	129	6,642	30,770	216			
	Q3 2019	122	14,424	73,144	197			
	Q2 2019	135	27,291	142,824	191			
Renewal leases signed	YTD 2020	613	\$ 42,295	295,869	\$ 143	4.3 %	(0.3)%	6.2 %
	Q2 2020	333	24,961	174,926	143	1.0	(1.5)	5.5
	Q1 2020	280	17,334	120,943	143	3.3	1.4	7.2
	Q4 2019	323	21,921	151,057	145	2.9	(0.8)	0.1
	Q3 2019	299	20,365	123,445	165	3.1	(2.2)	4.2
	Q2 2019	328	24,102	121,809	198	2.4	2.6	7.4

(1) Number of leases represents each agreement with a customer; a lease agreement could include multiple spaces and a customer could have multiple leases.

(2) During Q2 2019, a customer's lease for reserved expansion space commenced. The contractual reservation payment was included in a prior quarter's GAAP annualized rent. As such, it is excluded from the Q2 GAAP annualized rent; however, the rent per leased NRSF includes the reservation payment.

New / Expansion Leases Signed by Deployment Size by Period					
	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
GAAP Annualized Rent (\$000)					
Core Retail Colocation					
< 1,000 NRSF	\$ 1,846	\$ 2,040	\$ 2,532	\$ 2,509	\$ 2,943
1,000 - 5,000 NRSF	1,625	6,374	4,110	2,064	2,376
Total Core Retail Colocation	\$ 3,471	\$ 8,414	\$ 6,642	\$ 4,573	\$ 5,319
Scale Colocation					
> 5,000 NRSF	—	3,592	—	9,851	21,972
Total GAAP Annualized Rent	\$ 3,471	\$ 12,006	\$ 6,642	\$ 14,424	\$ 27,291

MRR per Cabinet Equivalent Billed (TKD Occupied Same-Store)⁽¹⁾



(1) MRR per Cabinet Equivalent Billed for Q4 2019 and Q1 2020 has been corrected since the amounts reported in Q1 2020.

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Leasing Statistics

Lease Distribution (total portfolio, including total data center and office and light-industrial "OLI")

NRSF Under Lease	Number of Leases	Percentage of All Leases	Total Operating NRSF of Leases	Percentage of Total Operating NRSF	Annualized Rent (\$000)	Percentage of Total Annualized Rent
Unoccupied data center	—	—%	516,329	16.1%	\$ —	—%
Unoccupied OLI	—	—	85,260	2.7	—	—
Data center NRSF:						
5,000 or less	2,352	91.4	849,844	26.6	140,491	43.5
5,001 - 10,000	38	1.5	262,530	8.3	40,850	12.7
10,001 - 25,000	18	0.7	274,842	8.6	42,264	13.1
Greater than 25,000	9	0.4	434,914	13.6	72,459	22.5
Powered shell	17	0.7	422,726	13.2	16,780	5.2
OLI	137	5.3	349,271	10.9	9,596	3.0
Portfolio Total	2,571	100.0%	3,195,716	100.0%	\$ 322,440	100.0%

Lease Expirations (total portfolio, including total data center and office and light-industrial "OLI")

Year of Lease Expiration	Number of Leases Expiring ⁽¹⁾	Total Operating NRSF of Expiring Leases	Percentage of Total Operating NRSF	Annualized Rent (\$000)	Percentage of Total Annualized Rent	Annualized Rent Per Leased NRSF	Annualized Rent at Expiration (\$000) ⁽²⁾	Annualized Rent Per Leased NRSF at Expiration
Unoccupied data center	—	516,329	16.1%	\$ —	—%	\$ —	\$ —	\$ —
Unoccupied OLI	—	85,260	2.7	—	—	—	—	—
2020	625	340,859	10.7	54,255	16.8	159	54,571	160
2021	1,104	477,823	14.9	76,312	23.6	160	77,821	163
2022	379	370,823	11.6	54,012	16.8	146	56,511	152
2023	171	277,596	8.7	38,555	12.0	139	43,004	155
2024	89	126,732	4.0	17,227	5.3	136	17,911	141
2025-Thereafter	66	651,023	20.4	72,483	22.5	111	86,399	133
OLI ⁽³⁾	137	349,271	10.9	9,596	3.0	27	10,153	29
Portfolio Total / Weighted Average	2,571	3,195,716	100.0%	\$ 322,440	100.0%	\$ 124	\$ 346,370	\$ 134

