UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported): December 6, 2016

EQUINIX, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

000-31293	**77-0487526**
(Commission File Number)	**(I.R.S. Employer Identification No.)**

One Lagoon Drive, Redwood City, California 94065
(Address of Principal Executive Offices) (Zip Code)

(650) 598-6000
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 Other Events

This Form 8-K/A is filed as an amendment to the Current Report on Form 8-K filed by Equinix, Inc. ("Equinix") on December 6, 2016 (the "Initial 8-K"). In the Initial 8-K, Equinix announced its entry into a transaction agreement (the "Transaction Agreement") with Verizon Communications Inc. ("Verizon"), pursuant to which Equinix agreed, subject to the terms and conditions set forth in the Transaction Agreement, to acquire Verizon's colocation services business at 24 data center sites located in the United States, Brazil and Colombia (the "Selected Sites of Verizon's Colocation and Data Center Interconnect Operations" or the "Selected Verizon Data Center Business"), including 29 owned or leased data center buildings, for a cash purchase price of $3.6 billion, subject to certain adjustments (the "Acquisition"). Equinix cannot assure you that the Acquisition will be consummated.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Businesses Acquired.

The consolidated abbreviated financial statements of the Selected Verizon Data Center Business are attached hereto as Exhibit 99.1 and are incorporated herein by reference. The consolidated financial statements of Telecity Group Limited (formerly Telecity Group plc) are attached hereto as Exhibit 99.2 and are incorporated herein by reference.

(b) Pro Forma Financial Statements.

The unaudited pro forma financial information is attached hereto as Exhibit 99.3 and is incorporated herein by reference.

(d) Exhibits.

23.1	Consent of Ernst & Young LLP, Independent Certified Public Accountants of Verizon Communications Inc. of the Selected Sites of Verizon's Colocation and Data Center Interconnect Operations.
23.2	Consent of PricewaterhouseCoopers LLP, Independent Accountants of Telecity Group Limited (formerly Telecity Group plc).
99.1	Audited statements of assets acquired and liabilities assumed of the Selected Sites of Verizon's Colocation and Data Center Interconnect Operations as of December 31, 2016 and 2015 and the related statements of net revenues and direct expenses for each of the three years in the period ended December 31, 2016.
99.2	Audited consolidated balance sheets of Telecity Group Limited (formerly Telecity Group plc) as of December 31, 2015 and 2014 and the related consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flow for each of the three years in the period ended December 31, 2015.
99.3	Unaudited pro forma condensed combined financial information.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EQUINIX, INC.

By:	/s/ Keith D. Taylor
Name:	Keith D. Taylor
Title:	Chief Financial Officer

Date: March 7, 2017

EXHIBIT INDEX

23.1	Consent of Ernst & Young LLP, Independent Certified Public Accountants of Verizon Communications Inc. of the Selected Sites of Verizon’s Colocation and Data Center Interconnect Operations.
23.2	Consent of PricewaterhouseCoopers LLP, Independent Accountants of Telecity Group Limited (formerly Telecity Group plc).
99.1	Audited statements of assets acquired and liabilities assumed of the Selected Sites of Verizon’s Colocation and Data Center Interconnect Operations as of December 31, 2016 and 2015 and the related statements of net revenues and direct expenses for each of the three years in the period ended December 31, 2016.
99.2	Audited consolidated balance sheets of Telecity Group Limited (formerly Telecity Group plc) as of December 31, 2015 and 2014 and the related consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flow for each of the three years in the period ended December 31, 2015.
99.3	Unaudited pro forma condensed combined financial information.

Exhibit 23.1

Consent of Independent Certified Public Accountants

We consent to the incorporation by reference in the following Registration Statements of Equinix, Inc.

1. Form S-3 (No. 333-200294)
2. Form S-8 (No. 333-45280, 333-58074, 333-71870, 333-85202, 333-104078, 333-113765, 333-117892, 333-122142, 333-132466, 333-140946, 333-149452, 333-157545, 333-165033, 333-166581, 333-172447, 333-179677, 333-186873, 333-194229)

of our report dated February 28, 2017, with respect to the abbreviated financial statements of Verizon Communications Inc.'s ("Verizon") Selected Sites of Verizon's Colocation and Data Center Interconnect Operations ("Group"), which comprise the Statements of Assets Acquired and Liabilities Assumed as of December 31, 2016 and 2015, the related Statements of Net Revenues and Direct Expenses for each of the three years in the period ended December 31, 2016, and the related notes to the abbreviated financial statements, included in this Current Report on Form 8-K/A.

/s/ Ernst & Young LLP

Orlando, Florida
March 7, 2017

Exhibit 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on FormS-3 (No. 333-200294) and Form S-8 (No. 333-45280, 333-58074, 333-71870, 333-85202, 333-104078, 333-113765, 333-117892, 333-122142, 333-132466, 333-140946, 333-149452, 333-157545, 333-165033, 333-166581, 333-172447, 333-179677, 333-186873, 333-194229) of Equinix, Inc. of our report dated March 6, 2017 relating to the financial statements of Telecity Group Limited (formerly Telecity Group plc), which appears in this Current Report on Form 8-K/A of Equinix, Inc.

/s/ PricewaterhouseCoopers LLP
London, United Kingdom
March 7, 2017

Exhibit 99.1

Selected Sites of Verizon's Colocation and Data Center Interconnect Operations

Abbreviated Financial Statements

At December 31, 2016 and 2015
And For the Years Ended
December 31, 2016, 2015 and 2014
With Report of Independent Certified Public Accountants

Selected Sites of Verizon's Colocation and Data Center Interconnect Operations
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Report of Independent Certified Public Accountants

To the Management of Verizon Communications Inc.

We have audited the accompanying abbreviated financial statements of Verizon Communications Inc.'s ("Verizon") Selected Sites of Verizon's Colocation and Data Center Interconnect Operations ("Group"), which comprise the Statements of Assets Acquired and Liabilities Assumed as of December 31, 2016 and 2015, the related Statements of Net Revenues and Direct Expenses for each of the three years in the period ended December 31, 2016, and the related notes to the abbreviated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these abbreviated financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the abbreviated financial statements referred to above present fairly, in all material respects, the assets acquired and liabilities assumed of the Group as of December 31, 2016 and 2015, and its net revenues and direct expenses for each of the three years in the period ended December 31, 2016 in conformity with U.S. generally accepted accounting principles.

Basis of Presentation

As described in Note 2, the abbreviated financial statements have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in Form 8-K/A of Equinix, Inc. in connection with Verizon's sale of the Group to Equinix, Inc. and are not intended to be a complete presentation of the financial position, results of operations or cash flows of the Group. Our opinion is not modified with respect to this matter.

/s/ Ernst & Young LLP
Orlando, Florida
February 28, 2017

Selected Sites of Verizon's Colocation and Data Center Interconnect Operations
Statements of Assets Acquired and Liabilities Assumed
(in thousands)

At December 31,	2016	2015
Assets acquired		
Accounts receivable, net of allowance for uncollectibles of $648 and $583, respectively	$ 12,196	$ 10,959
Prepaid customer installations	2,378	3,429
Other current assets	53	53
Total current assets	14,627	14,441
Plant, property and equipment, net	834,084	850,080
Prepaid customer installations	1,471	2,283
Lease deposits	648	1,340
Other non-current assets	458	614
Total assets acquired	$ 851,288	$ 868,758
Liabilities assumed		
Accrued property taxes	$ 3,877	$ 4,552
Deferred rent	297	61
Lease obligation	372	354
Advanced billings	20,038	25,281
Total current liabilities	24,584	30,248
Deferred rent	1,009	1,305
Lease obligation	6,801	7,173
Advanced billings	1,723	2,447
Asset retirement obligations	6,753	6,480
Total liabilities assumed	40,870	47,653
Net assets acquired	$ 810,418	$ 821,105

The accompanying notes are an integral part of these abbreviated financial statements.

Selected Sites of Verizon's Colocation and Data Center Interconnect Operations
Statements of Net Revenues and Direct Expenses
(in thousands)

Years Ended December 31,	2016	2015	2014
Net revenues (including $14,897, $11,605 and $13,452 from affiliates, respectively)	$ 451,962	$ 472,849	$ 486,492
Direct expenses:			
Cost of services (exclusive of items shown below)	135,764	146,346	172,754
Selling, general and administrative expense	40,755	52,094	57,480
Depreciation expense	71,713	77,938	75,379
Total direct expenses	248,232	276,378	305,613
Net revenues less direct expenses	$ 203,730	$ 196,471	$ 180,879

The accompanying notes are an integral part of these abbreviated financial statements.

1. Organization

Verizon Communications Inc.’s (“Verizon”) data center and cloud services business (“Data Center Business”) is a component of its Wireline segment and is a global provider of managed IT solutions with data centers in the United States, Europe, Asia and Latin America. The Data Center Business provides carrier neutral colocation, managed services, cloud, security services and exchange point services to more than 2,200 customers worldwide across a broad range of sectors, including enterprises, government agencies, systems integrators, Internet content and portal companies and network providers.

The Data Center Business includes 54 owned and leased customer facing data centers, including 23 in the United States, two in Canada, 18 in Europe, Middle East and Africa, nine in Asia Pacific and two in South America. The Data Center Business acquired eight of these facilities through Verizon’s acquisition of Terremark in 2011. The Data Center Business’ primary products or services include colocation, data center interconnect services, managed services, cloud services, security services and exchange point services.

Verizon’s Colocation and Data Center Interconnect Operations is comprised of the colocation and certain data center interconnect revenue and direct expenses generated by certain Data Center Business locations, including the related owned and leased data center assets. Data center interconnect revenue is comprised of data center network transport and data center network switch fabric services.

2. Basis of Presentation and Significant Accounting Policies

Verizon and Equinix, Inc. (“Acquirer”) entered into a transaction agreement (“TA”) dated December 6, 2016 whereby, the Acquirer has agreed to purchase the operations and certain operating assets, as defined, related to Selected Sites of Verizon’s Colocation and Data Center Interconnect Operations (“Group”) in return for approximately $3.6 billion in cash.

The Group includes the following data center sites:

United States

- Ashburn, VA
- Atlanta, GA
- Billerica, MA
- Carteret, NJ
- Culpeper, VA (four buildings total)*
- Doral, FL
- Elmsford, NY
- Englewood, CO
- Herndon, VA
- Houston, TX
- Irving, TX
- Kent, WA
- Manassas, VA
- Miami, FL
- Norcross, GA
- Piscataway, NJ*
- Richardson (Alma), TX
- Richardson (Parkway), TX*
- Santa Clara, CA (Three buildings total)
- San Jose, CA
- Torrance, CA
- Westmont, IL

* these sites exclude certain assets that will not be acquired by the Acquirer.

Latin America

- Sao Paolo, Brazil
- Bogota, Colombia

The Group is not a separate legal entity and has never operated as a separate entity, subsidiary or division of Verizon. The Group's operations do not represent a substantial portion of Verizon's operations, assets or liabilities. Verizon has never maintained distinct and separate accounts necessary to prepare either stand-alone or carve-out financial statements. Due to such limitations, it is not practical to prepare full financial statements for the Group in accordance with the requirements of the Securities and Exchange Commission's ("SEC") Regulation S-X. Accordingly, abbreviated financial statements were derived from the operating activities directly attributed to the Group's operations from Verizon's historical accounting records. The abbreviated financial statements reflect the assets acquired and liabilities assumed by the Acquirer, revenues and direct costs related to the Group's operations, and exclude costs not directly involved in the revenue producing activity, such as corporate overhead, interest and income taxes. As the Group has historically been managed as part of the operations of Verizon and has not been operated on a stand-alone basis, it is not practical to prepare historical cash flow information regarding the Group's operating, investing and financing cash flows. As such, statements of cash flows are not presented. The abbreviated financial statements have been prepared for the purpose of complying with the rules and regulations of the SEC for inclusion in Form 8-K/A of the Acquirer in connection with Verizon's sale of the Group to the Acquirer. The Acquirer has obtained permission from the SEC to provide abbreviated financial statements in satisfaction of the requirements of Rule 3-05 of Regulation S-X.

The accompanying abbreviated financial statements include Statements of Assets Acquired and Liabilities Assumed, Statements of Net Revenues and Direct Expenses and accompanying notes ("Abbreviated Financial Statements"). The Abbreviated Financial Statements include either specifically identified balances related to the Group's operations or the application of an allocation methodology that best reflects the Group's share of the respective balances and activities. Revenues were determined based on the product level billing data for colocation and data center interconnect services, net of credits for such customers. Customer credits were either specifically identified or allocated based on the percentage of the Group's revenue relative to total customer revenue within Verizon for which such credits were granted. Cost of services primarily includes compensation expense, other employee benefits expense, plant and facilities expense and lease costs. Selling, general and administrative expense primarily includes compensation expense, other employee benefits expense, property taxes and advertising and promotion expense. Compensation expense and other employee benefits expense were determined based on identification of the people that directly support the Group's operations and for those employees that partially support the Group's operations by applying an allocation methodology that best reflects the Group's share of such costs. Lease costs were determined based on identification of the specific leases related to the Group. The remaining expenses, which include certain other employee related expenses, contractor services, bad debt expense, advertising and promotion, property taxes, and plant and facilities expenses were either specifically identified or an allocation methodology was applied that best reflects the Group's share of the respective activities at Verizon. Depreciation expense was determined based on the specifically identified asset categories that support the Group's operations at the Group's sites. All intercompany accounts and transactions within the Group have been eliminated.

The historical cost and accumulated depreciation of plant, property and equipment were determined based on specifically identifying asset categories that support the Group's business at the Group's sites except for certain assets that will not be acquired by the Acquirer. The remaining balance sheet accounts were either specifically identified or an allocation methodology was applied that best reflects the Group's share of the respective balances at Verizon.

The Statements of Net Revenues and Direct Expenses exclude allocations of Verizon's corporate overhead, including items such as human resources, legal services, information technology, accounting, compliance, finance, tax and treasury functions that are managed by Verizon. Additionally, foreign currency translation gains and losses, interest expense and income taxes have also been excluded from the Abbreviated Financial Statements.

Although management is unable to determine all of the actual costs, expenses and resultant operating results associated with the Group's operations as a stand-alone, separate entity, the allocation described in these statements is considered reasonable in all material respects by management. The Abbreviated Financial Statements of the Group are not intended to be a complete presentation of the financial statements of the Group and are not necessarily indicative of the financial position and results of operations that would have been achieved if the Group had operated as a separate, stand-alone business.

Prior to or at transaction closing, which is expected to occur in the second quarter of 2017, the following matters will be addressed:

(a) Verizon will lease space from the Acquirer at the Selected Sites under separate agreements, for which terms will be finalized upon the transaction closing.

(b) Based on the terms of the TA, the land and building assets for the Richardson (Parkway), TX site are defined as excluded assets; however, the remaining assets and operations for this site are included assets. Prior to the transaction closing, Verizon and the Acquirer will negotiate the terms of the Richardson site lease terms. In the event that the Richardson lease is not finalized by the transaction closing, (i) the Richardson leasehold site will not be considered a transferred site under the terms of the TA or any ancillary agreements, (ii) all transferred customer contracts, shared customer contracts, transferred tenant leases, as defined in the TA, and associated revenues, expenses, assets and liabilities, to the extent pertaining to the Richardson site, will be deemed excluded without any further action by Verizon or the Acquirer, and (iii) the purchase price will be adjusted, accordingly.

(c) Verizon and the Acquirer will enter into a transaction service agreement ("TSA"), pending novation or consent, pursuant to which the Acquirer will act as a subcontractor to Verizon for performance of all obligations of Verizon under certain of the government contracts, as defined in the TA, and other customer contracts ("Contracts"). The terms of the TSA will continue until the earlier of the novation or assignment of the Contracts subject to the TSA, or the satisfaction of all obligations of Verizon under the Contracts subject to the TSA. For Contracts, Verizon and the Acquirer will use reasonable best efforts to provide all notices and obtain all consents and approvals needed from the customers in connection with performance under the TSA and, if not received, to cooperate to set up alternative arrangements and cause the applicable contracts to be novated.

The Group has evaluated subsequent events through February 28, 2017, the date these Abbreviated Financial Statements were available to be issued.

