
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): July 26, 2016

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 July 26, 2016, QTS Realty Trust, Inc. (the “Company”) announced its financial results for the second quarter ended June 30, 2016. A copy of the Company’s press release is attached hereto as Exhibit 99.1 and a copy of the Company’s Second Quarter 2016 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 July 26, 2016

99.2 Second Quarter 2016 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

July 26, 2016

EXHIBIT INDEX

Exhibit Number	Exhibit Description
99.1	Press Release dated July 26, 2016
99.2	Second Quarter 2016 Supplemental Information



QTS REPORTS SECOND QUARTER 2016 OPERATING RESULTS

OVERLAND PARK, Kan. – July 26, 2016 – QTS Realty Trust, Inc. (“QTS” or the “Company”) (NYSE: QTS) today announced operating results for the second quarter ended June 30, 2016.

Second Quarter Highlights

- Reported net income of \$5.8 million in the second quarter of 2016, an increase of 5.2% compared to the second quarter of 2015. Net income was \$0.11 and \$0.10 per basic and diluted share, respectively, for the second quarter of 2016, compared to net income per basic and diluted share of \$0.13 and \$0.12, respectively, for the second quarter of 2015.
- Reported Operating FFO of \$34.9 million in the second quarter of 2016, an increase of 48.9% compared to the second quarter of 2015. Operating FFO in the second quarter of 2016 included a deferred tax benefit of \$1.3 million. Operating FFO for the second quarter of 2016 on a fully diluted per share basis was \$0.63 per share, an increase of 18.4% compared to Operating FFO per share of \$0.53 for the second quarter of 2015. Reported FFO of \$32.2 million in the second quarter of 2016, an increase of 47.5% compared to FFO of \$21.8 million in the second quarter of 2015. On a fully diluted per share basis, FFO was \$0.58 for the second quarter of 2016 compared to \$0.49 in 2015, an increase of 17.9%.
- Reported Adjusted EBITDA of \$45.6 million in the second quarter of 2016, an increase of 43.3% compared to the second quarter of 2015.
- Reported NOI of \$64.0 million in the second quarter of 2016, an increase of 43.5% compared to the second quarter of 2015.
- Reported total revenues of \$98.7 million recognized in the second quarter of 2016, an increase of 44.9% compared to the second quarter of 2015.
- Completed the acquisition of a data center in Piscataway, New Jersey (the “Piscataway facility”) in June 2016 for \$125 million, which was funded through a draw on the Company’s unsecured revolving credit facility.
- On April 1, 2016, the Company issued 6,325,000 shares of its Class A common stock and used substantially all of the net proceeds of approximately \$276 million to repay amounts outstanding under its unsecured revolving credit facility.



“We are pleased to be reporting another quarter of strong performance and consistent growth, delivering a diversified set of 3C products to enterprise customers who are increasingly focused on hybrid solutions for their complex IT stack,” said Chad Williams, Chairman and CEO of QTS.

Williams added, “We are excited at the continued ramp of our existing facilities, with strong leasing in Atlanta, Richmond and Dallas continuing to drive our base, while our recent Chicago and Piscataway expansions will accelerate that growth and further support our future performance.”

Financial Results

Net income recognized in the second quarter of 2016 was \$5.8 million (\$0.11 and \$0.10 per basic and diluted share, respectively), which included approximately \$3.8 million of transaction and integration costs and \$2.5 million of income tax benefit, compared to net income of \$5.5 million (\$0.14 per basic and diluted share) recognized in the second quarter of 2015, which also included approximately \$4.7 million of transaction and integration costs and \$3.1 million of income tax benefit.

QTS generated Operating FFO of \$34.9 million, or \$0.63 per fully diluted share, in the second quarter of 2016, which includes a deferred tax benefit of approximately \$1.3 million, and compares to Operating FFO of \$23.4 million, or \$0.53 per share, for the second quarter of 2015. The current quarter’s Operating FFO represents an increase of approximately 48.9% compared to the prior year, and an 18.4% increase on a per share basis.

Additionally, QTS generated \$45.6 million of Adjusted EBITDA in the second quarter of 2016, an increase of 43.3% compared to \$31.8 million for the second quarter of 2015.

QTS generated total revenues of \$98.7 million in the second quarter of 2016, an increase of 44.9% compared to \$68.1 million in the second quarter of 2015. MRR as of June 30, 2016 was \$28.9 million, an increase of 13.3% compared to MRR as of June 30, 2015 of \$25.5 million.

Leasing Activity

During the second quarter of 2016, QTS entered into customer leases representing approximately \$13.3 million of incremental annualized rent, net of downgrades, which is a 54% increase over the prior four quarter average net leasing activity. This growth was driven by both the C1 and C2/C3 aspects of the QTS platform. Pricing of the C1 deals signed during the quarter was down slightly over the prior four quarter average primarily due to contracting additional space with existing C1 customers whereby the scale allows QTS to provide lower pricing. Pricing of the Company’s C2/C3 deals exceeded the prior four quarter average primarily attributable to customers contracting additional services with those leases.

During the second quarter of 2016, QTS renewed leases with a total annualized rent of \$7.2 million at an average rent per square foot of \$739, which was 2.0% higher than the annualized rent prior to their respective renewals. The Company defines renewals as leases for which the customer retains the same amount of space before and after renewal. There is variability in the Company’s renewal rates based on the mix of product types renewed, and renewal rates are expected to increase in the low to mid-single digits. Rental churn (which the Company defines as MRR lost to a customer intending to fully exit the platform compared to total MRR at the beginning of the period) was 1.3% for the second quarter of 2016 and 3.6% for the six months ended June 30, 2016.

During the second quarter of 2016, average pricing on QTS commenced customer leases (which includes new customers and also existing customers that renewed their lease term) decreased compared to the prior four quarter average due to the change in C1 versus C2/C3 mix. The C1 average commencement rate of \$232 per square foot represents an increase of 16% over the prior four quarter average of \$200 per square foot, which was due to customers commencing with additional redundancy in the current period. The C2/C3 average commencement rate of \$1,255 per square foot represents an increase of 8% over the prior four quarter average of \$1,157 per square foot, which was due to additional services being attached to C2/C3 customer commencements.



As of June 30, 2016, 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, 2016) was approximately \$4.1 million, or \$49.1 million of annualized rent, and compares to \$51.6 million at March 31, 2016. The booked-not-billed balance is expected to contribute an incremental \$8.2 million to revenue in 2016 (representing \$19.2 million in annualized revenues), an incremental \$9.3 million in 2017 (representing \$16.0 million in annualized revenues), and an incremental \$13.9 million in annualized revenues thereafter.

Development, Redevelopment, and Acquisitions

During the second quarter of 2016, the Company brought online approximately 10.8 megawatts of gross power and approximately 43,000 net rentable square feet ("NRSF") of raised floor and various portions of customer specific capital at an aggregate cost of approximately \$68 million. In addition, during the second quarter of 2016, the Company continued redevelopment of the Dallas-Fort Worth, Atlanta-Metro, Richmond and Chicago facilities to have space ready for customers later in 2016 and forward. The Company expects to bring approximately 46,000 raised floor NRSF into service in the remaining quarters of 2016 at an aggregate cost of approximately \$103 million.

On June 6, 2016, the Company completed the acquisition of the Piscataway facility for \$125 million. This facility is located in the New York metro area on 38 acres and consists of 360,000 gross square feet, including 88,000 square feet of raised floor, and approximately 18 MW of critical power. The Piscataway facility supports future growth with space for an additional 88,000 square feet of raised floor in the existing structure, as well as capacity for over 8 MW of additional critical power. The facility's current customers occupy approximately 56,000 square feet and 8.4 MW of the total available critical power. This acquisition was funded with a draw on the unsecured revolving credit facility.

Balance Sheet and Liquidity

As of June 30, 2016, the Company's total debt balance was \$839.4 million, resulting in a debt to annualized Adjusted EBITDA of 4.6x. This ratio continues to be impacted by various portions of the Company's portfolio that were placed into service in the second quarter of 2016 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 2016 associated with the Company's booked-not-billed backlog of \$49.1 million in annualized rent.

As of June 30, 2016, the Company had total available liquidity of approximately \$417 million which was comprised of \$404 million of available capacity under the Company's unsecured revolving credit facility and approximately \$13 million of cash and cash equivalents.

As previously disclosed, on April 1, 2016, the Company issued 6,325,000 shares of QTS' Class A common stock at a price of \$45.50 per share in an underwritten public offering, which included the exercise of the underwriters' overallotment option in full. The Company used substantially all of the net proceeds of approximately \$276 million to repay amounts outstanding under its unsecured revolving credit facility.

2016 Guidance

The Company is raising its 2016 guidance for Adjusted EBITDA, Operating FFO and Operating FFO per share. The Company now expects Adjusted EBITDA of \$179.0 million to \$187.0 million, Operating FFO of \$135.5 million to \$140.5 million, and Operating FFO per share of \$2.55 to \$2.65. The Company is maintaining its 2016 guidance for Capital Expenditures, excluding acquisitions, of approximately \$300.0 million to \$350.0 million, as well as its guidance for churn of 5-8% for 2016, and continues to anticipate Adjusted EBITDA margin to expand by approximately 300 basis points over second half 2015 levels over the next few years.

This guidance does not contemplate any acquisitions or dispositions, other than those which have already been disclosed. The guidance also incorporates approximately \$4 - \$5 million of estimated Operating FFO affecting tax benefit recognized in 2016.



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 July 27, 2016, 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 1930729# and callers are asked to dial in ten minutes prior to start time. A link to the live broadcast 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, hybrid cloud and fully managed services. 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 Facilities 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 North America, Europe and Asia Pacific.

