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

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**FORM 10-Q**

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

For the quarterly period ended June 30, 2016

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-31293

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**EQUINIX, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State of incorporation)

**77-0487526**  
(I.R.S. Employer  
Identification No.)

**One Lagoon Drive, Redwood City, California 94065**  
(Address of principal executive offices, including ZIP code)

**(650) 598-6000**  
(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) Yes  No  and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares outstanding of the registrant's Common Stock as of August 5, 2016 was 71,074,567.

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**PART I - FINANCIAL INFORMATION**

**Item 1. Condensed Consolidated Financial Statements**

**EQUINIX, INC.**  
**Condensed Consolidated Balance Sheets**  
(in thousands)

	June 30, 2016	December 31, 2015
(Unaudited)		
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 483,160	\$ 2,228,838
Short-term investments	3,328	12,875
Accounts receivable, net	346,994	291,964
Current portion of restricted cash	3,411	479,417
Other current assets	233,870	212,929
Assets held for sale	1,024,666	33,257
Total current assets	2,095,429	3,259,280
Long-term investments	7,694	4,584
Property, plant and equipment, net	6,958,794	5,606,436
Goodwill	3,190,197	1,063,200
Intangible assets, net	788,955	224,565
Other assets	227,976	198,630
Total assets	<u>\$ 13,269,045</u>	<u>\$ 10,356,695</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 498,212	\$ 400,948
Accrued property, plant and equipment	163,388	103,107
Current portion of capital lease and other financing obligations	92,611	40,121
Current portion of mortgage and loans payable	511,331	770,236
Convertible debt	—	146,121
Other current liabilities	142,113	192,286
Liabilities held for sale	152,124	3,535
Total current liabilities	1,559,779	1,656,354
Capital lease and other financing obligations, less current portion	1,514,804	1,287,139
Mortgage and loans payable, less current portion	1,074,663	472,769
Senior notes	3,807,816	3,804,634
Other liabilities	606,518	390,413
Total liabilities	8,563,580	7,611,309
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common stock	71	62
Additional paid-in capital	7,307,575	4,838,444
Treasury stock	(148,246)	(7,373)
Accumulated dividends	(1,715,533)	(1,468,472)
Accumulated other comprehensive loss	(643,786)	(509,059)
Accumulated deficit	(94,616)	(108,216)
Total stockholders' equity	4,705,465	2,745,386
Total liabilities and stockholders' equity	<u>\$ 13,269,045</u>	<u>\$ 10,356,695</u>

See accompanying notes to condensed consolidated financial statements

**EQUINIX, INC.**  
**Condensed Consolidated Statements of Operations**  
(in thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	(Unaudited)			
Revenues	\$ 900,510	\$ 665,582	\$ 1,744,666	\$ 1,308,756
Costs and operating expenses:				
Cost of revenues	456,967	315,757	884,647	614,070
Sales and marketing	107,832	81,248	214,422	159,864
General and administrative	168,462	119,578	334,366	233,218
Acquisition costs	15,594	9,866	52,130	11,022
Gains on asset sales	—	—	(5,242)	—
Total costs and operating expenses	748,855	526,449	1,480,323	1,018,174
Income from continuing operations	151,655	139,133	264,343	290,582
Interest income	841	921	1,766	1,441
Interest expense	(100,332)	(74,496)	(201,195)	(143,287)
Other income (expense)	1,555	1,386	(59,155)	872
Loss on debt extinguishment	(605)	—	(605)	—
Income from continuing operations before income taxes	53,114	66,944	5,154	149,608
Income tax expense	(13,812)	(7,485)	(3,179)	(13,697)
Net income from continuing operations	39,302	59,459	1,975	135,911
Net income from discontinued operations, net of tax	5,409	—	11,625	—
Net income	\$ 44,711	\$ 59,459	\$ 13,600	\$ 135,911
Earnings per share ("EPS"):				
Basic EPS from continuing operations	\$ 0.56	\$ 1.04	\$ 0.03	\$ 2.39
Basic EPS from discontinued operations	0.08	—	0.17	—
Basic EPS	\$ 0.64	\$ 1.04	\$ 0.20	\$ 2.39
Weighted-average shares	69,729	56,935	68,931	56,798
Diluted EPS from continuing operations	\$ 0.56	\$ 1.03	\$ 0.03	\$ 2.37
Diluted EPS from discontinued operations	0.08	—	0.17	—
Diluted EPS	\$ 0.64	\$ 1.03	\$ 0.20	\$ 2.37
Weighted-average shares for diluted EPS	70,364	57,499	69,575	57,410

See accompanying notes to condensed consolidated financial statements

**EQUINIX, INC.**  
**Condensed Consolidated Statements of Comprehensive Income (Loss)**  
**(in thousands)**

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	(Unaudited)			
Net income	\$ 44,711	\$ 59,459	\$ 13,600	\$ 135,911
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment ("CTA") gain (loss)	(298,361)	69,443	(182,462)	(76,869)
Unrealized gain on available-for-sale securities	1,199	17	895	120
Unrealized gain (loss) on cash flow hedges	14,726	(14,290)	7,942	(3,734)
Net investment hedge CTA gain (loss)	55,196	(10,389)	38,884	(10,389)
Net actuarial gain on defined benefit plans	8	83	14	142
Total other comprehensive income (loss), net of tax	(227,232)	44,864	(134,727)	(90,730)
Comprehensive income (loss), net of tax	\$ (182,521)	\$ 104,323	\$ (121,127)	\$ 45,181

See accompanying notes to condensed consolidated financial statements

**EQUINIX, INC.**  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands)

	Six months ended June 30,	
	2016	2015
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 13,600	\$ 135,911
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	352,130	236,267
Stock-based compensation	73,384	64,606
Amortization of intangible assets	60,455	12,745
Amortization of debt issuance costs and debt discounts	11,025	7,585
Provision for allowance for doubtful accounts	3,648	2,890
Gains on asset sales	(5,242)	—
Loss on debt extinguishment	318	—
Other items	11,821	8,006
Changes in operating assets and liabilities:		
Accounts receivable	(42,367)	(41,782)
Income taxes, net	(23,755)	(66,147)
Accounts payable and accrued expenses	(10,625)	49,293
Other assets and liabilities	(61,294)	35,900
Net cash provided by operating activities	383,098	445,274
Cash flows from investing activities:		
Purchases of investments	(16,482)	(324,292)
Sales of investments	28,665	718,121
Maturities of investments	—	35,431
Business acquisitions, net of cash acquired	(1,601,627)	(10,247)
Purchases of real estate	(28,118)	(38,282)
Purchases of other property, plant and equipment	(447,567)	(371,462)
Proceeds from sale of assets	22,825	—
Changes in restricted cash	466,587	(507,645)
Net cash used in investing activities	(1,575,717)	(498,376)
Cash flows from financing activities:		
Proceeds from employee equity awards	17,639	16,565
Payment of dividends	(246,694)	(192,968)
Proceeds from loans payable	701,250	490,000
Repayment of capital lease and other financing obligations	(45,335)	(13,638)
Repayment of mortgage and loans payable	(973,111)	(518,629)
Other financing activities	(42)	314
Net cash used in financing activities	(546,293)	(218,356)
Effect of foreign currency exchange rates on cash and cash equivalents	18,345	(3,326)
Change in cash balances included in assets held for sale	(25,111)	—
Net decrease in cash and cash equivalents	(1,745,678)	(274,784)
Cash and cash equivalents at beginning of period	2,228,838	610,917
Cash and cash equivalents at end of period	\$ 483,160	\$ 336,133

See accompanying notes to condensed consolidated financial statements

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**1. Basis of Presentation and Significant Accounting Policies**

*Basis of Presentation*

The accompanying unaudited condensed consolidated financial statements have been prepared by Equinix, Inc. ("Equinix" or the "Company") and reflect all adjustments, consisting only of normal recurring adjustments, which in the opinion of management are necessary to fairly state the financial position and the results of operations for the interim periods presented. The condensed consolidated balance sheet data as of December 31, 2015 has been derived from audited consolidated financial statements as of that date. The consolidated financial statements have been prepared in accordance with the regulations of the Securities and Exchange Commission ("SEC"), but omit certain information and footnote disclosure necessary to present the statements in accordance with generally accepted accounting principles in the United States of America ("GAAP"). For further information, refer to the Consolidated Financial Statements and Notes thereto included in Equinix's Form 10-K as filed with the SEC on February 26, 2016. Results for the interim periods are not necessarily indicative of results for the entire fiscal year.

*Consolidation*

The accompanying unaudited condensed consolidated financial statements include the accounts of Equinix and its subsidiaries, including the acquisitions of Telecty Group plc ("TelectyGroup") from January 15, 2016, Bit-isle Inc. ("Bit-isle") from November 2, 2015 and Nimbo Technologies Inc. ("Nimbo") from January 14, 2015. All significant intercompany accounts and transactions have been eliminated in consolidation.

*Income Taxes*

The Company began operating as a real estate investment trust for federal income tax purposes ("REIT") effective January 1, 2015. In May 2015, the Company received a favorable response to a private letter ruling ("PLR") it had requested from the U.S. Internal Revenue Service ("IRS") in connection with the Company's conversion to a REIT for federal income tax purposes. As a result, the Company may deduct the distributions made to its shareholders from taxable income generated by the Company and its qualified REIT subsidiaries ("QRSs"). The Company's dividends paid deduction generally eliminates the taxable income of the Company and its QRSs, resulting in no U.S. income tax due. However, the Company's taxable REIT subsidiaries ("TRSs") will continue to be subject to income taxes on any taxable income generated by them. In addition, the foreign operations of the Company will continue to be subject to local income taxes regardless of whether the foreign operations are operated as a QRS or a TRS.

The Company provides for income taxes during interim periods based on the estimated effective tax rate for the year. The effective tax rate is subject to change in the future due to various factors such as the operating performance of the Company, tax law changes and future business acquisitions.

The Company's effective tax rates were 61.7% and 9.2% for the six months ended June 30, 2016 and 2015, respectively. The increase in the effective tax rate for the six months in 2016 as compared to the same period in 2015 is primarily due to a much lower profit before tax for the period, attributable to the non-tax deductible costs related to the TelectyGroup acquisition and an increase in valuation allowance.

*Assets Held for Sale and Discontinued Operations*

Assets and liabilities to be disposed of that meet all of the criteria to be classified as held for sale as set forth in the accounting standard for impairment or disposal of long-lived assets are reported at the lower of their carrying amounts or fair values less costs to sell. Assets are not depreciated or amortized while they are classified as held for sale. A component of a reporting entity or a group of components of a reporting entity that are disposed or meet the criteria to be classified as held for sale should be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. The accounting guidance requires a business activity that, on acquisition, meets the criteria to be classified as held for sale be reported as a discontinued operation. For further information on the Company's assets held for sale and discontinued operations, see Notes 4 and 5.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)*****Recent Accounting Pronouncements******Accounting Standards Not Yet Adopted***

In June 2016, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The ASU requires enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an organization’s portfolio. These disclosures include qualitative and quantitative requirements that provide additional information about the amounts recorded in the financial statements. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting (“ASU 2016-09”). This ASU simplifies several areas of the accounting for share-based payment award transactions, including (a) income tax consequences; (b) classification of awards as either equity or liabilities; and (c) classification on the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2016, and interim periods within those annual periods, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-06, Derivatives and Hedging (Topic 815), Contingent Put and Call Options in Debt Instruments (“ASU 2016-06”). This ASU clarifies the requirements for assessing whether contingent call (put) options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts. An entity performing the assessment under the amendments in this ASU is required to assess the embedded call (put) options solely in accordance with the four-step decision sequence. This guidance should be applied on a modified retrospective basis to existing debt instruments as of the beginning of the fiscal year in which the amendments are effective, and is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-05, Derivatives and Hedging (Topic 815), Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships (“ASU 2016-05”). This ASU clarifies that a change in the counterparty to a derivative instrument that has been designated as a hedging instrument under Topic 815 does not, in and of itself, require dedesignation of that hedging relationship provided that all other hedge accounting criteria continue to be met. This ASU may be applied prospectively or using a modified retrospective approach, and is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) (“ASU 2016-02”). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, Revenue from Contracts with Customers. The new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. ASU 2016-02 is effective for public companies for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. While the Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements, the Company believes this standard will have a significant impact on its consolidated financial statements due, in part, to the substantial amount of operating leases it has.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)**

In January 2016, the FASB issued ASU 2016-01, Financial Instruments- Overall (Subtopic 825-10) ("ASU 2016-01"), which requires all equity investments to be measured at fair value with changes in the fair value recognized through net income other than those accounted for under equity method of accounting or those that result in consolidation of the investees. The ASU also requires that an entity present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. In addition, the ASU eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities and the requirement to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet for public business entities. ASU 2016-01 is effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers ("ASU 2014-09") Topic 606 and issued subsequent amendments to the initial guidance in August 2015, March 2016, April 2016 and May 2016 within ASU 2015-04, ASU 2016-08, ASU 2016-10 and ASU 2016-12, respectively (ASU 2014-09, ASU 2015-04, ASU 2016-08, ASU 2016-10, ASU 2016-11 and ASU 2016-12 collectively, Topic 606). Topic 606 will replace most existing revenue recognition guidance in U.S. GAAP. The core principle of Topic 606 is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. Topic 606 requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. Topic 606, as amended, is effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods therein (i.e., January 1, 2018, for a calendar year entity). Early application for public entities is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

***Accounting Standards Adopted***

In September 2015, the FASB issued ASU 2015-16, Business Combinations ("ASU 2015-16"), to simplify accounting for adjustments made to provisional amounts recognized in a business combination by eliminating the requirement to retrospectively account for those adjustments. This ASU is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years, with early adoption permitted. The amendments in this ASU require that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization or other income effects as a result of changes to provisional amounts, calculated as if the accounting had been completed at the acquisition date. The Company adopted ASU 2015-16 in the three months ended March 31, 2016. The adoption of ASU 2015-16 did not have a significant impact on the Company's consolidated financial statements.

In May 2015, the FASB issued ASU 2015-07, Fair Value Measurement ("ASU 2015-07"), which permits a reporting entity, as a practical expedient, to measure the fair value of certain investments using the net asset value per share of the investment. This ASU is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years with early adoption permitted. A reporting entity should apply the amendment retrospectively to all periods presented. The retrospective approach requires that an investment for which fair value is measured using the net asset value per share practical expedient be removed from the fair value hierarchy in all periods presented in an entity's financial statements. The Company adopted ASU 2015-07 in the three months ended March 31, 2016. The adoption of ASU 2015-07 did not have a significant impact on the Company's consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, Consolidations ("ASU 2015-02"). This ASU requires companies to adopt a new consolidation model, specifically: (1) the ASU modifies the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities; (2) the ASU eliminates the presumption that a general partner should consolidate a limited partnership; (3) the ASU affects the consolidation analysis of reporting entities involved with VIEs and (4) the ASU provides a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. This ASU is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015, with early adoption permitted. The Company adopted ASU 2015-02 in the three months ended March 31, 2016. The adoption of ASU 2015-02 did not have a significant impact on the Company's consolidated financial statements.

In January 2015, the FASB issued ASU 2015-01, Income Statement – Extraordinary and Unusual Items ("ASU 2015-01"), to simplify the income statement presentation requirements by eliminating the concept of extraordinary items. ASU 2015-01 is

**EQUINIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)**

effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015, with early adoption permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. The Company adopted ASU 2015-01 in the three months ended March 31, 2016. The adoption of ASU 2015-01 did not have a significant impact on the Company's consolidated financial statements.

**2. Earnings Per Share**

The following table sets forth the computation of basic and diluted earnings per share ("EPS") for the periods presented (in thousands, except per share amounts):

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Net income:				
Net income from continuing operations	\$ 39,302	\$ 59,459	\$ 1,975	\$ 135,911
Net income from discontinued operations	5,409	—	11,625	—
Net income	\$ 44,711	\$ 59,459	\$ 13,600	\$ 135,911
Weighted-average shares used to calculate basic EPS	69,729	56,935	68,931	56,798
Effect of dilutive securities:				
Employee equity awards	635	564	644	612
Weighted-average shares used to calculate diluted EPS	70,364	57,499	69,575	57,410
Basic EPS:				
Continuing operations	\$ 0.56	\$ 1.04	\$ 0.03	\$ 2.39
Discontinued operations	0.08	—	0.17	—
Basic EPS	\$ 0.64	\$ 1.04	\$ 0.20	\$ 2.39
Diluted EPS:				
Continuing operations	\$ 0.56	\$ 1.03	\$ 0.03	\$ 2.37
Discontinued operations	0.08	—	0.17	—
Diluted EPS	\$ 0.64	\$ 1.03	\$ 0.20	\$ 2.37

The following table sets forth weighted-average outstanding potential shares of common stock that are not included in the diluted earnings per share calculation above because to do so would be anti-dilutive for the periods indicated (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Shares reserved for conversion of 4.75% convertible subordinated notes	1,627	1,958	1,795	1,950
Common stock related to employee equity awards	7	99	3	95
	1,634	2,057	1,798	2,045

**3. Acquisitions**
***TelecityGroup Acquisition***

On January 15, 2016, the Company completed the acquisition of the entire issued and to be issued share capital of TelecityGroup. TelecityGroup operates data center facilities in cities across Europe. The acquisition of TelecityGroup enhances the Company's existing data center portfolio by adding new IBX metro markets in Europe including Dublin, Helsinki, Istanbul,

## EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

Manchester, Milan, Sofia, Stockholm and Warsaw. As a result of the transaction, TelecityGroup has become a wholly-owned subsidiary of Equinix.

Under the terms of the acquisition, the Company acquired all outstanding shares of TelecityGroup and all vested equity awards of TelecityGroup at 572.5 pence in cash and 0.0336 new shares of Equinix common stock for a total purchase consideration of approximately £2,624,500,000 or approximately \$3,743,587,000. In addition, the Company assumed \$1,299,000 of vested TelecityGroup's employee equity awards as part of consideration transferred. The Company incurred acquisition costs of approximately \$14,370,000 and \$50,555,000 during the three and six months ended June 30, 2016 related to the TelecityGroup acquisition.

In connection with the TelecityGroup acquisition, the Company placed £322,851,000 or approximately \$475,689,000 into a restricted cash account, which was included in the current portion of restricted cash in the condensed consolidated balance sheet as of December 31, 2015. The cash was released upon completion of the acquisition.

Also, in connection with TelecityGroup acquisition, the Company entered into a bridge credit agreement with J.P. Morgan Chase Bank, N.A. ("JPMCB") as the initial lender and as administrative agent for the lenders for a principal amount of £875,000,000 or approximately \$1,289,000,000 at the exchange rate in effect on December 31, 2015 (the "Bridge Loan"). The Company did not make any borrowings under the Bridge Loan and the Bridge Loan was terminated on January 8, 2016.

The Company has initially designated the legal entities acquired in the TelecityGroup acquisition as TRSs.

*Purchase Price Allocation*

Under the acquisition method of accounting, the assets acquired and liabilities assumed in a business combination shall be measured at fair value at the date of the acquisition. As of the date of this quarterly report, the Company has not completed the detailed valuation analysis to derive the fair value of the following items including, but not limited to, intangible assets, accounting for lease contracts; asset retirement obligations; favorable leasehold interests; assets and liabilities held for sale, deferred revenue; property, plant and equipment; accruals and taxes. Therefore, the allocation of the purchase price to acquired assets and liabilities is based on provisional estimates and is subject to continuing management analysis, with assistance of third party valuation advisers. As of the acquisition date, the preliminary allocation of the purchase price is as follows (in thousands):

Cash and cash equivalents	\$ 73,368
Accounts receivable	24,042
Other current assets	34,583
Assets held for sale	892,169
Property, plant and equipment	1,055,667
Goodwill	2,264,789
Intangible assets	657,485
Deferred tax assets	1,198
Other assets	4,123
Total assets acquired	5,007,424
Accounts payable and accrued expenses	(90,589)
Accrued property, plant and equipment	(3,634)
Other current liabilities	(27,259)
Liabilities held for sale	(156,169)
Capital lease and other financing obligations	(199,809)
Mortgage and loans payable	(592,304)
Deferred tax liabilities	(159,701)
Other liabilities	(33,073)
Net assets acquired	<u>\$ 3,744,886</u>

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
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The preliminary purchase price allocation above, as of the acquisition date, includes acquired assets and liabilities that were classified by the Company as held for sale (Note 4).

The following table presents certain information on the acquired intangible assets (dollars in thousands):

Intangible assets	Fair value	Estimated useful lives (years)	Weighted-average estimated useful lives (years)
Customer relationships	\$ 563,428	13.5	13.5
Trade names	72,033	1.5	1.5
Favorable leases	22,024	2.4 - 33.0	13.6

The fair value of customer relationships was estimated by applying an income approach. The fair value was determined by calculating the present value of estimated future operating cash flows generated from existing customers less costs to realize the revenue. The Company applied a weighted-average discount rate of approximately 8.5%, which reflected the nature of the assets as it relates to the estimated future operating cash flows. Other significant assumptions used to estimate the fair value of the customer relationships include projected revenue growth, customer attrition rates, sales and marketing expenses and operating margins. The fair value of the TeleticityGroup trade name was estimated using the relief of royalty approach. The Company applied a relief of royalty rate of 2.0% and a weighted-average discount rate of approximately 9.0%. The other acquired identifiable intangible assets were estimated by applying a relief of royalty or cost approach as appropriate. The fair value measurements were based on significant inputs that are not observable in the market and thus represent Level 3 measurements as defined in the accounting standard for fair value measurements.

The fair value of the property, plant and equipment was estimated by applying the income approach or cost approach. The income approach is used to estimate fair value based on the income stream, such as cash flows or earnings that an asset can be expected to generate over its useful life. There are two primary methods of applying the income approach to determine the fair value assets: the discounted cash flow method and the direct capitalization method. The key assumptions include the estimated earnings, discount rate and direct capitalization rate. The cost approach is to use the replacement or reproduction cost as an indicator of fair value. The premise of the cost approach is that a market participant would pay no more for an asset than the amount that the asset could be replaced or reproduced. The key assumptions of the cost approach include replacement cost new, physical deterioration, functional and economic obsolescence, economic useful life, remaining useful life, age and effective age.

The Company determined the fair value of the loans payable assumed in the TeleticityGroup acquisition by estimating TeleticityGroup's debt rating and reviewing market data with a similar debt rating and other characteristics of the debt, including the maturity date and security type. On January 15, 2016, the Company prepaid and terminated these loans payable. In conjunction with the repayment of the loans payable, the Company incurred an insignificant amount of pre-payment penalties and interest rate swap termination costs, which were recorded as interest expense in the condensed consolidated statement of operations.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. The goodwill is attributable to the workforce of the acquired business and the significant synergies expected to arise after the acquisition. The goodwill is not expected to be deductible for local tax purposes. Goodwill will not be amortized and will be tested for impairment at least annually. Goodwill recorded as a result of the TeleticityGroup acquisition, except for the goodwill associated with asset held for sale, is attributable to the Company's EMEA region. For the three months ended June 30, 2016, the Company's results of continuing operations include TeleticityGroup revenues of \$107,246,000 and net loss from continuing operations of \$35,858,000. For the six months ended June 30, 2016, the Company's results of continuing operations include TeleticityGroup revenues of \$191,685,000 and net loss from continuing operations of \$38,679,000 for the period January 15, 2016 through June 30, 2016.

***Bit-isle Acquisition***

On November 2, 2015, the Company completed a cash tender offer for approximately 97% of the equity instruments, including stock options, of Tokyo-based Bit-isle. The Company acquired the remaining outstanding equity instruments of Bit-isle in December 2015. The offer price was JPY 922 per share, in an all cash transaction totaling approximately \$275,367,000. The Company acquired Bit-isle to expand additional data centers in Japan for customer's future expansion needs.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

On September 30, 2015, the Company entered into a term loan agreement (the “Bridge Term Loan Agreement”) with the Bank of Tokyo-Mitsubishi UFJ, Ltd. (“BTMU”). Pursuant to the Bridge Term Loan Agreement, BTMU committed to provide a senior bridge loan facility (the “Bridge Term Loan”) in the amount of up to ¥47,500,000,000, or approximately \$459,800,000 in U.S. dollars at the exchange rate in effect on June 30, 2016. Proceeds from the Bridge Term Loan were to be used exclusively for the acquisition of Bit-isle, the repayment of Bit-isle’s existing debt and transaction costs incurred in connection with the closing of the Bridge Term Loan and the acquisition of Bit-isle.

The Company included Bit-isle’s results of operations from November 2, 2015 and the estimated fair value of assets acquired and liabilities assumed in its consolidated balance sheets beginning November 2, 2015.

The Company has initially designated the legal entities acquired in the Bit-isle acquisition as TRSs.

*Purchase Price Allocation*

Under the acquisition method of accounting, the total purchase price was allocated to Bit-isle’s net tangible and intangible assets based upon their fair value as of the Bit-isle acquisition date. Under the accounting guidance, the Company can adjust the fair value of acquired assets and liabilities assumed in the measurement period, as it obtains new information regarding the facts and circumstances that existed at the acquisition date. Based upon the purchase price and the valuation of Bit-isle, the purchase price allocation was as follows (in thousands):

Cash and cash equivalents	\$ 33,198
Accounts receivable	7,359
Other current assets	51,038
Long-term investments	3,806
Property, plant and equipment	308,985
Goodwill	95,444
Intangible assets	111,374
Other assets	22,981
<b>Total assets acquired</b>	<b>634,185</b>
Accounts payable and accrued expenses	(15,028)
Accrued property, plant and equipment	(465)
Capital lease and other financing obligations	(108,833)
Mortgage and loans payable	(190,227)
Other current liabilities	(8,689)
Deferred tax liabilities	(32,192)
Other liabilities	(3,384)
<b>Net assets acquired</b>	<b>\$ 275,367</b>

The following table presents certain information on the acquired identifiable intangible assets (dollars in thousands):

Intangible assets	Fair value	Estimated useful lives (years)	Weighted-average estimated useful lives (years)
Customer relationships	\$ 105,434	13	13
Trade name	3,455	2	2
Favorable solar contracts	2,410	18	18
Other intangible assets	75	0.25	0.25

The fair value of customer relationships was estimated by applying an income approach. The fair value was determined by calculating the present value of estimated future operating cash flows generated from existing customers less costs to realize the

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
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revenue. The Company applied a weighted-average discount rate of approximately 11.0%, which reflected the nature of the assets as it relates to the estimated future operating cash flows. Other significant assumptions used to estimate the fair value of the customer relationships include projected revenue growth, customer attrition rates, sales and marketing expenses and operating margins. The fair value of the Bit-isle trade name was estimated using the relief of royalty approach. The Company applied a relief of royalty rate of 2.0% and a weighted-average discount rate of approximately 12.0%. The other acquired identifiable intangible assets were estimated by applying an income or cost approach as appropriate. The fair value measurements were based on significant inputs that are not observable in the market and thus represent Level 3 measurements as defined in the accounting standard for fair value measurements.

The fair value of the property, plant and equipment was estimated by applying the income approach or cost approach. The income approach is used to estimate fair value based on the income stream, such as cash flows or earnings that an asset can be expected to generate over its useful life. There are two primary methods of applying the income approach to determine the fair value assets: the discounted cash flow method and the direct capitalization method. The key assumptions include the estimated earnings, discount rate and direct capitalization rate. The cost approach is to use the replacement or reproduction cost as an indicator of fair value. The premise of the cost approach is that a market participant would pay no more for an asset than the amount that the asset could be replaced or reproduced. The key assumptions of the cost approach include replacement cost new, physical deterioration, functional and economic obsolescence, economic useful life, remaining useful life, age and effective age.

The Company determined the fair value of the loans payable assumed in the Bit-isle Acquisition by estimating Bit-isle's debt rating and reviewed market data with a similar debt rating and other characteristics of the debt, including the maturity date and security type. During the year ended December 31, 2015, the Company prepaid and terminated the majority of these loans payable. In conjunction with the repayment of the loans payable, the Company incurred an insignificant amount of pre-payment penalties and interest rate swap termination costs, which were recorded as interest expense in the consolidated statement of operations for the year ended December 31, 2015.

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. The goodwill is attributable to the workforce of the acquired business and the significant synergies expected to arise after the acquisition. The goodwill is not expected to be deductible for local tax purposes. Goodwill will not be amortized and will be tested for impairment at least annually. Goodwill recorded as a result of the Bit-isle acquisition is attributable to the Company's Asia-Pacific region. For the three and six months ended June 30, 2016, the Company's results of continuing operations include Bit-isle revenues of \$37,294,000 and \$71,498,000 and Bit-isle net losses of \$3,532,000 and \$7,745,000.

