

Quarterly Industry Update

As of September 30, 2015

Industry: Colocation



Industry Summary

Cogent Valuation identified Colocation 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. Over the last year since September 30, 2014, the median 52-week share price return of the Colocation industry was -3.2%. Between September 30, 2013 and September 30, 2015, the median EV/EBITDA multiple decreased from 13.8 to 13.6. However, the median price-to-earnings multiple increased from 31.5 to 34.6 over the same period.

Comparable Public Company Key Statistics

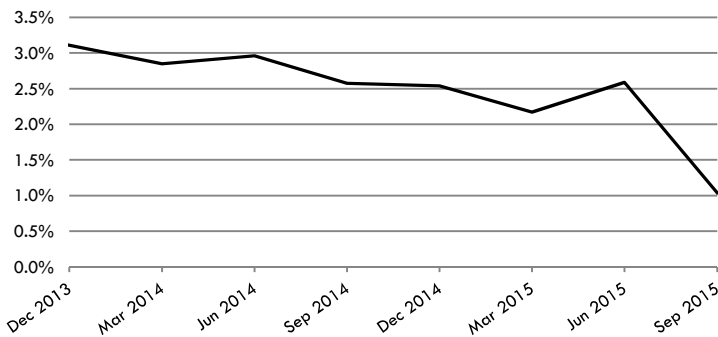
Median 52-Week Return	-3.2%	Median EV/Revenue Multiple	4.7x	Median Price/Earnings Multiple	34.6x
Median 3-Year CAGR Return	2.6%	Median EV/EBITDA Multiple	13.6x	Median EV/Gross CF Multiple	19.7x

Comparable Public Company Market Price Returns As of September 30, 2015

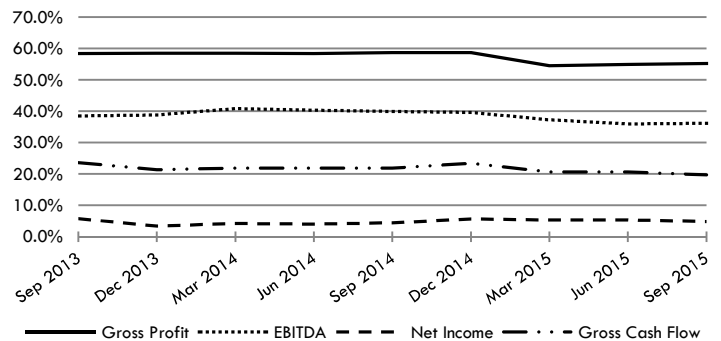
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2014	2013	2012	2011	2010
21Vianet Group, Inc.	-34.2%	-10.9%	1.6%	5.3%	16.6%	N/A	-34.2%	144.7%	5.0%	N/A	N/A
Digital Realty Trust Inc.	35.0%	-2.0%	4.7%	10.9%	-2.2%	1.1%	35.0%	-27.6%	1.8%	29.4%	2.5%
DuPont Fabros Technology, Inc.	34.5%	-12.1%	-4.3%	0.2%	0.8%	0.6%	34.5%	2.3%	-0.2%	13.9%	18.2%
Equinix, Inc.	27.8%	7.6%	28.7%	22.0%	9.9%	21.7%	27.8%	-13.9%	103.4%	24.8%	-23.4%
Internap Corporation	5.9%	-33.7%	-11.2%	-6.1%	-4.6%	4.5%	5.9%	8.6%	16.6%	-2.3%	29.4%
Interxion Holding NV	15.8%	-2.1%	-2.2%	10.3%	6.0%	N/A	15.8%	-0.6%	76.7%	N/A	N/A
Level 3 Communications, Inc.	48.9%	-17.0%	-4.5%	27.9%	23.9%	25.5%	48.9%	43.5%	36.0%	15.6%	-35.9%
Rackspace Hosting, Inc.	19.6%	-33.6%	-24.2%	-31.6%	-28.0%	-1.0%	19.6%	-47.3%	72.7%	36.9%	50.6%
Telecity Group plc	4.3%	1.8%	35.7%	10.7%	4.5%	16.2%	4.3%	-6.0%	26.9%	37.1%	18.7%
Windstream Holdings, Inc.	3.3%	-3.8%	-90.5%	-64.2%	-53.4%	-39.2%	3.3%	-3.6%	-29.5%	-15.8%	26.8%
Median of Industry Public Companies	17.7%	-7.3%	-3.2%	7.8%	2.6%	2.8%	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:	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015
EV/Revenues Multiple	4.9x	4.9x	5.1x	5.6x	4.4x	4.5x	5.0x	5.3x	4.7x
EV/EBITDA Multiple	13.8x	12.6x	11.9x	12.9x	13.0x	14.2x	15.0x	14.3x	13.6x
Price/Earnings Multiple	31.5x	36.2x	27.0x	29.2x	36.3x	35.9x	45.4x	41.0x	34.6x
EV/Gross Cash Flows Multiple	19.9x	18.1x	20.4x	20.9x	19.7x	20.0x	21.3x	22.1x	19.7x