QTS Investor Relations Contact

Stephen Douglas – Vice President – Investor Relations and Strategic Planning
Jeff Berson – Chief Investment Officer
William Schafer – Chief Financial Officer
ir@qtsdatacenters.com

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 the Company's international operations; difficulties in identifying properties to acquire and completing acquisitions; the Company's failure to successfully develop, redevelop and operate acquired properties or lines of business, including data centers acquired in the Company's 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, revaluations for tax purposes 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, 2015 and other periodic reports the Company files with the Securities and Exchange Commission.

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Contact: IR@qtsdatacenters.com



Combined Consolidated Balance Sheets

(in thousands)

	<u>June 30,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
	<u>(unaudited)</u>	
ASSETS		
Real Estate Assets		
Land	\$ 64,568	\$ 57,112
Buildings, improvements and equipment	1,393,920	1,180,386
Less: Accumulated depreciation	<u>(274,145)</u>	<u>(239,936)</u>
	1,184,343	997,562
Construction in progress	316,797	345,655
Real Estate Assets, net	<u>1,501,140</u>	<u>1,343,217</u>
Cash and cash equivalents	12,776	8,804
Rents and other receivables, net	35,226	28,233
Acquired intangibles, net (1)	142,848	115,702
Deferred costs, net (2) (3)	34,921	30,042
Prepaid expenses	8,947	6,502
Goodwill (1)	173,843	181,738
Other assets, net (4)	36,984	33,101
TOTAL ASSETS	<u>\$ 1,946,685</u>	<u>\$ 1,747,339</u>
LIABILITIES		
Unsecured credit facility, net (3)	\$ 493,255	\$ 520,956
Senior notes, net of discount and debt issuance costs (3)	291,521	290,852
Capital lease and lease financing obligations	43,440	49,761
Accounts payable and accrued liabilities	63,963	95,924
Dividends and distributions payable	19,692	15,378
Advance rents, security deposits and other liabilities	20,923	18,798
Deferred income taxes (1)	19,742	18,813
Deferred income	<u>18,306</u>	<u>16,991</u>
TOTAL LIABILITIES	970,842	1,027,473
EQUITY		
Common stock, \$0.01 par value, 450,133,000 shares authorized, 47,864,968 and 41,225,784 shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively	478	412
Additional paid-in capital	928,313	670,275
Accumulated dividends in excess of earnings	<u>(73,883)</u>	<u>(52,732)</u>
Total stockholders' equity	854,908	617,955
Noncontrolling interests	<u>120,935</u>	<u>101,911</u>
TOTAL EQUITY	<u>975,843</u>	<u>719,866</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 1,946,685</u>	<u>\$ 1,747,339</u>

- (1) During the second quarter of 2016, the purchase price allocation associated with the acquisition of Carpathia Hosting, Inc. ("Carpathia") was finalized. The primary adjustments to the purchase price allocation made during the first and second quarters of 2016 consisted of a \$14.7 million increase in intangible assets, a \$6.0 million increase in deferred tax liability and a reduction in goodwill of \$7.9 million.
- (2) As of June 30, 2016 and December 31, 2015, deferred costs, net, included \$5.5 million and \$6.3 million of deferred financing costs net of amortization, respectively, \$26.8 million and \$21.0 million of deferred leasing costs net of amortization, respectively, and \$2.6 million and \$2.8 million, net of amortization, related to a leasing arrangement at the Company's Princeton facility, respectively.
- (3) Debt issuance costs, net, related to the Senior Notes and term loan portion of the Company's unsecured credit facility aggregating \$9.3 million and \$10.2 million at June 30, 2016 and December 31, 2015, respectively, have been netted against the related debt liability line items for both periods presented, as required by recently issued accounting guidance.
- (4) As of June 30, 2016 and December 31, 2015, other assets, net, primarily included \$29.2 million and \$25.9 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 except share and per share data)

The following financial data for the three and six months ended June 30, 2016 includes the operating results of the Piscataway facility for the period June 6, 2016 (the date the Company acquired the facility) through June 30, 2016.

	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	2015
Revenues:					
Rental	\$ 71,670	\$ 68,426	\$ 52,193	\$ 140,096	\$ 101,526
Recoveries from customers	6,168	5,435	5,582	11,603	11,246
Cloud and managed services	17,015	18,890	8,220	35,905	14,015
Other (1)	3,834	2,017	2,122	5,851	2,716
Total revenues	98,687	94,768	68,117	193,455	129,503
Operating expenses:					
Property operating costs	32,646	31,781	22,031	64,427	41,367
Real estate taxes and insurance	2,020	1,740	1,474	3,760	2,959
Depreciation and amortization	30,355	28,639	18,062	58,994	34,305
General and administrative (2)	21,608	20,286	14,615	41,894	28,453
Transaction and integration costs (3)	3,833	2,087	4,669	5,920	4,774
Total operating expenses	90,462	84,533	60,851	174,995	111,858
Operating income	8,225	10,235	7,266	18,460	17,645
Other income and expense:					
Interest income	2	-	1	2	1
Interest expense	(4,874)	(5,981)	(4,799)	(10,855)	(10,141)
Other expense, net (4)	-	-	(83)	-	(83)
Income before taxes	3,353	4,254	2,385	7,607	7,422
Tax benefit of taxable REIT subsidiaries (5)	2,454	2,605	3,135	5,059	3,135
Net income	5,807	6,859	5,520	12,666	10,557
Net income attributable to noncontrolling interests (6)	(707)	(970)	(888)	(1,677)	(1,843)
Net income attributable to QTS Realty Trust, Inc.	\$ 5,100	\$ 5,889	\$ 4,632	\$ 10,989	\$ 8,714
Net income per share attributable to common shares:					
Basic	\$ 0.11	\$ 0.14	\$ 0.13	\$ 0.25	\$ 0.26
Diluted	0.10	0.14	0.12	0.24	0.25
Weighted average common shares outstanding:					
Basic	47,783,093	41,292,445	36,668,755	44,537,769	33,996,467
Diluted	55,574,545	48,973,851	44,444,104	52,274,198	41,867,944



- (1) Other revenue – Includes straight line rent, sales of scrap metals and other unused materials and various other income items. Straight line rent was \$3.5 million, \$1.9 million and \$1.4 million for the three months ended June 30, 2016, March 31, 2016 and June 30, 2015, respectively. Straight line rent was \$5.4 million and \$1.8 million for the six months ended June 30, 2016 and 2015, 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 21.9%, 21.4%, and 21.5% of total revenues for the three month periods ended June 30, 2016, March 31, 2016 and June 30, 2015, respectively. General and administrative expenses were 21.7% and 22.0% of total revenues for the six month periods ended June 30, 2016 and 2015, respectively.
- (3) Transaction and integration costs – For the three month periods ended June 30, 2016 and June 30, 2015, the Company recognized \$0.8 million and \$4.3 million, respectively, in transaction costs related to the examination of actual and potential acquisitions. Transaction costs were \$0.8 million and \$4.4 million for the six months ended June 30, 2016 and 2015, respectively. The Company also recognized \$3.0 million, \$2.1 million and \$0.4 million in integration costs for the three month periods ended June 30, 2016, March 31, 2016 and June 30, 2015. These costs include various costs to integrate QTS and Carpathia, including consulting fees, costs to consolidate office space and costs which are currently duplicated but will be eliminated in the near future. Integration costs were \$5.1 million and \$0.4 million for the six months ended June 30, 2016 and 2015, respectively.
- (4) Other expense, net – Generally includes write offs of unamortized deferred financing costs associated with the early extinguishment of certain debt instruments.
- (5) Tax benefit of taxable REIT subsidiaries – For the three months ended June 30, 2016, March 31, 2016 and June 30, 2015, the Company recorded an approximate \$2.5 million, \$2.6 million and \$3.1 million deferred tax benefit, respectively. The current year amounts related to recorded operating losses which include certain transaction and integration costs. The prior year amount related to the reversal of valuation allowances of deferred tax assets which was a result of the purchase of Carpathia. The Company recorded \$5.1 million and \$3.1 million in deferred tax benefits for the six months ended June 30, 2016 and 2015, respectively.
- (6) Noncontrolling interest – The noncontrolling ownership interest of QualityTech, LP was 12.4%, and 14.6% as of June 30, 2016 and 2015, respectively, with the decrease primarily attributable to the equity issuance in April 2016.



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

(unaudited and in thousands except per share data)

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 generally calculates Operating FFO as FFO excluding certain non-routine 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 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 and bond discount, non-real estate depreciation, straight line rent adjustments, deferred taxes and non-cash compensation. Adjusted Operating FFO is a non-GAAP measure that is used as a supplemental performance measure and to provide additional information to users of the financial statements.

