

Quarterly Industry Update

As of July 31, 2013

Industry: Colocation



Industry Summary

Cogent Valuation identified publicly traded companies, IPOs, and recent M&A transactions within the Colocation industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Since July 31, 2012, the median 52-week share price return of the Colocation industry has increased by 3.2%. In the last quarter, the median price-to-earnings multiple decreased from 38.5x to 32.4x. Although profitability margins have remained stable during the last quarter, growth has fallen, which has resulted in a decrease in all indicated multiples.

Comparable Public Company Key Statistics

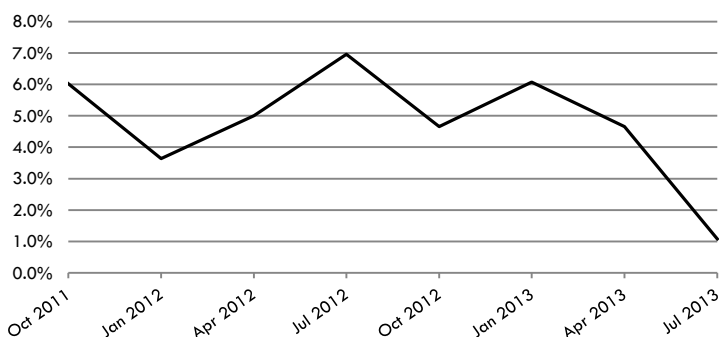
| | | | | | |
|---------------------------|------|----------------------------|-------|--------------------------------|-------|
| Median 52-Week Return | 3.2% | Median EV/Revenue Multiple | 4.3x | Median Price/Earnings Multiple | 32.4x |
| Median 3-Year CAGR Return | 9.5% | Median EV/EBITDA Multiple | 13.4x | Median EV/Gross CF Multiple | 19.2x |

Comparable Public Company Market Price Returns (As of July 31, 2013)

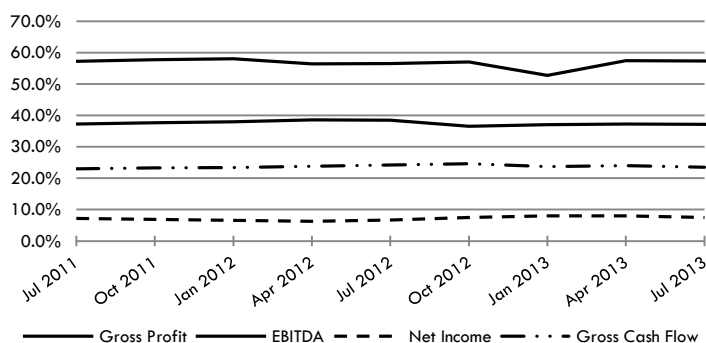
| | YTD | 3 Month | 1 Year | 2 Year | 3 Year | 5 Year | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|-------------|--------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|---------------|
| Internap Corporation | 17.7% | 2.1% | 26.6% | 14.5% | 20.3% | 12.1% | 16.6% | -2.3% | 29.4% | 88.0% | -70.0% |
| iGATE Corporation | 47.8% | 39.7% | 46.6% | 24.7% | 9.5% | 18.8% | 0.3% | -20.2% | 97.1% | 53.6% | -23.1% |
| Equinix, Inc. | -13.0% | -16.2% | 0.7% | 31.0% | 24.2% | 17.1% | 103.4% | 24.8% | -23.4% | 99.6% | -47.4% |
| Telecity Group plc | 5.6% | -6.0% | 0.3% | 21.8% | 25.7% | 23.4% | 26.9% | 37.1% | 18.7% | 141.3% | -57.0% |
| Level 3 Communications, Inc. | -4.6% | 9.5% | 14.4% | -17.9% | 9.2% | -15.4% | 36.0% | 15.6% | -35.9% | 118.6% | -77.0% |
| DuPont Fabros Technology, Inc. | -5.2% | -8.9% | -14.8% | -5.2% | -3.2% | 7.0% | -0.2% | 13.9% | 18.2% | 769.1% | -89.4% |
| Rackspace Hosting, Inc. | -39.0% | -6.0% | 3.2% | 6.4% | 34.3% | N/A | 72.7% | 36.9% | 50.6% | 287.5% | N/A |
| Digital Realty Trust Inc. | -18.6% | -21.6% | -29.2% | -5.0% | -4.4% | 5.2% | 1.8% | 29.4% | 2.5% | 53.1% | -14.4% |
| Windstream Holdings, Inc. | 1.0% | -1.9% | -16.1% | -17.3% | -9.8% | -6.8% | -29.5% | -15.8% | 26.8% | 19.5% | -29.3% |
| 21Vianet Group, Inc. | 33.6% | 42.0% | 27.6% | -1.2% | N/A | N/A | 5.0% | N/A | N/A | N/A | N/A |
| Interxion Holding NV | 5.9% | 0.6% | 30.8% | 30.2% | N/A | N/A | 76.7% | N/A | N/A | N/A | N/A |
| Median of Industry Public Companies | 1.0% | -1.9% | 3.2% | 6.4% | 9.5% | 9.5% | 16.6% | 15.6% | 18.7% | 99.6% | -52.2% |