***Nimbo Acquisition***

On January 14, 2015, the Company acquired all of the issued and outstanding share capital of Nimbo, a company which specializes in migrating business applications to the cloud with extensive experience moving legacy applications into a hybrid cloud architecture, and connecting legacy data centers to the cloud, for a cash payment of \$10,000,000 and a contingent earn-out arrangement to be paid over two years (the "Nimbo Acquisition"). Subsequent to the acquisition, Nimbo adopted the name Equinix Professional Services for Cloud. The Nimbo Acquisition was accounted for using the acquisition method. As a result of the Nimbo Acquisition, the Company recorded goodwill of \$17,192,000, which represents the excess of the total purchase price over the fair value of the assets acquired and liabilities assumed. The Company recorded the contingent earn-out arrangement at its estimated fair value. The results of operations for Nimbo are not significant to the Company; therefore, the Company does not present its purchase price allocation or pro forma combined results of operations. In addition, any prospective changes in the Company's earn-out estimates are not expected to have a material effect on the Company's consolidated statement of operations.

***Unaudited Pro Forma Combined Consolidated Financial Information***

The following unaudited pro forma combined consolidated financial information has been prepared by the Company using the acquisition method of accounting to give effect to the TelecityGroup and Bit-isle acquisitions as though the acquisitions occurred on January 1, 2015. The Company completed the TelecityGroup acquisition on January 15, 2016. The operating results of TelecityGroup were included in the condensed consolidated statement of operations for the three months ended June 30, 2016. TelecityGroup's operating results for the period January 15, 2016 through June 30, 2016 were included in the condensed consolidated statement of operations for the six months ended June 30, 2016. The pro forma effect for the period January 1 through January 14, 2016 was insignificant. The unaudited pro forma combined consolidated financial information reflects certain adjustments, such as additional depreciation, amortization and interest expense on assets and liabilities acquired.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)**

The unaudited pro forma combined consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of the results of operations that would have actually been reported had the acquisitions occurred on the above dates, nor is it necessarily indicative of the future results of operations of the combined company.

The following table sets forth the unaudited pro forma consolidated combined results of operations for the three and six months ended June 30, 2015 (in thousands):

	Three months ended June 30, 2015	Six months ended June 30, 2015
Revenues	\$ 796,850	\$ 1,570,851
Net income from continuing operations	40,047	91,769
Basic EPS	0.63	1.44
Diluted EPS	0.62	1.43

**4. Assets Held for Sale**

During the fourth quarter of 2015, the Company entered into an agreement to sell a parcel of land in San Jose, California and reported the San Jose land parcel as an asset held for sale in the accompanying consolidated balance sheet as of December 31, 2015. The sale was completed in February 2016.

In order to obtain the approval of the European Commission for the acquisition of TelecityGroup, the Company and TelecityGroup agreed to divest certain data centers, including the Company's LD2 data center and certain data centers of TelecityGroup in the United Kingdom, Netherlands and Germany. The assets and liabilities of LD2, which were included within the EMEA operating segment, were classified as held for sale in the fourth quarter of 2015 and, therefore, the corresponding depreciation and amortization expense was ceased at that time. This divestiture was not presented as discontinued operations in the consolidated statements of operations, because it did not represent a strategic shift in the Company's business, as the Company continued operating similar businesses after the acquisition. During the three months ended June 30, 2016 and 2015, LD2 generated revenue of \$2,950,000 and \$4,746,000, respectively. Net income generated by LD2 during the three months ended June 30, 2016 was insignificant. Net income generated by LD2 during the three months ended June 30, 2015 was \$2,006,000. During the six months ended June 30, 2016 and 2015, LD2 generated revenue of \$6,116,000 and \$9,429,000, respectively. Net income generated by LD2 during the six months ended June 30, 2016 and 2015 was \$2,327,000 and \$3,880,000, respectively.

The acquisition of TelecityGroup closed on January 15, 2016. Accordingly, the assets and liabilities of the TelecityGroup data centers that were divested were included in assets and liabilities held for sale in the condensed consolidated balance sheet as of June 30, 2016. The results of operations for the TelecityGroup data centers that were divested were classified as discontinued operations from January 15, 2016, the date the acquisition closed, through June 30, 2016. This divestiture transaction closed on July 5, 2016 (see Note 13).

In June 2016, the Company approved the divestiture of the solar power assets of Bit-isle. The assets and liabilities of the solar power assets that will be divested were included in assets and liabilities held for sale in the condensed consolidated balance sheet as of June 30, 2016. During the three and six months ended June 30, 2016, the revenues and net income generated from solar power assets were insignificant.

When an asset is classified as held for sale, the asset's book value is evaluated and adjusted to the lower of its carrying amount or fair value less cost to sell. The determination of fair value for assets is dependent upon, among other factors, the potential sales transaction, composition of assets in the disposal group, the comparability of the disposal group to market transactions and negotiations with third party purchasers, etc. Such factors impact the range of potential fair values and the selection of the best estimates. As of June 30, 2016 and December 31, 2015, the Company determined that assets held for sale had not been impaired.

**EQUINIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
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The following table summarizes assets and liabilities that were classified in assets and liabilities held for sale as of June 30, 2016 and December 31, 2015 (in thousands):

	June 30, 2016	December 31, 2015
Cash	\$ 25,111	\$ —
Accounts receivable	15,470	2,222
Other current assets	78,013	408
Property, plant and equipment	238,742	23,533
Goodwill	461,558	5,000
Intangible assets	199,062	784
Other assets	6,710	1,310
Total assets held for sale	<u>1,024,666</u>	<u>\$ 33,257</u>
Accounts payable, accrued expenses and estimated costs to sell	\$ (46,355)	\$ (654)
Accrued property, plant and equipment	(13,151)	(816)
Current portion of capital lease and other financing obligation	(36,835)	—
Other current liabilities	(27,167)	(435)
Capital lease and other financing obligations, less current portion	(18,561)	—
Other liabilities	(10,055)	(1,630)
Total liabilities held for sale	<u>\$ (152,124)</u>	<u>\$ (3,535)</u>

**5. Discontinued Operations**

In order to obtain the approval of the European Commission for the acquisition of TelecityGroup, the Company and TelecityGroup agreed to divest certain data centers of TelecityGroup in the United Kingdom, Netherlands and Germany. Accounting guidance requires a business activity that, on acquisition, meets the criteria to be classified as held for sale be reported as a discontinued operation. Accordingly, the results of operations for these data centers that were divested have been reported as net income from discontinued operations, net of tax, from January 15, 2016, the date of the acquisition, through June 30, 2016 in the Company's condensed consolidated statement of operations. This divestiture transaction closed on July 5, 2016 (see Note 13).

The following table presents the financial results of the discontinued operations:

	Three months ended June 30,	Six months ended June 30,
Revenues	\$ 30,401	\$ 50,982
Costs and operating expenses:		
Cost of revenues	13,490	25,100
Sales and marketing	979	1,196
General and administrative	6,920	7,303
Total costs and operating expenses	<u>21,389</u>	<u>33,599</u>
Income from operations of discontinued operations	9,012	17,383
Interest and other, net	(708)	(1,177)
Income from discontinued operations before income taxes	8,304	16,206
Income tax expense	(2,895)	(4,581)
Income from discontinued operations, net of income taxes	<u>\$ 5,409</u>	<u>\$ 11,625</u>

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
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Net cash used in operating activities for discontinued operations was \$2,955,000 and net cash used in investing activities for discontinued operations was \$35,701,000 for the period ended June 30, 2016.

No gain or loss on the disposition of the assets and liabilities of these data centers has been recognized in the condensed consolidated financial statements.

**6. Derivatives and Hedging Activities*****Derivatives Designated as Hedging Instruments***

*Net Investment Hedges.* The Company is exposed to the impact of foreign exchange rate fluctuations in investments in its wholly-owned foreign subsidiaries that are denominated in currencies other than the U.S. dollar. In order to mitigate the volatility in foreign currency exchange rates, the Company has entered into various foreign currency loans which are designated as hedges against the Company's net investment in foreign subsidiaries. In April 2015, the Company entered into a foreign currency term loan ("Term Loan A") and designated 100% of the Term Loan A to hedge its net investments in its wholly-owned foreign subsidiaries that are denominated in the same foreign currencies as the term loan. In December 2015, the Company terminated hedging its net investment in subsidiaries that are denominated in Swiss Francs. In January 2016, the Company borrowed the full amount of the \$250,000,000 and £300,000,000 seven year term loan commitments made available to it under the second amendment to the Company's Senior Credit Facility ("Term Loan B"). The Company designated the portion of Term Loan B that is denominated in the British pound to hedge the net investments in its wholly-owned foreign subsidiaries. In March 2016, the Company began using foreign exchange forward contracts to hedge against the effect of foreign exchange rate fluctuations on a portion of its net investment in the EMEA operations. The total principal amount of foreign currency loans outstanding as of June 30, 2016 and December 31, 2015, which were designated as net investment hedges, was \$793,264,000 and \$411,881,000, respectively. For a net investment hedge, most changes in the fair value of the hedging instrument designated as a net investment hedge, except the ineffective portion, are recorded as a component of other comprehensive income in the condensed consolidated balance sheet. The Company recorded net foreign exchange gains of \$55,196,000 and \$38,884,000 in other comprehensive income (loss) for the three and six months ended June 30, 2016 and foreign exchange losses of \$10,389,000 in other comprehensive income (loss) for the three and six months ended June 30, 2015. The Company recorded no ineffectiveness from its net investment hedges for the three and six months ended June 30, 2016 and 2015.

*Cash Flow Hedges.* The Company hedges its exposure to foreign currency exchange rate fluctuations for forecasted revenues and expenses in its EMEA region in order to help manage the Company's exposure to foreign currency exchange rate fluctuations between the U.S. dollar and the British Pound, Euro and Swiss Franc. The foreign currency forward and option contracts that the Company uses to hedge this exposure are designated as cash flow hedges under the accounting standard for derivatives and hedging. The Company also uses purchased collar options to manage a portion of its exposure to foreign currency exchange rate fluctuations, where the Company writes a foreign currency call option and purchases a foreign currency put option. When two or more derivative instruments in combination are jointly designated as a cash flow hedging instrument, they are treated as a single instrument.

Effective January 1, 2015, the Company entered into intercompany hedging instruments ("intercompany derivatives") with a wholly-owned subsidiary of the Company and simultaneously entered into derivative contracts with unrelated parties to hedge certain forecasted revenues and expenses denominated in currencies other than the U.S. dollar.

The following disclosure is prepared on a consolidated basis. Assets and liabilities resulting from intercompany derivatives have been eliminated in consolidation.

EQUINIX, INC.

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As of June 30, 2016, the Company’s cash flow hedges had maturity dates ranging from July 2016 to June 2018 as follows (in thousands):

	Notional Amount	Fair Value <sup>(1)</sup>	Accumulated other comprehensive income (loss) <sup>(2) (3)</sup>
Derivative assets	\$ 480,206	\$ 29,714	\$ 58,953
Derivative liabilities	120,003	(1,849)	(33,494)
	<u>\$ 600,209</u>	<u>\$ 27,865</u>	<u>\$ 25,459</u>

(1) All derivative assets related to cash flow hedges are included in the condensed consolidated balance sheets within other current assets, other assets, other current liabilities and other liabilities.

(2) Included in the condensed consolidated balance sheets within accumulated other comprehensive income (loss).

(3) The Company recorded a net gain of \$16,742 within accumulated other comprehensive income (loss) relating to cash flow hedges that will be reclassified to revenue and expenses as they mature in the next 12 months.

As of December 31, 2015, the Company’s cash flow hedges had maturities dates ranging from January 2016 to December 2017 as follows (in thousands):

	Notional Amount	Fair Value <sup>(1)</sup>	Accumulated other comprehensive income (loss) <sup>(2) (3)</sup>
Derivative assets	\$ 367,330	\$ 16,027	\$ 34,578
Derivative liabilities	47,447	(813)	(19,709)
	<u>\$ 414,777</u>	<u>\$ 15,214</u>	<u>\$ 14,869</u>

(1) All derivative assets related to cash flow hedges are included in the condensed consolidated balance sheets within other current assets, other assets, other current liabilities and other liabilities.

(2) Included in the condensed consolidated balance sheets within accumulated other comprehensive income (loss).

(3) The Company recorded a net gain of \$12,940 within accumulated other comprehensive income (loss) relating to cash flow hedges that will be reclassified to revenue and expense as they mature over the next 12 months.

During the three months ended June 30, 2016 and 2015, the ineffective and excluded portions of cash flow hedges recognized in other income (expense) were not significant. During the three months ended June 30, 2016, the amount of net gains reclassified from accumulated other comprehensive income (loss) to revenue was \$6,161,000 and the amount of net losses reclassified from accumulated other comprehensive income (loss) to operating expenses was \$2,846,000. During the three months ended June 30, 2015, the amount of net gains reclassified from accumulated other comprehensive income (loss) to revenue was \$7,428,000 and the amount of net losses reclassified from accumulated other comprehensive income (loss) to operating expenses were not significant.

During the six months ended June 30, 2016 and 2015, the ineffective and excluded portions of cash flow hedges recognized in other income (expense) were not significant. During the six months ended June 30, 2016, the amount of net gains reclassified from accumulated other comprehensive income (loss) to revenue was \$12,608,000 and the amount of net losses reclassified from accumulated other comprehensive income (loss) to operating expenses was \$6,677,000. During the six months ended June 30, 2015, the amount of net gains reclassified from accumulated other comprehensive income (loss) to revenue was \$15,506,000 and the amount of net losses reclassified from accumulated other comprehensive income (loss) to operating expenses was \$2,983,000.

**Derivatives Not Designated as Hedging Instruments**

*Embedded Derivatives.* The Company is deemed to have foreign currency forward contracts embedded in certain of the Company’s customer agreements that are priced in currencies different from the functional or local currencies of the parties involved. These embedded derivatives are separated from their host contracts and carried on the Company’s balance sheet at their fair value. The majority of these embedded derivatives arise as a result of the Company’s foreign subsidiaries pricing their customer contracts in the U.S. dollar. Gains and losses on these embedded derivatives are included within revenues in the Company’s condensed consolidated statements of operations. During the three months ended June 30, 2016, gains (losses) associated with

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
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these embedded derivatives were not significant. During the three months ended June 30, 2015, the losses associated with these embedded derivatives were \$2,057,000. During the six months ended June 30, 2016, the losses associated with these embedded derivatives were \$8,061,000. During the six months ended June 30, 2015, gains (losses) associated with these embedded derivatives were not significant.

*Economic Hedges of Embedded Derivatives.* The Company uses foreign currency forward contracts to manage the foreign exchange risk associated with the Company's customer agreements that are priced in currencies different from the functional or local currencies of the parties involved ("economic hedges of embedded derivatives"). Foreign currency forward contracts represent agreements to exchange the currency of one country for the currency of another country at an agreed-upon price on an agreed-upon settlement date. Gains and losses on these contracts are included in revenues along with gains and losses of the related embedded derivatives. The Company entered into various economic hedges of embedded derivatives during the three and six months ended June 30, 2016 and 2015. During the three months ended June 30, 2016, the gains (losses) associated with these contracts were not significant. During the six months ended June 30, 2016, the gains associated with these contracts were \$5,578,000. During the three and six months ended June 30, 2015, the gains (losses) from these contracts were not significant.

*Foreign Currency Forward and Option Contracts.* The Company also uses foreign currency forward and option contracts to manage the foreign exchange risk associated with certain foreign currency-denominated assets and liabilities. As a result of foreign currency fluctuations, the U.S. dollar equivalent values of its foreign currency-denominated assets and liabilities change. Gains and losses on these contracts are included in other income (expense), net, along with foreign currency gains and losses of the related foreign currency-denominated assets and liabilities associated with these foreign currency forward and option contracts. The Company entered into various foreign currency forward and option contracts during the three and six months ended June 30, 2016 and 2015. During the three and six months ended June 30, 2016, the Company recognized net gains of \$49,072,000 and \$41,480,000, respectively, associated with these contracts. During the three and six months ended June 30, 2015, the Company recognized net losses of \$12,719,000 and \$2,462,000, respectively, associated with these contracts.

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*Offsetting Derivative Assets and Liabilities*

The following table presents the fair value of derivative instruments recognized in the Company's condensed consolidated balance sheets as of June 30, 2016 (in thousands):

	Gross Amounts	Gross amounts offset in the balance sheet	Net amounts <sup>(1)</sup>	Gross amounts not offset in the balance sheet <sup>(2)</sup>	Net
<b>Assets:</b>					
<i>Designated as hedging instruments:</i>					
Cash flow hedges					
Foreign currency forward and option contracts	\$ 29,714	\$ —	\$ 29,714	\$ (1,745)	\$ 27,969
Net Investment Hedges					
Foreign currency forward contracts	12,547	—	12,547	—	12,547
	42,261	—	42,261	(1,745)	40,516
<i>Not designated as hedging instruments:</i>					
Embedded derivatives					
Economic hedges of embedded derivatives	2,719	—	2,719	(62)	2,657
Foreign currency forward contracts	42,840	—	42,840	(271)	42,569
	49,423	—	49,423	(333)	49,090
Additional netting benefit	—	—	—	(741)	(741)
	<u>\$ 91,684</u>	<u>\$ —</u>	<u>\$ 91,684</u>	<u>\$ (2,819)</u>	<u>\$ 88,865</u>
<b>Liabilities:</b>					
<i>Designated as hedging instruments</i>					
Cash flow hedges					
Foreign currency forward contracts	\$ 1,849	\$ —	\$ 1,849	\$ (1,745)	\$ 104
Net Investment Hedges					
Foreign currency forward contracts	—	—	—	—	—
	1,849	—	1,849	(1,745)	104
<i>Not designated as hedging instruments:</i>					
Embedded derivatives					
Economic hedges of embedded derivatives	4,281	—	4,281	—	4,281
Foreign currency forward contracts	62	—	62	(62)	—
	909	—	909	(271)	638
	5,252	—	5,252	(333)	4,919
Additional netting benefit	—	—	—	(741)	(741)
	<u>\$ 7,101</u>	<u>\$ —</u>	<u>\$ 7,101</u>	<u>\$ (2,819)</u>	<u>\$ 4,282</u>

(1) As presented in the Company's condensed consolidated balance sheets within other current assets, other assets, other current liabilities and other liabilities.

(2) The Company enters into master netting agreements with its counterparties for transactions other than embedded derivatives to mitigate credit risk exposure to any single counterparty. Master netting agreements allow for individual derivative contracts with a single counterparty to offset in the event of default.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

The following table presents the fair value of derivative instruments recognized in the Company's condensed consolidated balance sheets as of December 31, 2015 (in thousands):

	Gross Amounts	Gross amounts offset in the balance sheet	Net balance sheet amounts <sup>(1)</sup>	Gross amounts not offset in the balance sheet <sup>(2)</sup>	Net
<b>Assets:</b>					
<i>Designated as hedging instruments:</i>					
Foreign currency forward and option contracts	\$ 16,027	\$ —	\$ 16,027	\$ (813)	\$ 15,214
<i>Not designated as hedging instruments:</i>					
Embedded derivatives	8,926	—	8,926	—	8,926
Economic hedges of embedded derivatives	744	—	744	—	744
Foreign currency forward contracts	43,203	—	43,203	(34,577)	8,626
	52,873	—	52,873	(34,577)	18,296
Additional netting benefit	—	—	—	(9,512)	(9,512)
	<u>\$ 68,900</u>	<u>\$ —</u>	<u>\$ 68,900</u>	<u>\$ (44,902)</u>	<u>\$ 23,998</u>
<b>Liabilities:</b>					
<i>Designated as hedging instruments:</i>					
Foreign currency forward and option contracts	\$ 813	\$ —	\$ 813	\$ (813)	\$ —
<i>Not designated as hedging instruments:</i>					
Embedded derivatives	1,772	—	1,772	—	1,772
Economic hedges of embedded derivatives	417	—	417	—	417
Foreign currency forward contracts	76,923	—	76,923	(34,577)	42,346
	79,112	—	79,112	(34,577)	44,535
Additional netting benefit	—	—	—	(9,512)	(9,512)
	<u>\$ 79,925</u>	<u>\$ —</u>	<u>\$ 79,925</u>	<u>\$ (44,902)</u>	<u>\$ 35,023</u>

<sup>(1)</sup> As presented in the Company's condensed consolidated balance sheets within other current assets, other assets, other current liabilities and other liabilities.

<sup>(2)</sup> The Company enters into master netting agreements with its counterparties for transactions other than embedded derivatives to mitigate credit risk exposure to any single counterparty. Master netting agreements allow for individual derivative contracts with a single counterparty to offset in the event of default.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

7. Fair Value Measurements

The Company's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2016 were as follows (in thousands):

	Fair value at June 30, 2016	Fair value measurement using	
		Level 1	Level 2
<b>Assets:</b>			
Cash	\$ 428,805	\$ 428,805	\$ —
Money market and deposit accounts	51,169	51,169	—
Publicly traded equity securities	5,932	5,932	—
Certificates of deposit	8,276	—	8,276
Derivative instruments <sup>(1)</sup>	91,684	—	91,684
	<u>\$ 585,866</u>	<u>\$ 485,906</u>	<u>\$ 99,960</u>
<b>Liabilities:</b>			
Derivative instruments <sup>(1)</sup>	\$ 7,101	\$ —	\$ 7,101

<sup>(1)</sup> Includes both foreign currency embedded derivatives and foreign currency forward and option contracts. Amounts are included within other current assets, other assets, other current liabilities and other liabilities in the Company's accompanying condensed consolidated balance sheet.

The Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2015 were as follows (in thousands):

	Fair value at December 31, 2015	Fair value measurement using	
		Level 1	Level 2
<b>Assets:</b>			
Cash	\$ 1,139,554	\$ 1,139,554	\$ —
Money market and deposit accounts	1,089,284	1,089,284	—
Publicly traded equity securities	3,353	3,353	—
Certificates of deposit	14,106	—	14,106
Derivative instruments <sup>(1)</sup>	68,900	—	68,900
	<u>\$ 2,315,197</u>	<u>\$ 2,232,191</u>	<u>\$ 83,006</u>
<b>Liabilities:</b>			
Derivative instruments <sup>(1)</sup>	\$ 79,925	\$ —	\$ 79,925

<sup>(1)</sup> Includes both foreign currency embedded derivatives and foreign currency forward and option contracts. Amounts are included within other current assets, other assets, other current liabilities and other liabilities in the Company's accompanying condensed consolidated balance sheet.

The Company did not have any significant Level 3 financial assets or financial liabilities as of June 30, 2016 and December 31, 2015.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

8. Leases

*Capital Lease and Other Financing Obligations*

*Tokyo 5 ("TY5") Equipment Leases*

In February 2016, the Company entered into a lease agreement for certain equipment in TY5 data center in Tokyo metro area. The lease was accounted for as a capital lease. Monthly payments under the equipment lease will be made through February 2032 at an effective interest rate of 6.33%. The total outstanding obligation under the equipment lease was approximately ¥3,074,947,000, or \$29,765,000 in U.S. dollars at the exchange rate in effect as of June 30, 2016.

*Maturities of Capital Lease and Other Financing Obligations*

The Company's capital lease and other financing obligations are summarized as follows (in thousands):

	Capital lease obligations	Other financing obligations <sup>(1)</sup>	Total
2016 (6 months remaining)	\$ 40,876	\$ 43,105	\$ 83,981
2017	82,482	86,065	168,547
2018	82,660	82,392	165,052
2019	83,431	77,105	160,536
2020	83,455	74,488	157,943
Thereafter	970,714	784,716	1,755,430
Total minimum lease payments	1,343,618	1,147,871	2,491,489
Plus amount representing residual property value	—	543,082	543,082
Less amount representing interest	(620,552)	(806,604)	(1,427,156)
Present value of net minimum lease payments	723,066	884,349	1,607,415
Less current portion	(25,094)	(67,517)	(92,611)
	<u>\$ 697,972</u>	<u>\$ 816,832</u>	<u>\$ 1,514,804</u>

<sup>(1)</sup> Other financing obligations are primarily build-to-suit lease obligations.

Other financing obligations for data centers to be divested in connection with the Company's acquisition of TelecityGroup are included in liabilities held for sale in the condensed consolidated balance sheet as of June 30, 2016 and are not included in the summary of the Company's capital lease and other financing obligations above. Total minimum lease payments under those obligations totaled \$55,396,000 at June 30, 2016.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

9. Debt  
Facilities

*Mortgage and Loans Payable*

The Company's mortgage and loans payable consisted of the following (in thousands):

	June 30, 2016	December 31, 2015
Term loans	\$ 1,086,495	\$ 456,740
Bridge term loan	459,800	386,547
Revolving credit facility borrowings	—	325,622
Brazil financings	2,841	27,113
Mortgage payable and other loans payable	49,509	47,677
	1,598,645	1,243,699
Less amount representing debt discount and debt issuance cost	(14,642)	(2,681)
Plus amount representing mortgage premium	1,991	1,987
	1,585,994	1,243,005
Less current portion	(511,331)	(770,236)
	<u>\$ 1,074,663</u>	<u>\$ 472,769</u>

On January 8, 2016, the Company borrowed the full amount of the \$250,000,000 and £300,000,000 seven year term loan commitments made available to it under the second amendment to the Company's Senior Credit Facility. The \$250,000,000 seven year term loan bears interest at 4.00% per annum and will be repaid in quarterly installments of \$625,000 commencing on June 30, 2016 with the remaining \$233,125,000 due on January 8, 2023. The £300,000,000 seven year term loan bears interest at 4.50% per annum and will be repaid in quarterly installments of £750,000 commencing on June 30, 2016 with the remaining £279,750,000 due on January 8, 2023. The £299,250,000 outstanding term loan balance was approximately \$395,848,000 in U.S. dollars at the exchange rate in effect as of June 30, 2016.

On January 15, 2016, the Company prepaid and terminated loans payable of Telecity Group. In conjunction with the repayment of the loans payable, the Company incurred an insignificant amount of pre-payment penalties and interest rate swap termination costs, which were recorded as interest expense in the condensed consolidated statement of operations. See Note 3 for additional information.

In February 2016, the Company borrowed the remaining ¥1,040,000,000, or approximately \$10,067,000 in U.S. dollars at the exchange rate in effect as of June 30, 2016, available under its Bridge Term Loan Agreement.

In June 2016, the Company prepaid and terminated its 2012 and 2013 Brazil financings. In connection with this prepayment, the Company paid 90,652,000 Brazilian Reals including principal, accrued interest and termination fees, or approximately \$28,298,000 in U.S. dollars at the exchange rate in effect as of June 30, 2016. The loss on debt extinguishment recognized in the condensed consolidated statements of operations is insignificant for the three months ended June 30, 2016.

During the three months ended March 31, 2016, the Company repaid \$325,622,000 of borrowings under its revolving credit facility. No borrowings were outstanding under the revolving credit facility as of June 30, 2016.

*Convertible Debt*

The Company's convertible debt consisted of the following (in thousands):

	December 31, 2015
4.75% convertible subordinated notes	\$ 150,082
Less amount representing debt discount and debt issuance cost	(3,961)
	<u>\$ 146,121</u>

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

4.75% Convertible Subordinated Notes

In April and June 2016, holders of the 4.75% Convertible Subordinated Notes converted or redeemed a total of \$150,082,000 of the principal amount of the notes for 1,981,662 shares of the Company's common stock and \$3,619,000 in cash, comprised of accrued interest, cash paid in lieu of fractional shares and principal redemption. In the Company's consolidated statement of cash flows for the six months ended June 30, 2016, the principal redemption and cash paid in lieu of issuing fractional shares to settle a portion of the principal amount were included within net cash provided by (used in) financing activities and the accrued interest paid was included within net cash provided by operating activities.

To minimize the impact of potential dilution upon conversion of the 4.75% convertible subordinated notes, the Company entered into capped call transactions (the "Capped Call") separate from the issuance of the 4.75% convertible subordinated notes and paid a premium of \$49,664,000 for the Capped Call in 2009. Upon maturity of the 4.75% convertible subordinated notes on June 15, 2016, the Company settled the capped call transaction and received 380,779 shares of common stock, which were placed in treasury and resulted in a credit of \$141,688,000 to additional paid in capital at the market price of \$372.10 on June 15, 2016.

