

March 17, 2014



# CorEnergy Releases Fiscal 2013 Results

KANSAS CITY, Mo.--(BUSINESS WIRE)-- CorEnergy Infrastructure Trust, Inc. (NYSE: CORR) ("CorEnergy" or the "Company") today announced financial results for the year ended Dec. 31, 2013, and filed its annual report on Form 10-K with the Securities and Exchange Commission.

## Recent Highlights and Subsequent Events

- *Made formal election to be treated as a REIT for the 2013 tax year*
- *Further diversified asset portfolio with Portland Terminal Facility acquisition in January 2014*
- *Expanded footprint in water gathering infrastructure with Black Bison transaction in March 2014*
- *Reiterating intent to increase annualized distributions to \$0.52, a 4% increase over prior run rate*

"CorEnergy delivered another year of stable performance, reflecting the quality of our assets and providing shareholders with reliable cash flows. We executed on our infrastructure real asset strategy, securing CorEnergy's tax treatment as a REIT in 2013," said David Schulte, Chief Executive Officer of CorEnergy.

"Working collaboratively, our team raised capital efficiently and developed a pipeline of investments we believe will drive growth in 2014 and add value for CorEnergy shareholders. Building on our initial acquisition of the Pinedale liquids gathering system, we see an opportunity for our investment pipeline to include other water handling assets, for which our structure is particularly well suited."

## 2013 Annual Performance Review

In 2013, the CorEnergy changed its fiscal year as part of its transition from a business development company to a REIT. As of Dec. 31, 2013, investments in securities of energy infrastructure companies represented less than 10 percent of the Company's total assets. CorEnergy is focused on identifying and acquiring real property assets in the U.S. energy infrastructure sector that are REIT-qualified. A fourth quarter dividend of \$0.125 per share was declared on January 3, 2014 and paid on January 23, 2014, resulting in four consecutive quarterly dividends at the annualized rate of \$0.50 per share.

Because the Company now operates as a REIT, management believes that non-GAAP performance measures utilized by REITs, including Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO"), also provide useful insights into CorEnergy's operational performance. AFFO for the year ended Dec. 31, 2013 was \$0.52 per share as compared to \$0.43 per share for the year ended Nov. 30, 2012.

**Fiscal Year Ended Dec. 31, 2013 Financial Summary**

|                                                     | For the Fiscal Year Ended Dec. 31, 2013 |           |
|-----------------------------------------------------|-----------------------------------------|-----------|
|                                                     | Total                                   | Per Share |
| Net Income (attributable to CorEnergy Stockholders) | \$4,502,339                             | \$0.19    |
| Funds From Operations (FFO)                         | \$13,092,300                            | \$0.54    |
| Adjusted Funds From Operations (AFFO)               | \$12,668,778                            | \$0.52    |

FFO and AFFO are non-GAAP measures presented in accordance with the guidelines for calculation and reporting issued by the National Association of Real Estate Investment Trusts. FFO represents net income (computed in accordance with GAAP), excluding gains (or losses) from sales of depreciable operating property, real estate-related depreciation and amortization (excluding amortization of deferred financing costs or loan origination costs) and after adjustments for unconsolidated partnerships and joint ventures. The Company considers FFO an important supplemental measure of operating performance that is frequently used by securities analysts, investors and other interested parties. CorEnergy defines AFFO as FFO plus transaction costs, amortization of debt issuance costs, deferred leasing costs, above market rent, and certain costs of a nonrecurring nature, less maintenance, capital expenditures (if any), amortization of debt premium and adjustments to lease revenue resulting from the EIP sale. Management uses AFFO as a measure of long-term sustainable operational performance.

**2013 Real Property Update**

***Pinedale Liquids Gathering System ("LGS"), Liquids Gathering Pipeline and Storage, Wyoming***

The Pinedale LGS, our largest acquisition of REIT-qualifying assets to date, is subject to a 15-year triple net participating lease with Ultra Petroleum ("UPL"). Beginning in January 2014, the Company is eligible for participating rents depending on the volume growth of liquids flowing through the LGS. Due to annual escalations based on the Consumer Price Index (CPI), annual minimum rent for 2014 will increase \$306 thousand.

As of Dec. 31, 2013, approximately 94.2 percent of the Company's leased property, based on the gross book value of real estate investments, was leased to UPL. Approximately 88.7 percent of the Company's total lease revenue for the year ended Dec. 31, 2013 was derived from UPL.

***Eastern Interconnect Project, Electric Transmission, New Mexico***

The Eastern Interconnect Project ("EIP") is leased to Public Service Company of New Mexico ("PNM") under a triple net lease. The EIP lease terminates on April 1, 2015 with the sale of the Company's 40 percent undivided interest for \$7.7 million. The remaining lease payments were paid in full on Jan. 2, 2014.

As of Dec. 31, 2013, approximately 5.8 percent of the Company's leased property, based on the gross book value of real estate investments, was leased to PNM. Approximately 11.3 percent of the Company's total lease revenue for the year ended Dec. 31, 2013 was derived from PNM.

