
**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): August 4, 2015

QTS Realty Trust, Inc.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

001-36109
(Commission
File No.)

46-2809094
(I.R.S. Employer
Identification No.)

12851 Foster Street
Overland Park, KS 66213
(Address of principal executive offices)

66213
(Zip Code)

(913) 814-9988
Registrant's telephone number, including area code:

Not Applicable
(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))
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Item 2.02 Results of Operations and Financial Condition.

On August 4, 2015, QTS Realty Trust, Inc. (the "Company") announced its financial results for the second quarter ended June 30, 2015. A copy of the Company's press release is attached hereto as Exhibit 99.1 and a copy of the Company's Second Quarter 2015 Supplemental Information is attached hereto as Exhibit 99.2.

The information included in this Current Report on Form 8-K (including Exhibits 99.1 and 99.2 hereto) shall not be deemed "filed" for the 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, nor shall it be deemed incorporated by reference into any filing made by the Company under the Exchange Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits**

Exhibit Number	Exhibit Description
99.1	Press Release dated August 4, 2015
99.2	Second Quarter 2015 Supplemental Information

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.

QTS Realty Trust, Inc.

By: /s/ Shirley E. Goza
Shirley E. Goza
Secretary and General Counsel

August 4, 2015

EXHIBIT INDEX

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99.2	Second Quarter 2015 Supplemental Information



QTS REPORTS SECOND QUARTER 2015 OPERATING RESULTS

OVERLAND PARK, Kan. – August 4, 2015 – QTS Realty Trust, Inc. (“QTS” or the “Company”) (NYSE: QTS) today announced operating results for the second quarter ended June 30, 2015.

Second Quarter Highlights

- Reported Operating FFO of \$23.4 million in the second quarter of 2015, an increase of 27.5% compared to the second quarter of 2014. Operating FFO for the second quarter of 2015 on a fully diluted per share basis was \$0.53 per share. Adjusted Operating FFO was \$22.2 million in the second quarter of 2015, an increase of 18.8% compared to the second quarter of 2014.
- Reported Adjusted EBITDA of \$31.8 million in the second quarter of 2015, an increase of 36.7% compared to the second quarter of 2014.
- Reported NOI of \$44.6 million in the second quarter of 2015, an increase of 32.4% compared to the second quarter of 2014.
- Total revenues of \$68.1 million recognized in the second quarter of 2015, an increase of 32.7% compared to the second quarter of 2014. Monthly Recurring Revenue (“MRR”) as of June 30, 2015 increased by 58.9% to \$25.5 million compared to MRR as of June 30, 2014.
- During the second quarter of 2015 the Company executed new and modified leases aggregating to a net increase of \$10.6 million in incremental annualized rent, net of downgrades, which brought the Company’s booked-not-billed annualized rent to \$68.7 million as of June 30, 2015, the highest level in the Company’s history.
- On June 5, 2015 the Company issued 5,750,000 shares of its Class A common stock and used the net proceeds of approximately \$203.7 million to repay amounts outstanding under its unsecured revolving credit facility and to fund a portion of the cash consideration payable by the Company in the acquisition of Carpathia Hosting, Inc. (“Carpathia”).
- Completed the acquisition of Carpathia Hosting, Inc. for \$326 million (as defined in the purchase and sale agreement) with cash obtained from the aforementioned common stock issuance and borrowings on the revolving credit facility. The above results include operating results for Carpathia for the period June 16, 2015 through June 30, 2015.



“The continued momentum that QTS experienced in the second quarter further demonstrates the success of our integrated product mix. Our C2 product continues to support stable and predictable growth as the engine of our business. In addition, we are pleased to bring Carpathia into the QTS family and excited about the added strength and scale this brings to our C3 cloud and managed service product offering,” said Chad Williams, Chairman and CEO of QTS.

Williams added, “With our new record booked-not-billed backlog, we are pleased with the visibility we have for continued future growth and success in the business. We have raised our guidance to reflect this growth and to incorporate the growth that Carpathia will add to our portfolio”

Financial Results

Net income recognized in the second quarter of 2015 was \$5.5 million (\$0.13 and \$0.12 per basic and diluted share, respectively), which included approximately \$4.7 million of transaction and integration costs and \$3.1 million of income tax benefit associated with the Carpathia acquisition, compared to net income of \$3.9 million recognized in the second quarter of 2014, which also reflected transaction and restructuring charges of approximately \$2.1 million related to the acquisition of QTS’ Chicago and Princeton facilities and severance costs associated with various remote employees.

QTS generated Operating FFO of \$23.4 million in the second quarter of 2015, an increase of approximately 27.5% compared to \$18.4 million for the second quarter of 2014. Adjusted Operating FFO was \$22.2 million in the second quarter of 2015, an increase of 18.8% compared to \$18.7 million in the second quarter of 2014.

Additionally, QTS generated \$31.8 million of Adjusted EBITDA in the second quarter of 2015, an increase of 36.7% compared to \$23.3 million for the second quarter of 2014. MRR as of June 30, 2015 was \$25.5 million, an increase of 58.9% compared to MRR as of June 30, 2014 of \$16.0 million, with total revenues increasing by 32.7% to \$68.1 million for the second quarter 2015 compared to \$51.3 million for the second quarter 2014.

Leasing Activity

During the second quarter of 2015, QTS entered into customer leases representing approximately \$10.6 million of incremental annualized rent, net of downgrades. While the Company did not sign any significant C1 leases during the second quarter of 2015, it did see significant leasing activity in its C2/C3 categories. This C2/C3 leasing activity continues to support the Company’s belief in its investment in its 3C platform.

During the second quarter of 2015, QTS renewed leases with a total annualized rent of \$7.5 million at an average rent per square foot of \$785, which was 5.1% higher than the annualized rent prior to their respective renewals. This compares to a prior four quarter average increase of 0.9% over the rates immediately prior to renewal. The renewal rate in the second quarter of 2015 was positively impacted by a renewal involving a change in service level for a Carpathia customer and negatively impacted by three larger QTS customers that changed their product mix. Without the effect of these renewals, QTS’ rates would have increased by 2.0% following renewal in the second quarter of 2015, which aligns with the Company’s expectation of low to mid-single digit increases. The Company defines renewals as leases for which the customer retains the same amount of space before and after renewal, which facilitates rate comparability. As summarized in more detail in our supplemental information, there is variability in our renewal rates based on the mix of product types renewed, and renewal rates are expected to increase in the low single digits. Rental churn (which is the MRR impact from a customer completely departing the platform in a given period compared to the total MRR at the beginning of the period) was 0.4% for the second quarter of 2015 and 0.8% for the six months ended June 30, 2015.



During the second quarter of 2015, QTS commenced customer leases (which includes new customers and also existing customers that renewed their lease term) at an average rent of \$525 per square foot. This rate was primarily driven by a sizable ramp of a large C1 customer in the quarter, in addition to larger C2 customers with a smaller level of managed services attached to those customers.

As of June 30, 2015, the booked-not-billed MRR balance (which represents customer leases that have been executed, but for which lease payments have not commenced as of June 30, 2015) was approximately \$5.7 million, or \$68.7 million of annualized rent, the highest amount in the Company's history, and compares to \$64.3 million at March 31, 2015. The booked-not-billed balance is expected to contribute an incremental \$9.7 million to revenue in 2015 (representing \$31.9 million in annualized revenues), an incremental \$13.9 million in 2016 (representing \$19.4 million in annualized revenues), and an incremental \$17.4 million in annualized revenues thereafter.

Development, Redevelopment, and Acquisitions

During the second quarter of 2015, the Company brought online seven megawatts of gross power and approximately 26,000 net rentable square feet ("NRSF") of raised floor at an aggregate cost of approximately \$42 million. In addition, during the second quarter of 2015, the Company continued redevelopment of the Dallas – Fort Worth, Atlanta – Metro, Richmond and Chicago facilities to have space ready for customers later in 2015, 2016 and forward. The Company expects to bring an additional 67,000 raised floor NRSF into service at an aggregate cost of approximately \$90 million in the remaining two quarters of 2015. The majority of the capital spend that is not placed into service in 2015 will be for ongoing expansion and development of the Company's facilities, including the Chicago facility, and to facilitate the booked-not-billed backlog.

On June 16, 2015, the Company completed the acquisition of 100% of the outstanding stock of Carpathia Hosting, Inc. ("Carpathia"), a Virginia-based colocation, cloud and managed services provider for approximately \$326 million (as defined in the purchase and sale agreement). Upon completion of this acquisition, the Company assumed all of the assets and liabilities of Carpathia Acquisition, Inc., and Carpathia Acquisition, Inc. and its subsidiaries, including Carpathia, became indirect, wholly-owned subsidiaries of the Company. Carpathia is a provider of colocation, hybrid cloud and Infrastructure-as-a-Service (IaaS) servicing enterprise customers and federal agencies, with a customer base of approximately 230 customers. Carpathia has eight domestic data centers located in Dulles, Virginia; Phoenix, Arizona; San Jose, California; Harrisonburg, Virginia and Ashburn, Virginia; and five international data centers located in Toronto, Amsterdam, London, Hong Kong and Sydney.

Balance Sheet and Liquidity

As of June 30, 2015, QTS' total debt balance was \$754.1 million, resulting in a debt to annualized Adjusted EBITDA of 4.8x, which is adjusted to annualize Carpathia's Adjusted EBITDA for the period June 16, 2015 through June 30, 2015. This ratio continues to be impacted by various portions of QTS' portfolio that were placed into service in the second quarter of 2015 which have not yet produced a stabilized Adjusted EBITDA. In addition, the Company incurred costs included in construction in progress related to revenue which will begin to ramp in the remainder of 2015 and 2016 associated with the Company's record booked-not-billed backlog of \$68.7 million in annualized rent. As the revenues associated with this backlog commence, the Company expects its long term debt to Adjusted EBITDA ratio to continue to improve.

On June 5, 2015, the Company issued 5,750,000 shares of QTS' Class A common stock and GA QTS Interholdco, LLC, a selling stockholder and an affiliate of General Atlantic LLC, sold 1,250,000 shares of QTS' Class A common stock at a price of \$37.00 per share. The selling stockholder granted the underwriters a 30-day option to purchase an aggregate of up to an additional 1,050,000 shares of QTS' Class A common stock at the public offering price, which the underwriters exercised. The Company used the net proceeds of approximately \$203.7 million to fund a portion of the cash consideration payable by the Company in the Carpathia acquisition, and prior to such use, it used a portion of the net proceeds to repay amounts outstanding under its unsecured revolving credit facility and to pay off its Atlanta-Metro Equipment Loan. The Company did not receive any proceeds from the offering of shares by the selling stockholder.



2015 Guidance

QTS is raising its 2015 guidance to reflect the continued momentum in QTS and to account for both the effect of including Carpathia operations and for the June equity issuance. The Company now expects Adjusted EBITDA of \$134.0 million to \$142.0 million, Operating FFO of \$95.5 million to \$100.5 million, and Operating FFO per share of \$2.10 to \$2.20, which reflects the equity issuance discussed above. QTS is also revising its 2015 guidance on Capital Expenditures, excluding acquisitions, to approximately \$300 million to \$350 million to incorporate the positive acceleration of customer activity in the Richmond, Atlanta-Metro and Dallas-Fort Worth facilities and to fund capital expenditure needs of Carpathia.

This guidance is calculated based on core revenue growth, excluding acquisitions, in the mid to high teens (which ramp during the year), annual rental churn of 4-7%, and does not contemplate any acquisitions or dispositions other than those which have already been disclosed.

Non-GAAP Financial Measures

This release includes certain non-GAAP financial measures that management believes are helpful in understanding the Company's business, as further described below.

Conference Call Details

The Company will host a conference call and webcast on August 5, 2015, at 10:00 a.m., Eastern time (9:00 a.m. Central time) to discuss its financial results, current business trends and market conditions.

The dial-in number for the conference call is (877) 883-0383 (U.S.) or (412) 902-6506 (International). The participant entry number is 3619873# and callers are asked to dial in ten minutes prior to start time. A link to the live broadcast, earnings presentation and the replay will be available on the Company's website (www.qtsdatacenters.com) under the Investors tab.

