

Quarterly Industry Update

As of June 30, 2015

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 June 30, 2014, the median 52-week share price return of the Colocation industry has increased by 12.4%. In the last quarter, the median price-to-earnings multiple decreased from 50.2x to 42.4x.

Comparable Public Company Key Statistics

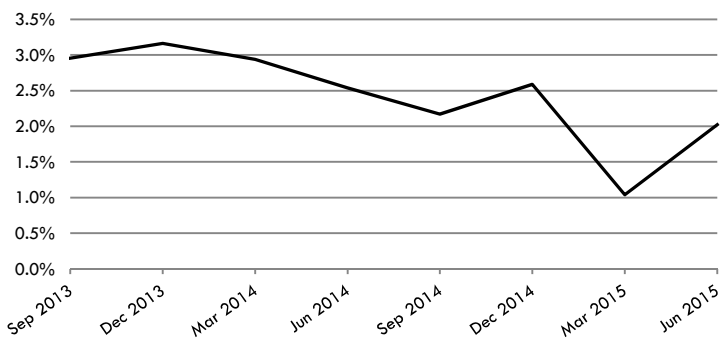
Median 52-Week Return	12.4%	Median EV/Revenue Multiple	5.1x	Median Price/Earnings Multiple	42.4x
Median 3-Year CAGR Return	10.5%	Median EV/EBITDA Multiple	14.2x	Median EV/Gross CF Multiple	20.0x

Comparable Public Company Market Price Returns (As of June 30, 2015)

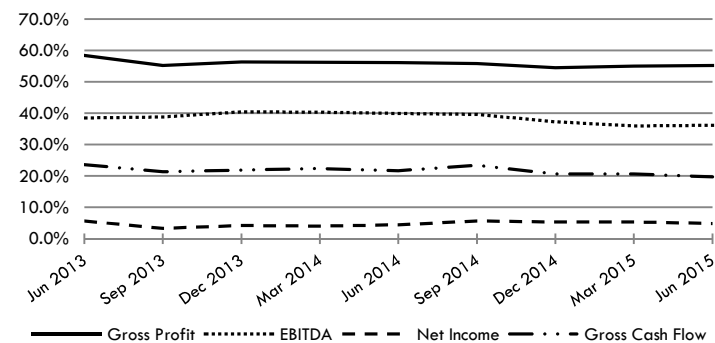
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2014	2013	2012	2011	2010
Internap Corporation	16.2%	-9.6%	31.2%	5.8%	12.4%	17.3%	5.9%	8.6%	16.6%	-2.3%	29.4%
Equinix, Inc.	12.0%	9.1%	20.9%	17.3%	13.1%	25.6%	27.8%	-13.9%	103.4%	24.8%	-23.4%
Teleticity Group plc	28.9%	24.4%	25.4%	2.4%	8.7%	22.0%	4.3%	-6.0%	26.9%	37.1%	18.7%
Level 3 Communications, Inc.	6.7%	-2.2%	19.9%	58.1%	33.5%	26.4%	48.9%	43.5%	36.0%	15.6%	-35.9%
DuPont Fabros Technology, Inc.	-11.4%	-9.9%	9.2%	10.4%	1.0%	3.7%	34.5%	2.3%	-0.2%	13.9%	18.2%
Rackspace Hosting, Inc.	-20.6%	-27.9%	10.5%	-0.9%	-5.4%	15.2%	19.6%	-47.3%	72.7%	36.9%	50.6%
Digital Realty Trust Inc.	0.6%	1.1%	14.3%	4.6%	-3.9%	2.9%	35.0%	-27.6%	1.8%	29.4%	2.5%
Windstream Holdings, Inc.	-87.1%	-85.6%	-89.3%	-62.9%	-52.1%	-36.8%	3.3%	-3.6%	-29.5%	-15.8%	26.8%
21Vianet Group, Inc.	32.6%	16.2%	-31.5%	34.6%	21.5%	N/A	-34.2%	144.7%	5.0%	N/A	N/A
Interxion Holding NV	1.1%	-2.0%	1.0%	2.9%	15.1%	N/A	15.8%	-0.6%	76.7%	N/A	N/A
Median of Industry Public Companies	3.9%	-2.1%	12.4%	5.2%	10.5%	16.2%	17.7%	-2.1%	21.8%	20.2%	18.5%

(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:	6/30/2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015
EV/Revenues Multiple	4.5x	4.8x	4.9x	5.0x	5.4x	4.4x	4.8x	5.0x	5.1x
EV/EBITDA Multiple	13.6x	13.1x	12.9x	12.0x	12.9x	12.5x	14.1x	14.8x	14.2x
Price/Earnings Multiple	34.8x	37.0x	27.8x	25.2x	33.5x	41.0x	44.8x	50.2x	42.4x
EV/Gross Cash Flows Multiple	20.5x	20.8x	20.7x	19.6x	19.7x	19.3x	21.5x	22.2x	20.0x

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](mailto:Steven.Kam@CogentValuation.com) at 415-392-0888 for additional information or questions in connection with this research report. Copyright © 2015 Cogent Valuation. All Rights Reserved.