***Omega Pipeline, Natural Gas Pipeline, Missouri***

Mowood, LLC (“Mowood”) is a wholly-owned subsidiary of the Company, and the owner of Omega Pipeline Company, LLC (“Omega”). The Company provides financing to Mowood secured by Omega’s real property assets. Omega’s sales revenue was higher in 2013, largely attributable to an increase in sales volume due to overall cooler temperatures in 2013 as compared to 2012. Mowood’s operating results for the comparable period in 2012 were approximately 15 percent higher than originally expected due to higher margins from several construction projects that were completed.

### **2013 Private Company Update**

The fair value of Lightfoot Capital Partners, LP and Lightfoot Capital Partners GP LLC (collectively, “Lightfoot”) as of Dec. 31, 2013, increased approximately \$1.8 million or 20.4 percent, compared to the fair value at Dec. 31, 2012, primarily due to favorable valuations of Lightfoot’s interest in Gulf LNG and Arc Logistics Partners LP (“Arc Logistics”), which completed an initial public offering in November 2012. The Company expects to receive distributions of approximately \$900 thousand from Lightfoot during fiscal 2014, funded primarily by Lightfoot’s distributions from Arc Logistics.

The fair value of VantaCore as of Dec. 31, 2013, increased \$1.8 million, or 16.6 percent, compared to the fair value at Dec. 31, 2012. The increase is attributable to a debt repayment and changes in VantaCore’s EBITDA which compared more favorably with selected public companies, increasing the multiples used to value VantaCore.

### **Subsequent Events**

#### ***Portland Terminal Facility, Petroleum Products Terminal, Oregon***

CorEnergy completed a follow-on equity offering of 7,475,000 shares of common stock, raising approximately \$49 million in gross proceeds at \$6.50 per share. On January 21, 2014, the Company used the proceeds from the offering to acquire a petroleum products terminal facility located in Portland, Oregon. The Company entered into a triple net lease with a subsidiary of Arc Logistics for use of the terminal. The Portland Terminal Facility will account for approximately 14.6 percent of total assets on a pro forma basis as of Dec. 31, 2013, and the lease payments will account for approximately 14.5 percent of total revenue on a pro forma basis for the year ended Dec. 31, 2013.

#### ***Black Bison Water Services, LLC (“Black Bison”), Salt Water Disposal Properties, Wyoming***

CorEnergy closed a transaction to finance Black Bison’s acquisition of salt water disposal properties and related capital improvement projects. The financing will be secured by three salt water disposal properties serving oil and gas producers in Wyoming’s Powder River Basin and Green River Basin. CorEnergy’s 10-year secured financing provides Black Bison with \$11.5 million and has base interest of 12 percent per annum, escalating at 2% per annum. A variable component initiates after the first year and is contingent on volume growth. Additionally, the Company will purchase a 15 percent equity option in Black Bison, which will retain control, accounting and tax benefits of ownership of the assets.

### **REIT Qualification**

CorEnergy made an election to be treated as a REIT throughout 2013 by filing a Form 1120-REIT on March 15, 2014. The Company will be taxed as a REIT rather than a C corporation and generally will not pay federal income tax on taxable income that is distributed to stockholders. "There is a long history that supports the REIT-qualifying nature of the types of assets we own. Pipelines, transmission lines, terminals, railroads are long-lived assets which provide us with rental or interest income," said David Schulte, Chief Executive Officer of CorEnergy. "CorEnergy undertook a transition to a REIT but did not undertake a 'conversion' to a REIT. Rather, we attained REIT status by selling non-qualifying assets, and acquiring qualifying assets subject to qualifying revenue streams."

## **Outlook**

CorEnergy expects its energy infrastructure assets – the Pinedale LGS, the Eastern Interconnect Project, the Portland Terminal Facility, Mowood and Black Bison – to produce stable and recurring revenues in 2014. The Company believes that the cash flows from its holdings will support 2014 annualized dividend payments of no less than \$0.52 per share. The Company has a broadening set of opportunities in the pipeline, which provide the potential to reach \$50 to \$200 million per project type. There can be no assurance that any of these acquisition opportunities will result in consummated transactions. The Company has a \$20 million revolving credit facility in place, which can be utilized for future acquisitions. As of Dec. 31, 2013, there were no outstanding borrowings against the facility. The Company expects to utilize balance sheet resources, including prudent leverage when available, supplemented with accretive equity issuance as needed.

## **2013 Fiscal Year End Earnings Conference Call**

CorEnergy will host a conference call Thursday, March 20, 2014, at 1:00 p.m. Central Time to discuss its financial results. Please dial into the call at 877-407-8035 approximately five to ten minutes prior to the scheduled start time.

The call will also be webcast in a listen-only format. A link to the webcast will be accessible at [corenergy.corridortrust.com](http://corenergy.corridortrust.com).

A replay of the call will be available until 11:59 p.m. Central Time April 20, 2014, by dialing 877-660-6853. The Conference ID # is 13577832. A replay of the webcast will also be available on the company's website at [corenergy.corridortrust.com](http://corenergy.corridortrust.com) through March 20, 2015.

