

CoreSite Realty Corp
Form 10-K
February 13, 2015

Use these links to rapidly review the document

[Table of Contents](#)

[ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA](#)

[Table of Contents](#)

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

FORM 10-K

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For The Fiscal Year Ended December 31, 2014

or

**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 or organization)

27-1925611
(I.R.S. Employer
Identification No.)

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

80202
(Zip Code)

(866) 777-2673

(Registrant's telephone number, including area code)

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

Title of Class	Name of Exchange On Which Registered
Common Stock, \$0.01 par value per share	New York Stock Exchange
7.25% Series A Cumulative Redeemable Preferred Stock, \$0.01 par value per share	New York Stock Exchange

Edgar Filing: CoreSite Realty Corp - Form 10-K

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment of this Form 10-K.

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

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

The aggregate market value of common equity held by non-affiliates of the registrant was approximately \$538.0 million as of June 30, 2014, the last business day of the registrant's most recently completed second fiscal quarter. For purposes of the foregoing calculation, all directors and executive officers of the registrant and holders of more than 10% of the registrant's common equity are assumed to be affiliates of the registrant. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 11, 2015, there were 21,766,106 shares of the registrant's Common Stock, \$0.01 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed in conjunction with the registrant's 2015 Annual Meeting of Stockholders, which is expected to be filed not later than 120 days after the registrant's fiscal year ended December 31, 2014, are incorporated by reference in Part III of this report.

Table of Contents

Table of Contents

	Page
<u>PART I</u>	
<u>ITEM 1. BUSINESS</u>	4
<u>ITEM 1A. RISK FACTORS</u>	17
<u>ITEM 1B. UNRESOLVED STAFF COMMENTS</u>	40
<u>ITEM 2. PROPERTIES</u>	40
<u>ITEM 3. LEGAL PROCEEDINGS</u>	40
<u>ITEM 4. MINE SAFETY DISCLOSURES</u>	40
<u>PART II</u>	
<u>ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES</u>	41
<u>ITEM 6. SELECTED FINANCIAL DATA</u>	43
<u>ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	45
<u>ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	57
<u>ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u>	58
<u>ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>	93
<u>ITEM 9A. CONTROLS AND PROCEDURES</u>	93
<u>ITEM 9B. OTHER INFORMATION</u>	94
<u>PART III</u>	
<u>ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE</u>	95
<u>ITEM 11. EXECUTIVE COMPENSATION</u>	95
<u>ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	95
<u>ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE</u>	95
<u>ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES</u>	95
<u>PART IV</u>	
<u>ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES</u>	96
<u>SIGNATURES</u>	100
Exhibit 12.1	
Exhibit 12.2	
Exhibit 21.1	
Exhibit 23.1	
Exhibit 31.1	
Exhibit 31.2	
Exhibit 32.1	
Exhibit 32.2	

Table of Contents

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (this "Annual Report"), together with other statements and information publicly disseminated by our company, contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), namely 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 PSLRA and include this statement for purposes of complying with these safe harbor provisions.

In particular, statements pertaining to our capital resources, portfolio performance, business strategies 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 Real Estate Investment Trust ("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) service failures or price increases by third party power suppliers; (xiv) inability to renew net leases on the data center properties we lease; and (xv) other factors affecting the real estate industry generally.

In addition, important factors that could cause actual results to differ materially from the forward-looking statements include the risk factors in Item 1A. "Risk Factors" and elsewhere in this Annual Report. New risks and uncertainties arise from time to time, and we cannot predict those events or how they might affect us. We assume no obligation to update any forward-looking statements after the date of this Annual Report, except as required by applicable law. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

When we use the terms "we," "us," "our," the "Company," "CoreSite" and "our company" in this Annual Report, we are referring to CoreSite Realty Corporation, a Maryland corporation, together with our consolidated subsidiaries, including CoreSite, L.P., a Delaware limited partnership of which we are the sole general partner and which we refer to as "our Operating Partnership."

Table of Contents

PART I

ITEM 1. BUSINESS

The Company

We deliver secure, reliable, high-performance data center solutions across eight key North American markets. We connect, protect and optimize performance-sensitive data, applications and computing workloads for more than 800 of the world's leading enterprises, network operators, cloud providers and supporting service providers. We completed our initial public offering of common stock on September 23, 2010 ("IPO"). We operate as a real estate investment trust ("REIT") for federal income tax purposes and conduct certain activities through our taxable REIT subsidiaries.