- Includes leases that upon expiration will automatically be renewed, primarily on a year-to-year basis. Number of leases represents each agreement with a customer; a lease agreement could include multiple spaces and a customer could have multiple leases.
- Represents the final monthly contractual rent under existing customer leases as of June 30, 2020, multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and excludes power revenue, interconnection revenue and operating expense reimbursement. Leases expiring during 2020 include annualized rent of \$12.0 million associated with lease terms currently on a month-to-month basis.
- The office and light-industrial leases are scheduled to expire as follows:

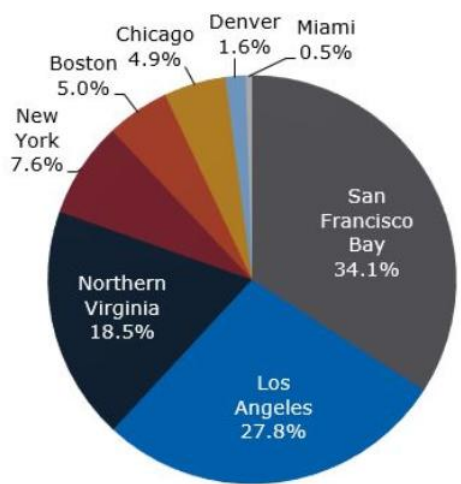
Year	NRSF of Expiring Leases	Annualized Rent (\$000)
2020	27,909	\$ 803
2021	51,173	1,752
2022	62,873	1,300
2023	140,989	3,966
2024	9,190	218
2025 - Thereafter	57,137	1,557
Total OLI	349,271	\$ 9,596

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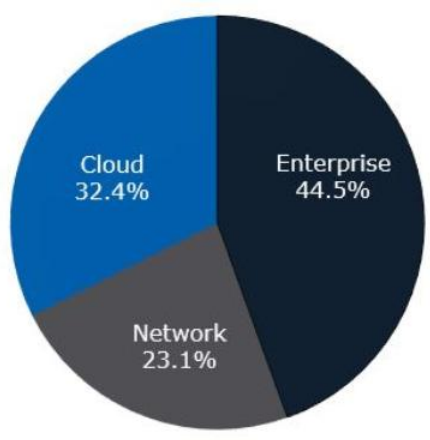
Geographic and Vertical Diversification

Geographical Diversification



<u>Metropolitan Market</u>	<u>Percentage of Total Data Center Annualized Rent</u>
San Francisco Bay	34.1%
Los Angeles	27.8
Northern Virginia	18.5
New York	7.6
Boston	5.0
Chicago	4.9
Denver	1.6
Miami	0.5
Total	100.0%

Vertical Diversification



<u>Vertical</u>	<u>Percentage of Total Data Center Annualized Rent</u>
Enterprise	44.5%
Cloud	32.4
Network	23.1
Total	100.0%

Quarter Ended June 30, 2020

10 Largest Customers

10 Largest Customers (total portfolio, including data center and office and light-industrial "OLI")

CoreSite Vertical	Customer Industry	Number of Locations	Total Occupied NRSF	Percentage of Total Operating NRSF ⁽¹⁾	Annualized Rent (\$000)	Percentage of Total Annualized Rent ⁽²⁾	Weighted Average Remaining Lease Term in Months ⁽³⁾
1	Cloud	10	208,800	6.5 %	\$ 40,931	12.7 %	89
2	Cloud	11	313,578	9.8	18,841	5.8	45
3	Enterprise	7	120,142	3.8	18,053	5.6	32
4	Enterprise ⁽⁴⁾	2	72,286	2.3	15,077	4.7	9
5	Cloud	3	118,691	3.7	13,638	4.2	41
6	Enterprise	3	62,268	1.9	9,088	2.8	16
7	Network	8	39,150	1.2	7,381	2.3	23
8	Network	15	39,021	1.2	5,208	1.6	36
9	Enterprise	5	34,986	1.1	4,632	1.4	3
10	Network	14	21,188	0.7	4,218	1.3	30
Total / Weighted Average			1,030,110	32.2 %	\$ 137,067	42.4 %	47

(1) Represents the customer's total occupied square feet divided by the total operating NRSF in the portfolio as of June 30, 2020.

(2) Represents the customer's total annualized rent divided by the total annualized rent in the portfolio as of June 30, 2020.

(3) Weighted average based on percentage of total annualized rent expiring calculated as of June 30, 2020.