## **About CorEnergy Infrastructure Trust, Inc.**

CorEnergy Infrastructure Trust, Inc. (NYSE: CORR), primarily owns midstream and downstream U.S. energy infrastructure assets subject to long-term triple net participating leases with energy companies. These assets include pipelines, storage tanks, transmission lines and gathering systems. The Company's principal objective is to provide stockholders with an attractive risk-adjusted total return, with an emphasis on distributions and long-term distribution growth. CorEnergy is managed by [Corridor InfraTrust Management, LLC](http://Corridor InfraTrust Management, LLC), a real property asset manager focused on U.S. energy infrastructure real assets, and is an affiliate of Tortoise Capital Advisors, L.L.C., an investment manager specializing in listed energy investments, with approximately \$15 billion of assets under management in NYSE-listed closed-end investment companies, open-end funds and other accounts as of February 28, 2014. For more information, please visit [corenergy.corridortrust.com](http://corenergy.corridortrust.com).

## Forward-Looking Statements

This press release contains certain statements that may include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, included herein are "forward-looking statements." Although CorEnergy believes that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. Actual results could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including those discussed in CorEnergy's reports that are filed with the Securities and Exchange Commission. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Other than as required by law, CorEnergy does not assume a duty to update any forward-looking statement. In particular, any distribution paid in the future to our stockholders will depend on the actual performance of CorEnergy, its costs of leverage and other operating expenses and will be subject to the approval of CorEnergy's Board of Directors and compliance with leverage covenants.

### CorEnergy Infrastructure Trust, Inc. CONSOLIDATED BALANCE SHEETS

|                                                                                                                                                                                   | December 31,<br>2013  | November 30,<br>2012  | December 31,<br>2012  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Assets</b>                                                                                                                                                                     |                       |                       |                       |
| Leased property, net of accumulated depreciation of \$12,754,588, \$1,131,680, and \$1,607,624 at December 31, 2013, November 30, 2012, and December 31, 2012, respectively       | \$ 232,220,618        | \$ 12,995,169         | \$ 243,078,709        |
| Other equity securities, at fair value                                                                                                                                            | 23,304,321            | 19,866,621            | 19,707,126            |
| Cash and cash equivalents                                                                                                                                                         | 17,963,266            | 14,333,456            | 17,680,783            |
| Trading securities, at fair value                                                                                                                                                 | -                     | 55,219,411            | 4,318,398             |
| Property and equipment, net of accumulated depreciation of \$2,037,685, \$1,751,202, and \$1,774,616 at December 31, 2013, November 30, 2012, and December 31, 2012, respectively | 3,318,483             | 3,589,022             | 3,566,030             |
| Escrow receivable                                                                                                                                                                 | -                     | 698,729               | 698,729               |
| Accounts receivable                                                                                                                                                               | 2,068,193             | 1,570,257             | 922,894               |
| Lease receivable                                                                                                                                                                  | 711,229               | -                     | -                     |
| Intangible lease asset, net of accumulated amortization of \$729,847, \$413,580, and \$437,908 at December 31, 2013, November 30, 2012, and December 31, 2012, respectively       | 364,924               | 681,191               | 656,863               |
| Deferred debt issuance costs, net of accumulated amortization of \$572,830, \$0 and \$16,350 at December 31, 2013, November 30, 2012, and December 31, 2012, respectively         | 1,225,524             | -                     | 1,520,823             |
| Deferred lease costs, net of accumulated amortization of \$63,272, \$0, and \$1,967 at December 31, 2013, November 30, 2012, and December 31, 2012, respectively                  | 857,190               | -                     | 912,875               |
| Hedged derivative asset                                                                                                                                                           | 680,968               | -                     | -                     |
| Income tax receivable                                                                                                                                                             | 834,382               | -                     | -                     |
| Prepaid expenses and other assets                                                                                                                                                 | 326,561               | 2,477,977             | 598,755               |
| <b>Total Assets</b>                                                                                                                                                               | <b>\$ 283,875,659</b> | <b>\$ 111,431,833</b> | <b>\$ 293,661,985</b> |
| <b>Liabilities and Equity</b>                                                                                                                                                     |                       |                       |                       |
| Long-term debt                                                                                                                                                                    | \$ 70,000,000         | \$ -                  | \$ 70,000,000         |
| Accounts payable and other accrued liabilities                                                                                                                                    | 2,920,267             | 2,885,631             | 4,413,420             |
| Lease obligation                                                                                                                                                                  | -                     | 27,522                | 20,698                |
| Income tax liability                                                                                                                                                              | -                     | -                     | 3,855,947             |
| Deferred tax liability                                                                                                                                                            | 5,332,087             | 7,172,133             | 2,396,043             |
| Line of credit                                                                                                                                                                    | 81,935                | 120,000               | -                     |
| Unearned revenue                                                                                                                                                                  | -                     | 2,370,762             | 2,133,685             |