About QTS

QTS Realty Trust, Inc. (NYSE: QTS) is a leading provider of secure, compliant data center solutions and fully managed services, and the owner of Carpathia Hosting, a provider of colocation, hybrid cloud services and managed hosting. QTS' integrated technology service platform of custom data center (C1), colocation (C2) and cloud and managed services (C3) provides flexible, scalable, secure IT solutions for web and IT applications. QTS' Critical Facility Management (CFM) provides increased efficiency and greater performance for third-party data center owners and operators. QTS owns, operates or manages 25 data centers and supports more than 1,000 customers in the United States, Canada, Europe and the Asia Pacific region.

QTS Investor Relations Contact

Jeff Berson – Chief Investment Officer
William Schafer – Chief Financial Officer
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Forward Looking Statements

Some of the statements contained in this release constitute 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 particular, statements pertaining to the Company's capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, all of the statements regarding anticipated growth in funds from operations and anticipated market conditions are forward-looking statements. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," or "potential" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

The forward-looking statements contained in this release reflect the Company's current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause actual results to differ significantly from those expressed in any forward-looking statement. The Company does not guarantee that the transactions and events described will happen as described (or that they will happen at all). 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: adverse economic or real estate developments in the Company's markets or the technology industry; global, national and local economic conditions; risks related to our international operations; difficulties in identifying properties to acquire and completing acquisitions; the Company's failure to successfully develop, redevelop and operate acquired properties, including data centers acquired in our acquisition of Carpathia Hosting, Inc.; significant increases in construction and development costs; the increasingly competitive environment in which the Company operates; defaults on, or termination or non-renewal of, leases by customers; increased interest rates and operating costs, including increased energy costs; financing risks, including the Company's failure to obtain necessary outside financing; decreased rental rates or increased vacancy rates; dependence on third parties to provide Internet, telecommunications and network connectivity to the Company's data centers; the Company's failure to qualify and maintain its qualification as a real estate investment trust; environmental uncertainties and risks related to natural disasters; financial market fluctuations; and changes in real estate and zoning laws and increases in real property tax rates.

While forward-looking statements reflect the Company's good faith beliefs, they are not guarantees of future performance. The Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes. For a further discussion of these and other factors that could cause the Company's future results to differ materially from any forward-looking statements, see the section entitled "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 and periodic reports the Company files with the Securities and Exchange Commission.



Combined Consolidated Balance Sheets

(in thousands)

	June 30, 2015 (unaudited)	December 31, 2014
ASSETS		
Real Estate Assets		
Land	\$ 52,430	\$ 48,577
Buildings and improvements	1,073,120	914,286
Less: Accumulated depreciation	(205,284)	(180,167)
	<u>920,266</u>	<u>782,696</u>
Construction in progress	320,885	214,719
Real Estate Assets, net	<u>1,241,151</u>	<u>997,415</u>
Cash and cash equivalents	10,744	10,788
Rents and other receivables, net	30,548	15,579
Acquired intangibles, net	122,005	18,000
Deferred costs, net (1)	38,013	37,058
Prepaid expenses	7,132	3,079
Goodwill	173,237	-
Other assets, net (2)	29,198	24,640
TOTAL ASSETS	<u>\$ 1,652,028</u>	<u>\$ 1,106,559</u>
LIABILITIES		
Mortgage notes payable	\$ 70,000	\$ 86,600
Unsecured credit facility	330,000	239,838
Senior notes, net of discount	297,852	297,729
Capital lease and lease financing obligations	56,211	13,062
Accounts payable and accrued liabilities	92,708	64,607
Dividends and distributions payable	15,322	10,705
Advance rents, security deposits and other liabilities	19,444	3,302
Deferred income taxes	16,449	-
Deferred income	19,557	10,531
TOTAL LIABILITIES	<u>917,543</u>	<u>726,374</u>
EQUITY		
Common stock, \$0.01 par value, 450,133,000 shares authorized, 40,881,002 and 29,408,138 shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	409	294
Additional paid-in capital	664,751	324,917
Accumulated dividends in excess of earnings	(38,014)	(22,503)
Total stockholders' equity	<u>627,146</u>	<u>302,708</u>
Noncontrolling interests	107,339	77,477
TOTAL EQUITY	<u>734,485</u>	<u>380,185</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 1,652,028</u>	<u>\$ 1,106,559</u>

(1) As of June 30, 2015 and December 31, 2014, deferred costs, net, included \$15.3 million and \$16.5 million of deferred financing costs net of amortization, respectively, \$19.8 million and \$17.4 million of deferred leasing costs net of amortization, respectively, and \$2.9 million and \$3.2 million, net of amortization, related to a leasing arrangement at the Company's Princeton facility, respectively.

(2) As of June 30, 2015 and December 31, 2014, other assets, net, primarily included \$26.3 million and \$21.4 million of corporate fixed assets, respectively, primarily relating to construction of corporate offices, leasehold improvements and product related assets.



Combined Consolidated Statements of Operations and Comprehensive Income

(unaudited and in thousands)

The following financial data for the three and six months ended June 30, 2015 includes the operating results of Carpathia Hosting, Inc. ("Carpathia") for the period June 16, 2015 (the date the Company acquired Carpathia) through June 30, 2015.

	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Revenues:					
Rental	\$ 52,193	\$ 49,333	\$ 41,966	\$ 101,526	\$ 82,545
Recoveries from customers	5,582	5,664	3,852	11,246	7,543
Cloud and managed services	8,220	5,795	4,970	14,015	9,201
Other (1)	2,122	594	550	2,716	992
Total revenues	68,117	61,386	51,338	129,503	100,281
Operating expenses:					
Property operating costs	22,031	19,336	16,529	41,367	32,752
Real estate taxes and insurance	1,474	1,485	1,118	2,959	2,336
Depreciation and amortization	18,062	16,243	13,817	34,305	27,064
General and administrative (2)	14,615	13,838	11,473	28,453	22,251
Restructuring (3)	-	-	1,046	-	1,046
Transaction and integration costs (4)	4,669	105	1,089	4,774	1,153
Total operating expenses	60,851	51,007	45,072	111,858	86,602
Operating income	7,266	10,379	6,266	17,645	13,679
Other income and expense:					
Interest income	1	-	-	1	8
Interest expense	(4,799)	(5,342)	(2,208)	(10,141)	(4,273)
Other expense, net (5)	(83)	-	(110)	(83)	(110)
Income before taxes	2,385	5,037	3,948	7,422	9,304
Tax benefit (expense) of taxable REIT subsidiaries (6)	3,135	-	(27)	3,135	(55)
Net income	5,520	5,037	3,921	10,557	9,249
Net income attributable to noncontrolling interests (7)	(888)	(955)	(831)	(1,843)	(1,961)
Net income attributable to QTS Realty Trust, Inc.	4,632	4,082	3,090	8,714	7,288
Unrealized gain on swap	-	-	127	-	232
Comprehensive income	\$ 4,632	\$ 4,082	\$ 3,217	\$ 8,714	\$ 7,520

- Other revenue – Includes straight line rent, sales of scrap metals and other unused materials and various other income items. Straight line rent was \$1.4 million, \$0.4 million and \$0.1 million for the three months ended June 30, 2015, March 31, 2015 and June 30, 2014, respectively. Straight line rent was \$1.8 million and \$0.3 million for the six months ended June 30, 2015 and 2014, respectively.
- General and administrative expenses – Includes personnel costs, sales and marketing costs, professional fees, travel costs, product investment costs and other corporate general and administrative expenses. General and administrative expenses were 21.5%, 22.5%, and 22.3% of total revenues for the three month periods ended June 30, 2015, March 31, 2015 and June 30, 2014, respectively. General and administrative expenses were 22.0% and 22.2% of total revenues for the six month periods ended June 30, 2015 and 2014, respectively.
- Restructuring costs – For the three and six months ended June 30, 2014, the Company incurred \$1.0 million in restructuring costs related to severance costs associated with various remote employees.
- Transaction and integration costs – For the three months ended June 30, 2015, March 31, 2015 and June 30, 2014, the Company recognized \$4.3 million, \$0.1 million and \$1.1 million, respectively, in transaction costs related to the examination of actual and potential acquisitions. Transaction costs were \$4.4 million and \$1.2 million for the six months ended June 30, 2015 and 2014, respectively. The Company also recognized \$0.4 million in integration costs for the three month and six month periods ended June 30, 2015 related to the acquisition of Carpathia on June 16, 2015.
- Other expense, net – Generally includes write offs of unamortized deferred financing costs associated with the early extinguishment of certain debt instruments.
- Tax benefit (expense) of taxable REIT subsidiaries – For the three and six months ended June 30, 2015, the Company recorded an approximate \$3.1 million non-cash tax benefit related to the reversal of valuation allowances of deferred tax assets which was a result of the purchase of Carpathia.
- Noncontrolling interest – As of June 30, 2015, the noncontrolling ownership interest of QualityTech, LP was 14.6%, which is related to approximately 7.0 million Operating Partnership units outstanding at June 30, 2015 which are convertible into common shares on a one-for-one basis.



Reconciliations of Net Income to FFO, Operating FFO & Adjusted Operating FFO

(unaudited and in thousands)

The Company calculates FFO in accordance with the standards established by the National Association of Real Estate Investment Trusts ("NAREIT"). FFO represents net income (computed in accordance with GAAP), adjusted to exclude gains (or losses) from sales of property, real estate related depreciation and amortization and similar adjustments for unconsolidated partnerships and joint ventures. The Company generally calculates Operating FFO as FFO excluding certain non-recurring and primarily non-cash charges and gains and losses that management believes are not indicative of the results of the Company's operating real estate portfolio. The Company believes that Operating FFO provides investors with another financial measure that may facilitate comparisons of operating performance and liquidity between periods and, to the extent other REITs calculate Operating FFO on a comparable basis, between the Company and these other REITs. The Company calculates Adjusted Operating FFO by adding or subtracting from Operating FFO items such as: maintenance capital investment, paid leasing commissions, amortization of deferred financing costs, non-real estate depreciation, straight line rent adjustments, and non-cash compensation.

A reconciliation of net income to FFO, Operating FFO and Adjusted Operating FFO is presented below:

	Three Months Ended			Six Months Ended	
	June 30,	March 31,	June 30,	June 30,	
	2015	2015	2014	2015	2014
FFO					
Net income	\$ 5,520	\$ 5,037	\$ 3,921	\$ 10,557	\$ 9,249
Real estate depreciation and amortization	16,325	14,302	12,203	30,627	24,067
FFO	<u>21,845</u>	<u>19,339</u>	<u>16,124</u>	<u>41,184</u>	<u>33,316</u>
Write off of unamortized deferred finance costs	83	-	110	83	110
Restructuring costs	-	-	1,046	-	1,046
Integration costs	422	-	-	422	-
Transaction costs	4,247	105	1,089	4,352	1,153
Non-cash reversal of deferred tax asset valuation allowance	(3,175)	-	-	(3,175)	-
Operating FFO *	<u>23,422</u>	<u>19,444</u>	<u>18,369</u>	<u>42,866</u>	<u>35,625</u>
Maintenance Capex	(609)	(17)	(22)	(626)	(95)
Leasing commissions paid	(3,782)	(3,084)	(2,839)	(6,866)	(5,088)
Amortization of deferred financing costs and bond discount	854	849	621	1,703	1,203
Non real estate depreciation and amortization	1,682	1,941	1,616	3,623	2,998
Straight line rent revenue	(1,371)	(436)	(170)	(1,807)	(322)
Straight line rent expense	211	71	74	282	149
Equity-based compensation expense	1,831	1,307	1,065	3,138	1,976
Adjusted Operating FFO *	<u>\$ 22,238</u>	<u>\$ 20,075</u>	<u>\$ 18,714</u>	<u>\$ 42,313</u>	<u>\$ 36,446</u>

* The Company's calculations of Operating FFO and Adjusted Operating FFO may not be comparable to Operating FFO and Adjusted Operating FFO as calculated by other REITs that do not use the same definition.