(4) This customer has \$8.3 million of annualized rent expiring in Q4 2020, and \$6.7 million of annualized rent expiring in Q4 2021, which will not be renewed.

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Capital Expenditures and Completed Pre-Stabilized Projects

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

	Capital Expenditures and Repairs and Maintenance				
	June 30, 2020	March 31, 2020	Three Months Ended		
			December 31, 2019	September 30, 2019	June 30, 2019
Data center expansion ⁽¹⁾	\$ 70,187	\$ 66,578	\$ 96,820	\$ 77,325	\$ 106,253
Non-recurring investments ⁽²⁾	996	909	2,106	1,701	1,248
Tenant improvements	2,172	966	1,173	1,001	997
Recurring capital expenditures ⁽³⁾	1,550	1,418	3,468	2,365	(672)
Total capital expenditures	\$ 74,905	\$ 69,871	\$ 103,567	\$ 82,392	\$ 107,826
Repairs and maintenance expense⁽⁴⁾	\$ 3,290	\$ 3,880	\$ 3,634	\$ 3,059	\$ 3,196

- Data center expansion capital expenditures include new data center construction, development projects adding capacity to existing data centers and other revenue generating investments. Data center expansion also includes investment of Deferred Expansion Capital. During the quarter ended June 30, 2019, we incurred \$26 million to acquire SV9.
- Non-recurring investments include upgrades to existing data center or office space and company-wide improvements that are ancillary to revenue generation, such as internal system development for on-premises IT infrastructure and system-wide security upgrades, which have a future economic benefit.
- Recurring capital expenditures include required equipment upgrades within our operating portfolio, which have a future economic benefit. The three months ended June 30, 2019, included and, therefore, was reduced due to a \$1.7 million energy efficiency rebate received from the power utility related to the replacement of our chiller plant at LA2.
- Repairs and maintenance expense is classified within property operating and maintenance expense in the consolidated statements of operations. These expenditures represent recurring maintenance contracts and repairs to operating equipment necessary to maintain current operations.

Completed Pre-Stabilized Projects							
Projects / Facilities	Metropolitan Market	Completion	NRSF	Cost ⁽¹⁾	Cost Per NRSF	Percent Leased ⁽²⁾	Percent Occupied
DC2	Northern Virginia	Q4 2018	14,753	\$ 12,921	\$ 876	7.8 %	7.8 %
LA1	Los Angeles	Q2 2019	17,238	11,635	675	33.2	33.2
VA3 Phase 1B	Northern Virginia	Q2 2019	51,233	53,393	1,042	28.6	22.7
BO1	Boston	Q4 2019	19,961	7,124	357	—	—
NY2 Phase 3	New York	Q1 2020	34,589	16,476	476	3.8	—
CH2 Phase 1	Chicago	Q2 2020	54,798	62,988	1,149	0.7	0.4
SV8 Phase 3	San Francisco Bay	Q2 2020	52,201	61,375	1,176	19.2	—
Total completed pre-stabilized			244,773	\$ 225,912	\$ 923	13.6 %	7.6 %

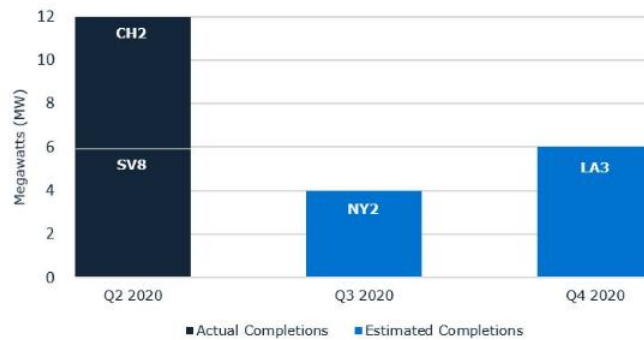
- Cost includes capital expenditures related to the specific project / phase and, for CH2 Phase 1, NY2 Phase 3, SV8 Phase 3, and VA3 Phase 1B projects, also includes allocations of capital expenditures related to land, building shell, and infrastructure that were incurred at the beginning of the overall project.
- Includes customer leases that have been signed as of June 30, 2020, but have not commenced. The percent leased is determined based on leased NRSF as a proportion of total pre-stabilized NRSF.