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,	
	2016	2016	2015	2016	2015
FFO					
Net income	\$ 5,807	\$ 6,859	\$ 5,520	\$ 12,666	\$ 10,557
Real estate depreciation and amortization	26,409	24,869	16,325	51,278	30,627
FFO	<u>32,216</u>	<u>31,728</u>	<u>21,845</u>	<u>63,944</u>	<u>41,184</u>
Write off of unamortized deferred finance costs	-	-	83	-	83
Integration costs	3,026	2,053	422	5,079	422
Transaction costs	807	34	4,247	841	4,352
Deferred tax benefit associated with transaction and integration costs	(1,183)	(748)	-	(1,931)	-
Non-cash reversal of deferred tax asset valuation allowance	-	-	(3,175)	-	(3,175)
Operating FFO *	<u>34,866</u>	<u>33,067</u>	<u>23,422</u>	<u>67,933</u>	<u>42,866</u>
Maintenance Capex	(380)	(335)	(609)	(715)	(626)
Leasing commissions paid	(3,388)	(5,807)	(3,782)	(9,195)	(6,866)
Amortization of deferred financing costs and bond discount	877	877	854	1,754	1,703
Non real estate depreciation and amortization	3,946	3,770	1,682	7,716	3,623
Straight line rent revenue and expense and other	(3,243)	(1,610)	(1,160)	(4,853)	(1,525)
Deferred tax benefit from operating results	(1,271)	(1,857)	-	(3,128)	-
Equity-based compensation expense	3,200	2,050	1,831	5,250	3,138
Adjusted Operating FFO *	<u>\$ 34,607</u>	<u>\$ 30,155</u>	<u>\$ 22,238</u>	<u>\$ 64,762</u>	<u>\$ 42,313</u>
Fully diluted weighted average shares	55,575	48,974	44,444	52,274	41,868
Operating FFO per share	\$ 0.63	\$ 0.68	\$ 0.53	\$ 1.30	\$ 1.02

* 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 (loss) adjusted to exclude interest expense and interest income, provision (benefit) 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 (loss) on extinguishment of debt, transaction and integration costs, equity-based compensation expense, restructuring costs and gain (loss) 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,	March 31,	June 30,	June 30,	
	2016	2016	2015	2016	2015
EBITDA and Adjusted EBITDA					
Net income	\$ 5,807	\$ 6,859	\$ 5,520	\$ 12,666	\$ 10,557
Interest expense	4,874	5,981	4,799	10,855	10,141
Interest income	(2)	-	(1)	(2)	(1)
Tax benefit of taxable REIT subsidiaries	(2,454)	(2,605)	(3,135)	(5,059)	(3,135)
Depreciation and amortization	30,355	28,639	18,062	58,994	34,305
EBITDA	38,580	38,874	25,245	77,454	51,867
Write off of unamortized deferred finance costs	-	-	83	-	83
Equity-based compensation expense	3,200	2,050	1,831	5,250	3,138
Integration costs	3,026	2,053	422	5,079	422
Transaction costs	807	34	4,247	841	4,352
Adjusted EBITDA	\$ 45,613	\$ 43,011	\$ 31,828	\$ 88,624	\$ 59,862



Reconciliations of Net Income to Net Operating Income (NOI)

(unaudited and in thousands)

The Company calculates net operating income (“NOI”) as net income (loss), excluding: interest expense, interest income, tax expense (benefit) of taxable REIT subsidiaries, depreciation and amortization, write off of unamortized deferred financing costs, gain (loss) on extinguishment of debt, transaction and integration costs, gain (loss) on sale of real estate, restructuring costs 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, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Net Operating Income (NOI)					
Net income	\$ 5,807	\$ 6,859	\$ 5,520	\$ 12,666	\$ 10,557
Interest expense	4,874	5,981	4,799	10,855	10,141
Interest income	(2)	-	(1)	(2)	(1)
Depreciation and amortization	30,355	28,639	18,062	58,994	34,305
Write off of unamortized deferred finance costs	-	-	83	-	83
Tax benefit of taxable REIT subsidiaries	(2,454)	(2,605)	(3,135)	(5,059)	(3,135)
Integration costs	3,026	2,053	422	5,079	422
Transaction costs	807	34	4,247	841	4,352
General and administrative expenses	21,608	20,286	14,615	41,894	28,453
NOI ⁽¹⁾	\$ 64,021	\$ 61,247	\$ 44,612	\$ 125,268	\$ 85,177
Breakdown of NOI by facility:					
Atlanta-Metro data center	\$ 20,885	\$ 19,972	\$ 16,875	\$ 40,857	\$ 33,641
Atlanta-Suwanee data center	11,272	11,500	10,094	22,772	20,224
Santa Clara data center	3,653	3,764	3,574	7,417	6,951
Richmond data center	7,976	6,602	4,933	14,578	9,188
Sacramento data center	2,140	1,922	1,900	4,062	3,771
Princeton data center	2,356	2,356	2,310	4,712	4,659
Dallas-Fort Worth data center	3,914	2,624	1,462	6,538	2,211
Leased data centers acquired in 2015	10,035	11,415	2,250	21,450	2,250
Piscataway data center ⁽²⁾	670	-	-	670	-
Other facilities	1,120	1,092	1,214	2,212	2,282
NOI ⁽¹⁾	\$ 64,021	\$ 61,247	\$ 44,612	\$ 125,268	\$ 85,177

(1) Includes facility level G&A expense allocation charges of 4% of cash revenue for all entities, with the exception of the leased facilities acquired in 2015, which include G&A expense allocation charges of 10% of cash revenue. These allocated charges aggregated to \$5.1 million, \$5.0 million and \$2.7 million for the three month periods ended June 30, 2016, March 31, 2016 and June 30, 2015, respectively, and \$10.1 million and \$5.2 million for the six month periods ended June 30, 2016 and 2015, respectively.

(2) Includes results of the Piscataway facility for the period June 6, 2016 through June 30, 2016.



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,	March 31,	June 30,	June 30,	
	2016	2016	2015	2016	2015
Recognized MRR in the period					
Total period revenues (GAAP basis)	\$ 98,687	\$ 94,768	\$ 68,117	\$ 193,455	\$ 129,503
Less: Total period recoveries	(6,168)	(5,435)	(5,582)	(11,603)	(11,246)
Total period deferred setup fees	(2,256)	(1,903)	(1,412)	(4,159)	(2,658)
Total period straight line rent and other	(5,757)	(4,268)	(3,170)	(10,025)	(5,182)
Recognized MRR in the period	84,506	83,162	57,953	167,668	110,417
MRR at period end					
Total period revenues (GAAP basis)	\$ 98,687	\$ 94,768	\$ 68,117	\$ 193,455	\$ 129,503
Less: Total revenues excluding last month	(64,520)	(63,020)	(41,871)	(159,288)	(103,257)
Total revenues for last month of period	34,167	31,748	26,246	34,167	26,246
Less: Last month recoveries	(2,805)	(1,876)	(2,185)	(2,805)	(2,185)
Last month deferred setup fees	(756)	(676)	(513)	(756)	(513)
Last month straight line rent and other	(1,734)	(1,716)	1,925	(1,734)	1,925
MRR at period end	\$ 28,872	\$ 27,480	\$ 25,473	\$ 28,872	\$ 25,473

QTS REALTY TRUST, INC.

*Supplemental Information for the
Quarter Ended June 30, 2016*

July 26, 2016



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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 or lines of business, including data centers acquired in the Company's 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, revaluations for tax purposes 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, 2015 and other periodic reports the Company files with the Securities and Exchange Commission.




Company Profile



World class data center infrastructure + Hybrid managed cloud solutions

MORE THAN DATA SOLUTIONS. DATA SOLVED.




Global Footprint
● OWNED MEGA DATA CENTERS
● OWNED
● LEASED

INTEGRATED CONTROL FRAMEWORK WITH


1000+

COMPLIANCE REQUIREMENTS


THE QTS DIFFERENCE




INTEGRATED PRODUCT & SERVICE PLATFORM




STATE-OF-THE-ART MEGA DATA CENTERS



INDUSTRY-LEADING SECURITY & COMPLIANCE



INTERNATIONAL LOCATIONS & CONNECTIVITY



PREMIUM CUSTOMER EXPERIENCE

1000+

CUSTOMERS FROM DIVERSE INDUSTRIES

50% Annualized rent from customers that use more than one QTS product

INTEGRATED PLATFORM & SERVICE PLATFORM PROVIDES FLEXIBILITY AND SCALABILITY

- CUSTOM DATA CENTER
- CRITICAL FACILITIES MANAGEMENT
- COLOCATION
- CLOUD SERVICES
- MANAGED SERVICES
- CONNECTIVITY

POWER

OVER 500

MEGAWATTS of GROSS UTILITY POWER

BEST PRACTICES IN PURSUIT OF LEED CERTIFICATION

SPACE

5.3M

GROSS SQUARE FEET

2.5M

SQ FT OF RAISED FLOOR

INTERCONNECTIVITY

6 CORE

NETWORK PRODUCTS

OVER 12,000


INTERCONNECTIONS

EASY ACCESS TO

OVER 500

SERVICE PROVIDERS

POWERED BY PEOPLE



Your 24x7x365 Power Supply

700+

QTS EXPERTS

On call and on the job nationwide.

100% UPTIME

OUR TIMELINE

<p>Company purchases first data center in Overland Park, KS</p> <p>2003</p>	<p>Acquired three facilities in Jersey City, Santa Clara and Miami</p> <p>2006-2008</p>	<p>Richmond facility acquired; QTS Cloud product introduced commercially</p> <p>2009</p>	<p>Acquisition of Sacramento and Dallas facilities</p> <p>2010-2012</p>	<p>Release IPO filing General Atlantic, LLC increases investment at IPO</p> <p>2013</p>	<p>QTS enters top Tier 1 market with Chicago acquisition</p> <p>2014</p>	<p>Acquisition of third NY/NJ data center in Piscataway, NJ</p> <p>2015</p>
<p>Formally established with acquisition of Mega Data Center Atlanta-Suwanee</p> <p>2005</p>	<p>General Atlantic, LLC invests in QTS; REIT-compliant operations begin</p> <p>2008</p>	<p>Executed on growth strategy by leveraging platform and continued redevelopment of existing facilities</p> <p>2012</p>	<p>Expands mega data center footprint and establishes strategic partnership with Altes via Princeton acquisition</p> <p>2014</p>	<p>QTS enhances Integrated Product & Service Platform with Carpathia acquisition</p> <p>2015</p>		



Combined Consolidated Balance Sheets

(in thousands)