|                                                                                                                                                                                                                                                                                   |                       |                       |                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Total Liabilities</b>                                                                                                                                                                                                                                                          | \$ 78,334,289         | \$ 12,576,048         | \$ 82,819,793         |
| <b>Equity</b>                                                                                                                                                                                                                                                                     |                       |                       |                       |
| Warrants, no par value; 945,594 issued and outstanding at December 31, 2013, November 30, 2012, and December 31, 2012 (5,000,000 authorized)                                                                                                                                      | \$ 1,370,700          | \$ 1,370,700          | \$ 1,370,700          |
| Capital stock, non-convertible, \$0.001 par value; 24,156,163 shares issued and outstanding at December 31, 2013, 9,190,667 shares issued and outstanding at November 30, 2012, and 24,140,667 shares issued and outstanding at December 31, 2012 (100,000,000 shares authorized) | 24,156                | 9,191                 | 24,141                |
| Additional paid-in capital                                                                                                                                                                                                                                                        | 173,441,019           | 91,763,475            | 175,256,675           |
| Accumulated retained earnings                                                                                                                                                                                                                                                     | 1,580,062             | 5,712,419             | 4,209,023             |
| Accumulated other comprehensive income                                                                                                                                                                                                                                            | 777,403               | -                     | -                     |
| <b>Total CorEnergy Equity</b>                                                                                                                                                                                                                                                     | <b>177,193,340</b>    | <b>98,855,785</b>     | <b>180,860,539</b>    |
| Non-controlling Interest                                                                                                                                                                                                                                                          | 28,348,030            | -                     | 29,981,653            |
| <b>Total Equity</b>                                                                                                                                                                                                                                                               | <b>205,541,370</b>    | <b>98,855,785</b>     | <b>210,842,192</b>    |
| <b>Total Liabilities and Equity</b>                                                                                                                                                                                                                                               | <b>\$ 283,875,659</b> | <b>\$ 111,431,833</b> | <b>\$ 293,661,985</b> |

**CorEnergy Infrastructure Trust, Inc.**

**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

|                                                                    | <b>For the Years Ended</b>   |                              |                              | <b>For the<br/>One-Month<br/>Transition<br/>Period<br/>Ended</b> |
|--------------------------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------------------------------------------|
|                                                                    | <b>December 31,<br/>2013</b> | <b>November 30,<br/>2012</b> | <b>November 30,<br/>2011</b> | <b>December<br/>31,<br/>2012</b>                                 |
| <b>Revenue</b>                                                     |                              |                              |                              |                                                                  |
| Lease revenue                                                      | \$ 22,552,976                | \$ 2,552,975                 | \$ 1,063,740                 | \$ 857,909                                                       |
| Sales revenue                                                      | 8,733,044                    | 8,021,022                    | 2,161,723                    | 868,992                                                          |
| <b>Total Revenue</b>                                               | <b>31,286,020</b>            | <b>10,573,997</b>            | <b>3,225,463</b>             | <b>1,726,901</b>                                                 |
| <b>Expenses</b>                                                    |                              |                              |                              |                                                                  |
| Cost of sales (excluding depreciation expense)                     | 6,734,665                    | 6,078,102                    | 1,689,374                    | 686,976                                                          |
| Management fees, net of expense reimbursements                     | 2,637,265                    | 1,046,796                    | 968,163                      | 155,242                                                          |
| Asset acquisition expenses                                         | 806,083                      | 377,834                      | 638,185                      | 64,733                                                           |
| Professional fees                                                  | 1,678,137                    | 1,141,045                    | 548,759                      | 333,686                                                          |
| Depreciation expense                                               | 11,429,980                   | 1,118,269                    | 364,254                      | 499,357                                                          |
| Amortization expense                                               | 61,305                       | -                            | -                            | 1,967                                                            |
| Operating expenses                                                 | 924,571                      | 739,519                      | 196,775                      | 48,461                                                           |
| Directors' fees                                                    | 178,196                      | 85,050                       | 70,192                       | 8,500                                                            |
| Other expenses                                                     | 580,183                      | 231,086                      | 183,674                      | 27,500                                                           |
| <b>Total Expenses</b>                                              | <b>25,030,385</b>            | <b>10,817,701</b>            | <b>4,659,376</b>             | <b>1,826,422</b>                                                 |
| <b>Operating Income (Loss)</b>                                     | <b>6,255,635</b>             | <b>(243,704)</b>             | <b>(1,433,913)</b>           | <b>(99,521)</b>                                                  |
| <b>Other Income (Expense)</b>                                      |                              |                              |                              |                                                                  |
| Net distributions and dividend income                              | \$ 584,814                   | \$ (279,395)                 | \$ 651,673                   | \$ 2,325                                                         |
| Net realized and unrealized gain (loss) on trading securities      | (251,213)                    | 4,009,933                    | 2,299,975                    | (1,769,058)                                                      |
| Net realized and unrealized gain (loss) on other equity securities | 5,617,766                    | 16,171,944                   | 2,283,773                    | (159,495)                                                        |
| Other Income                                                       | -                            | -                            | 40,000                       | -                                                                |
| Interest Expense                                                   | (3,288,378)                  | (81,123)                     | (36,508)                     | (416,137)                                                        |
| <b>Total Other Income (Expense)</b>                                | <b>2,662,989</b>             | <b>19,821,359</b>            | <b>5,238,913</b>             | <b>(2,342,365)</b>                                               |
| <b>Income (Loss) before income taxes</b>                           | <b>8,918,624</b>             | <b>19,577,655</b>            | <b>3,805,000</b>             | <b>(2,441,886)</b>                                               |
| <b>Taxes</b>                                                       |                              |                              |                              |                                                                  |
| Current tax expense (benefit)                                      | 13,474                       | 29,265                       | 253,650                      | 3,855,947                                                        |
| Deferred tax expense (benefit)                                     | 2,936,044                    | 7,199,669                    | 629,207                      | (4,776,090)                                                      |
| <b>Income tax expense (benefit), net</b>                           | <b>2,949,518</b>             | <b>7,228,934</b>             | <b>882,857</b>               | <b>(920,143)</b>                                                 |
| <b>Net Income (Loss)</b>                                           | <b>5,969,106</b>             | <b>12,348,721</b>            | <b>2,922,143</b>             | <b>(1,521,743)</b>                                               |
| Less: Net Income (Loss) attributable to non-controlling interest   | 1,466,767                    | -                            | -                            | (18,347)                                                         |