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Development Summary

Development Completion Timeline

The following chart sets forth the estimated development timeline of megawatts planned to be completed and placed into service in 2020 and the actual megawatts placed into service during Q2 2020:



Development Detail

(in thousands, except NRSF and power data)

Projects/Facilities	Under Construction						Held for Development			Total	
	Estimated Completion	NRSF	Costs		Percent Leased	Power (MW)	Estimated		Estimated		
			Incurred To-Date	Estimated Total			NRSF	Total Cost	Power (MW)	NRSF	Cost
Data center expansion											
BO1	—	—	\$ —	\$ —	— %	—	110,985	\$ 71,200	9.0	110,985	\$ 71,200
CH2											
Phase 2	—	—	—	—	—	—	56,184	40,000	6.0	56,184	40,000
Phase 3	—	—	—	—	—	—	56,184	40,000	6.0	56,184	40,000
LA1	—	—	—	—	—	—	10,352	1,250	0.5	10,352	1,250
MI1	—	—	—	—	—	—	13,154	7,500	1.0	13,154	7,500
NY2											
Phase 3 - Power Infrastructure ⁽¹⁾	Q3 2020	—	29,468	38,824	—	4.0	—	—	—	—	38,824
Phase 4	—	—	—	—	—	—	46,699	14,000	5.0	46,699	14,000
Phase 5	—	—	—	—	—	—	35,100	28,000	4.0	35,100	28,000
VA3											
Phase 1C	—	—	—	—	—	—	49,316	35,000	6.0	49,316	35,000
Phase 1D	—	—	—	—	—	—	34,143	22,000	3.0	34,143	22,000
Phase 1E	—	—	—	—	—	—	23,365	22,000	3.0	23,365	22,000
Phase 2	—	—	—	—	—	—	289,173	200,000	27.0	289,173	200,000
Total data center expansion			\$ 29,468	\$ 38,824	— %	4.0	724,655	\$ 480,950	70.5	724,655	\$ 519,774
New development											
Ground-up construction											
LA3											
Phase 1	Q4 2020	51,376	\$ 94,512	\$ 134,000	73.8 %	6.0	—	—	—	51,376	\$ 134,000
Phase 2	—	—	—	—	—	—	54,388	36,000	6.0	54,388	36,000
Phase 3	—	—	—	—	—	—	54,388	36,000	6.0	54,388	36,000
Reston Campus Expansion											
Future Phases	—	—	—	—	—	—	413,745	550,000	54.0	413,745	550,000
Pre-construction											
SV9	—	—	—	—	—	—	240,000	325,000	30.0	240,000	325,000
Total new development		51,376	\$ 94,512	\$ 134,000	73.8 %	6.0	762,521	\$ 947,000	96.0	813,897	\$ 1,081,000
Total development⁽²⁾⁽³⁾		51,376	\$ 123,980	\$ 172,824	73.8 %	10.0	1,487,176	\$ 1,427,950	166.5	1,538,552	\$ 1,600,774

- In order to meet customer demand and deploy capital efficiently, the NY2 Phase 3 development project was separated into two projects, including (1) a 34,589 NRSF computer room, which was placed into service in Q1 2020 (refer to the Completed Pre-Stabilized Project table on Page 18), which is being supported with existing building power infrastructure, and (2) a 4MW power infrastructure project expected to be completed in Q3 2020, which will ultimately support the 34,589 NRSF computer room as we lease the space and customers utilize the power and future computer rooms.
- In addition to new development and incremental capacity in existing core and shell buildings, we have land adjacent to our NY2 facility, in the form of an existing parking lot. By utilizing this land, we believe we can build approximately 100,000 NRSF of data center capacity in Secaucus, New Jersey, upon receipt of necessary entitlements.
- We have an estimated \$29.5 million in deferred expansion capital under construction at multiple properties as of June 30, 2020, of which \$12.7 million has been incurred to-date. We estimate approximately \$35 million of additional deferred expansion capital may be required in the future to support existing or anticipated future customer utilization.

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Market Capitalization and Debt Summary

(in thousands, except per share data)

Market Capitalization			
	Shares or Equivalents Outstanding	Market Price as of June 30, 2020	Market Value Equivalents
Common shares	42,533	\$ 121.06	\$ 5,149,096
Operating partnership units	6,150	121.06	744,461
Total equity			5,893,557
Total net principal debt outstanding ⁽¹⁾			1,621,314
Total enterprise value			\$ 7,514,871
Net principal debt to enterprise value			21.6 %

(1) Net principal debt outstanding includes total principal debt outstanding net of \$2.7 million of cash and cash equivalents.