Our Business

We are a fully integrated, self-administered, and self-managed REIT. Through our controlling interest in CoreSite, L.P., a Delaware limited partnership, 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 the New York, Northern Virginia (including Washington D.C.) and San Francisco Bay areas, Los Angeles, Chicago, Boston, Miami and Denver.

Data centers are highly specialized and secure buildings that house networking, storage and communications technology infrastructure, including servers, storage devices, switches, routers and fiber optic transmission equipment. These buildings are designed to provide the power, cooling and network connectivity necessary to efficiently operate this mission-critical equipment. Data centers located at points where many communications networks converge can also function as interconnection hubs where customers are able to connect to multiple networks and exchange traffic with each other. Our data centers feature advanced reliable and efficient power, cooling and security systems, including twenty-four-hours-a-day, seven-days-a-week security staffing, and many are points of network interconnection that provide the ecosystems our customers need to meet their own competitive challenges and business goals. We believe we have the flexibility and scalability to satisfy the full spectrum of our customers' growth requirements and corresponding data center needs by providing data center space ranging in size from an entire building or large dedicated suite to a cage or cabinet.

The first data center in our portfolio was purchased in 2000 by certain real estate funds (the "Funds") affiliated with The Carlyle Group, our Predecessor, and since then we have continued to acquire, develop and operate these types of data center facilities. Our properties are self-managed, including with respect to construction project management in connection with our development initiatives. As of December 31, 2014, our property portfolio included 16 operating data center facilities, multiple development projects and space and land held for development, which collectively comprise over 2.7 million net rentable square feet ("NRSF"), of which approximately 1.5 million NRSF is existing data center space, 0.9 million is data center space available for development on entitled land and in existing facilities and 0.3 million is office and light-industrial space.

2014 and Recent Developments

On January 31, 2014, our Operating Partnership and certain subsidiaries entered into a \$100 million senior unsecured term loan. The senior unsecured term loan has a five-year term and contains an accordion feature, which allows our Operating Partnership to increase the total commitments by \$100 million, to \$200 million, under specified circumstances. The senior unsecured term loan ranks pari passu with our revolving credit facility and contains the same financial covenants and other customary restrictive covenants as our revolving credit facility. The borrowings bear interest at a rate per annum equal to LIBOR plus 175 basis points to 265 basis points, depending on our

Table of Contents

Operating Partnership's leverage ratio. Our Operating Partnership used the proceeds from the senior unsecured term loan to repay the SV1 mortgage loan in its entirety and pay down a portion of its outstanding revolving credit balance.

On February 3, 2014, we entered into a \$100 million interest rate swap agreement to protect against adverse fluctuations in interest rates by reducing our exposure to variability in cash flow relating to interest payments on \$100 million of one-month LIBOR variable rate debt, which includes the senior unsecured term loan or the revolving credit facility. The interest rate swap has a five-year term and at CoreSite's current leverage ratio, effectively fixes the senior unsecured term loan interest rate at 3.23%.

During the first quarter of 2014, we completed development of two computer rooms at our newly developed NY2 data center, comprised of 34,589 NRSF. Including these two computer rooms and one computer room developed in 2013, we have 52,692 NRSF of data center space operating at NY2 that is 51.9% occupied as of December 31, 2014.

The first two computer rooms at our newly developed VA2 data center, which comprised 44,036 NRSF were substantially complete as of December 31, 2014. Both computer rooms are 100% pre-leased to a single customer as of December 31, 2014, and the customer's lease commences on April 1, 2015.

Our Competitive Strengths

We believe the following key competitive strengths position us to efficiently scale our business, capitalize on the demand for data center space and interconnection services, and thereby grow our cash flow.

Reliable, Secure, and Compliant. We help businesses protect mission-critical data, performance sensitive applications and IT infrastructure by delivering secure and reliable data center solutions. Our data centers feature advanced efficient power and cooling infrastructure to support our customer's IT infrastructure with additional power capacity to support continued growth. We provide twenty-four-hours-a-day, seven-days-a-week security guard monitoring with customizable security features. We also provide the infrastructure and physical security required to support many of our customers' compliance needs.

High Performance. We offer cloud-enabled, network-rich data center campuses with over 15,000 interconnections across our portfolio and direct access to over 275 carriers and ISPs, over 250 leading cloud and IT service providers and inter-site connectivity. Our offerings include the CoreSite Open Cloud Exchange, the CoreSite Open Internet Exchange Hub and the Any2 Internet Exchange. We believe that the diverse network connectivity options at many of our data centers provide us with a competitive advantage because network-dense facilities offering high levels of connectivity typically take many years to establish. Many providers in our data center facilities can leverage our sites as revenue opportunities by offering their services directly to other customers within our data centers, while enterprises, can reduce their total cost of operations by directly connecting to service providers in the same data center in a cost effective manner.

