

LANDandBUILDINGS

Land & Buildings Issues Presentation Responding to QTS' Highly Concerning Misrepresentations and Distortions of the Facts

- QTS' First Substantive Public Response to Land & Buildings' Critiques Troublingly Leaves Investors with More Questions than Answers –*
- Shareholders Should Not Only Consider the Credibility and Accuracy of QTS' Claims, but also the Numerous Points the Company has Declined to Address –*
- Urges Shareholders to vote WITHHOLD on Chairman and CEO Mr. Chad Williams and Chair of the Compensation Committee Mr. William Grabe at May 3, 2018 Annual Meeting –*

Stamford, CT— (April 16, 2018) – Land & Buildings Investment Management, LLC (together with its affiliates, "Land & Buildings") announced today that it has issued a presentation in response to the one filed by QTS Realty Trust (NYSE: QTS) ("QTS" or the "Company") after the market close on Friday, April 13th. The complete presentation can be found at www.landandbuildings.com.

Land & Buildings, an approximately 3% shareholder of QTS, intends to withhold its votes for QTS Chairman and CEO Chad Williams and Chair of the Compensation Committee William Grabe. Land & Buildings believes that a clear message needs to be sent that the persistent and consistent failures in corporate governance and compensation practices, and substantial underperformance for QTS shareholders, simply cannot continue.

Jonathan Litt, Founder and Chief Investment Officer of Land & Buildings, stated: "We believe that the presentation issued late last Friday by QTS is highly troubling. The misleading claims the Company made – and, just as importantly, the facts they did not address – are quite telling. QTS' response is the latest in a pattern of actions by the Company and its Board of Directors to divert shareholders' attention away from the manner in which Mr. Williams and the Board have created a culture of self-enrichment with absolutely zero accountability – all at the expense of the true owners of the Company. Shareholders need to send a clear message that this behavior is unacceptable by withholding their votes for Chairman and CEO Mr. Williams and Chair of the Compensation Committee Mr. Grabe."

Consider the following "facts" presented in QTS' presentation:

- QTS' Board wants investors to believe that Land & Buildings did not attempt to engage in constructive dialogue with the Company's Board. In reality, Land & Buildings requested a meeting with independent directors on March 9th, 2018 and the Board refused to have the meeting until just last week – nearly five weeks later, and only 23 days before the Annual Meeting.
- Mr. Williams and the Board want QTS investors to believe Williams lives "full-time" in Kansas, but he declares his Arizona home as his primary residence, and he owns homes in three states.
- Mr. Williams and the Board want investors to believe that QTS' pre-IPO private equity sponsor's interests were aligned with those of common shareholders at the time of the IPO when approving the current horrible corporate governance practices that plague the Company. That same private equity sponsor has since liquidated its investment in QTS, yet, inexplicably, three of that firm's directors remain on the QTS Board. Who is their allegiance to – Mr. Williams or all QTS shareholders?
- QTS' Board wants investors to believe that it is perfectly acceptable for Mr. Williams to own the Company's headquarters building which, as they pointed out in their Friday presentation, includes

data center space, which is precisely the business of QTS, and for the Company to pay Mr. Williams more than \$1 million in annual rent for the building.

- QTS' Board wants investors to believe that its forecasts for financial performance are reliable, despite its about-face on its strategy following its November 2017 investor day and a multitude of missed projections since its IPO, including EBITDA margins, return on invested capital, earnings growth, and revenue growth, among others.
- QTS' Board wants investors to believe that it is appropriate to just ignore the past six months of shareholder returns, which represent the culmination of years of poor leadership, in our view, that recently came to a head.
- QTS' Board wants investors to believe the Company's has made strong capital allocation decisions, while trying to downplay Carpathia, the single largest acquisition in the Company's history, which we believe will largely need to be written down.
- Mr. Williams and the Board want investors to believe that management compensation is aligned with performance, despite compensation being discretionary, and despite the fact that compensation has risen even in the face shareholder total return underperformance relative to QTS' Data Center Peers¹.
- QTS wants investors to believe the Board does not need new perspectives despite the average tenure of its directors being more than 50% longer than the Company has been public.
- Mr. Williams and the Board want investors to believe his dual-class super voting stock and interest in the Company's operating partnership are normal course of business and fair, but in fact they create significant conflicts of interest between Mr. Williams and common shareholders.

Mr. Williams and the Board did not take issue with numerous alarming facts shareholders must consider. The Company's presentation raises the following questions:

- What is the explanation for Mr. Williams' numerous related party transactions, including QTS chartering an aircraft owned by Williams for nearly a half million dollars in 2017?
- What is the justification for the unearned award of stock options to Mr. Williams for "additional motivation" after the stock declined more than 35% in 2018?
- Where is the explanation of the Compensation Committee's decision to make the March 2018 options award at a trough in the market price when the Board may have been in possession of material non-public information that would boost the stock just days after the award, including a critical capital raise and significant lease renewals?
- Where is the justification for Mr. Williams' employment agreement requiring that the Company nominate him as Chairman of the Board, and stipulating that if the Company declines to do so Mr. Williams may walk away with more than \$8.8 million?
- What about the numerous missed financial targets since the IPO, which beg the question: why should investors believe Mr. Williams now?

Land & Buildings urges its fellow shareholders to **WITHHOLD** on CEO and Chairman **Mr. Chad Williams** and Chair of the Compensation Committee **Mr. William Grabe** at the QTS Realty Trust May 3, 2018 Annual Meeting.

Sincerely,



Jonathan Litt
Founder & Chief Investment Officer
Land & Buildings

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About Land & Buildings:

Land & Buildings is a registered investment manager specializing in publicly traded real estate and real estate related securities. Land & Buildings seeks to deliver attractive risk adjusted returns by opportunistically investing in securities of global real estate and real estate related companies, leveraging its investment professionals' deep experience, research expertise and industry relationships.

Investor Contact:

Pat McHugh
Okapi Partners
212-297-0721
pmchugh@okapipartners.com

Media Contact:

Dan Zacchei / Joe Germani
Sloane & Company
212-486-9500
dzacchei@sloanep.com / jgermani@sloanep.com

This is NOT a solicitation of authority to vote your proxy. Land & Buildings is not asking for your proxy card and will not accept proxy cards if sent. Executed proxy cards should be returned according to the Company's instructions.

ⁱ Data Center Peers defined as the following REITs that own, operate and develop data centers with a significant US footprint: CyrusOne (Nasdaq:CONE), CoreSite (NYSE: COR), Digital Realty Trust (NYSE: DLR), and Equinix (Nasdaq: EQIX)