Senior Notes

The Company's senior notes consisted of the following as of (in thousands):

	June 30, 2016	December 31, 2015
5.375% Senior Notes due 2023	\$ 1,000,000	\$ 1,000,000
5.375% Senior Notes due 2022	750,000	750,000
4.875% Senior Notes due 2020	500,000	500,000
5.75% Senior Notes due 2025	500,000	500,000
5.875% Senior Notes due 2026	1,100,000	1,100,000
	<u>3,850,000</u>	<u>3,850,000</u>
Less amount representing debt issuance cost	(42,184)	(45,366)
	<u>\$ 3,807,816</u>	<u>\$ 3,804,634</u>

Maturities of Debt Facilities

The following table sets forth maturities of the Company's debt, including mortgage and loans payable and senior notes and excluding debt discounts and premium as of June 30, 2016 (in thousands):

Year ending:	
2016 (6 months remaining)	\$ 485,875
2017	50,624
2018	50,717
2019	351,049
2020	510,039
Thereafter	4,002,332
	<u>\$ 5,450,636</u>

## EQUINIX, INC.

 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
 (Unaudited)

**Fair Value of Debt Facilities**

The following table sets forth the estimated fair values of the Company's mortgage and loans payable, senior notes and convertible debt, including current maturities, as of (in thousands):

	June 30, 2016	December 31, 2015
Mortgage and loans payable	\$ 1,596,555	\$ 916,602
Convertible debt	—	151,997
Senior notes	3,993,575	3,954,000
Revolving credit line	—	325,617

The Company has determined that the inputs used to value its debt facilities fall within Level 2 of the fair value hierarchy.

**Interest Charges**

The following table sets forth total interest costs incurred and total interest costs capitalized for the periods presented (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Interest expense	\$ 100,332	\$ 74,496	\$ 201,195	\$ 143,287
Interest capitalized	3,183	1,663	5,476	6,542
Interest charges incurred	\$ 103,515	\$ 76,159	\$ 206,671	\$ 149,829

**10. Commitments and Contingencies**
**Purchase Commitments**

Primarily as a result of the Company's various IBX expansion projects, as of June 30, 2016, the Company was contractually committed for \$441.9 million of unaccrued capital expenditures, primarily for IBX infrastructure equipment not yet delivered and labor not yet provided, in connection with the work necessary to open these IBX data centers and make them available to customers for installation. In addition, the Company had numerous other, non-capital purchase commitments in place as of June 30, 2016, such as commitments to purchase power in select locations through the remainder of 2016 and thereafter, and other open purchase orders for goods or services to be delivered or provided during the remainder of 2016 and thereafter. Such other miscellaneous purchase commitments totaled \$507.5 million as of June 30, 2016.

**11. Stockholders' Equity**
**Accumulated Other Comprehensive Loss**

The components of accumulated other comprehensive loss, net of tax, are as follows (in thousands):

	Balance as of December 31, 2015	Net Change	Balance as of June 30, 2016
Foreign currency translation adjustment ("CTA") loss	\$ (523,709)	\$ (182,462)	\$ (706,171)
Unrealized gain on cash flow hedges	11,153	7,942	19,095
Unrealized gain (loss) on available-for-sale securities	(139)	895	756
Net investment hedge CTA gain	4,484	38,884	43,368
Net actuarial gain (loss) on defined benefit plans	(848)	14	(834)
	\$ (509,059)	\$ (134,727)	\$ (643,786)

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

Changes in foreign currency exchange rates can have a significant impact to the Company’s consolidated balance sheets (as evidenced above in the Company’s foreign currency translation gain or loss), as well as its consolidated results of operations, as amounts in foreign currencies generally translate into more U.S. dollars when the U.S. dollar weakens or fewer U.S. dollars when the U.S. dollar strengthens. As of June 30, 2016, the U.S. dollar was generally stronger relative to certain of the currencies of the foreign countries in which the Company operates. This overall strengthening of the U.S. dollar had an overall unfavorable impact on the Company’s consolidated financial position because the foreign denominations translated into fewer U.S. dollars as evidenced by an increase in foreign currency translation loss for the six months ended June 30, 2016 as reflected in the above table. In future periods, the volatility of the U.S. dollar as compared to the other currencies in which the Company operates could have a significant impact on its consolidated financial position and results of operations including the amount of revenue that the Company reports in future periods.

**Dividends**

On February 18, 2016, the Company declared a quarterly cash dividend of \$1.75 per share, with a record date of March 9, 2016 and a payment date of March 23, 2016. The Company paid a total of \$121,494,000 on March 23, 2016 for the first quarter cash dividend. In addition, the Company accrued an additional \$1,366,000 in dividends payable for the restricted stock units that have not yet vested.

On May 4, 2016, the Company declared a quarterly cash dividend of \$1.75 per share, with a record date of May 25, 2016 and a payment date of June 15, 2016. The Company paid a total of \$121,530,000 on June 15, 2016 for the second quarter cash dividend. In addition, the Company accrued an additional \$2,053,000 in dividends payable for restricted stock units that have not yet vested.

**Stock-Based Compensation**

In the first half of 2016, the Compensation Committee and the Stock Award Committee of the Company’s Board of Directors approved the issuance of an aggregate of 530,068 shares of restricted stock units to certain employees, including executive officers, pursuant to the 2000 Equity Incentive Plan, as part of the Company’s annual refresh program. These equity awards are subject to vesting provisions and have a weighted-average grant date fair value of \$290.89 and a weighted-average requisite service period of 3.47 years. The valuation of restricted stock units with only a service condition or a service and performance condition requires no significant assumptions as the fair value for these types of equity awards is based solely on the fair value of the Company’s stock price on the date of grant. The Company used revenue and adjusted funds from operations (“AFFO”) as the performance measurements in the restricted stock units with both service and performance conditions that were granted in February 2016 and 2015, whereby revenue and adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”) were used as the performance measurements in prior years’ grants.

The Company uses a Monte Carlo simulation option-pricing model to determine the fair value of restricted stock units with a service and market condition. There were no significant changes in the assumptions used to determine the fair value of restricted stock units with a service and market condition that were granted in 2016 compared to the prior year.

The following table presents, by operating expense category, the Company’s stock-based compensation expense recognized in the Company’s condensed consolidated statement of operations (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Cost of revenues	\$ 3,441	\$ 2,551	\$ 6,438	\$ 4,857
Sales and marketing	10,714	9,922	20,485	18,633
General and administrative	25,168	21,520	46,915	41,116
	<u>\$ 39,323</u>	<u>\$ 33,993</u>	<u>\$ 73,838</u>	<u>\$ 64,606</u>

**12. Segment Information**

While the Company has a single line of business, which is the design, build-out and operation of IBX data centers, it has determined that it has three reportable segments comprised of its Americas, EMEA and Asia-Pacific geographic regions. The Company’s chief operating decision-maker evaluates performance, makes operating decisions and allocates resources based on

**EQUINIX, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**  
**(Unaudited)**

the Company's revenue and adjusted EBITDA performance both on a consolidated basis and based on these three reportable segments. The Company defines adjusted EBITDA as income from operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, impairment charges, acquisition costs and gains on asset sales as presented below (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
<b>Adjusted EBITDA:</b>				
Americas	\$ 195,028	\$ 170,886	\$ 379,488	\$ 343,620
EMEA	133,455	79,533	244,944	155,564
Asia-Pacific	91,808	60,843	176,509	117,826
Total adjusted EBITDA	420,291	311,262	800,941	617,010
Depreciation, amortization and accretion expense	(213,719)	(128,270)	(415,872)	(250,800)
Stock-based compensation expense	(39,323)	(33,993)	(73,838)	(64,606)
Acquisition costs	(15,594)	(9,866)	(52,130)	(11,022)
Gains on asset sales	—	—	5,242	—
Income from continuing operations	\$ 151,655	\$ 139,133	\$ 264,343	\$ 290,582

The Company also provides the following additional segment disclosures (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
<b>Total revenues:</b>				
Americas	\$ 413,471	\$ 371,447	\$ 817,865	\$ 735,416
EMEA	300,609	173,967	568,465	338,590
Asia-Pacific	186,430	120,168	358,336	234,750
	\$ 900,510	\$ 665,582	\$ 1,744,666	\$ 1,308,756
<b>Total depreciation and amortization:</b>				
Americas	\$ 78,402	\$ 69,226	\$ 154,661	\$ 135,953
EMEA	82,504	27,633	158,554	54,140
Asia-Pacific	51,145	30,517	99,370	58,919
	\$ 212,051	\$ 127,376	\$ 412,585	\$ 249,012
<b>Capital expenditures:</b>				
Americas	\$ 115,989	\$ 104,400	\$ 199,489	\$ 187,126
EMEA	86,582	56,927	143,855	84,483
Asia-Pacific	47,296	60,015	104,223	99,853
	\$ 249,867	\$ 221,342	\$ 447,567	\$ 371,462

## EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)  
(Unaudited)

The Company's long-lived assets are located in the following geographic areas as of (in thousands):

	June 30, 2016	December 31, 2015
Americas	\$ 3,184,491	\$ 3,025,450
EMEA	2,220,500	1,157,304
Asia-Pacific	1,553,803	1,423,682
	<u>\$ 6,958,794</u>	<u>\$ 5,606,436</u>

Revenue information on a services basis is as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Colocation	\$ 662,669	\$ 496,610	\$ 1,282,562	\$ 978,155
Interconnection	135,721	104,661	262,926	206,319
Managed infrastructure	45,243	23,466	89,979	47,321
Other	8,138	1,954	13,398	4,553
Recurring revenues	851,771	626,691	1,648,865	1,236,348
Non-recurring revenues	48,739	38,891	95,801	72,408
	<u>\$ 900,510</u>	<u>\$ 665,582</u>	<u>\$ 1,744,666</u>	<u>\$ 1,308,756</u>

No single customer accounted for 10% or greater of the Company's revenues for the three and six months ended June 30, 2016 and 2015. No single customer accounted for 10% or greater of the Company's gross accounts receivable as of June 30, 2016 and December 31, 2015.

### 13. Subsequent Events

On July 5, 2016, the Company completed the sale of eight data centers and related assets in its European business to Digital Realty Trust, Inc. ("Digital Realty") for approximately €304,564,000 and £376,171,000, or approximately \$827,185,000 at the exchange rate in effect on July 5, 2016. On August 1, 2016, the Company purchased Digital Realty's operating business, including its real estate and facility, in St. Denis, Paris, where the Company has an established presence with two IBX data centers, for approximately €189,645,000 or \$211,700,000 at the exchange rate in effect on August 1, 2016. The acquisition of these two data centers will be accounted using the acquisition method of accounting in accordance with the accounting standard for business combinations. The preliminary purchase price allocation for acquisition is not currently available as the appraisals necessary to assess fair values of assets acquired and liabilities assumed are not yet complete.

On August 3, 2016, the Company declared a quarterly cash dividend of \$1.75 per share, which is payable on September 14, 2016 to the Company's common stockholders of record as of the close of business on August 24, 2016.

**Item 2.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, the words "believes," "anticipates," "plans," "expects," "intends" and similar expressions are intended to identify forward-looking statements. Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a discrepancy include, but are not limited to, those discussed in "Liquidity and Capital Resources" below and "Risk Factors" in Item 1A of Part II of this Quarterly Report on Form 10-Q. All forward-looking statements in this document are based on information available to us as of the date of this Report and we assume no obligation to update any such forward-looking statements.*

Our management's discussion and analysis of financial condition and results of operations is intended to assist readers in understanding our financial information from our management's perspective and is presented as follows:

- Overview
- Results of Operations
- Non-GAAP Financial Measures
- Liquidity and Capital Resources
- Contractual Obligations and Off-Balance-Sheet Arrangements
- Critical Accounting Policies and Estimates
- Recent Accounting Pronouncements

**Overview**

In April and June 2016, as more fully described in Note 9 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q, holders of our 4.75% Convertible Subordinated Notes converted or redeemed a total of \$150,082,000 of the principal amount of the notes for 1,981,662 shares of our common stock and \$3,619,000 in cash, comprised of accrued interest, cash paid in lieu of fractional shares and principal redemption. Upon maturity of our 4.75% Convertible Subordinated Notes on June 15, 2016, we settled the capped call transaction and received 380,779 shares of common stock, which was placed in treasury and resulted in a credit of \$141,688,000 to additional paid in capital at the market price of \$372.10 on June 15, 2016.

In January 2016, as more fully described in Note 3 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q, we completed our acquisition of Telecty Group plc ("TelectyGroup") for a total purchase price of approximately \$1.7 billion in cash and 6.9 million shares of our common stock valued at approximately \$2.1 billion, for a total of \$3.8 billion. In January 2016, we terminated our bridge credit agreement for £875.0 million, or approximately \$1.3 billion, related to the TelectyGroup acquisition.

In January 2016, as more fully described in Notes 4 and 5 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q, we agreed to divest eight data centers and related assets, including our London 2 data center in London, UK ("LD2") and seven data centers of TelectyGroup in order to obtain the approval of the European Commission for the acquisition of TelectyGroup. Assets and liabilities of these data centers were included in assets and liabilities held for sale in the condensed consolidated balance sheet as of June 30, 2016. The results of operations for the seven TelectyGroup data centers were classified as net income from discontinued operations, net of tax, from January 15, 2016, the date of the acquisition, through June 30, 2016 in our condensed consolidated statement of operations. In July 2016, as more fully described in Note 13 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q, we completed the sale of these data centers and related assets to Digital Realty Trust, Inc. ("Digital Realty") for approximately \$827.2 million at the exchange rate in effect on July 5, 2016. On August 1, 2016, the Company purchased Digital Realty's operating business, including its real estate and facility, in St. Denis, Paris, where the Company has an established presence with two IBX data centers, for total cash consideration of approximately €189.6 million or \$211.7 million at the exchange rate in effect on August 1, 2016.

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In January 2016, as more fully described in Note 9 of Notes to Condensed Consolidated Financial Statements, we borrowed the full amount of the \$250.0 million and £300.0 million, or \$431.3 million, made available to us under the second amendment to our Senior Credit Facility to fund the TelecityGroup acquisition.

Equinix provides global data center offerings that protect and connect the world's most valued information assets. Global enterprises, financial services companies and content and network service providers rely upon Equinix's leading insight and data centers in 40 markets around the world for the safehousing of their critical IT equipment and the ability to directly connect to the networks that enable today's information-driven economy. Equinix offers the following solutions: (i) premium data center colocation, (ii) interconnection and (iii) exchange and outsourced IT infrastructure services. As of June 30, 2016, we operated or had partner International Business Exchange® ("IBX") data centers in the Atlanta, Boston, Chicago, Dallas, Denver, Los Angeles, Miami, New York, Philadelphia, Rio De Janeiro, Sao Paulo, Seattle, Silicon Valley, Toronto and Washington, D.C. metro areas in the Americas region; Bulgaria, Finland, France, Germany, Ireland, Italy, the Netherlands, Poland, Sweden, Switzerland, Turkey, the United Arab Emirates and the United Kingdom in the Europe, Middle East and Africa ("EMEA") region; and Australia, China, Hong Kong, Indonesia, Japan and Singapore in the Asia-Pacific region.

Our data centers in 40 markets around the world are a global platform, which allows our customers to increase information and application delivery performance while significantly reducing costs. Based on our global platform and the quality of our IBX data centers, we believe we have established a critical mass of customers. As more customers locate in our IBX data centers, it benefits their suppliers and business partners to colocate as well, in order to gain the full economic and performance benefits of our offerings. These partners, in turn, pull in their business partners, creating a "marketplace" for their services. Our global platform enables scalable, reliable and cost-effective colocation, interconnection and traffic exchange that lowers overall cost and increases flexibility. Our focused business model is built on our critical mass of customers and the resulting "marketplace" effect. This global platform, combined with our strong financial position, continues to drive new customer growth and bookings.

Historically, our market has been served by large telecommunications carriers who have bundled telecommunications products and services with their colocation offerings. The data center market landscape has evolved to include cloud computing/utility providers, application hosting providers and systems integrators, managed infrastructure hosting providers and colocation providers. More than 350 companies provide data center solutions in the U.S. alone. Each of these data center solutions providers can bundle various colocation, interconnection and network offerings, and outsourced IT infrastructure services. We are able to offer our customers a global platform that reaches 21 countries with proven operational reliability, improved application performance and network choice, and a highly scalable set of offerings.

Our utilization rate was approximately 82% as of June 30, 2016 and 79% as of June 30, 2015; however, excluding the impact of our IBX data center expansion projects that have opened during the last 12 months, our utilization rate would have increased to approximately 84% as of June 30, 2016. Our utilization rate varies from market to market among our IBX data centers across the Americas, EMEA and Asia-Pacific regions. We continue to monitor the available capacity in each of our selected markets. To the extent we have limited capacity available in a given market it may limit our ability for growth in that market. We perform demand studies on an ongoing basis to determine if future expansion is warranted in a market. In addition, power and cooling requirements for most customers are growing on a per unit basis. As a result, customers are consuming an increasing amount of power per cabinet. Although we generally do not control the amount of power our customers draw from installed circuits, we have negotiated power consumption limitations with certain of our high power demand customers. This increased power consumption has driven the requirement to build out our new IBX data centers to support power and cooling needs twice that of previous IBX data centers. We could face power limitations in our IBX data centers even though we may have additional physical cabinet capacity available within a specific IBX data center. This could have a negative impact on the available utilization capacity of a given IBX data center, which could have a negative impact on our ability to grow revenues, affecting our financial performance, operating results and cash flows.

Strategically, we will continue to look at attractive opportunities to grow our market share and selectively improve our footprint and offerings. As was the case with our recent expansions and acquisitions, our expansion criteria will be dependent on a number of factors, such as demand from new and existing customers, quality of the design, power capacity, access to networks, capacity availability in the current market location, amount of incremental investment required by us in the targeted property, lead-time to break even on a free cash flow basis, and in-place customers. Like our recent expansions and acquisitions, the right combination of these factors may be attractive to us. Depending on the circumstances, these transactions may require additional capital expenditures funded by upfront cash payments or through long-term financing arrangements in order to bring these properties up to Equinix standards. Property expansion may be in the form of purchases of real property, long-term leasing arrangements or acquisitions. Future purchases, construction or acquisitions may be completed by us or with partners or potential customers to minimize the outlay of cash, which can be significant.

Our business is based on a recurring revenue model comprised of colocation and related interconnection and managed infrastructure offerings. We consider these offerings recurring because our customers are generally billed on a fixed and recurring

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basis each month for the duration of their contract, which is generally one to three years in length. Our recurring revenues have comprised more than 90% of our total revenues during the past three years. In addition, during any given quarter of the past three years, more than half of our monthly recurring revenue bookings came from existing customers, contributing to our revenue growth. During the three months ended June 30, 2016 and 2015, our largest customer accounted for approximately 3% of our recurring revenues. Our 50 largest customers accounted for approximately 35% and 36% of our recurring revenues for the six months ended June 30, 2016 and 2015, respectively.

Our non-recurring revenues are primarily comprised of installation services related to a customer's initial deployment and professional services that we perform. These services are considered to be non-recurring because they are billed typically once, upon completion of the installation or the professional services work performed. The majority of these non-recurring revenues are typically billed on the first invoice distributed to the customer in connection with their initial installation. However, revenues from installation services are deferred and recognized ratably over the expected life of the customer installation. Additionally, revenue from contract settlements, when a customer wishes to terminate their contract early, is recognized when no remaining performance obligations exist and collectability is reasonably assured, to the extent that the revenue has not previously been recognized. As a percentage of total revenues, we expect non-recurring revenues to represent less than 10% of total revenues for the foreseeable future.

Our Americas and EMEA revenues are derived primarily from colocation and related interconnection offerings, and our Asia-Pacific revenues are derived primarily from colocation and managed infrastructure offerings.

The largest components of our cost of revenues are depreciation, rental payments related to our leased IBX data centers, utility costs, including electricity and bandwidth, IBX data center employees' salaries and benefits, including stock-based compensation, repairs and maintenance, supplies and equipment and security services. A substantial majority of our cost of revenues is fixed in nature and should not vary significantly from period to period, unless we expand our existing IBX data centers or open or acquire new IBX data centers. However, there are certain costs which are considered more variable in nature, including utilities and supplies that are directly related to growth in our existing and new customer base. We expect the cost of our utilities, specifically electricity, will generally increase in the future on a per-unit or fixed basis in addition to the variable increase related to the growth in consumption by our customers. In addition, the cost of electricity is generally higher in the summer months as compared to other times of the year. To the extent we incur increased utility costs, such increased costs could materially impact our financial condition, results of operations and cash flows. Furthermore, to the extent we incur increased electricity costs as a result of either climate change policies or the physical effects of climate change, such increased costs could materially impact our financial condition, results of operations and cash flows.

Sales and marketing expenses consist primarily of compensation and related costs for sales and marketing personnel, including stock-based compensation, sales commissions, marketing programs, public relations, promotional materials and travel, as well as bad debt expense and amortization of customer contract intangible assets.

General and administrative expenses consist primarily of salaries and related expenses, including stock-based compensation, accounting, legal and other professional service fees, and other general corporate expenses such as our corporate regional headquarters office leases and some depreciation expense.

Due to our recurring revenue model, and a cost structure which has a large base that is fixed in nature and generally does not grow in proportion to revenue growth, we expect our cost of revenues, sales and marketing expenses and general and administrative expenses to decline as a percentage of revenues over time, although we expect each of them to grow in absolute dollars in connection with our growth. However, for cost of revenues, this trend may periodically be impacted when a large expansion project opens or is acquired, and before it starts generating any meaningful revenue. Furthermore, in relation to cost of revenues, we note that the Americas region has a lower cost of revenues as a percentage of revenue than either EMEA or Asia-Pacific. This is due to both the increased scale and maturity of the Americas region, compared to either the EMEA or Asia-Pacific region, as well as a higher cost structure outside of the Americas, particularly in EMEA. As a result, to the extent that revenue growth outside the Americas grows in greater proportion than revenue growth in the Americas, our overall cost of revenues as a percentage of revenues may increase in future periods. Sales and marketing expenses may periodically increase as a percentage of revenues as we continue to scale our operations to invest in sales and marketing initiatives to further increase our revenue, including the hiring of additional headcount and new product innovations. General and administrative expenses may also periodically increase as a percentage of revenues as we continue to scale our operations to support our growth.

### ***Real Estate Investment Trust ("REIT") Conversion***

We began operating as a REIT for federal income tax purposes effective January 1, 2015. In May 2015, we received a favorable private letter ruling ("PLR") from the U.S. Internal Revenue Service ("IRS") in connection with our conversion to a REIT. As of June 30, 2016, our REIT structure includes all of our data center operations in the U.S., Canada and our historical data center

operations in Europe and Japan. Our data center operations in other jurisdictions have initially been designated as taxable REIT subsidiaries (“TRSs”).

We initially have designated the legal entities acquired in the Bit-isle acquisition as TRSS, which we believe will not impact our qualification for taxation as a REIT. We plan to integrate the data center assets of the Bit-isle business into our REIT structure no later than the first half of 2017.

We initially have designated the legal entities acquired in the TelecityGroup acquisition as TRSSs, which we believe will not impact our qualification for taxation as a REIT. We plan to integrate a significant portion of the TelecityGroup businesses into our REIT structure by the end of 2016 and to complete the REIT integration for majority of the remaining TelecityGroup business during the first half of 2017.

As a REIT, we generally are permitted to deduct from federal taxable income the dividends we pay to our stockholders (including, for this purpose, the value of any deemed distribution on account of adjustments to the conversion rate relating to our debt securities that were convertible into our common stock). The income represented by such dividends is not subject to federal taxation at the entity level but is taxed, if at all, at the stockholder level. Nevertheless, the income of our TRSSs which hold our U.S. operations that may not be REIT-compliant, are subject, as applicable, to federal and state corporate income tax. Likewise, our foreign subsidiaries continue to be subject to foreign income taxes in jurisdictions in which they hold assets or conduct operations, regardless of whether held or conducted through TRSSs or through qualified REIT subsidiaries (“QRSs”). We are also subject to a separate corporate income tax on gain recognized from a sale of a REIT asset where our basis in the asset is determined by reference to the basis of the asset in the hands of a former C corporation (such as (i) an asset that we held as of the effective date of our REIT election, that is January 1, 2015 or (ii) an asset that we hold in a QRS following the liquidation or other conversion of a former TRS). This built-in-gains tax is generally applicable to any disposition of such an asset during the five-year period (for liquidation or other carryover transaction on or after August 8, 2016, the ten-year period) after the date we first owned the asset as a REIT asset (e.g., January 1, 2015 in the case of REIT assets we held at the time of our REIT conversion), to the extent of the built-in-gain based on the fair market value of such asset on the date we first held the asset as a REIT asset. If we fail to qualify for taxation as a REIT, we will be subject to federal income tax at regular corporate rates. Even if we remain qualified for taxation as a REIT, we may be subject to some federal, state, local and foreign taxes on our income and property in addition to taxes owed with respect to our TRSSs' operations. In particular, while state income tax regimes often parallel the federal income tax regime for REITs, many states do not completely follow federal rules and some may not follow them at all.

We began paying quarterly cash dividends in 2015 in connection with our conversion to a REIT. On March 23, 2016 and June 15, 2016, we paid quarterly cash dividends of \$1.75 per share and on August 3, 2016, we declared a quarterly cash dividend of \$1.75 per share, payable on September 14, 2016 to stockholders of record on August 24, 2016. We expect the amount of all 2016 quarterly distributions and the value of the deemed distributions on account of all the adjustments to the conversion rate relating to our matured 4.75% convertible subordinated notes that were made as a result of our first half 2016 distributions will equal or exceed the taxable income we will recognize in 2016.

We continue to monitor our REIT compliance to maintain our qualification for taxation as a REIT. For this and other reasons, as necessary we may convert certain of our data center operations in additional countries into the REIT structure in future periods.

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**Results of Operations**

Our results of operations for the three months ended June 30, 2016 include the results of operations of Bit-istle and TelecityGroup from April 1, 2016. Our results of operations for the six months ended June 30, 2016 include the results of operations of Bit-istle from January 1, 2016 and the results of operations of TelecityGroup from January 15, 2016.

**Discontinued Operations**

We present the results of operations associated with the TelecityGroup data centers that were divested in July 2016 as discontinued operations in our condensed consolidated statement of operations for the three months ended June 30, 2016. We did not have any discontinued operations activity during 2015.

**Three Months Ended June 30, 2016 and 2015**

**Revenues.** Our revenues for the three months ended June 30, 2016 and 2015 were generated from the following revenue classifications and geographic regions (dollars in thousands):

	Three months ended June 30,				% change	
	2016	%	2015	%	Actual	Constant currency
<b>Americas:</b>						
Recurring revenues	\$ 393,479	44%	\$ 353,605	53%	11%	12%
Non-recurring revenues	19,992	2%	17,842	3%	12%	12%
	<u>413,471</u>	<u>46%</u>	<u>371,447</u>	<u>56%</u>	<u>11%</u>	<u>12%</u>
<b>EMEA:</b>						
Recurring revenues	281,810	31%	160,063	24%	76%	77%
Non-recurring revenues	18,799	2%	13,904	2%	35%	36%
	<u>300,609</u>	<u>33%</u>	<u>173,967</u>	<u>26%</u>	<u>73%</u>	<u>74%</u>
<b>Asia-Pacific:</b>						
Recurring revenues	176,482	20%	113,023	17%	56%	56%
Non-recurring revenues	9,948	1%	7,145	1%	39%	38%
	<u>186,430</u>	<u>21%</u>	<u>120,168</u>	<u>18%</u>	<u>55%</u>	<u>55%</u>
<b>Total:</b>						
Recurring revenues	851,771	95%	626,691	94%	36%	37%
Non-recurring revenues	48,739	5%	38,891	6%	25%	26%
	<u>\$ 900,510</u>	<u>100%</u>	<u>\$ 665,582</u>	<u>100%</u>	<u>35%</u>	<u>36%</u>

**Americas Revenues.** Our revenues from the U.S., the largest revenue contributor in the Americas region for the period, represented approximately 92% of the regional revenues during the three months ended June 30, 2016 and 2015. Growth in Americas revenues was primarily due to (i) approximately \$10.8 million of revenue generated from our recently-opened IBX data centers or IBX data center expansions in the Dallas, Rio de Janeiro, Silicon Valley and Washington, D.C. metro areas and (ii) an increase in orders from both our existing customers and new customers during the period. During the three months ended June 30, 2016, the U.S. dollar was generally stronger relative to the Canadian dollar and Brazilian real than during the three months ended June 30, 2015, resulting in approximately \$3.8 million of net unfavorable foreign currency impact to our Americas revenues during the three months ended June 30, 2016 compared to average exchange rates of the three months ended June 30, 2015. We expect that our Americas revenues will continue to grow in future periods as a result of continued growth in the recently-opened IBX data centers or IBX data center expansions and additional expansions currently taking place in the Atlanta, New York, São Paulo, Silicon Valley and Washington D.C. metro areas, which are expected to open during the remainder of 2016 and 2017. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts.