Use of Estimates

The preparation of these Abbreviated Financial Statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts. Such estimates include allowance for uncollectibles, depreciable lives and the assessment of recoverability of long-lived assets and asset retirement obligations. Actual results could differ from these estimates. The Abbreviated Financial Statements include allocations and estimates that are not necessarily indicative of the amounts that would have resulted if the Group had been operated as a stand-alone entity.

Plant, Property and Equipment and Depreciation

The Group records plant, property and equipment at cost. Plant, property and equipment are generally depreciated on a straight-line basis.

Leasehold improvements are amortized over the shorter of the estimated life of the improvement or the remaining term of the related lease, calculated from the time the asset was placed in service.

Impairment of Long-lived Assets

Plant, property and equipment are depreciated over their useful lives. These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If any indicators of impairment are present, the Group tests for recoverability by comparing the carrying amount of the asset to the net undiscounted cash flows expected to be generated from the asset group. If those net undiscounted cash flows do not exceed the carrying amount (i.e., the asset is not recoverable), the Group performs the next step, which is to determine the fair value of the asset group and record an impairment, if any. No impairment charges were recorded within 2016, 2015 or 2014.

Asset Retirement Obligations

The Group recognizes a liability for the estimated fair value of asset retirement obligations, which are primarily associated with contractual obligations to remediate leased property on which the Group’s data center sites are located and decommissioning and removal costs for leasehold improvements. The fair value of the obligation is also capitalized as plant, property and equipment and then amortized over the estimated remaining useful life of the associated asset.

Revenue Recognition

Revenues principally consist of monthly recurring fees for colocation and data center interconnect services. Revenues from colocation and data center interconnect services are recognized ratably over the term of the contract. Installation fees and related direct costs are deferred and recognized ratably over the expected life of the customer installation which is estimated to be 36 to 48 months. Such deferred amounts are included in prepaid customer installations on the Statement of Assets Acquired and Liabilities Assumed.

The Group may sell colocation and data center interconnect services individually or in bundled arrangements. When more than one element, such as installation and colocation services, is contained in a single arrangement we allocate revenue to each deliverable using a relative selling price which is based on our standalone selling price for each product or service.

Revenue is recognized when there is persuasive evidence of an arrangement, the fee is fixed or determinable, services have been rendered, and collection of the receivable is reasonably assured. We assess collectability based on a number of factors, including past transaction history with the customer and the credit-worthiness of the customer.

Revenue is reported net of credits of $26.8 million, $25.0 million and $27.1 million in 2016, 2015 and 2014, respectively.

Net revenues include transactions with various Verizon entities for rendering services related to colocation and data center services. These services were priced based on negotiated contract terms or actual costs incurred by the Group. These transactions do not necessarily represent arm’s length transactions and may not represent all revenues that would be present if the Group operated on a stand-alone basis.

Advertising and Promotion

Advertising and promotion expenses are classified within selling, general and administrative expenses and are expensed as incurred. Advertising and promotion expenses were $1.6 million, $1.1 million and $1.4 million in 2016, 2015 and 2014, respectively.

Foreign Currency Translation

The activities of the Group are accounted for in their respective local currencies. The assets and liabilities of these operations are translated to U.S. dollars at the period-end exchange rates. Revenue and direct cost accounts are translated to U.S. dollars using the average exchange rates prevailing during the period.

Recently Issued Accounting Standards

In February 2016, the accounting standard update related to leases was issued. This standard update intends to increase transparency and improve comparability by requiring entities to recognize assets and liabilities on the balance sheet for all leases, with certain exceptions. In addition, through improved disclosure requirements, the standard update will enable users of financial statements to further understand the amount, timing, and uncertainty of cash flows arising from leases. This standard update is effective as of the first quarter of 2019; however, early adoption is permitted. The Group has not determined the impact that this standard update will have on the abbreviated financial statements.

In May 2014, the accounting standard update related to the recognition of revenue from contracts with customers was issued. This standard update along with related subsequently issued updates clarifies the principles for recognizing revenue and develops a common revenue standard for U.S. GAAP. The standard update also amends current guidance for the recognition of costs to obtain and fulfill contracts with customers such that incremental costs of obtaining and direct costs of fulfilling contracts with customers will be deferred and amortized consistent with the transfer of the related good or service. The standard update intends to provide a more robust framework for addressing revenue issues; improve comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets; and provide more useful information to users of financial statements through improved disclosure requirements. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified retrospective method, in which case the standard is applied only to the most current period presented and the cumulative effect of applying the standard would be recognized at the date of initial application. In August 2015, an accounting standard update was issued that delayed the effective date of this standard until the first quarter of 2018. The Group has not determined the impact that this standard update will have on the abbreviated financial statements.

3. Plant, Property and Equipment, net

Plant, property and equipment are summarized as follows (in thousands):

At December 31,	Useful Lives (in years)	2016	2015
Network equipment	5-15	$ 325,187	$ 315,767
Outside plant and equipment	25-30	1,835	1,678
Data processing hardware	3-5	15,759	14,118
Furniture and fixtures	5-10	43,596	43,848
Leasehold improvements	7-15	95,217	89,644
Buildings and building equipment	7-45	844,353	808,259
Land	—	48,868	48,868
		$1,374,815	$1,322,182
Accumulated depreciation		(540,731)	(472,102)
Plant, property and equipment, net		$ 834,084	$ 850,080

4. Leases

The Group primarily leases certain facilities and equipment for use in the Group's operations under operating leases. Total rent expense under operating leases amounted to $9.9 million, $10.0 million and $10.4 million for 2016, 2015 and 2014, respectively, within cost of services in the accompanying Statements of Net Revenues and Direct Expenses.

Amortization of assets obtained in connection with the capital lease is included in depreciation expense in the Statements of Net Revenues and Direct Expenses. Capital lease amounts included in plant, property, and equipment are as follows:

(Dollars in thousands)	December 31, 2016	December 31, 2015
Capital Lease	$ 3,466	$ 3,466
Accumulated amortization	(1,239)	(1,078)
Total	$ 2,227	$ 2,388

The table below displays the aggregate minimum rental commitments under non-cancelable leases for the periods shown at December 31, 2016:

Years (Dollars in thousands)	Capital Lease	Operating Leases
2017	$ 715	$ 9,992
2018	715	7,132
2019	715	6,289
2020	715	5,772
2021	715	3,110
Thereafter	6,315	5,027
Total minimum rental commitments	9,890	$ 37,322
Less interest and executory costs	2,717	
Present value of minimum lease payments	7,173	
Less current installments	372	
Long-term obligation at December 31, 2016	$ 6,801	

5. Commitments and Contingencies

In the ordinary course of business, the Group is involved in various commercial litigation and regulatory proceedings in its jurisdictions. Where it is determined, in consultation with counsel based on litigation and settlement risks, that a loss is probable and estimable in a given matter, the Group establishes an accrual. During 2016, 2015 and 2014, no accruals were required to be established. Any exposure related to certain claims described in the TA are defined as excluded liabilities and do not transfer to the Acquirer.

Exhibit 99.2

Telecity Group Limited
(formerly Telecity Group plc)

Consolidated Financial Statements

At December 31, 2015 and 2014
And For the Years Ended
December 31, 2015, 2014 and 2013
With Report of Independent Accountants

Telecity Group Limited (formerly Telecity Group plc)
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Report of Independent Accountants

To the members of management of Telecity Group Limited (formerly known as Telecity Group plc):

We have audited the accompanying consolidated financial statements of Telecity Group Limited (formerly known as Telecity Group plc) and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015, and 2014, and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the three years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Telecity Group Limited (formerly known as Telecity Group plc) and its subsidiaries as of December 31, 2015, and 2014, and the results of their operations and their cash flows for the three years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board.

/s/ PricewaterhouseCoopers LLP
London, United Kingdom
March 6, 2017

Telecity Group Limited (formerly Telecity Group plc)
Consolidated statements of income

	Notes	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Revenue	3	353,679	348,695	325,550
Cost of sales		(145,946)	(146,604)	(138,899)
Gross profit		207,733	202,091	186,651
Sales and marketing costs		(15,321)	(13,470)	(11,964)
Administrative costs analysed:				
Depreciation charges		(54,658)	(49,976)	(45,761)
Amortisation charges		(5,002)	(5,234)	(4,950)
Operating exceptional items	6	(64,975)	(18,502)	(5,175)
Other administrative costs		(26,798)	(24,895)	(21,448)
Administrative costs		(151,433)	(98,607)	(77,334)
Operating profit	3	40,979	90,014	97,353
Finance income	9	72	86	106
Finance costs	10	(8,498)	(8,960)	(9,069)
Other financing items	11	(7,567)	(118)	50
Profit on ordinary activities before taxation		24,986	81,022	88,440
Income tax charge	12	(18,225)	(21,292)	(23,222)
Profit for the period		6,761	59,730	65,218
Earnings per share: basic (pence)	13	n/a	29.5	32.2
Earnings per share: diluted (pence)		n/a	29.4	32.1

Consolidated statements of comprehensive income

	Notes	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Profit for the period		6,761	59,730	65,218
Other comprehensive income:				
Currency translation differences on foreign currency net investments		(18,679)	(20,082)	(1,193)
Fair value movement on cash flow hedges	23	3,066	(1,944)	2,736
Tax on items above taken directly to or transferred from equity	12	(619)	378	(651)
Other comprehensive (expense)/income for the period net of tax		(16,232)	(21,648)	892
Total comprehensive (expense)/income recognised in the period attributable to equity holders		(9,471)	38,082	66,110

The components of other comprehensive income may subsequently be reclassified to the consolidated statements of income.

The accompanying notes form an integral part of these consolidated financial statements.

Telecity Group Limited (formerly Telecity Group plc)
Consolidated statements of changes in equity

	Notes	Share capital £'000	Share premium account £'000	Retained profits £'000	Own shares £'000	Cumulative translation reserve £'000	Total £'000
At 1 January 2013		403	78,038	280,138	(447)	(1,174)	356,958
Profit for the year		—	—	65,218	—	—	65,218
Other comprehensive income		—	—		—	—	—
Currency translation differences on foreign currency net investments		—	—		—	(1,193)	(1,193)
Fair value movement on cash flow hedges	23	—	—	2,736	—	—	2,736
Tax on fair value movement on cash flow hedges	12	—	—	(651)	—	—	(651)
Total comprehensive income/(expense) for the period ended 31 December 2014		—	—	67,303	—	(1,193)	66,110
Transactions with owners							
Credit to equity for share-based payments		—	—	3,095	—	—	3,095
Tax on share-based payments	12	—	—	114	—	—	114
Purchase of own shares		—	—		(405)	—	(405)
Issue of shares	25	2	415	(291)	433	—	559
Dividends paid to owners of the parent	26	—	—	(17,168)	—	—	(17,168)
		2	415	(14,250)	28	—	(13,805)
At 31 December 2013 and 1 January 2014		405	78,453	333,191	(419)	(2,367)	409,263
Profit for the year		—	—	59,730	—	—	59,730
Other comprehensive income							—
Currency translation differences on foreign currency net investments		—	—	—	—	(20,082)	(20,082)
Fair value movement on cash flow hedges	23	—	—	(1,944)	—	—	(1,944)
Tax on fair value movement on cash flow hedges	12	—	—	378	—	—	378
Total comprehensive income/(expense) for the period ended 31 December 2014		—	—	58,164	—	(20,082)	38,082
Transactions with owners							
Credit to equity for share-based payments		—	—	3,103	—	—	3,103
Tax on share-based payments	12	—	—	24	—	—	24
Purchase of own shares		—	—	—	(113)	—	(113)
Issue of shares	25	1	560	(456)	481	—	586
Dividends paid to owners of the parent	26	—		(23,302)	—	—	(23,302)
		1	560	(20,631)	368	—	(19,702)
At 31 December 2014 and 1 January 2015		406	79,013	370,724	(51)	(22,449)	427,643
Profit for the year		—	—	6,761	—	—	6,761
Other comprehensive income							—
Currency translation differences on foreign currency net investments		—	—	—	—	(18,679)	(18,679)
Fair value movement on cash flow hedges	23	—	—	3,066	—	—	3,066
Tax on fair value movement on cash flow hedges	12	—	—	(619)	—	—	(619)
Total comprehensive (expense)/income for the period ended 31 December 2015		—	—	9,208	—	(18,679)	(9,471)
Transactions with owners							
Credit to equity for share-based payments		—	—	2,795	—	—	2,795
Tax on share-based payments	12	—	—	400	—	—	400
Purchase of own shares		—	—	—	(60)	—	(60)
Issue of shares	25	—	538	—	—	—	538
Dividends paid to owners of the parent	26	—	—	(28,412)	—	—	(28,412)
		—	538	(25,217)	(60)	—	(24,739)
At 31 December 2015		406	79,551	354,715	(111)	(41,128)	393,433

A description of each reserve is given in note 28.

The accompanying notes form an integral part of these consolidated financial statements.

Telecity Group Limited (formerly Telecity Group plc)
Consolidated balance sheets

	Notes	31 December 2015 £'000	31 December 2014 £'000
Assets			
Non-current assets			
Intangible assets	14	145,822	157,819
Property, plant and equipment	15	732,113	703,955
Deferred income taxes	12	224	1,277
Trade and other receivables	18	641	777
		878,800	863,828
Current assets			
Trade and other receivables	18	47,110	43,628
Cash and cash equivalents	19	22,607	27,228
		69,717	70,856
Total assets		948,517	934,684
Equity			
Share capital	25	406	406
Share premium account		79,551	79,013
Retained profits		354,715	370,724
Own shares		(111)	(51)
Cumulative translation reserve		(41,128)	(22,449)
Total equity		393,433	427,643
Liabilities			
Non-current liabilities			
Deferred income	21	17,971	19,270
Borrowings	22	8,192	339,027
Derivative financial instruments	23	—	1,647
Provisions for other liabilities and charges	24	—	5,947
Deferred income taxes	12	30,550	30,115
		56,713	396,006
Current liabilities			
Trade and other payables	20	102,626	50,898
Deferred income	21	45,290	43,439
Current income tax liabilities		10,653	9,373
Borrowings	22	336,670	5,027
Derivative financial instruments	23	2,172	1,419
Provisions for other liabilities and charges	24	960	879
		498,371	111,035
Total liabilities		555,084	507,041
Total equity and liabilities		948,517	934,684

The accompanying notes form an integral part of these consolidated financial statements.

Telecity Group Limited (formerly Telecity Group plc)
Consolidated statements of cash flow

	Notes	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Cash inflow from operating activities	29	169,601	148,988	145,904
Interest received		43	60	79
Interest paid		(9,622)	(6,687)	(5,743)
Interest element of finance lease payments		(580)	(747)	(771)
Costs associated with transactions	6	(22,523)	—	—
Taxation paid		(14,724)	(16,720)	(10,908)
		122,195	124,894	128,561
Purchase of operational property, plant and equipment		(20,563)	(32,223)	(25,341)
Cash inflow from operating activities		101,632	92,671	103,220
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired		—	—	(39,447)
Costs associated with transactions		—	—	(3,157)
Proceeds from sale of property, plant and equipment		70	9	46
Purchase of investment related property, plant and equipment		(83,899)	(97,046)	(91,968)
Cash used in investing activities		(83,829)	(97,037)	(134,526)
Cash flows from financing activities				
Net proceeds from borrowings		13,123	30,655	42,680
Proceeds from sale and leaseback arrangements		—	2,898	12,639
Repayment of finance leases		(5,044)	(4,902)	(3,969)
Costs relating to refinancing		595	—	(2,038)
Net proceeds on issue of ordinary share capital		478	472	154
Dividends paid to owners of the parent		(28,412)	(23,302)	(17,168)
Net cash (outflow)/inflow from financing activities		(19,260)	5,821	32,298
Net (decrease)/increase in cash and cash equivalents		(1,457)	1,455	992
Effects of foreign exchange rate change		(3,164)	2,529	1,281
Cash and cash equivalents at beginning of period		27,228	23,244	20,971
Cash and cash equivalents at end of period		22,607	27,228	23,244

The accompanying notes form an integral part of these consolidated financial statements.