Reconciliations of Net Income to EBITDA and Adjusted EBITDA

(unaudited and in thousands)

The Company calculates EBITDA as net income excluding interest expense and interest income, provision for income taxes (including income taxes applicable to sale of assets) and depreciation and amortization. The Company believes that EBITDA is another metric that is often utilized to evaluate and compare the Company's ongoing operating results and also, in part, to assess the value of the Company's operating portfolio. In addition to EBITDA, the Company calculates an adjusted measure of EBITDA, which the Company refers to as Adjusted EBITDA, as EBITDA excluding write off of unamortized deferred financing costs, gain on extinguishment of debt, transaction costs, equity-based compensation expense, restructuring charge, gain on legal settlement and gain on sale of real estate. The Company believes that Adjusted EBITDA provides investors with another financial measure that can facilitate comparisons of operating performance between periods and between REITs.

A reconciliation of net income to EBITDA and Adjusted EBITDA is presented below:

	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
EBITDA and Adjusted EBITDA					
Net income	\$ 5,520	\$ 5,037	\$ 3,921	\$ 10,557	\$ 9,249
Interest expense	4,799	5,342	2,208	10,141	4,273
Interest income	(1)	-	-	(1)	(8)
Tax (benefit) expense of taxable REIT subsidiaries	(3,135)	-	27	(3,135)	55
Depreciation and amortization	18,062	16,243	13,817	34,305	27,064
EBITDA	25,245	26,622	19,973	51,867	40,633
Write off of unamortized deferred finance costs	83	-	110	83	110
Equity-based compensation expense	1,831	1,307	1,065	3,138	1,976
Restructuring costs	-	-	1,046	-	1,046
Integration costs	422	-	-	422	-
Transaction costs	4,247	105	1,089	4,352	1,153
Adjusted EBITDA	\$ 31,828	\$ 28,034	\$ 23,283	\$ 59,862	\$ 44,918



Reconciliations of Net Income to Net Operating Income (NOI)

(unaudited and in thousands)

The Company calculates net operating income (“NOI”) as net income, excluding: interest expense, interest income, tax expense of taxable REIT subsidiaries, depreciation and amortization, write off of unamortized deferred financing costs, gain on extinguishment of debt, transaction costs, gain on legal settlement, gain on sale of real estate, restructuring charge and general and administrative expenses. The Company believes that NOI is another metric that is often utilized to evaluate returns on operating real estate from period to period and also, in part, to assess the value of the operating real estate. A reconciliation of net income to NOI is presented below:

	Three Months Ended			Six Months Ended	
	June 30,	March 31,	June 30,	June 30,	
	2015	2015	2014	2015	2014
Net Operating Income (NOI)					
Net income	\$ 5,520	\$ 5,037	\$ 3,921	\$ 10,557	\$ 9,249
Interest expense	4,799	5,342	2,208	10,141	4,273
Interest income	(1)	-	-	(1)	(8)
Depreciation and amortization	18,062	16,243	13,817	34,305	27,064
Write off of unamortized deferred finance costs	83	-	110	83	110
Tax (benefit) expense of taxable REIT subsidiaries	(3,135)	-	27	(3,135)	55
Restructuring costs	-	-	1,046	-	1,046
Integration costs	422	-	-	422	-
Transaction costs	4,247	105	1,089	4,352	1,153
General and administrative expenses	14,615	13,838	11,473	28,453	22,251
NOI (1)	\$ 44,612	\$ 40,565	\$ 33,691	\$ 85,177	\$ 65,193
Breakdown of NOI by facility:					
Atlanta-Metro data center	\$ 16,875	\$ 16,766	\$ 15,194	\$ 33,641	\$ 29,596
Atlanta-Suwanee data center	10,094	10,130	8,578	20,224	16,752
Santa Clara data center	3,574	3,377	3,318	6,951	6,048
Richmond data center	4,933	4,255	3,339	9,188	6,386
Sacramento data center	1,900	1,871	2,339	3,771	4,663
Princeton data center	2,310	2,349	23	4,659	23
Dallas-Fort Worth data center	1,462	749	-	2,211	-
Carpathia data centers (2)	2,250	-	-	2,250	-
Other facilities	1,214	1,068	900	2,282	1,725
NOI (1)	\$ 44,612	\$ 40,565	\$ 33,691	\$ 85,177	\$ 65,193

(1) Includes facility level general and administrative expense allocation charges of 4% of revenue which aggregated to \$2.7 million, \$2.5 million and \$2.0 million for the three month periods ended June 30, 2015, March 31, 2015, and June 30, 2014, respectively, and \$5.2 million and \$4.0 million for the six month periods ended June 30, 2015 and 2014, respectively.

(2) Includes results of Carpathia for the period June 16, 2015 through June 30, 2015.



Reconciliations of Total Revenues to Recognized MRR in the period and MRR at period end

(unaudited and in thousands)

The Company calculates MRR as monthly contractual revenue under signed leases as of a particular date, which includes revenue from its C1, C2 and C3 rental and cloud and managed services activities, but excludes customer recoveries, deferred set-up fees, variable related revenues, non-cash revenues and other one-time revenues. MRR does not include the impact from booked-not-billed leases (which represent customer leases that have been executed but for which lease payments have not commenced) as of a particular date, unless otherwise specifically noted. The Company calculates recognized MRR as the recurring revenue recognized during a given period, which includes revenue from its C1, C2 and C3 rental and cloud and managed services activities, but excludes customer recoveries, deferred set-up fees, variable related revenues, non-cash revenues and other one-time revenues. Management uses MRR and recognized MRR as supplemental performance measures because they provide useful measures of increases in contractual revenue from customer leases. A reconciliation of total revenues to recognized MRR in the period and MRR at period-end is presented below:

	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	2014
Recognized MRR in the period					
Total period revenues (GAAP basis)	\$ 68,117	\$ 61,386	\$ 51,338	\$ 129,503	\$ 100,281
Less: Total period recoveries	(5,582)	(5,664)	(3,852)	(11,246)	(7,543)
Total period deferred setup fees	(1,412)	(1,246)	(1,164)	(2,658)	(2,383)
Total period straight line rent and other	(3,170)	(2,012)	(1,107)	(5,182)	(1,985)
Recognized MRR in the period	<u>57,953</u>	<u>52,464</u>	<u>45,215</u>	<u>110,417</u>	<u>88,370</u>
MRR at period end					
Total period revenues (GAAP basis)	\$ 68,117	\$ 61,386	\$ 51,338	\$ 129,503	\$ 100,281
Less: Total revenues excluding last month	(41,871)	(40,100)	(34,000)	(103,257)	(82,943)
Total revenues for last month of period	26,246	21,286	17,338	26,246	17,338
Less: Last month recoveries	(2,185)	(1,749)	(1,464)	(2,185)	(1,464)
Last month deferred setup fees	(513)	(418)	(421)	(513)	(421)
Last month straight line rent and other	1,925	(1,292)	582	1,925	582
MRR at period end	<u>\$ 25,473</u>	<u>\$ 17,827</u>	<u>\$ 16,035</u>	<u>\$ 25,473</u>	<u>\$ 16,035</u>



➤ QTS Realty Trust, Inc.
Supplemental Information for the
Quarter Ended June 30, 2015

The QTS Difference ➤





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Forward Looking Statements

Some of the statements contained in this document constitute 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 particular, statements pertaining to the Company's capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, all of the statements regarding anticipated growth in funds from operations and anticipated market conditions are forward-looking statements. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," or "potential" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

The forward-looking statements contained in this document reflect the Company's current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause actual results to differ significantly from those expressed in any forward-looking statement. The Company does not guarantee that the transactions and events described will happen as described (or that they will happen at all). 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: adverse economic or real estate developments in the Company's markets or the technology industry; global, national and local economic conditions; risks related to our international operations; difficulties in identifying properties to acquire and completing acquisitions; the Company's failure to successfully develop, redevelop and operate acquired properties, including data centers acquired in our acquisition of Carpathia Hosting, Inc.; significant increases in construction and development costs; the increasingly competitive environment in which the Company operates; defaults on, or termination or non-renewal of, leases by customers; increased interest rates and operating costs, including increased energy costs; financing risks, including the Company's failure to obtain necessary outside financing; decreased rental rates or increased vacancy rates; dependence on third parties to provide Internet, telecommunications and network connectivity to the Company's data centers; the Company's failure to qualify and maintain its qualification as a real estate investment trust; environmental uncertainties and risks related to natural disasters; financial market fluctuations; and changes in real estate and zoning laws and increases in real property tax rates.

While forward-looking statements reflect the Company's good faith beliefs, they are not guarantees of future performance. The Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes. For a further discussion of these and other factors that could cause the Company's future results to differ materially from any forward-looking statements, see the section entitled "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 and other periodic reports the Company files with the Securities and Exchange Commission.



Company Profile

World class data center infrastructure + Hybrid managed cloud solutions

BIGGER. BETTER. STRONGER.

Global Footprint

3 Continents | 9 States | 25 Data Centers

THE QTS DIFFERENCE

UNIQUE PRODUCT & SERVICE PLATFORM
QTS 3Cs

STATE-OF-THE-ART
MEGA DATA CENTERS

INDUSTRY-LEADING
SECURITY & COMPLIANCE

INTERNATIONAL
LOCATIONS & CONNECTIVITY

PREMIUM CUSTOMER EXPERIENCE

INTEGRATED CONTROL FRAMEWORK WITH

1000+

COMPLIANCE REQUIREMENTS

POWER

500

MEGAWATTS
of GROSS UTILITY POWER

BEST PRACTICES IN PURSUIT OF LEED CERTIFICATION

SPACE

4.8M

GROSS SQUARE FEET

2.2M

SQ FT OF RAISED FLOOR

INTERCONNECTIVITY

6 CORE

NETWORK PRODUCTS
OVER 12,000 INTERCONNECTIONS

EASY ACCESS TO
OVER 500 SERVICE PROVIDERS

1000+

CUSTOMERS FROM DIVERSE INDUSTRIES

50+

Annualized rent from customers that use more than one 3C product

PRODUCT BREADTH AND CONNECTIVITY SUPPORTS CUSTOMER RETENTION AND EXPANSION

- C1** Custom Data Centers
- C2** Colocation
- C3** Cloud & Managed Services

DATA CENTERS POWERED BY PEOPLE

Your 24x7x365 Power Supply

600+

QTS EXPERTS

On call and on the job nationwide.

FIVE NINES UPTIME

99.999% Reliability

OUR TIMELINE

<p>2003</p> <p>Company purchases first data center in Overland Park, KS</p>	<p>2005</p> <p>Formally established with acquisition of Mega Data Center Atlanta-Suwanee</p>	<p>2006-2008</p> <p>Acquired three facilities: Jersey City, Santa Clara and Miami</p>	<p>2009</p> <p>General Atlantic, LLC invests in QTS; REIT-compliant operations begin</p>	<p>2010</p> <p>Richmond facility acquired; QTS Cloud product introduced commercially</p>	<p>2010-2012</p> <p>Executed on growth strategy by leveraging platform and continued redevelopment of existing facilities</p>	<p>2012-2013</p> <p>Acquisition of Sacramento and Dallas facilities</p>	<p>2013</p> <p>Release IPO filing General Atlantic, LLC increases investment after IPO</p>	<p>2014</p> <p>Expands mega data center footprint and establishes strategic partnership with Atos via Princeton acquisition</p>	<p>2014</p> <p>QTS enters top Tier 1 market with Chicago acquisition</p>	<p>2015</p> <p>Federal Cloud becomes FedRAMP compliant</p> <p>QTS Acquires Carpathia Hosting, Inc. for approximately \$326 million</p>
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Combined Consolidated Balance Sheets

(in thousands)

	June 30, 2015	December 31, 2014
	(unaudited)	
ASSETS		
Real Estate Assets		
Land	\$ 52,430	\$ 48,577
Buildings and improvements	1,073,120	914,286
Less: Accumulated depreciation	(205,284)	(180,167)
	<u>920,266</u>	<u>782,696</u>
Construction in progress	320,885	214,719
Real Estate Assets, net	<u>1,241,151</u>	<u>997,415</u>
Cash and cash equivalents	10,744	10,788
Rents and other receivables, net	30,548	15,579
Acquired intangibles, net	122,005	18,000
Deferred costs, net (1)	38,013	37,058
Prepaid expenses	7,132	3,079
Goodwill	173,237	-
Other assets, net (2)	29,198	24,640
TOTAL ASSETS	<u>\$ 1,652,028</u>	<u>\$ 1,106,559</u>
LIABILITIES		
Mortgage notes payable	\$ 70,000	\$ 86,600
Unsecured credit facility	330,000	239,838
Senior notes, net of discount	297,852	297,729
Capital lease and lease financing obligations	56,211	13,062
Accounts payable and accrued liabilities	92,708	64,607
Dividends and distributions payable	15,322	10,705
Advance rents, security deposits and other liabilities	19,444	3,302
Deferred income taxes	16,449	-
Deferred income	19,557	10,531
TOTAL LIABILITIES	<u>917,543</u>	<u>726,374</u>
EQUITY		
Common stock, \$0.01 par value, 450,133,000 shares authorized, 40,881,002 and 29,408,138 shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	409	294
Additional paid-in capital	664,751	324,917
Accumulated dividends in excess of earnings	(38,014)	(22,503)
Total stockholders' equity	<u>627,146</u>	<u>302,708</u>
Noncontrolling interests	107,339	77,477
TOTAL EQUITY	<u>734,485</u>	<u>380,185</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 1,652,028</u>	<u>\$ 1,106,559</u>

(1) As of June 30, 2015 and December 31, 2014, deferred costs, net, included \$15.3 million and \$16.5 million of deferred financing costs net of amortization, respectively, \$19.8 million and \$17.4 million of deferred leasing costs net of amortization, respectively, and \$2.9 million and \$3.2 million, net of amortization, related to a leasing arrangement at the Company's Princeton facility, respectively.