(Multiple year periods are calculated as the average annual return.)

Median Quarterly Revenue Growth of All Colocation Companies



Median Gross Profit, EBITDA, Net Income and Gross Cash Flow Margins



Median Public Company Multiples of the Colocation Industry

| Date: | 7/31/2011 | 10/31/2011 | 1/31/2012 | 4/30/2012 | 7/31/2012 | 10/31/2012 | 1/31/2013 | 4/30/2013 | 7/31/2013 |
|------------------------------|-----------|------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|
| EV/Revenues Multiple | 4.2x | 3.4x | 3.8x | 4.6x | 4.6x | 5.0x | 5.1x | 4.7x | 4.3x |
| EV/EBITDA Multiple | 12.6x | 13.1x | 12.2x | 14.0x | 13.6x | 12.8x | 13.9x | 14.0x | 13.4x |
| Price/Earnings Multiple | 29.1x | 26.8x | 36.1x | 34.5x | 37.8x | 35.9x | 37.6x | 38.5x | 32.4x |
| EV/Gross Cash Flows Multiple | 20.1x | 17.9x | 19.9x | 21.5x | 20.8x | 23.0x | 19.9x | 20.5x | 19.2x |

This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee. Contact Steven Kam at 415-392-0888 for more information or questions in connection with this research report.

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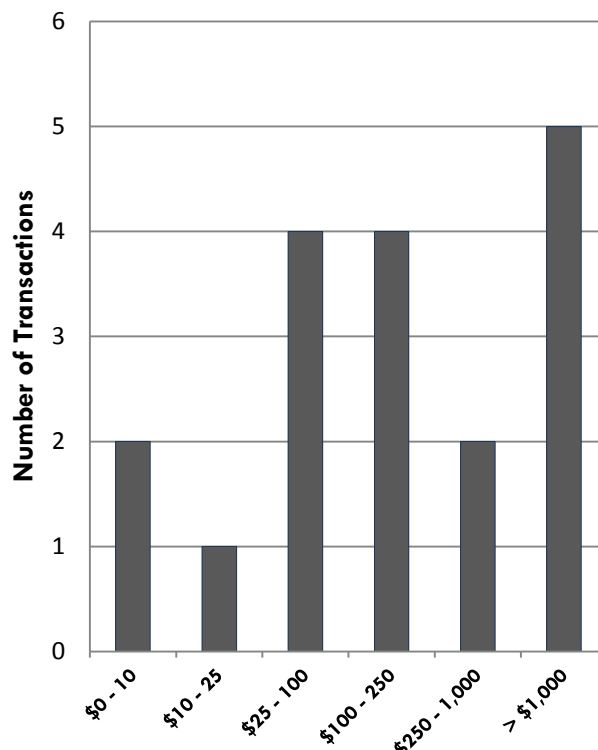
Industry Initial Public Offerings (dollars in millions, except share prices)