1. General information

Telecity Group Limited (the 'Company') is a company incorporated and domiciled in the United Kingdom and has Sterling as its presentation and functional currency. Telecity Group Limited and its subsidiaries (together the 'Group') operate in the internet infrastructure facilities and associated services industry within Europe. The operating companies of the Group are disclosed within note 16.

At the year end the Company was a public limited company which is listed on the London Stock Exchange. On 15 January 2016 the entire share capital of the Company was acquired by Equinix, Inc.

2. Significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements have been incorporated into the relevant notes where possible. For example, the accounting policy for depreciation is contained in the property, plant and equipment note. General accounting policies which are not specific to a particular note, for example foreign exchange, are set out below.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and the International Financial Reporting Interpretations Committee ('IFRIC') interpretations, collectively 'IFRS'. The consolidated financial statements have been prepared under the historical cost convention, with the exception of the Group's interest rate swap contracts (note 23) which are recorded at fair value and the share-based payment expense (note 27) which is based on fair value at date of option grant.

2.2 Going concern

The Group's operating cash flows which are typically invested wholly or partly in investment activities. To the extent investment expenditure exceeds the operating cash flows of the business, the additional expenditure is funded by the Group's intergroup loan agreement. The Group has received confirmation from Equinix (UK) Acquisition Enterprises Ltd that sufficient intergroup shall be available to allow the Group to continue as a going concern for the foreseeable future.

2.3 Accounting developments and changes

No new standards have been adopted by the Group for the first time in the year ended 31 December 2015. As such there have been no material changes to the Group's accounting policies since the previous Annual Report.

A number of new standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted. To the extent they are not relevant to the Group, they have been excluded from the following summary:

IFRS 9, 'Financial instruments' addresses the classification, measurement and derecognition of financial assets and financial liabilities. When adopted, the standard is not expected to have a material effect on the Group's results.

IFRS 15, 'Revenue from contracts with customers' establishes principles for reporting information to users of financial statements about the nature, amount, timing and uncertainty about revenue and cash flows arising from the entity's contracts with customers. When adopted, the standard is not expected to have a material effect on the Group's results.

2.4 Significant accounting policy judgments

IFRS requires management to exercise its judgment in the process of determining and applying the Group's accounting policies. A summary of the Group's key accounting policy judgments is given below:

Accounting for fair value movements of interest rate swap contracts - the Group holds several interest rate swap contracts (note 23). The Group has taken the decision to record fair value movements of such instruments in the consolidated statements of comprehensive income, rather than the consolidated statements of income, where the conditions necessary for this have been met.

Disclosure of segmental information - IFRS 8 allows the aggregation of operating segments provided that certain criteria are met. The Group considers that the aggregation of operating segments into the UK and the Rest of Europe is appropriate.

Commencement of depreciation on new build data centres - when a new build data centre is constructed in zones, then depreciation is calculated on azone-by-zone basis and commences when a zone becomes operational.

2.5 Significant accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are made by management based on the best available evidence, due to events or actions, actual results ultimately may differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Property, plant and equipment depreciation - estimated remaining useful lives and residual values are reviewed annually. The carrying value of property, plant and equipment is also reviewed for impairment triggers and, where there has been a trigger event, the present value of estimated future cash flows from these assets through use against the net book value is assessed. The calculation of estimated future cash flows and residual values is based on the Directors' best estimates of future prices, output and costs and is therefore subjective.
- Intangible assets amortisation - estimated remaining useful lives are reviewed annually. The carrying values of intangible assets are also reviewed for impairment where there has been a trigger event by assessing the present value of estimated future cash flows through use compared with net book value. The calculation of estimated future cash flows and residual values is based on the Directors' best estimates of future income from customer contracts and is therefore subjective.
- Estimated impairment of goodwill - the Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 14. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates, particularly around future cash flows, discount rate and long term growth assumptions.
- Dilapidations provisions - due to the significant investment the Group makes in its data centres along with the long property leases it has in place, when assessing dilapidation provisions it is generally expected that the Group shall continue to operate its data centres for the foreseeable future. As such, there is a low probability that any dilapidation amounts will become due. A site by site review is performed every six months and if any site specific circumstances arise that change this assessment, a dilapidations provision is accounted for.
- Deferred taxation - full provision is made for deferred taxation at the rates of tax prevailing at the period end dates unless different future rates have been substantively enacted. Deferred tax assets are recognised where it is considered probable by the Directors that they will be recovered and, as such, are subjective.
- Interest rate swap contracts - IAS 39 requires interest rate swap contracts to be recorded on the balance sheet at their fair value. The fair values of derivative instruments include estimates of future interest rates and therefore are subjective.
- Share-based payments - the Group issues equity-settled share-based payments to certain employees under the terms of the long-term incentive plans. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value at the grant date is determined using either the Black Scholes or the Monte Carlo models and is expensed over the vesting period. The value of the expense is dependent upon certain key assumptions including the expected future volatility of the Group's share price at the date of grant.

- Non current assets held for disposal - in order to satisfy the requirements of the EU Merger Commission to approve the sale of the business to Equinix, Inc the Group is required to dispose of seven of its data centres. As at 31 December 2015 a project had been initiated to dispose of these sites but the sites were not yet available for immediate sale and therefore have not been classified as available for sale on the balance sheet.

2.6 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are disclosed in the consolidated statements of income.

The balance sheets of foreign subsidiaries are translated from their functional currency into Sterling at the closing rates of exchange. The results are translated at an average rate, recalculated for the year on a daily basis.

Foreign exchange differences arising from the translation of opening net investments in foreign subsidiaries at the closing rate, including long-term inter-company loans, are taken directly to reserves. In addition, foreign exchange differences arising from retranslation of the foreign subsidiaries' results from average rate to closing rate are also taken directly to the Group's cumulative translation reserve. Such translation differences are recognised in the consolidated statements of income in the financial year in which the operations are disposed of.

The results and year end balance sheets of the Group's foreign currency denominated companies have been translated into Sterling using the respective average and closing exchange rates for the year in the table below:

	2015		2014		2013	
	Average	Closing	Average	Closing	Average	Closing
Bulgarian levy	2.696	2.665	2.427	2.499	2.325	2.342
Euros	1.379	1.362	1.241	1.278	1.178	1.198
Polish Zloty	5.767	5.810	5.193	5.495	4.991	4.968
Swedish Krona	12.893	12.521	11.293	12.120	10.193	10.685
Turkish Lira	4.172	4.328	3.602	3.608	3.088	3.528

A 2% movement in the foreign exchange rates above would have impacted the profit for the year and the year end net assets by £1.1 million and £5.0 million respectively.

2.7 Basis of consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed on a business combination are measured initially at their fair values at the acquisition date.

On an acquisition by acquisition basis, the Group recognises anynon-controlling interest in the acquiree either at fair value or at thenon-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes directly attributable costs of investments.

The excess of the consideration over the fair value of the Group's share of the identifiable net assets of the subsidiary acquired is recorded in goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.8 Revenue

Revenue represents the value of goods and services supplied to customers during the year, excluding value added tax and other sales related taxes. Where invoices are raised in advance for contracted services, the revenue is spread over the period of the service and deferred income is recognised on the balance sheet.

Colocation revenues arise from the Group's infrastructure assets and are recognised on a straight-line basis over the period of the contract.

Generally, revenue from services, including engineering support, connectivity and other IT services, is recognised when the service is provided. When services are required before related colocation services can be provided, revenue from service contracts is c with the related colocation revenues and the entire amount recognised over the course of the contracts as the services are provided.

Deferred income is initially recorded at the value of cash received and then amortised over the period to which the payment relates.

3. Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The Group is organised on a geographical basis and derives its revenue from the provision of colocation and related services in Bulgaria, Finland, France, Germany, Ireland, Italy, the Netherlands, Poland, Sweden, Turkey and the UK. These geographical locations comprise the Group's operating segments.

Due to similarities in services, customers, regulatory environment and economic characteristics across the countries in which the Group operates, the Group aggregates these operating segments into the UK and the Rest of Europe for reporting purposes.

The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The internal reporting principally analyses the performance of the UK and the Regions of Western Europe, Nordics and Emerging Markets. When further detail is required, the results of individual countries are reviewed. The Board has therefore determined the reportable segments to be the UK and the Rest of Europe.

In aggregating Bulgaria, Finland, France, Germany, Ireland, Italy, the Netherlands, Poland, Sweden and Turkey into a single reportable segment the Board have considered the following:

- the Group operates consistent standards across all the countries in respect of data-centre specification
- the countries deliver a similar product and in a similar method
- all countries target a similar level of return on investment in the country
- Bulgaria, Finland, France, Germany, Ireland, Italy and the Netherlands have a single currency (the Euro) or a currency linked to the Euro
- the markets of Finland, France, Germany, Ireland, Italy, the Netherlands and Sweden show similar levels of maturity and demand for the Group's services

The Board recognises that its businesses in Poland, Turkey and Bulgaria are less mature than the other countries within the Rest of Europe segment. However as these three businesses comprise approximately 3% of the total revenue of the Group the Board considers it reasonable to include these businesses within the Rest of Europe reporting segment for completeness.

The Group's consolidated statements of income, split by segment, is shown below. Treasury is managed on a Group-wide basis; as such, it is not practical to allocate costs below operating profit to an individual reporting segment.

	Year ended 31 December 2015		
	UK £'000	Rest of Europe £'000	Total £'000
Revenue	151,049	202,630	353,679
Cost of sales	(65,261)	(80,685)	(145,946)
Gross profit	85,788	121,945	207,733
Depreciation charges	(21,747)	(32,911)	(54,658)
Amortisation charges	(2,108)	(2,894)	(5,002)
Operating expenses	(17,007)	(25,112)	(42,119)
Exceptional items (note 6)	(64,975)	—	(64,975)
Total operating costs	(105,837)	(60,917)	(166,754)
Operating (loss)/profit	(20,049)	61,028	40,979
Finance income			72
Finance costs			(8,498)
Other financing items			(7,567)
Profit before tax			24,986
Income tax charge			(18,225)
Profit for the year			6,761

The above segmental results are shown after eliminating inter-segment trading of £2,624,000. The Group had no customers from which greater than 10% of revenue was derived during the year.

	Year ended 31 December 2014		
	UK £'000	Rest of Europe £'000	Total £'000
Revenue	146,931	201,764	348,695
Cost of sales	(64,339)	(82,265)	(146,604)
Gross profit	82,592	119,499	202,091
Depreciation charges	(18,203)	(31,773)	(49,976)
Amortisation charges	(2,108)	(3,126)	(5,234)
Operating expenses	(13,215)	(25,150)	(38,365)
Exceptional items (note 6)	(1,088)	(17,414)	(18,502)
Total operating costs	(34,614)	(77,463)	(112,077)
Operating profit	47,978	42,036	90,014
Finance income			86
Finance costs			(8,960)
Other financing items			(118)
Profit before tax			81,022
Income tax charge			(21,292)
Profit for the year			59,730

The above segmental results are shown after eliminating inter-segment trading of £1,972,000. The Group had no customers from which greater than 10% of revenue was derived during the year.

	Year ended 31 December 2013		
	UK £'000	Rest of Europe £'000	Total £'000
Revenue	143,901	181,649	325,550
Cost of sales	(63,710)	(75,189)	(138,899)
Gross profit	80,191	106,460	186,651
Depreciation charges	(17,243)	(28,518)	(45,761)
Amortisation charges	(2,107)	(2,843)	(4,950)
Operating expenses	(11,087)	(22,325)	(33,412)
Exceptional items (note 6)	(1,616)	(3,559)	(5,175)
Total operating costs	(32,053)	(57,245)	(89,298)
Operating profit	48,138	49,215	97,353
Finance income			106
Finance costs			(9,069)
Other financing items			50
Profit before tax			88,440
Income tax charge			(23,222)
Profit for the year			65,218

The above segmental results are shown after eliminating inter-segment trading of £1,932,000. The Group had no customers from which greater than 10% of revenue was derived during the year.

The following table shows the Group's assets and liabilities by reporting segment. Segment assets consist primarily of property, plant and equipment, intangible assets, trade and other receivables, and cash and cash equivalents. Segment liabilities principally comprise trade and other payables, deferred income and provisions for other liabilities and charges. Certain assets and liabilities, for example Group treasury cash balances and bank borrowings, are managed on a central basis and as such have not been allocated to individual segments.

	Year ended 31 December 2015		
	UK £'000	Rest of Europe £'000	Total £'000
Segment assets	366,412	557,199	923,611
Unallocated assets			24,906
Total assets			948,517
Segment liabilities	(78,996)	(64,459)	(143,455)
Unallocated liabilities			(411,629)
Total liabilities			(555,084)
Additions to intangible assets	—	—	—
Additions to plant, property and equipment	33,180	73,650	106,830
Additions to non-current assets	33,180	73,650	106,830

	Year ended 31 December 2014		
	UK £'000	Rest of Europe £'000	Total £'000
Segment assets	354,838	560,348	915,186
Unallocated assets			19,498
Total assets			934,684
Segment liabilities	(110,194)	(56,295)	(166,489)
Unallocated liabilities			(340,552)
Total liabilities			(507,041)
Additions to intangible assets	—	637	637
Additions to plant, property and equipment	30,890	91,034	121,924
Additions to non-current assets	30,890	91,671	122,561

	Year ended 31 December 2013		
	UK £'000	Rest of Europe £'000	Total £'000
Segment assets	342,382	547,370	889,752
Unallocated assets			19,159
Total assets			908,911
Segment liabilities	(107,508)	(65,115)	(172,623)
Unallocated liabilities			(327,025)
Total liabilities			(499,648)
Additions to intangible assets	—	35,969	35,969
Additions to plant, property and equipment	30,566	85,026	115,592
Additions to non-current assets	30,566	120,995	151,561

4. Directors' emoluments and key management compensation

Key management compensation, which includes that of the executive andnon-executive Directors, is as follows:

	Year ended 31 December		
	2015 £'000	2014 £'000	2013 £'000
Salaries and other short-term employee benefits	1,753	1,567	2,160
Pension payments - defined contribution plans	77	85	182
Share -based payments charges (1)	260	283	805
Termination benefits	—	1,376	—
	2,090	3,311	3,147

(1) The share based payment charge is measured in line with IFRS2 expense charged to the consolidated statements of income during the year.

5. Employee information

The average monthly number of persons employed by the Group, including Directors with service contracts, during the year was:

	Year ended 31 December		
	2015	2014	2013
By activity			
Operations	539	531	503
Sales and marketing	97	95	86
Administration	128	124	102
	764	750	691

	Year ended 31 December		
	2015 £'000	2014 £'000	2013 £'000
Remuneration costs for these persons			
Wages and salaries	40,668	38,655	34,565
Social security costs	5,361	5,792	5,455
Pension payments – defined contribution plans	1,205	1,305	1,173
Other post-employment benefits	21	32	133
Share-based payments charges (note 27)	2,795	3,103	3,095
	50,050	48,887	44,421

6. Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

	Year ended 31 December		
	2015 £'000	2014 £'000	2013 £'000
Transaction-related expenses	67,727	—	3,157
(Release)/increase in onerous lease provision	(985)	3,113	1,204
Strategic advisor fees	—	1,838	—
Impairment of Turkish business and associated costs	—	11,963	—
Departure of Chief Executive Officer	—	1,588	—
Other	(1,767)		814
	64,975	18,502	5,175

Transaction related expenses primarily relate to the costs incurred by the Group during the acquisition of the Group by Equinix, Inc. on 15 January 2016 and include a £15 million break fee that was payable to Interxion following the aborted merger with that company during the year.

Other exceptional items include income from a business in Finland that was disposed during the year and release of provisions made for legal settlements.

Of the above exceptional items £22.5 million had been settled in cash during the year.

During 2014 the Group commissioned certain external advisors to assist with a detailed business review. The associated fees of £1.8 million were assessed to be exceptional on grounds of their size and non-recurring nature.

The impairment of Turkish business and associated items relates to SadeceHosting acquired in 2013 (note 17). The Group believes that potential exists within the Turkish colocation market. Turkey is a fast developing market, with the prospect of becoming a major internet hub, due to both its large and rapidly growing domestic digital economy and its strategic locations between Europe and Asia. The current business has yet to capture this demand and whilst progress has been made, the Group is focused on improving performance further. Following the production of a revised business plan, the discounted cash flows of this plan indicate the need for a reduction in the carrying value of this business, resulting in an impairment of goodwill of £9.6 million (note 14) and other associated costs of £2.4 million.