(2) As of June 30, 2015 and December 31, 2014, other assets, net, primarily included \$26.3 million and \$21.4 million of corporate fixed assets, respectively, primarily relating to construction of corporate offices, leasehold improvements and product related assets.



Combined Consolidated Statements of Operations and Comprehensive Income

(in thousands)

The following financial data for the three and six months ended June 30, 2015 includes the operating results of Carpathia Hosting, Inc. ("Carpathia") for the period June 16, 2015 (the date the Company acquired Carpathia) through June 30, 2015.

	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Revenues:					
Rental	\$ 52,193	\$ 49,333	\$ 41,966	\$ 101,526	\$ 82,545
Recoveries from customers	5,582	5,664	3,852	11,246	7,543
Cloud and managed services	8,220	5,795	4,970	14,015	9,201
Other (1)	2,122	594	550	2,716	992
Total revenues	68,117	61,386	51,338	129,503	100,281
Operating expenses:					
Property operating costs	22,031	19,336	16,529	41,367	32,752
Real estate taxes and insurance	1,474	1,485	1,118	2,959	2,336
Depreciation and amortization	18,062	16,243	13,817	34,305	27,064
General and administrative (2)	14,615	13,838	11,473	28,453	22,251
Restructuring (3)	-	-	1,046	-	1,046
Transaction and integration costs (4)	4,669	105	1,089	4,774	1,153
Total operating expenses	60,851	51,007	45,072	111,858	86,602
Operating income	7,266	10,379	6,266	17,645	13,679
Other income and expense:					
Interest income	1	-	-	1	8
Interest expense	(4,799)	(5,342)	(2,208)	(10,141)	(4,273)
Other expense, net (5)	(83)	-	(110)	(83)	(110)
Income before taxes	2,385	5,037	3,948	7,422	9,304
Tax benefit (expense) of taxable REIT subsidiaries (6)	3,135	-	(27)	3,135	(55)
Net income	5,520	5,037	3,921	10,557	9,249
Net income attributable to noncontrolling interests (7)	(888)	(955)	(831)	(1,843)	(1,961)
Net income attributable to QTS Realty Trust, Inc.	4,632	4,082	3,090	8,714	7,288
Unrealized gain on swap	-	-	127	-	232
Comprehensive income	\$ 4,632	\$ 4,082	\$ 3,217	\$ 8,714	\$ 7,520

- (1) Other revenue - Includes straight line rent, sales of scrap metals and other unused materials and various other income items. Straight line rent was \$1.4 million, \$0.4 million and \$0.1 million for the three month periods ended June 30, 2015, December 31, 2014, and June 30, 2014, respectively. Straight line rent was \$1.8 million and \$0.3 million for the six month periods ended June 30, 2015 and 2014, respectively.
- (2) General and administrative expenses - Includes personnel costs, sales and marketing costs, professional fees, travel costs, product investment costs and other corporate general and administrative expenses. General and administrative expenses were 21.5%, 22.5%, and 22.3% of total revenues for the three month periods ended June 30, 2015, March 31, 2015, and June 30, 2014, respectively. General and administrative expenses were 22.0% and 22.2% of total revenues for the six month periods ended June 30, 2015 and 2014, respectively.
- (3) Restructuring costs - For the three and six months ended June 30, 2014, the Company incurred \$1.0 million in restructuring costs related to severance costs associated with various remote employees.
- (4) Transaction and integration costs - For the three month periods ended June 30, 2015, March 31, 2015, and June 30, 2014, the Company recognized \$4.3 million, \$0.1 million and \$1.1 million, respectively, in transaction costs related to the examination of actual and potential acquisitions. Transaction costs were \$4.4 million and \$1.2 million for the six month periods ended June 30, 2015 and 2014, respectively. The Company also recognized \$0.4 million in integration costs for the three month and six month periods ended June 30, 2015 related to the acquisition of Carpathia Hosting, Inc. on June 16, 2015.
- (5) Other expense, net - Generally includes write offs of unamortized deferred financing costs associated with the early extinguishment of certain debt instruments.
- (6) Tax benefit (expense) of taxable REIT subsidiaries - For the three and six months ended June 30, 2015, the Company recorded an approximate \$3.1 million non-cash tax benefit related to the reversal of valuation allowances of deferred tax assets which was a result of the purchase of Carpathia.
- (7) Noncontrolling interest - As of June 30, 2015, the noncontrolling ownership interest of QualityTech, LP was 14.6%, which is related to approximately 7.0 million Operating Partnership units outstanding at June 30, 2015 which are convertible into common shares on a one-for-one basis.



Summary of Financial Data

(in thousands, except operating portfolio statistics data)

Summary of Results	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Total revenue *	\$ 68,117	\$ 61,386	\$ 51,338	\$ 129,503	\$ 100,281
Net income	5,520	5,037	3,921	10,557	9,249
Other Data					
FFO	\$ 21,845	\$ 19,339	\$ 16,124	\$ 41,184	\$ 33,316
Operating FFO	23,422	19,444	18,369	42,866	35,625
Operating FFO per share	0.53	0.50	0.50	1.02	0.96
Adjusted Operating FFO	22,238	20,075	18,714	42,313	36,446
Recognized MRR in the period	57,953	52,464	45,215	110,417	88,370
MRR (at period end)	25,473	17,827	16,035	25,473	16,035
EBITDA	25,245	26,622	19,973	51,867	40,633
Adjusted EBITDA *	31,828	28,034	23,283	59,862	44,918
NOI *	44,612	40,565	33,691	85,177	65,193
NOI as a % of revenue	65.5%	66.1%	65.6%	65.8%	65.0%
Adjusted EBITDA as a % of revenue	46.7%	45.7%	45.4%	46.2%	44.8%
General and administrative expenses as a % of revenue	21.5%	22.5%	22.3%	22.0%	22.2%
Annualized ROIC	15.8%	15.5%	15.5%	15.3%	15.2%

* The Carpathia acquisition, which closed on June 16, 2015, contributed \$3.7 million of total revenues, \$2.3 million of NOI and \$1.4 million of Adjusted EBITDA for the quarter ended June 30, 2015.

Balance Sheet Data	June 30, 2015	December 31, 2014
Real estate at cost	\$ 1,446,435	\$ 1,177,582
Net investment in real estate	1,241,151	997,415
Total assets	1,652,028	1,106,559
Total debt	754,063	637,229
Debt to last quarter annualized Adjusted EBITDA	4.8x*	5.5x
Debt to Undepreciated real estate assets	52.1%	54.1%
Debt to Implied Enterprise Value	29.8%	33.4%

* Assumes Carpathia's Adjusted EBITDA for the period June 16, 2015 through June 30, 2015 was outstanding for the entire quarter.



Operating Portfolio Statistics	June 30, 2015	December 31, 2014
Built out square footage:		
Raised floor	1,053,817	927,075
Leasable raised floor (1)	823,526	698,232
Leased raised floor	693,246	593,610
Total Raw Shell:		
Total	4,842,532	4,688,164
Basis-of-design raised floor space (1)	2,193,496	2,090,959
Data center properties	25	12
Basis of design raised floor % developed	48.0%	44.3%
Data center % occupied	84.2%	85.0%

(1) See definition in Appendix.



Reconciliations of Return on Invested Capital (ROIC)

(unaudited and in thousands)

Return on Invested Capital (ROIC)	Three Months Ended			Six Months Ended	
	June 30,	March 31,	June 30,	June 30,	
	2015	2015	2014	2015	2014
NOI ^{(1) (2)}	\$ 49,112	\$ 40,565	\$ 33,691	\$ 89,677	\$ 65,193
Annualized NOI	196,448	162,260	134,764	179,354	130,386
Average Undepreciated Real Estate Assets and other Net Fixed Assets Placed in Service	1,243,782	1,043,654	868,746	1,170,135	860,141
Annualized ROIC	15.8%	15.5%	15.5%	15.3%	15.2%

(1) Includes facility level G&A allocation charges of 4% of revenue which aggregated to \$2.7 million, \$2.5 million and \$2.0 million for the three month periods ended June 30, 2015, March 31, 2015, and June 30, 2014, respectively, and \$5.2 million and \$4.0 million for the six month periods ended June 30, 2015 and 2014, respectively.

(2) NOI for the three and six month periods ended June 30, 2015 assumes Carpathia's NOI for the period June 16, 2015 through June 30, 2015 was present for half the three months ended June 30, 2015. This matches the pro forma NOI with the concept that NOI and capital come online ratably throughout the quarter.

Calculation of Average Undepreciated Real Estate Assets and other Net Fixed Assets Placed in Service

Undepreciated Real Estate Assets and other Net Fixed Assets Placed in Service	As of			As of	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Real Estate Assets, net	\$ 1,241,151	\$ 1,077,619	\$ 903,947	\$ 1,241,151	\$ 903,947
Less: Construction in progress	(320,885)	(266,234)	(183,516)	(320,885)	(183,516)
Plus: Accumulated depreciation	205,284	192,107	157,202	205,284	157,202
Plus: Goodwill	173,237	-	-	173,237	-
Plus: Other fixed assets, net	11,400	21,843	16,663	11,400	16,663
Plus: Acquired intangibles, net	90,173*	17,262	19,554	90,173*	19,554
Plus: Leasing Commissions, net	22,735	21,872	16,174	22,735	16,174
Total as of period end	\$ 1,423,095	\$ 1,064,469	\$ 930,024	\$ 1,423,095	\$ 930,024

Average undepreciated real estate assets and other net fixed assets as of reporting period ⁽³⁾

	\$ 1,243,782	\$ 1,043,654	\$ 868,746	\$ 1,170,135	\$ 860,141
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(3) Calculated by using average quarterly balance of each account.

* Includes \$31.8 million of net acquired intangible liabilities and net deferred tax liabilities.



Implied Enterprise Value

Implied Enterprise Value as of June 30, 2015:

Total Shares Outstanding:	
Class A Common Stock	40,748,002
Class B Common Stock	133,000
Total Shares Outstanding	40,881,002
Units of Limited Partnership (1)	7,532,399
Options to purchase Class A Common Stock (2)	215,250
Fully Diluted Total Shares and Units of Limited Partnership outstanding as of June 30, 2015 (3)	48,628,651
Share price as of June 30, 2015	\$ 36.45
Market equity capitalization (in thousands)	\$ 1,772,514
Debt (in thousands)	754,063
Implied Enterprise Value (in thousands)	\$ 2,526,577

- (1) Includes 535,399 of operating partnership units representing the “in the money” value of Class O LTIP units on an “as if” converted basis.
- (2) Represents options to purchase 215,250 shares of Class A Common Stock of QTS Realty Trust Inc. representing the “in the money” value of options on an “as if” converted basis.
- (3) Weighted average fully diluted shares and units for the three and six month periods ended June 30, 2015 were 44,444,104 and 41,867,944, respectively.