**EMEA Revenues.** Revenues for our EMEA region for the three months ended June 30, 2016 include \$107.2 million of revenues attributable to TelecityGroup, which closed in January 2016. After our acquisition of TelecityGroup, the UK continues to be our largest revenue contributor in the EMEA region, providing 34% of regional revenues for the three months ended June 30, 2016 compared to 39% of regional revenues for the three months ended June 30, 2015 without TelecityGroup. Our EMEA revenue

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growth was primarily due to (i) \$107.2 million of revenues attributable to TelecityGroup, (ii) approximately \$15.7 million of revenue from our recently-opened IBX data centers or IBX data center expansions in the Amsterdam, Frankfurt, Paris and Zurich metro areas and (iii) an increase in orders from both our existing customers and new customers during the period. During the three months ended June 30, 2016, the impact of foreign currency fluctuations resulted in approximately \$2.1 million of net unfavorable foreign currency impact to our EMEA revenues primarily due to a generally stronger U.S. dollar relative to the British pound and Euro during the three months ended June 30, 2016 compared to the three months ended June 30, 2015. We expect that our EMEA revenues will continue to grow in future periods as a result of continued growth in recently-opened IBX data centers or IBX data center expansions and additional expansions currently taking place in the Amsterdam, Dublin, Frankfurt, London and Warsaw metro areas, which are expected to open during the remainder of 2016 and 2017, as well as our acquisition of TelecityGroup. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts as well as our acquisition of TelecityGroup.

*Asia-Pacific Revenues.* Revenues for our Asia-Pacific region for the three months ended June 30, 2016 include \$37.3 million of revenues attributable to Bit-isle, which closed in November 2015. After our acquisition of Bit-isle, Japan is our largest revenue contributor in the Asia-Pacific region, providing 34% of regional revenues including Bit-isle for the three months ended June 30, 2016 compared to 15% for the three months ended June 30, 2015 without Bit-isle. Excluding revenues attributable to Bit-isle, our revenues from Singapore, which was our largest revenue contributor in the Asia-Pacific region before we acquired Bit-isle, represented approximately 39% and 40%, respectively, of the regional revenues for the three months ended June 30, 2016 and 2015. Our Asia-Pacific revenue growth was primarily due to (i) \$37.3 million of revenues attributable to Bit-isle, (ii) approximately \$22.9 million of revenue generated from our recently-opened IBX data center expansions in the Hong Kong, Melbourne, Shanghai, Singapore, Sydney and Tokyo metro areas and (iii) an increase in orders from both our existing customers and new customers during the period. For the three months ended June 30, 2016, the impact of foreign currency fluctuations to our Asia-Pacific revenues was not significant when compared to the average exchange rates for the three months ended June 30, 2015. We expect that our Asia-Pacific revenues will continue to grow in future periods as a result of continued growth in these recently-opened IBX data centers and additional expansions currently taking place in the Hong Kong and Sydney metro areas, which are expected to open during the remainder of 2016 and 2017. Our estimates of future revenue growth take into account expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts as well as the impact of our acquisition of Bit-isle.

*Cost of Revenues.* Our cost of revenues for the three months ended June 30, 2016 and 2015 were split among the following geographic regions (dollars in thousands):

	Three months ended June 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	\$ 171,014	38%	\$ 157,890	50%	8%	10%
EMEA	169,969	37%	86,799	27%	96%	96%
Asia-Pacific	115,984	25%	71,068	23%	63%	62%
Total	\$ 456,967	100%	\$ 315,757	100%	45%	45%

	Three months ended June 30,	
	2016	2015
<i>Cost of revenues as a percentage of revenues:</i>		
Americas	41%	43%
EMEA	57%	50%
Asia-Pacific	62%	59%
Total	51%	47%

*Americas Cost of Revenues.* Depreciation expense was \$59.3 million and \$54.3 million for the three months ended June 30, 2016 and 2015, respectively. The growth in depreciation expense was primarily due to our IBX expansion activity. In addition to the increase in depreciation expense, the increase in our Americas cost of revenues for the three months ended June 30, 2016 compared to the three months ended June 30, 2015 was primarily due to (i) \$4.1 million of higher office expense, utilities, repairs and maintenance, rent and facilities costs in support of our business growth and (ii) \$2.3 million of higher costs associated with equipment resale and other services to support customer demand. During the three months ended June 30, 2016, the impact of

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foreign currency fluctuations resulted in approximately \$2.7 million of net favorable foreign currency impact to our Americas cost of revenues primarily due to a generally stronger U.S. dollar relative to the Brazilian real and Canadian dollar during the three months ended June 30, 2016 compared to the three months ended June 30, 2015. We expect Americas cost of revenues to increase as we continue to grow our business.

*EMEA Cost of Revenues.* Cost of revenues for our EMEA region for the three months ended June 30, 2016 includes \$72.7 million of cost of revenues attributable to TelecityGroup, which closed in January 2016. Excluding cost of revenues attributable to TelecityGroup, EMEA cost of revenues was \$97.3 million for the three months ended June 30, 2016 compared to \$86.8 million for the three months ended June 30, 2015. Depreciation expense, excluding TelecityGroup, was \$26.6 million and \$23.7 million for the three months ended June 30, 2016 and 2015, respectively. The growth in depreciation expense was primarily due to our IBX data center expansion activity. Excluding the impact of our acquisition of TelecityGroup, the remaining increase in our EMEA cost of revenues was primarily due to (i) \$5.3 million of higher consulting services, utilities and repairs and maintenance costs in support of our business growth and (ii) \$1.8 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (574 EMEA cost of revenues employees, as of June 30, 2016 versus 508 as of June 30, 2015). For the three months ended June 30, 2016, the impact of foreign currency fluctuations to our EMEA cost of revenues was not significant when compared to the average exchange rates for the three months ended June 30, 2015. We expect EMEA cost of revenues to increase as we continue to grow our business and as a result of our acquisition of TelecityGroup.

*Asia-Pacific Cost of Revenues.* Cost of revenues for our Asia-Pacific region for the three months ended June 30, 2016 includes \$30.2 million of cost of revenues attributable to Bit-isle, which closed in November 2015. Excluding cost of revenues attributable to Bit-isle, Asia-Pacific cost of revenues was \$85.8 million for the three months ended June 30, 2016 compared to \$71.1 million for the three months ended June 30, 2015, primarily due to an increase in depreciation expense. Depreciation expense, excluding Bit-isle, was \$37.0 million and \$29.2 million for the three months ended June 30, 2016 and 2015, respectively. The growth in depreciation expense was primarily due to our IBX data center expansion activity. Excluding the impact of our acquisition of Bit-isle, the remaining increase in our Asia-Pacific cost of revenue was primarily due to \$5.7 million of higher utilities, repair and maintenance, rent and facility costs. For the three months ended June 30, 2016, the impact of foreign currency fluctuations to our Asia-Pacific cost of revenues was not significant when compared to average exchange rates of the three months ended June 30, 2015. We expect Asia-Pacific cost of revenues to increase as we continue to grow our business, including from the impact of our acquisition of Bit-isle.

*Sales and Marketing Expenses.* Our sales and marketing expenses for the three months ended June 30, 2016 and 2015 were split among the following geographic regions (dollars in thousands):

	Three months ended June 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	\$ 57,256	53%	\$ 50,415	62%	14%	14%
EMEA	34,203	32%	17,835	22%	92%	94%
Asia-Pacific	16,373	15%	12,998	16%	26%	25%
Total	\$ 107,832	100%	\$ 81,248	100%	33%	34%

	Three months ended June 30,	
	2016	2015
<i>Sales and marketing expenses as a percentage of revenues:</i>		
Americas	14%	14%
EMEA	11%	10%
Asia-Pacific	9%	11%
Total	12%	12%

*Americas Sales and Marketing Expenses.* The increase in our Americas sales and marketing expenses was primarily due to \$4.0 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (529 Americas sales and marketing employees, as of June 30, 2016 versus 471 as of June 30, 2015) and \$2.2 million of higher advertising, promotion, consulting and travel and entertainment expenses to support our growth. During the three months ended June 30, 2016, the impact of foreign currency fluctuations to our Americas sales and marketing expenses was not significant when compared to average exchange rates during the three months ended June 30, 2015. Over the past several years, we have been investing in our Americas sales and marketing initiatives to further increase our revenue. These investments

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have included the hiring of additional headcount and new product innovation efforts. Although we anticipate that we will continue to invest in Americas sales and marketing initiatives, we believe our Americas sales and marketing expenses as a percentage of revenues will remain at approximately current levels over the next year but should ultimately decrease as we continue to grow our business.

*EMEA Sales and Marketing Expenses.* Sales and marketing expenses for our EMEA region for the three months ended June 30, 2016 included \$13.4 million attributable to TelecityGroup, which closed in January 2016. Excluding the impact of TelecityGroup, our EMEA sales and marketing expenses were \$20.8 million for the three months ended June 30, 2016 compared to \$17.8 million for the three months ended June 30, 2015. The increase was primarily due to \$1.4 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (246 EMEA sales and marketing employees, excluding TelecityGroup employees, as of June 30, 2016 versus 212 as of June 30, 2015) as well as higher advertising and promotion expenses. For the three months ended June 30, 2016, the impact of foreign currency fluctuations to EMEA sales and marketing expenses was not significant when compared to the average exchange rates for the three months ended June 30, 2015. Over the past several years, we have been investing in our EMEA sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts. We expect our EMEA sales and marketing expenses to increase as a result of the TelecityGroup acquisition. Although we anticipate that we will continue to invest in EMEA sales and marketing initiatives, including the integration of TelecityGroup, we believe our EMEA sales and marketing expenses as a percentage of revenues will ultimately decrease as we continue to grow our business.

*Asia-Pacific Sales and Marketing Expenses.* Sales and marketing expenses for our Asia-Pacific region for the three months ended June 30, 2016 included \$4.0 million attributable to Bit-isle, which closed in November 2015. Excluding the impact of Bit-isle, our Asia-Pacific sales and marketing expenses did not materially change during the three months ended June 30, 2016 compared to the three months ended June 30, 2015. For the three months ended June 30, 2016, the impact of foreign currency fluctuations to our Asia-Pacific sales and marketing expenses was not significant when compared to average exchange rates of the three months ended June 30, 2015. Over the past several years, we have been investing in our Asia-Pacific sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts. We expect our Asia-Pacific sales and marketing expenses to increase as a result of the Bit-isle acquisition. Although we anticipate that we will continue to invest in Asia-Pacific sales and marketing initiatives, including the integration of Bit-isle, we believe our Asia-Pacific sales and marketing expenses as a percentage of revenues will ultimately decrease as we continue to grow our business.

*General and Administrative Expenses.* Our general and administrative expenses for the three months ended June 30, 2016 and 2015 were split among the following geographic regions (dollars in thousands):

	Three months ended June 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	\$ 96,837	57%	\$ 86,831	73%	12%	12%
EMEA	52,971	31%	22,023	18%	141%	145%
Asia-Pacific	18,654	12%	10,724	9%	74%	75%
Total	\$ 168,462	100%	\$ 119,578	100%	41%	42%

	Three months ended June 30,	
	2016	2015
<i>General and administrative expenses as a percentage of revenues:</i>		
Americas	23 %	23 %
EMEA	18 %	13 %
Asia-Pacific	10 %	9 %
Total	19 %	18 %

*Americas General and Administrative Expenses.* The increase in our Americas general and administrative expenses was primarily due to (i) \$5.3 million of higher compensation costs, including general salaries, bonuses, stock-based compensation, and headcount growth (891 Americas general and administrative employees as of June 30, 2016 versus 764 as of June 30, 2015) and (ii) \$4.2 million of higher depreciation expense associated with certain systems to improve our quote to order and billing processes and other systems to support the integration and growth of our business. During the three months ended June 30, 2016, the impact of foreign currency fluctuations to our Americas general and administrative expenses was not significant when compared

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to average exchange rates for the three months ended June 30, 2015. Over the course of the past year, we have been investing in our Americas general and administrative functions to scale this region effectively for growth, which has included additional investments into improving our back office systems. We expect our current efforts to improve our back office systems will continue over the next several years. Going forward, although we are carefully monitoring our spending, we expect Americas general and administrative expenses to increase as we continue to further scale our operations to support our growth, including these investments in our back office systems and maintaining our REIT qualification; however, as a percentage of revenues, we generally expect them to decrease.

**EMEA General and Administrative Expenses.** General and administrative expenses for our EMEA region for the three months ended June 30, 2016 included \$21.9 million attributable to TelecityGroup, which closed in January 2016. Excluding the impact of TelecityGroup, our EMEA general and administrative expenses were \$31.1 million for the three months ended June 30, 2016 compared to \$22.0 million for the three months ended June 30, 2015. Excluding the impact of TelecityGroup, the increase was primarily due to (i) \$5.0 million of higher consulting and other professional services and travel costs to support the integration of TelecityGroup, (ii) \$1.6 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (483 EMEA general and administrative employees, excluding TelecityGroup employees, as of June 30, 2016 versus 376 as of June 30, 2015) and (iii) \$1.6 million of higher depreciation expense associated with certain systems to improve our quote to order and billing processes and other systems to support the integration and growth of our business. For the three months ended June 30, 2016, the impact of foreign currency fluctuations to EMEA general and administrative expenses was not significant when compared to the average exchange rates for the three months ended June 30, 2015. Over the course of the past year, we have been investing in our EMEA general and administrative functions as a result of our ongoing efforts to scale this region effectively for growth. Going forward, although we are carefully monitoring our spending given the current economic environment, we expect our EMEA general and administrative expenses to increase in future periods as we continue to scale our operations to support our growth, as well as the integration of TelecityGroup; however, as a percentage of revenues, we generally expect them to decrease.

**Asia-Pacific General and Administrative Expenses.** General and administrative expenses for our Asia-Pacific region for the three months ended June 30, 2016 included \$4.0 million attributable to Bit-isle, which closed in November 2015. Excluding the impact of Bit-isle, our Asia-Pacific general and administrative expenses were \$14.7 million for the three months ended June 30, 2016 compared to \$10.7 million for the three months ended June 30, 2015. Excluding the impact of Bit-isle, the increase was primarily due to \$2.9 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (286 Asia-Pacific general and administrative employees, excluding Bit-isle employees, as of June 30, 2016 versus 247 as of June 30, 2015). For the three months ended June 30, 2016, the impact of foreign currency fluctuations to our Asia-Pacific general and administrative expenses was not significant when compared to average exchange rates of the three months ended June 30, 2015. Going forward, although we are carefully monitoring our spending, we expect Asia-Pacific general and administrative expenses to increase as a result of our acquisition and integration of Bit-isle and as we continue to scale or operations to support our growth; however, as a percentage of revenues, we generally expect them to decrease.

**Acquisition Costs.** During the three months ended June 30, 2016, we recorded acquisition costs totaling \$15.6 million primarily in the EMEA region. During the three months ended June 30, 2015, we recorded acquisition costs totaling \$9.9 million primarily in the Americas and EMEA regions.

**Income from Continuing Operations.** Our income from continuing operations for the three months ended June 30, 2016 and 2015 were split among the following geographic regions (dollars in thousands):

	Three months ended June 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	\$ 87,100	58%	\$ 77,653	56%	12 %	12 %
EMEA	29,096	19%	36,110	26%	(19)%	(19)%
Asia-Pacific	35,459	23%	25,370	18%	40 %	42 %
Total	\$ 151,655	100%	\$ 139,133	100%	9 %	10 %

**Americas Income from Continuing Operations.** The increase in our Americas income from continuing operations was due to higher revenues as result of our IBX data center expansion activity and organic growth as described above, partially offset by higher cost of revenues and operating expenses as a percentage of revenues primarily attributable to higher compensation and other headcount related expenses to support our growth. The impact of foreign currency fluctuations on our Americas income from continuing operations for the three months ended June 30, 2016 was not significant when compared to average exchange rates of the three months ended June 30, 2015.

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**EMEA Income from Continuing Operations.** The decrease in our EMEA income from continuing operations was primarily due to acquisition and integration costs incurred in connection with our acquisition of TelecityGroup, which closed in January 2016, as well as the increased depreciation and amortization created from the purchase accounting for TelecityGroup. The impact of foreign currency fluctuations on our EMEA loss from continuing operations for the three months ended June 30, 2016 was not significant when compared to average exchange rates of the three months ended June 30, 2015.

**Asia-Pacific Income from Continuing Operations.** The increase in our Asia-Pacific income from continuing operations was primarily due to higher revenues as a result of our acquisition of Bit-isle, which closed in November 2015, as well as our IBX data center expansion activity and organic growth as described above, partially offset by higher cost of revenues and operating expenses as a percentage of revenues primarily attributable to our acquisition of Bit-isle as well as higher compensation and other headcount related expenses and higher professional fees to support our growth. The impact of foreign currency fluctuations on our Asia-Pacific income from continuing operations for the three months ended June 30, 2016 was not significant when compared to average exchange rates of the three months ended June 30, 2015.

**Interest Income.** Interest income was \$841,000 and \$921,000, respectively, for the three months ended June 30, 2016 and 2015. The average annualized yield for the three months ended June 30, 2016 was 0.46% versus 0.22% for the three months ended June 30, 2015. We expect our interest income to remain at these low levels for the foreseeable future due to lower invested balances and a portfolio more weighted towards short-term U.S. government securities.

**Interest Expense.** Interest expense increased to \$100.3 million for the three months ended June 30, 2016 from \$74.5 million for the three months ended June 30, 2015. This increase in interest expense was primarily due to the impact of our \$1.1 billion of senior notes issued in December 2015, \$645.2 million outstanding seven year term loans we borrowed in January 2016 and \$459.8 million of an outstanding bridge term loan we borrowed to finance our acquisition of Bit-isle, which closed in November 2015, as well as additional financings such as various capital lease and other financing obligations to support our expansion projects. During the three months ended June 30, 2016 and 2015, we capitalized \$3.2 million and \$1.7 million, respectively, of interest expense to construction in progress. Going forward, we expect to incur higher interest expense as we recognize the full impact of our \$1.1 billion senior notes offering in December 2015, \$645.2 million of seven year term loans we borrowed in January 2016 and \$459.8 million of an outstanding bridge term loan which we expect to refinance in 2016. We expect to incur additional indebtedness to support our growth and acquisition opportunities, such as the Bit-isle and TelecityGroup acquisitions, resulting in higher interest expense.

**Other Income (Expense).** We recorded net income of \$1.6 million and net income of \$1.4 million, respectively, of other income (expense), for the three months ended June 30, 2016 and 2015, primarily due to foreign currency exchange gains and losses during the periods.

**Loss on debt extinguishment.** During the three months ended June 30, 2016, we recorded \$605,000 loss on debt extinguishment as a result of the prepayment and termination of our 2012 and 2013 Brazil financings. We did not have loss on debt extinguishment during the three months ended June 30, 2015.

**Income Taxes.** Effective January 1, 2015, we have operated as a REIT for federal income tax purposes. As a REIT, we are generally not subject to federal income taxes on the taxable income distributed to our stockholders. We intend to distribute and have distributed the entire taxable income generated by the operations of our REIT and its QRSs for the tax years ended December 31, 2016 and December 31, 2015, respectively. As such, no provision for U.S. income taxes for the REIT and its QRSs has been included in the accompanying condensed consolidated financial statements for the three months ended June 30, 2016 and 2015.

We have made TRS elections for some of our subsidiaries in and outside the U.S. In general, a TRS may provide services that would otherwise be considered impermissible for REITs to provide and may hold assets that REITs cannot hold directly. U.S. income taxes for the TRS entities located in the U.S. and foreign income taxes for our foreign operations regardless of whether the foreign operations are operated as a QRS or TRS were accrued, as necessary, for the three months ended June 30, 2016 and 2015.

For the three months ended June 30, 2016 and 2015, we recorded \$13.8 million and \$7.5 million of income tax expense, respectively. Our effective tax rates were 26.0% and 11.2%, respectively, for the three months ended June 30, 2016 and 2015. The increase in the effective tax rate for the three months ended June 30, 2016 as compared to the same period in 2015 is primarily due to a much lower profit before tax for the period, attributable to the non-tax deductible cost related to the TelecityGroup acquisition and an increase in valuation allowance.

**Income from Discontinued Operations.** Our net income from discontinued operations was \$5.4 million for the three months ended June 30, 2016. We did not have discontinued operations during the three months ended June 30, 2015.

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**Adjusted EBITDA.** Adjusted EBITDA is a key factor in how we assess the operating performance of our segments and develop regional growth strategies such as IBX data center expansion decisions. We define adjusted EBITDA as income or loss from operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, impairment charges, acquisition costs and gains on asset sales. See "Non-GAAP Financial Measures" below for more information about adjusted EBITDA and a reconciliation of adjusted EBITDA to the most directly comparable GAAP measure. Our adjusted EBITDA for the three months ended June 30, 2016 and 2015 was split among the following geographic regions (dollars in thousands):

	Three months ended June 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	\$ 195,028	46%	\$ 170,886	55%	14%	15%
EMEA	133,455	32%	79,533	25%	68%	68%
Asia-Pacific	91,808	22%	60,843	20%	51%	51%
Total	\$ 420,291	100%	\$ 311,262	100%	35%	36%

**Americas Adjusted EBITDA.** The increase in our Americas adjusted EBITDA was due to higher revenues as result of our IBX data center expansion activity and organic growth as described above. The impact of foreign currency fluctuations on our Americas adjusted EBITDA for the three months ended June 30, 2016 was not significant when compared to average exchange rates of the three months ended June 30, 2015.

**EMEA Adjusted EBITDA.** Adjusted EBITDA for our EMEA region includes \$51.9 million of adjusted EBITDA attributable to our acquisition of TelecityGroup, which closed in January 2016. Excluding adjusted EBITDA attributable to TelecityGroup, our EMEA adjusted EBITDA did not materially change during the three months ended June 30, 2016 compared to the three months ended June 30, 2015. The impact of foreign currency fluctuations on our EMEA adjusted EBITDA for the three months ended June 30, 2016 was not significant when compared to average exchange rates of the three months ended June 30, 2015.

**Asia-Pacific Adjusted EBITDA.** Adjusted EBITDA for our Asia-Pacific region includes \$12.1 million of adjusted EBITDA attributable to our acquisition of Bit-isle, which closed in November 2015. Excluding adjusted EBITDA attributable to Bit-isle, the increase in our Asia-Pacific adjusted EBITDA was primarily due to higher revenues as result of our IBX data center expansion activity and organic growth as described above. The impact of foreign currency fluctuations on our Asia-Pacific adjusted EBITDA for the three months ended June 30, 2016 was not significant when compared to average exchange rates of the three months ended June 30, 2015.

**Six Months Ended June 30, 2016 and 2015**

**Revenues.** Our revenues for the six months ended June 30, 2016 and 2015 were generated from the following revenue classifications and geographic regions (dollars in thousands):

	Six months ended June 30,				% change	
	2016	%	2015	%	Actual	Constant currency
<b>Americas:</b>						
Recurring revenues	\$ 773,635	44%	\$ 700,659	53%	10%	12%
Non-recurring revenues	44,230	3%	34,757	3%	27%	28%
	<u>817,865</u>	<u>47%</u>	<u>735,416</u>	<u>56%</u>	<u>11%</u>	<u>13%</u>
<b>EMEA:</b>						
Recurring revenues	535,191	31%	313,487	24%	71%	73%
Non-recurring revenues	33,274	2%	25,103	2%	33%	35%
	<u>568,465</u>	<u>33%</u>	<u>338,590</u>	<u>26%</u>	<u>68%</u>	<u>70%</u>
<b>Asia-Pacific:</b>						
Recurring revenues	340,039	19%	222,202	17%	53%	55%
Non-recurring revenues	18,297	1%	12,548	1%	46%	47%
	<u>358,336</u>	<u>20%</u>	<u>234,750</u>	<u>18%</u>	<u>53%</u>	<u>54%</u>
<b>Total:</b>						
Recurring revenues	1,648,865	94%	1,236,348	94%	33%	35%
Non-recurring revenues	95,801	6%	72,408	6%	32%	34%
	<u>\$ 1,744,666</u>	<u>100%</u>	<u>\$ 1,308,756</u>	<u>100%</u>	<u>33%</u>	<u>35%</u>

**Americas Revenues.** Our revenues from the U.S., the largest revenue contributor in the Americas region for the period, represented approximately 93% and 92%, respectively, of the regional revenues during the six months ended June 30, 2016 and 2015. Growth in Americas revenues was primarily due to (i) approximately \$20.9 million of revenue generated from our recently-opened IBX data centers or IBX data center expansions in the Dallas, Rio de Janeiro, Silicon Valley and Washington, D.C. metro areas and (ii) an increase in orders from both our existing customers and new customers during the period. During the six months ended June 30, 2016, the U.S. dollar was generally stronger relative to the Canadian dollar and Brazilian real than during the six months ended June 30, 2015, resulting in approximately \$12.1 million of net unfavorable foreign currency impact to our Americas revenues during the six months ended June 30, 2016 compared to average exchange rates during the six months ended June 30, 2015. We expect that our Americas revenues will continue to grow in future periods as a result of continued growth in the recently-opened IBX data centers or IBX data center expansions and additional expansions currently taking place in the Atlanta, New York, São Paulo, Silicon Valley and Washington D.C. metro areas, which are expected to open during the remainder of 2016 and 2017. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts.

**EMEA Revenues.** Revenues for our EMEA region for the six months ended June 30, 2016 include \$191.7 million of revenues attributable to TelecityGroup, which closed in January 2016. After our acquisition of TelecityGroup, the UK continues to be our largest revenue contributor in the EMEA region, providing 34% of regional revenues for the six months ended June 30, 2016 compared to 38% of regional revenues for the six months ended June 30, 2015 without TelecityGroup. Our EMEA revenue growth was primarily due to (i) \$191.7 million of revenues attributable to TelecityGroup, (ii) approximately \$29.7 million of revenue from our recently-opened IBX data centers or IBX data center expansions in the Amsterdam, Frankfurt, Paris and Zurich metro areas and (iii) an increase in orders from both our existing customers and new customers during the period. During the six months ended June 30, 2016, the impact of foreign currency fluctuations resulted in approximately \$8.6 million of net unfavorable foreign currency impact to our EMEA revenues primarily due to a generally stronger U.S. dollar relative to the British pound and Euro during the six months ended June 30, 2016 compared to the six months ended June 30, 2015. We expect that our EMEA revenues will continue to grow in future periods as a result of continued growth in recently-opened IBX data centers or IBX data center expansions and additional expansions currently taking place in the Amsterdam, Dublin, Frankfurt, London, and Warsaw metro areas, which are expected to open during the remainder of 2016 and 2017, as well as our acquisition of TelecityGroup. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts as well as our acquisition of TelecityGroup.

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**Asia-Pacific Revenues.** Revenues for our Asia-Pacific region for the six months ended June 30, 2016 include \$71.5 million of revenues attributable to Bit-isle, which closed in November 2015. After our acquisition of Bit-isle, Japan is our largest revenue contributor in the Asia-Pacific region, providing 34% of regional revenues including Bit-isle for the six months ended June 30, 2016 compared to 15% for the six months ended June 30, 2015 without Bit-isle. Excluding revenues attributable to Bit-isle, our revenues from Singapore, which was our largest revenue contributor in the Asia-Pacific region before we acquired Bit-isle, represented approximately 38% and 40%, respectively, of the regional revenues for the six months ended June 30, 2016 and 2015. Our Asia-Pacific revenue growth was primarily due to (i) \$71.5 million of revenues attributable to Bit-isle, (ii) approximately \$40.2 million of revenue generated from our recently-opened IBX data center expansions in the Hong Kong, Melbourne, Shanghai, Singapore, Sydney and Tokyo metro areas and (iii) an increase in orders from both our existing customers and new customers during the period. During the six months ended June 30, 2016, the U.S. dollar was generally stronger relative to the Australian and Singapore dollars and Japanese Yen than during the six months ended June 30, 2015, resulting in approximately \$3.6 million of net unfavorable foreign currency impact to our Asia-Pacific revenues during the six months ended June 30, 2016 when compared to average exchange rates during the six months ended June 30, 2015. We expect that our Asia-Pacific revenues will continue to grow in future periods as a result of continued growth in these recently-opened IBX data centers and additional expansions currently taking place in the Hong Kong and Sydney metro areas, which are expected to open during the remainder of 2016 and 2017. Our estimates of future revenue growth take into account expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts as well as the impact of our acquisition of Bit-isle.