Scalable. Across 16 operating data centers in eight key North American markets, we lease space to enterprises through multiple sub-verticals such as financial, healthcare, educational institutions, government agencies, manufacturing, and professional services. We believe our ability to be both flexible and scalable is a key differentiator. We offer many space, power, and interconnection options that allow customers to select products and services that meet their needs. We believe we have a compelling combination of presence in most of the top data center markets in the U.S. with the ability to meet customers' growing capacity requirements within those markets.

Edgar Filing: CoreSite Realty Corp - Form 10-K

Table of Contents

At December 31, 2014, our data center facilities have approximately 257,000 NRSF of unoccupied space. We have the ability to expand our data center square footage by approximately 908,000 NRSF, or 62%, through the development of approximately 170,000 NRSF space under construction as of December 31, 2014, and approximately 738,000 NRSF at multiple facilities that is available for future development based on market supply and demand.

Best-in-Class Customer Experience. We believe our approximately 350 professionals deliver best-in-class service by placing customer needs first in supporting the planning, implementation and operating requirements of customers. We provide dedicated implementation resources to ensure a seamless onboarding process for customers. Our leasing and sales professionals can develop complex data center solutions for the most demanding customer requirements and our experienced and committed operations and facility personnel are available for extensive management support.

Facilities in Key Markets. Our portfolio is concentrated in some of the largest and most important U.S. metropolitan markets and we expect to continue benefitting from this concentration as customers seek new, high-quality data center space and interconnections within our markets, which are many of the key North American network, financial, cloud and commercial hubs. Our data centers are located in the New York, Northern Virginia (including Washington D.C.) and San Francisco Bay areas, Los Angeles, Chicago, Boston, Miami and Denver. These locations offer access to the power required to effectively run the facilities. Many of our facilities are also situated in close proximity to a concentration of key businesses and corporations, driving demand for our data center space and interconnection services.

Diversified Customer Base. We have a diverse, global customer base, which we believe is a reflection of our strong reputation and proven track record, as well as our customers' trust in our ability to house their mission-critical applications and vital communications technology. Our diverse customer base spans many industries across eight North America markets. In addition to geographic markets, we group our customers into the following five verticals:

Enterprise:

Digital Content and Multimedia

Systems Integrators and Managed Services Providers ("SI & MSP")

Other (financial, healthcare, educational institutions, government agencies, manufacturing and professional services)

Cloud and IT Service Providers

Networks and Mobility: domestic and international telecommunications carriers, ISPs (Internet Service Providers) and CDNs (Content Delivery Networks)

Business and Growth Strategies

Our business objective is to continue growing our position as a provider of strategically located data center space in North America. Key components of our strategy include the following:

Increase Cash Flow of In-Place Data Center Space. We actively manage and lease our properties to increase cash flow by:

Leasing of Available Space. We have the ability to increase both our revenue and our revenue per square foot by leasing additional space, power and interconnection services to new and existing data center customers. As of December 31, 2014, substantially all of our data center facilities had space and power available to offer our customers the ability to increase their square footage under lease as well as the amount of power they use per square foot. Our

Edgar Filing: CoreSite Realty Corp - Form 10-K

Table of Contents

existing data center facilities have approximately 257,000 NRSF of space currently unoccupied. We believe this space, together with available power, enables us to generate incremental revenue within our existing data center footprint.

Increasing Interconnection in our Facilities. As more customers locate in our facilities, it benefits their business partners and customers to collocate with CoreSite in order to gain the full economic and performance benefits of our interconnection services. We believe this ecosystem of customers continues to drive new and existing customer growth, and in turn, increases the volume of interconnection services and the amount of value-add power services such as breakerred AC and DC primary and redundant power.

Capitalize on Embedded Expansion Opportunities. We plan to grow by developing new secure high-performance data center space. Our development opportunities include ground-up construction on vacant parcels of land that we currently own and leveraging existing in-place infrastructure and entitlements in currently operating properties or campuses. In many cases, we are able to strategically deploy capital by developing space in incremental phases to meet customer demand. Including the space currently under construction at December 31, 2014, vacant space and land targeted for future development, we own land and buildings sufficient to develop approximately 908,000 NRSF of data center space.

