



# SECOND QUARTER 2018 EARNINGS CONFERENCE CALL

August 2, 2018



**CORR**  
**LISTED**  
**NYSE**

# Disclaimer

This presentation 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 presentation.

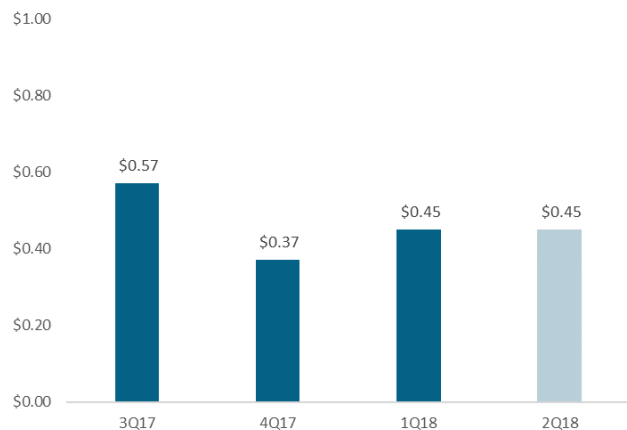
Other than as required by law, CorEnergy does not assume a duty to update any forward-looking statement. In particular, any distribution paid in the future to our stockholders will depend on the actual performance of CorEnergy, its costs of leverage and other operating expenses and will be subject to the approval of CorEnergy's Board of Directors and compliance with leverage covenants.

# Recent Developments

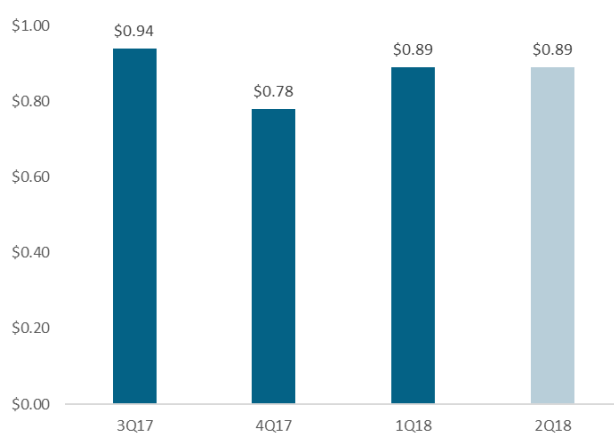
- Declared \$0.75 dividend for second quarter 2018, in line with previous 11 dividends
- GIGS tenant announced merger agreement with Gulf of Mexico operator
- MoGas Pipeline's FERC rate case filed
- Authorized preferred stock repurchase program
  - Repurchases will be subject to the covenants under our Credit Facility
  - Expected utilization of excess cash flows, such as from participating rents, which reached \$1.1 million in the second quarter of 2018

# Diluted Common Share Financial Metrics

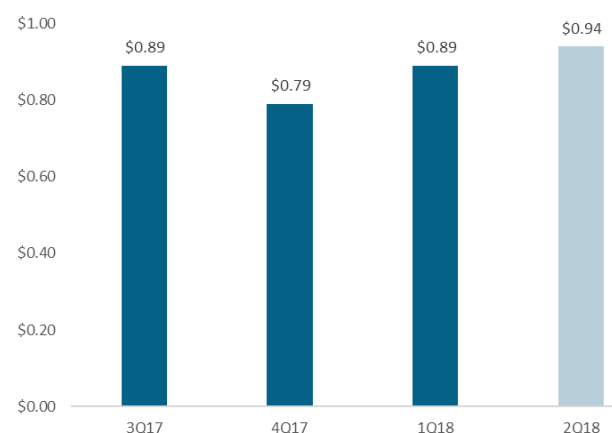
## Net Income to Common Stockholders



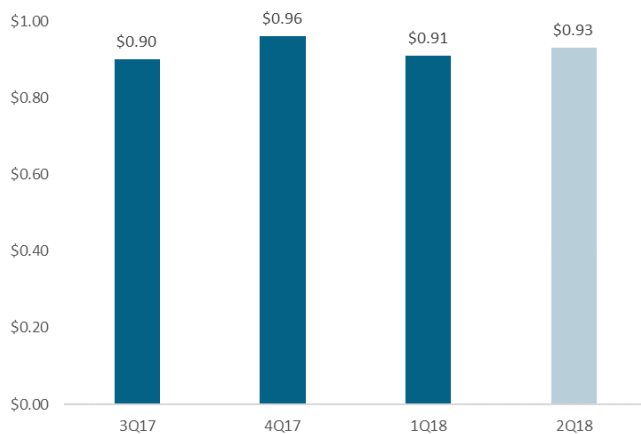
## NAREIT Funds from Operations<sup>1</sup>