| Offer Date | Company Name | Offer Price | Shares Offered | Amount Raised | Total Assets | Debt | LTM Revenues | LTM EBITDA | LTM Net Income | LTM Cash Flows |
|---------------------------|--|-------------|----------------|----------------|----------------|----------------|----------------|---------------|----------------|----------------|
| 4/21/2011 | 21Vianet Group, Inc. | \$15.00 | 13.0 | \$195.0 | \$151.2 | \$19.1 | \$98.1 | (\$27.7) | (\$41.9) | N/A |
| 1/27/2011 | Interxion Holding NV | \$13.00 | 20.4 | \$264.9 | \$733.2 | \$348.4 | \$279.4 | \$103.6 | \$19.7 | \$144.3 |
| 8/7/2008 | Rackspace Hosting, Inc. | \$12.50 | 15.0 | \$187.5 | \$408.3 | \$183.6 | \$453.2 | \$104.5 | \$18.5 | \$173.1 |
| 10/24/2007 | Telecity Group plc | \$4.50 | 43.8 | \$197.1 | \$463.5 | \$67.8 | \$187.3 | \$42.3 | (\$16.8) | \$76.7 |
| 10/18/2007 | DuPont Fabros Technology, Inc. | \$21.00 | 30.5 | \$640.5 | \$814.8 | \$458.9 | \$35.1 | \$20.8 | (\$0.6) | \$25.7 |
| 6/28/2007 | Bridgeline Digital, Inc. | \$5.00 | 3.0 | \$15.0 | \$9.4 | \$2.9 | \$9.2 | (\$1.0) | (\$2.7) | (\$0.8) |
| 2/7/2007 | Switch & Data Facilities Company, Inc. | \$17.00 | 11.7 | \$198.3 | \$152.1 | \$144.2 | \$111.0 | \$28.8 | (\$11.7) | N/A |
| 4/7/2006 | Equinix Group Limited | \$0.38 | 45.5 | \$17.4 | \$82.3 | \$21.1 | \$43.6 | \$5.2 | (\$9.4) | \$69.6 |
| 12/18/2003 | Knology, Inc. | \$9.00 | 6.0 | \$54.0 | \$417.6 | \$269.5 | \$166.1 | \$26.4 | \$15.8 | N/A |
| 12/17/1996 | iGATE Corporation | \$15.00 | 4.8 | \$72.0 | \$25.8 | \$0.0 | \$103.7 | \$18.5 | \$11.0 | \$18.7 |
| Median of All IPOs | | nm | nm | \$191.3 | \$280.2 | \$106.0 | \$107.4 | \$23.6 | (\$1.6) | \$69.6 |

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

| Transaction Date | Target | Acquirer | Transaction Size | % Bought |
|--|------------------------|---------------------------|------------------|-------------|
| 5/7/2013 | Revera Limited | Telecom Corporation of NZ | \$82.7 | 100% |
| 4/17/2013 | BLACKIRON Data ULC | Rogers Business | \$194.9 | 100% |
| 1/29/2013 | Peer 1 Network | Cogeco Cable Inc. | \$605.5 | 100% |
| 7/25/2012 | IP-Converge Data | Januarius Resources | \$7.2 | 80% |
| 7/2/2012 | AboveNet, Inc. | Zayo Group, LLC | \$2,333.1 | 100% |
| 5/10/2012 | IP-Converge Data | IP Converge | \$3.9 | 100% |
| 3/1/2012 | IdeaOne Telecom Group | Hickory Tech Corp. | \$28.0 | 100% |
| 1/9/2012 | Knology Data Center | Knology, Inc. | \$13.7 | 100% |
| 10/4/2011 | Global Crossing Ltd. | Level 3 Communications | \$3,489.6 | 100% |
| 9/1/2011 | Paradigm Holdings Inc. | CACI International Inc. | \$61.5 | 100% |
| 8/5/2011 | Data Electronics Group | Telecity Group plc | \$143.5 | 100% |
| 7/15/2011 | Savvis, Inc. | CenturyLink, Inc. | \$3,084.3 | 100% |
| 5/31/2011 | LambdaNet | euNetworks GmbH | \$49.6 | 100% |
| 4/21/2011 | NaviSite, Inc. | Time Warner Cable Inc. | \$331.8 | 100% |
| 4/11/2011 | CSK Corporation | Sumisho Computer | \$1,016.2 | 55% |
| 4/7/2011 | Terremark Worldwide | Verizon Communications | \$1,910.6 | 100% |
| 10/1/2010 | American Fiber Systems | Zayo Group, LLC | \$187.9 | 100% |
| 6/16/2010 | Fusepoint, Inc. | Savvis, Inc. | \$169.4 | 100% |
| Median of All Transaction Targets | | | \$178.7 | 100% |

Size of Merger and Acquisition Transactions (dollars in millions)



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