Exceptional items relating to the departure of the Chief Executive Officer and Group Finance Director include costs in excess of those that would have ordinarily been incurred during their employment, including any directly attributable incremental costs, for example, recruitment fees.

The above exceptional items resulted in a tax credit of £2,939,000 (2014: £2,143,000 and 2013: £619,000), which is included within the tax charge on adjusting items.

7. Auditors' remuneration

Amounts paid and payable to the Auditors are shown below:

	Year ended 31 December		
	2015 £'000	2014 £'000	2013 £'000
Audit of the Company and the consolidated financial statements	256	281	259
Audit of the Company's subsidiaries (1)	55	48	44
Total audit services	311	329	303
Audit related assurance services, including interim review	54	106	80
Total audit and assurance services	365	435	383
Tax advisory services	6	98	82
Other non-audit services	918	5	6
Total fees	1,289	538	471

(1) The fees in respect of audit work common to both Group reporting and a subsidiary financial statement are disclosed within the Group audit fees.

Other non-audit services principally relate to services provided in connection with the acquisition of the Group by Equinix, Inc. on 15 January 2016 and the aborted merger with Interxion.

In addition to the above fees, the Group incurred statutory audit fees of £27,000 in respect of secondary auditors.

8. Expenses

The Group classifies its expenses by nature into the categories shown in the table below. Power costs represent the total cost of power to the Group including environmental taxes. Property costs include rent payments, service charge and taxes in addition to ancillary property costs such as insurance. Staff and staff-related costs include expenses such as training and recruitment in addition to the staff remuneration costs disclosed in note 5. Other costs comprise operational maintenance costs, sales and administrative costs and cost of sales of services.

	Year ended 31 December		
	2015 £'000	2014 £'000	2013 £'000
Power costs	46,272	50,581	47,162
Staff and staff-related costs	54,192	51,461	47,249
Property costs	40,035	44,362	41,500
Other costs	112,541	47,467	41,575
	253,040	193,871	177,486
Depreciation charges	54,658	49,976	45,761
Intangible asset charges	5,002	14,834	4,950
	312,700	258,681	228,197

9. Finance income

Finance income arising from bank deposits is recognised in the consolidated statements of income on an accruals basis.

	Year ended 31 December		
	2015 £'000	2014 £'000	2013 £'000
Bank and other interest	72	86	106

10. Finance costs

Finance costs are recognised in the consolidated statements of income over the term of such instruments at a constant rate on the carrying amount. Finance costs which are directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditure for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete. Interest capitalized in the year was charged at a rate of 2.9% (2014: 3.5%, 2013: 4.3%). Tax relief is available on capitalised interest.

	Year ended 31 December		
	2015 £'000	2014 £'000	2013 £'000
Interest payable on long term loans	7,542	9,195	10,305
Interest payable on finance leases	580	747	760
Amortisation of loan arrangement fees	1,828	1,788	2,530
Gross cost of borrowings	9,950	11,730	13,595
Less interest capitalised	(3,173)	(3,691)	(5,376)
Net cost of borrowings	6,777	8,039	8,219
Loan commitment fees	1,580	713	588
Unwinding of discounts in respect of onerous leases	58	54	72
Other	83	154	190
	8,498	8,960	9,069

11. Other financing items

Other financing items include costs associated with the termination of the Group's financing facility following acquisition of the Company by Equinix Inc. on 15 January 2016 and Foreign exchange losses on financing items.

Included within the amounts recognised in the year are £3,472,000 relating to the write off of the remaining loan arrangement fees at 31 December 2015 and £2,172,000 related to recognising the fair value of the interest rate swaps at that date (note 23).

Foreign exchange losses on financing items represent finance income or costs not directly related to the Group's trading activity or financing, but those that are triggered as a result of external factors - principally foreign exchange movements on financial assets and liabilities.

	Year ended 31 December		
	2015 £'000	2014 £'000	2013 £'000
Write off debt arrangement fees	(3,472)	—	—
Interest rate swap termination expenses	(2,172)	—	—
Net foreign exchange (losses)/gains on financing items	(1,923)	(118)	50
Total	(7,567)	(118)	50

12. Income tax charge

The tax expense represents the sum of the tax currently payable and deferred tax. Tax is charged or credited in the consolidated statements of income, except when it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method and at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

	Year ended 31 December		
	2015 £'000	2014 £'000	2013 £'000
Current tax			
Current tax on profit for the year	17,403	18,653	18,078
Adjustments in respect of prior years	(1,051)	(751)	(1,548)
Total current tax	16,352	17,902	16,530
Deferred tax			
Origination and reversal of temporary differences	4,570	3,844	7,353
Adjustment in respect of prior years	(496)	647	942
Impact of change in UK tax rate	(2,201)	(1,101)	(1,603)
Total deferred tax	1,873	3,390	6,692
Income tax charge	18,225	21,292	23,222

The tax recorded in the consolidated statements of income on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group as follows:

	Year ended 31 December		
	2015 £'000	2014 £'000	2013 £'000
Profit before tax	24,986	81,022	88,440
Multiplied by weighted average local tax rates (2015: 31.6%, 2014: 23.7% and 2013: 24.1%)	8,017	19,243	21,307
Items not taken into account for tax purposes and other timing differences	799	3,254	1,269
Impact of change in vesting assumptions of share based payments	—	—	1,192
Outstanding tax dispute	—	—	1,663
Disallowed transaction related costs	13,213	—	—
Adjustment in respect of prior years	(1,603)	(104)	(606)
Impact of change in tax rates	(2,201)	(1,101)	(1,603)
	18,225	21,292	23,222

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Group's UK profits for 2015 were taxed at an effective rate of 20.25%.

Furthermore, in July 2015, the UK government announced that the future tax rate would reduce to 19% on 1 April 2017, followed by a further reduction to 18% on 1 April 2018. The relevant deferred tax balances at 31 December 2015 have been remeasured at the rates at which the deferred tax balances are forecast to reverse.

In addition to the amounts that have been charged to the income statement, the following amounts of tax have been credited/(charged) directly to equity:

	Year ended 31 December		
	2015 £'000	2014 £'000	2013 £'000
Current tax			
Share-based payment schemes	—	24	924
Deferred tax			
Share-based payment schemes	400	—	(810)
Tax effect of interest rate cash flow hedges	(619)	378	(651)
	(219)	402	(537)

The deferred tax credit/(charge) in respect of the share-based payment schemes relates to the expected future tax deduction the Group will receive when employees exercise options in excess of the IFRS 2 share-based payment charge at the standard corporation tax rate.

Deferred tax

At the year end the Group recognised a net deferred tax liability of £30,326,000 (2014: £28,838,000) mainly in respect of accelerated tax depreciation and intangible customer contract assets, partially offset by tax losses.

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Year ended 31 December	
	2015 £'000	2014 £'000
Deferred tax assets:		
– deferred tax assets to be recovered after more than 12 months	—	223
– deferred tax assets to be recovered within 12 months	224	1,054
	224	1,277
Deferred tax liabilities:		
– deferred tax liabilities to be recovered after more than 12 months	(30,550)	(30,115)
	(30,550)	(30,115)
Deferred tax liabilities (net)	(30,326)	(28,838)

The analysis of deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Tax losses £'000	Accelerated tax depreciation £'000	Intangible customer contract valuation £'000	Onerous lease liability £'000	Other £'000	Total £'000
At 1 January 2013	8,391	(19,185)	(10,479)	1,780	3,478	(16,015)
(Charged)/credited to consolidated statements of income	(1,623)	(5,533)	1,930	(99)	(1,367)	(6,692)
Credited to other comprehensive income	—	—	—	—	(651)	(651)
Credited directly to equity	—	—	—	—	(810)	(810)
Acquisition of subsidiaries (note 17)	—	(103)	(2,905)	—	—	(3,008)
Foreign exchange movements	170	(70)	474	42	51	667
At 31 December 2013	6,938	(24,891)	(10,980)	1,723	701	(26,509)
(Charged)/credited to consolidated statements of income	(1,922)	(3,027)	1,565	488	(522)	(3,418)
Credited to other comprehensive income	—	—	—	—	378	378
Foreign exchange movements	(212)	542	418	(46)	9	711
At 31 December 2014	4,804	(27,376)	(8,997)	2,165	566	(28,838)
(Charged)/credited to consolidated statements of income	(357)	(1,100)	1,500	(2,079)	163	(1,873)
Charged to other comprehensive income	—	—	—	—	(619)	(619)
Charged directly to equity	—	—	—	—	400	400
Foreign exchange movements	(309)	600	457	(86)	(58)	604
At 31 December 2015	4,138	(27,876)	(7,040)	—	452	(30,326)

Deferred income tax assets are recognised for tax losses to the extent that the realisation of the related tax benefit through future taxable profits is profitable. In addition to the amounts recognised above, the Group has unrecognised deferred tax assets relating to tax losses of approximately £12,845,000 (2014: £13,690,000 and 2013: £14,604,000) which relate to the Group's subsidiary companies.

13. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year, excluding those held by the Employee Benefit Trust.

Diluted earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year, adjusted for the weighted average effect of share options outstanding during the year.

	Basic			Diluted		
	Year ended 31 December			Year ended 31 December		
	2015	2014	2013	2015	2014	2013
Profit attributable to owners of the parent (£'000)	n/a	59,730	65,218	n/a	59,730	65,218
Weighted average number of shares in issue ('000)	n/a	202,698	202,249	n/a	203,438	203,052
Earnings per share (p)	n/a	29.5	32.2	n/a	29.4	32.1

The following table shows the reconciliation between the basic and diluted weighted average number of shares:

	Year ended 31 December		
	2015 '000	2014 '000	2013 '000
Weighted average basic number of shares in issue	n/a	202,698	202,249
Effect of share options	n/a	110	226
Effect of performance shares	n/a	630	577
Weighted average diluted number of shares in issue	n/a	203,438	203,052

14. Intangible assets

The Group's intangible assets comprise goodwill and customer contracts and are treated as assets of the entity to which they relate and are translated at the relevant closing foreign exchange rate.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, including intangible assets, of the acquired subsidiary at the date of acquisition. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amounts of goodwill relating to the entity sold.

Intangible assets, other than goodwill, represent customer contracts acquired during business combinations. The customer contracts are initially recognised at fair value and amortised over estimated useful economic lives of between five and 20 years, with current remaining lives of between and one years (2014: two and 19 years). The fair value is calculated by estimating the future cash flows expected to arise from the intangible asset and applying a suitable discount rate.

	Goodwill £'000	Customer contracts £'000	Total £'000
Cost			
At 1 January 2014	126,810	69,557	196,367
Additions	—	637	637
Foreign exchange movements	(4,994)	(2,555)	(7,549)
At 31 December 2014	121,816	67,639	189,455
Foreign exchange movements	(6,157)	(3,124)	(9,281)
At 31 December 2015	115,659	64,515	180,174
Accumulated amortisation and impairment			
At 1 January 2014	—	17,269	17,269
Amortisation charge for the year	—	5,234	5,234
Impairment	9,600	—	9,600
Foreign exchange movements	—	(467)	(467)
At 31 December 2014	9,600	22,036	31,636
Amortisation charge for the year	—	4,959	4,959
Foreign exchange movements	(1,597)	(646)	(2,243)
At 31 December 2015	8,003	26,349	34,352
Net Book value			
At 31 December 2015	107,656	38,166	145,822
At 31 December 2014	112,216	45,603	157,819
At 1 January 2014	126,810	52,288	179,098

Impairment testing

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units ('CGU') that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each country in which it has operations.

Goodwill is tested for impairment annually. The main assumptions used when performing the impairment test are set out below. Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires an estimation of future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value.

These calculations use cash flow projections based on financial budgets for 2016, which were approved by the Board, and forecasts for 2017 and 2018. Cash flows beyond 2018 are extrapolated using estimated growth rates of 2.5% (2014: 2.5%). The growth rate does not exceed the long-term average growth rate for the operating segment in which the CGU operates. The pre-tax discount rate used was 8.1% (2014: 10.5%) for all CGUs. For all CGUs goodwill impairment testing demonstrated that value in use comfortably exceeded the carrying value of the assets tested and that no reasonably possible change to the assumptions used would result in an indication of impairment.

A segment-level summary of goodwill allocation is presented below:

	Goodwill		
	UK £'000	Rest of Europe £'000	Total £'000
Year ended 31 December 2015	42,453	65,203	107,656
Year ended 31 December 2014	42,454	69,762	112,216

15. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. The cost of property, plant and equipment comprises their purchase cost, together with the costs of installation and directly attributable external and internal costs, such as staff and property rentals, incurred during the construction or commissioning phase. Additions to property, plant and equipment also include capitalized finance costs. When property, plant and equipment is acquired as part of a business combination, the cost of such assets is deemed to be their fair value at the date of acquisition.

The principal periods over which assets are depreciated are:

Freehold land and buildings	Freehold land is not depreciated, freehold property is depreciated over 50 years
Leasehold improvements	7-30 years straight-line
Plant and machinery	5-20 years straight-line
Office equipment	3-5 years straight-line

Depreciation of the above assets is calculated from the date an asset becomes available for use, so as to write off the difference between the cost and the residual value over its expected useful economic life. The expected period of the property leases in which an asset is located is taken into account when determining the useful economic life of the asset.

Assets in the course of construction are not depreciated until they are operational. At this time such assets are transferred into the appropriate asset class and depreciated over the expected useful economic lives referred to above. The assets' residual values and useful lives are reviewed on an annual basis and, if appropriate, adjusted on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

	Assets in the course of construction £'000	Freehold land and buildings £'000	Leasehold Improvements £'000	Plant and machinery £'000	Office equipment £'000	Total £'000
Cost						
At 1 January 2014	131,383	9,928	318,397	473,873	9,728	943,309
Exchange differences	(4,765)	(632)	(21,539)	(15,587)	(391)	(42,914)
Additions	66,581	—	10,173	43,706	1,464	121,924
Transfers	(59,460)	—	25,364	33,962	134	—
Disposals	(66)	—	(4,018)	(17,341)	(794)	(22,219)
At 31 December 2014	133,673	9,296	328,377	518,613	10,141	1,000,100
Exchange differences	(4,090)	(423)	(12,645)	(16,610)	(348)	(34,116)
Additions	66,950	—	6,077	33,092	711	106,830
Transfers	(96,542)	13,092	32,402	51,191	(143)	—
Disposals	(96)	—	(661)	(5,423)	(205)	(6,385)
At 31 December 2015	99,895	21,965	353,550	580,863	10,156	1,066,429
Accumulated depreciation						
At 1 January 2014	—	86	100,956	173,281	7,069	281,392
Exchange differences	—	(22)	(5,871)	(7,087)	(298)	(13,278)
Charge for the period	—	59	15,259	33,778	880	49,976
Disposals	—	—	(4,013)	(17,141)	(791)	(21,945)
At 31 December 2014	—	123	106,331	182,831	6,860	296,145
Exchange differences	—	(21)	(3,021)	(7,600)	(250)	(10,892)
Charge for the period	—	106	13,374	40,258	920	54,658
Disposals	—	—	(604)	(4,786)	(205)	(5,595)
At 31 December 2015	—	208	116,080	210,703	7,325	334,316
Net book value						
At 31 December 2015	99,895	21,757	237,470	370,160	2,831	732,113
At 31 December 2014	133,673	9,173	222,046	335,782	3,281	703,955

The net book value of assets held under finance leases at 31 December 2015 is £24,495,000 (2014: £25,786,000 and 2013: £24,599,000). Such assets are categorised as plant and machinery in the above table.

Included within additions to assets in the course of construction for the year are capitalized finance and other costs (principally rent and rates incurred during the construction or commissioning phase) in respect of the Group's new data centres, totalling £3,173,000 and £5,500,000 respectively (2014: £3,691,000 and £3,622,000 and 2013: £5,376,000 and £3,892,000). The interest rate charged on the capitalised interest was 2.9% (2014: 3.5%).