The following table summarizes the NRSF under construction and NRSF held for development throughout our portfolio, each as of December 31, 2014:

Facilities	Development Opportunities (in NRSF)		Total
	Under Construction(1)	Held for Development(2)	
Los Angeles			
One Wilshire Campus			
LA2		199,978	199,978
San Francisco Bay			
Santa Clara Campus(3)		210,000	210,000
Northern Virginia			
VA2	92,173	96,274	188,447
Boston			
BO1	15,149	72,501	87,650
Chicago			
CH1	11,704		11,704
New York			
NY2(4)	49,050	146,036	195,086
Miami			
MI1		13,154	13,154
Denver			
DE1	1,734		1,734
Total Facilities	169,810	737,943	907,753

(1) 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.

Table of Contents

- (2) Represents incremental data center capacity currently vacant in existing facilities and entitled land in our portfolio that requires significant capital investment in order to develop into data center facilities.
- (3) We may develop up to 382,000 NRSF at this campus. This includes 210,000 NRSF set forth in the table above that has been entitled. In addition to this 210,000 NRSF, we have 34,000 NRSF of office and light industrial space that we may develop into data center space, and an additional 138,000 NRSF that we may develop into data center space upon our receipt of the necessary entitlements.
- (4) We may develop up to 295,086 NRSF at NY2. This includes the undeveloped existing shell building of 195,086 NRSF set forth in the table above and an additional 100,000 NRSF of data center space that we may develop upon our receipt of the necessary entitlements.

Selectively Pursue Acquisition and Development Opportunities in New and Existing Markets. We evaluate opportunities to acquire or develop data center space with abundant power and/or dense points of interconnection in key markets that will expand our customer base and broaden our geographic footprint. Such acquisitions may entail subsequent development, which requires significant capital expenditures. We also intend to continue to implement the "hub-and-spoke strategy" that we have deployed in our four largest markets, namely the Los Angeles, New York, San Francisco Bay and Northern Virginia areas. In these markets, we have extended our data center footprint by connecting our newer facilities, the spokes, to our established data centers, our hubs, which allows our customers leasing space at the spokes to leverage the significant interconnection capabilities of our hubs. In order to deploy our "hub-and-spoke strategy," we typically rely on third-party providers of network connectivity to establish highly reliable network connectivity within and between facilities.

Leverage Existing Customer Relationships and Reach New Customers. Our strong customer and industry relationships, combined with our national footprint and sales force, afford us insight into the size, timing and location of customers' planned growth. We historically have been successful in leveraging this market visibility to expand our footprint and customer base in existing and new markets. We intend to continue to strengthen and expand our relationships with existing customers and to further grow and diversify our customer base by targeting growing customers and segments, such as domestic and international telecommunications carriers, content and media entertainment providers, cloud providers and other enterprise customers, including financial, health care, educational institutions and government agencies.

Our Portfolio

As of December 31, 2014, our property portfolio included 16 operating data center facilities and multiple development projects which collectively comprise over 2.7 million NRSF, of which approximately 1.5 million NRSF is existing data center space. The 0.9 million NRSF of development projects includes entitled land and space available for development and construction of new facilities. We expect that this development potential plus any potential expansion into new markets will enable us to accommodate existing and future customer demand and position us to continue to increase our

Edgar Filing: CoreSite Realty Corp - Form 10-K

Table of Contents

operating cash flows. The following table provides an overview of our properties as of December 31, 2014:

Market/Facilities	Annualized Rent (\$000)(4)	Data Center Operating NRSF(1)				Total Occupied(5)	Development NRSF(3)	Total NRSF	
		Stabilized		Pre-Stabilized(2)					
		Total	Percent Occupied(5)	Total	Percent Occupied(5)				
Los Angeles									
One Wilshire Campus									
LA1*	\$ 25,007	139,053	82.2		139,053	82.2	139,053		
LA2	18,296	161,911	84.0	63,002	34.9	224,913	70.2	199,978	424,891
Los Angeles Total	43,303	300,964	83.1	63,002	34.9	363,966	74.8	199,978	563,944
San Francisco Bay									
SV1	6,731	84,045	83.5			84,045	83.5		84,045
SV2	8,142	76,676	88.2			76,676	88.2		76,676
Santa Clara Campus	27,128	237,316	96.3	14,857	37.1	252,173	92.8	210,000	462,173
San Francisco Bay Total	42,001	398,037	92.1	14,857	37.1	412,894	90.1	210,000	622,894
Northern Virginia									
VA1	23,589	201,719	81.4			201,719	81.4		201,719
VA2								188,447	188,447
DC1*	3,023	22,137	88.8			22,137	88.8		22,137
Northern Virginia Total	26,612	223,856	82.1			223,856	82.1	188,447	412,303
Boston									
BO1	13,791	166,026	98.2			166,026	98.2	87,650	253,676
Chicago									
CH1	12,857	146,463	87.3	20,240	28.1	166,703	80.1	11,704	178,407
New York									
NY1*	5,475	48,404	68.7			48,404	68.7		48,404
NY2	2,561			52,692	51.9	52,692	51.9	195,086	247,778
New York Total	8,036	48,404	68.7	52,692	51.9	101,096	59.9	195,086	296,182
Miami									
MI1	1,807	30,176	81.2			30,176	81.2	13,154	43,330
Denver									
DE1*	994	4,144	100.0			4,144	100.0	1,734	5,878
DE2*	306	5,140	65.3			5,140	65.3		5,140
Denver Total	1,300	9,284	80.8			9,284	80.8	1,734	11,018
Total Facilities	\$ 149,707	1,323,210	87.4%	150,791	40.1%	1,474,001	82.6%	907,753	2,381,754
Office and Light-Industrial(6)	6,939	347,120	77.5			347,120	77.5		347,120
Total Portfolio	\$ 156,646	1,670,330	85.3%	150,791	40.1%	1,821,121	81.6%	907,753	2,728,874