|                                                                                     |                     |                      |                     |                       |
|-------------------------------------------------------------------------------------|---------------------|----------------------|---------------------|-----------------------|
| <b>Net Income (Loss) attributable to CORR Stockholders</b>                          | <u>\$ 4,502,339</u> | <u>\$ 12,348,721</u> | <u>\$ 2,922,143</u> | <u>\$ (1,503,396)</u> |
| Net income (Loss)                                                                   | \$ 5,969,106        | \$ 12,348,721        | \$ 2,922,143        | \$ (1,521,743)        |
| Other comprehensive income:                                                         |                     |                      |                     |                       |
| Changes in fair value of qualifying hedges attributable to CORR Stockholders        | 777,403             | -                    | -                   | -                     |
| Changes in fair value of qualifying hedges attributable to non-controlling interest | 181,762             | -                    | -                   | -                     |
| <b>Net Change in Other Comprehensive Income</b>                                     | <u>\$ 959,165</u>   | <u>\$ -</u>          | <u>\$ -</u>         | <u>\$ -</u>           |
| <b>Total Comprehensive Income (Loss)</b>                                            | <u>6,928,271</u>    | <u>12,348,721</u>    | <u>2,922,143</u>    | <u>(1,521,743)</u>    |
| Less: Comprehensive income attributable to non-controlling interest                 | 1,648,529           | -                    | -                   | -                     |
| <b>Comprehensive Income (Loss) attributable to CORR Stockholders</b>                | <u>\$ 5,279,742</u> | <u>\$ 12,348,721</u> | <u>\$ 2,922,143</u> | <u>\$ (1,521,743)</u> |
| Earnings (Loss) Per Common Share:                                                   |                     |                      |                     |                       |
| Basic and Diluted                                                                   | \$ 0.19             | \$ 1.34              | \$ 0.32             | \$ (0.10)             |
| Weighted Average Shares of Common Stock Outstanding:                                |                     |                      |                     |                       |
| Basic and Diluted                                                                   | 24,149,396          | 9,182,425            | 9,159,809           | 15,564,861            |
| Dividends declared per share                                                        | \$ 0.375            | \$ 0.440             | \$ 0.410            | \$ -                  |

**CorEnergy Infrastructure Trust, Inc.**  
**CONSOLIDATED STATEMENTS OF**  
**EQUITY**

|                                                                     | <u>Capital Stock</u> |               | <u>Warrants</u> | <u>Additional<br/>Paid-in<br/>Capital</u> | <u>Accumulated<br/>Other<br/>Comprehensive<br/>Income</u> | <u>Retained<br/>Earnings<br/>(Accumulated<br/>Deficit)</u> | <u>Non-<br/>Controlling<br/>Interest</u> | <u>Total</u>  |
|---------------------------------------------------------------------|----------------------|---------------|-----------------|-------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------|------------------------------------------|---------------|
|                                                                     | <u>Shares</u>        | <u>Amount</u> |                 |                                           |                                                           |                                                            |                                          |               |
| <b>Balance at<br/>November 30,<br/>2010</b>                         | 9,146,506            | \$ 9,147      | \$1,370,700     | \$ 98,444,952                             | \$ -                                                      | \$ (4,345,626)                                             | -                                        | \$ 95,479,173 |
| Net Income                                                          | -                    | -             | -               | -                                         | -                                                         | 2,922,143                                                  | -                                        | 2,922,143     |
| Distributions to<br>stockholders<br>sourced as return<br>of capital | -                    | -             | -               | (3,755,607)                               | -                                                         | -                                                          | -                                        | (3,755,607)   |
| Reinvestment of<br>distributions to<br>stockholders                 | 30,383               | 30            | -               | 252,212                                   | -                                                         | -                                                          | -                                        | 252,242       |
| Consolidation of<br>wholly-owned<br>subsidiary                      | -                    | -             | -               | 741,181                                   | -                                                         | (5,212,819)                                                | -                                        | (4,471,638)   |
| <b>Balance at<br/>November 30,<br/>2011</b>                         | 9,176,889            | 9,177         | 1,370,700       | 95,682,738                                | -                                                         | (6,636,302)                                                | -                                        | 90,426,313    |
| Net Income                                                          | -                    | -             | -               | -                                         | -                                                         | 12,348,721                                                 | -                                        | 12,348,721    |
| Distributions to<br>stockholders<br>sourced as return<br>of capital | -                    | -             | -               | (4,040,273)                               | -                                                         | -                                                          | -                                        | (4,040,273)   |
| Reinvestment of<br>distributions to<br>stockholders                 | 13,778               | 14            | -               | 121,010                                   | -                                                         | -                                                          | -                                        | 121,024       |
| <b>Balance at<br/>November 30,<br/>2012</b>                         | 9,190,667            | 9,191         | 1,370,700       | 91,763,475                                | -                                                         | 5,712,419                                                  | -                                        | 98,855,785    |
| Net Loss                                                            | -                    | -             | -               | -                                         | -                                                         | (1,503,396)                                                | (18,347)                                 | (1,521,743)   |
| Net offering<br>proceeds                                            | 14,950,000           | 14,950        | -               | 83,493,200                                | -                                                         | -                                                          | -                                        | 83,508,150    |
| Non-controlling<br>interest<br>contribution                         | -                    | -             | -               | -                                         | -                                                         | -                                                          | 30,000,000                               | 30,000,000    |