	<u>June 30,</u> <u>2016</u> <u>(unaudited)</u>	<u>December 31,</u> <u>2015</u>
<u>ASSETS</u>		
Real Estate Assets		
Land	\$ 64,568	\$ 57,112
Buildings, improvements and equipment	1,393,920	1,180,386
Less: Accumulated depreciation	(274,145)	(239,936)
	<u>1,184,343</u>	<u>997,562</u>
Construction in progress	316,797	345,655
Real Estate Assets, net	<u>1,501,140</u>	<u>1,343,217</u>
Cash and cash equivalents	12,776	8,804
Rents and other receivables, net	35,226	28,233
Acquired intangibles, net (1)	142,848	115,702
Deferred costs, net (2) (3)	34,921	30,042
Prepaid expenses	8,947	6,502
Goodwill (1)	173,843	181,738
Other assets, net (4)	36,984	33,101
TOTAL ASSETS	<u>\$ 1,946,685</u>	<u>\$ 1,747,339</u>
<u>LIABILITIES</u>		
Unsecured credit facility, net (3)	\$ 493,255	\$ 520,956
Senior notes, net of discount and debt issuance costs (3)	291,521	290,852
Capital lease and lease financing obligations	43,440	49,761
Accounts payable and accrued liabilities	63,963	95,924
Dividends and distributions payable	19,692	15,378
Advance rents, security deposits and other liabilities	20,923	18,798
Deferred income taxes (1)	19,742	18,813
Deferred income	18,306	16,991
TOTAL LIABILITIES	<u>970,842</u>	<u>1,027,473</u>
<u>EQUITY</u>		
Common stock, \$0.01 par value, 450,133,000 shares authorized, 47,864,968 and 41,225,784 shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively	478	412
Additional paid-in capital	928,313	670,275
Accumulated dividends in excess of earnings	(73,883)	(52,732)
Total stockholders' equity	<u>854,908</u>	<u>617,955</u>
Noncontrolling interests	120,935	101,911
TOTAL EQUITY	<u>975,843</u>	<u>719,866</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 1,946,685</u>	<u>\$ 1,747,339</u>

- During the second quarter of 2016, the purchase price allocation associated with the acquisition of Carpathia Hosting, Inc. ("Carpathia") was finalized. The primary adjustments to the purchase price allocation made during the first and second quarters of 2016 consisted of a \$14.7 million increase in intangible assets, a \$6.0 million increase in deferred tax liability and a reduction in goodwill of \$7.9 million.
- As of June 30, 2016 and December 31, 2015, deferred costs, net, included \$5.5 million and \$6.3 million of deferred financing costs net of amortization, respectively, \$26.8 million and \$21.0 million of deferred leasing costs net of amortization, respectively, and \$2.6 million and \$2.8 million, net of amortization, related to a leasing arrangement at the Company's Princeton facility, respectively.
- Debt issuance costs, net, related to the Senior Notes and term loan portion of the Company's unsecured credit facility aggregating \$9.3 million and \$10.2 million at June 30, 2016 and December 31, 2015, respectively, have been netted against the related debt liability line items for both periods presented, as required by recently issued accounting guidance.
- As of June 30, 2016 and December 31, 2015, other assets, net, primarily included \$29.2 million and \$25.9 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 except share and per share data)

The following financial data for the three and six months ended June 30, 2016 includes the operating results of the Piscataway, New Jersey facility (the "Piscataway facility") for the period June 6, 2016 (the date the Company acquired the facility) through June 30, 2016.

	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016 2015	
Revenues:					
Rental	\$ 71,670	\$ 68,426	\$ 52,193	\$ 140,096	\$ 101,526
Recoveries from customers	6,168	5,435	5,582	11,603	11,246
Cloud and managed services	17,015	18,890	8,220	35,905	14,015
Other (1)	3,834	2,017	2,122	5,851	2,716
Total revenues	98,687	94,768	68,117	193,455	129,503
Operating expenses:					
Property operating costs	32,646	31,781	22,031	64,427	41,367
Real estate taxes and insurance	2,020	1,740	1,474	3,760	2,959
Depreciation and amortization	30,355	28,639	18,062	58,994	34,305
General and administrative (2)	21,608	20,286	14,615	41,894	28,453
Transaction and integration costs (3)	3,833	2,087	4,669	5,920	4,774
Total operating expenses	90,462	84,533	60,851	174,995	111,858
Operating income	8,225	10,235	7,266	18,460	17,645
Other income and expense:					
Interest income	2	-	1	2	1
Interest expense	(4,874)	(5,981)	(4,799)	(10,855)	(10,141)
Other expense, net (4)	-	-	(83)	-	(83)
Income before taxes	3,353	4,254	2,385	7,607	7,422
Tax benefit of taxable REIT subsidiaries (5)	2,454	2,605	3,135	5,059	3,135
Net income	5,807	6,859	5,520	12,666	10,557
Net income attributable to noncontrolling interests (6)	(707)	(970)	(888)	(1,677)	(1,843)
Net income attributable to QTS Realty Trust, Inc.	\$ 5,100	\$ 5,889	\$ 4,632	\$ 10,989	\$ 8,714
Net income per share attributable to common shares:					
Basic	\$ 0.11	\$ 0.14	\$ 0.13	\$ 0.25	\$ 0.26
Diluted	0.10	0.14	0.12	0.24	0.25
Weighted average common shares outstanding:					
Basic	47,783,093	41,292,445	36,668,755	44,537,769	33,996,467
Diluted	55,574,545	48,973,851	44,444,104	52,274,198	41,867,944



- (1) Other revenue - Includes straight line rent, sales of scrap metals and other unused materials and various other income items. Straight line rent was \$3.5 million, \$1.9 million and \$1.4 million for the three months ended June 30, 2016, March 31, 2016 and June 30, 2015, respectively. Straight line rent was \$5.4 million and \$1.8 million for the six months ended June 30, 2016 and 2015, 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 21.9%, 21.4%, and 21.5% of total revenues for the three month periods ended June 30, 2016, March 31, 2016 and June 30, 2015, respectively. General and administrative expenses were 21.7% and 22.0% of total revenues for the six month periods ended June 30, 2016 and 2015, respectively.
- (3) Transaction and integration costs - For the three month periods ended June 30, 2016 and June 30, 2015, the Company recognized \$0.8 million, and \$4.3 million, respectively, related to the examination of actual and potential acquisitions. Transaction costs were \$0.8 million and \$4.4 million for the six months ended June 30, 2016 and 2015, respectively. The Company also recognized \$3.0 million, \$2.1 million and \$0.4 million in integration costs for the three month periods ended June 30, 2016, March 31, 2016 and June 30, 2015. These costs include various costs to integrate QTS and Carpathia, including consulting fees, costs to consolidate office space and costs which are currently duplicated, but will be eliminated in the near future. Integration costs were \$5.1 million and \$0.4 million for the six months ended June 30, 2016 and 2015, respectively.
- (4) Other expense, net - Generally includes write offs of unamortized deferred financing costs associated with the early extinguishment of certain debt instruments.
- (5) Tax benefit of taxable REIT subsidiaries – For the three months ended June 30, 2016, March 31, 2016 and June 30, 2015, the Company recorded an approximate \$2.5 million, \$2.6 million and \$3.1 million deferred tax benefit, respectively. The current year amounts related to recorded operating losses which include certain transaction and integration costs. The prior year amount related to the reversal of valuation allowances of deferred tax assets which was a result of the purchase of Carpathia. The Company recorded \$5.1 million and \$3.1 million in deferred tax benefits for the six months ended June 30, 2016 and 2015, respectively.
- (6) Noncontrolling interest – The noncontrolling ownership interest of QualityTech, LP was 12.4% and 14.6% as of June 30, 2016 and 2015, respectively, with the decrease primarily attributable to the equity issuance in April 2016.



Summary of Financial Data

(in thousands, except operating portfolio statistics data and per share data)

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

	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	2015
Summary of Results					
Total revenue	\$ 98,687	\$ 94,768	\$ 68,117	\$ 193,455	\$ 129,503
Net income	\$ 5,807	\$ 6,859	\$ 5,520	12,666	10,557
Fully diluted weighted average shares	55,575	48,974	44,444	52,274	41,868
Net income per basic share	\$ 0.11	\$ 0.14	\$ 0.13	\$ 0.25	\$ 0.26
Net income per diluted share	\$ 0.10	\$ 0.14	\$ 0.12	\$ 0.24	\$ 0.25
Other Data					
FFO	\$ 32,216	\$ 31,728	\$ 21,845	\$ 63,944	\$ 41,184
Operating FFO	\$ 34,866	\$ 33,067	\$ 23,422	\$ 67,933	\$ 42,866
Operating FFO per share	\$ 0.63	\$ 0.68	\$ 0.53	\$ 1.30	\$ 1.02
Recognized MRR in the period	\$ 84,506	\$ 83,162	\$ 57,953	\$ 167,668	\$ 110,417
MRR (at period end)	\$ 28,872	\$ 27,480	\$ 25,473	\$ 28,872	\$ 25,473
EBITDA	\$ 38,580	\$ 38,874	\$ 25,245	\$ 77,454	\$ 51,867
Adjusted EBITDA	\$ 45,613	\$ 43,011	\$ 31,828	\$ 88,624	\$ 59,862
NOI	\$ 64,021	\$ 61,247	\$ 44,612	\$ 125,268	\$ 85,177
NOI as a % of revenue	64.9%	64.6%	65.5%	64.8%	65.8%
Adjusted EBITDA as a % of revenue	46.2%	45.4%	46.7%	45.8%	46.2%
General and administrative expenses as a % of revenue	21.9%	21.4%	21.5%	21.7%	22.0%
Annualized ROIC	15.1%	15.6%	15.8%	15.3%	15.3%

Balance Sheet Data	June 30, 2016	December 31, 2015
Real estate at cost	\$ 1,775,285	\$ 1,583,153
Net investment in real estate	1,501,140	1,343,217
Total assets	1,946,685	1,747,339
Total debt	839,440 ⁽¹⁾	873,763 ⁽¹⁾
Debt to last quarter annualized Adjusted EBITDA	4.6x	5.3x
Debt to undepreciated real estate assets	47.3% ⁽¹⁾	55.2% ⁽¹⁾
Debt to Implied Enterprise Value	21.2% ⁽¹⁾	28.4% ⁽¹⁾

(1) In accordance with recent accounting changes, as noted on page 4, certain debt issuance costs have been reclassified from assets to liabilities in the prior period presented above. In addition, the Company has excluded the Senior Note discount and associated debt issuance costs from the Total Debt line item for both periods presented. As a result, the amounts referenced above represent the full amount of debt that will be repaid.