Freehold land and buildings with a carrying amount of £4,167,000 (2014: £4,669,000 and 2013: £3,598,000) have been pledged to secure borrowings for the Group. The Group is not allowed to pledge these assets as security for other borrowings or sell them to another entity.

16. Investments

The full list of subsidiary companies is shown below. Other than TelecityGroup Investments Limited, which is owned directly by Telecity Group Limited, these companies are owned by intermediate holding companies.

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of shares held %	Principal activity
Data Electronics Group Limited	Ireland	Ordinary	100	Intermediate holding company
TelecityGroup Ireland Limited	Ireland	Ordinary	100	Internet infrastructure
Telecity (Ireland) Limited	Ireland	Ordinary	100	Internet infrastructure
TeleCity UK Limited	Great Britain ('GB')	Ordinary	100	Intermediate holding company
TelecityGroup Holdings Limited	GB	Ordinary	100	Intermediate holding company
TelecityGroup Investments Limited	GB	'A' and 'B' ordinary	100	Financing company
TelecityGroup International Limited	GB	Ordinary	100	Management services and Intermediate holding company
TelecityGroup Bulgaria EAD	Bulgaria	Ordinary	100	Internet infrastructure
TelecityGroup Finland Oy	Finland	Ordinary	100	Internet infrastructure
Data Electronics Services Limited	Ireland	Ordinary	100	Internet infrastructure
TelecityGroup Poland Sp. z o.o.	Poland	Ordinary	100	Internet infrastructure
Hosting İnternet Hizmetleri Sanayi ve Ticaret Anonim Şirketi	Turkey	Ordinary	100	Internet infrastructure
Solo Turkey İnternet Hizmetleri Anonim Şirketi	Turkey	Ordinary	100	Internet infrastructure
TelecityGroup France S.A.	France	Ordinary	100	Internet infrastructure
TelecityGroup Germany GmbH	Germany	Ordinary	100	Internet infrastructure
TelecityGroup Italia S.p.A.	Italy	Ordinary	100	Internet infrastructure
TelecityGroup Netherlands B.V.	The Netherlands	Ordinary	100	Internet infrastructure
TelecityGroup Scandinavia A.B.	Sweden	Ordinary	100	Internet infrastructure
TelecityGroup UK Limited	GB	Ordinary	100	Internet infrastructure
TelecityGroup Europe (1) Cooperatief W.A.	The Netherlands	Ordinary	100	Financing company
TelecityGroup Europe B.V.	The Netherlands	Ordinary	100	Financing company
The UK Grid Network Ltd(1)	GB	Ordinary	100	Dormant
Central Data Centres Ltd(1)	GB	Ordinary	100	Dormant
UK Grid Group Ltd(1)	GB	Ordinary	100	Dormant
TelecityGroup Spain SA	GB	Ordinary	100	Dormant
Globix Ltd	GB	Ordinary	100	Dormant
Globix Holdings (UK) Ltd(1)	GB	Ordinary	100	Dormant
GLX Leasing Ltd(1)	GB	Ordinary	100	Dormant
TeleCity Ltd(1)	GB	Ordinary	100	Dormant
Newincco 992 Ltd(1)	GB	Ordinary	100	Dormant
Internet Facilitators Ltd	GB	Ordinary	100	Dormant
Internet Facilitators Holdings Ltd	GB	Ordinary	100	Dormant

(1) Entities liquidated on 19 January 2016

Other than TelecityGroup Investments Limited, which is owned directly by Telecity Group plc, these companies are owned by intermediate holding companies.

17. Business Combinations

On 10 September 2013, the Group acquired 100% of the share capital of 3DC EAD ('3DC') and on 2 December 2013, the group acquired 100% of the share capital of PLIX Sp. z.o.o. ('PLIX'). Both of these acquisitions were disclosed on a provisional basis at 31 December 2013 because the Group had not completed its detailed appraisal of the acquired assets and liabilities at the date of those financial statements. The appraisals for both of these acquisitions were completed in the first half of 2014, resulting in an increase of £0.1 million to the fair value of net assets acquired. There have been no business combinations in the year to December 2014.

18. Trade and other receivables

Trade and other receivables are recognised at historical cost less any impairment, which approximates fair value.

	31 December 2015 £'000	31 December 2014 £'000
Current		
Trade receivables – gross	27,721	26,137
Bad debt provision (note 36)	(1,113)	(1,100)
Trade receivables – net	26,608	25,037
Other receivables	6,900	5,787
Prepayments	12,097	11,012
Accrued income	1,505	1,792
	47,110	43,628
Non-current		
Rental deposits	584	699
Other receivables	57	78
	641	777

The credit quality of trade receivables is included in note 36.

The carrying amount of the Group's trade and other receivables is denominated in the following currencies:

	31 December 2015 £'000	31 December 2014 £'000
Sterling	17,903	14,812
Euro	21,864	22,158
Swedish Krona	4,770	4,026
Other	3,214	3,409
	47,751	44,405

19. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly-liquid investments with original maturities of three months or less.

The carrying amount of the Group's cash and cash equivalents is denominated in the following currencies:

	31 December 2015 £'000	31 December 2014 £'000
Sterling	6,663	13,790
Euro	10,867	8,739
Swedish Krona	3,844	3,380
Other	1,233	1,319
	22,607	27,228

The Directors consider the carrying values of the cash balances to approximate to their fair value due to their short maturity period and the interest rate that they bear. The Directors consider the banks with which the Group holds deposits to be of sound credit quality.

20. Trade and other payables

Trade and other payables are measured at historical cost, which approximates to their fair values due to their short maturity period.

	31 December 2015 £'000	31 December 2014 £'000
Trade payables	14,443	8,840
Capital expenditure payables	7,580	5,500
Other payables	3,429	3,603
Taxation and social security	5,211	2,843
Accruals	71,963	30,112
	102,626	50,898

Included with trade payables and accruals is £43.4 million related to transaction related expenses.

The carrying amount of the Group's trade and other payables is denominated in the following currencies:

	31 December 2015 £'000	31 December 2014 £'000
Sterling	69,647	27,595
Euro	28,108	19,562
Swedish Krona	3,306	2,496
Other	1,565	1,245
	102,626	50,898

21. Deferred income

Deferred income is initially recorded at the value of cash received and then amortised over the period to which the payment relates.

	31 December 2015 £'000	31 December 2014 £'000
Current		
Deferred revenue	44,790	42,939
Deferred lease incentive	500	500
	45,290	43,439
Non-current		
Deferred revenue	5,638	6,437
Deferred lease incentive	12,333	12,833
	17,971	19,270
Total deferred income	63,261	62,709

The deferred lease incentive relates to a cash amount that was received from the landlord on signing of a lease and is being recognised in the consolidated statements of income over period of the lease.

The carrying amount of the Group's deferred income is denominated in the following currencies:

	31 December 2015 £'000	31 December 2014 £'000
Sterling	38,373	36,847
Euro	21,512	22,706
Swedish Krona	3,212	2,969
Other	164	187
	63,261	62,709

22. Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the consolidated statements of income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Leasing agreements that transfer to the Group substantially all the benefits and risks of ownership of an asset are classified as a finance lease and treated as if the asset had been purchased outright. The assets are included in property, plant and equipment and the capital element of the leasing commitments is shown within obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the consolidated statements of income in proportion to the reducing capital element outstanding.

	31 December 2015 £'000	31 December 2014 £'000
Current		
Bank borrowings	331,638	—
Obligations under finance leases	5,032	5,027
	336,670	5,027
Non-current		
Bank borrowings	—	325,743
Obligations under finance leases	8,192	13,284
	8,192	339,027
Total borrowings	344,862	344,054

Bank borrowings relate to the Group's senior debt facility and comprise a term loan of £100,000,000 (2014: £100,000,000) and amounts drawn under the revolving credit facility. The bank borrowings attract interest at LIBOR, or equivalent based on the currency of the borrowing (herein referred to as LIBOR), plus a margin. The margin is variable and calculated with reference to the ratio of the Group's last twelve months' EBITDA to net debt. The margin is recalculated based on interest periods set by the Group, typically between one and three months. The borrowings are secured by a debenture over all the assets of the Company, including shares in, and assets of, certain subsidiary undertakings. The Directors consider the carrying value of the borrowings to approximate to their fair values as they attract a market rate of interest.

The Group has three principal banking covenants under its senior debt facility which are outlined below:

- Total leverage: the Group's net debt to EBITDA ratio is covenanted to not breach certain levels.
- Fixed charge cover: the Group's interest and rent expenses ('fixed charge') must be covered by a multiple of pre-rent and interest earnings.
- Total cash cover: the Group's interest cost must be covered by a multiple of cash flows, excluding certain permitted capital expenditure.

At the year end, the Group is in full compliance with these covenants and expects to remain so for the foreseeable future.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Immediately following the acquisition of the Group by Equinix, Inc. on 15 January 2016 the Group's bank borrowings were repaid. At 31 December 2015 the Group had fully written off the remaining debt arrangement fees at that date (note 11).

The maturity profile of borrowings is set out below:

	31 December 2015 £'000	31 December 2014 £'000
Within one year	337,070	5,650
In one to two years	5,432	9,443
In two to three years	2,070	21,439
In three to four years	473	310,358
In four to five years	472	473
After five years	79	433
Gross borrowings	345,596	347,796
Less future interest and unamortised debt issue costs	(735)	(3,742)
Net borrowings	344,861	344,054

Amounts drawn under the revolving credit facility are included in the above analysis with reference to the term for which the Group can continue to roll such amounts.

The carrying amount of the Group's borrowings is denominated in the following currencies:

	31 December 2015 £'000	31 December 2014 £'000
Sterling	191,223	168,658
Euro	116,740	128,513
Swedish Krona	36,898	42,657
Other	—	4,226
	344,861	344,054

The Group uses interest rate swaps to fix the LIBOR rate it pays on its borrowings. The split of borrowings between fixed and variable is shown below:

	31 December 2015 £'000	31 December 2014 £'000
Fixed rate borrowings	309,303	279,990
Variable rate borrowings	36,293	67,806
	345,596	347,796
Percentage of borrowings at fixed rate (%)	89.5	80.5

The Group has undrawn committed loan facilities at theyear-end as shown below:

	31 December 2015 £'000	31 December 2014 £'000
Senior debt facility	600,000	400,000
Gross borrowings drawn	(331,637)	(328,167)
Rental guarantees issued under senior debt facility	(2,034)	(2,444)
Undrawn committed loan facility	266,329	69,389

A commitment fee is payable on the undrawn committed facilities at a rate of 40% (2014: 45%) of the applicable margin.

23. Derivative financial instruments

In order to manage the Group's exposure to movements in LIBOR, or equivalent based on the currency of the borrowing (herein referred to as LIBOR), the Group uses interest rate swaps. Under these arrangements the Group pays interest at a fixed rate and receives interest at LIBOR. The amounts of interest paid and received are calculated on the nominal value of the interest rate swap.

Interest rate derivatives are recognised initially at fair value and subsequent to initial recognition are revalued at each reporting date. The fair value is based on the market values of equivalent instruments at the relevant date. Amounts payable and receivable on interest rate derivatives are recognised in the period to which they relate. Where the instrument meets the definition for hedge accounting, movements in fair value of the interest rate swap are taken to reserves. In all other cases movements are charged or credited to the income statement.

After taking account of the effect of the interest rate swaps, the average interest rate in respect of drawn borrowings was 2.4% (2014: 3.0%).

At the year end the Group had the following contracts outstanding:

At 31 December 2015 **Nominal value ('000)**	**Currency**	**Maturity date**	**Fixed rate**
80,000	Sterling	13-May-2016	0.68%
24,000	Sterling	13-May-2016	0.75%
50,000	Sterling	13-February-2018	1.38%
50,000	Euro	13-May-2016	0.04%
60,000	Euro	13-May-2016	0.63%
40,000	Euro	5-October-2017	1.15%
200,000	Swedish Krona	31-May-2016	1.04%
200,000	Swedish Krona	28-February-2018	2.42%

At 31 December 2014 **Nominal value ('000)**	**Currency**	**Maturity date**	**Fixed rate**
92,000	Sterling	13-February-2015	1.36%
24,000	Sterling	13-May-2016	0.75%
50,000(1)	Sterling	13-February-2018	1.38%
44,000	Euro	13-February-2015	1.23%
60,000	Euro	13-May-2016	0.63%
40, 000	Euro	5-October-2017	1.15%
400,000	Swedish Krona	28-February-2015	2.18%
200,000(2)	Swedish Krona	28-February-2018	2.42%

(1) This instrument has a start date of 13 February 2015.
(2) This instrument has a start date of 27 February 2015.

The fair value of interest rate swaps is shown below:

	31 December 2015 £'000	**31 December 2014 £'000**
Current	(2,172)	(1,419)
Non-current	—	(1,647)
Closing fair value	(2,172)	(3,066)

The non-current element of interest rate swaps and the related cash flows are expected to occur in approximately equal annual instalments over the remaining life of the instruments.

A reconciliation of the movement in the fair value of the Group's financial derivatives is shown below:

	31 December 2015 £'000	31 December 2014 £'000	31 December 2013 £'000
Opening fair value	(3,066)	(1,122)	(3,858)
Amounts charged to consolidated statements of income	(2,172)	—	—
Charged/(credited) to reserves	3,066	(1,944)	2,736
Closing fair value	(2,172)	(3,066)	(1,122)

The interest rate swaps were entirely effective during the year and therefore £nil (2014: £nil and 2013: £nil) was recorded in the income statement. However immediately following the acquisition of the Group by Equinix, Inc on 15 January 2016 the interest rate swaps were terminated and as a result the full loss was recognised in the consolidated statements of income at 31 December 2015.

24. Provisions for other liabilities and charges

As discussed in note 2.5 provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments if the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

After initial measurement, any subsequent adjustments to dilapidations provisions are normally recorded against the original amount included in leasehold improvements with a corresponding adjustment to future depreciation charges.

	Dilapidations £'000	Onerous leases £'000	Total £'000
At 1 January 2014	1,557	5,901	7,458
Exchange differences	—	(264)	(264)
Increase	—	3,461	3,461
Release unused	(333)	(348)	(681)
Unwinding of discount	—	54	54
Utilised	(1,224)	(1,978)	(3,202)
At 31 December 2014	—	6,826	6,826
Exchange differences	—	(11)	(11)
Increase	960	—	960
Release unused	—	(985)	(985)
Unwinding of discount	—	—	—
Utilised	—	(5,830)	(5,830)
At 31 December 2015	960	—	960

The dilapidations provision related to the estimated costs of returning one of the Group's properties to its original condition at the expiry of the lease. The Directors consider the carrying values of the provisions to approximate to their fair values as they have been discounted at the risk free rate.

The maturity profile of provisions is set out below:

	31 December 2015 £'000	31 December 2014 £'000
Current	960	879
Non current	—	5,947
Total	960	6,826

25. Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Shares held in the Employee Benefit Trust ('EBT') over which the Group has direct or indirect control are deducted from the reserves of the Group.

	Number '000	Value £'000
At 1 January 2013	201,430	403
Shares issued under share option schemes	1,217	2
At 31 December 2013	202,647	405
Shares issued under share option schemes	225	1
At 31 December 2014	202,872	406
Shares issued under share option schemes	190	—
At 31 December 2015	203,062	406

Each share carries one vote at general meetings.

During 2015, 114,000 new shares were issued under the Group's share option schemes for total consideration of £538,000 and 71,000 new shares were issued to the EBT for total consideration of £153. In addition the EBT purchased from the open market 6,000 shares for a consideration of £60,000. These shares were purchased for the settlement of deferred bonus share awards.

In addition to the issue of new shares during 2015, 76,000 shares were issued from the EBT under the Group's share options schemes for total consideration of £153.

All shares are fully paid with the exception of those held by the EBT. At 31 December 2015 the EBT owed an amount of £113,000 (2014: £53,000) in respect of such shares.