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

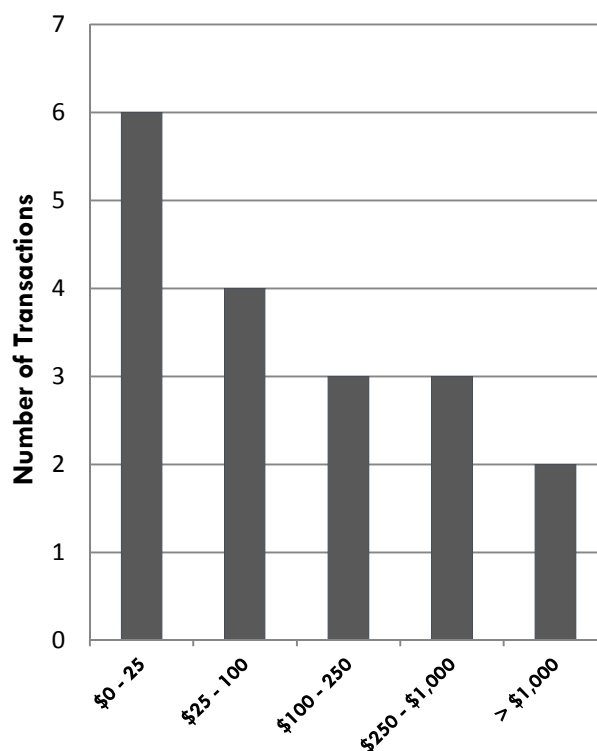
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
4/21/2011	21Vianet Group, Inc.	\$15.00	13.0	\$195.0	\$151.2	\$19.1	\$98.1	(\$27.7)	(\$41.9)	(\$27.7)
1/27/2011	Interxion Holding NV	\$13.00	20.4	\$264.9	\$733.2	\$348.4	\$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)	\$44.3
4/7/2006	Equinix Group Limited	\$0.38	45.5	\$17.4	\$82.3	\$21.1	\$43.6	\$5.2	(\$9.4)	\$12.6
12/18/2003	Knology, Inc.	\$9.00	6.0	\$54.0	\$417.6	\$269.5	\$166.1	\$26.4	\$15.8	\$104.2
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)	\$35.0

nm: not meaningful

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought
7/1/2015	iGATE Corporation	Cpgemini North America	\$4,600.8	100%
6/16/2015	Carpathia Hosting, Inc.	Quality Technology Services	\$326.0	100%
4/1/2015	Online Tech, Inc.	Carter Validus	\$7.5	100%
3/27/2015	RackForce Networks Inc.	TeraGo Networks Inc.	\$25.9	100%
3/11/2015	4Degrés Colocation Inc.	Videotron Ltd.	\$27.8	100%
9/2/2014	ViaWest, Inc.	Shaw Communications	\$1,200.0	100%
7/1/2014	Colo Facilities Atlanta	Zayo Colocation, Inc.	\$52.5	100%
3/4/2014	CoreXchange, Inc.	Zayo Colocation, Inc.	\$17.5	100%
2/3/2014	RagingWire Data Centers	NTT Communications	\$350.0	80%
11/27/2013	Cyber Development Group	N+2, LLC	\$2.4	100%
11/26/2013	iWeb Group Inc.	Internap Network Services	\$199.0	100%
10/1/2013	Pivot Data Centres Inc.	Rogers Communications	\$150.7	100%
9/19/2013	Granite Networks Inc.	Rogers Business Solutions	\$6.1	100%
5/31/2013	Next Layer, Inc.	Telephone Navigata	\$6.0	100%
5/14/2013	Viatel Holding	Digiweb Limited	\$13.0	100%
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%
Median of All Transaction Targets			\$67.6	100%

Size of Merger and Acquisition Transactions (dollars in millions)



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