	June 30, 2016	December 31, 2015
Operating Portfolio Statistics		
Built out square footage:		
Raised floor	1,283,941	1,118,506
Leasable raised floor ⁽¹⁾	1,012,203	839,356
Leased raised floor	890,477	761,166
Total Raw Shell:		
Total	5,250,927	4,878,342
Basis-of-design raised floor space ⁽¹⁾	2,360,605	2,184,631
Data center properties	25	24
Basis of design raised floor % developed	54.4%	51.2%
Data center % occupied	88.0%	90.7%
Data center raised floor % wholly-owned	87.4% ⁽²⁾	85.5% ⁽²⁾

(1) See definition in Appendix.

(2) Amounts assume the Santa Clara facility is not wholly-owned, as it is subject to a long-term ground lease. Had the Santa Clara facility been included as wholly-owned, the percentage of data center raised floor that is wholly-owned by the Company would be 91.8% and 90.5% at June 30, 2016 and December 31, 2015, respectively.



Reconciliations of Return on Invested Capital (ROIC)

(unaudited and in thousands)

Return on Invested Capital ("ROIC") is a non-GAAP measure that provides additional information to users of the financial statements. Management believes ROIC is a helpful metric for users of the financial statements to gauge the Company's performance against the capital it has invested.

Return on Invested Capital (ROIC)	Three Months Ended			Six Months Ended	
	June 30,	March 31,	June 30,	June 30,	
	2016	2016	2015	2016	2015
NOI ⁽¹⁾	\$ 64,021	\$ 61,247	\$ 49,112	\$ 125,268	\$ 89,677
Annualized NOI	256,084	244,988	196,448	250,536	179,354
Average undepreciated real estate assets and other net fixed assets placed in service ⁽²⁾	1,692,551	1,568,645	1,243,782	1,640,984	1,170,135
Annualized ROIC	15.1%	15.6%	15.8%	15.3%	15.3%

- (1) Includes facility level G&A allocation charges of 4% of cash revenue for all facilities, with the exception of the leased facilities acquired in 2015, which include G&A expense allocation charges of 10% of cash revenue. These allocated charges aggregated to \$5.1 million, \$5.0 million and \$2.7 million for the three month periods ended June 30, 2016, March 31, 2016 and June 30, 2015, respectively.
- (2) Calculated by using average quarterly balance of each account.

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,	March 31,	June 30,	June 30,	June 30,
	2016	2016	2015	2016	2015
Real Estate Assets, net	\$ 1,501,140	\$ 1,384,180	\$ 1,241,151	\$ 1,501,140	\$ 1,241,151
Less: Construction in progress	(316,797)	(340,511)	(320,885)	(316,797)	(320,885)
Plus: Accumulated depreciation	274,145	255,344	205,284	274,145	205,284
Plus: Goodwill	173,843	171,679	173,237	173,843	173,237
Plus: Other fixed assets, net	15,698	13,185	11,400	15,698	11,400
Plus: Acquired intangibles, net ⁽¹⁾	108,194	90,070	90,173	108,194	90,173
Plus: Leasing Commissions, net	29,438	25,494	22,735	29,438	22,735
Total as of period end	\$ 1,785,661	\$ 1,599,441	\$ 1,423,095	\$ 1,785,661	\$ 1,423,095

Average undepreciated real estate assets and other net fixed assets as of reporting period ⁽²⁾

	\$ 1,692,551	\$ 1,568,645	\$ 1,243,782	\$ 1,640,984	\$ 1,170,135
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- (1) Net of acquired intangible liabilities and deferred tax liabilities. In addition, for the period ended March 31, 2016, there was a reclassification between goodwill and acquired intangibles.
- (2) Calculated by using average quarterly balance of each account.



Implied Enterprise Value and Weighted Average Shares

Implied Enterprise Value as of June 30, 2016:

Total Shares Outstanding:	
Class A Common Stock	47,731,968
Class B Common Stock	133,000
Total Shares Outstanding	47,864,968
Units of Limited Partnership ⁽¹⁾	7,423,473
Options to purchase Class A Common Stock ⁽²⁾	454,082
Fully Diluted Total Shares and Units of Limited Partnership outstanding as of June 30, 2016	55,742,523
Share price as of June 30, 2016	\$ 55.98
Market equity capitalization (in thousands)	\$ 3,120,466
Debt (in thousands)	839,440 ⁽³⁾
Implied Enterprise Value (in thousands)	\$ 3,959,906

- (1) Includes 652,529 of operating partnership units representing the “in the money” value of Class O LTIP units on an “as if” converted basis as of June 30, 2016.
- (2) Represents options to purchase 454,082 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 as of June 30, 2016.
- (3) Excludes the Senior Note discount and all debt issuance costs reflected as liabilities at June 30, 2016.

The following table presents the weighted average fully diluted shares for the three and six months ended June 30, 2016:

	Three Months Ended June 30, 2016	Six Months Ended June 30, 2016
Weighted average shares outstanding - basic	47,783,093	44,537,769
Effect of Class A and Class RS partnership units ⁽¹⁾	6,794,021	6,797,482
Effect of Class O units on as "as if" converted basis ⁽¹⁾	598,342	579,900
Effect of options to purchase Class A common stock on an "as if" converted basis ⁽²⁾	399,089	359,047
Weighted average shares outstanding - diluted	55,574,545	52,274,198

- (1) The Class A units, Class RS units and Class O units represent limited partnership interests in the Operating Partnership.
- (2) The weighted average share price for the three and six months ended June 30, 2016 was \$51.24 and \$47.89, 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, 2016:

Property	Year Acquired (1)	Gross Square Feet (2)	Operating Net Rentable Square Feet (Operating NRSF) (3)				% Occupied (7)	Annualized Rent (8)	Available Utility Power (MW) (9)	Basis of Design ("BOD") NRSF	Current Raised Floor as a % of BOD
			Raised Floor (4)	Office & Other (5)	Supporting Infrastructure (6)	Total					
Richmond, VA	2010	1,318,353	167,309	51,093	178,854	397,256	88.1%	\$ 35,510,868	110	557,309	30.0%
Atlanta, GA (Metro)	2006	968,695	452,986	36,953	331,426	821,365	94.1%	\$ 90,118,528	72	527,186	85.9%
Dallas-Fort Worth, TX	2013	698,000	95,614	6,981	77,425	180,020	95.3%	\$ 19,956,036	140	292,000	32.7%
Princeton, NJ	2014	553,930	58,157	2,229	111,405	171,791	100.0%	\$ 9,702,840	22	158,157	36.8%
Suwanee, GA	2005	369,822	185,422	8,697	107,128	301,247	81.3%	\$ 56,471,954	36	208,008	89.1%
Chicago, IL	2014	317,000	-	-	-	-	-%	\$ -	8	133,000	-%
Santa Clara, CA*	2007	135,322	55,905	944	45,094	101,943	77.9%	\$ 22,072,713	11	80,940	69.1%
Jersey City, NJ**	2006	122,448	31,503	14,208	41,901	87,612	97.1%	\$ 11,680,023	7	52,744	59.7%
Sacramento, CA	2012	92,644	54,595	2,794	23,916	81,305	46.1%	\$ 11,998,463	8	57,906	94.3%
Piscataway	2016	360,000	88,820	14,311	91,851	194,982	76.2%	\$ 8,914,718	111	176,000	50.5%
Miami, FL	2008	30,029	19,887	-	6,592	26,479	67.2%	\$ 5,295,855	4	19,887	100.0%
Leased facilities acquired in 2015 ***	2015	167,278	71,250	5,418	32,992	109,660	86.6%	\$ 73,887,964	20	94,975	75.0%
Other	Misc	117,406	2,493	49,337	23,482	75,312	60.7%	\$ 857,268	1	2,493	100.0%
Total		5,250,927	1,283,941	192,965	1,072,066	2,548,972	88.0%	\$ 346,467,230	550	2,360,605	54.4%

- (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 292,086 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 space is occupied (890,477 square feet as of June 30, 2016), divided by leasable raised floor based on the current configuration of the properties (1,012,203 square feet as of June 30, 2016), 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 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 contracts 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.
- (9) Represents installed utility power and transformation capacity that is available for use by the facility as of June 30, 2016.

* Subject to long-term ground lease.

** Represents facilities that we 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 2016, the Company brought online approximately 10.8 megawatts of gross power and approximately 43,000 NRSF of raised floor and customer specific capital at its Richmond, Atlanta-Metro and Dallas-Fort Worth data centers at an aggregate cost of approximately \$68 million, which excludes the recently acquired Piscataway facility. The under construction table below summarizes the Company's outlook for development projects which it expects to complete by December 31, 2016 (in millions).