Data Center Properties

(in thousands, except NRSF data)

The following table presents an overview of the portfolio of data center properties that the Company owns or leases, referred to herein as our data center properties, based on information as of June 30, 2015:

Property	Year Acquired (1)	Gross Square Feet (2)	Operating Net Rentable Square Feet (Operating NRSF) (3)				% Occupied and Billing (7)	Annualized Rent (8)	Available Utility Power (MW) (9)	Basis of Design NRSF	% Raised Floor
			Raised Floor (4)	Office & Other (5)	Supporting Infrastructure (6)	Total					
Richmond, VA	2010	1,318,353	121,623	51,093	131,324	304,040	70.8%	\$ 22,827,816	110	556,623	21.9%
Atlanta, GA (Metro)	2006	968,695	407,986	36,953	315,676	760,615	90.8%	\$ 78,020,867	72	527,186	77.4%
Dallas-Fort Worth, TX	2013	698,000	47,014	2,321	28,825	78,160	88.7%	\$ 5,806,604	140	292,000	16.1%
Princeton, NJ	2014	553,930	58,157	2,229	111,405	171,791	100.0%	\$ 9,540,975	22	158,157	36.8%
Suwanee, GA	2005	369,822	185,422	8,697	108,266	302,385	78.3%	\$ 51,820,970	36	208,008	89.1%
Chicago, IL	2014	317,000	-	-	-	-	-%	\$ -	8	133,000	-%
Santa Clara, CA**	2007	135,322	55,494	944	45,687	102,125	98.1%	\$ 24,312,164	11	80,347	69.1%
Jersey City, NJ*	2006	122,448	31,503	14,208	41,901	87,612	99.2%	\$ 12,157,436	7	52,744	59.7%
Sacramento, CA	2012	92,644	54,595	2,794	23,916	81,305	46.0%	\$ 11,455,653	8	57,906	94.3%
Miami, FL	2008	30,029	19,887	-	6,592	26,479	69.7%	\$ 5,228,967	4	19,887	100.0%
Carpathia facilities ***	2015	154,368	67,007	5,242	14,169	86,418	79.5%	\$ 83,596,528	20	102,509	65.4%
Other	Misc	81,921	5,129	37,854	38,723	81,706	20.6%	\$ 906,650	1	5,129	100.0%
Total		4,842,532	1,053,817	162,335	866,484	2,082,636	84.2%	\$ 305,674,630	439	2,193,496	48.0%

- (1) Represents the year a property was acquired or, in the case of a property under lease, the year the Company's initial lease commenced for the property.
- (2) With respect to the Company's owned properties, gross square feet represents the entire building area. With respect to leased properties, gross square feet represents that portion of the gross square feet subject to our lease. This includes 218,926 square feet of QTS office and support space, which is not included in operating NRSF.
- (3) Represents the total square feet of a building that is currently leased or available for lease plus developed supporting infrastructure, based on engineering drawings and estimates, but does not include space held for redevelopment or space used for the Company's own office space.
- (4) Represents management's estimate of the portion of NRSF of the facility with available power and cooling capacity that is currently leased or readily available to be leased to customers as data center space based on engineering drawings.
- (5) Represents the operating NRSF of the facility other than data center space (typically office and storage space) that is currently leased or available to be leased.
- (6) Represents required data center support space, including mechanical, telecommunications and utility rooms, as well as building common areas.
- (7) Calculated as data center raised floor that is subject to a signed lease for which billing has commenced (693,246 square feet as of June 30, 2015), divided by leasable raised floor based on the current configuration of the properties (823,526 square feet as of June 30, 2015), expressed as a percentage.
- (8) The Company defines annualized rent as MRR multiplied by 12. The Company calculates MRR as monthly contractual revenue under executed contracts as of a particular date, which includes revenue from the Company's C1, C2 and C3 rental activities and cloud and managed services, but excludes customer recoveries, deferred set up fees and other one-time and variable revenues. MRR does not include the impact from booked-not-billed contracts as of a particular date, unless otherwise specifically noted.
- (9) Represents installed utility power and transformation capacity that is available for use by the facility as of June 30, 2015.

* Represents facilities that we lease.

** Subject to long term ground lease.

*** Includes 13 facilities. All facilities are leased, including those subject to capital leases.



Redevelopment Costs Summary

(in millions, except NRSF data)

During the second quarter of 2015, the Company brought online seven megawatts of gross power and approximately 26,000 NRSF of raised floor at our Richmond data center at an aggregate cost of approximately \$42 million. The under construction table below summarizes the Company's outlook for development projects which it expects to complete by December 31, 2015 (in millions). The majority of capital in this plan is discretionary.

Property	Under Construction Costs (1)			Expected Completion date
	Actual (2)	Estimated Cost to Completion (3)	Total	
Richmond	\$ 19	\$ 20	\$ 39	Q4 2015
Atlanta Metro	14	16	30	Q3 2015 - Q4 2015
Dallas-Fort Worth	4	5	9	Q3 2015
Jersey City	1	4	5	Q4 2015
Carpathia	6	1	7	Q3 2015
Totals	\$ 44	\$ 46	\$ 90	

- (1) In addition to projects currently under construction, the Company's near-term redevelopment projects are expected to be delivered in a modular manner, and the Company currently expects to invest additional capital to complete these near term projects. The ultimate timing and completion of, and the commitment of capital to, the Company's future redevelopment projects are within the Company's discretion and will depend upon a variety of factors, including the actual contracts executed, availability of financing and the Company's estimation of the future market for data center space in each particular market.
- (2) Actual costs under construction through June 30, 2015. In addition to the \$44 million of construction costs incurred through June 30, 2015 for redevelopment expected to be completed by December 31, 2015, as of June 30, 2015 the Company had incurred \$277 million of additional costs (including acquisition costs and other capitalized costs) for other redevelopment projects that are expected to be completed after December 31, 2015.
- (3) Represents management's estimate of the additional costs required to complete the current NRSF under development. There may be an increase in costs if customers' requirements exceed the Company's current basis of design.



Redevelopment Summary

(in thousands, except NRSF data)

The following redevelopment table presents an overview of the Company's redevelopment pipeline, based on information as of June 30, 2015. This table shows the Company's ability to increase its raised floor of 1,053,817 square feet by approximately 2.1 times to 2.2 million square feet as of June 30, 2015.

Raised Floor NRSF Overview as of June 30, 2015

Property	Current NRSF in Service	Under Construction (1)	Future Available (2)	Basis of Design NRSF	Approximate Adjacent Acreage of Land (3)
Richmond	121,623	30,000	405,000	556,623	111.1
Atlanta Metro	407,986	25,000	94,200	527,186	6.0
Dallas-Fort Worth	47,014	7,000	237,986	292,000	15.0
Princeton	58,157	-	100,000	158,157	65.0
Atlanta Suwanee	185,422	-	22,586	208,008	15.4
Santa Clara	55,494	-	24,853	80,347	-
Sacramento	54,595	-	3,311	57,906	-
Jersey City	31,503	-	21,241	52,744	-
Chicago	-	-	133,000	133,000	23.0
Miami	19,887	-	-	19,887	-
Carpathia facilities	67,007	5,000	30,502	102,509	-
Other	5,129	-	-	5,129	-
Totals as of June 30, 2015	1,053,817	67,000	1,072,679	2,193,496	235.5

- (1) Reflects NRSF at a facility for which the initiation of substantial activities has begun to prepare the property for its intended use on or before December 31, 2015.
- (2) Reflects NRSF at a facility for which the initiation of substantial activities has begun to prepare the property for its intended use after December 31, 2015.
- (3) The total cost basis of adjacent land, which is land available for the future development, is approximately \$20 million. This is included in land on the Combined Consolidated Balance Sheets. The Basis of Design NRSF does not include any build-out on the adjacent land.



NOI by Facility and Capital Expenditure Summary

(unaudited and in thousands)

The Company calculates net operating income, or NOI, as net income (loss), excluding: interest expense, interest income, depreciation and amortization, write-off of unamortized deferred financing costs, tax expense of taxable REIT subsidiaries, gain on extinguishment of debt, transaction and integration costs, gain on legal settlement, gain on sale of real estate, restructuring charge and general and administrative expenses. The Company believes that NOI is another metric that is often utilized to evaluate returns on operating real estate from period to period and also, in part, to assess the value of the operating real estate. The breakdown of NOI by facility is shown below:

	Three Months Ended			Six Months Ended	
	June 30,	March 31,	June 30,	June 30,	
	2015	2015	2014	2015	2014
Breakdown of NOI by facility:					
Atlanta-Metro data center	\$ 16,875	\$ 16,766	\$ 15,194	\$ 33,641	\$ 29,596
Atlanta-Suwanee data center	10,094	10,130	8,578	20,224	16,752
Santa Clara data center	3,574	3,377	3,318	6,951	6,048
Richmond data center	4,933	4,255	3,339	9,188	6,386
Sacramento data center	1,900	1,871	2,339	3,771	4,663
Princeton data center	2,310	2,349	23	4,659	23
Dallas-Fort Worth data center	1,462	749	-	2,211	-
Carpathia data centers (2)	2,250	-	-	2,250	-
Other facilities	1,214	1,068	900	2,282	1,725
NOI (1)	\$ 44,612	\$ 40,565	\$ 33,691	\$ 85,177	\$ 65,193

(1) Includes facility level G&A allocation charges of 4% of revenue which aggregated to \$2.7 million, \$2.5 million and \$2.0 million, for the three month periods ended June 30, 2015, March 31, 2015, and June 30, 2014, respectively, and \$5.2 million and \$4.0 million for the six month periods ended June 30, 2015 and 2014, respectively.

(2) Includes results of Carpathia for the period June 16, 2015 through June 30, 2015.

Capital expenditures incurred are summarized as follows:

	Capital Expenditures (1)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Redevelopment	\$ 78,416	\$ 46,195	\$ 164,483	\$ 92,519
Acquisitions (2)	326,000	73,300	326,000	73,300
Maintenance capital expenditures	609	22	626	95
Other capitalized costs	5,786	4,981	11,845	9,249
Total capital expenditures	\$ 410,811	\$ 124,498	\$ 502,954	\$ 175,163

(1) Does not include capitalized leasing commissions included in deferred costs, acquired intangibles or other management-related fixed assets included in other assets.

(2) The three and six months ended June 30, 2015 reflects preliminary purchase price allocation associated with the Carpathia acquisition on June 16, 2015. The three and six months ended June 30, 2014 reflects the final purchase price allocation for the Princeton acquisition on June 30, 2014.



Leasing Statistics – Signed Leases

The mix of leasing activity has a significant impact on quarterly rates, both within major product segments and for overall blended leasing rates. The Company's rate performance will vary quarter to quarter based on the mix of deals leased – C1 Custom Data Center, C2 Colocation (Cabinet, Cage and Suite), and C3 Cloud and Managed Services categories all vary on a rate per square foot basis. The amounts below include renewals when there was a change in square footage rented, but not renewals where square footage remained consistent before and after renewal (See renewal table on page 16 for such renewals).

Note: Amounts in the table below include leasing activity for Carpathia for the period June 16, 2015 through June 30, 2015.

During the second quarter of 2015, the Company signed 365 new and modified leases aggregating to \$16.7 million of annualized rent which includes new leased revenue plus revenue from modified renewals. Removing annualized modified renewal MRR and deducting period downgrades results in \$10.6 million in incremental annualized rent for the quarter. While the Company did not sign any significant C1 leases during the second quarter of 2015, it did see significant leasing activity in its C2/C3 categories. This C2/C3 leasing activity continues to support the Company's belief in its investment in its 3C platform, including its acquisition of Carpathia.

Annualized Rent of New and Modified Leases represents total MRR associated with all new and modified leases for the respective periods for the purposes of computing annualized rent rates per square foot during the period. Incremental Annualized Rent, Net of Downgrades reflects net incremental MRR signed during the period for purposes of tracking incremental revenue contribution.