*

Edgar Filing: CoreSite Realty Corp - Form 10-K

Indicates properties in which we hold a leasehold interest.

- (1) Represents the NRSF at each operating facility that is currently occupied or readily available for lease as data center space and pre-stabilized data center space. Both occupied and available data center NRSF includes a factor to account for a customer's proportionate share of the required data center support space (such as the mechanical, telecommunications and utility rooms) and building common areas, which may be updated on a periodic basis to reflect the most current build-out of our properties.
- (2) Pre-stabilized NRSF represents projects/facilities which recently have been developed and are in the initial lease-up phase. Pre-stabilized projects/facilities become stabilized operating properties at the earlier of achievement of 85% occupancy or 24 months after development completion.
- (3) Represents incremental data center capacity currently vacant in existing facilities and entitled land in our portfolio that requires significant capital investment in order to develop into data center facilities. Includes NRSF under construction 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. In addition to the amounts above, we may develop an additional 138,000 NRSF at the Santa Clara Campus and 100,000 NRSF at NY2 upon receipt of the necessary entitlements.
- (4) Represents the monthly contractual rent under existing commenced customer leases as of December 31, 2014, multiplied by 12. This amount reflects total annualized base rent before any one-time or non-recurring rent abatements and excludes power revenue, interconnection revenue and operating expense reimbursement. On a gross basis, our total portfolio annualized rent was approximately \$161.8 million as of December 31, 2014, which reflects the addition of \$5.2 million in operating expense reimbursements to contractual net rent under modified gross and triple-net leases.
- (5) Includes customer leases that have commenced and are occupied as of December 31, 2014. The percent occupied is determined based on leased square feet as a proportion of total operating NRSF as of December 31, 2014. The percent occupied for data center stabilized space would have been 89.7%, rather than 87.4%, if all leases signed in the current and prior periods had commenced. The percent occupied for our total portfolio, including data center stabilized space, pre-stabilized space and office and light-industrial space, would have been 84.4%, rather than 81.6%, if all leases signed in current and prior periods had commenced.
- (6) Represents space that is currently occupied or readily available for lease as space other than data center space, which is typically space offered for office or light-industrial uses.

Edgar Filing: CoreSite Realty Corp - Form 10-K

Table of Contents

The following table shows the December 31, 2014, Same Store operating statistics for space within each data center facility that was leased or available to be leased as of December 31, 2012, and excludes space for which development was completed and became available to be leased after December 31, 2012. We track same store space leased or available to be leased at the computer room level within each data center facility. For comparison purposes, the operating activity totals as of December 31, 2013, and 2012, for this space are provided at the bottom of this table.

Market/Facilities	Same Store Property Portfolio (in NRSF)						
	Annualized Rent (\$000)(1)	Data Center		Office and Light-Industrial		Total	
		Total	Percent Occupied(2)	Total	Percent Occupied(2)	Total	Percent Occupied(2)
Los Angeles							
One Wilshire							
Campus							
LA1	\$ 25,153	139,053	82.2	4,373	82.8	143,426	82.2%
LA2	16,249	159,617	83.7	5,147	97.3	164,764	84.2
Los Angeles Total	41,402	298,670	83.0	9,520	90.7	308,190	83.3
San Francisco Bay							
SV1	11,457	84,045	83.5%	206,255	79.4%	290,300	80.6
SV2	8,142	76,676	88.2				