|                                                      |                     |                  |                    |                      |                   |                     |                     |                      |
|------------------------------------------------------|---------------------|------------------|--------------------|----------------------|-------------------|---------------------|---------------------|----------------------|
| <b>Balance at<br/>December 31,<br/>2012</b>          | 24,140,667          | 24,141           | 1,370,700          | 175,256,675          | -                 | 4,209,023           | 29,981,653          | 210,842,192          |
| Net Income                                           | -                   | -                | -                  | -                    | -                 | 4,502,339           | 1,466,767           | 5,969,106            |
| Net change in<br>cash flow hedges                    | -                   | -                | -                  | -                    | 777,403           | -                   | 181,762             | 959,165              |
| Total<br>comprehensive<br>income                     | -                   | -                | -                  | 777,403              | 4,502,339         | 1,648,529           | 6,928,271           |                      |
| Dividends                                            | -                   | -                | (1,923,760)        | -                    | (7,131,300)       | -                   | (9,055,060)         |                      |
| Distributions to<br>non-controlling<br>interest      | -                   | -                | -                  | -                    | -                 | (3,282,152)         | (3,282,152)         |                      |
| Reinvestment of<br>dividends paid to<br>stockholders | 15,496              | 15               | -                  | 108,104              | -                 | -                   | -                   | 108,119              |
| <b>Balance at<br/>December 31,<br/>2013</b>          | <u>\$24,156,163</u> | <u>\$ 24,156</u> | <u>\$1,370,700</u> | <u>\$173,441,019</u> | <u>\$ 777,403</u> | <u>\$ 1,580,062</u> | <u>\$28,348,030</u> | <u>\$205,541,370</u> |

**CorEnergy Infrastructure Trust, Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|                                                                                             | <b>For the Years Ended</b>   |                              |                              | <b>For the One-Month<br/>Transition<br/>Period Ended</b> |
|---------------------------------------------------------------------------------------------|------------------------------|------------------------------|------------------------------|----------------------------------------------------------|
|                                                                                             | <b>December 31,<br/>2013</b> | <b>November 30,<br/>2012</b> | <b>November 30,<br/>2011</b> | <b>December 31,<br/>2012</b>                             |
| <b>Operating Activities</b>                                                                 |                              |                              |                              |                                                          |
| Net Income (Loss)                                                                           | \$ 5,969,106                 | \$ 12,348,721                | \$ 2,922,143                 | \$ (1,521,743)                                           |
| Adjustments to reconcile net income (loss) to net cash provided<br>by operating activities: |                              |                              |                              |                                                          |
| Distributions received from investment securities                                           | (567,276)                    | 4,985,370                    | 2,845,434                    | -                                                        |
| Deferred income tax, net                                                                    | 2,936,044                    | 7,199,669                    | 629,207                      | (4,776,090)                                              |
| Depreciation                                                                                | 11,429,980                   | 1,118,269                    | 364,254                      | 499,357                                                  |
| Amortization                                                                                | 909,724                      | 200,056                      | 27,030                       | 42,645                                                   |
| Realized and unrealized (gain) loss on trading securities                                   | 251,213                      | (4,009,933)                  | (2,299,975)                  | 1,769,058                                                |
| Realized and unrealized (gain) loss on other equity securities                              | (5,617,766)                  | (16,171,944)                 | (2,283,773)                  | 159,495                                                  |
| Unrealized (gain) loss on derivative contract                                               | (11,095)                     | -                            | -                            | 316,756                                                  |
| Changes in assets and liabilities:                                                          |                              |                              |                              |                                                          |
| (Increase) decrease in accounts receivable                                                  | (1,145,299)                  | (167,302)                    | (49,695)                     | 647,363                                                  |
| (Increase) decrease in lease receivable                                                     | (711,229)                    | 474,152                      | 237,077                      | -                                                        |
| (Increase) decrease in prepaid expenses and other assets                                    | 272,194                      | (233,272)                    | 70,109                       | (177,521)                                                |
| Increase (decrease) in accounts payable and other accrued<br>liabilities                    | 816,430                      | 1,533,944                    | 300,635                      | 122,445                                                  |
| Increase (decrease) in current income tax liability                                         | (4,690,329)                  | -                            | -                            | 3,922,682                                                |
| Increase (decrease) in unearned income                                                      | (2,133,685)                  | 2,370,762                    | -                            | (237,077)                                                |
| Net cash provided by operating activities                                                   | <u>\$ 7,708,012</u>          | <u>\$ 9,648,492</u>          | <u>\$ 2,762,446</u>          | <u>\$ 767,370</u>                                        |
| <b>Investing Activities</b>                                                                 |                              |                              |                              |                                                          |
| Purchases of long-term investments of trading and other<br>equity securities                | -                            | -                            | (38,060,281)                 | -                                                        |
| Proceeds from sale of long-term investment of trading and<br>other equity securities        | 5,580,985                    | 9,983,169                    | 53,950,583                   | 26,085,740                                               |
| Deferred lease costs                                                                        | (74,037)                     | -                            | -                            | (796,649)                                                |
| Acquisition expenditures                                                                    | (1,834,036)                  | (942,707)                    | -                            | (205,706,823)                                            |
| Purchases of property and equipment                                                         | (40,670)                     | (30,321)                     | -                            | (421)                                                    |
| Cash paid in business combination                                                           | -                            | -                            | (12,250,000)                 | -                                                        |
| Proceeds from sale of property and equipment                                                | 5,201                        | 3,076                        | (1,045)                      | -                                                        |
| Return of capital on distributions received                                                 | 1,772,776                    | 0                            | -                            | -                                                        |
| Net cash provided by (used in) investing activities                                         | <u>\$ 5,410,219</u>          | <u>\$ 9,013,217</u>          | <u>\$ 3,639,257</u>          | <u>\$ (180,418,153)</u>                                  |