**Cost of Revenues.** Our cost of revenues for the six months ended June 30, 2016 and 2015 were split among the following geographic regions (dollars in thousands):

	Six months ended June 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	\$ 341,140	39%	\$ 308,259	50%	11%	14%
EMEA	321,731	36%	168,015	28%	91%	94%
Asia-Pacific	221,776	25%	137,796	22%	61%	61%
Total	\$ 884,647	100%	\$ 614,070	100%	44%	46%

	Six months ended June 30,	
	2016	2015
<i>Cost of revenues as a percentage of revenues:</i>		
Americas	42%	42%
EMEA	57%	50%
Asia-Pacific	62%	59%
Total	51%	47%

**Americas Cost of Revenues.** Depreciation expense was \$118.1 million and \$107.8 million for the six months ended June 30, 2016 and 2015, respectively. The growth in depreciation expense was primarily due to our IBX expansion activity. In addition to the increase in depreciation expense, the increase in our Americas cost of revenues for the six months ended June 30, 2016 compared to the six months ended June 30, 2015 was primarily due to (i) \$11.1 million of higher utilities, rent and facilities costs, office expense, consulting, and repairs and maintenance in support of our business growth, (ii) \$7.5 million of higher costs associated with equipment resales to support growth of our non-recurring revenues and (iii) \$2.5 million of higher compensation costs, including sales compensation, general salaries, bonuses and stock-based compensation. During the six months ended June 30, 2016, the impact of foreign currency fluctuations resulted in approximately \$9.1 million of net favorable foreign currency impact to our Americas cost of revenues primarily due to a generally stronger U.S. dollar relative to the Brazilian real and Canadian dollar during the six months ended June 30, 2016 compared to the six months ended June 30, 2015. We expect Americas cost of revenues to increase as we continue to grow our business.

**EMEA Cost of Revenues.** Cost of revenues for our EMEA region for the six months ended June 30, 2016 includes \$133.3 million of cost of revenues attributable to TeleticityGroup, which closed in January 2016. Excluding cost of revenues attributable to TeleticityGroup, EMEA cost of revenues was \$188.4 million for the six months ended June 30, 2016 compared to \$168.0 million for the six months ended June 30, 2015. Depreciation expense, excluding TeleticityGroup, was \$52.0 million and \$45.8 million for the six months ended June 30, 2016 and 2015, respectively. The growth in depreciation expense was primarily due to our IBX

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data center expansion activity. Excluding the impact of our acquisition of TelecityGroup, the remaining increase in our EMEA cost of revenues was primarily due to (i) \$10.1 million of higher utilities, consulting, and repairs and maintenance costs in support of our business growth and (ii) \$2.1 million of higher compensation costs, including sales compensation, general salaries, bonuses and stock-based compensation and headcount growth (574 EMEA cost of revenues employees as of June 30, 2016 versus 508 as of June 30, 2015). During the six months ended June 30, 2016 the impact of foreign currency fluctuations to our EMEA cost of revenues resulted in approximately \$3.6 million of net favorable foreign currency impact to our EMEA cost of revenues primarily due to a generally stronger U.S. dollar relative to the British pound and Euro during the six months ended June 30, 2016 compared to the six months ended June 30, 2015. We expect EMEA cost of revenues to increase as we continue to grow our business and as a result of our acquisition of TelecityGroup.

*Asia-Pacific Cost of Revenues.* Cost of revenues for our Asia-Pacific region for the six months ended June 30, 2016 includes \$57.2 million of cost of revenues attributable to Bit-isle, which closed in November 2015. Excluding cost of revenues attributable to Bit-isle, Asia-Pacific cost of revenues was \$164.6 million for the six months ended June 30, 2016 compared to \$137.8 million for the six months ended June 30, 2015, primarily due to an increase in depreciation expense. Depreciation expense, excluding Bit-isle, was \$71.8 million and \$56.4 million for the six months ended June 30, 2016 and 2015, respectively. The growth in depreciation expense was primarily due to our IBX data center expansion activity. Excluding the impact of our acquisition of Bit-isle, the remaining increase in our Asia-Pacific cost of revenues was primarily due to (i) \$7.6 million of higher utilities, rent, facility costs, consulting, and repairs and maintenance costs in support of our business growth and (ii) \$1.8 million of higher compensation costs, including sales compensation, general salaries, bonuses and stock-based compensation and headcount growth (407 Asia-Pacific cost of revenues employees as of June 30, 2016 versus 376 as of June 30, 2015). For the six months ended June 30, 2016, the impact of foreign currency fluctuations to our Asia-Pacific cost of revenues was not significant when compared to average exchange rates of the six months ended June 30, 2015. We expect Asia-Pacific cost of revenues to increase as we continue to grow our business, including from the impact of our acquisition of Bit-isle.

*Sales and Marketing Expenses.* Our sales and marketing expenses for the six months ended June 30, 2016 and 2015 were split among the following geographic regions (dollars in thousands):

	Six months ended June 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	\$ 115,009	53%	\$ 99,460	62%	16%	17%
EMEA	66,054	31%	35,080	22%	88%	91%
Asia-Pacific	33,359	16%	25,324	16%	32%	33%
Total	\$ 214,422	100%	\$ 159,864	100%	34%	36%

	Six months ended June 30,	
	2016	2015
<i>Sales and marketing expenses as a percentage of revenues:</i>		
Americas	14%	14%
EMEA	12%	10%
Asia-Pacific	9%	11%
Total	12%	12%

*Americas Sales and Marketing Expenses.* The increase in our Americas sales and marketing expenses was primarily due to \$9.8 million of higher compensation costs, including sales compensation, general salaries, bonuses and stock-based compensation and headcount growth (529 Americas sales and marketing employees as of June 30, 2016 versus 471 as of June 30, 2015) and \$5.2 million of higher advertising, promotion, consulting and travel and entertainment expenses to support our growth. During the six months ended June 30, 2016, the impact of foreign currency fluctuations to our Americas sales and marketing expenses was not significant when compared to average exchange rates during the six months ended June 30, 2015. Over the past several years, we have been investing in our Americas sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts. Although we anticipate that we will continue to invest in Americas sales and marketing initiatives, we believe our Americas sales and marketing expenses as a percentage of revenues will remain at approximately current levels over the next year but should ultimately decrease as we continue to grow our business.

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*EMEA Sales and Marketing Expenses.* Sales and marketing expenses for our EMEA region for the six months ended June 30, 2016 included \$24.7 million attributable to TelecityGroup, which closed in January 2016. Excluding the impact of TelecityGroup, our EMEA sales and marketing expenses were \$41.4 million for the six months ended June 30, 2016 compared to \$35.1 million for the six months ended June 30, 2015. The increase was primarily due to (i) \$3.6 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (246 EMEA sales and marketing employees, excluding TelecityGroup employees, as of June 30, 2016 versus 212 as of June 30, 2015) and (ii) \$2.0 million of higher advertising, promotion, consulting, travel, recruiting and training expenses to support our growth. For the six months ended June 30, 2016, the impact of foreign currency fluctuations to EMEA sales and marketing expenses was not significant when compared to the average exchange rates for the six months ended June 30, 2015. Over the past several years, we have been investing in our EMEA sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts. We expect our EMEA sales and marketing expenses to increase as a result of the TelecityGroup acquisition. Although we anticipate we will continue to invest in EMEA sales and marketing initiatives, including the integration of TelecityGroup, we believe our EMEA sales and marketing expenses as a percentage of revenues will ultimately decrease as we continue to grow our business.

*Asia-Pacific Sales and Marketing Expenses.* Sales and marketing expenses for our Asia-Pacific region for the six months ended June 30, 2016 included \$7.5 million attributable to Bit-isle, which closed in November 2015. Excluding the impact of Bit-isle, our Asia-Pacific sales and marketing expenses did not materially change during the six months ended June 30, 2016 compared to the six months ended June 30, 2015. For the six months ended June 30, 2016, the impact of foreign currency fluctuations to our Asia-Pacific sales and marketing expenses was not significant when compared to average exchange rates for the six months ended June 30, 2015. Over the past several years, we have been investing in our Asia-Pacific sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts. We expect our Asia-Pacific sales and marketing expenses to increase as a result of the Bit-isle acquisition. Although we anticipate that we will continue to invest in Asia-Pacific sales and marketing initiatives, including the integration of Bit-isle, we believe our Asia-Pacific sales and marketing expenses as a percentage of revenues will ultimately decrease as we continue to grow our business.

*General and Administrative Expenses.* Our general and administrative expenses for the six months ended June 30, 2016 and 2015 were split among the following geographic regions (dollars in thousands):

	Six months ended June 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	\$ 189,941	57%	\$ 168,954	73%	12%	13%
EMEA	108,448	32%	42,454	18%	155%	160%
Asia-Pacific	35,977	11%	21,810	9%	65%	67%
Total	\$ 334,366	100%	\$ 233,218	100%	43%	45%

	Six months ended June 30,	
	2016	2015
<i>General and administrative expenses as a percentage of revenues:</i>		
Americas	23 %	23 %
EMEA	19 %	13 %
Asia-Pacific	10 %	9 %
Total	19 %	18 %

*Americas General and Administrative Expenses.* The increase in our Americas general and administrative expenses was primarily due to (i) \$9.1 million of higher compensation costs, including general salaries, bonuses, stock-based compensation, and headcount growth (891 Americas general and administrative employees as of June 30, 2016 versus 764 as of June 30, 2015), (ii) \$8.1 million of higher depreciation expense associated with certain systems to improve our quote to order and billing processes and other systems to support the integration and growth of our business and (iii) \$2.3 million of higher office expense to support our growth. During the six months ended June 30, 2016, the impact of foreign currency fluctuations to our Americas general and administrative expenses was not significant when compared to average exchange rates for the six months ended June 30, 2015. Over the course of the past year, we have been investing in our Americas general and administrative functions to scale this region effectively for growth, which has included additional investments into improving our back office systems. We expect our current

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efforts to improve our back office systems will continue over the next several years. Going forward, although we are carefully monitoring our spending, we expect Americas general and administrative expenses to increase as we continue to further scale our operations to support our growth, including these investments in our back office systems and maintaining our REIT qualification; however, as a percentage of revenues, we generally expect them to decrease.

**EMEA General and Administrative Expenses.** General and administrative expenses for our EMEA region for the six months ended June 30, 2016 included \$40.7 million attributable to TelecityGroup, which closed in January 2016. Excluding the impact of TelecityGroup, our EMEA general and administrative expenses were \$67.7 million for the six months ended June 30, 2016 compared to \$42.5 million for the six months ended June 30, 2015. Excluding the impact of TelecityGroup, the increase was primarily due to (i) \$13.9 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (483 EMEA general and administrative employees, excluding TelecityGroup employees, as of June 30, 2016 versus 376 as of June 30, 2015), (ii) \$7.1 million of higher outside services to support the integration of TelecityGroup and (iii) \$2.6 million of higher depreciation expense associated with certain systems to improve our quote to order and billing processes and other systems to support the integration and growth of our business. For the six months ended June 30, 2016, the impact of foreign currency fluctuations to EMEA general and administrative expenses was not significant when compared to the average exchange rates for the six months ended June 30, 2015. Over the course of the past year, we have been investing in our EMEA general and administrative functions as a result of our ongoing efforts to scale this region effectively for growth. Going forward, although we are carefully monitoring our spending given the current economic environment, we expect our EMEA general and administrative expenses to increase in future periods as we continue to scale our operations to support our growth, as well as integration of TelecityGroup; however, as a percentage of revenues, we generally expect them to decrease.

**Asia-Pacific General and Administrative Expenses.** General and administrative expenses for our Asia-Pacific region for the six months ended June 30, 2016 included \$8.2 million attributable to Bit-isle, which closed in November 2015. Excluding the impact of Bit-isle, our Asia-Pacific general and administrative expenses were \$27.8 million for the six months ended June 30, 2016 compared to \$21.8 million for the six months ended June 30, 2015. Excluding the impact of Bit-isle, the increase was primarily due to \$4.8 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (286 Asia-Pacific general and administrative employees, excluding Bit-isle employees, as of June 30, 2016 versus 247 as of June 30, 2015). For the six months ended June 30, 2016, the impact of foreign currency fluctuations to our Asia-Pacific general and administrative expenses was not significant when compared to average exchange rates of the six months ended June 30, 2015. Going forward, although we are carefully monitoring our spending, we expect Asia-Pacific general and administrative expenses to increase as a result of our acquisition and integration of Bit-isle and as we continue to scale our operations to support our growth; ; however, as a percentage of revenues, we generally expect them to decrease.

**Acquisition Costs.** During the six months ended June 30, 2016, we recorded acquisition costs totaling \$52.1 million primarily in the EMEA region. During the six months ended June 30, 2015, we recorded acquisition costs totaling \$11.0 million primarily in the EMEA and Americas regions.

**Income from Continuing Operations.** Our income from continuing operations for the six months ended June 30, 2016 and 2015 was split among the following geographic regions (dollars in thousands):

	Six months ended June 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	\$ 175,639	67%	\$ 159,119	55%	10 %	11 %
EMEA	21,677	8%	81,651	28%	(73)%	(71)%
Asia-Pacific	67,027	25%	49,812	17%	35 %	40 %
Total	\$ 264,343	100%	\$ 290,582	100%	(9)%	(7)%

**Americas Income from Continuing Operations.** The increase in our Americas income from continuing operations was due to higher revenues as result of our IBX data center expansion activity and organic growth as described above, partially offset by higher cost of revenues and operating expenses as a percentage of revenues primarily attributable to higher compensation and other headcount related expenses to support our growth. The impact of foreign currency fluctuations on our Americas income from continuing operations for the six months ended June 30, 2016 was not significant when compared to average exchange rates of the six months ended June 30, 2015.

**EMEA Income from Continuing Operations.** The decrease in our EMEA income from continuing operations was primarily due to acquisition and integration costs incurred in connection with our acquisition of TelecityGroup, which closed in January 2016, as well as the increased depreciation and amortization created from the purchase accounting for TelecityGroup. During the six months ended June 30, 2016, the impact of foreign currency fluctuations resulted in approximately \$2.3 million of net

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unfavorable foreign currency impact to our EMEA income from continuing operations primarily due to a generally stronger U.S. dollar relative to the British pound and Euro during the six months ended June 30, 2016 compared to the six months ended June 30, 2015.

**Asia-Pacific Income from Continuing Operations.** The increase in our Asia-Pacific income from continuing operations was primarily due to higher revenues as a result of our acquisition of Bit-isle, which closed in November 2015, as well as our IBX data center expansion activity and organic growth as described above, partially offset by higher cost of revenues and operating expenses as a percentage of revenues primarily attributable to our acquisition of Bit-isle as well as higher compensation and other headcount related expenses and higher professional fees to support our growth. During the six months ended June 30, 2016, the U.S. dollar was generally stronger relative to the Australian and Singapore dollars and Japanese Yen than during the six months ended June 30, 2015, resulting in approximately \$2.6 million of net unfavorable foreign currency impact to our Asia-Pacific income from continuing operations during the six months ended June 30, 2016 when compared to average exchange rates during the six months ended June 30, 2015.

**Interest Income.** Interest income was \$1.8 million and \$1.4 million, respectively, for the six months ended June 30, 2016 and 2015. The average annualized yield for the six months ended June 30, 2016 was 0.33% versus 0.20% for the six months ended June 30, 2015. We expect our interest income to remain at these low levels for the foreseeable future due to lower invested balances and a portfolio more weighted towards short-term U.S. government securities.

**Interest Expense.** Interest expense increased to \$201.2 million for the six months ended June 30, 2016 from \$143.3 million for the six months ended June 30, 2015. This increase in interest expense was primarily due to the impact of our \$1.1 billion of senior notes issued in December 2015, \$645.2 million outstanding of the seven year term loans we borrowed in January 2016 and \$459.8 million of an outstanding bridge term loan we borrowed to finance our acquisition of Bit-isle, which closed in November 2015, as well as additional financings such as various capital lease and other financing obligations to support our expansion projects. During the six months ended June 30, 2016 and 2015, we capitalized \$5.5 million and \$6.5 million, respectively, of interest expense to construction in progress. Going forward, we expect to incur higher interest expense as we recognize the full impact of our \$1.1 billion senior notes offering in December 2015, \$645.2 million of seven year term loans we borrowed in January 2016 and \$459.8 million of an outstanding bridge term loan which we expect to refinance in 2016. We expect to incur additional indebtedness to support our growth and acquisition opportunities, such as the Bit-isle and TelecityGroup acquisitions, resulting in higher interest expense.

**Other Income (Expense).** We recorded net expense of \$59.2 million and net income of \$0.9 million, respectively, of other income (expense), for the six months ended June 30, 2016 and 2015, primarily due to foreign currency exchange gains and losses during the periods, including \$63.5 million in foreign currency losses for the six months ended June 30, 2016 as a result of completing the acquisition of TelecityGroup.

**Loss on debt extinguishment.** During the six months ended June 30, 2016, we recorded \$605,000 loss on debt extinguishment as a result of the prepayment and termination of our 2012 and 2013 Brazil financings. We did not have loss on debt extinguishment during the six months ended June 30, 2015.

**Income Taxes.** Effective January 1, 2015, we have operated as a REIT for federal income tax purposes. As a REIT, we are generally not subject to federal income taxes on the taxable income distributed to our stockholders. We intend to distribute and have distributed the entire taxable income generated by the operations of our REIT and its QRSs for the tax years ended December 31, 2016 and December 31, 2015, respectively. As such, no provision for U.S. income taxes for the REIT and its QRSs has been included in the accompanying condensed consolidated financial statements for the six months ended June 30, 2016 and 2015.

We have made TRS elections for some of our subsidiaries in and outside the U.S. In general, a TRS may provide services that would otherwise be considered impermissible for REITs to provide and may hold assets that REITs cannot hold directly. U.S. income taxes for the TRS entities located in the U.S. and foreign income taxes for our foreign operations regardless of whether the foreign operations are operated as a QRS or TRS were accrued, as necessary, for the six months ended June 30, 2016 and 2015.

For the six months ended June 30, 2016 and 2015, we recorded \$3.2 million and \$13.7 million of income tax expense, respectively. Our effective tax rates were 61.7% and 9.2%, respectively, for the six months ended June 30, 2016 and 2015. The increase in the effective tax rate for the six months in 2016 as compared to the same period in 2015 is primarily due to a much lower profit before tax for the period, attributable to the non-tax deductible costs related to the TelecityGroup acquisition and an increase in valuation allowance.

**Income from Discontinued Operations.** Our net income from discontinued operations was \$11.6 million for the six months ended June 30, 2016. We did not have discontinued operations during the six months ended June 30, 2015.

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**Adjusted EBITDA.** Adjusted EBITDA is a key factor in how we assess the operating performance of our segments and develop regional growth strategies such as IBX data center expansion decisions. We define adjusted EBITDA as income or loss from operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, impairment charges, acquisition costs and gains on asset sales. See "Non-GAAP Financial Measures" below for more information about adjusted EBITDA and a reconciliation of adjusted EBITDA to net income. Our adjusted EBITDA for the six months ended June 30, 2016 and 2015 was split among the following geographic regions (dollars in thousands):

	Six months ended June 30,				% change	
	2016	%	2015	%	Actual	Constant currency
Americas	\$ 379,488	47%	\$ 343,620	56%	10%	12%
EMEA	244,944	31%	155,564	25%	57%	60%
Asia-Pacific	176,509	22%	117,826	19%	50%	52%
Total	\$ 800,941	100%	\$ 617,010	100%	30%	31%

**Americas Adjusted EBITDA.** The increase in our Americas adjusted EBITDA was due to higher revenues as result of our IBX data center expansion activity and organic growth as described above. During the six months ended June 30, 2016, currency fluctuations resulted in approximately \$4.0 million of net unfavorable foreign currency impact on our Americas adjusted EBITDA primarily due to the generally stronger U.S. dollar relative to the Brazilian real and Canadian dollar during the six months ended June 30, 2016 compared to the six months ended June 30, 2015.

**EMEA Adjusted EBITDA.** Adjusted EBITDA for our EMEA region includes \$92.6 million of adjusted EBITDA attributable to our acquisition of TeleciteGroup, which closed in January 2016. Excluding adjusted EBITDA attributable to TeleciteGroup, the decrease in our EMEA adjusted EBITDA was primarily due to higher operating costs as result of our IBX data center expansion activity and organic growth as described above. During the six months ended June 30, 2016, currency fluctuations resulted in approximately \$3.5 million of net unfavorable foreign currency impact to our EMEA adjusted EBITDA primarily due to a generally stronger U.S. dollar relative to the British pound and Euro during the six months ended June 30, 2016 compared to the six months ended June 30, 2015.

**Asia-Pacific Adjusted EBITDA.** Adjusted EBITDA for our Asia-Pacific region includes \$23.7 million of adjusted EBITDA attributable to our acquisition of Bit-isle, which closed in November 2015. Excluding adjusted EBITDA attributable to Bit-isle, the increase in our Asia-Pacific adjusted EBITDA was primarily due to higher revenues as result of our IBX data center expansion activity and organic growth as described above. During the six months ended June 30, 2016, currency fluctuations resulted in approximately \$2.5 million of net unfavorable foreign currency impact to our Asia-Pacific adjusted EBITDA primarily due to a generally stronger U.S. dollar relative to the Australian and Singapore dollars and Japanese Yen during the six months ended June 30, 2016 compared to the six months ended June 30, 2015.

## Non-GAAP Financial Measures

We provide all information required in accordance with generally accepted accounting principles in the United States of America ("GAAP"), but we believe that evaluating our ongoing operating results may be difficult if limited to reviewing only GAAP financial measures. Accordingly, we use non-GAAP financial measures to evaluate our operations.

Non-GAAP financial measures are not a substitute for financial information prepared in accordance with GAAP. Non-GAAP financial measures should not be considered in isolation, but should be considered together with the most directly comparable GAAP financial measures and the reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures. We have presented such non-GAAP financial measures to provide investors with an additional tool to evaluate our operating results in a manner that focuses on what management believes to be our core, ongoing business operations. We believe that the inclusion of these non-GAAP financial measures provides consistency and comparability with past reports and provides a better understanding of the overall performance of the business and ability to perform in subsequent periods. We believe that if we did not provide such non-GAAP financial information, investors would not have all the necessary data to analyze Equinix effectively.

Investors should note that the non-GAAP financial measures used by us may not be the same non-GAAP financial measures, and may not be calculated in the same manner, as those of other companies. Investors should therefore exercise caution when comparing non-GAAP financial measures used by us to similarly titled non-GAAP financial measures of other companies.

Our primary non-GAAP financial measures, adjusted funds from operations ("AFFO") and adjusted EBITDA, exclude

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depreciation expense as these charges primarily relate to the initial construction costs of our IBX data centers and do not reflect our current or future cash spending levels to support our business. Our IBX data centers are long-lived assets and have an economic life greater than 10 years. The construction costs of an IBX data center do not recur with respect to such data center, although we may incur initial construction costs in future periods with respect to additional IBX data centers, and future capital expenditures remain minor relative to our initial investment. This is a trend we expect to continue. In addition, depreciation is also based on the estimated useful lives of our IBX data centers. These estimates could vary from actual performance of the asset, are based on historical costs incurred to build out our IBX data centers and are not indicative of current or expected future capital expenditures. Therefore, we exclude depreciation from our operating results when evaluating our operations.

In addition, in presenting AFFO and adjusted EBITDA, we exclude amortization expense related to intangible assets, as it represents the amortization of the cost of an intangible asset acquired in an acquisition and is not meaningful in the evaluation of our current or future operating performance. We exclude accretion expense, both as it relates to asset retirement obligations as well as accrued restructuring charge liabilities, as these expenses represent costs which we believe are not meaningful in evaluating our current operations. We exclude stock-based compensation expense as it represents expense attributed to equity awards that have no current or future cash obligations. As such, we, and many investors and analysts, exclude this stock-based compensation expense when assessing the cash generating performance of our operations. We also exclude restructuring charges. The restructuring charges relate to our decisions to exit leases for excess space adjacent to several of our IBX data centers, which we did not intend to build out, or our decision to reverse such restructuring charges. We also exclude impairment charges related to certain long-lived assets. The impairment charges are related to expense recognized whenever events or changes in circumstances indicate that the carrying amount of long-lived assets are not recoverable. We also exclude gains on asset sales as they do not represent an ongoing activity and are not meaningful in evaluating our current or future operating performance. Finally, we exclude acquisition costs from AFFO and adjusted EBITDA. The acquisition costs relate to costs we incur in connection with business combinations. Management believes items such as restructuring charges, impairment charges, acquisition costs and gains on asset sales are non-core transactions; however, these types of costs may occur in future periods.

### Adjusted EBITDA

We define adjusted EBITDA as income or loss from operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, impairment charges, acquisition costs and gains on asset sales as presented below (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Income from continuing operations	\$ 151,655	\$ 139,133	\$ 264,343	\$ 290,582
Depreciation, amortization, and accretion expense	213,719	128,270	415,872	250,800
Stock-based compensation expense	39,323	33,993	73,838	64,606
Acquisition costs	15,594	9,866	52,130	11,022
Gains on asset sales	—	—	(5,242)	—
Adjusted EBITDA	\$ 420,291	\$ 311,262	\$ 800,941	\$ 617,010

Our adjusted EBITDA results have improved each year and in each region in total dollars due to the improved operating results discussed earlier in “Results of Operations”, as well as due to the nature of our business model which consists of a recurring revenue stream and a cost structure which has a large base that is fixed in nature as discussed earlier in “Overview”.

### Funds from Operations (“FFO”) and AFFO

We use FFO and AFFO, which are non-GAAP financial measures commonly used in the REIT industry. FFO is calculated in accordance with the standards established by the National Association of Real Estate Investment Trusts (“NAREIT”). FFO represents net income (loss), excluding gains (losses) from the disposition of real estate assets, depreciation and amortization on real estate assets and adjustments for unconsolidated joint ventures’ and non-controlling interests’ share of these items.

We use AFFO to evaluate our performance on a consolidated basis and as a metric in the determination of employees’ annual bonuses beginning in 2015 and vesting of restricted stock units that were granted beginning in 2015 and that have both service and performance conditions. In presenting AFFO, we exclude certain items that we believe are not good indicators of our current or future operating performance. AFFO represents FFO excluding depreciation and amortization expense on non-real estate assets, accretion, stock-based compensation, restructuring charges, impairment charges, acquisition costs, an installation revenue adjustment, a straight-line rent expense adjustment, amortization of deferred financing costs, gains (losses) on debt extinguishment,

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an income tax expense adjustment, recurring capital expenditures and adjustments for unconsolidated joint ventures' and non-controlling interests' share of these items, gains on asset sales and net income (loss) from discontinued operations, net of tax. The adjustments for both installation revenue and straight-line rent expense are intended to isolate the cash activity included within the straight-lined or amortized results in the consolidated statement of operations. We exclude the amortization of deferred financing costs as these expenses relate to the initial costs incurred in connection with debt financings that have no current or future cash obligations. We exclude gains (losses) on debt extinguishment since it generally represents the write-off of initial costs incurred in connection with debt financings or a cost that is incurred to reduce future interest costs and is not a good indicator of our current or future operating performance. We include an income tax expense adjustment, which represents the non-cash tax impact due to changes in valuation allowances and uncertain tax positions that do not relate to current period's operations. We deduct recurring capital expenditures, which represent expenditures to extend the useful life of its IBX centers or other assets that are required to support current revenues. We also exclude net income (loss) from discontinued operations, net of tax, which represents results that may not recur and are not a good indicator of our current future operating performance.

Our FFO and AFFO for the three and six months ended June 30, 2016 and 2015 were as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Net income	\$ 44,711	\$ 59,459	\$ 13,600	\$ 135,911
Adjustments:				
Real estate depreciation and amortization	158,727	107,321	309,722	209,969
(Gain) loss on disposition of real estate property	(1,951)	559	(5,988)	621
Adjustments for FFO from unconsolidated joint ventures	28	29	56	57
NAREIT FFO attributable to common shareholders	\$ 201,515	\$ 167,368	\$ 317,390	\$ 346,558
	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
NAREIT FFO attributable to common shareholders	\$ 201,515	\$ 167,368	\$ 317,390	\$ 346,558
Adjustments:				
Installation revenue adjustment	7,407	12,474	10,761	21,128
Straight-line rent expense adjustment	1,895	2,017	3,028	5,218
Amortization of deferred financing costs	5,243	3,848	10,751	7,706
Stock-based compensation expense	39,323	33,993	73,838	64,606
Non-real estate depreciation expense	21,021	13,605	42,408	26,298
Amortization expense	32,303	6,450	60,455	12,745
Accretion expense	1,668	894	3,287	1,788
Recurring capital expenditures	(31,928)	(27,330)	(63,743)	(49,703)
Loss on debt extinguishment	605	—	605	—
Acquisition costs	15,594	9,866	52,130	11,022
Income tax expense adjustment	1,301	(1,784)	1,111	(4,192)
Adjustments for AFFO from unconsolidated joint ventures	(9)	(13)	(21)	(30)
Net income from discontinued operations, net of tax	(5,409)	—	(11,625)	—
Adjusted Funds from Operations (AFFO) attributable to common shareholders	\$ 290,529	\$ 221,388	\$ 500,375	\$ 443,144

Our AFFO results have improved due to the improved operating results discussed earlier in "Results of Operations," as well as due to the nature of our business model which consists of a recurring revenue stream and a cost structure which has a large base that is fixed in nature as discussed earlier in "Overview."