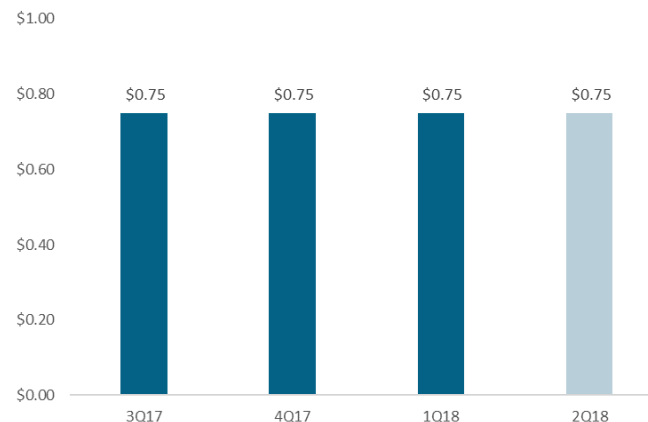
## Funds from Operations<sup>1</sup>



## Adjusted Funds from Operations<sup>1</sup>



## Dividends Declared to Common Stockholders



1) The Company provides non-GAAP performance measures utilized by REITs, including NAREIT Funds From Operations ("NAREIT FFO"), Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO"). Due to legacy investments that we hold, we have historically presented a measure of FFO derived by further adjusting NAREIT FFO for distributions received from investment securities, income tax expense (benefit), net, and net distributions and dividend income. Management uses AFFO as a measure of long-term sustainable operational performance. See slides 9 to 11 for a reconciliation of NAREIT FFO, FFO and AFFO, as presented, to Net income attributable to CorEnergy common stockholders.

# Financial Structure Remains Flexible

## Capitalization

| (\$ in millions)                                   | June 30, 2018  |
|--|----------------|
| Secured Credit Facilities, gross of issuance costs | \$39.2         |
| Convertible Debt, proceeds gross of fees           | \$114.0        |
| <b>Total Debt</b>                                  | <b>\$153.2</b> |
| Preferred Stock                                    | \$130.0        |
| Common Stock                                       | \$322.8        |
| <b>Total Equity</b>                                | <b>\$452.8</b> |
| <b>Total Capitalization</b>                        | <b>\$606.1</b> |

## Liquidity

| (in millions)          | June 30, 2018  |
|------------------------|----------------|
| Cash                   | \$14.2         |
| Revolver availability  | 145.6          |
| <b>Total liquidity</b> | <b>\$159.8</b> |

## Capitalization Ratios

|                                 | Target Range | June 30, 2018 |
|---------------------------------|--------------|---------------|
| Total Debt/Total Capitalization | 25-50%       | 25.3%         |
| Preferred/Total Equity          | 33%          | 28.7%         |

**CorEnergy's capital structure remains conservative, providing financial flexibility to acquire assets**

# “Specialty REITs” Gaining Awareness Amongst Investors

- REIT focused research firm, Green Street Advisors, categorizes more than 40 non-traditional REITs, representing less than 40% of the equity REIT market cap, as “specialty”
  - Over the past 5 years, this category has outperformed the NAREIT Index by an average of 700 bps annually<sup>1</sup>
- Investors enjoy the benefits of REITs with the ability to diversify their portfolios across different industries
- Infrastructure REITs, including those focused on communication towers, have grown to be some of the largest REITs globally
- In 2017, Vanguard began utilizing a broader REIT index, which includes non-traditional REITs, as its fund benchmark
- The number of non-traditional REITs are expected to grow due to the 2016 IRS Regulations<sup>1</sup>

**CorEnergy’s categorization as micro-cap disqualifies it from certain indices and funds, but as it gains scale, could benefit from inclusion**

1) “Specialty REITs Carve Out Bigger Niche in the Market” by Beth Matteson-Teig, July 19, 2018

# 2018 Initiatives

## **CorEnergy anticipates:**

- Receiving notification from Zenith Energy on future use of the Portland Terminal
- Commencement of the UESC contract at Fort Leonard Wood
- Progress of the FERC rate case for the MoGas Pipeline
- Completing one to two acquisitions