	<u>Period</u>	<u>Number of Leases</u>	<u>Total Leased sq ft</u>	<u>Annualized Rent per Leased sq ft</u>	<u>Annualized Rent of New and Modified Leases</u>	<u>Incremental Annualized Rent, Net of Downgrades</u>
New/modified leases signed - Total	Q2 2015	365	13,867	\$ 1,207	\$ 16,734,571	\$ 10,585,921
	P4QA*	346	63,569	364	23,150,555	15,270,479
	Q1 2015	340	47,052	590	27,778,291	13,618,400
	Q4 2014	347	10,596	1,011	10,717,456	4,116,717
	Q3 2014	361	130,617	248	32,417,738	25,629,407
	Q2 2014	335	66,009	329	21,688,736	17,717,391
New/modified leases signed - C1	Q2 2015	22	644	\$ 831	\$ 535,306	
	P4QA*	15	52,925	224	11,828,907	
	Q1 2015	18	30,386	340	10,333,301	
	Q4 2014	21	315	580	182,772	
	Q3 2014	15	121,658	190	23,165,719	
	Q2 2014	7	59,340	230	13,633,836	
New/modified leases signed - C2/C3	Q2 2015	343	13,223	\$ 1,225	\$ 16,199,265	
	P4QA*	331	10,644	1,064	11,321,648	
	Q1 2015	322	16,666	1,047	17,444,990	
	Q4 2014	326	10,281	1,025	10,534,684	
	Q3 2014	346	8,959	1,033	9,252,019	
	Q2 2014	328	6,669	1,208	8,054,900	

* Average of prior 4 quarters

NOTE: Figures above do not include cost recoveries. In general, C1 customers reimburse the Company for certain operating costs whereas C2/C3 customers are on a gross lease basis. As a result, pricing and resulting per square foot rates for C2/C3 customers includes the recovery of such operating costs.



The following table outlines the booked-not-billed ("BNB") balance as of June 30, 2015 and how that will affect revenue in 2015 and subsequent years:

Booked-not-billed ("BNB")	2015	2016	Thereafter	Total
MRR	\$ 2,657,289	\$ 1,617,726	\$ 1,453,108	\$ 5,728,123
Incremental revenue	9,664,992	13,901,994	17,437,295	
Annualized revenue	31,887,467	19,412,719	17,437,295	68,737,481

The Company estimates the remaining cost to provide the space, power, connectivity and other services to the customer contracts which had not billed as of June 30, 2015 to be approximately \$75 million. This estimate generally includes C1 customers with newly contracted space of more than 3,300 square feet. The space, power, connectivity and other services provided to customers that contract for smaller amounts of space is generally provided by existing space which was previously developed.



Leasing Statistics – Renewed Leases and Rental Churn

The mix of leasing activity has a significant impact on quarterly rates, both within major product segments and for overall blended renewal rates. The Company's rate performance will vary quarter to quarter based on the mix of deals leased – C1 Custom Data Center, C2 Colocation, and C3 Cloud and Managed Services categories all vary on a rate per square foot basis.

Consistent with the Company's 3C strategy and business model, the renewal rates below reflect total MRR per square foot including all subscribed services. For comparability, the Company includes only those customers that have maintained consistent space footprints in the computations below. All customers with space changes are incorporated into new/modified leasing statistics and rates.

Note: Amounts in the table below include leasing activity for Carpathia for the period June 16, 2015 through June 30, 2015.

The overall blended rate for renewals signed in the second quarter of 2015 was 5.1% higher than the rates for those customers immediately prior to renewal. The change in the second quarter of 2015 renewal rates compares to a prior four quarter average increase of 0.9%. The renewal rate in the second quarter of 2015 was positively impacted by a renewal involving a change in service level for a Carpathia customer and negatively impacted by three larger QTS customers that changed their product mix. Without the effect of these renewals, QTS' rates would have increased by 2.0% following renewal in the second quarter of 2015, which aligns with the Company's expectation of low to mid-single digit increases.

Rental Churn (which the Company defines as MRR lost to complete termination of customer services in a given period compared to total MRR at the beginning of the period) was 0.4% for the second quarter of 2015 and 0.8% for the six months ended June 30, 2015. The Company expects churn for the full year 2015 to be 4-7%.

	<u>Period</u>	<u>Number of renewed leases</u>	<u>Total Leased sq ft</u>	<u>Annualized rent per leased sq ft</u>	<u>Annualized Rent</u>	<u>Rent Change (1)</u>
Renewed Leases - Total	Q2 2015	76	9,540	\$ 785	\$ 7,492,287	5.1%
	P4QA*	66	7,637	802	6,011,354	0.9%
	Q1 2015	65	6,291	863	5,427,185	1.2%
	Q4 2014	64	6,317	940	5,941,125	3.4%
	Q3 2014	59	7,740	669	5,181,226	-2.9%
	Q2 2014	74	10,199	735	7,495,879	1.0%
Renewed Leases - C1	Q2 2015	-	-	\$ -	\$ -	-%
	P4QA*	-	-	-	-	-%
	Q1 2015	-	-	-	-	-%
	Q4 2014	-	-	-	-	-%
	Q3 2014	-	-	-	-	-%
	Q2 2014	-	-	-	-	-%
Renewed Leases - C2/C3	Q2 2015	76	9,540	\$ 785	\$ 7,492,287	5.1%
	P4QA*	66	7,637	802	6,011,354	0.9%
	Q1 2015	65	6,291	863	5,427,185	1.2%
	Q4 2014	64	6,317	940	5,941,125	3.4%
	Q3 2014	59	7,740	669	5,181,226	-2.9%
	Q2 2014	74	10,199	735	7,495,879	1.0%

* Average of prior 4 quarters

(1) Calculated as the percentage change of the rent per square foot immediately before renewal when compared to the rent per square foot immediately after renewal.



Leasing Statistics – Commenced Leases

The mix of leasing activity across C1, C2 and C3 has significant impact on quarterly rates, both within major product segments and for overall blended commencement rates. The Company's rate performance will vary quarter to quarter based on the mix of deals leased. C1 Custom Data Center, C2 Colocation, and C3 Cloud and Managed Services categories all vary on a rate per square foot basis.

Note: Amounts in the table below include leasing activity for Carpathia for the period June 16, 2015 through June 30, 2015.

During the second quarter of 2015, the Company commenced customer leases (which includes both new customers and existing customers that modified their lease terms) representing approximately \$26.9 million of annualized rent at \$525 per square foot. This compares to customer leases representing an aggregate trailing four quarter average of approximately \$18.6 million of annualized rent at \$537 per square foot. \$2.1 million in annualized rent of commenced leases was contributed by Carpathia in the period June 16, 2015 through June 30, 2015.

The lower annualized rent per leased square foot for C1 was due to the impact of a large C1 customer ramp in the second quarter of 2015. The C2/C3 average commencement rate for the second quarter of 2015 was \$1,014 per square foot with rates negatively impacted by larger C2 customers and a lower level of service related to those customers.

	<u>Period</u>	<u>Number of leases</u>	<u>Total Leased sq ft</u>	<u>Annualized rent per leased sq ft</u>	<u>Annualized Rent</u>
Leases commenced - Total	Q2 2015	459	51,248	\$ 525	\$ 26,884,427
	P4QA*	393	34,696	537	18,639,468
	Q1 2015	369	21,813	817	17,829,577
	Q4 2014	401	48,080	391	18,815,804
	Q3 2014	379	36,054	520	18,739,920
	Q2 2014	421	32,838	584	19,172,568
Leases commenced - C1	Q2 2015	37	29,622	\$ 168	\$ 4,961,821
	P4QA*	30	22,362	193	4,310,014
	Q1 2015	21	8,289	215	1,780,368
	Q4 2014	30	34,657	176	6,112,759
	Q3 2014	35	24,480	199	4,866,264
	Q2 2014	33	22,023	203	4,480,666
Leases commenced - C2/C3	Q2 2015	422	21,626	\$ 1,014	\$ 21,922,606
	P4QA*	363	12,334	1,183	14,589,471
	Q1 2015	348	13,524	1,264	17,089,279
	Q4 2014	371	13,423	946	12,703,045
	Q3 2014	344	11,574	1,199	13,873,656
	Q2 2014	388	10,815	1,358	14,691,902

* Average of prior 4 quarters



Lease Expirations

C1 leases are typically 5-10 years with the majority of C1 lease expirations occurring in 2017 and beyond. C2/C3 leases are typically 3 years in duration, thus the majority of C2/C3 lease expirations are in 2016 and 2017. The following table sets forth a summary schedule of the lease expirations as of June 30, 2015 at the properties in the Company's portfolio. Unless otherwise stated in the footnotes, the information set forth in the table assumes that customers exercise no renewal options and all early termination rights are exercised:

Year of Lease Expiration	Number of Leases Expiring ⁽¹⁾	Total Raised Floor of Expiring Leases	% of Portfolio Leased Raised Floor	Annualized Rent ⁽²⁾	% of Portfolio Annualized Rent	C1 as % of Portfolio Annualized Rent	C2 as % of Portfolio Annualized Rent	C3 as % of Portfolio Annualized Rent
Month-to-Month ⁽³⁾	475	6,353	1%	\$ 11,285,061	4%	0%	2%	2%
2015	676	46,592	7%	41,881,293	13%	2%	7%	4%
2016	1,319	85,922	12%	74,900,406	25%	3%	13%	9%
2017	867	91,869	13%	64,333,247	20%	5%	10%	5%
2018	418	271,129	40%	70,272,473	23%	12%	8%	3%
2019	94	16,875	2%	8,686,460	3%	1%	2%	0%
After 2019	106	174,506	25%	34,315,690	12%	8%	2%	2%
Portfolio Total	3,955	693,246	100%	\$ 305,674,630	100%	31%	44%	25%

(1) Represents each agreement with a customer signed as of June 30, 2015 for which billing has commenced; a lease agreement could include multiple spaces and a customer could have multiple leases.

(2) Annualized rent is presented for leases commenced as of June 30, 2015. The Company defines annualized rent as MRR multiplied by 12. The Company calculates MRR as monthly contractual revenue under signed leases as of a particular date, which includes revenue from our C1, C2 and C3 rental and cloud and managed services activities, but excludes customer recoveries, deferred set-up fees, variable related revenues, non-cash revenues and other one-time revenues. MRR does not include the impact from booked-not-billed leases as of a particular date, unless otherwise specifically noted. This amount reflects the annualized cash rental payments. It does not reflect the accounting associated with any free rent, rent abatements or future scheduled rent increases and also excludes operating expense and power reimbursements.

(3) Consists of customers whose leases expired prior to June 30, 2015 and have continued on a month-to-month basis.