26. Dividends

	31 December 2015 £'000	31 December 2014 £'000	31 December 2013 £'000
2012 final dividend paid-5.0 pence per share	—	—	10,080
2013 interim dividend paid-3.5 pence per share	—	—	7,088
2013 final dividend paid-7.0 pence per share	—	14,178	—
2014 Interim dividend paid - 4.5 pence per share	—	9,124	—
2014 final dividend paid-9.0 pence per share	18,263	—	—
2015 interim dividend paid - 5.0 pence per share	10,149	—	—
At 31 December 2015	28,412	23,302	17,168

27. Share plans

Under the Group's long-term incentive plans, performance shares and share options are granted to senior management. In addition, the Group operates a sharesave scheme which is available to all staff.

The release of these shares is conditional upon continued employment and certain market vesting conditions. Equity-settled share-based payments are measured, at fair value at the date of grant. The fair value determined, using the Black Scholes or Monte Carlo models, at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on an estimate of the number of shares that will ultimately vest.

Non-market vesting conditions, which for the Group mainly relate to the continual employment of the employee during the vesting period are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Any market vesting conditions are factored into the fair value of the options granted.

To the extent that share options are granted to employees of the Group's subsidiaries without charge, the share option charge is capitalised as part of the cost of investment in subsidiaries.

The following share options and performance shares, including those in respect of the sharesave scheme, were outstanding at the year-end:

			At 31 December 2015		
	Exercise price £	Expiry date	Vested ('000)	Not vested ('000)	Total outstanding ('000)
October 2007 share option plan	2.2	Oct-17	16	—	16
2008 share option plan	2.12	Mar-18	6	—	6
2010 performance share plan	N/A	Mar-20	44	—	44
2012 sharesave scheme	7.09	Apr-16	4	—	4
2013 long term incentive plan	N/A	Feb-23	—	589	589
2013 sharesave scheme	6.94	Apr-17	—	51	51
2014 long term incentive plan	N/A	Feb-24	—	1,049	1,049
2014 sharesave scheme	5.93	Mar-18	—	323	323
2014 Directors' bonus shares	N/A	Sep-16	—	4	4
2015 long term incentive plan	N/A	Dec-18	—	338	338
2015 restricted share plan	N/A	Dec-18	—	96	96
2015 Directors' bonus shares	N/A	Feb-17	—	5	5
Total			70	2,455	2,525

	Exercise price £	Expiry date	At 31 December 2014 Vested (‘000)	Not vested (‘000)	Total outstanding (‘000)
October 2007 share option plan	2.2	Oct-17	16	—	16
2008 share option plan	2.12	Mar-18	56	—	56
2009 performance share plan	N/A	Feb-19	66	—	66
2010 performance share plan	N/A	Mar-20	54	—	54
2011 sharesave scheme	3.74	Oct-15	45	—	45
2012 performance share plan	N/A	Feb-22	—	671	671
2012 enhanced performance share plan	N/A	Apr-22	—	487	487
2012 sharesave scheme	7.09	Apr-16	—	144	144
2013 long term incentive plan	N/A	Feb-23	—	638	638
2013 sharesave scheme	6.94	Apr-17	—	123	123
2014 long term incentive plan	N/A	Feb-24	—	1,086	1,086
2014 sharesave scheme	5.93	Mar-18	—	378	378
Total			237	3,527	3,764

The weighted average exercise price of vested share options and performance shares was £1.07 (2014: £1.36).

The movement in share options during the year is shown below:

	Year ended 31 December 2015		Year ended 31 December 2014		Year ended 31 December 2013	
	Weighted average exercise price per share £	Number of share options ‘000	Weighted average exercise price per share £	Number of share options ‘000	Weighted average exercise price per share £	Number of share options ‘000
At 1 January	5.82	761	5.08	545	3.57	694
Granted	—	—	5.93	378	6.94	123
Forfeited	5.16	(248)	—	—	—	—
Exercised	2.64	(114)	3.58	(162)	2.05	(272)
At 31 December	6.65	399	5.82	761	5.08	545

In addition to the above options, the movement in nil-cost performance shares from the Performance Share Plan, including Directors’ bonus shares, was as follows:

	Year ended 31 December 2015 Number of performance shares ‘000	Year ended 31 December 2014 Number of performance shares ‘000	Year ended 31 December 2013 Number of performance shares ‘000
At 1 January	3,003	2,981	3,515
Granted	491	1,264	795
Forfeited	(1,293)	(1,063)	(250)
Exercised	(75)	(179)	(1,079)
At 31 December	2,126	3,003	2,981

The average share price during the year was £10.36 (2014: £7.33, 2013: £8.58).

Performance shares granted during the current and previous year were valued using the Monte Carlo option-pricing model. The grants under the sharesave scheme during the year were valued using the Black Scholes option-pricing model. The fair value per option granted and the assumptions used in these calculations are as follows:

Grant date	June 2015 Performance shares	June 2015 Restricted share plan	November 2014 Sharesave	February 2014 Performance shares	November 2013 Sharesave	February 2013 Performance shares
Share price (£)	10.75	10.75	7.40	6.53	8.54	8.89
Exercise price (£)	nil	nil	5.93	nil	6.94	nil
Expected volatility (%)	30.2	30.2	27.2	31.5	27.8	28.5
Expected life (years)	3.0	3.0	3.0	3.0	3.0	3.0
Risk free rate (%)	0.91	0.91	0.97	1.05	0.97	0.41
Expected dividend yield (%)	1.3	1.3	1.6	1.8	1.0	1.0
Fair value per option (£)	7.55	10.75	1.69	2.78	2.02	4.22

Market condition features were incorporated into the Monte Carlo models for the total shareholder return elements of the long-term incentive plan in determining the fair value at grant date. Assumptions used in these models were as follows:

	June 2015 Performance shares	February 2014 Performance shares	February 2013 Performance shares
Average share price volatility FTSE 250 comparator group (%)	26	31	33
Average correlation FTSE 250 comparator group (%)	16	32	33

The expected Telecity Group Limited share price volatility was determined taking into account daily share price movements over a three-year period.

The risk free return has been determined from market yield curves of government gilts with outstanding expected terms for each relevant grant.

The charge arising from share-based payments is disclosed in note 5.

28. Reserves

The Consolidated statements of changes in equity are disclosed as primary statements on pages 2 and 3. Below is a description of the nature and purpose of the individual reserves:

- share capital represents the nominal value of shares issued, including those issued to the EBT (note 25);
- share premium account includes the amounts paid over nominal value in respect of share issues, net of related costs;
- retained profits include the accumulated realised and certain unrealised gains and losses made by the Group;
- own shares held by the Group represent 27,000 (2014: 21,000) shares in Telecity Group plc. All shares are held by the EBT. These shares are listed on a recognised stock exchange and their market value and nominal value at 31 December 2015 was £335,000 (2014: £164,000) and £53 (2014: £41) respectively. The EBT is a discretionary trust for the benefit of employees and the shares held are used to satisfy some of the Group's obligations to employees for share options and other long-term incentive plans;
- currency translation differences on foreign currency net investments arise from there-translation of the net investments in overseas subsidiaries, including long-term inter-company loans that are considered part of the Group's investment in its subsidiaries.

29. Cash inflow from operations

The reconciliation of profit on ordinary activities before taxation to net cash inflow from operating activities is as follows:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Profit on ordinary activities before taxation	24,986	81,022	88,440
Add finance costs	8,498	8,960	9,069
Less finance income	(72)	(86)	(106)
Add/(less) other financing items	7,567	118	(50)
Add intangible asset amortisation	5,002	5,234	4,950
Add exceptional items	64,975	18,502	5,175
Depreciation charge	54,658	49,976	45,761
Loss on disposal of property, plant and equipment	344	200	(28)
Share-based payment charges	2,795	3,103	3,095
Movement in trade and other receivables	(4,360)	(2,911)	(8,068)
Movement in trade and other payables	5,793	(5,956)	(5,995)
Movement in deferred income	2,041	993	6,721
Movement in provisions	(4,070)	(3,695)	(999)
Exchange movement	1,444	(6,472)	(2,061)
Net cash inflow from operating activities	169,601	148,988	145,904

30. Financial commitments

The Group's future undiscounted minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings			Other		
	31 December 2015 £'000	31 December 2014 £'000	31 December 2013 £'000	31 December 2015 £'000	31 December 2014 £'000	31 December 2013 £'000
Falling due:						
- within one year	32,076	31,970	32,448	286	415	172
- between two and five years	126,732	124,049	115,553	672	376	247
- in more than five years	447,787	425,669	434,284	—	—	—
	606,595	581,688	582,285	958	791	419

The table above represents minimum lease payments, however some operating leases are subject to inflationary increases. Costs in respect of operating leases are charged on a straight-line basis over the term of the lease. Benefits received by the Group as an incentive to sign the lease are spread on a straight-line basis over the lease term, or to the first break clause, if sooner. During the construction phase of a data centre, operating lease costs are capitalised as part of the cost of the asset.

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Operating lease payments incurred during the year:			
- property	32,791	37,124	34,290
- plant and machinery	109	502	72
- other	432	422	420
	33,332	38,048	34,782

31. Capital commitments

Capital expenditure in respect of property, plant and equipment that had been contracted for but not provided for in the financial statements at 31 December 2015 amounted to £20,494,000 (2014: £30,918,000).

32. Contingent liabilities

Financial guarantees granted by the Group's banks, primarily in respect of operating leases, amounting to £2,034,000 at 31 December 2015 (2014: £2,444,000).

At the inception of a property lease and annually thereafter, the Directors assess the cost of restoring leasehold premises to their original condition at the end of the lease and the likelihood of such costs actually being incurred. If the likelihood of this liability arising is judged to be possible rather than probable, it is is disclosed as a contingent liability. When assessing the likelihood of this liability arising, the Directors take into account the terms of the lease. If the likelihood of this liability arising is judged to be probable and can be reliably estimated, the discounted cost of the liability is included in leasehold improvements and is depreciated over the duration of the lease.

At 31 December 2015 the net present value of the cost of reinstating leasehold properties at the end of the lease in accordance with the lease contracts was estimated to be £8,000,000 (2014: £7,990,000). In addition to this, £400,000 (2014: £nil) is recorded within provisions (note 24). The leases expire over a period of up to 26 years.

The Group has future expected commitments of £25,849,000 (2014: £8,765,000) relating to the phased delivery of infrastructure to provide the currently available power.

33. Related party transactions

The Directors have not identified any related parties and transactions other than the remuneration of key management, which is disclosed in note 4.

34. Post balance sheet events

On 15 January 2016 the entire share capital of the Group was acquired by Equinix, Inc and dealings in shares of TelecityGroup were suspended on the London Stock Exchange. On 18 January 2016 the listing of TelecityGroup Shares on the premium listing segment of the Official List and the main market of the London Stock Exchange was cancelled.

On 15 January 2016, immediately following the acquisition the Group's bank debt was repaid and its interest rate swaps were terminated.

The acquisition required clearance from the European Commission. To obtain this clearance Equinix, Inc and TelecityGroup agreed commitments to divest seven of the TelecityGroup data centres located across London, Amsterdam and Frankfurt.

The Directors have reviewed events occurring after the balance sheet and, other than noted above, determined that no such events require adjustment to, or disclosure in, the financial statements.

35. Financial instruments

IFRS 7 requires certain disclosures in respect of financial instruments. Due to the Group's relatively straightforward financing structure, the key disclosures in respect of debt maturity and interest rate exposure are dealt with in notes 22 and 23. The further disclosures required by IFRS 7 are given below.

Financial risk management

The Group is subject to the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Interest rate risk

The group is exposed to interest rate risk. The actions taken by the Group to mitigate this risk are disclosed in notes 23 and 24.

Foreign exchange risk

The group is exposed to foreign exchange risk. Each country's revenue and costs are predominately incurred in the local currency, significant capital projects are financed in the currency of the relevant country. Reporting risk due to foreign currency fluctuations are not hedged.

Credit risk

The Group is subject to the risk of not being paid by its customers. The Group uses a number of measures to reduce this risk including up front billing and credit checks. A discussion of trade receivable impairment is included in note 36.

Commodity risk

The Group is a significant user of electricity and is exposed to the volatility of prices in the energy markets. The Group engages specialist consultants to assist in the purchasing of power.

Liquidity risk

The Group manages its liquidity risk by forecasting short, medium and long term cash requirements to ensure adequate headroom.

Financial risk management disclosures

The table below analyses the Group's undiscounted financial liabilities andnet-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than one year	Between one and two years	More than two years
At 31 December 2015			
Trade and other payables excluding taxation and social security (note 20)	97,415	—	—
Borrowings (note 22)	337,070	5,432	3,095
Derivative financial instruments (note 23)	2,172	—	—
	436,657	5,432	3,095

	Less than one year	Between one and two years	More than two years
At 31 December 2014			
Trade and other payables excluding taxation and social security (note 20)	96,742	—	—
Borrowings (note 22)	337,070	5,432	3,094
Derivative financial instruments (note 23)	1,419	1,647	—
	435,231	7,079	3,094

IFRS 7 requires the disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial instruments that are measured at fair value at 31 December 2015.

	Level 1	Level 2	Level 3	Total
Liabilities £000				
Derivative financial instruments (note 23)	—	2,172	—	2,172

The following table presents the Group's financial instruments that are measured at fair value at 31 December 2014.

	Level 1	Level 2	Level 3	Total
Liabilities £000				
Derivative financial instruments (note 23)	—	3,066	—	3,066

The book value of the Group's financial instruments at theyear-end is shown below:

		Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Financial assets			
Loans and receivables:			
– trade receivables	18	26,608	25,037
– other receivables	18	6,957	5,865
– accrued income	18	1,505	1,792
– cash and cash equivalents	19	22,607	27,228
Total financial assets		57,677	59,922
Financial liabilities			
Amortised cost:			
– trade and capital expenditure payables	20	22,023	14,340
– other payables	20	3,429	3,603
– accruals	20	71,963	30,112
– borrowings	22	344,861	344,054
– provisions for other liabilities and charges	24	960	6,826
Derivative financial instruments	23	2,172	3,066
Total financial liabilities		445,408	402,001

36. Trade receivables impairment disclosures

Due to effective credit control procedures, the Group mitigates its exposure to the risk of bad debt. In addition the Group'sup-front billing cycle means that customers are generally due to pay in advance of receiving the service. The following disclosures are in respect of trade receivables that are either impaired or past due. The credit quality of the remaining trade receivables is considered good.