Property	Under Construction Costs ⁽¹⁾			Expected Completion date
	Actual ⁽²⁾	Estimated Cost to Completion ⁽³⁾	Total	
Atlanta-Metro	\$ 8	\$ 7	\$ 15	Q4 2016
Atlanta-Suwanee	13	2	15	Q3 2016
Chicago	25	20	45	Q3 2016
Dallas-Fort Worth	9	19	28	Q4 2016
Totals	<u>\$ 55</u>	<u>\$ 48</u>	<u>\$ 103</u>	

- (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, 2016. In addition to the \$55 million of construction costs incurred through June 30, 2016 for redevelopment expected to be completed by December 31, 2016, as of June 30, 2016 the Company had incurred \$262 million of additional costs (including acquisition costs and other capitalized costs) for other redevelopment projects that are expected to be completed after December 31, 2016.
- (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 millions, except NRSF data)

The following redevelopment table presents an overview of the Company's redevelopment pipeline, based on information as of June 30, 2016. This table shows the Company's ability to increase its raised floor of 1,283,941 square feet as of June 30, 2016 by approximately 1.8 times to 2.4 million square feet.

Property	Raised Floor NRSF Overview as of June 30, 2016				
	Current NRSF in Service	Under Construction ⁽¹⁾	Future Available ⁽²⁾	Basis of Design NRSF	Approximate Adjacent Acreage of Land ⁽³⁾
Richmond	167,309	-	390,000	557,309	111.1
Atlanta-Metro	452,986	-	74,200	527,186	6.0
Dallas-Fort Worth	95,614	12,500	183,886	292,000	29.4
Princeton	58,157	-	100,000	158,157	65.0
Atlanta-Suwanee	185,422	19,000	3,586	208,008	15.4
Santa Clara	55,905	-	25,035	80,940	-
Sacramento	54,595	-	3,311	57,906	-
Jersey City	31,503	-	21,241	52,744	-
Chicago	-	14,000	119,000	133,000	23.0
Miami	19,887	-	-	19,887	-
Leased facilities acquired in 2015	71,250	-	23,725	94,975	-
Piscataway	88,820	-	87,180	176,000	-
Other	2,493	-	-	2,493	-
Totals as of June 30, 2016	1,283,941	45,500	1,031,164	2,360,605	249.9

- (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, 2016.
- (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, 2016.
- (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 (benefit) of taxable REIT subsidiaries, gain (loss) on extinguishment of debt, transaction and integration costs, gain (loss) on sale of real estate, restructuring costs 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,	
	2016	2016	2015	2016	2015
Breakdown of NOI by facility:					
Atlanta-Metro data center	\$ 20,885	\$ 19,972	\$ 16,875	\$ 40,857	\$ 33,641
Atlanta-Suwanee data center	11,272	11,500	10,094	22,772	20,224
Santa Clara data center	3,653	3,764	3,574	7,417	6,951
Richmond data center	7,976	6,602	4,933	14,578	9,188
Sacramento data center	2,140	1,922	1,900	4,062	3,771
Princeton data center	2,356	2,356	2,310	4,712	4,659
Dallas-Fort Worth data center	3,914	2,624	1,462	6,538	2,211
Leased data centers acquired in 2015	10,035	11,415	2,250	21,450	2,250
Piscataway data center ⁽²⁾	670	-	-	670	-
Other facilities	1,120	1,092	1,214	2,212	2,282
NOI⁽¹⁾	\$ 64,021	\$ 61,247	\$ 44,612	\$ 125,268	\$ 85,177

(1) Includes facility level G&A allocation charges of 4% of cash revenue for all facilities, with the exception of the leased facilities acquired in 2015, which include G&A expense allocation charges of 10% of cash revenue. These allocated charges aggregated to \$5.1 million, \$5.0 million and \$2.7 million for the three month periods ended June 30, 2016, March 31, 2016 and June 30, 2015, respectively.

(2) Includes results of the Piscataway facility for the period June 6, 2016 through June 30, 2016.

Capital expenditures incurred are summarized as follows:

	Capital Expenditures ⁽¹⁾			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Redevelopment	\$ 29,026	\$ 78,416	\$ 82,508	\$ 164,483
Acquisitions ⁽²⁾	125,000	335,150	125,000	335,150
Maintenance capital expenditures	380	609	715	626
Other capitalized costs	9,135	5,786	15,831	11,845
Total capital expenditures	\$ 163,541	\$ 419,961	\$ 224,054	\$ 512,104

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

(2) The three and six months ended June 30, 2016 reflects the total consideration transferred for the purchase of the Piscataway facility on June 6, 2016. The three and six months ended June 30, 2015 reflects the total consideration transferred for the Carpathia acquisition on June 16, 2015 (excluding the assumption of \$19.8 million in deferred tax liabilities assumed).



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, and renewals where C3 dedicated server cloud customers had shifts in their MRR related to their use of fully depreciated equipment. The amounts below exclude renewals where square footage remained consistent before and after renewal. (See renewal table on page 17 for such renewals).

During the second quarter of 2016, the Company signed 410 new and modified leases aggregating to \$25.8 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 \$13.3 million in incremental annualized rent for the quarter, which is a 54% increase over the prior four quarter average. This growth was driven by both the C1 and C2/C3 aspects of the QTS platform. Pricing of the C1 deals signed during the quarter was down slightly over the prior four quarter average primarily due to contracting additional space with existing C1 customers whereby the scale allows QTS to provide lower pricing. Pricing of the Company's C2/C3 deals exceeded the prior four quarter average primarily attributable to customers contracting additional services with those leases.

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.

	Period	Number of Leases	Total Leased sq ft	Annualized Rent per Leased sq ft	Annualized Rent of New and Modified Leases	Incremental Annualized Rent, Net of Downgrades
New/modified leases signed - Total	Q2 2016	410	41,251	\$ 625	\$ 25,787,118	\$ 13,310,055
	P4QA*	384	22,611	745	16,844,647	8,646,107
	Q1 2016	367	47,262	434	20,503,532	8,566,303
	Q4 2015	357	21,801	801	17,471,080	9,849,694
	Q3 2015	448	7,513	1,686	12,669,407	5,582,511
	Q2 2015	365	13,867	1,207	16,734,571	10,585,921
New/modified leases signed - C1	Q2 2016	23	28,018	\$ 265	\$ 7,429,308	
	P4QA*	20	12,552	285	3,579,439	
	Q1 2016	16	38,960	240	9,361,740	
	Q4 2015	20	10,476	373	3,910,932	
	Q3 2015	20	128	3,983	509,776	
	Q2 2015	22	644	831	535,306	
New/modified leases signed - C2/C3	Q2 2016	387	13,233	\$ 1,387	\$ 18,357,810	
	P4QA*	365	10,059	1,319	13,265,209	
	Q1 2016	351	8,302	1,342	11,141,792	
	Q4 2015	337	11,325	1,197	13,560,148	
	Q3 2015	428	7,385	1,647	12,159,631	
	Q2 2015	343	13,223	1,225	16,199,265	

* 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, 2016 and how that will affect revenue in 2016 and subsequent years:

Booked-not-billed (“BNB”)	2016	2017	Thereafter	Total
MRR	\$ 1,597,343	\$ 1,330,716	\$ 1,162,655	\$ 4,090,714
Incremental revenue ⁽¹⁾	8,223,055	9,304,366	13,951,854	
Annualized revenue ⁽²⁾	19,168,121	15,968,589	13,951,854	49,088,564

- (1) Incremental revenue represents the expected amount of recognized MRR in the period based on when the booked-not-billed leases commence throughout the period.
- (2) Annualized revenue represents the booked-not-billed MRR multiplied by 12, demonstrating how much recognized MRR might have been recognized if the booked-not-billed leases commencing in the period were in place for an entire year.

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, 2016 to be approximately \$50 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.

The overall blended rate for renewals signed in the second quarter of 2016 was 2.0% higher than the rates for those customers immediately prior to renewal. The Company believes that renewal rates will generally increase in the low to mid-single digits.

Rental Churn (which the Company defines as MRR lost to a customer intending to fully exit the platform compared to total MRR at the beginning of the period) was 1.3% for the second quarter of 2016 and 3.6% for the six months ended June 30, 2016.

	<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 2016	82	9,719	\$ 739	\$ 7,183,415	2.0%
	P4QA*	74	11,972	874	10,462,725	0.1%
	Q1 2016	59	16,705	950	15,871,969	-3.7%**
	Q4 2015	71	9,306	1,002	9,329,194	2.3%
	Q3 2015	89	12,338	742	9,157,450	0.9%
	Q2 2015	76	9,540	785	7,492,287	5.1%
Renewed Leases - C1	Q2 2016	-	-	\$ -	\$ -	0.0%
	P4QA*	1	1,850	266	491,258	9.7%
	Q1 2016	-	-	-	-	0.0%
	Q4 2015	1	4,200	241	1,013,852	3.0%
	Q3 2015	3	3,200	297	951,180	17.9%
	Q2 2015	-	-	-	-	0.0%
Renewed Leases - C2/C3	Q2 2016	82	9,719	\$ 739	\$ 7,183,415	2.0%
	P4QA*	73	10,122	985	9,971,467	-0.3%
	Q1 2016	59	16,705	950	15,871,969	-3.7%**
	Q4 2015	70	5,106	1,629	8,315,343	2.2%
	Q3 2015	86	9,138	898	8,206,270	-0.7%
	Q2 2015	76	9,540	785	7,492,287	5.1%

* Average of prior 4 quarters

** The decline in the renewal rate of 3.7% was due to changes in product mix by two customers that renewed. If the renewals related to those customers were excluded from the renewal base, rates would have been consistent with pre-renewal rates.

(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.

During the second quarter of 2016, the Company commenced customer leases (which includes both new customers and existing customers that modified their lease terms) representing approximately \$27.4 million of annualized rent. This compares to customer leases representing an aggregate trailing four quarter average of approximately \$35.5 million of annualized rent. Average pricing on QTS commenced leases during the second quarter of 2016 decreased compared to the prior four quarter average due to the change in C1 versus C2/C3 mix.