# APPENDIX



# Non-GAAP Financial Metrics: FFO/AFFO Reconciliation

## NAREIT FFO, FFO Adjusted for Securities Investment and AFFO Reconciliation

|  | For the Three Months Ended |               | For the Six Months Ended |               |
|--|----------------------------|---------------|--------------------------|---------------|
|  | June 30, 2018              | June 30, 2017 | June 30, 2018            | June 30, 2017 |
| <b>Net Income attributable to CorEnergy Stockholders</b>                             | \$ 7,810,849               | \$ 9,000,172  | \$ 15,518,557            | \$ 16,669,650 |
| Less:  |                            |               |                          |               |
| Preferred Dividend Requirements  | 2,396,875                  | 2,123,129     | 4,793,750                | 3,160,238     |
| <b>Net Income attributable to Common Stockholders</b>                                | \$ 5,413,974               | \$ 6,877,043  | \$ 10,724,807            | \$ 13,509,412 |
| Add:   |                            |               |                          |               |
| Depreciation   | 6,139,171                  | 5,822,383     | 12,277,590               | 11,644,679    |
| Less:  |                            |               |                          |               |
| Non-Controlling Interest attributable to NAREIT FFO reconciling items <sup>(1)</sup> | —                          | 411,455       | —                        | 822,910       |
| <b>NAREIT funds from operations (NAREIT FFO)</b>                                     | \$ 11,553,145              | \$ 12,287,971 | \$ 23,002,397            | \$ 24,331,181 |
| Add:   |                            |               |                          |               |
| Distributions received from investment securities                                    | 55,714                     | 252,213       | 59,665                   | 475,379       |
| Less:  |                            |               |                          |               |
| Net distributions and dividend income  | 55,714                     | 221,440       | 59,665                   | 264,902       |
| Net realized and unrealized gain (loss) on other equity securities                   | (881,100)                  | 614,634       | (867,134)                | 70,426        |
| Income tax (expense) benefit from investment securities                              | 220,500                    | (310,622)     | 241,987                  | (114,862)     |
| <b>Funds from operations adjusted for securities investments (FFO)</b>               | \$ 12,213,745              | \$ 12,014,732 | \$ 23,627,544            | \$ 24,586,094 |

## Non-GAAP Financial Metrics: FFO/AFFO Reconciliation (cont.)

|  | For the Three Months Ended |                      | For the Six Months Ended |                      |
|--|----------------------------|----------------------|--------------------------|----------------------|
|  | June 30, 2018              | June 30, 2017        | June 30, 2018            | June 30, 2017        |
| <b>Add:</b>  |                            |                      |                          |                      |
| Provision for loan losses, net of tax  | —                          | —                    | 500,000                  | —                    |
| Transaction costs  | 24,615                     | 211,269              | 56,896                   | 470,051              |
| Amortization of debt issuance costs  | 353,637                    | 468,871              | 707,181                  | 937,742              |
| Amortization of deferred lease costs   | 22,983                     | 22,983               | 45,966                   | 45,966               |
| Accretion of asset retirement obligation                                       | 127,928                    | 160,629              | 255,856                  | 321,258              |
| <b>Less:</b>   |                            |                      |                          |                      |
| Non-cash settlement of accounts payable  | —                          | 171,609              | —                        | 171,609              |
| Non-cash gain (loss) associated with derivative instruments                    | —                          | (10,619)             | —                        | 16,453               |
| Income tax benefit   | 394,349                    | 214,887              | 817,688                  | 351,733              |
| Non-Controlling Interest attributable to AFFO reconciling items <sup>(1)</sup> | —                          | 3,358                | —                        | 6,709                |
| <b>Adjusted funds from operations (AFFO)</b>                                   | <b>\$ 12,348,559</b>       | <b>\$ 12,499,249</b> | <b>\$ 24,375,755</b>     | <b>\$ 25,814,607</b> |

