North American Data Centers

NEWSLETTER | JANUARY 2016 REPORT: 2015 YEAR IN REVIEW

Issues Impacting Data Centers During 2015/2016

Cloud leasing has not adversely affected wholesale leasing . In fact, it has contributed to making 2015 one of the best leasing years ever consistent with 2014.

Significant Merger & Acquisition activity with multiples hitting 16x EBITDA.

Telecommunication companies divesting of data centers include Windstream, CenturyLink, Verizon, and AT&T.

Construction activity will be strong in 2016 with a couple of large new Multi-Tenant Data Centers (MTDC) as well as fulfilling 2015 leasing.

We anticipate a slow down in leasing activity leading up to the election particularly by enterprise users.

Oregon & Nevada have seen an uptick in tenants in the market and had leasing activity to reflect the same.

Minneapolis and Houston both had a significant number of new data centers open in 2014 & 2015; given limited demand we are already seeing a drop in rates in those markets.

Virginia will continue to do well with recently built out space and new MTDC's to be announced.

Santa Clara had top leasing year since 2011 and will have limited supply in 2016.

Limited supply in Chicago and to a lesser degree Dallas will hinder leasing activity during first half of 2016.

Increase in landlords developing N solutions to meet tenant demand.

We anticipate an increase in sale leasebacks of corporate data centers.

Largest Wholesale Turn-Key Leases During 2015

Juniper	Quincy, WA	Sabey	12 MW
Microsoft	Ashburn, VA	DFT	10.4 MW
Microsoft	Santa Clara, CA	Vantage	10 MW
LinkedIn	Portland, OR	Infomart	10 MW
CenturyLink	Phoenix, AZ	IO	9 MW
CenturyLink	Moses Lake, OR	Server Farm	8 MW
Microsoft	Franklin Park, IL	DLR	7.2 MW
Apple	Elk Grove Vlg, IL	DFT	6 MW
Apple	Ashburn, VA	DFT	6 MW
Uber	Dallas, TX	DLR	6 MW
Oracle	Franklin Park, IL	DLR	5.5 MW
Oracle	Ashburn, VA	DLR	4.5 MW
Uber	Santa Clara, CA	CoreSite	4 MW
Uber	Ashburn, VA	DLR	4 MW
Alibaba	Santa Clara, CA	CenturyLink	3 MW
Arista	Santa Clara, CA	Vantage	3 MW
PNC	Ashburn, VA	DLR	3 MW
Softlayer	Santa Clara, CA	DLR	2.6 MW
Jump Trading	Franklin Park, IL	DLR	2.2 MW
Google	Ashburn, VA	Equinix	2 MW
VMWare	Santa Clara, CA	Vantage	2 MW
Symantec	Santa Clara, CA	Vantage	2 MW
Salesforce	Chicago, IL	DFT	2 MW
Equinix	Dallas, TX	T5	2 MW
AWS	Montreal, Quebec	Colo-D	2 MW
AWS – BTS	Santa Clara, CA	CoreSite	130,000

Big Red Wines We Really Enjoyed During 2015

- Caravan Cabernet Sauvignon Napa Valley 2012
- Corison Napa Valley Cabernet Sauvignon 2011
- The Prisoner Wine Company Cuttings 2012
- Clif Family Kits Killer Cab 2012
- Hartwell Napa Valley Red Wine 2013
- Palm Terrace Cabernet Sauvignon 2010
- John Galt Cabernet Sauvignon Napa Valley 2012
- Cade Cabernet Sauvignon Howell Mountain Estate 2012