### Constant Currency Presentation

Our revenues and certain operating expenses (cost of revenues, sales and marketing expenses and general and administrative expenses) from our international operations have represented and will continue to represent a significant portion of our total revenues and certain operating expenses. As a result, our revenues and certain operating expenses have been and will continue to be affected by changes in the U.S. dollar against major international currencies such as the Brazilian real, British pound, Canadian dollar, Euro, Swiss franc, Australian dollar, Hong Kong dollar, Japanese yen, Singapore dollar and United Arab Emirates dirham. In order to provide a framework for assessing how each of our business segments performed excluding the impact of foreign currency fluctuations, we present period-over-period percentage changes in our revenues and certain operating expenses on a constant currency basis in addition to the historical amounts as reported. Presenting constant currency results of operations is a non-GAAP financial measure and is not meant to be considered in isolation or as an alternative to GAAP results of operations. However, we have presented this non-GAAP financial measure to provide investors with an additional tool to evaluate our operating results. To present this information, our current and comparative prior period revenues and certain operating expenses from entities with functional currencies other than the U.S. dollar are converted into U.S. dollars at the exchange rates in effect for the comparable prior period rather than the actual exchange rates in effect during the respective periods (i.e. average rates in effect for the three months ended June 30, 2015 are used as exchange rates for the three months ended June 30, 2016 when comparing the three months ended June 30, 2016 with the three months ended June 30, 2015 and average rates in effect for the six months ended June 30, 2015 are used as exchange rates for the six months ended June 30, 2016 when comparing the six months ended June 30, 2016 with the six months ended June 30, 2015).

### Liquidity and Capital Resources

As of June 30, 2016, our total indebtedness was comprised of debt and financing obligations totaling \$7.1 billion consisting of (a) \$3.9 billion of principal from our senior notes, (b) approximately \$1.6 billion from our capital lease and other financing obligations, and (c) \$1.6 billion of principal from our mortgage and loans payable (gross of discount and premium).

We believe we have sufficient cash and access to liquidity, coupled with anticipated cash generated from operating activities, to meet our operating requirements, including repayment of the current portion of our debt as it becomes due, payment of regular dividends and completion of our publicly-announced expansion projects. As of June 30, 2016, we had \$494.2 million of cash, cash equivalents and short-term and long-term investments, of which approximately \$97.8 million was held in the U.S. We believe that our current expansion activities can be funded with our cash and cash equivalents and investments. Besides our cash and investment portfolio, we have additional liquidity available to us from the \$1.5 billion revolving credit facility.

As of June 30, 2016, we had 29 irrevocable letters of credit totaling \$39.2 million issued and outstanding under the U.S. revolving credit line; as a result, we had a total of approximately \$1.5 billion of additional liquidity available to us under the revolving credit facility. Besides any further financing activities we may pursue, customer collections are our primary source of cash. While we believe we have a strong customer base, and have continued to experience relatively strong collections, if the current market conditions were to deteriorate, some of our customers may have difficulty paying us and we may experience increased churn in our customer base, including reductions in their commitments to us, all of which could have a material adverse effect on our liquidity. Additionally, we may pursue additional expansion opportunities, primarily the build out of new IBX data centers, in certain of our existing markets which are at or near capacity within the next year, as well as potential acquisitions. We are also now operating as a REIT and paying regular, recurring cash dividends. While we expect to fund these plans with our existing resources, additional financing, either debt or equity, may be required and if current market conditions were to deteriorate, we may be unable to secure additional financing or any such additional financing may only be available to us on unfavorable terms. An inability to pursue additional expansion opportunities will have a material adverse effect on our ability to maintain our desired level of revenue growth in future periods.

### Sources and Uses of Cash

	Six Months Ended June 30,	
	2016	2015
	(dollars in thousands)	
Net cash provided by operating activities	\$ 383,098	\$ 445,274
Net cash used in investing activities	(1,575,717)	(498,376)
Net cash used in financing activities	(546,293)	(218,356)

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*Operating Activities.* The decrease in net cash provided by operating activities was primarily due to an increase in cash payments related to TelecityGroup acquisition costs and settlement of derivative liabilities associated with the TelecityGroup purchase price. We expect we will continue to generate cash from our operating activities during the remainder of 2016 and beyond.

*Investing Activities.* The net cash used in investing activities for the six months ended June 30, 2016 was primarily due to \$1,601.6 million, net of cash acquired for the acquisition of TelecityGroup and remaining amounts due for Bit-isle shares, partially offset by the release of \$466.6 million of restricted cash that was set aside for the TelecityGroup acquisition. Other investing cash flows for the six months included \$447.6 million of capital expenditures primarily related to our expansion activity, purchase of real estate for \$28.1 million and purchase of investment for \$16.5 million, partially offset by proceeds from the sale of assets of \$22.8 million and sales and maturities of investments for \$28.7 million. The net cash used in investing activities for the six months ended June 30, 2015 was primarily due to a \$493.8 million increase in restricted cash in connection with our cash and share offer for TelecityGroup, \$371.5 million of capital expenditures primarily as a result of expansion activity, \$38.3 million for the purchases of land in San Jose, California and \$324.3 million for purchases of investments, offset by sales and maturities of investments for \$753.6 million.

*Financing Activities.* The net cash used in financing activities for the six months ended June 30, 2016 was primarily due to repayments of loans of \$973.1 million relating to loans assumed from TelecityGroup acquisition, our revolving credit facility and our Brazil financings facility; dividend distributions of \$246.7 million and repayments of \$45.3 million of capital lease and other financing obligations, partially offset by borrowings of \$701.3 million under our multicurrency Term B loan facility and bridge term loan, and proceeds from employee equity awards of \$17.6 million. The net cash used in financing activities for the six months ended June 30, 2015 was primarily due to \$518.6 million of repayments of U.S. dollar-denominated term loan and other mortgage and loan payments and \$193.0 million of dividend distributions, offset by \$490.0 million of proceeds from our term loan modification. Going forward, we expect that our financing activities will consist primarily of repayment of our debt and additional financings needed to support expansion opportunities, additional acquisitions or joint ventures and the payment of our regular cash dividends.

### Contractual Obligations and Off-Balance-Sheet Arrangements

We lease a majority of our IBX data centers and certain equipment under non-cancellable lease agreements expiring through 2065. The following represents our debt maturities, financings, leases and other contractual commitments as of June 30, 2016 (in thousands):

	2016 (6 months)	2017	2018	2019	2020	Thereafter	Total
Term loans (1)	\$ 23,292	\$ 46,584	\$ 46,584	\$ 347,451	\$ 6,468	\$ 616,115	\$ 1,086,494
Interest (2)	135,901	246,947	245,952	244,969	227,793	735,272	1,836,834
Capital lease and other financing obligations (3)	112,080	169,819	166,276	161,760	159,167	1,762,246	2,531,348
Operating leases (4)	74,978	144,598	137,020	130,994	117,735	992,589	1,597,914
Other contractual commitments (5)	664,205	201,632	35,369	4,616	4,189	39,391	949,402
Asset retirement obligations (6)	1,787	11,991	7,116	12,726	6,052	68,321	107,993
	<u>\$ 1,012,243</u>	<u>\$ 821,571</u>	<u>\$ 638,317</u>	<u>\$ 902,516</u>	<u>\$ 521,404</u>	<u>\$ 4,213,934</u>	<u>\$ 8,109,985</u>

- (1) Represents principal only.
- (2) Represents interest on mortgage payable, senior notes, term loans, Brazil financings and other loans payable based on their approximate interest rates as of June 30, 2016.
- (3) Represents principal and interest.
- (4) Represents minimum operating lease payments, excluding potential lease renewals.
- (5) Represents off-balance sheet arrangements. Other contractual commitments are described below.
- (6) Represents liability, net of future accretion expense.

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In order to obtain the approval of the European Commission for our acquisition of TelecityGroup, we divested certain data centers, including our London 2 data center in London, UK and certain data centers of TelecityGroup on July 5, 2016. The table above includes obligations of those data centers as of June 30, 2016.

In connection with certain of our leases and other contracts requiring deposits, we entered into 29 irrevocable letters of credit totaling \$39.2 million under the senior revolving credit line. These letters of credit were provided in lieu of cash deposits under the senior revolving credit line. If the landlords for these IBX leases decide to draw down on these letters of credit triggered by an event of default under the lease, we will be required to fund these letters of credit either through cash collateral or borrowing under the senior revolving credit line. These contingent commitments are not reflected in the table above.

We had accrued liabilities related to uncertain tax positions totaling approximately \$44.1 million as of June 30, 2016. These liabilities, which are reflected on our balance sheet, are not reflected in the table above since it is unclear when these liabilities will be paid.

Primarily as a result of our various IBX data center expansion projects, as of June 30, 2016, we were contractually committed for \$441.9 million of unaccrued capital expenditures, primarily for IBX equipment not yet delivered and labor not yet provided in connection with the work necessary to complete construction and open these IBX data centers prior to making them available to customers for installation. This amount, which is expected to be paid during the remainder of 2016 and thereafter, is reflected in the table above as “other contractual commitments.”

We had other non-capital purchase commitments in place as of June 30, 2016, such as commitments to purchase power in select locations and other open purchase orders, which contractually bind us for goods or services to be delivered or provided during 2016 and beyond. Such other purchase commitments as of June 30, 2016, which total \$507.5 million, are also reflected in the table above as “other contractual commitments.”

In addition, although we are not contractually obligated to do so, we expect to incur additional capital expenditures of approximately \$589.4 million to \$689.4 million, in addition to the \$949.4 million in contractual commitments discussed above as of June 30, 2016, in our various IBX data center expansion projects during 2016 and thereafter in order to complete the work needed to open these IBX data centers. These non-contractual capital expenditures are not reflected in the table above. If we so choose, whether due to economic factors or other considerations, we could delay these non-contractual capital expenditure commitments to preserve liquidity.

### **Critical Accounting Policies and Estimates**

Our consolidated financial statements and accompanying notes are prepared in accordance with GAAP. The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates the accounting policies, assumptions, estimates and judgments to ensure that our consolidated financial statements are presented fairly and in accordance with GAAP. Management bases its assumptions, estimates and judgments on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. However, because future events and their effects cannot be determined with certainty, actual results may differ from these assumptions and estimates, and such differences could be material. Critical accounting policies for Equinix that affect our more significant judgment and estimates used in the preparation of our condensed consolidated financial statements include accounting for income taxes, accounting for business combinations, accounting for impairment of goodwill and accounting for property, plant and equipment, which are discussed in more detail under the caption “Critical Accounting Policies and Estimates” in Management’s Discussion and Analysis of Financial Condition and Results of Operations, set forth in Part II Item 7, of our Annual Report on Form 10-K for the year ended December 31, 2015.

We began operating as a REIT for federal income tax purposes effective January 1, 2015. In May 2015, we received a favorable PLR from the IRS in connection with our conversion to a REIT. As of June 30, 2016, our REIT structure includes all of our data center operations in the U.S. and Canada and our historical data center operations in Europe and Japan. Our data center operations in other jurisdictions, as well as the data center operations acquired in the TelecityGroup and Bit-Isle Acquisitions, have initially been designated as TRSs. As a REIT, we generally are permitted to deduct from federal taxable income the dividends we pay to our stockholders (including, for this purpose, the value of any deemed distribution on account of adjustments to the conversion rate relating to our outstanding debt securities that are convertible into our common stock). The income represented by such dividends is not subject to federal taxation at the entity level but is taxed, if at all, at the stockholder level.

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We have made TRS elections for some of our subsidiaries in and outside the U.S. In general, a TRS may provide services that would otherwise be considered impermissible for REITs to provide and may hold assets that REITs cannot hold directly. U.S. income taxes for the TRS entities located in the country and foreign income taxes for our foreign operations were accrued, as necessary, for the three and six months ended June 30, 2016.

### Recent Accounting Pronouncements

See Note 1 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

#### Market Risk

While there have been no significant changes in our market risk, investment portfolio risk, interest rate risk, foreign currency risk and commodity price risk exposures and procedures during the six months ended June 30, 2016 as compared to the respective risk exposures and procedures disclosed in Quantitative and Qualitative Disclosures About Market Risk, set forth in Part II Item 7A, of our Annual Report on Form 10-K for the year ended December 31, 2015, fluctuations in foreign currency exchange rates have a direct impact on our consolidated financial position and results of operations during the six months ended June 30, 2016. Continued strengthening or weakening of the U.S. dollar will continue to have a significant impact to us in future periods.

Excluding consideration from hedging contracts, an immediate 10% appreciation in current foreign exchange rates as of June 30, 2016 would have resulted in an increase of \$96.2 million and \$12.4 million in revenue and net income before taxes for the six months ended June 30, 2016. Excluding consideration from hedging contracts, an immediate 10% depreciation in current foreign exchange rates as of June 30, 2016 would have resulted in a decrease of \$97.9 million and \$14.2 million in revenue and net income before taxes for the six months ended June 30, 2016.

#### Interest Rate Risk

An immediate 10% increase or decrease in current interest rates from their position as of June 30, 2016 would not have a material impact on our debt obligations due to the fixed nature of the majority of our debt obligations. However, the interest expense associated with our senior credit facility, term loans, and bridge term loan, which bear interest at variable rates, could be affected. For every 100 basis point change in interest rates, our annual interest expense could increase or decrease by a total of approximately \$5.5 million based on the total balance of our primary borrowings under the term loan A and B facilities and bridge term loan as of June 30, 2016. As of June 30, 2016, we had not employed any interest rate derivative products against our debt obligations. However, we may enter into interest rate hedging agreements in the future to mitigate our exposure to interest rate risk.

### Item 4. Controls and Procedures

(a) **Evaluation of Disclosure Controls and Procedures.** Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of the effectiveness of our "disclosure controls and procedures" as of the end of the period covered by this quarterly report. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

(b) **Changes in Internal Control over Financial Reporting.** We completed the acquisition of TeleciteyGroup in the first quarter of 2016. We are evaluating changes to processes and other components of internal controls over financial reporting of Telecitey as part of the ongoing integration activities. There have not been any other changes in our internal control reporting that occurred during the quarter ended June 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

(c) **Limitations on the Effectiveness of Controls.** Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed and operated to be effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how

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well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

**PART II - OTHER INFORMATION**

**Item 1.            Legal Proceedings**

None

**Item 1A. Risk Factors**

In addition to the other information contained in this report, the following risk factors should be considered carefully in evaluating our business and us:

**Risks Related to the Integration of TelectyGroup**

**We have incurred and will continue to incur significant transaction, acquisition-related integration and asset divestment costs in connection with the TelectyGroup acquisition.**

We have incurred and will continue to incur significant costs in connection with the TelectyGroup acquisition and integrating our and TelectyGroup's operations into a combined company. We also incurred costs in connection with the divestment of certain of the assets of the combined company. The actual costs incurred may exceed those estimated and there may be further unanticipated costs and the assumption of known and unknown liabilities. While we have assumed that we would incur transaction, integration and divestment expenses, there are factors beyond our control that could affect the total amount or the timing of such expenses. Many of the additional expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time.

As a result, the transaction, integration and divestment expenses associated with the TelectyGroup acquisition could, particularly in the near term, exceed the cost savings that we expect to achieve from the streamlining of operations following the completion of the TelectyGroup acquisition.

**The anticipated benefits of the TelectyGroup acquisition may not be realized fully and may take longer to realize than expected and there will be numerous challenges associated with integration.**

The success of the TelectyGroup acquisition will depend, in part, on the combined company's ability to successfully integrate our and TelectyGroup's businesses and realize the anticipated benefits, including synergies and cost savings, from the combination. If we are unable to achieve these objectives within the anticipated time frame, or at all, the anticipated benefits may not be realized fully or at all, or may take longer to realize than expected and the value of our common stock may be adversely affected.

We have incurred and will continue to incur significant transaction-related costs in connection with the TelectyGroup acquisition and the integration and divestment processes. We may encounter material challenges in connection with this integration process, including, without limitation:

- the diversion of management's attention from ongoing business concerns and performance shortfalls at one or both of the companies as a result of the devotion of management's attention to the TelectyGroup integration;
- managing a larger combined company;
- integrating two unique corporate cultures, which may prove to be challenging;
- retaining key employees, customers and suppliers, each of whom may experience uncertainty associated with the TelectyGroup acquisition or who may attempt to negotiate changes in their current or future business relationships with us;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations;
- and
- unforeseen expenses or delays associated with the TelectyGroup acquisition.

Many of these factors will be outside of our control and any one of them could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy, which could materially impact our business, financial condition and results of operations.

**The market price of our common stock may decline as a result of the TelectyGroup acquisition.**

The market price of our common stock may decline as a result of the TelectyGroup acquisition if we do not achieve the perceived benefits of the TelectyGroup acquisition as rapidly or to the extent anticipated by financial or industry analysts or if the effect of the TelectyGroup acquisition on our financial results is not consistent with the expectations of financial or industry analysts. In addition, TelectyGroup shareholders now own approximately 10% of the common stock outstanding, and they may decide to sell their common stock which may result in additional pressure on the price of our common stock.

**We would incur adverse tax consequences if the combined company following the TelecityGroup acquisition fails to qualify as a REIT for U.S. federal income tax purposes.**

We believe that we will continue to integrate TelecityGroup's assets and operations in a manner that will allow us to timely satisfy the REIT income, asset, and distribution tests applicable to us. However, the TelecityGroup integration will be complicated due to the size of TelecityGroup and if we fail to timely satisfy such tests, we could jeopardize or lose our qualification for taxation as a REIT, particularly if we were ineligible to utilize relief provisions set forth in the Internal Revenue Code (the "Code").

**Risks Related to Our Taxation as a REIT**

**We may not remain qualified for taxation as a REIT.**

We began operating as a REIT for federal income tax purposes, effective for our taxable year that began January 1, 2015. We believe we are operating so as to qualify for taxation as a REIT under the Code and believe that our organization and method of operation complies with the rules and regulations promulgated under the Code and will enable us to continue to qualify for taxation as a REIT. However, we cannot assure you that we will qualify for taxation as a REIT or that we will remain qualified for taxation as a REIT. Qualification for taxation as a REIT requires us to satisfy numerous requirements (some on an annual and others on a quarterly basis) established under highly technical and complex sections of the Code which may change from time to time, and for which there are only limited judicial and administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within our control. For example, in order to qualify for taxation as a REIT, we must derive at least 95% of our gross income in any year from qualifying sources. In addition, we must satisfy specified asset tests on a quarterly basis.

If, in any taxable year, we fail to remain qualified for taxation as a REIT and are not entitled to relief under the Code:

- we will not be allowed a deduction for distributions to stockholders in computing our taxable income;
- we will be subject to federal and state income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates; and
- we would not be eligible to elect REIT status again until the fifth taxable year that begins after the first year for which we failed to qualify as a REIT.

Any such corporate tax liability could be substantial and would reduce the amount of cash available for other purposes.

**As a REIT, failure to make required distributions would subject us to federal corporate income tax.**

We paid quarterly distributions in March and June of 2016 and have declared a third quarterly distribution to be paid in September of 2016. The amount, timing and form of any future distributions will be determined, and will be subject to adjustment, by our Board of Directors. To remain qualified for taxation as a REIT, we are generally required to distribute at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gain) each year to our stockholders. Generally, we expect to distribute all or substantially all of our REIT taxable income. If our cash available for distribution falls short of our estimates, we may be unable to maintain distributions that approximate our REIT taxable income and may fail to remain qualified for taxation as a REIT. In addition, our cash flows from operations may be insufficient to fund required distributions as a result of differences in timing between the actual receipt of income and the payment of expenses and the recognition of income and expenses for federal income tax purposes, or the effect of nondeductible expenditures, such as capital expenditures, payments of compensation for which Section 162(m) of the Code denies a deduction, the creation of reserves or required debt service or amortization payments.

To the extent that we satisfy the 90% distribution requirement but distribute less than 100% of our REIT taxable income, we will be subject to federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax on our undistributed taxable income if the actual amount that we distribute to our stockholders for a calendar year is less than the minimum amount specified under the Code.

**We may be required to borrow funds or raise equity to satisfy our REIT distribution requirements.**

Due to the size and timing of future regular or special distributions, including any distributions made to satisfy REIT distribution requirements and maintain our qualification and taxation as a REIT, we may need to borrow funds or raise equity, even if the then-prevailing market conditions are not favorable for these borrowings or offerings.

Any insufficiency of our cash flows to cover our REIT distribution requirements could adversely impact our ability to raise short- and long-term debt or to offer equity securities in order to fund distributions required to maintain our qualification and taxation as a REIT. Furthermore, the REIT distribution requirements may increase the financing we need to fund capital expenditures, future growth and expansion initiatives. This would increase our indebtedness. A significant increase in our

outstanding debt could lead to a downgrade of our credit rating. A downgrade of our credit rating could negatively impact our ability to access credit markets. Further, certain of our current debt instruments limit the amount of indebtedness we and our subsidiaries may incur. Significantly more financing, therefore, may be unavailable, more expensive or restricted by the terms of our outstanding indebtedness. For a discussion of risks related to our substantial level of indebtedness, see “Other Risks”.

Whether we issue equity, at what price and the amount and other terms of any such issuances will depend on many factors, including alternative sources of capital, our then-existing leverage, our need for additional capital, market conditions and other factors beyond our control. If we raise additional funds through the issuance of equity securities or debt convertible into equity securities, the percentage of stock ownership by our existing stockholders may be reduced. In addition, new equity securities or convertible debt securities could have rights, preferences and privileges senior to those of our current stockholders, which could substantially decrease the value of our securities owned by them. Depending on the share price we are able to obtain, we may have to sell a significant number of shares in order to raise the capital we deem necessary to execute our long-term strategy, and our stockholders may experience dilution in the value of their shares as a result.

**Legislative or other actions affecting REITs could have a negative effect on us or our stockholders.**

At any time, the federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. Federal and state tax laws are constantly under review by persons involved in the legislative process, the IRS, the U.S. Department of the Treasury and state taxing authorities. Changes to the tax laws, regulations and administrative interpretations, which may have retroactive application, could adversely affect us. In addition, some of these changes could have a more significant impact on us as compared to other REITs due to the nature of our business and our substantial use of TRSs. We cannot predict with certainty whether, when, in what forms, or with what effective dates, the tax laws, regulations and administrative interpretations applicable to us may be changed.

**Complying with REIT requirements may limit our flexibility or cause us to forego otherwise attractive opportunities.**

As a REIT for U.S. federal income tax purposes, we must satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets and the amounts we distribute to our stockholders. For example, under the Code, no more than 25% (20% from and after our 2018 taxable year) of the value of the assets of a REIT may be represented by securities of one or more TRSs. Similar rules apply to other nonqualifying assets. These limitations may affect our ability to make large investments in other non-REIT qualifying operations or assets. In addition, in order to maintain qualification for taxation as a REIT, we must annually distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains. Even if we maintain our qualification for taxation as a REIT, we will be subject to U.S. federal income tax at regular corporate rates for our undistributed REIT taxable income, as well as U.S. federal income tax at regular corporate rates for income recognized by our TRSs. Because of these distribution requirements, we will likely not be able to fund future capital needs and investments from operating cash flow. As such, compliance with REIT tests may hinder our ability to make certain attractive investments, including the purchase of significant nonqualifying assets and the material expansion of non-real estate activities.

**As a REIT, we are limited in our ability to fund distribution payments using cash generated through our TRSs.**

Our ability to receive distributions from our TRSs is limited by the rules with which we must comply to maintain our qualification for taxation as a REIT. In particular, at least 75% of our gross income for each taxable year as a REIT must be derived from real estate. Consequently, no more than 25% of our gross income may consist of dividend income from our TRSs and other nonqualifying types of income. Thus, our ability to receive distributions from our TRSs may be limited, and may impact our ability to fund distributions to our stockholders using cash flows from our TRSs. Specifically, if our TRSs become highly profitable, we might become limited in our ability to receive net income from our TRSs in an amount required to fund distributions to our stockholders commensurate with that profitability.

In addition, a significant amount of our income and cash flows from our TRSs is generated from our international operations. In many cases, there are local withholding taxes and currency controls that may impact our ability or willingness to repatriate funds to the United States to help satisfy REIT distribution requirements.

**Our extensive use of TRSs, including for certain of our international operations, may cause us to fail to remain qualified for taxation as a REIT.**

The net income of our TRSs is not required to be distributed to us, and income that is not distributed to us generally is not subject to the REIT income distribution requirement. However, there may be limitations on our ability to accumulate earnings in our TRSs and the accumulation or reinvestment of significant earnings in our TRSs could result in adverse tax treatment. In particular, if the accumulation of cash in our TRSs causes the fair market value of our securities in our TRSs and other nonqualifying assets to exceed 25% or from and after our 2018 taxable year, causes (1) the fair market value of our securities in our TRSs to

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exceed 20% of the fair market value of our assets or (2) the fair market value of our securities in our TRSs and other nonqualifying assets to exceed 25% of the fair market value of our assets, then we will fail to remain qualified for taxation as a REIT.

### **Our cash distributions are not guaranteed and may fluctuate.**

A REIT generally is required to distribute at least 90% of its REIT taxable income to its stockholders.

Our Board of Directors, in its sole discretion, will determine on a quarterly basis the amount of cash to be distributed to our stockholders based on a number of factors including, but not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity and other factors, including debt covenant restrictions that may impose limitations on cash payments, future acquisitions and divestitures and any stock repurchase program. Consequently, our distribution levels may fluctuate.

### **Even if we remain qualified for taxation as a REIT, some of our business activities are subject to corporate level income tax and foreign taxes, which will continue to reduce our cash flows, and we will have potential deferred and contingent tax liabilities.**

Even if we remain qualified for taxation as a REIT, we may be subject to some federal, state, local and foreign taxes on our income and assets, including alternative minimum taxes, taxes on any undistributed income, and state, local or foreign income, franchise, property and transfer taxes. In addition, we could in certain circumstances be required to pay an excise or penalty tax, which could be significant in amount, in order to utilize one or more relief provisions under the Code to maintain qualification for taxation as a REIT.

A portion of our business is conducted through wholly owned TRSs because certain of our business activities could generate nonqualifying REIT income as currently structured and operated. The income of our U.S. TRSs will continue to be subject to federal and state corporate income taxes. In addition, our international assets and operations will continue to be subject to taxation in the foreign jurisdictions where those assets are held or those operations are conducted. Any of these taxes would decrease our earnings and our available cash.

We will also be subject to a federal corporate level tax at the highest regular corporate rate (currently 35%) on gain recognized from a sale of a REIT asset where our basis in the asset is determined by reference to the basis of the asset in the hands of a former C corporation (such as (i) an asset that we held as of the effective date of our REIT election, that is, January 1, 2015, or (ii) an asset that we or a QRS hold following the liquidation or other conversion of a former TRS). This 35% tax is generally applicable to any disposition of such an asset during the five-year period (for liquidations or other carryover transactions on or after August 8, 2016, the ten year period) after the date we first owned the asset as a REIT asset (e.g. January 1, 2015 in the case of REIT assets we held at the time of our REIT conversion), to the extent of the built-in-gain based on the fair market value of such asset on the date we first held the asset as a REIT asset.

In addition, the IRS and any state or local tax authority may successfully assert liabilities against us for corporate income taxes for our pre-REIT period, in which case we will owe these taxes plus applicable interest and penalties, if any. Moreover, any increase in taxable income for these pre-REIT periods will likely result in an increase in pre-REIT accumulated earnings and profits, which could cause us to pay an additional taxable distribution to our stockholders and an interest penalty to the IRS after the relevant determination.

### **Restrictive loan covenants could prevent us from satisfying REIT distribution requirements.**

Restrictions in our credit facility and our indentures may prevent us from satisfying our REIT distribution requirements, and we could fail to remain qualified for taxation as a REIT. If these limits do not jeopardize our qualification for taxation as a REIT but nevertheless prevent us from distributing 100% of our REIT taxable income, we would be subject to federal corporate income tax, and potentially a nondeductible excise tax, on the retained amounts. See “Other Risks” for further information on our restrictive loan covenants.