# **Financing Activities**

|                                                  |                       |                       |                       |                       |
|--------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Payments on lease obligation                     | (20,698)              | (80,028)              | (44,816)              | (6,824)               |
| Debt financing costs                             | (144,798)             | (1,054,302)           | -                     | (1,391,846)           |
| Net offering proceeds                            | (523,094)             | -                     | -                     | 84,516,780            |
| Debt issuance                                    | -                     | -                     | -                     | 70,000,000            |
| Proceeds from non-controlling interest           | -                     | -                     | -                     | 30,000,000            |
| Dividends paid                                   | (8,946,941)           | (3,919,249)           | (3,503,365)           | -                     |
| Distributions to non-controlling interest        | (3,282,152)           | -                     | -                     | -                     |
| Advances on revolving line of credit             | 221,332               | 5,285,000             | -                     | 530,000               |
| Payments on revolving line of credit             | (139,397)             | (5,165,000)           | (400,000)             | (650,000)             |
| Payments on long-term debt                       | -                     | (2,188,000)           | (1,221,000)           | -                     |
| Net cash used in financing activities            | <u>\$(12,835,748)</u> | <u>\$ (7,121,579)</u> | <u>\$ (5,169,181)</u> | <u>\$ 182,998,110</u> |
| Net Change in Cash and Cash Equivalents          | \$ 282,483            | \$ 11,540,130         | \$ 1,232,522          | \$ 3,347,327          |
| Consolidation of wholly-owned subsidiary         | -                     | -                     | \$ 94,611             | -                     |
| Cash and Cash Equivalents at beginning of period | 17,680,783            | 2,793,326             | 1,466,193             | 14,333,456            |
| Cash and Cash Equivalents at end of period       | <u>\$ 17,963,266</u>  | <u>\$ 14,333,456</u>  | <u>\$ 2,698,715</u>   | <u>\$ 17,680,783</u>  |

|                                                                                     | For the Years Ended |                |              | For the One-Month<br>Transition<br>Period Ended |
|-------------------------------------------------------------------------------------|---------------------|----------------|--------------|-------------------------------------------------|
|                                                                                     | December 31,        | November 30,   | November 30, | December 31,                                    |
|                                                                                     | 2013                | 2012           | 2011         | 2012                                            |
| <b>Supplemental Disclosure of Cash Flow Information</b>                             |                     |                |              |                                                 |
| Interest paid                                                                       | \$ 2,651,355        | \$ 203,611     | \$ 176,595   | \$ 2,765                                        |
| Income taxes paid (net of refunds)                                                  | \$ 4,637,068        | \$ 96,000      | \$ 253,650   | \$ -                                            |
| <b>Non-Cash Investing Activities</b>                                                |                     |                |              |                                                 |
| Security proceeds from sale in long-term investment of other equity securities      | \$ -                | \$ 26,565,400  | \$ -         | \$ 23,046,215                                   |
| Reclassification of prepaid expenses and other assets to deferred lease costs       | \$ -                | \$ (942,707)   | \$ -         | \$ 753,940                                      |
| Reclassification of prepaid expenses and other assets to acquisition expenditures   | \$ -                | \$ -           | \$ -         | \$ 181,766                                      |
| Change in accounts payable and accrued expenses related to deferred lease costs     | \$ (68,417)         | \$ 704,164     | \$ -         | \$ (653,747)                                    |
| Change in accounts payable and accrued expenses related to acquisition expenditures | \$ (1,545,163)      | \$ 192,116     | \$ -         | \$ 1,650,699                                    |
| <b>Non-Cash Financing Activities</b>                                                |                     |                |              |                                                 |
| Reclassification of prepaid expenses and other assets to issuance of equity         | \$ -                | \$ -           | \$ -         | \$ 617,308                                      |
| Reclassification of prepaid expenses and other assets to debt financing costs       | \$ -                | \$ (1,054,302) | \$ -         | \$ 436,994                                      |
| Change in accounts payable and accrued expenses related to the issuance of equity   | \$ (523,094)        | \$ -           | \$ -         | \$ 391,322                                      |
| Change in accounts payable and accrued expenses related to debt financing costs     | \$ 116,383          | \$ 527,056     | \$ -         | \$ (291,667)                                    |
| Reinvestment of distributions by common stockholders in additional common shares    | \$ 108,119          | \$ 121,024     | \$ 252,242   | \$ -                                            |