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

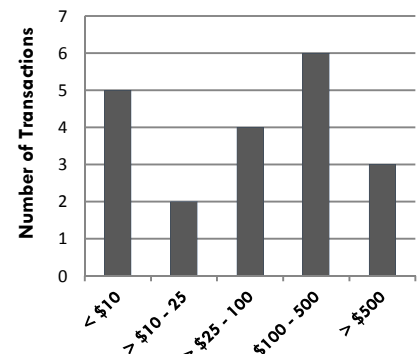
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
4/21/2011	21Vianet Group, Inc.	\$15.00	13.0	\$195.0	\$110.0	\$16.5	\$79.7	(\$29.1)	(\$38.7)	(\$25.8)
1/27/2011	Interxion Holding NV	\$13.00	20.4	\$264.9	\$631.3	\$269.6	\$268.8	\$100.4	\$22.0	\$139.4
8/7/2008	Rackspace Hosting, Inc.	\$12.50	15.0	\$187.5	\$355.3	\$145.1	\$406.4	\$96.0	\$19.1	\$155.5
10/24/2007	Telety Group plc	\$4.50	23.6	\$197.1	\$366.0	\$128.0	\$172.0	\$36.3	(\$18.8)	\$69.1
10/18/2007	DuPont Fabros Technology, Inc.	\$21.00	30.5	\$640.5	N/A	N/A	N/A	N/A	N/A	N/A
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	\$155.6	\$144.8	\$109.3	\$26.2	(\$13.9)	\$41.5
Median of All IPOs		nm	nm	\$197.1	\$255.4	\$136.4	\$140.7	\$31.3	(\$8.3)	\$55.3

nm: not meaningful

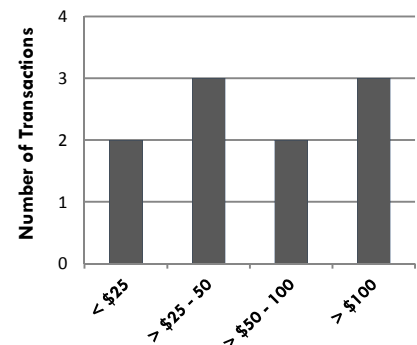
Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/Revenues
7/1/2015	iGATE Corporation	Cargemini North America	\$4,600.8	100%	\$1,288.1	3.5x
7/1/2015	Cervalis, LLC	CyrusOne LP	\$400.0	100%	\$70.0	5.7x
6/16/2015	Carpathia Hosting, Inc.	Quality Technology Services	\$326.0	100%	N/A	N/A
4/1/2015	Online Tech, Inc.	Carter Validus	\$7.5	100%	N/A	N/A
3/27/2015	RackForce Networks Inc.	TeraGo Networks Inc.	\$25.9	100%	\$8.5	3.0x
3/11/2015	4Degrés Colocation Inc.	Videotron Ltd.	\$27.8	100%	N/A	N/A
9/2/2014	ViaWest, Inc.	Shaw Communications	\$1,200.0	100%	\$168.0	7.1x
7/1/2014	Colo Facilities Atlanta	Zayo Colocation, Inc.	\$52.5	100%	N/A	N/A
3/4/2014	CoreXchange, Inc.	Zayo Colocation, Inc.	\$17.5	100%	N/A	N/A
2/3/2014	RagingWire Data Centers	NTT Communications	\$350.0	80%	\$85.0	5.1x
11/27/2013	Cyber Development Group	N+2, LLC	\$2.4	100%	N/A	N/A
11/26/2013	iWeb Group Inc.	Internap Network Services	\$199.0	100%	\$44.4	4.5x
10/1/2013	Pivot Data Centres Inc.	Rogers Communications	\$150.7	100%	N/A	N/A
9/19/2013	Granite Networks Inc.	Rogers Business Solutions	\$6.1	100%	N/A	N/A
5/31/2013	Next Layer, Inc.	Telephone Navigata	\$6.0	100%	N/A	N/A
5/14/2013	Viatel Holding	Digiweb Limited	\$13.0	100%	N/A	N/A
5/7/2013	Revera Limited	Telecom Corporation of NZ	\$82.7	100%	\$42.8	1.9x
4/17/2013	BLACKIRON Data ULC	Rogers Business	\$194.9	100%	\$32.8	5.9x
1/29/2013	Peer 1 Network	Cogeco Cable Inc.	\$605.5	100%	\$141.4	4.2x
7/25/2012	IP-Converge Data	Januaris Resources	\$7.2	80%	\$14.2	0.4x
Median of the 20 M&A Transaction Targets			\$67.6	100%	\$57.2	4.4x

Size of M&A Transactions



LTM Revenues Reported



Definitions of Financial Terms Used in this Quarterly Industry Update:

Enterprise Value (EV): Market Value of Equity + Market Value of Debt - Cash

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Profitability metric sometimes also referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense

Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

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