Largest Customers

As of June 30, 2015, the Company's portfolio was leased to over 1,000 customers comprised of companies of all sizes representing an array of industries, each with unique and varied business models and needs. The following table sets forth information regarding the ten largest customers in the portfolio based on annualized rent as of June 30, 2015 (does not include rents or maturities associated with booked-not-billed customers or ramps for existing customers which have not yet commenced billing):

Principal Customer Industry	Product	Number of Locations	Annualized Rent ⁽¹⁾	% of Portfolio Annualized Rent	Weighted Average Remaining Lease Term (Months) ⁽²⁾
Internet	C1	2	\$ 22,234,279	7.3%	47
Technology	C2, C3	6	12,340,529	4.0%	20
Government	C2, C3	2	10,552,988	3.5%	31
Internet	C1	1	9,644,400	3.2%	40
Information Technology	C1, C3	3	9,625,275	3.1%	107
Information Technology	C1	2	7,469,964	2.4%	104
Technology	C2, C3	3	6,467,276	2.1%	13
Financial Services	C2, C3	1	4,885,524	1.6%	30
Information Technology	C2, C3	2	4,474,807	1.5%	15
Financial Services	C1	1	4,381,920	1.4%	19
Total / Weighted Average			\$ 92,076,962	30.1%	46

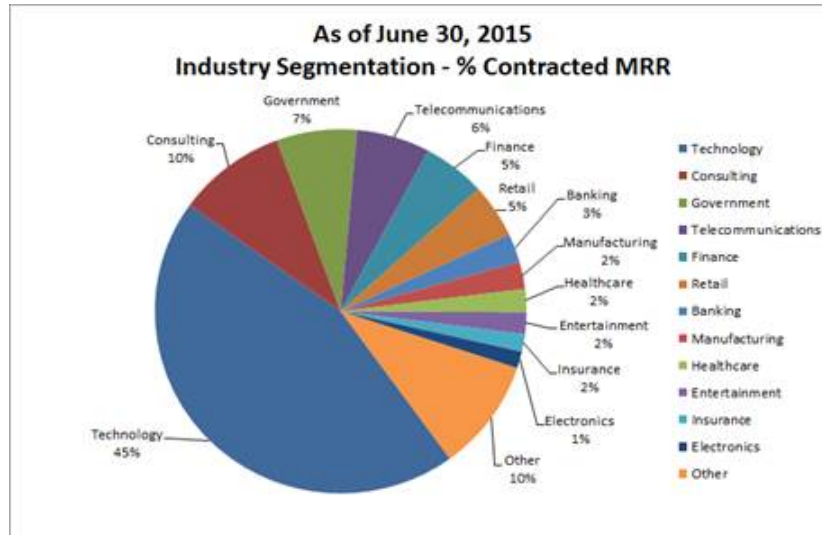
(1) Annualized rent is presented for leases commenced as of June 30, 2015. We define annualized rent as MRR multiplied by 12. We calculate MRR as monthly contractual revenue under signed leases as of a particular date, which includes revenue from our C1, C2 and C3 rental and cloud and managed services activities, but excludes customer recoveries, deferred set-up fees, variable related revenues, non-cash revenues and other one-time revenues.

MRR does not include the impact from booked-not-billed leases as of a particular date. This amount reflects the annualized cash rental payments. It does not reflect any free rent, rent abatements or future scheduled rent increases and also excludes operating expense and power reimbursements.

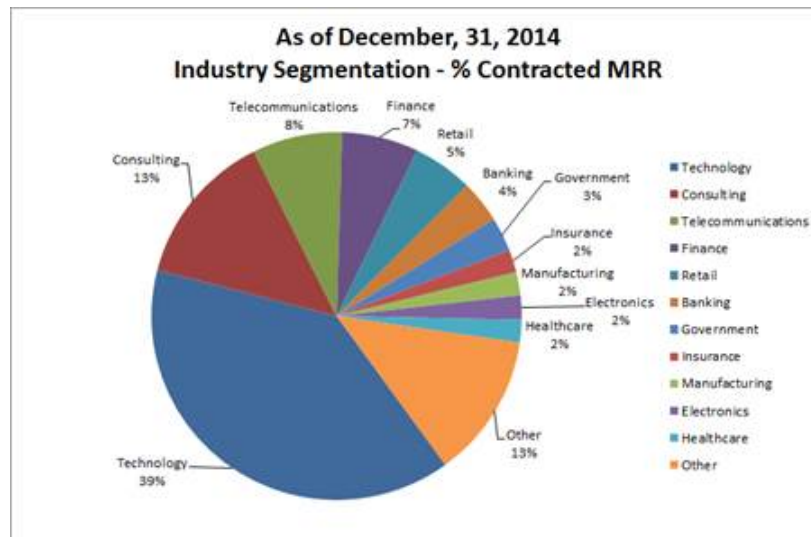
(2) Weighted average based on customer's percentage of total annualized rent expiring and is as of June 30, 2015.

Industry Segmentation

The following table sets forth information relating to the industry segmentation as of June 30, 2015:



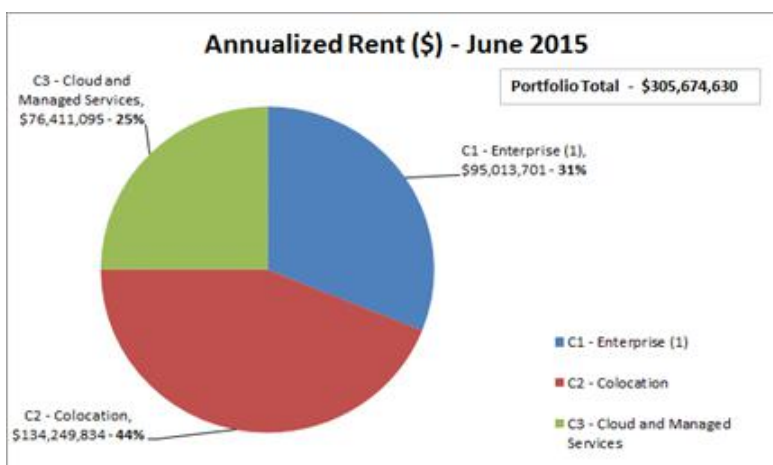
The following table sets forth information relating to the industry segmentation as of December 31, 2014:





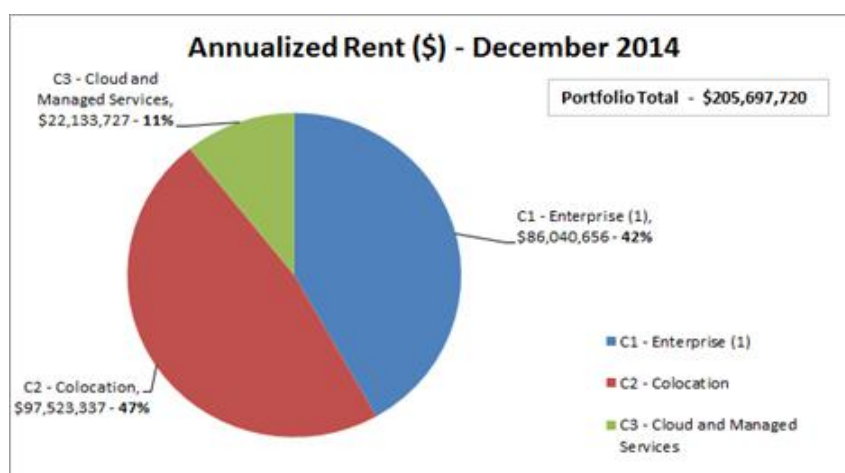
Product Diversification

The following table sets forth information relating to the distribution of leases at the properties, by type of product offering, as of June 30, 2015:



- (1) As of June 30, 2015, C1 customers renting at least 6,600 square feet represented \$53.8 million of annualized C1 MRR, C1 customers renting 3,300 square feet to 6,599 square feet represented \$19.2 million of annualized C1 MRR, and C1 customers renting below 3,300 square feet represented \$21.3 million of annualized C1 MRR. As of June 30, 2015, C1 customers' median used square footage was 4,000 square feet.

The following table sets forth information relating to the distribution of leases at the properties, by type of product offering, as of December 31, 2014:



- (1) As of December 31, 2014, C1 customers renting at least 6,600 square feet represented \$52.0 million of annualized C1 MRR, C1 customers renting between 3,300 and 6,599 square feet represented \$17.9 million of annualized C1 MRR, and C1 customers renting below 3,300 square feet represented \$16.1 million of annualized C1 MRR. As of December 31, 2014, C1 customers' median used square footage was 3,856 square feet.



Debt Summary and Debt Maturities

(in thousands)

	June 30, 2015	December 31, 2014
Unsecured Credit Facility	\$ 330,000	\$ 239,838
Senior Notes, net of discount	297,852	297,729
Richmond Credit Facility	70,000	70,000
Atlanta-Metro Equipment Loan	-	16,600
Capital Lease and Lease Financing Obligations	56,211	13,062
Total	<u>\$ 754,063</u>	<u>\$ 637,229</u>

As of June 30, 2015:

Debt instruments	2015	2016	2017	2018	2019	Thereafter	Total
Unsecured Credit Facility (1)	\$ -	\$ -	\$ -	\$ 230,000	\$ 100,000	\$ -	\$ 330,000
Senior Notes (2)	-	-	-	-	-	300,000	300,000
Richmond Credit Facility	-	-	-	-	70,000	-	70,000
Capital Lease and Lease Financing Obligations	6,450	12,558	12,388	8,804	2,461	13,550	56,211
Total	<u>\$ 6,450</u>	<u>\$ 12,558</u>	<u>\$ 12,388</u>	<u>\$ 238,804</u>	<u>\$ 172,461</u>	<u>\$ 313,550</u>	<u>\$ 756,211</u>

(1) Pursuant to a credit agreement amendment that the Company entered into on December 17, 2014, the revolving portion of the Unsecured Credit Facility has a stated maturity of December 17, 2018 with an option to extend for one additional year.

(2) Excludes discount reflected at June 30, 2015.



Interest Summary

(unaudited and in thousands)

	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Interest expense and fees	\$ 6,367	\$ 6,471	\$ 3,247	\$ 12,838	\$ 6,158
Swap interest	-	-	163	-	324
Amortization of deferred financing costs and bond discount	854	849	621	1,703	1,203
Capitalized interest (1)	(2,422)	(1,978)	(1,823)	(4,400)	(3,412)
Total interest expense	<u>\$ 4,799</u>	<u>\$ 5,342</u>	<u>\$ 2,208</u>	<u>\$ 10,141</u>	<u>\$ 4,273</u>

(1) The weighted average interest rate for the three months ended June 30, 2015, March 31, 2015, and June 30, 2014 was 4.60%, 4.71%, and 3.47%, respectively. As of June 30, 2015 and December 31, 2014 our weighted average coupon interest rate was 3.63% and 3.95%, respectively.



Appendix

Non-GAAP Financial Measures

This document includes certain non-GAAP financial measures that management believes are helpful in understanding the Company's business, as further described below.

The Company considers the following non-GAAP financial measures to be useful to investors as key supplemental measures of the Company's performance: (1) FFO; (2) Operating FFO; (3) Adjusted Operating FFO; (4) MRR; (5) NOI; (6) EBITDA; and (7) Adjusted EBITDA. These non-GAAP financial measures should be considered along with, but not as alternatives to, net income or loss and cash flows from operating activities as a measure of the Company's operating performance and liquidity. FFO, Operating FFO, Adjusted Operating FFO, MRR, NOI, EBITDA and Adjusted EBITDA, as calculated by us, may not be comparable to FFO, Operating FFO, Adjusted Operating FFO, MRR, NOI, EBITDA and Adjusted EBITDA as reported by other companies that do not use the same definition or implementation guidelines or interpret the standards differently from us.

Definitions

C1 – Custom Data Center. Power costs are passed on to customers (metered power); generally 3,000 square feet or more of raised floor; lease term of 5 to 10 years; customers are large corporations, government agencies, and global Internet businesses.

C2 – Colocation. Power overages charged separately; specified kW included in lease; up to 3,000 square feet of raised floor; lease term of up to 3 years; customers are large corporations, small and medium businesses and government agencies.

C3 – Cloud and Managed Services. Power bundled with service; small amounts of space; customers rent managed virtual servers; lease term up to 3 years; customers are large corporations, small and medium businesses and government agencies.

Booked-not-billed ("BNB"). The Company defines booked-not-billed as customer leases that have been signed, but for which lease payments have not yet commenced.

Leasable raised floor. The Company defines leasable raised floor as the amount of raised floor square footage that the Company has leased plus the available capacity of raised floor square footage that is in a leasable format as of a particular date and according to a particular product configuration. The amount of leasable raised floor may change even without completion of new redevelopment projects due to changes in the Company's configuration of C1, C2 and C3 product space.

Basis-of-design floor space. The Company defines basis-of-design floor space as the total data center raised floor potential of its existing data center facilities.

Operating NRSF. Represents the total square feet of a building that is currently leased or available for lease plus developed supporting infrastructure, based on engineering drawings and estimates, but does not include space held for redevelopment or space used for the Company's own office space.

The Company. Refers to QTS Realty Trust, Inc., a Maryland corporation, together with its consolidated subsidiaries, including QualityTech, LP.



FFO, Operating FFO and Adjusted Operating FFO

The Company considers funds from operations (“FFO”), to be a supplemental measure of its performance which should be considered along with, but not as an alternative to, net income (loss) and cash provided by operating activities as a measure of operating performance and liquidity. 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), adjusted to exclude gains (or losses) from sales of property, real estate related depreciation and amortization and similar adjustments for unconsolidated partnerships and joint ventures. The Company’s management uses FFO as a supplemental performance measure because, in excluding real estate related depreciation and amortization and gains and losses from property dispositions, it provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs.