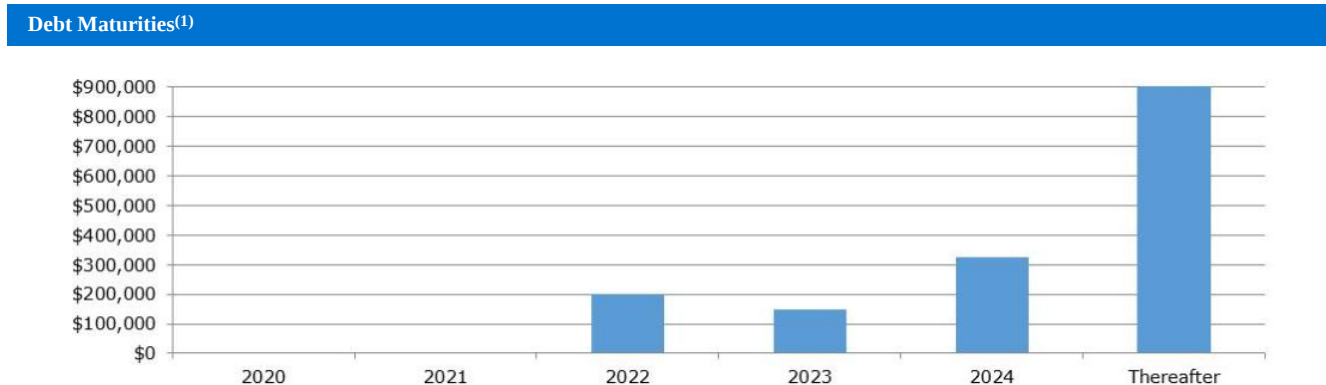
Debt Summary ⁽¹⁾				
Instrument	Rate ⁽²⁾	Maturity Date ⁽³⁾	Outstanding as of:	
			June 30, 2020	December 31, 2019
Revolving credit facility	1.41 %	11/8/2023	\$ 99,000	\$ 62,500
2022 Senior unsecured term loan	1.76	4/19/2022	200,000	200,000
2023 Senior unsecured notes	4.19	6/15/2023	150,000	150,000
2024 Senior unsecured term loan	2.86	4/19/2024	150,000	150,000
2024 Senior unsecured notes	3.91	4/20/2024	175,000	175,000
2025 Senior unsecured term loan	2.32	4/1/2025	350,000	350,000
2026 Senior unsecured notes	4.52	4/17/2026	200,000	200,000
2027 Senior unsecured notes ⁽⁴⁾	3.75	5/6/2027	100,000	—
2029 Senior unsecured notes	4.31	4/17/2029	200,000	200,000
Total principal debt outstanding			1,624,000	1,487,500
Unamortized deferred financing costs			(8,759)	(9,098)
Total debt			\$ 1,615,241	\$ 1,478,402
Weighted average interest rate	3.19 %			
Floating rate vs. fixed rate debt			6% / 94%	29% / 71%

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

(2) The interest rates above reflect the impacts of interest rate swap agreements.

(3) The revolving credit facility contains a one-time extension option, which, if exercised, would extend the maturity date to November 2024.

(4) On May 6, 2020, we entered into a note purchase agreement to issue an aggregate principal amount of \$150 million, 3.75% Series C senior notes maturing on May 6, 2027 (the "2027 Notes"). We issued \$100 million on May 6, 2020, and we issued the remaining \$50 million on July 14, 2020. The proceeds from the 2027 Notes were used to pay down outstanding amounts on the revolving credit facility.



(1) The proceeds from the \$50 million Series C Notes issued on July 14, 2020, were used to pay down outstanding amounts on the revolving portion of our senior unsecured facilities. The debt maturities presented herein reflect the repayment of \$50 million of the revolving credit facility and the maturity of the \$50 million notes in 2027 ("Thereafter").