Included within trade receivables is an amount of £7,815,000 (2014: £8,691,000) in respect of amounts which are past their due date. These relate to a number of independent customers for whom there is considered to be little risk of default and therefore such amounts have not been impaired. The ageing analysis of these amounts is shown below:

	31 December 2015 £'000	31 December 2014 £'000
Up to three months	7,312	8,312
Three to six months	470	275
More than six months	33	104
	7,815	8,691

In addition to the above amounts, the Group has a number of trade receivables that are impaired. The impairment balance relates to receivables with a gross value of £1,135,000 (2014: £1,114,000). The ageing analysis of these amounts is shown below:

	31 December 2015 £'000	31 December 2014 £'000
Up to three months	932	634
Three to six months	41	42
More than six months	162	438
	1,135	1,114

Movements on the Group provision for impairment of trade receivables are as follows. All amounts recorded in the consolidated statements of income are included within administrative expenses:

	31 December 2015 £'000	31 December 2014 £'000
At 1 January	1,100	1,027
Increase in provision for receivables impairment	244	424
Receivables written off during the year as uncollectable	(117)	(299)
Unused amounts reversed	(51)	(7)
Foreign exchange movement	(63)	(45)
At 31 December	1,113	1,100

The Group holds cash deposits of £1,371,000 (2014: £379,000) as security against the trade receivables.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial statements of Equinix, Inc. ("Equinix" or the "Company") are presented to illustrate the estimated effects of (i) the pending acquisition of the colocation services business (the "Selected Sites of Verizon's Colocation and Data Center Interconnect Operations" or the "Selected Verizon Data Center Business") at 24 data center sites, consisting of 29 data center buildings, from Verizon Communications Inc. (the "Acquisition") for a cash purchase price of $3.6 billion; (ii) the issuance of one or more series of unsecured senior notes in the aggregate principal amount of $1.125 billion, (iii) the issuance of $1.750 billion of the Company's common stock in a public offering, (iv) the borrowing of the €1.0 billion Term B-2 Loan on January 6, 2017 (clauses (ii), (iii), and (iv) referred to as the "Financings"), and (v) the acquisition of Telecity Group Limited, formerly Telecity Group plc, ("TelecityGroup") that was completed on January 15, 2016 (the "TelecityGroup Acquisition"). The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2016 combines the historical consolidated statement of operations of the Company and the statement of net revenues and direct expenses of the Selected Sites of Verizon's Colocation and Data Center Interconnect Operations, giving effect to the Acquisition, the Financings and the TelecityGroup Acquisition as if they had been completed on January 1, 2016. The unaudited pro forma condensed combined balance sheet as of December 31, 2016, combines the historical consolidated balance sheets of Equinix and the statement of assets acquired and liabilities assumed of the Selected Sites of Verizon's Colocation and Data Center Interconnect Operations, giving effect to the Acquisition and the Financings as if they had occurred on December 31, 2016. The pro forma financial information is based in part on certain assumptions regarding the foregoing transactions that we believe are factually supportable and are expected to have a continuing impact on our consolidated results. For purposes of the unaudited pro forma condensed combined financial statements, certain statement of operations and certain balance sheet reclassifications and adjustments have been made to the historical abbreviated financial statements of the Selected Sites of Verizon's Colocation and Data Center Interconnect Operations in order to conform to the Company's statements of operations and balance sheet presentation. The unaudited pro forma condensed combined financial statements should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial statements. In addition, the unaudited pro forma condensed combined financial information was based on, and should be read in conjunction with, the following historical financial statements and accompanying notes:

- Equinix's Current Report on Form 8-K filed on December 6, 2016 including exhibits thereto, which describes the proposed acquisition of the Selected Verizon Data Center Business, which is incorporated by reference in this Current Report on Form 8-K/A;
- Audited consolidated financial statements of Equinix as of and for the year ended December 31, 2016, which are included in Equinix's Annual Report on Form 10-K for the year ended December 31, 2016 filed on February 27, 2017, which is incorporated by reference in this Current Report on Form 8-K/A;
- The section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Equinix's Annual Report on Form 10-K for the year ended December 31, 2016 filed on February 27, 2017, which is incorporated by reference in this this Current Report on Form 8-K/A;
- Audited statements of assets acquired and liabilities assumed of the Selected Sites of Verizon's Colocation and Data Center Interconnect Operations as of December 31, 2016 and 2015 and the related statements of net revenues and direct expenses for each of the three years in the period ended December 31, 2016, which are attached as Exhibit 99.1 to this Current Report on Form 8-K/A; and
- Audited consolidated balance sheets of Telecity Group Limited (formerly Telecity Group plc) as of December 31, 2015 and 2014 and the related consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flow for each of the three years in the period ended December 31, 2015, which are attached as Exhibit 99.2 to this Current Report on Form 8-K/A.

The unaudited pro forma condensed combined financial statements have been prepared by Equinix, as the acquirer, using the acquisition method of accounting in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The acquisition method of accounting is dependent upon certain valuation and other studies that have yet to progress to a stage where there is sufficient information for a definitive measurement. Before the Acquisition is completed, there are limitations regarding what Equinix can learn about the Selected Verizon Data Center Business. The assets and liabilities of the Selected Verizon Data Center Business have been measured based on various preliminary estimates using assumptions that Equinix believes are reasonable based on information that is currently available to Equinix. The preliminary purchase price allocation for the Selected Verizon Data Center Business is subject to revision as a more detailed analysis is completed and additional information on the fair value of the Selected Verizon Data Center Business' assets and liabilities becomes available. The final allocation of the purchase price, which will be based upon actual tangible and intangible assets acquired as well as liabilities assumed, will be determined after the completion of the Acquisition, and could differ materially from the unaudited pro forma condensed combined financial statements presented here. Any change in the fair value of the net assets of the Selected Verizon Data Center Business will change the amount of the purchase price allocable to goodwill. Additionally, changes in the Selected Verizon Data Center Business' working capital, including the results of operations from December 31, 2016 through the date the Acquisition is completed, will change the amount of goodwill recorded. The pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial statements prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC").

The unaudited pro forma condensed combined financial statements make certain assumptions regarding the amount and terms, including assumed pricing of common stock and interest rates for debt, of the Financings to be put into place in connection with the Acquisition, other than the borrowing of the Term B-2 Loan. The actual amounts and terms of such Financings may differ from that reflected herein.

The unaudited pro forma condensed combined financial information has been presented for information purposes only. The unaudited pro forma condensed combined financial information does not purport to represent the actual results of operations that Equinix and the Selected Verizon Data Center Business would have achieved had the Acquisition, the Financings and the TelecityGroup Acquisition occurred on the dates indicated above, and is not intended to project the future results of operations that the combined company may achieve after the Acquisition. The unaudited pro forma condensed combined statement of operations does not reflect any potential cost savings that may be realized as a result of the Acquisition and also does not reflect any restructuring, acquisition or integration-related costs. No historical transactions between Equinix and the Selected Verizon Data Center Business during the periods presented in the unaudited pro forma condensed combined financial statements have been identified at this time.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET AS OF DECEMBER 31, 2016 (in thousands)

	Historical		Pro Forma		
	Equinix	Selected Verizon Data Center Business (Note 2)	Pro Forma Adjustments (Note 6)		Combined
Assets					
Current assets:					
Cash and cash equivalents	$ 748,476	$ —	$ 197,155	(a)	$ 945,631
Short-term investments	3,409	—	—		3,409
Accounts receivable, net	396,245	—	—		396,245
Current portion of restricted cash	15,065	—	—		15,065
Other current assets	304,331	53	(9,680)	(b)	294,704
Total current assets	1,467,526	53	187,475		1,655,054
Long-term investments	10,042	—	—		10,042
Property, plant and equipment, net	7,199,210	838,378	140,494	(c)	8,178,082
Goodwill	2,986,064	—	1,897,758	(d)	4,883,822
Intangible assets, net	719,231	—	779,800	(e)	1,499,031
Other assets	226,298	661	—		226,959
Total assets	$12,608,371	$ 839,092	$3,005,527		$16,452,990
Liabilities and Stockholders' Equity					
Current liabilities:					
Accounts payable and accrued expenses	$ 581,739	$ 3,877	$ (11,854)	(f)	$ 573,762
Accrued property, plant and equipment	144,842	—	—		144,842
Current portion of capital lease and other financing obligations	101,046	372	1,251	(g)	102,669
Current portion of mortgage and loans payable	67,928	—	7,894	(h)	75,822
Other current liabilities	133,140	8,139	(2,675)	(i)	138,604
Total current liabilities	1,028,695	12,388	(5,384)		1,035,699
Capital lease and other financing obligations, less current portion	1,410,742	6,801	11,371	(j)	1,428,914
Mortgage and loans payable, less current portion	1,369,087	—	1,030,924	(h)	2,400,011
Senior notes	3,810,770	—	1,109,247	(k)	4,920,017
Other liabilities	623,248	9,485	18,523	(l)	651,256
Total liabilities	8,242,542	28,674	2,164,681		10,435,897
Acquired net assets and liabilities	—	$ 810,418	(810,418)	(m)	—
Stockholders' equity:					
Total stockholders' equity	4,365,829		1,651,264	(n)	6,017,093
Total liabilities and stockholders' equity	$12,608,371		$3,005,527		$16,452,990

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

UNAUDITED PRO FORMA CONDENSED COMBINED
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016
(in thousands)

	Historical		Pro Forma		
	Equinix	Selected Verizon Data Center Business (Note 3)	Pro Forma Adjustments (Note 6)		Combined
Revenues	$3,611,989	$ 451,962	$ 13,272	(o)	$4,077,223
Costs and operating expenses:					
Cost of revenues	1,820,870	207,477	29,013	(p)	2,057,360
Sales and marketing	438,742	16,302	54,212	(q)	509,256
General and administrative	694,561	24,453	3,713	(r)	722,727
Acquisition costs	64,195	—	(50,054)	(s)	14,141
Impairment charges	7,698	—	—		7,698
Gain on asset sales	(32,816)	—	—		(32,816)
Total costs and operating expenses	2,993,250	248,232	36,884		3,278,366
Income from operations	618,739	$ 203,730	(23,612)		798,857
Interest income	3,476		—		3,476
Interest expense	(392,156)		(98,248)	(t)	(490,404)
Other expense	(57,924)		—		(57,924)
Loss on debt extinguishment	(12,276)		—		(12,276)
Income from continuing operations before income taxes	159,859		(121,860)		241,729
Income tax expense	(45,451)		(7,104)	(u)	(52,555)
Net income from continuing operations	114,408		(128,964)		189,174
Net income from discontinued operations, net of tax	12,392		—		12,392
Net income	$ 126,800		$ (128,964)		$ 201,566
Earnings per share (“EPS”):					
Basic EPS from continuing operations	$ 1.63				$ 2.53
Basic EPS from discontinued operations	0.18				0.17
Basic EPS	$ 1.81				$ 2.70
Weighted-average shares -basic	70,117		4,658	(v)	74,775
Diluted EPS from continuing operations	$ 1.62				$ 2.51
Diluted EPS from discontinued operations	0.17				0.16
Diluted EPS	$ 1.79				$ 2.67
Weighted-average shares -diluted	70,816		4,658	(v)	75,474

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. Description of the transaction and basis of pro forma presentation

On December 6, 2016, the Company announced that it had entered into a definitive agreement to purchase the colocation service business of Verizon Communications Inc. (“Verizon”) at 24 data center sites (the “Selected Sites of Verizon’s Colocation and Data Center Interconnect Operations” or the “Selected Verizon Data Center Business”) for $3.6 billion, subject to certain adjustments, in an all cash transaction. The Selected Verizon Data Center Business includes real property interests in 29 data center buildings across 15 metro areas located in the United States, Brazil and Colombia. The Company anticipates completing the acquisition of the Selected Verizon Data Center Business (the “Acquisition”) by mid-2017, subject to the satisfaction of closing conditions.

The colocation service business at the selected data centers to be acquired currently includes services provided to Verizon under arrangements that will be terminated at the closing of the Acquisition. The Company and Verizon have agreed to enter into agreements at the closing of the Acquisition pursuant to which the Company will provide space and services to Verizon at the acquired data centers. As the terms and conditions of these arrangements are subject to further negotiation, finalization and approval, financial results from these arrangements are not included in the abbreviated financial statements of the Selected Sites of Verizon’s Colocation and Data Center Interconnect Operations and are not reflected in these unaudited pro forma condensed combined financial statements. Also, for the preparation of these unaudited pro forma condensed combined financial conditions, the Company excluded these potential arrangements from the preliminary fair valuation of the intangible assets, and the excess of the purchase price of $3.6 billion over the fair value of the net tangible and intangible assets acquired is allocated to goodwill. As these arrangements are finalized and more information becomes available at the closing of the Acquisition, the fair value of the intangible assets and the amount allocated to goodwill, as well as the financial results, will be materially different from the pro forma adjustments presented here.

The unaudited pro forma condensed combined balance sheet as of December 31, 2016 was prepared by combining the historical consolidated balance sheet data as of December 31, 2016 for Equinix and the statement of assets acquired and liabilities assumed of the Selected Sites of Verizon’s Colocation and Data Center Interconnect Operations as of December 31, 2016, as adjusted, to comply with the Company’s accounting policies, as if the Acquisition and the Financings (see Note 5) had been consummated on that date. In addition to the adjustments, certain balance sheet reclassifications have also been reflected in order to conform the Selected Sites of Verizon’s Colocation and Data Center Interconnect Operations’ statement of assets acquired and liabilities assumed to the Company’s balance sheet presentation. Refer to Note 2 for a discussion of these adjustments.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2016 combines the results of operations of Equinix and the statement of net revenues and direct expenses of the Selected Sites of Verizon’s Colocation and Data Center Interconnect Operations as if the Acquisition, the Financings (see Note 5), and the TelecityGroup Acquisition had been consummated on January 1, 2016. Certain statement of operations reclassifications have also been reflected in order to conform to the Company’s statement of operations presentation. Refer to Note 3 for a discussion of these accounting policy and reclassification adjustments.

The historical consolidated financial information has been adjusted in the accompanying unaudited pro forma condensed combined financial information to give effect to pro forma events that are (i) directly attributable to the Acquisition, the Financings and the TelecityGroup Acquisition that was completed on January 15, 2016, (ii) factually supportable, and (iii) with respect to the unaudited pro forma condensed combined statement of operations, expected to have a continuing impact on the consolidated results.

The acquisition method of accounting, based on Accounting Standards Codification Topic ("ASC") 805, "Business Combinations," uses the fair value concepts defined in ASC 820, "Fair Value Measurement" ("ASC 820"). Fair value is defined in ASC 820 as the "price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." This is an exit price concept for the valuation of an asset or liability. Market participants are assumed to be buyers or sellers in the most advantageous market for the asset or liability. Fair value measurement for an asset assumes the highest and best use by these market participants, and as a result, assets may be required to be recorded which are not intended to be used or sold and/or to value assets at a fair value measurement that do not reflect management's intended use for those assets. Fair value measurements can be highly subjective and it is possible the application of reasonable judgment could develop different assumptions resulting in a range of alternative estimates using the same facts and circumstances.

ASC 805 requires, among other things, that assets acquired and liabilities assumed in a business combination be recognized at fair value as of the acquisition date. As of the date of this filing the accompanying unaudited pro forma purchase price allocation is preliminary and is subject to further adjustments as additional information becomes available and as additional analyses are performed.

2. Selected Sites of Verizon's Colocation and Data Center Interconnect Operations' Statement of Assets Acquired and Liabilities Assumed

The following schedule summarizes the necessary material adjustments to conform the Selected Sites of Verizon's Colocation and Data Center Interconnect Operations' statement of assets acquired and liabilities assumed to the basis of presentation of Equinix's consolidated balance sheet as of December 31, 2016 (in thousands):

	Selected Verizon Data Center Business	Adjustments		Selected Verizon Data Center Business after Adjustments
Assets acquired				
Accounts receivable, net	$ 12,196	$ (12,196)	(a)	$ —
Prepaid customer installations	2,378	(2,378)	(b)	—
Other current assets	53	—		53
Total current assets	14,627	(14,574)		53
Plant, property and equipment, net	834,084	4,294	(b)	838,378
Prepaid customer installations	1,471	(1,471)	(b)	—
Lease deposits	648	(648)	(c)	—
Other non-current assets	458	203	(b) (c) (d)	661
Total assets acquired	$ 851,288	$ (12,196)		$ 839,092
Liabilities assumed				
Accrued property taxes	$ 3,877	$ (3,877)	(e)	$ —
Deferred rent	297	(297)	(f)	—
Lease obligation	372	—		372
Advance billings	20,038	(20,038)	(g)	—
Accounts payable and accrued expenses	—	3,877	(e)	3,877
Other current liabilities	—	8,139	(a) (f) (g) (h)	8,139
Total current liabilities	24,584	(12,196)		12,388
Deferred rent	1,009	(1,009)	(i)	—
Lease obligation	6,801	—		6,801
Advanced billings	1,723	(1,723)	(j)	—
Asset retirement obligations	6,753	(6,753)	(k)	—
Other liabilities	—	9,485	(i) (j) (k) (l)	9,485
Total liabilities assumed	40,870	(12,196)		28,674
Net assets acquired	$ 810,418	$ —		$ 810,418

(a) Reclassifies $12.2 million of advanced billings to offset accounts receivable to conform to the Company's accounting policy and financial statement presentation.

(b) Reclassifies the following items to plant, property and equipment, net to conform to the Company's financial statement presentation (in thousands):

Prepaid customer installations (current portion)	$2,378
Prepaid customer installations (non-current portion)	1,471
Capitalized software included in other non-current assets	445
Total plant, property and equipment, net adjustments	$4,294

(c) Reclassifies $0.6 million of lease deposits to other non-current assets to conform to the Company's financial statement presentation.

(d) Reflects the following reclassification adjustments (in thousands):

Lease deposits	$ 648
Capitalized software included in other non-current assets	(445)
Total other non-current assets adjustments	$ 203

(e) Reclassifies $3.9 million of accrued property taxes to accounts payable and accrued expenses to conform to the Company's financial statement presentation.

(f) Reclassifies $0.3 million of deferred rent to other current liabilities to conform to the Company's financial statement presentation.