Due to the volatility and nature of certain significant charges and gains recorded in the Company’s operating results that management believes are not reflective of its core operating performance and liquidity, management computes an adjusted measure of FFO, which the Company refers to as Operating FFO. The Company generally calculates Operating FFO as FFO excluding certain non-recurring and often non-cash charges and gains and losses that management believes are not indicative of the results of the Company’s operating real estate portfolio. The Company believes that Operating FFO provides investors with another financial measure that may facilitate comparisons of operating performance and liquidity between periods and, to the extent they calculate Operating FFO on a comparable basis, between REITs.

Adjusted Operating Funds From Operations (“Adjusted Operating FFO”) is a non-GAAP measure that is used as a supplemental operating measure specifically for comparing year over year ability to fund dividend distributions from operating activities. Adjusted Operating FFO is used by the Company as a basis to address cash flow and its ability to fund its dividend payments. The Company calculates Adjusted Operating FFO by adding or subtracting from Operating FFO items such as: maintenance capital investment, paid leasing commissions, amortization of deferred financing costs, non-real estate depreciation, straight line rent adjustments, and non-cash compensation.

The Company offers these measures because it recognizes that FFO, Operating FFO and Adjusted Operating FFO will be used by investors as a basis to compare its operating performance and liquidity with that of other REITs. However, because FFO, Operating FFO and Adjusted Operating FFO exclude real estate depreciation and amortization and capture neither the changes in the value of the Company’s 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 economic effect and could materially impact its financial condition, cash flows and results of operations, the utility of FFO, Operating FFO and Adjusted Operating FFO as measures of its operating performance and liquidity is limited. The Company’s calculation of FFO may not be comparable to measures calculated by other companies that do not use the NAREIT definition of FFO or do not calculate FFO in accordance with NAREIT guidance. In addition, the Company’s calculations of FFO, Operating FFO and Adjusted Operating FFO are not necessarily comparable to FFO, Operating FFO and Adjusted Operating FFO as calculated by other REITs that do not use the same definition or implementation guidelines or interpret the standards differently from us. FFO, Operating FFO and Adjusted Operating FFO are non-GAAP measures and should not be considered a measure of the Company’s results of operations or liquidity or as a substitute for, or an alternative to, net income (loss), cash provided by operating activities or any other performance measure determined in accordance with GAAP, nor is it indicative of funds available to fund its cash needs, including its ability to make distributions to its stockholders.



	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
FFO					
Net income	\$ 5,520	\$ 5,037	\$ 3,921	\$ 10,557	\$ 9,249
Real estate depreciation and amortization	16,325	14,302	12,203	30,627	24,067
FFO	21,845	19,339	16,124	41,184	33,316
Write off of unamortized deferred finance costs	83	-	110	83	110
Restructuring costs	-	-	1,046	-	1,046
Integration costs	422	-	-	422	-
Transaction costs	4,247	105	1,089	4,352	1,153
Non-cash reversal of deferred tax asset valuation allowance	(3,175)	-	-	(3,175)	-
Operating FFO *	23,422	19,444	18,369	42,866	35,625
Maintenance Capex	(609)	(17)	(22)	(626)	(95)
Leasing commissions paid	(3,782)	(3,084)	(2,839)	(6,866)	(5,088)
Amortization of deferred financing costs and bond discount	854	849	621	1,703	1,203
Non real estate depreciation and amortization	1,682	1,941	1,616	3,623	2,998
Straight line rent revenue	(1,371)	(436)	(170)	(1,807)	(322)
Straight line rent expense	211	71	74	282	149
Equity-based compensation expense	1,831	1,307	1,065	3,138	1,976
Adjusted Operating FFO *	\$ 22,238	\$ 20,075	\$ 18,714	\$ 42,313	\$ 36,446

* The Company's calculations of Operating FFO and Adjusted Operating FFO may not be comparable to Operating FFO and Adjusted Operating FFO as calculated by other REITs that do not use the same definition.

Monthly Recurring Revenue (MRR)

The Company calculates MRR as monthly contractual revenue under signed leases as of a particular date, which includes revenue from its C1, C2 and C3 rental and cloud and managed services activities, but excludes customer recoveries, deferred set-up fees, variable related revenues, non-cash revenues and other one-time revenues. MRR does not include the impact from booked-not-billed leases as of a particular date, unless otherwise specifically noted.

Separately, the Company calculates recognized MRR as the recurring revenue recognized during a given period, which includes revenue from its C1, C2 and C3 rental and cloud and managed services activities, but excludes customer recoveries, deferred set-up fees, variable related revenues, non-cash revenues and other one-time revenues.

Management uses MRR and recognized MRR as supplemental performance measures because they provide useful measures of increases in contractual revenue from the Company's customer leases. MRR and recognized MRR should not be viewed by investors as alternatives to actual monthly revenue, as determined in accordance with GAAP. Other companies may not calculate MRR or recognized MRR in the same manner. Accordingly, the Company's MRR and recognized MRR may not be comparable to other companies' MRR and recognized MRR. MRR and recognized MRR should be considered only as supplements to total revenues as a measure of its performance. MRR and recognized MRR should not be used as measures of the Company's results of operations or liquidity, nor is it indicative of funds available to meet its cash needs, including its ability to make distributions to its stockholders.



	Three Months Ended			Six Months Ended	
	June 30,	March 31,	June 30,	June 30,	
	2015	2015	2014	2015	2014
Recognized MRR in the period					
Total period revenues (GAAP basis)	\$ 68,117	\$ 61,386	\$ 51,338	\$ 129,503	\$ 100,281
Less: Total period recoveries	(5,582)	(5,664)	(3,852)	(11,246)	(7,543)
Total period deferred setup fees	(1,412)	(1,246)	(1,164)	(2,658)	(2,383)
Total period straight line rent and other	(3,170)	(2,012)	(1,107)	(5,182)	(1,985)
Recognized MRR in the period	57,953	52,464	45,215	110,417	88,370
MRR at period end					
Total period revenues (GAAP basis)	\$ 68,117	\$ 61,386	\$ 51,338	\$ 129,503	\$ 100,281
Less: Total revenues excluding last month	(41,871)	(40,100)	(34,000)	(103,257)	(82,943)
Total revenues for last month of period	26,246	21,286	17,338	26,246	17,338
Less: Last month recoveries	(2,185)	(1,749)	(1,464)	(2,185)	(1,464)
Last month deferred setup fees	(513)	(418)	(421)	(513)	(421)
Last month straight line rent and other	1,925	(1,292)	582	1,925	582
MRR at period end	\$ 25,473	\$ 17,827	\$ 16,035	\$ 25,473	\$ 16,035

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA

The Company calculates EBITDA as net income (loss) adjusted to exclude interest expense and interest income, provision for income taxes (including income taxes applicable to sale of assets) and depreciation and amortization. Management believes that EBITDA is useful to investors in evaluating and facilitating comparisons of the Company's operating performance between periods and between REITs by removing the impact of its capital structure (primarily interest expense) and asset base charges (primarily depreciation and amortization) from its operating results.

In addition to EBITDA, the Company calculates an adjusted measure of EBITDA, which it refers to as Adjusted EBITDA, as EBITDA excluding unamortized deferred financing costs, gains on extinguishment of debt, transaction costs, equity-based compensation expense, restructuring charge, gain (loss) on legal settlement and gain on sale of real estate. The Company believes that Adjusted EBITDA provides investors with another financial measure that can facilitate comparisons of operating performance between periods and between REITs.

Management uses EBITDA and Adjusted EBITDA as supplemental performance measures as they provide useful measures of assessing the Company's operating results. Other companies may not calculate EBITDA or Adjusted EBITDA in the same manner. Accordingly, the Company's EBITDA and Adjusted EBITDA may not be comparable to others. EBITDA and Adjusted EBITDA should be considered only as supplements to net income (loss) as measures of the Company's performance and should not be used as substitutes for net income (loss), as measures of its results of operations or liquidity or as an indications of funds available to meet its cash needs, including its ability to make distributions to its stockholders.



	Three Months Ended			Six Months Ended	
	June 30,	March 31,	June 30,	June 30,	
	2015	2015	2014	2015	2014
EBITDA and Adjusted EBITDA					
Net income	\$ 5,520	\$ 5,037	\$ 3,921	\$ 10,557	\$ 9,249
Interest expense	4,799	5,342	2,208	10,141	4,273
Interest income	(1)	-	-	(1)	(8)
Tax (benefit) expense of taxable REIT subsidiaries	(3,135)	-	27	(3,135)	55
Depreciation and amortization	18,062	16,243	13,817	34,305	27,064
EBITDA	<u>25,245</u>	<u>26,622</u>	<u>19,973</u>	<u>51,867</u>	<u>40,633</u>
Write off of unamortized deferred finance costs	83	-	110	83	110
Equity-based compensation expense	1,831	1,307	1,065	3,138	1,976
Restructuring costs	-	-	1,046	-	1,046
Integration costs	422	-	-	422	-
Transaction costs	4,247	105	1,089	4,352	1,153
Adjusted EBITDA	<u>\$ 31,828</u>	<u>\$ 28,034</u>	<u>\$ 23,283</u>	<u>\$ 59,862</u>	<u>\$ 44,918</u>



Net Operating Income (NOI)

The Company calculates net operating income (“NOI”) as net income (loss), excluding: interest expense, interest income, tax expense of taxable REIT subsidiaries, depreciation and amortization, write off of unamortized deferred financing costs, gain on extinguishment of debt, transaction and integration costs, gain on legal settlement, gain on sale of real estate, restructuring charge and general and administrative expenses. The Company believes that NOI is another metric that is often utilized to evaluate returns on operating real estate from period to period and also, in part, to assess the value of the operating real estate. A reconciliation of net income (loss) to NOI is presented below:

	Three Months Ended			Six Months Ended	
	June 30,	March 31,	June 30,	June 30,	
	2015	2015	2014	2015	2014
Net Operating Income (NOI)					
Net income	\$ 5,520	\$ 5,037	\$ 3,921	\$ 10,557	\$ 9,249
Interest expense	4,799	5,342	2,208	10,141	4,273
Interest income	(1)	-	-	(1)	(8)
Depreciation and amortization	18,062	16,243	13,817	34,305	27,064
Write off of unamortized deferred finance costs	83	-	110	83	110
Tax (benefit) expense of taxable REIT subsidiaries	(3,135)	-	27	(3,135)	55
Restructuring costs	-	-	1,046	-	1,046
Integration costs	422	-	-	422	-
Transaction costs	4,247	105	1,089	4,352	1,153
General and administrative expenses	14,615	13,838	11,473	28,453	22,251
NOI (1)	\$ 44,612	\$ 40,565	\$ 33,691	\$ 85,177	\$ 65,193
Breakdown of NOI by facility:					
Atlanta-Metro data center	\$ 16,875	\$ 16,766	\$ 15,194	\$ 33,641	\$ 29,596
Atlanta-Suwanee data center	10,094	10,130	8,578	20,224	16,752
Santa Clara data center	3,574	3,377	3,318	6,951	6,048
Richmond data center	4,933	4,255	3,339	9,188	6,386
Sacramento data center	1,900	1,871	2,339	3,771	4,663
Princeton data center	2,310	2,349	23	4,659	23
Dallas-Fort Worth data center	1,462	749	-	2,211	-
Carpathia data centers (2)	2,250	-	-	2,250	-
Other facilities	1,214	1,068	900	2,282	1,725
NOI (1)	\$ 44,612	\$ 40,565	\$ 33,691	\$ 85,177	\$ 65,193

(1) Includes facility level G&A allocation charges of 4% of revenue which aggregated to \$2.7 million, \$2.5 million and \$2.0 million for the three month periods ended June 30, 2015, March 31, 2015, and June 30, 2014, respectively, and \$5.2 million and \$4.0 million for the six month periods ended June 30, 2015 and 2014, respectively.

(2) Includes results of Carpathia for the period June 16, 2015 through June 30, 2015.