# Non-GAAP Financial Metrics: FFO/AFFO Reconciliation (cont.)

|   | For the Three Months Ended |               | For the Six Months Ended |               |
|---|----------------------------|---------------|--------------------------|---------------|
|   | June 30, 2018              | June 30, 2017 | June 30, 2018            | June 30, 2017 |
| Weighted Average Shares of Common Stock Outstanding:  |                            |               |                          |               |
| Basic   | 11,928,297                 | 11,896,616    | 11,923,627               | 11,892,670    |
| Diluted   | 15,382,843                 | 15,351,161    | 15,378,172               | 15,347,215    |
| <b>NAREIT FFO attributable to Common Stockholders</b> |                            |               |                          |               |
| Basic   | \$ 0.97                    | \$ 1.03       | \$ 1.93                  | \$ 2.05       |
| Diluted <sup>(2)</sup>                                | \$ 0.89                    | \$ 0.94       | \$ 1.78                  | \$ 1.87       |
| <b>FFO attributable to Common Stockholders</b>        |                            |               |                          |               |
| Basic   | \$ 1.02                    | \$ 1.01       | \$ 1.98                  | \$ 2.07       |
| Diluted <sup>(2)</sup>                                | \$ 0.94                    | \$ 0.93       | \$ 1.82                  | \$ 1.89       |
| <b>AFFO attributable to Common Stockholders</b>       |                            |               |                          |               |
| Basic   | \$ 1.04                    | \$ 1.05       | \$ 2.04                  | \$ 2.17       |
| Diluted <sup>(3)</sup>                                | \$ 0.93                    | \$ 0.94       | \$ 1.84                  | \$ 1.94       |

1) There is no non-controlling interest for the three and six months ended June 30, 2018

2) Diluted per share calculations include dilutive adjustments for convertible note interest expense, discount amortization and deferred debt issuance amortization.

3) Diluted per share calculations include a dilutive adjustment for convertible note interest expense.

# Non-GAAP Financial Metrics: Fixed-Charges Ratio

## Ratio of Earnings to Combine Fixed Charges and Preferred Stock Dividends

|   | For the Six Months<br>Ended June 30, |                      | For the Years Ended December 31, |                      |                      |
|---|--------------------------------------|----------------------|----------------------------------|----------------------|----------------------|
|   | 2018                                 | 2017                 | 2016                             | 2015                 | 2014                 |
| <b>Earnings:</b>  |                                      |                      |                                  |                      |                      |
| <b>Pre-tax income from continuing operations before adjustment for income or loss from equity investees</b> | \$ 15,266,351                        | \$ 34,470,016        | \$ 28,561,682                    | \$ 11,782,422        | \$ 6,973,693         |
| Fixed charges <sup>(1)</sup>  | 6,406,838                            | 12,378,514           | 14,417,839                       | 9,781,184            | 3,675,122            |
| Amortization of capitalized interest  | —                                    | —                    | —                                | —                    | —                    |
| Distributed income of equity investees  | 59,665                               | 680,091              | 1,140,824                        | 1,270,754            | 1,836,783            |
| Pre-tax losses of equity investees for which charges arising from guarantees are included in fixed charges  | —                                    | —                    | —                                | —                    | —                    |
| <b>Subtract:</b>  |                                      |                      |                                  |                      |                      |
| Interest capitalized  | —                                    | —                    | —                                | —                    | —                    |
| Preference security dividend requirements of consolidated subsidiaries                                      | —                                    | —                    | —                                | —                    | —                    |
| Noncontrolling interest in pre-tax income of subsidiaries that have not incurred fixed charges              | —                                    | —                    | —                                | —                    | —                    |
| <b>Earnings</b>   | <u>\$ 21,732,854</u>                 | <u>\$ 47,528,621</u> | <u>\$ 44,120,345</u>             | <u>\$ 22,834,360</u> | <u>\$ 12,485,598</u> |
| <b>Combined Fixed Charges and Preference Dividends:</b>   |                                      |                      |                                  |                      |                      |
| Fixed charges <sup>(1)</sup>  | \$ 6,406,838                         | \$ 12,378,514        | \$ 14,417,839                    | \$ 9,781,184         | \$ 3,675,122         |
| Preferred security dividend <sup>(2)</sup>  | 4,793,750                            | 7,953,988            | 4,148,437                        | 3,848,828            | —                    |
| <b>Combined fixed charges and preference dividends</b>  | <u>\$ 11,200,588</u>                 | <u>\$ 20,332,502</u> | <u>\$ 18,566,276</u>             | <u>\$ 13,630,012</u> | <u>\$ 3,675,122</u>  |
| <b>Ratio of earnings to fixed charges</b>   | 3.39                                 | 3.84                 | 3.06                             | 2.33                 | 3.40                 |
| <b>Ratio of earnings to combined fixed charges and preference dividends</b>                                 | 1.94                                 | 2.34                 | 2.38                             | 1.68                 | 3.40                 |

1) Fixed charges consist of interest expense, as defined under U.S. generally accepted accounting principles, on all indebtedness

2) This line represents the amount of preferred stock dividends accumulated as of June 30, 2018