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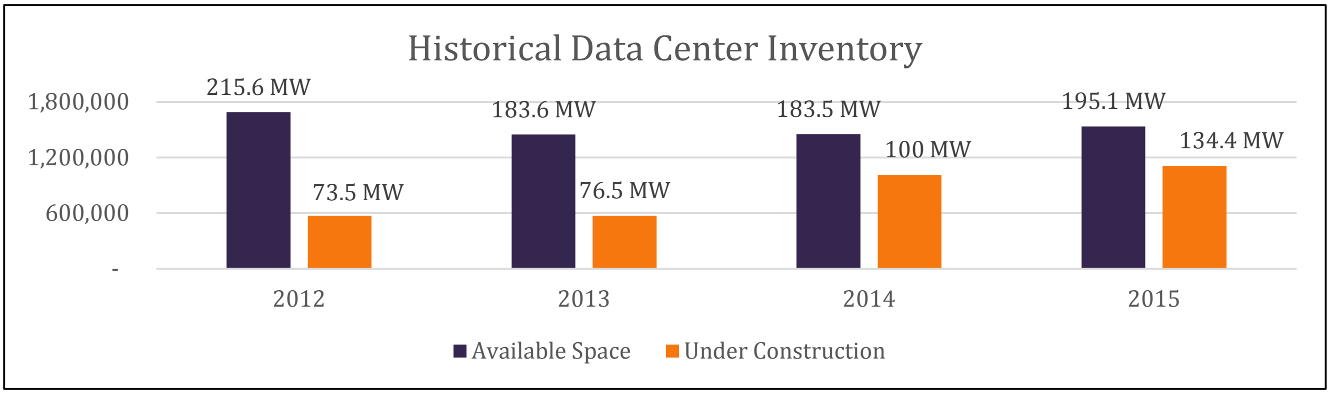

This graph depicts turn-key space that is built-out in Multi-Tenant Data Centers (MTDC).

2015 Investment Activity

In January, DCI acquired the former 473,000 sf American Express property in Minneapolis for $22.4 MM which has 120,000 sf and 5 MW.

In January, State Farm began construction on its 129,180 sf data center in Richardson, TX.

In February, Netrality acquired the 800,000 sf 1301 Fannin, Houston's largest telco hotel for approximately $210 MM.

In February, Zayo purchased Latisys for $675 MM (~13.5 x EV/EBITDA).

In February, Colocation Zone sold to Lighttower.

In March, NTT acquired colocation company e-shelter for $832 MM (~22x EV/EBITDA).

In April, JDM purchased a 238,000 sf sale leaseback property from State Farm in Phoenix for $38 MM.

In May, HCP Inc. purchased the 654,000 sf 833 Chestnut from Digital Realty for $161M(5.78 capitalization rate); property has approx. 100,000sf dedicated to data centers.

In May, Equinix announced it was buying Telecity Group for $3.6 B (~15.5x EV/EBITDA).

In May, vXchnge purchased 8 SunGard assets extending its reach to a total of 15 geographic markets.

In June, QTS acquired Carpathia for $326 MM (~9.6x EV/EBITDA).

In June, Griffin Capital acquired a 500,000 sf office building / data center that is leased by American Express for $91.5 MM.

In June, EdgeConneX purchased a 35,105 sf property from Ocwen Financial in Minneapolis for $3.8MM.

In July, Facebook announced plans to invest $500 MM in a 750,000 sf four-building complex being built in North Fort Worth, TX.

In July, CyrusOne acquired Cervalis for $400 MM (~10.5x Price to LQA EBITDA).

In August, Lincoln and T5 Data Centers announced plans to purchase the Cabana Motor Hotel for $8.7 MM and build a 6 story, 300,000 sf data center complex.

In August, GI Patners completed its purchase of a 78,000 sf data center leased by DataPipe in Kansas City.

In September, Carter Validus hired Goldman Sachs to explore strategic alternatives.

In October, TierPoint acquired Windstream for $575 MM (~14.1x EV/EBITDA).

In October, Digital Realty Trust acquired Telx for $1.886 B (~16.3x EV/EBITDA).

In October, Cologix purchased Net Access.

In November, GI Partners purchased 107,000 sf 601 W. Polk from Altered Scale for approx. $17.8 MM.

Switch has confirmed it intends to build a new $5B (2 MM sf) data center in Michigan.

Aligned Data Centers under construction on two projects initially 10 MW in Plano and 5 MW in Phoenix.

Google under construction on $300 MM data center in Lithia Springs, GA.

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For the largest wholesale transactions, the numbers set forth represent what is believed to be the total commitment of the lease agreement. The Largest New Colocation Facilities by and large part represents the total size of the shell not necessarily the technical space. This is further complicated by the multiple phases of the projects and/or the total power committed to the project versus initial build out.