The C1 average commencement rate of \$232 per square foot represents an increase of 16% over the prior four quarter average of \$200 per square foot, which was due to customers commencing with additional redundancy in the current period. The C2/C3 average commencement rate of \$1,255 per square foot represents an increase of 8% over the prior four quarter average of \$1,157 per square foot, which was due to additional services being attached to C2/C3 customer commencements.

	<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 2016	409	53,503	\$ 513	\$ 27,449,191
	P4QA*	492	57,791	615	35,527,044
	Q1 2016	411	49,858	776	38,666,890
	Q4 2015	446	52,783	733	38,669,556
	Q3 2015	651	77,273	490	37,887,304
	Q2 2015	459	51,248	525	26,884,427
Leases commenced - C1	Q2 2016	21	38,818	\$ 232	\$ 9,020,640
	P4QA*	28	32,745	200	6,545,714
	Q1 2016	21	17,540	225	3,941,117
	Q4 2015	21	40,618	233	9,457,608
	Q3 2015	33	43,199	181	7,822,312
	Q2 2015	37	29,622	168	4,961,821
Leases commenced - C2/C3	Q2 2016	388	14,685	\$ 1,255	\$ 18,428,551
	P4QA*	464	25,046	1,157	28,981,330
	Q1 2016	390	32,318	1,075	34,725,773
	Q4 2015	425	12,165	2,401	29,211,948
	Q3 2015	618	34,074	882	30,064,992
	Q2 2015	422	21,626	1,014	21,922,606

* 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, with the majority of C2/C3 lease expirations occurring in 2017 and 2018. The following table sets forth a summary schedule of the lease expirations as of June 30, 2016 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⁾	383	13,999	2%	\$ 17,111,657	5%	0%	3%	2%
2016	1,024	43,395	5%	47,504,525	14%	2%	6%	6%
2017	1,224	144,038	16%	87,916,834	25%	6%	16%	3%
2018	933	270,976	31%	89,875,217	26%	11%	9%	6%
2019	312	34,186	4%	24,130,898	7%	1%	5%	1%
2020	123	44,564	5%	18,622,507	5%	2%	3%	0%
After 2020	89	318,819	37%	61,305,592	18%	17%	1%	0%
Portfolio Total	4,088	869,977	100%	\$ 346,467,230	100%	39%	43%	18%

- (1) Represents each agreement with a customer signed as of June 30, 2016 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, 2016. 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, 2016 and have continued on a month-to-month basis.



Largest Customers

As of June 30, 2016, 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, 2016 (does not include rents or maturities associated with booked-not-billed customers or ramps for existing customers which have not yet commenced billing):

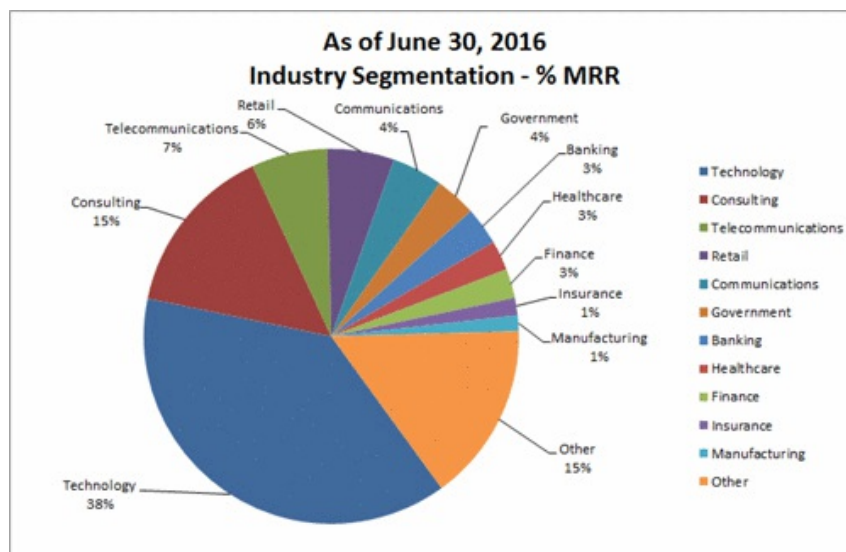
Principal Customer Industry	Product	Number of Locations	Annualized Rent ⁽¹⁾	% of Portfolio Annualized Rent	Weighted Average Remaining Lease Term (Months) ⁽²⁾
Internet	C1	2	\$ 40,057,416	11.6%	53
Information Technology	C1	2	12,131,594	3.5%	95
Information Technology	C1, C3	3	11,328,674	3.3%	95
Technology	C2, C3	4	9,654,378	2.8%	11
Internet	C1	1	9,644,400	2.8%	28
Government	C2	2	9,405,960	2.7%	7
Technology	C2, C3	5	7,286,112	2.1%	9
Retail	C3	2	6,409,400	1.8%	23
Information Technology	C2, C3	6	5,991,937	1.7%	11
Information Technology	C1	1	5,935,800	1.7%	69
Total / Weighted Average			\$ 117,845,671	34.0%	46

- (1) Annualized rent is presented for leases commenced as of June 30, 2016. 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, 2016.

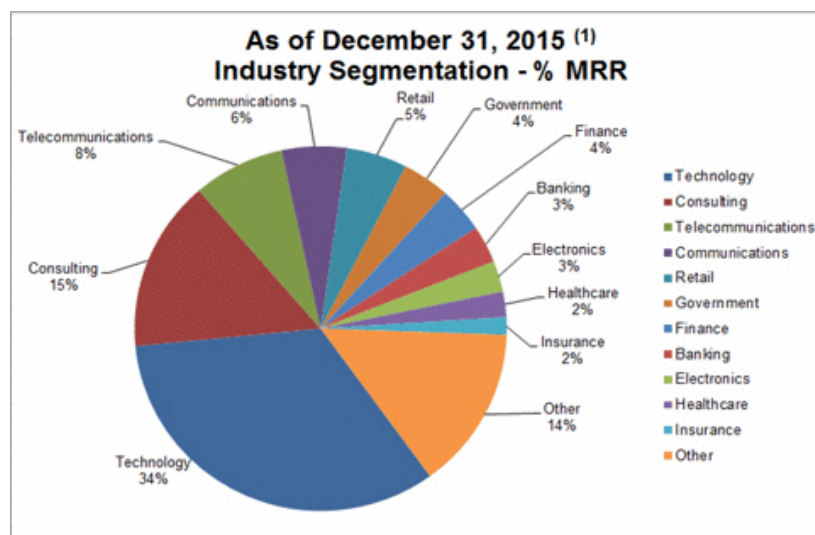


Industry Segmentation

The following table sets forth information relating to the industry segmentation as of June 30, 2016:



The following table sets forth information relating to the industry segmentation as of December 31, 2015:

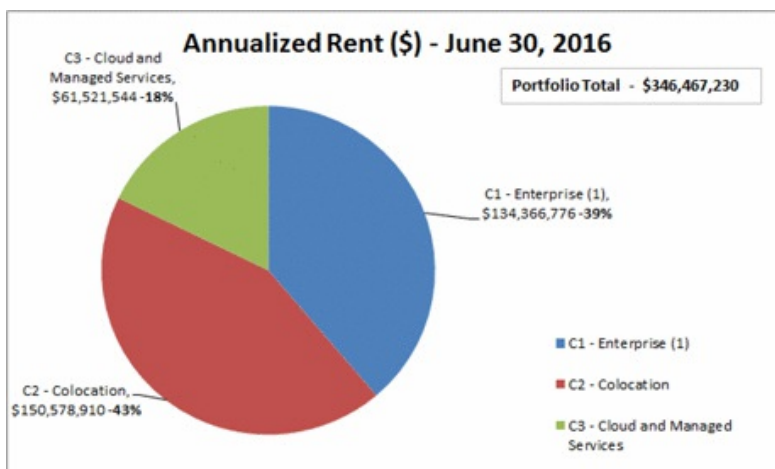


(1) Subsequent to December 31, 2015, industries of certain customers have been refined and reclassified. As such, the industry segmentation table as of December 31, 2015 has been conformed to these new classifications.



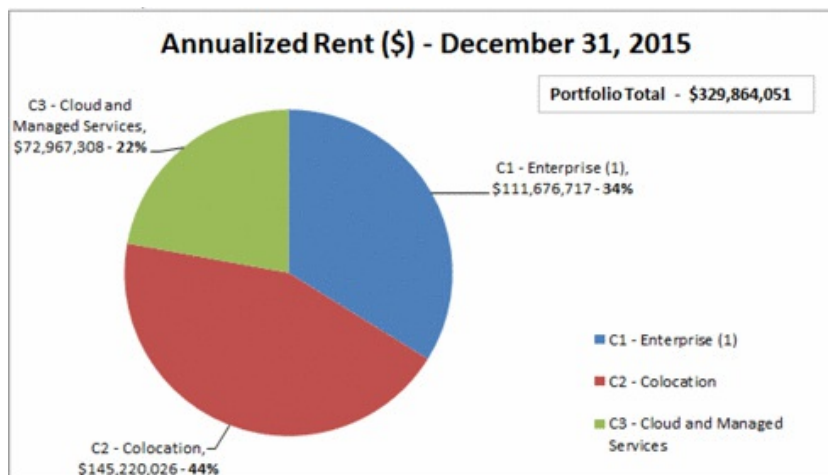
Product Diversification

The following table sets forth information relating to the distribution of leases at the properties, by type of product offering, as of June 30, 2016:



- (1) As of June 30, 2016, C1 customers renting at least 6,600 square feet represented \$89.8 million of annualized C1 MRR, C1 customers renting 3,300 square feet to 6,599 square feet represented \$22.7 million of annualized C1 MRR, and C1 customers renting below 3,300 square feet represented \$22.0 million of annualized C1 MRR. As of June 30, 2016, C1 customers' median used square footage was 3,892 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, 2015:



- (1) As of December 31, 2015, C1 customers renting at least 6,600 square feet represented \$72.5 million of annualized C1 MRR, C1 customers renting between 3,300 and 6,599 square feet represented \$17.8 million of annualized C1 MRR, and C1 customers renting below 3,300 square feet represented \$21.4 million of annualized C1 MRR. As of December 31, 2015, C1 customers' median used square footage was 3,876 square feet.