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Interest Summary and Debt Covenants

(in thousands)

Interest Expense Components

	Three Months Ended			Six Months Ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Interest expense and fees	\$ 12,810	\$ 13,620	\$ 13,056	\$ 26,430	\$ 24,572
Amortization of deferred financing costs and hedge amortization	1,043	1,029	856	2,072	1,467
Capitalized interest	(3,267)	(3,466)	(3,601)	(6,733)	(6,230)
Total interest expense	\$ 10,586	\$ 11,183	\$ 10,311	\$ 21,769	\$ 19,809
Percent capitalized	23.6 %	23.7 %	25.9 %	23.6 %	23.9 %

Debt Covenants

Required Compliance	Revolving Credit Facility and Senior Unsecured Term Loans and Notes					
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	
Fixed charge coverage ratio	Greater than 1.50x	6.5 x	5.8 x	5.9 x	5.9 x	6.1 x
Total indebtedness to gross asset value	Less than 60%	31.1 %	31.2 %	29.0 %	29.3 %	27.4 %
Secured debt to gross asset value	Less than 40%	— %	— %	— %	— %	— %
Revolving credit facility availability	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	
Borrowings outstanding	(99,000)	(155,500)	(62,500)	(62,250)	(67,250)	
Outstanding letters of credit	(6,053)	(6,053)	(4,879)	(4,879)	(4,879)	
Current availability	\$ 344,947	\$ 288,447	\$ 382,621	\$ 382,871	\$ 377,871	
Cash	2,686	3,307	3,048	4,703	2,836	
Current liquidity	\$ 347,633	\$ 291,754	\$ 385,669	\$ 387,574	\$ 380,707	
Subsequent debt financing ⁽¹⁾⁽²⁾	50,000	100,000	—	—	75,000	
Pro forma liquidity	\$ 397,633	\$ 391,754	\$ 385,669	\$ 387,574	\$ 455,707	

- (1) On May 6, 2020, the Company executed a note purchase agreement to issue an aggregate principal of \$150 million senior notes. On May 6, 2020, we issued \$100 million of senior notes, and on July 14, 2020, we issued the remaining \$50 million of senior notes. The proceeds from the senior notes were used to pay down outstanding amounts on the revolving credit facility.
- (2) During April 2019, we issued \$325 million of senior notes, and during July 2019, we issued \$75 million of senior notes, which are also reflected within pro forma liquidity as of June 30, 2019.

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Components of Net Asset Value (NAV)

(in thousands)

Cash Net Operating Income		
Reconciliation of Net Operating Income (NOI)		
Operating Income	Q2 2020	Annualized
	\$ 35,693	\$ 142,772
Adjustments:		
Depreciation and amortization	41,779	167,116
General and administrative	11,603	46,412
Net Operating Income	\$ 89,075	\$ 356,300
Cash Net Operating Income (Cash NOI)		
Net Operating Income	\$ 89,075	\$ 356,300
Adjustments:		
Straight-line rent	(165)	(658)
Amortization of above and below-market leases	(34)	(136)
Cash NOI	\$ 88,877	\$ 355,506
Cash NOI with backlog (82.1% leased) ⁽¹⁾	\$ 91,717	\$ 366,866
Cash stabilized NOI (93% leased)	\$ 103,893	\$ 415,572

Development Projects		
Data Center Projects Under Construction		
	Q2 2020	
TKD construction in progress ⁽²⁾	\$ 123,980	
Remaining spend ⁽²⁾	48,844	
Total	\$ 172,824	
Targeted stabilized annual yields		12 - 16 %
Annualized pro forma NOI range	\$ 20,700 - 27,700	

Other Assets and Liabilities		
Other Assets		
Remaining construction in progress ⁽³⁾	Q2 2020	
Cash and cash equivalents	\$ 257,165	
Accounts and other receivables	2,686	
Other tangible assets	22,059	
Total other assets	\$ 28,752	
Liabilities		
Principal debt	\$ 1,624,000	
Accounts payable, accrued expenses and other liabilities	170,792	
Accrued dividends and distributions	62,227	
Total liabilities	\$ 1,857,019	
Weighted average common shares and units - diluted		48,370

- (1) Cash NOI with backlog includes cash backlog as of June 30, 2020, less any leasing of currently occupied NRSF and data center projects under development.
- (2) Does not include spend associated with leasing commissions. See page 19 for further breakdown of data center projects under construction.
- (3) Represents the book value of in-progress capital projects, including land and shell building, of future data center expansion, non-recurring investments, tenant improvements and recurring capital expenditures.

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2020 Guidance

(in thousands, except per share data)

The annual guidance provided below represents forward-looking projections, which are based on current economic conditions, internal assumptions about our existing customer base and the supply and demand dynamics of the markets in which we operate. Please refer to the press release for additional information on forward-looking statements.