### **Complying with REIT requirements may limit our ability to hedge effectively and increase the cost of our hedging and may cause us to incur tax liabilities.**

The REIT provisions of the Code limit our ability to hedge assets, liabilities, revenues and expenses. Generally, income from hedging transactions that we enter into to manage risk of interest rate changes or fluctuations with respect to borrowings made or to be made by us to acquire or carry real estate assets and income from certain currency hedging transactions related to our non-U.S. operations, as well as income from qualifying counteracting hedges, do not constitute “gross income” for purposes of the REIT gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as nonqualifying income for purposes of the REIT gross income tests. As a result of these rules, we may need to limit our use of advantageous hedging techniques or implement those hedges through our TRSs, which we presently do.

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This increases the cost of our hedging activities because our TRSs are subject to tax on income or gains resulting from hedges entered into by them and may expose us to greater risks associated with changes in interest rates or exchange rates than we would otherwise want to bear. In addition, hedging losses in any of our TRSs may not provide any tax benefit, except for being carried forward for possible use against future capital gain in the TRSs.

### **We have limited experience operating as a REIT, which may adversely affect our financial condition, results of operations, cash flow, per share trading price of our common stock and ability to forecast dividends.**

We began operating as a REIT on January 1, 2015 and, as such, have limited operating history as a REIT. In addition, prior to January 1, 2015 our senior management team had no prior experience operating a REIT. We can provide no assurance that our past experience has sufficiently prepared us to operate successfully as a REIT. Our inability to operate successfully as a REIT, including the failure to remain qualified for taxation as a REIT, could adversely affect our business, financial condition and results of operations.

### **Distributions payable by REITs generally do not qualify for preferential tax rates.**

Qualifying distributions payable by corporations to individuals, trusts and estates that are U.S. stockholders are currently eligible for federal income tax at preferential rates. Distributions payable by REITs, in contrast, generally are not eligible for the preferential rates. The preferential rates applicable to regular corporate distributions could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stock of non-REIT corporations that pay distributions, which could adversely affect the value of the stock of REITs, including our common stock.

### **Our certificate of incorporation contains restrictions on the ownership and transfer of our stock, though they may not be successful in preserving our qualification for taxation as a REIT.**

In order for us to remain qualified for taxation as a REIT, no more than 50% of the value of outstanding shares of our stock may be owned, beneficially or constructively, by five or fewer individuals at any time during the last half of each taxable year other than the first year for which we elect to be taxed as a REIT. In addition, rents from “affiliated tenants” will not qualify as qualifying REIT income if we own 10% or more by vote or value of the customer, whether directly or after application of attribution rules under the Code. Subject to certain exceptions, our certificate of incorporation prohibits any stockholder from owning beneficially or constructively more than (i) 9.8% in value of the outstanding shares of all classes or series of our capital stock or (ii) 9.8% in value or number, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock. We refer to these restrictions collectively as the “ownership limits” and we included them in our certificate of incorporation to facilitate our compliance with REIT tax rules. The constructive ownership rules under the Code are complex and may cause the outstanding stock owned by a group of related individuals or entities to be deemed to be constructively owned by one individual or entity. As a result, the acquisition of less than 9.8% of our outstanding common stock (or the outstanding shares of any class or series of our stock) by an individual or entity could cause that individual or entity or another individual or entity to own constructively in excess of the relevant ownership limits. Any attempt to own or transfer shares of our common stock or of any of our other capital stock in violation of these restrictions may result in the shares being automatically transferred to a charitable trust or may be void. Even though our certificate of incorporation contains the ownership limits, there can be no assurance that these provisions will be effective to prevent our qualification for taxation as a REIT from being jeopardized, including under the affiliated tenant rule. Furthermore, there can be no assurance that we will be able to enforce the ownership limits. If the restrictions in our certificate of incorporation are not effective and as a result we fail to satisfy the REIT tax rules described above, then absent an applicable relief provision, we will fail to remain qualified for taxation as a REIT.

## **Other Risks**

### **Acquisitions present many risks, and we may not realize the financial or strategic goals that were contemplated at the time of any transaction.**

Over the last several years, we have completed numerous acquisitions, including most recently that of Nimbo and Bit-isle in 2015 and TelecityGroup in January of 2016. We may make additional acquisitions in the future, which may include (i) acquisitions of businesses, products, services or technologies that we believe to be complementary, (ii) acquisitions of new IBX data centers or real estate for development of new IBX data centers or (iii) acquisitions through investments in local data center operators. We may pay for future acquisitions by using our existing cash resources (which may limit other potential uses of our cash), incurring additional debt (which may increase our interest expense, leverage and debt service requirements) and/or issuing shares (which may dilute our existing stockholders and have a negative effect on our earnings per share). Acquisitions expose us to potential risks, including:

- the possible disruption of our ongoing business and diversion of management’s attention by acquisition, transition and integration activities, particularly when multiple acquisitions and integrations are occurring at the same time;

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- our potential inability to successfully pursue or realize some or all of the anticipated revenue opportunities associated with an acquisition or investment;
- the possibility that we may not be able to successfully integrate acquired businesses, or businesses in which we invest, or achieve anticipated operating efficiencies or cost savings;
- the possibility that announced acquisitions may not be completed, due to failure to satisfy the conditions to closing or for other reasons;
- the dilution of our existing stockholders as a result of our issuing stock in transactions, such as in connection with our acquisitions of Switch & Data Facilities Company, Inc. in 2010 and TelecityGroup;
- the possibility of customer dissatisfaction if we are unable to achieve levels of quality and stability on par with past practices;
- the potential deterioration to our ability to access credit markets due to increased leverage;
- the possibility that our customers may not accept either the existing equipment infrastructure or the “look-and-feel” of a new or different IBX data center;
- the possibility that additional capital expenditures may be required or that transaction expenses associated with acquisitions may be higher than anticipated;
- the possibility that required financing to fund an acquisition may not be available on acceptable terms or at all;
- the possibility that we may be unable to obtain required approvals from governmental authorities under antitrust and competition laws on a timely basis or at all, which could, among other things, delay or prevent us from completing an acquisition, limit our ability to realize the expected financial or strategic benefits of an acquisition or have other adverse effects on our current business and operations;
- the possible loss or reduction in value of acquired businesses;
- the possibility that future acquisitions may present new complexities in deal structure, related complex accounting and coordination with new partners, particularly in light of our desire to maintain our taxation as a REIT;
- the possibility that future acquisitions may be in geographies and regulatory environments to which we are unaccustomed;
- the possibility that carriers may find it cost-prohibitive or impractical to bring fiber and networks into a new IBX data center;
- the possibility of litigation or other claims in connection with, or as a result of, an acquisition, including claims from terminated employees, customers, former stockholders or other third parties;
- the possibility that asset divestments may be required in order to obtain regulatory clearance for a transaction; and
- the possibility of pre-existing undisclosed liabilities, including, but not limited to, lease or landlord related liability, environmental liability or asbestos liability, for which insurance coverage may be insufficient or unavailable, or other issues not discovered in the diligence process.

The occurrence of any of these risks could have a material adverse effect on our business, results of operations, financial condition or cash flows.

We cannot assure that the price of any future acquisitions of IBX data centers will be similar to prior IBX data center acquisitions. In fact, we expect costs required to build or render new IBX data centers operational to increase in the future. If our revenue does not keep pace with these potential acquisition and expansion costs, we may not be able to maintain our current or expected margins as we absorb these additional expenses. There is no assurance we would successfully overcome these risks or any other problems encountered with these acquisitions.

### **Our substantial debt could adversely affect our cash flows and limit our flexibility to raise additional capital.**

We have a significant amount of debt and may need to incur additional debt to support our growth. Additional debt may also be incurred to fund future acquisitions, any future special distributions, regular distributions or the other cash outlays associated with maintaining qualification for taxation as a REIT. As of June 30, 2016, our total indebtedness was approximately \$7.1 billion, our stockholders' equity was \$4.7 billion and our cash and investments totaled \$494.2 million. In addition, as of June 30, 2016, we had approximately \$1.5 billion of additional liquidity available to us from our \$1.5 billion revolving credit facility. Some of our debt contains covenants which may limit our operating flexibility. In addition to our substantial debt, we lease a majority of our IBX data centers and certain equipment under non-cancellable lease agreements, the majority of which are accounted for as operating leases. As of June 30, 2016, our total minimum operating lease commitments under those lease agreements, excluding potential lease renewals, was approximately \$1.6 billion, which represents off-balance sheet commitments.

Our substantial amount of debt and related covenants, and our off-balance sheet commitments, could have important consequences. For example, they could:

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- require us to dedicate a substantial portion of our cash flow from operations to make interest and principal payments on our debt and in respect of other off-balance sheet arrangements, reducing the availability of our cash flow to fund future capital expenditures, working capital, execution of our expansion strategy and other general corporate requirements;
- increase the likelihood of negative outlook from our rating agencies;
- make it more difficult for us to satisfy our obligations under our various debt instruments;
- increase our cost of borrowing and even limit our ability to access additional debt to fund future growth;
- increase our vulnerability to general adverse economic and industry conditions and adverse changes in governmental regulations;
- limit our flexibility in planning for, or reacting to, changes in our business and industry, which may place us at a competitive disadvantage compared with our competitors;
- limit our operating flexibility through covenants with which we must comply, such as limiting our ability to repurchase shares of our common stock;
- limit our ability to borrow additional funds, even when necessary to maintain adequate liquidity, which would also limit our ability to further expand our business; and
- make us more vulnerable to increases in interest rates because of the variable interest rates on some of our borrowings to the extent we have not entirely hedged such variable rate debt.

The occurrence of any of the foregoing factors could have a material adverse effect on our business, results of operations and financial condition.

We may also need to refinance a portion of our outstanding debt as it matures. There is a risk that we may not be able to refinance existing debt or that the terms of any refinancing may not be as favorable as the terms of our existing debt. Furthermore, if prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase. These risks could materially adversely affect our financial condition, cash flows and results of operations.

### **Adverse global economic conditions and credit market uncertainty could adversely impact our business and financial condition.**

Adverse global economic conditions and uncertain conditions in the credit markets have created, and in the future may create, uncertainty and unpredictability and add risk to our future outlook. An uncertain global economy could also result in churn in our customer base, reductions in revenues from our offerings, longer sales cycles, slower adoption of new technologies and increased price competition, adversely affecting our liquidity. The uncertain economic environment could also have an impact on our foreign exchange forward contracts if our counterparties' credit deteriorates or they are otherwise unable to perform their obligations. Finally, our ability to access the capital markets may be severely restricted at a time when we would like, or need, to do so which could have an impact on our flexibility to pursue additional expansion opportunities and maintain our desired level of revenue growth in the future.

### **Exposure to EMEA political developments could adversely impact our business.**

We currently have IBX data centers and employees located in the United Kingdom (the "UK") and other European jurisdictions. A referendum was held on June 23, 2016 in the UK to determine whether it should remain in or leave the European Union (the "EU"), the outcome of which was a vote in favor of leaving the EU (the "Brexit"). The Brexit has resulted in political and economic instability throughout Europe. There is considerable uncertainty surrounding the exit process, the extent of the UK's future relationship with the EU, and the longer term impact of the Brexit on economic conditions in the UK and in the EU. The ongoing instability and uncertainty surrounding the Brexit in the near term, and the final terms reached regarding the Brexit, could have an adverse impact on our business and employees in EMEA and could adversely affect the Company's financial condition and results of operations.

### **If we cannot effectively manage our international operations, and successfully implement our international expansion plans, our revenues may not increase and our business and results of operations would be harmed.**

For the years ended December 31, 2015, 2014 and 2013, we recognized approximately 49%, 49% and 46%, respectively, of our revenues outside the U.S. We currently operate outside of the U.S. in Canada, Brazil, EMEA and Asia-Pacific.

To date, the network neutrality of our IBX data centers and the variety of networks available to our customers has often been a competitive advantage for us. In certain of our acquired IBX data centers in the Asia-Pacific region the limited number of carriers available reduces that advantage. As a result, we may need to adapt our key revenue-generating offerings and pricing to be competitive in those markets. In addition, we are currently undergoing expansions or evaluating expansion opportunities outside of the U.S. Undertaking and managing expansions in foreign jurisdictions may present unanticipated challenges to us.

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Our international operations are generally subject to a number of additional risks, including:

- the costs of customizing IBX data centers for foreign countries;
- protectionist laws and business practices favoring local competition;
- greater difficulty or delay in accounts receivable collection;
- difficulties in staffing and managing foreign operations, including negotiating with foreign labor unions or workers' councils;
- difficulties in managing across cultures and in foreign languages;
- political and economic instability;
- fluctuations in currency exchange rates;
- difficulties in repatriating funds from certain countries;
- our ability to obtain, transfer, or maintain licenses required by governmental entities with respect to our business;
- unexpected changes in regulatory, tax and political environments;
- our ability to secure and maintain the necessary physical and telecommunications infrastructure;
- compliance with anti-bribery and corruption laws;
- compliance with economic and trade sanctions enforced by the Office of Foreign Assets Control of the U.S. Department of Treasury; and
- compliance with evolving governmental regulation with which we have little experience.

In addition, compliance with international and U.S. laws and regulations that apply to our international operations increases our cost of doing business in foreign jurisdictions. These laws and regulations include data privacy requirements, labor relations laws, tax laws, anti-competition regulations, import and trade restrictions, export requirements, economic and trade sanctions, U.S. laws such as the Foreign Corrupt Practices Act and local laws which also prohibit corrupt payments to governmental officials. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our offerings in one or more countries, could delay or prevent potential acquisitions, and could also materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, our business and our operating results. Our success depends, in part, on our ability to anticipate and address these risks and manage these difficulties.

### **Economic and political uncertainty in developing markets could adversely affect our revenue and earnings.**

We conduct business and are contemplating expansion, in developing markets with economies and governments that tend to be more volatile than those in the U.S. and Western Europe. The risk of doing business in developing markets such as Brazil, China, India, Indonesia, Russia, Turkey, the United Arab Emirates and other economically volatile areas could adversely affect our operations and earnings. Such risks include the financial instability among customers in these regions, political instability, such as the recent governmental unrest in Turkey, fraud or corruption and other non-economic factors such as irregular trade flows that need to be managed successfully with the help of the local governments. In addition, commercial laws in some developing countries can be vague, inconsistently administered and retroactively applied. If we are deemed not to be in compliance with applicable laws in developing countries where we conduct business, our prospects and business in those countries could be harmed, which could then have a material adverse impact on our results of operations and financial position. Our failure to successfully manage economic, political and other risks relating to doing business in developing countries and economically and politically volatile areas could adversely affect our business.

### **Terrorist activity throughout the world and military action to counter terrorism could adversely impact our business.**

The continued threat of terrorist activity and other acts of war or hostility contribute to a climate of political and economic uncertainty. Due to existing or developing circumstances, we may need to incur additional costs in the future to provide enhanced security, including cyber security, which would have a material adverse effect on our business and results of operations. These circumstances may also adversely affect our ability to attract and retain customers, our ability to raise capital and the operation and maintenance of our IBX data centers.

### **The market price of our stock may continue to be highly volatile, and the value of an investment in our common stock may decline.**

The market price of the shares of our common stock has been and may continue to be highly volatile. General economic and market conditions, and market conditions for telecommunications stocks in general, may affect the market price of our common stock.

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Announcements by us or others, or speculations about our future plans, may also have a significant impact on the market price of our common stock. These may relate to:

- our operating results or forecasts;
- new issuances of equity, debt or convertible debt by us;
- changes to our capital allocation, tax planning or business strategy;
- our qualification for taxation as a REIT and our declaration of distributions to our stockholders;
- a stock repurchase program;
- developments in our relationships with corporate customers;
- announcements by our customers or competitors;
- changes in regulatory policy or interpretation;
- governmental investigations;
- changes in the ratings of our debt or stock by rating agencies or securities analysts;
- our purchase or development of real estate and/or additional IBX data centers;
- our acquisitions of complementary businesses; or
- the operational performance of our IBX data centers.

The stock market has from time to time experienced extreme price and volume fluctuations, which have particularly affected the market prices for telecommunications companies, and which have often been unrelated to their operating performance. These broad market fluctuations may adversely affect the market price of our common stock. Furthermore, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and/or damages, and divert management's attention from other business concerns, which could seriously harm our business.

### **If we are not able to generate sufficient operating cash flows or obtain external financing, our ability to fund incremental expansion plans may be limited.**

Our capital expenditures, together with ongoing operating expenses, obligations to service our debt and the cash outlays associated with our REIT distribution requirements, are and will continue to be a substantial burden on our cash flow and may decrease our cash balances. Additional debt or equity financing may not be available when needed or, if available, may not be available on satisfactory terms. Our inability to obtain additional debt and/or equity financing or to generate sufficient cash from operations may require us to prioritize projects or curtail capital expenditures which could adversely affect our results of operations.

### **Fluctuations in foreign currency exchange rates in the markets in which we operate internationally could harm our results of operations.**

We may experience gains and losses resulting from fluctuations in foreign currency exchange rates. To date, the majority of revenues and costs in our international operations are denominated in foreign currencies. Where our prices are denominated in U.S. dollars, our sales and revenues could be adversely affected by declines in foreign currencies relative to the U.S. dollar, thereby making our offerings more expensive in local currencies. We are also exposed to risks resulting from fluctuations in foreign currency exchange rates in connection with our international operations. To the extent we are paying contractors in foreign currencies, our operations could cost more than anticipated as a result of declines in the U.S. dollar relative to foreign currencies. In addition, fluctuating foreign currency exchange rates have a direct impact on how our international results of operations translate into U.S. dollars.

Although we currently undertake, and may decide in the future to further undertake, foreign exchange hedging transactions to reduce foreign currency transaction exposure, we do not currently intend to eliminate all foreign currency transaction exposure. In addition, REIT compliance rules may restrict our ability to enter into hedging transactions. Therefore, any weakness of the U.S. dollar may have a positive impact on our consolidated results of operations because the currencies in the foreign countries in which we operate may translate into more U.S. dollars. However, if the U.S. dollar strengthens relative to the currencies of the foreign countries in which we operate, our consolidated financial position and results of operations may be negatively impacted as amounts in foreign currencies will generally translate into fewer U.S. dollars. For additional information on foreign currency risk, refer to our discussion of foreign currency risk in "Quantitative and Qualitative Disclosures About Market Risk" included in Item 3 of this Quarterly Report on Form 10-Q.

### **Changes in U.S. or foreign tax laws, regulations, or interpretations thereof, including changes to tax rates, may adversely affect our financial statements and cash taxes.**

We are a U.S. company with global subsidiaries and are subject to income taxes in the U.S. (although currently limited due to our taxation as a REIT) and many foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. Although we believe that we have adequately assessed and accounted for our potential tax liabilities, and that

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our tax estimates are reasonable, there can be no certainty that additional taxes will not be due upon audit of our tax returns or as a result of changes to the tax laws and interpretations thereof. The U.S. Congress as well as the governments of many of the countries in which we operate are actively discussing changes to the corporate recognition and taxation of worldwide income. The nature and timing of any changes to each jurisdiction's tax laws and the impact on our future tax liabilities cannot be predicted with any accuracy but could materially and adversely impact our results of operations and financial position or cash flows.

### **We are continuing to invest in our expansion efforts but may not have sufficient customer demand in the future to realize expected returns on these investments.**

We are considering the acquisition or lease of additional properties and the construction of new IBX data centers beyond those expansion projects already announced. We will be required to commit substantial operational and financial resources to these IBX data centers, generally 12 to 18 months in advance of securing customer contracts, and we may not have sufficient customer demand in those markets to support these centers once they are built. In addition, unanticipated technological changes could affect customer requirements for data centers, and we may not have built such requirements into our new IBX data centers. Either of these contingencies, if they were to occur, could make it difficult for us to realize expected or reasonable returns on these investments.

### **Our offerings have a long sales cycle that may harm our revenues and operating results.**

A customer's decision to purchase our offerings typically involves a significant commitment of resources. In addition, some customers will be reluctant to commit to locating in our IBX data centers until they are confident that the IBX data center has adequate carrier connections. As a result, we have a long sales cycle. Furthermore, we may devote significant time and resources in pursuing a particular sale or customer that does not result in revenue. We have also significantly expanded our sales force in recent years, and it will take time for these new hires to become fully productive.

Delays due to the length of our sales cycle may materially and adversely affect our revenues and operating results, which could harm our ability to meet our forecasts and cause volatility in our stock price.

### **Any failure of our physical infrastructure or offerings could lead to significant costs and disruptions that could reduce our revenue and harm our business reputation and financial results.**

Our business depends on providing customers with highly reliable solutions. We must safehouse our customers' infrastructure and equipment located in our IBX data centers. We own certain of our IBX data centers, but others are leased by us, and we rely on the landlord for basic maintenance of our leased IBX data centers. If such landlord has not maintained a leased property sufficiently, we may be forced into an early exit from the center which could be disruptive to our business. Furthermore, we continue to acquire IBX data centers not built by us. If we discover that these IBX data centers and their infrastructure assets are not in the condition we expected when they were acquired, we may be required to incur substantial additional costs to repair or upgrade the centers.

The offerings we provide in each of our IBX data centers are subject to failure resulting from numerous factors, including:

- human error;
- equipment failure;
- physical, electronic and cybersecurity breaches;
- fire, earthquake, hurricane, flood, tornado and other natural disasters;
- extreme temperatures;
- water damage;
- fiber cuts;
- power loss;
- terrorist acts;
- sabotage and vandalism; and
- failure of business partners who provide our resale products.

Problems at one or more of our IBX data centers, whether or not within our control, could result in service interruptions or significant equipment damage. We have service level commitment obligations to certain of our customers. As a result, service interruptions or significant equipment damage in our IBX data centers could result in difficulty maintaining service level commitments to these customers and potential claims related to such failures. Because our IBX data centers are critical to many of our customers' businesses, service interruptions or significant equipment damage in our IBX data centers could also result in lost profits or other indirect or consequential damages to our customers. We cannot guarantee that a court would enforce any contractual limitations on our liability in the event that one of our customers brings a lawsuit against us as a result of a problem at one of our IBX data centers and we may decide to reach settlements with affected customers irrespective of any such contractual limitations. In addition, any loss of service, equipment damage or inability to meet our service level commitment obligations could

reduce the confidence of our customers and could consequently impair our ability to obtain and retain customers, which would adversely affect both our ability to generate revenues and our operating results.

Furthermore, we are dependent upon Internet service providers, telecommunications carriers and other website operators in the Americas, Asia-Pacific and EMEA regions and elsewhere, some of which have experienced significant system failures and electrical outages in the past. Our customers may in the future experience difficulties due to system failures unrelated to our systems and offerings. If, for any reason, these providers fail to provide the required services, our business, financial condition and results of operations could be materially and adversely impacted.

**We are currently making significant investments in our back office information technology systems, including those surrounding the customer experience from initial quote to customer billing, and upgrading our worldwide financial application suite. Difficulties, distractions or disruptions to these efforts may interrupt our normal operations and adversely affect our business and operating results.**

Commencing in 2012, we began a significant project to overhaul our back office systems that support the customer experience from initial quote to customer billing and our revenue recognition process. Additionally, commencing in 2013, we began to devote significant resources to the upgrade of our worldwide financial application suite from Oracle's version 11i to R12. While significant milestones have been achieved on both projects, both projects have continued into 2016. Oracle has already begun to discontinue its support for our current business application suite. While the Oracle financial application suite implementation was largely completed in July 2014 and the initial implementation of the systems to support our billing and revenue process was completed in August 2014, work continues on our back office systems and their global implementation, including upgrades, developing new functionality and integrations into recently acquired operations such as Bit-isle and TelecityGroup. As a result of that discontinued support and our continued work on these projects, we may experience difficulties with our systems, management distraction and significant business disruptions. Difficulties with our systems may interrupt our ability to accept and deliver customer orders and may adversely impact our overall financial operations, including our accounts payable, accounts receivables, general ledger, fixed assets, revenue recognition, close processes, internal financial controls and our ability to otherwise run and track our business. We may need to expend significant attention, time and resources to correct problems or find alternative sources for performing these functions. All of these changes to our financial systems create an increased risk of deficiencies in our internal controls over financial reporting until such systems are stabilized. Such significant investments in our back office systems may take longer to complete and cost more than originally planned. In addition, we may not realize the full benefits we hoped to achieve and there is a risk of an impairment charge if we decide that portions of these projects will not ultimately benefit the company or are de-scoped. Any such difficulty or disruption may adversely affect our business and operating results.

**The insurance coverage that we purchase may prove to be inadequate.**

We carry liability, property, business interruption and other insurance policies to cover insurable risks to our company. We select the types of insurance, the limits and the deductibles based on our specific risk profile, the cost of the insurance coverage versus its perceived benefit and general industry standards. Our insurance policies contain industry standard exclusions for events such as war and nuclear reaction. We purchase minimal levels of earthquake insurance for certain of our IBX data centers, but for most of our data centers, including many in California, we have elected to self-insure. The earthquake and flood insurance that we do purchase would be subject to high deductibles. Any of the limits of insurance that we purchase, including those for cyber risks, could prove to be inadequate, which could materially and adversely impact our business, financial condition and results of operations.

**Our construction of additional new IBX data centers or IBX data center expansions could involve significant risks to our business.**

In order to sustain our growth in certain of our existing and new markets, we must expand an existing data center, lease a new facility or acquire suitable land, with or without structures, to build new IBX data centers from the ground up. Expansions or new builds are currently underway, or being contemplated, in many of our markets. Any related construction requires us to carefully select and rely on the experience of one or more designers, general contractors, and associated subcontractors during the design and construction process. Should a designer, general contractor or significant subcontractor experience financial or other problems during the design or construction process, we could experience significant delays, increased costs to complete the project and/or other negative impacts to our expected returns.

Site selection is also a critical factor in our expansion plans. There may not be suitable properties available in our markets with the necessary combination of high power capacity and fiber connectivity, or selection may be limited. Thus, while we may prefer to locate new IBX data centers adjacent to our existing locations it may not always be possible. In the event we decide to build new IBX data centers separate from our existing IBX data centers, we may provide interconnection solutions to connect these two centers. Should these solutions not provide the necessary reliability to sustain connection, this could result in lower interconnection revenue and lower margins and could have a negative impact on customer retention over time.

**Environmental regulations may impose upon us new or unexpected costs.**

We are subject to various federal, state, local and international environmental and health and safety laws and regulations, including those relating to the generation, storage, handling and disposal of hazardous substances and wastes. Certain of these laws and regulations also impose joint and several liability, without regard to fault, for investigation and cleanup costs on current and former owners and operators of real property and persons who have disposed of or released hazardous substances into the environment. Our operations involve the use of hazardous substances and materials such as petroleum fuel for emergency generators, as well as batteries, cleaning solutions and other materials. In addition, we lease, own or operate real property at which hazardous substances and regulated materials have been used in the past. At some of our locations, hazardous substances or regulated materials are known to be present in soil or groundwater, and there may be additional unknown hazardous substances or regulated materials present at sites we own, operate or lease. At some of our locations, there are land use restrictions in place relating to earlier environmental cleanups that do not materially limit our use of the sites. To the extent any hazardous substances or any other substance or material must be cleaned up or removed from our property, we may be responsible under applicable laws, regulations or leases for the removal or cleanup of such substances or materials, the cost of which could be substantial.

In addition, we are subject to environmental, health and safety laws regulating air emissions, storm water management and other issues arising in our business. While these obligations do not normally impose material costs upon our operations, unexpected events, equipment malfunctions and human error, among other factors, can lead to violations of environmental laws, regulations or permits.

Regulation of greenhouse gas (“GHG”) emissions could increase the cost of electricity by reducing amounts of electricity generated from fossil fuels, by requiring the use of more expensive generating methods or by imposing taxes or fees upon electricity generation or use. Electricity is a material cost in connection with our business, and an increase in the cost of electricity, whether from regulation of GHGs or otherwise, could adversely affect us. GHG reduction legislation exists in Europe, and in several of the states in the U.S., and there is a potential for new or additional legislation in the U.S. and other countries in which we operate. Certain states, like California, already regulate GHG emissions from new and existing state-regulated facilities by imposing regulatory caps on allowances and by selling or auctioning the rights to such emissions. These programs have not had a material adverse effect on our electricity costs to date, but due to the market-driven nature of some of the programs, could do so in the future. Such laws and regulations are also subject to change at any time.

The U.S. EPA published regulations in October 2015, called the “Clean Power Plan,” that is intended to reduce GHG emissions from existing fossil fuel-fired power plants by 32 percent from 2005 levels by 2030. Under the rule, each state is required to develop a plan to reduce state-wide carbon dioxide emissions to meet a specified emissions target set by EPA for that state. If implemented, the Clean Power Plan could impose new emissions trading or credit programs, or other requirements, that could indirectly increase the average cost of electricity in states in which we operate.