Debt Summary and Debt Maturities

(in thousands)

	Weighted Average Coupon Interest Rate at June 30, 2016	Maturities	June 30, 2016	December 31, 2015
Unsecured Credit Facility				
Revolving Credit Facility	2.01%	December 17, 2019	\$ 196,000	\$ 224,002
Term Loan I	1.95%	December 17, 2020	150,000	150,000
Term Loan II	1.95%	April 27, 2021	150,000	150,000
Senior Notes (1)	5.88%	August 1, 2022	300,000	300,000
Capital Lease and Lease Financing Obligations	3.45%	2016 - 2025	43,440	49,761
Total	3.44%		\$ 839,440	\$ 873,763

(1) Excludes the Senior Note discount and debt issuance costs reflected as liabilities at June 30, 2016.

As of June 30, 2016:

Debt instruments	2016	2017	2018	2019	2020	Thereafter	Total
Unsecured Credit Facility	\$ -	\$ -	\$ -	\$ 196,000	\$ 150,000	\$ 150,000	\$ 496,000
Senior Notes (1)	-	-	-	-	-	300,000	300,000
Capital Lease and Lease Financing Obligations	6,237	12,388	8,804	2,461	2,190	11,360	43,440
Total	\$ 6,237	\$ 12,388	\$ 8,804	\$ 198,461	\$ 152,190	\$ 461,360	\$ 839,440

(1) Excludes the Senior Note discount and all debt issuance costs reflected as liabilities at June 30, 2016.



Interest Summary

(unaudited and in thousands)

	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2015	June 30, 2015	June 30, 2016	June 30, 2015
Interest expense and fees	\$ 7,153	\$ 7,885	\$ 6,367	\$ 15,038	\$ 12,838
Amortization of deferred financing costs and bond discount	877	877	854	1,754	1,703
Capitalized interest ⁽¹⁾	(3,156)	(2,781)	(2,422)	(5,937)	(4,400)
Total interest expense	<u>\$ 4,874</u>	<u>\$ 5,981</u>	<u>\$ 4,799</u>	<u>\$ 10,855</u>	<u>\$ 10,141</u>

(1) The weighted average interest rate for the three months ended June 30, 2016, March 31, 2016, and June 30, 2015 was 4.27%, 3.77%, and 4.60%, respectively. As of June 30, 2016 and December 31, 2015 our weighted average coupon interest rate was 3.44% and 3.31%, 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. 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. 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, 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-routine 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 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 performance measure and to provide additional information to users of the financial statements. 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 and bond discount, non-real estate depreciation, straight line rent adjustments, deferred taxes 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 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 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,	March 31,	June 30,	June 30,	
	2016	2016	2015	2016	2015
FFO					
Net income	\$ 5,807	\$ 6,859	\$ 5,520	\$ 12,666	\$ 10,557
Real estate depreciation and amortization	26,409	24,869	16,325	51,278	30,627
FFO	32,216	31,728	21,845	63,944	41,184
Write off of unamortized deferred finance costs	-	-	83	-	83
Integration costs	3,026	2,053	422	5,079	422
Transaction costs	807	34	4,247	841	4,352
Deferred tax benefit associated with transaction and integration costs	(1,183)	(748)	-	(1,931)	-
Non-cash reversal of deferred tax asset valuation allowance	-	-	(3,175)	-	(3,175)
Operating FFO *	34,866	33,067	23,422	67,933	42,866
Maintenance Capex	(380)	(335)	(609)	(715)	(626)
Leasing commissions paid	(3,388)	(5,807)	(3,782)	(9,195)	(6,866)
Amortization of deferred financing costs and bond discount	877	877	854	1,754	1,703
Non real estate depreciation and amortization	3,946	3,770	1,682	7,716	3,623
Straight line rent revenue and expense and other	(3,243)	(1,610)	(1,160)	(4,853)	(1,525)
Deferred tax benefit from operating results	(1,271)	(1,857)	-	(3,128)	-
Equity-based compensation expense	3,200	2,050	1,831	5,250	3,138
Adjusted Operating FFO *	\$ 34,607	\$ 30,155	\$ 22,238	\$ 64,762	\$ 42,313

* 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,	
	2016	2016	2015	2016	2015
Recognized MRR in the period					
Total period revenues (GAAP basis)	\$ 98,687	\$ 94,768	\$ 68,117	\$ 193,455	\$ 129,503
Less: Total period recoveries	(6,168)	(5,435)	(5,582)	(11,603)	(11,246)
Total period deferred setup fees	(2,256)	(1,903)	(1,412)	(4,159)	(2,658)
Total period straight line rent and other	(5,757)	(4,268)	(3,170)	(10,025)	(5,182)
Recognized MRR in the period	84,506	83,162	57,953	167,668	110,417
MRR at period end					
Total period revenues (GAAP basis)	\$ 98,687	\$ 94,768	\$ 68,117	\$ 193,455	\$ 129,503
Less: Total revenues excluding last month	(64,520)	(63,020)	(41,871)	(159,288)	(103,257)
Total revenues for last month of period	34,167	31,748	26,246	34,167	26,246
Less: Last month recoveries	(2,805)	(1,876)	(2,185)	(2,805)	(2,185)
Last month deferred setup fees	(756)	(676)	(513)	(756)	(513)
Last month straight line rent and other	(1,734)	(1,716)	1,925	(1,734)	1,925
MRR at period end	\$ 28,872	\$ 27,480	\$ 25,473	\$ 28,872	\$ 25,473

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 (benefit) 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 write off of unamortized deferred financing costs, gains (losses) on extinguishment of debt, transaction and integration costs, equity-based compensation expense, restructuring costs, gain (loss) on legal settlement and gain (loss) 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,	
	2016	2016	2015	2016	2015
EBITDA and Adjusted EBITDA					
Net income	\$ 5,807	\$ 6,859	\$ 5,520	\$ 12,666	\$ 10,557
Interest expense	4,874	5,981	4,799	10,855	10,141
Interest income	(2)	-	(1)	(2)	(1)
Tax benefit of taxable REIT subsidiaries	(2,454)	(2,605)	(3,135)	(5,059)	(3,135)
Depreciation and amortization	30,355	28,639	18,062	58,994	34,305
EBITDA	38,580	38,874	25,245	77,454	51,867
Write off of unamortized deferred finance costs	-	-	83	-	83
Equity-based compensation expense	3,200	2,050	1,831	5,250	3,138
Integration costs	3,026	2,053	422	5,079	422
Transaction costs	807	34	4,247	841	4,352
Adjusted EBITDA	\$ 45,613	\$ 43,011	\$ 31,828	\$ 88,624	\$ 59,862



Net Operating Income (NOI)

The Company calculates net operating income (“NOI”) as net income (loss), excluding: interest expense, interest income, tax expense (benefit) of taxable REIT subsidiaries, depreciation and amortization, write off of unamortized deferred financing costs, gain (loss) on extinguishment of debt, transaction and integration costs, gain (loss) on sale of real estate, restructuring costs 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,	
	2016	2016	2015	2016	2015
Net Operating Income (NOI)					
Net income	\$ 5,807	\$ 6,859	\$ 5,520	\$ 12,666	\$ 10,557
Interest expense	4,874	5,981	4,799	10,855	10,141
Interest income	(2)	-	(1)	(2)	(1)
Depreciation and amortization	30,355	28,639	18,062	58,994	34,305
Write off of unamortized deferred finance costs	-	-	83	-	83
Tax benefit of taxable REIT subsidiaries	(2,454)	(2,605)	(3,135)	(5,059)	(3,135)
Integration costs	3,026	2,053	422	5,079	422
Transaction costs	807	34	4,247	841	4,352
General and administrative expenses	21,608	20,286	14,615	41,894	28,453
NOI ⁽¹⁾	\$ 64,021	\$ 61,247	\$ 44,612	\$ 125,268	\$ 85,177
Breakdown of NOI by facility:					
Atlanta-Metro data center	\$ 20,885	\$ 19,972	\$ 16,875	\$ 40,857	\$ 33,641
Atlanta-Suwanee data center	11,272	11,500	10,094	22,772	20,224
Santa Clara data center	3,653	3,764	3,574	7,417	6,951
Richmond data center	7,976	6,602	4,933	14,578	9,188
Sacramento data center	2,140	1,922	1,900	4,062	3,771
Princeton data center	2,356	2,356	2,310	4,712	4,659
Dallas-Fort Worth data center	3,914	2,624	1,462	6,538	2,211
Leased data centers acquired in 2015	10,035	11,415	2,250	21,450	2,250
Piscataway data center ⁽²⁾	670	-	-	670	-
Other facilities	1,120	1,092	1,214	2,212	2,282
NOI ⁽¹⁾	\$ 64,021	\$ 61,247	\$ 44,612	\$ 125,268	\$ 85,177

(1) Includes facility level G&A allocation charges of 4% of cash revenue for all entities, with the exception of the leased facilities acquired in 2015, which include G&A expense allocation charges of 10% of cash revenue. These allocated charges aggregated to \$5.1 million, \$5.0 million and \$2.7 million for the three month periods ended June 30, 2016, March 31, 2016 and June 30, 2015, respectively.

(2) Includes results of the Piscataway facility for the period June 6, 2016 through June 30, 2016.