	2020 ⁽¹⁾			2019	Implied Growth ⁽²⁾
	Low	High	Mid		
Net income attributable to common diluted shares	\$ 1.81	\$ 1.91	\$ 1.86	\$ 2.05	
Real estate depreciation and amortization	3.34	3.34	3.34	3.05	(9.3)%
FFO per common share and OP unit - diluted	\$ 5.15	\$ 5.25	\$ 5.20	\$ 5.10	2.0 %
Projected operating results:					
Total operating revenues	\$ 600,000	\$ 610,000	\$ 605,000	\$ 572,727	5.6 %
Interconnection revenues	80,000	86,000	83,000	75,751	9.6
General and administrative expenses	44,000	48,000	46,000	43,764	5.1
Property taxes and insurance	26,000	28,000	27,000	22,866	18.1
Net Income	\$ 88,000	\$ 93,000	\$ 90,500	\$ 99,037	(8.6)%
Depreciation and amortization	168,000	168,000	168,000	152,925	9.9
Other adjustments ⁽³⁾	62,000	63,000	62,500	56,170	11.3
Adjusted EBITDA	\$ 318,000	\$ 324,000	\$ 321,000	\$ 308,132	4.2 %
Guidance drivers:					
Annual rental churn rate	9.0 %	11.0 %	10.0 %	11.1 %	
Cash rent growth on data center renewals	— %	2.0 %	1.0 %	0.4 %	
Capitalized interest	20.0 %	25.0 %	22.5 %	24.7 %	
Sales and marketing expense as a percentage of revenue	3.9 %	4.1 %	4.0 %	3.9 %	
Capital expenditures:					
Data center expansion	\$ 215,000	\$ 250,000	\$ 232,500	\$ 382,761	
Non-recurring investments	2,500	7,500	5,000	6,429	
Tenant improvements	2,500	7,500	5,000	4,267	
Recurring capital expenditures	5,000	10,000	7,500	7,404	
Total capital expenditures	\$ 225,000	\$ 275,000	\$ 250,000	\$ 400,861	

(1) Net income attributable to common diluted shares and FFO per common share and OP unit – diluted have been updated since Q1 2020.

(2) Implied growth is based on the midpoint of 2020 guidance.

(3) Refer to the appendix for the adjustments made to net income to calculate adjusted EBITDA.

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Definitions

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

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

1. Plus: Amortization of deferred financing costs and hedge amortization
2. Plus: Non-cash compensation
3. Plus: Non-real estate depreciation
4. Plus: Impairment charges
5. Plus: Below market debt amortization
6. Plus: Original issuance costs associated with redeemed preferred stock
7. Plus / Less: Net straight line rent adjustments (lessor revenue and lessee expense)
8. Plus / Less: Net amortization of above and below market leases
9. Less: Recurring capital expenditures
10. Less: Tenant improvements
11. Less: Capitalized leasing costs

Capitalized leasing costs consist of commissions payable to third parties, including brokers, leasing agents, referral agents, and internal sales commissions payable to employees. Capitalized leasing costs are accrued and deducted from AFFO generally in the period the lease is executed. Leasing costs are generally paid a) to third party brokers and internal sales employees 50% at customer lease signing and 50% at lease commencement and b) to referral and leasing agents monthly over the lease term as and to the extent we receive payment from the end customer.

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

Annualized Rent

Monthly contractual rent under existing commenced customer leases as of quarter-end, multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and excludes power revenue, interconnection revenue and operating expense reimbursement.

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Data Center Leasing Metrics

- **Cash Rental Churn Rate** – represents data center leases which are not renewed or are terminated during the period. Rental churn is calculated based on the annualized cash rent of data center expired leases terminated in the period, compared with total data center annualized rent at the beginning of the period.
- **Cash and GAAP Rent Growth** – represents the change in rental rates on renewed data center leases signed during the period, as compared with the previous rental rates for the same space. Cash and GAAP rent growth are calculated based on annualized rent from the renewed data center lease compared to annualized rent from the expired data center lease.

Data Center Net Rentable Square Feet (“NRSF”)

Both occupied and available data center NRSF includes a factor based on management’s estimate of space to account for a customer’s proportionate share of 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.

Deferred Expansion Capital

As we construct data center capacity, we work to optimize both the amount of the capital we deploy on power and cooling infrastructure and the timing of that capital deployment; as such, we generally construct our power and cooling infrastructure supporting our data center NRSF based on our estimate of customer utilization. This practice can result in our investment at a later time in Deferred Expansion Capital. We define Deferred Expansion Capital as our estimate of the incremental capital we may invest in the future to add power or cooling infrastructure to support existing or anticipated future customer utilization of NRSF within our operating data centers. From time to time, we may revise our estimate of Deferred Expansion Capital as well as the potential time period during which we may invest it. See the Development Summary for more detail.