(g) Reclassifies $20.0 million of advanced billings and deferred revenue to other current liabilities to conform to the Company's financial statement presentation.

(h) Reflects the following reclassification adjustments (in thousands):

Deferred rent	$ 297
Accounts receivable	(12,196)
Advanced billings (current portion)	20,038
Total other current liabilities adjustments	$ 8,139

The reclassification of the advanced billings of $12.2 million represents the offset to the accounts receivable to conform to the Company's accounting policy and financial statement presentation. As a result of the reclassification, the advanced billings and deferred revenue is $7.8 million.

(i) Reclassifies $1.0 million of deferred rent to other liabilities to conform to the Company's financial statement presentation.

(j) Reclassifies $1.7 million of advanced billings to other liabilities to conform to the Company's financial statement presentation.

(k) Reclassifies $6.8 million of asset retirement obligations to other liabilities to conform to the Company's financial statement presentation.

(l) Reflects the following reclassification adjustments (in thousands):

Deferred rent	$1,009
Advanced billings (non-current portion)	1,723
Asset retirement obligations	6,753
Total other liabilities adjustments	$9,485

3. Selected Sites of Verizon's Colocation and Data Center Interconnect Operations' Statement of Net Revenues and Direct Expenses

The following schedule summarizes the necessary material adjustments to conform the Selected Verizon Data Center Business' statement of net revenues and direct expenses to the basis of presentation of Equinix's consolidated statement of operations for the year ended December 31, 2016 (in thousands):

	Selected Verizon Data Center Business	Adjustments		Selected Verizon Data Center Business after Adjustments
Net revenues	$ 451,962	$ —		$ 451,962
Direct expenses:				
Cost of services (exclusive of items shown below)	135,764	71,713	(m)	207,477
Selling, general and administrative expense	40,755	(40,755)	(n)	—
Depreciation expense	71,713	(71,713)	(m)	—
Sales and marketing	—	16,302	(n)	16,302
General and administrative	—	24,453	(n)	24,453
Total direct expenses	248,232	—		248,232
Net revenues less direct expenses	$ 203,730	$ —		$ 203,730

(m) Reclassifies $71.7 million of depreciation expense to cost of services to conform to the Company's financial statement presentation.

(n) Reclassifies $16.3 million of selling, general, and administrative expense to sales and marketing expense and $24.5 million of selling, general, and administrative expense to general and administrative expense to conform to the Company's financial statement presentation.

4. Purchase Price - Selected Verizon Data Center Business

The Acquisition represents a total value of approximately $3.6 billion. Under the acquisition method of accounting, the total estimated purchase price is allocated to the Selected Verizon Data Center Business' assets and liabilities based upon their estimated fair value as of the date of completion of the Acquisition. Based upon the estimated purchase price and the preliminary valuation, the preliminary purchase price allocation, which is subject to change based on Equinix's final analysis is as follows (in thousands):

Preliminary Purchase Price Allocation		
Other current assets	$ 53	
Property, plant and equipment	978,872	
Goodwill	1,897,758	
Intangible assets:		
Customer relationships	779,800	(a)
Other assets	661	
Total assets acquired	3,657,144	
Accounts payable and accrued expense	(3,877)	
Current portion of capital lease and other financing lease obligations	(1,623)	
Other current liabilities	(5,464)	
Capital leases and other financing obligations, less current portion	(18,172)	
Other liabilities	(28,008)	
	$3,600,000	

(a) A preliminary estimate of $0.8 billion has been allocated to customer relationships with third parties with an estimated useful life of 15 years.

A preliminary estimate of $1.9 billion has been allocated to goodwill. Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. The preliminary purchase price allocation for the Acquisition is subject to revision as more detailed analysis is completed and additional information on the fair values of the Selected Verizon Data Center Business' assets and liabilities becomes available. Any changes in the fair value of the net assets of the Selected Verizon Data Center Business will change the amount of the purchase price allocable to goodwill. The final allocation of the purchase price, which will be based upon actual tangible and intangible assets acquired as well as liabilities assumed, will be determined after the completion of the Acquisition, and will differ materially from the unaudited pro forma condensed combined financial statements presented here. See Note 1 for more discussion about some of the arrangements, subject to further negotiation, finalization and approval, that will have a material impact to the purchase price allocation presented above.

5. Selected Verizon Data Center Business Acquisition Financings

Concurrently, and in connection with entering into the acquisition agreement with Verizon, Equinix entered into a commitment letter (the "Commitment Letter"), dated December 6, 2016, with JPMorgan Chase Bank, N.A., Bank of America, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Commitment Parties"), pursuant to which the Commitment Parties committed to provide a senior unsecured bridge facility in aggregate principal amount of $2.0 billion for the purposes of funding (i) a portion of the cash consideration for the Acquisition and (ii) the fees and expenses incurred in connection with the Acquisition.

The financing commitments of the Commitment Parties are subject to various conditions set forth in the Commitment Letter. The Company intends to obtain permanent financing prior to the closing of the Acquisition to replace the Commitment Letter and intends to then terminate the Commitment Letter. For purposes of the unaudited pro forma condensed combined financial statements, Equinix has assumed the permanent financing for the Acquisition will consist of:

- The full amount of the €1.0 billion Term B-2 Loan was borrowed on January 6, 2017 which translated to US$1.0525 billion. The Term B-2 Loan will bear interest at an index rate based on EURIBOR plus a margin of 3.25%. No original issue discount is applicable to the Term B-2 Loan. The Term B-2 Loan must be repaid in equal quarterly installments of 0.25% of the original principal amount of the Term B-2 Loan, with the remaining amount outstanding to be repaid in full on the seventh anniversary of the funding date of the Term B-2 Loan.
- An assumed $1,125.0 million aggregate principal amount of 10-year fixed rate senior notes with an assumed interest rate of 5.375%. For the purpose of these unaudited pro forma condensed combined financial statements, the debt issuance costs related to the senior notes are assumed to be approximately $15.8 million and will be amortized to interest expense using the effective interest method over the 10-year terms of the notes.
- The sale of 4.7 million shares of Equinix common stock at a price of $375.69 per share, the NASDAQ Global Select Market closing price of Equinix common stock on March 3, 2017, resulting in estimated proceeds of $1,750.0 million before deducting estimated discounts and commissions and expenses, and excluding any shares that may be issued if the underwriters exercise their option to purchase additional shares of common stock. For the purpose of these unaudited pro forma condensed combined financial statements, transaction costs are assumed to be $47.0 million. If the underwriters exercise their option to purchase an additional 15% of the equity offering in full, the Company would issue an additional 0.7 million shares of Equinix common stock at an estimated price of $375.69 per share and receive additional estimated proceeds of $262.5 million before transaction costs of approximately $7.0 million. If the common stock offering increases by 25%, the Company would issue an additional 1.2 million shares of Equinix common stock at an estimated price of $375.69 per share and receive additional estimated proceeds of $437.5 million before transaction costs of approximately $11.6 million.

The final structure and terms of the Financings, other than the borrowing of the Term B-2 Loan, will be subject to market conditions and may change materially from the assumptions described above. Changes in the assumptions described above would result in changes to various components of the unaudited pro forma condensed combined balance sheet, including cash and cash equivalents, long-term debt and additional paid-in capital, and various components of the unaudited pro forma condensed combined statements of income, including interest expense, earnings per share and weighted-average shares outstanding. Depending upon the nature of the changes, the impact on the unaudited pro forma condensed combined financial statements could be material.

6. Pro Forma Adjustments

The accompanying unaudited pro forma condensed combined financial statements have been prepared as if the transactions described above were completed on December 31, 2016 for balance sheet purposes and as of January 1, 2016 for statement of operations purposes.

The unaudited pro forma condensed combined balance sheet gives effect to the following pro forma adjustments:

(a) Represents the following adjustments to cash and cash equivalents (in thousands):

Purchase price of the Acquisition to be paid in cash	$(3,600,000)
Proceeds from Term B-2 Loan, net of offering costs	1,038,818
Proceeds from senior notes, net of offering costs	1,109,247
Proceeds from equity offering, net of offering costs	1,702,965
Estimated acquisition transaction costs	(43,875)
Estimated commitment fees	(10,000)
Total cash and cash equivalent adjustments	$ 197,155

(b) Represents reversals of bridge loan commitment fees and accrued debt issuance costs related to Term B-2 Loan in other current assets (in thousands):

Reversal of accrued debt issuance costs related to Term B-2 Loan	$(1,854)
Reversal of bridge loan commitment fees	(7,826)
Total other current asset adjustments	$(9,680)

(c) Represents a fair value adjustment of $140.5 million to property, plant and equipment, net.

(d) Represents the following adjustments in goodwill (in thousands):

Goodwill from the Acquisition	$1,880,972
Deferred tax liabilities resulting from the Acquisition	16,786
Total goodwill adjustments	$1,897,758

(e) Represents a fair value adjustment of $0.8 billion to intangible assets resulting from the Acquisition.

(f) Represents the following adjustments in accounts payable and accrued expenses (in thousands):

Reversal of accrued debt issuance costs related to Term B-2 Loan	$ (1,854)
Reversal of accrued bridge loan commitment fees	(10,000)
Total accounts payable and accrued expenses adjustments	$(11,854)

(g) Represents a fair value adjustment of $1.3 million to capital lease and other financing obligations, current portion.

(h) Represents the net proceeds from Term B-2 Loan of $1.0 billion, including $7.9 million of current portion of mortgage and loans payable and $1.0 billion of non-current portion of mortgage and loans payable, net of debt issuance costs. See Note 5.

(i) Represents the following adjustments to other current liabilities (in thousands):

Fair value adjustment relating to deferred revenues	$(2,378)
Fair value adjustment relating to deferred rent	(297)
Total other current liability adjustments	$(2,675)

(j) Represents a fair value adjustment of $11.4 million to capital lease and other financing lease obligations.

(k) Represents the proceeds from senior notes of $1.1 billion, net of debt issuance costs. See Note 5.

(l) Represents the following adjustments to the Selected Verizon Data Center Business' other liabilities (in thousands):

Fair value adjustment relating to asset retirement obligations	$ (826)
Fair value adjustment relating to deferred revenues	(1,471)
Fair value adjustment relating to deferred rent	(1,009)
Unfavorable leasehold interest	5,043
Deferred tax liabilities as a result of purchase price allocation	16,786
Total other liabilities adjustments	$18,523

(m) Represents the elimination of the Selected Verizon Data Center Business' acquired net assets and liabilities.

(n) Represents the following adjustments in shareholders' equity (in thousands):

Proceeds from equity offering	$1,750,000
Estimated offering costs related to equity offering	(47,035)
Estimated acquisition transaction costs	(43,875)
Reversal of bridge loan commitment fees	2,174
Estimated commitment fees	(10,000)
Total shareholders' equity adjustments	$1,651,264

The unaudited pro forma condensed combined statement of operations gives effect to the following pro forma adjustments:

(o) Represents the following adjustments to revenues (in thousands):

Revenue adjustment in connection with TelecityGroup acquisition	$16,666
Revenue adjustment related to deferred installation revenues	(3,394)
Total revenue adjustments	$13,272

The adjustment of $16.7 million to revenues is for the purpose of presenting a full-year result of operations for TelecityGroup, which was acquired by Equinix on January 15, 2016. The revenue adjustment of $3.4 million is to reflect purchase accounting adjustment in connection with the deferred installation revenues.

(p) Represents the following adjustments to cost of revenues (in thousands):

Depreciation adjustment in connection with fair value of property, plant and equipment	$18,842
Lease expense adjustments relating to capital lease and financing obligations	(1,798)
Cost of revenues adjustment in connection with TelecityGroup acquisition	11,969
Total cost of revenues adjustments	$29,013

The net depreciation adjustment of $18.8 million is in connection with the fair value adjustment to the Selected Verizon Data Center Business' property, plant and equipment. The property, plant and equipment are depreciated based on an estimated weighted average useful life of 18 years. The adjustment of $12.0 million to cost of revenues is for the purpose of presenting a full-year result of operations for TelecityGroup, which was acquired by Equinix on January 15, 2016.

(q) Represents the following reclassification adjustments to sales and marketing adjustments (in thousands):

Amortization adjustment in connection with fair value of intangible assets	$51,987
Sales and marketing adjustment in connection with TelecityGroup acquisition	2,225
Total sales and marketing adjustments	$54,212

The amortization adjustment of $52.0 million is in connection with the fair value of the acquired intangible assets. Customer relationships with third parties are amortized based on estimated useful life of 15 years. The adjustment of $2.2 million to sales and marketing is for the purpose of presenting a full-year result of operations for TelecityGroup, which was acquired by Equinix on January 15, 2016.

(r) Represents general and administrative adjustment of $3.7 million for purpose of presenting a full-year result of operations for TelecityGroup, which was acquired by Equinix on January 15, 2016.

(s) Reflects the elimination of non-recurring transaction costs of $7.6 million and $42.5 million incurred during the year ended December 31, 2016 that are directly related to the Acquisition and the TelecityGroup Acquisition, respectively.

(t) Reflects the additional interest expense associated with the senior notes offering and TermB-2 Loan, the reversal of commitment fees relating to the bridge loan and the interest expense adjustments relating to capital lease and financing obligations (in thousands):

Interest expense and amortization of debt issuance costs associated with senior notes as if they were issued on January 1, 2016	$(62,034)
Interest expense and amortization of debt issuance costs associated with TermB-2 loan as if they were borrowed on January 1, 2016	(38,015)
Reversal of commitment fees relating to the Commitment Letter	2,174
Interest expense adjustments relating to capital lease and financing obligations	(373)
Total interest expense adjustments	$(98,248)

A 1/8% increase or decrease in interest rates would result in a change in interest expense of approximately $2.8 million for the year ended December 31, 2016.

If the principal amount of the senior notes offering discussed in Note 5 increases or decreases by 15% or 25%, the Company would increase or decrease the borrowings by $168.8 million or $281.3 million, respectively, and the Company's interest expense for the first year would be adjusted as follows (in thousands):

% Increase or (Decrease) of the Principal Amount of the Senior Notes Offering	Principal Amount of Senior Notes	Senior Notes, Net of Debt Issuance Costs	Interest Expense	Impact to Interest Expense Assuming 1/8% Increase or Decrease of Interest Rate
As presented	$ 1,125,000	$ 1,109,247	$ 62,034	$ 1,406
15%	1,293,750	1,276,099	71,293	1,617
25%	1,406,250	1,387,333	77,466	1,758
(15)%	956,250	942,396	52,775	1,195
(25)%	843,750	831,162	46,602	1,055

(u) Reflects an income tax impact of pro forma adjustments of $7.1 million. The Company assumed a blended income tax rate of 9% for the year ended December 31, 2016 when estimating the tax impact of the Acquisition, representing the federal, state and foreign statutory rates. The effective tax rate of the combined company could be significantly different depending upon post-acquisition activities of the combined company.

(v) Reflects adjustment to the weighted-average shares outstanding for purposes of calculating basic and diluted earnings per share ("EPS"). Reflects the issuance of 4.7 million shares of common stock in connection with the Financings (see Note 5). Only common shares issued which are directly attributable to the Financings are included in the calculation of basic and diluted pro forma earnings per share. If the common stock offering discussed in Note 5 increases or decreases by 15% or 25%, the Company would increase or decrease the issuance of common stock by 0.7 million shares, or 1.2 million shares, respectively, and the Company's pro forma basic and diluted earnings per share would be adjusted as follows:

		For the Year Ended December 31, 2016	
(shares in thousands)	% Increase	Basic	Diluted
Weighted-average shares	As presented	74,775	75,474
Earnings per share	As presented	$ 2.70	$ 2.67
Weighted-average shares	15%	75,474	76,173
Earnings per share	15%	$ 2.67	$ 2.65
Weighted-average shares	25%	75,940	76,639
Earnings per share	25%	$ 2.65	$ 2.63

		For the Year Ended December 31, 2016	
(shares in thousands)	% Decrease	Basic	Diluted
Weighted-average shares	15%	74,076	74,775
Earnings per share	15%	$ 2.72	$ 2.70
Weighted-average shares	25%	73,610	74,309
Earnings per share	25%	$ 2.74	$ 2.71