## **CorEnergy Infrastructure Trust, Inc. FFO and AFFO Reconciliation**

|                                                             | Historical for<br>the Year Ended<br>December 31,<br>2013 | Historical for<br>the Year Ended<br>November 30,<br>2012 |
|-------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|
| <b>Net Income (attributable to CorEnergy Stockholders):</b> | <u>\$ 4,502,339</u>                                      | <u>\$ 12,348,721</u>                                     |
| Add:                                                        |                                                          |                                                          |
| Depreciation                                                | 11,429,980                                               | 1,118,269                                                |
| Distributions received from investment securities           | 1,789,893                                                | 4,985,370                                                |

|                                                                    |                   |                  |
|--------------------------------------------------------------------|-------------------|------------------|
| Income tax expense, net                                            | 2,949,518         | 7,228,934        |
| Less:                                                              |                   |                  |
| Net distributions and dividend income                              | 567,276           | -                |
| Net realized and unrealized gain (loss) on trading securities      | (251,213)         | 4,009,933        |
| Net realized and unrealized gain (loss) on other equity securities | 5,617,766         | 16,171,944       |
| Non-Controlling Interest attributable to FFO reconciling items     | 1,645,601         | -                |
| <b>Funds from operations (FFO):</b>                                | <b>13,092,300</b> | <b>5,499,417</b> |
| Add:                                                               |                   |                  |
| Transaction costs                                                  | 806,083           | 377,834          |
| Amortization of debt issuance costs                                | 556,300           | -                |
| Amortization of deferred lease costs                               | 61,305            | -                |
| Amortization of above market leases                                | 291,940           | 291,939          |
| Noncash costs associated with derivative instruments               | 40,290            | -                |
| Nonrecurring personnel costs                                       | 113,232           | -                |
| Less:                                                              |                   |                  |
| EIP Lease Adjustment                                               | 2,171,236         | 2,171,238        |
| Non-Controlling Interest attributable to AFFO reconciling items    | 121,436           | -                |
| Amortization of debt premium                                       | -                 | 91,883           |
| <b>Adjusted funds from operations (AFFO):</b>                      | <b>12,668,778</b> | <b>3,906,069</b> |
| <b>Weighted Average Shares</b>                                     | <b>24,149,396</b> | <b>9,182,425</b> |
| <b>FFO per share</b>                                               | <b>\$ 0.54</b>    | <b>\$ 0.60</b>   |
| <b>AFFO per share</b>                                              | <b>\$ 0.52</b>    | <b>\$ 0.43</b>   |

Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, many industry investors have considered presentations of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. To overcome this problem, the Company considers FFO and AFFO appropriate measures of operating performance of an equity REIT.

The Company uses the NAREIT definition of FFO. As defined by NAREIT, FFO represents net income (computed in accordance with GAAP), excluding gains (or losses) from sales of depreciable operating property, real estate-related depreciation and amortization (excluding amortization of deferred financing costs or loan origination costs) and after adjustments for unconsolidated partnerships and joint ventures. FFO is a supplemental, non-GAAP financial measure. The Company's computation of FFO may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that have a different interpretation of the current NAREIT definition from the Company; therefore, caution should be exercised when comparing our company's FFO to that of other REITs. The Company defines AFFO as FFO plus transaction costs, amortization of debt issuance costs, deferred leasing costs, above market rent, and certain costs of a nonrecurring nature, less maintenance, capital expenditures (if any), amortization of debt premium and adjustments to lease revenue resulting from the EIP sale.

FFO and AFFO presented herein may not be identical to FFO and AFFO presented by other real estate companies due to the fact that not all real estate companies use the same definitions. FFO and AFFO should not be considered as alternatives to net income (determined in accordance with GAAP) as indicators of the Company's financial performance or as alternatives to cash flow from operating activities (determined in accordance with GAAP) as measures of the Company's liquidity, nor are FFO and AFFO necessarily

indicative of sufficient cash flow to fund all of the Company's needs. The Company believes that in order to facilitate a clear understanding of the consolidated historical operating results of the Company, FFO and AFFO should be examined in conjunction with net income as presented elsewhere herein.

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Source: CorEnergy Infrastructure Trust, Inc.