Earnings before Interest, Taxes, Depreciation and Amortization for Real Estate (EBITDAre) and Adjusted EBITDA

EBITDAre is calculated in accordance with the standards established by the National Association of Real Estate Investment Trusts (“Nareit”). EBITDAre is defined as earnings before interest, taxes, depreciation and amortization, gains or losses from the sale of depreciated property, and impairment of depreciated property. We calculate adjusted EBITDA by adding our non-cash compensation expense, transaction costs from unsuccessful deals and business combinations and litigation expense to EBITDAre as well as adjusting for the impact of other impairment charges, gains or losses from sales of undepreciated land and gains or losses on early extinguishment of debt. Management uses EBITDAre and adjusted EBITDA as indicators of our ability to incur and service debt. In addition, we consider EBITDAre and adjusted EBITDA to be appropriate supplemental measures of our performance because they eliminate depreciation and interest, which permits investors to view income from operations without the impact of non-cash depreciation or the cost of debt. However, because EBITDAre and adjusted EBITDA are calculated before recurring cash charges including interest expense and taxes, and are not adjusted for capital expenditures or other recurring cash requirements of our business, their utilization as a cash flow measurement is limited.

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

Our management uses FFO as a supplemental performance measure because, by 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 investors use FFO as a basis to compare our operating performance with that of other REITs. However, the utility of FFO as a measure of our performance is limited 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. 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.

GAAP Annualized Rent

Represents the monthly average contractual rent as stated on customer contracts, multiplied by 12. This amount is inclusive of any one-time or non-recurring rent abatements and excludes power revenue, interconnection revenue and operating expense reimbursement.

Monthly Recurring Revenue per Cabinet Equivalent Billed

Represents the turn-key monthly recurring colocation revenue (“MRR”) per cabinet equivalent billed. We define MRR as recurring contractual revenue, including rental, power, and interconnection revenue and operating expense reimbursement, under existing commenced customer leases. MRR per cabinet equivalent is calculated as (current quarter MRR/3) divided by ((quarter-end cabinet equivalents billed plus prior quarter-end cabinet equivalents billed)/2). Cabinet equivalents are calculated as cage-usable square feet (turn-key leased NRSF/NRSF factor) divided by 25.

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Net Operating Income (“NOI”) and Cash NOI – NOI, and cash NOI are supplemental measures for the operating performance of the Company’s portfolio. NOI is operating revenues less operating expenses adjusted for items such as depreciation and amortization, general and administrative expenses, transaction costs from unsuccessful deals and business combinations and litigation expenses. Cash NOI is NOI less straight-line rents and above and below market rent amortization.

NRSF Held for Development

Represents incremental data center capacity that may be constructed in existing facilities that requires significant capital investment in order to develop new data center facilities. The estimates are based on current construction plans and expectations regarding entitlements, and they are subject to change based on current economic conditions, final zoning approvals, and the supply and demand of the market. The estimated NRSF for new development projects is based on the entire building size. NRSF placed into service may change depending on the final construction and utilization of the built space.

NRSF Under Construction

Represents NRSF for which substantial activities are ongoing to prepare the property for its intended use following development. The NRSF reflects management’s estimate of engineering drawings and required support space and is subject to change based on final demising of space. TKD estimated development costs include two components: 1) general construction to ready the NRSF as data center space and 2) power, cooling and other infrastructure to provide the designed amount of power capacity for the project. Following development completion, incremental capital, referred to as Deferred Expansion Capital, may be invested to support existing or anticipated future customer utilization of NRSF within our operating data centers.

NRSF Pre-Construction

Represents NRSF for which the projects are in the design and permitting stage. Construction will commence upon receipt of the applicable permits. The estimated completion dates are subject to change based on the timing of final design and permitting approvals.

Turn-Key Same-Store

Includes turn-key data center space that was leased or available to be leased to our colocation customers as of December 31, 2018, at each of our properties, and excludes powered shell data center space, office and light-industrial space and space for which development was completed and became available to be leased after December 31, 2018. The turn-key same-store space as of December 31, 2018, is 1,972,441 NRSF. We track same-store on a computer room basis within each data center facility.

Stabilized and Pre-Stabilized NRSF

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

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