New laws in the U.S. and other countries may arise as a result of international agreements. In November 2014, the United States and China announced a climate change agreement that established goals for reducing GHG emissions from both countries, including the prevention of increases in GHG emissions from China after 2030. In order for China to meet this commitment, China may impose limitations on fossil fuel generation or costs upon electricity, similar to those imposed in the U.S. and elsewhere.

On December 12, 2015, the Obama Administration reached agreement in Paris with a majority of 194 attending nations concerning a voluntary program for limiting GHGs. This agreement, known as the Paris Climate Accord (the “Accord”) would, if it becomes effective, require signatory countries to establish GHG reduction goals and report on their implementation of programs to achieve such goals. The Accord would be open for signature for one year commencing in April 2016, and would become effective commencing in 2020 if at least 55 countries representing at least 55% of aggregate, global GHG emissions sign. The U.S. has announced a commitment in support of the Accord to achieve reductions of GHG emissions to levels that are 26-28 percent below 2005 levels by 2025.

Compliance with international agreements, such as the agreement with China and the Accord, could require new national legislation to be adopted in the U.S. or other signatory countries. In this case, in the U.S., if the Clean Power Plan is implemented in the form prescribed by EPA as a final regulation, it may substantially achieve international GHG emissions reduction commitments by the U.S. government. Accordingly, there may be no new legislation or regulation would be required to implement the Accord, assuming that the Clean Power Plan is implemented as set forth in the regulation. Nevertheless, laws or regulations may change over time. To the extent any environmental laws enacted or regulations impose new or unexpected costs, our business, results of operations or financial condition may be adversely affected.

**If we are unable to recruit or retain qualified personnel, our business could be harmed**

We must continue to identify, hire, train and retain IT professionals, technical engineers, operations employees, and sales, marketing, finance and senior management personnel who maintain relationships with our customers and who can provide the

technical, strategic and marketing skills required for our company to grow. There is a shortage of qualified personnel in these fields, and we compete with other companies for the limited pool of talent. The failure to recruit and retain necessary personnel, including, but not limited to, members of our executive team, could harm our business and our ability to grow our company.

**We may not be able to compete successfully against current and future competitors.**

We must be able to differentiate our IBX data centers and product offerings from those of our competitors. In addition to competing with other neutral colocation providers, we compete with traditional colocation providers, including telecommunications companies, carriers, internet service providers, managed services providers and large REITs who also operate in our market and may enjoy a cost advantage in providing offerings similar to those provided by our IBX data centers. We may experience competition from our landlords which could also reduce the amount of space available to us for expansion in the future. Rather than leasing available space in our buildings to large single tenants, they may decide to convert the space instead to smaller square foot units designed for multi-tenant colocation use, blurring the line between retail and wholesale space. We may also face competition from existing competitors or new entrants to the market seeking to replicate our global IBX data center concept by building or acquiring data centers, offering colocation on neutral terms or by replicating our strategy and messaging. Finally, customers may also decide it is cost-effective for them to build out their own data centers. Once customers have an established data center footprint, either through a relationship with one of our competitors or through in-sourcing, it may be extremely difficult to convince them to relocate to our IBX data centers.

Some of our competitors may adopt aggressive pricing policies, especially if they are not highly leveraged or have lower return thresholds than we do. As a result, we may suffer from pricing pressure that would adversely affect our ability to generate revenues. Some of these competitors may also provide our target customers with additional benefits, including bundled communication services or cloud services, and may do so in a manner that is more attractive to our potential customers than obtaining space in our IBX data centers. Similarly, with growing acceptance of cloud-based technologies, Equinix is at risk losing customers that may decide to fully leverage cloud infrastructure offerings instead of managing their own. Competitors could also operate more successfully or form alliances to acquire significant market share.

Failure to compete successfully may materially adversely affect our financial condition, cash flows and results of operations.

**Our business could be harmed by prolonged power outages or shortages, increased costs of energy or general lack of availability of electrical resources.**

Our IBX data centers are susceptible to regional costs of power, power shortages, planned or unplanned power outages and limitations, especially internationally, on the availability of adequate power resources.

Power outages, such as those relating to large storms, earthquakes and tsunamis, could harm our customers and our business. We attempt to limit our exposure to system downtime by using backup generators and power supplies; however, we may not be able to limit our exposure entirely even with these protections in place. Some of our IBXs are located in leased buildings where, depending upon the lease requirements and number of tenants involved, we may or may not control some or all of the infrastructure including generators and fuel tanks. As a result, in the event of a power outage, we may be dependent upon the landlord, as well as the utility company, to restore the power.

In addition, global fluctuations in the price of power can increase the cost of energy, and although contractual price increase clauses exist in the majority of our customer agreements, we may not always choose to pass these increased costs on to our customers.

In each of our markets, we rely on third parties to provide a sufficient amount of power for current and future customers. At the same time, power and cooling requirements are growing on a per unit basis. As a result, some customers are consuming an increasing amount of power per cabinet. We generally do not control the amount of power our customers draw from their installed circuits. This means that we could face power limitations in our IBX data centers. This could have a negative impact on the effective available capacity of a given center and limit our ability to grow our business, which could have a negative impact on our financial performance, operating results and cash flows.

We may also have difficulty obtaining sufficient power capacity for potential expansion sites in new or existing markets. We may experience significant delays and substantial increased costs demanded by the utilities to provide the level of electrical service required by our current IBX data center designs.

**If our internal controls are found to be ineffective, our financial results or our stock price may be adversely affected.**

Our most recent evaluation of our controls resulted in our conclusion that, as of December 31, 2015, in compliance with Section 404 of the Sarbanes-Oxley Act of 2002, our internal controls over financial reporting were effective. Our ability to manage our operations and growth, through, for example, the acquisition and integration of Telecity and Bit-isle and our overhaul of our

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back office systems that support customer experience from initial quote to customer billing and our revenue recognition process, will require us to further develop our controls and reporting systems and implement or amend new or existing controls and reporting systems in those areas where the implementation and integration is still ongoing. All of these changes to our financial systems and the implementation and integration of acquisitions create an increased risk of deficiencies in our internal controls over financial reporting. If, in the future, our internal control over financial reporting is found to be ineffective, or if a material weakness is identified in our controls over financial reporting, our financial results may be adversely affected. Investors may also lose confidence in the reliability of our financial statements which could adversely affect our stock price.

### **The use of high power density equipment may limit our ability to fully utilize our older IBX data centers.**

Some customers have increased their use of high power density equipment, such as blade servers, in our IBX data centers which has increased the demand for power on a per cabinet basis. Because many of our IBX data centers were built a number of years ago, the current demand for power may exceed the designed electrical capacity in these centers. As power, not space, is a limiting factor in many of our IBX data centers, our ability to fully utilize those IBX data centers may be limited. The ability to increase the power capacity of an IBX data center, should we decide to, is dependent on several factors including, but not limited to, the local utility's ability to provide additional power; the length of time required to provide such power; and/or whether it is feasible to upgrade the electrical infrastructure of an IBX data center to deliver additional power to customers. Although we are currently designing and building to a higher power specification than that of many of our older IBX data centers, there is a risk that demand will continue to increase and our IBX data centers could become underutilized sooner than expected.

### **Our operating results may fluctuate.**

We have experienced fluctuations in our results of operations on a quarterly and annual basis. The fluctuations in our operating results may cause the market price of our common stock to be volatile. We may experience significant fluctuations in our operating results in the foreseeable future due to a variety of factors, including, but not limited to:

- fluctuations of foreign currencies in the markets in which we operate;
- the timing and magnitude of depreciation and interest expense or other expenses related to the acquisition, purchase or construction of additional IBX data centers or the upgrade of existing IBX data centers;
- demand for space, power and services at our IBX data centers;
- changes in general economic conditions, such as an economic downturn, or specific market conditions in the telecommunications and Internet industries, both of which may have an impact on our customer base;
- charges to earnings resulting from past acquisitions due to, among other things, impairment of goodwill or intangible assets, reduction in the useful lives of intangible assets acquired, identification of additional assumed contingent liabilities or revised estimates to restructure an acquired company's operations;
- the duration of the sales cycle for our offerings and our ability to ramp our newly-hired sales persons to full productivity within the time period we have forecasted;
- restructuring charges or reversals of restructuring charges, which may be necessary due to revised sublease assumptions, changes in strategy or otherwise;
- acquisitions or dispositions we may make;
- the financial condition and credit risk of our customers;
- the provision of customer discounts and credits;
- the mix of current and proposed products and offerings and the gross margins associated with our products and offerings;
- the timing required for new and future IBX data centers to open or become fully utilized;
- competition in the markets in which we operate;
- conditions related to international operations;
- increasing repair and maintenance expenses in connection with aging IBX data centers;
- lack of available capacity in our existing IBX data centers to generate new revenue or delays in opening new or acquired IBX data centers that delay our ability to generate new revenue in markets which have otherwise reached capacity;
- changes in rent expense as we amend our IBX data center leases in connection with extending their lease terms when their initial lease expiration dates approach or changes in shared operating costs in connection with our leases, which are commonly referred to as common area maintenance expenses;
- the timing and magnitude of other operating expenses, including taxes, expenses related to the expansion of sales, marketing, operations and acquisitions, if any, of complementary businesses and assets;
- the cost and availability of adequate public utilities, including power;
- changes in employee stock-based compensation;
- overall inflation;
- increasing interest expense due to any increases in interest rates and/or potential additional debt financings;
- changes in our tax planning strategies or failure to realize anticipated benefits from such strategies;

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- changes in income tax benefit or expense;  
and
- changes in or new GAAP in the U.S. as periodically released by the Financial Accounting Standards Board (“FASB”).

Any of the foregoing factors, or other factors discussed elsewhere in this report, could have a material adverse effect on our business, results of operations and financial condition. Although we have experienced growth in revenues in recent quarters, this growth rate is not necessarily indicative of future operating results. Prior to 2008, we had generated net losses every fiscal year since inception. It is possible that we may not be able to generate net income on a quarterly or annual basis in the future. In addition, a relatively large portion of our expenses are fixed in the short-term, particularly with respect to lease and personnel expenses, depreciation and amortization and interest expenses. Therefore, our results of operations are particularly sensitive to fluctuations in revenues. As such, comparisons to prior reporting periods should not be relied upon as indications of our future performance. In addition, our operating results in one or more future quarters may fail to meet the expectations of securities analysts or investors.

### **Our days sales outstanding (DSO) of our accounts receivables have been increasing.**

Historically we have experienced a record of strong collection of our accounts receivables as evidenced by our prior DSO metrics, our DSO has improved over the past year. Our DSO was affected by the implementation of a new billing system that was introduced during the second half of 2014. While this new system is now operational in all three regions, it is not operational in all countries within each region and further enhancements to the overall system are still ongoing. While our DSO began to improve during the second half of 2015, our DSO may continue to be adversely impacted by ongoing changes in the billing system, which would continue to have a negative impact on our operating cash flows, liquidity and financial performance.

### **We may incur goodwill and other intangible asset impairment charges, or impairment charges to our property, plant and equipment, which could result in a significant reduction to our earnings.**

In accordance with GAAP, we are required to assess our goodwill and other intangible assets annually, or more frequently whenever events or changes in circumstances indicate potential impairment, such as changing market conditions or any changes in key assumptions. If the testing performed indicates that an asset may not be recoverable, we are required to record a non-cash impairment charge for the difference between the carrying value of the goodwill or other intangible assets and the implied fair value of the goodwill or other intangible assets in the period the determination is made.

We also monitor the remaining net book values of our property, plant and equipment periodically, including at the individual IBX data center level. Although each individual IBX data center is currently performing in line with our expectations, the possibility that one or more IBX data centers could begin to under-perform relative to our expectations is possible and may also result in non-cash impairment charges.

These charges could be significant, which could have a material adverse effect on our business, results of operations or financial condition.

### **We have incurred substantial losses in the past and may incur additional losses in the future.**

As of June 30, 2016, our accumulated deficit was \$94.6 million. Although we have generated net income for each fiscal year since 2008, except for the year ended December 31, 2014, we are also currently investing heavily in our future growth through the build out of multiple additional IBX data centers and IBX data center expansions as well as acquisitions of complementary businesses. As a result, we will incur higher depreciation and other operating expenses, as well as acquisition costs and interest expense, that may negatively impact our ability to sustain profitability in future periods unless and until these new IBX data centers generate enough revenue to exceed their operating costs and cover our additional overhead needed to scale our business for this anticipated growth. The current global financial uncertainty may also impact our ability to sustain profitability if we cannot generate sufficient revenue to offset the increased costs of our recently-opened IBX data centers or IBX data centers currently under construction. In addition, costs associated with the acquisition and integration of any acquired companies, as well as the additional interest expense associated with debt financing we have undertaken to fund our growth initiatives, may also negatively impact our ability to sustain profitability. Finally, given the competitive and evolving nature of the industry in which we operate, we may not be able to sustain or increase profitability on a quarterly or annual basis.

### **The failure to obtain favorable terms when we renew our IBX data center leases, or the failure to renew such leases, could harm our business and results of operations.**

While we own certain of our IBX data centers, others are leased under long-term arrangements with lease terms expiring at various dates through 2065. These leased centers have all been subject to significant development by us in order to convert them from, in most cases, vacant buildings or warehouses into IBX data centers. Most of our IBX data center leases have renewal options available to us. However, many of these renewal options provide for the rent to be set at then-prevailing market rates. To the extent that then-prevailing market rates or negotiated rates are higher than present rates, these higher costs may adversely impact our

business and results of operations, or we may decide against renewing the lease. In the event that an IBX data center lease does not have a renewal option, or we fail to exercise a renewal option in a timely fashion and lose our right to renew the lease, we may not be successful in negotiating a renewal of the lease with the landlord. A failure to renew a lease could force us to exit a building prematurely, which could be disruptive to our business, harm our customer relationships, expose us to liability under our customer contracts, cause us to take impairment charges and negatively affect our operating results.

**We depend on a number of third parties to provide Internet connectivity to our IBX data centers; if connectivity is interrupted or terminated, our operating results and cash flow could be materially and adversely affected.**

The presence of diverse telecommunications carriers' fiber networks in our IBX data centers is critical to our ability to retain and attract new customers. We are not a telecommunications carrier, and as such, we rely on third parties to provide our customers with carrier services. We believe that the availability of carrier capacity will directly affect our ability to achieve our projected results. We rely primarily on revenue opportunities from the telecommunications carriers' customers to encourage them to invest the capital and operating resources required to connect from their centers to our IBX data centers. Carriers will likely evaluate the revenue opportunity of an IBX data center based on the assumption that the environment will be highly competitive. We cannot provide assurance that each and every carrier will elect to offer its services within our IBX data centers or that once a carrier has decided to provide Internet connectivity to our IBX data centers that it will continue to do so for any period of time.

Our new IBX data centers require construction and operation of a sophisticated redundant fiber network. The construction required to connect multiple carrier facilities to our IBX data centers is complex and involves factors outside of our control, including regulatory processes and the availability of construction resources. Any hardware or fiber failures on this network may result in significant loss of connectivity to our new IBX data center expansions. This could affect our ability to attract new customers to these IBX data centers or retain existing customers.

If the establishment of highly diverse Internet connectivity to our IBX data centers does not occur, is materially delayed or is discontinued, or is subject to failure, our operating results and cash flow will be adversely affected.

**We may be vulnerable to security breaches which could disrupt our operations and have a material adverse effect on our financial performance and operating results.**

We face risks associated with unauthorized access to our computer systems, loss or destruction of data, computer viruses, malware, distributed denial-of-service attacks, or other malicious activities. These threats may result from human error, equipment failure, or fraud or malice on the part of employees or third parties. A party who is able to compromise the security measures on our networks or the security of our infrastructure could misappropriate either our proprietary information or the personal information of our customers or our employees, or cause interruptions or malfunctions in our operations or our customers' operations. As we provide assurances to our customers that we provide a high level of security, such a compromise could be particularly harmful to our brand and reputation. We may be required to expend significant capital and resources to protect against such threats or to alleviate problems caused by breaches in security. As techniques used to breach security change frequently, and are generally not recognized until launched against a target, we may not be able to promptly detect that a cyber breach has occurred, or implement security measures in a timely manner or, if and when implemented, we may not be able to determine the extent to which these measures could be circumvented. Any breaches that may occur could expose us to increased risk of lawsuits, regulatory penalties, loss of existing or potential customers, damage relating to loss of proprietary information, harm to our reputation and increases in our security costs, which could have a material adverse effect on our financial performance and operating results. We maintain insurance coverage for cyber risks but such coverage may be unavailable or insufficient to cover our losses.

We offer professional services to our customers where we consult on data center solutions and assist with implementations. We also offer managed services in certain of our foreign jurisdictions outside of the U.S. where we manage the data center infrastructure for our customers. The access gained from these services to our clients' networks and data creates some risk that our clients' networks or data will be improperly accessed. We may also design our clients' cloud storage systems in such a way that exposes our clients to increased risk of data breach. If Equinix were held to be responsible for any such a breach, it could result in a significant loss to Equinix, including damage to Equinix's client relationships, harm to our brand and reputation, and legal liability.

**We have government customers, which subjects us to risks including early termination, audits, investigations, sanctions and penalties.**

We derive some revenues from contracts with the U.S. government, state and local governments and foreign governments. Some of these customers may terminate all or part of their contracts at any time, without cause.

There is increased pressure for governments and their agencies, both domestically and internationally, to reduce spending. Some of our federal government contracts are subject to the approval of appropriations being made by the U.S. Congress to fund the expenditures under these contracts. Similarly, some of our contracts at the state and local levels are subject to government funding authorizations.

Additionally, government contracts are generally subject to audits and investigations which could result in various civil and criminal penalties and administrative sanctions, including termination of contracts, refund of a portion of fees received, forfeiture of profits, suspension of payments, fines and suspensions or debarment from future government business.

**Because we depend on the development and growth of a balanced customer base, including key magnet customers, failure to attract, grow and retain this base of customers could harm our business and operating results.**

Our ability to maximize revenues depends on our ability to develop and grow a balanced customer base, consisting of a variety of companies, including enterprises, cloud, digital content and financial companies, and network service providers. We consider certain of these customers to be key magnets in that they draw in other customers. The more balanced the customer base within each IBX data center, the better we will be able to generate significant interconnection revenues, which in turn increases our overall revenues. Our ability to attract customers to our IBX data centers will depend on a variety of factors, including the presence of multiple carriers, the mix of our offerings, the overall mix of customers, the presence of key customers attracting business through vertical market ecosystems, the IBX data center's operating reliability and security and our ability to effectively market our offerings. However, some of our customers may face competitive pressures and may ultimately not be successful or may be consolidated through merger or acquisition. If these customers do not continue to use our IBX data centers it may be disruptive to our business. Finally, the uncertain economic climate may harm our ability to attract and retain customers if customers slow spending, or delay decision-making, on our offerings, or if customers begin to have difficulty paying us and we experience increased churn in our customer base. Any of these factors may hinder the development, growth and retention of a balanced customer base and adversely affect our business, financial condition and results of operations.

**We may be subject to securities class action and other litigation, which may harm our business and results of operations.**

We may be subject to securities class action or other litigation. For example, securities class action litigation has often been brought against a company following periods of volatility in the market price of its securities. Litigation can be lengthy, expensive, and divert management's attention and resources. Results cannot be predicted with certainty and an adverse outcome in litigation could result in monetary damages or injunctive relief that could seriously harm our business, results of operations, financial condition or cash flows.

**We may not be able to protect our intellectual property rights.**

We cannot make assurances that the steps taken by us to protect our intellectual property rights will be adequate to deter misappropriation of proprietary information or that we will be able to detect unauthorized use and take appropriate steps to enforce our intellectual property rights. We also are subject to the risk of litigation alleging infringement of third-party intellectual property rights. Any such claims could require us to spend significant sums in litigation, pay damages, develop non-infringing intellectual property, or acquire licenses to the intellectual property that is the subject of the alleged infringement.

**Government regulation may adversely affect our business.**

Various laws and governmental regulations, both in the U.S. and abroad, governing Internet related services, related communications services and information technologies remain largely unsettled, even in areas where there has been some legislative action. For example, the Federal Communications Commission recently adopted new network neutrality rules that may result in material changes in the regulations and contribution regime affecting us and our customers. Likewise, as part of a review of the current equity market structure, the Securities and Exchange Commission and the Commodity Futures Trading Commission ("CFTC") have both sought comments regarding the regulation of independent data centers, such as us, which provide colocation for financial markets and exchanges. The CFTC is also considering regulation of companies that use automated and high-frequency trading systems. Any such regulation may ultimately affect our provision of offerings.

It also may take years to determine whether and how existing laws, such as those governing intellectual property, privacy, libel, telecommunications services and taxation, apply to the Internet and to related offerings such as ours, and substantial resources may be required to comply with regulations or bring any non-compliant business practices into compliance with such regulations.

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In addition, the development of the market for online commerce and the displacement of traditional telephony service by the Internet and related communications services may prompt an increased call for more stringent consumer protection laws or other regulation both in the U.S. and abroad that may impose additional burdens on companies conducting business online and their service providers.

The adoption, or modification of laws or regulations relating to the Internet and our business, or interpretations of existing laws, could have a material adverse effect on our business, financial condition and results of operations.

### **Industry consolidation may have a negative impact on our business model.**

If customers combine businesses, they may require less colocation space, which could lead to churn in our customer base. Regional competitors may also consolidate to become a global competitor. Consolidation of our customers and/or our competitors may present a risk to our business model and have a negative impact on our revenues.

### **We have various mechanisms in place that may discourage takeover attempts.**

Certain provisions of our certificate of incorporation and bylaws may discourage, delay or prevent a third party from acquiring control of us in a merger, acquisition or similar transaction that a stockholder may consider favorable. Such provisions include:

- ownership limitations and transfer restrictions relating to our stock that are intended to facilitate our compliance with certain REIT rules relating to share ownership;
- authorization for the issuance of “blank check” preferred stock;
- the prohibition of cumulative voting in the election of directors;
- limits on the persons who may call special meetings of stockholders;
- limits on stockholder action by written consent; and
- advance notice requirements for nominations to the Board of Directors or for proposing matters that can be acted on by stockholders at stockholder meetings.

In addition, Section 203 of the Delaware General Corporation Law, which restricts certain business combinations with interested stockholders in certain situations, may also discourage, delay or prevent someone from acquiring or merging with us.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

### **Item 3. Defaults Upon Senior Securities**

None.

### **Item 4. Mine Safety Disclosure**

Not applicable.

### **Item 5. Other Information**

None.

[Table of Contents](#)**Item 6. Exhibits**

<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			<u>Filed Herewith</u>
		<u>Form</u>	<u>Filing Date/ Period End Date</u>	<u>Exhibit</u>	
2.1	Rule 2.7 Announcement, dated as of May 29, 2015. Recommended Cash and Share Offer for Telecity Group plc by Equinix, Inc.	8-K	5/29/2015	2.1	
2.2	Cooperation Agreement, dated as of May 29, 2015, by and between Equinix, Inc. and Telecity Group plc.	8-K	5/29/2015	2.2	
2.3	Amendment to Cooperation Agreement, dated as of November 24, 2015, by and between Equinix, Inc. and Telecity Group plc.	10-K	12/31/2015	2.3	
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended to date.	10-K/A	12/31/2002	3.1	
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant	8-K	6/14/2011	3.1	
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant	8-K	6/11/2013	3.1	
3.4	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant	10-Q	6/30/2014	3.4	
3.5	Certificate of Designation of Series A and Series A-1 Convertible Preferred Stock.	10-K/A	12/31/2002	3.3	
3.6	Amended and Restated Bylaws of the Registrant.	8-K	3/29/2016	3.1	
4.1	Reference is made to Exhibits 3.1, 3.2, 3.3, 3.4, 3.5 and 3.6.				
4.2	Indenture dated June 12, 2009 by and between Equinix, Inc. and U.S. Bank National Association, as trustee.	8-K	6/12/2009	4.1	
4.3	Form of 4.75% Convertible Subordinated Note Due 2016 (see Exhibit 4.2).				
4.4	Indenture for the 2020 Notes dated March 5, 2013 by and between Equinix, Inc. and U.S. Bank National Association as trustee	8-K	3/5/2013	4.1	
4.5	Form of 4.875% Senior Note due 2020 (see Exhibit 4.4)	8-K	3/5/2013	4.2	
4.6	Indenture for the 2023 Notes dated March 5, 2013 by and between Equinix, Inc. and U.S. Bank National Association as trustee	8-K	3/5/2013	4.3	
4.7	Form of 5.375% Senior Note due 2023 (see Exhibit 4.6)				
4.8	Indenture, dated as of November 20, 2014, between Equinix, Inc. and U.S. Bank National Association, as trustee	8-K	11/20/2014	4.1	
4.9	First Supplemental Indenture, dated as of November 20, 2014, between Equinix, Inc. and U.S. Bank National Association, as trustee	8-K	11/20/2014	4.2	
4.10	Form of 5.375% Senior Note due 2022 (see Exhibit 4.9)				
4.11	Second Supplemental Indenture, dated as of November 20, 2014, between Equinix, Inc. and U.S. Bank National Association, as trustee	8-K	11/20/2014	4.4	
4.12	Form of 5.750% Senior Note due 2025 (see Exhibit 4.11)				

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Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date/ Period End Date	Exhibit	
4.13	Third Supplemental Indenture, dated as of December 4, 2015, between Equinix Inc. and U.S. Bank National Association, as trustee	8-K	12/4/2015	4.2	
4.14	Form of 5.875% Senior Note due 2026 (See Exhibit 4.13)				
4.15	Form of Registrant's Common Stock Certificate	10-K	12/31/2014	4.13	
10.1**	Form of Indemnification Agreement between the Registrant and each of its officers and directors.	S-4 (File No. 333-93749)	12/29/1999	10.5	
10.2**	2000 Equity Incentive Plan, as amended.	10-Q	3/31/2012	10.2	
10.3**	2000 Director Option Plan, as amended.	10-K	12/31/2007	10.4	
10.4**	2001 Supplemental Stock Plan, as amended.	10-K	12/31/2007	10.5	
10.5**	Equinix, Inc. 2004 Employee Stock Purchase Plan, as amended.	10-Q	6/30/2014	10.5	
10.6**	Severance Agreement by and between Stephen Smith and Equinix, Inc. dated December 18, 2008.	10-K	12/31/2008	10.31	
10.7**	Severance Agreement by and between Peter Van Camp and Equinix, Inc. dated December 10, 2008.	10-K	12/31/2008	10.32	
10.8**	Severance Agreement by and between Keith Taylor and Equinix, Inc. dated December 19, 2008.	10-K	12/31/2008	10.33	
10.9**	Change in Control Severance Agreement by and between Eric Schwartz and Equinix, Inc. dated December 19, 2008.	10-K	12/31/2008	10.35	
10.10	Confirmation for Base Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Deutsche Bank AG, London Branch.	8-K	6/12/2009	10.1	
10.11	Confirmation for Additional Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Deutsche Bank AG, London Branch.	8-K	6/12/2009	10.2	
10.12	Confirmation for Base Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and JPMorgan Chase Bank, National Association, London Branch.	8-K	6/12/2009	10.4	
10.13	Confirmation for Additional Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and JPMorgan Chase Bank, National Association, London Branch.	8-K	6/12/2009	10.5	
10.14	Confirmation for Base Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Goldman, Sachs & Co.	8-K	6/12/2009	10.7	
10.15	Confirmation for Additional Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Goldman, Sachs & Co.	8-K	6/12/2009	10.8	
10.16**	Switch & Data 2007 Stock Incentive Plan.	S-1/A (File No. 333-137607) filed by Switch & Data Facilities Company, Inc.	2/5/2007	10.9	
10.17**	Change in Control Severance Agreement by and between Charles Meyers and Equinix, Inc. dated September 30, 2010.	10-Q	9/30/2010	10.42	

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<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			<u>Filed Herewith</u>
		<u>Form</u>	<u>Filing Date/ Period End Date</u>	<u>Exhibit</u>	
10.18**	Form of amendment to existing severance agreement between the Registrant and each of Messrs. Meyers, Smith, Taylor and Van Camp.	10-K	12/31/2010	10.33	
10.19**	Letter amendment, dated December 14, 2010, to Change in Control Severance Agreement, dated December 18, 2008, and letter agreement relating to expatriate benefits, dated April 22, 2008, as amended, by and between the Registrant and Eric Schwartz.	10-K	12/31/2010	10.34	
10.20**	Offer Letter from Equinix, Inc. to Sara Baack dated July 31, 2012.	10-Q	3/31/2013	10.42	
10.21**	Change in Control Severance Agreement by and between Sara Baack and Equinix, Inc. dated July 31, 2012.	10-Q	3/31/2013	10.44	
10.22**	International Long-Term Assignment Letter by and between Equinix, Inc. and Eric Schwartz, dated May 21, 2013.	10-Q	6/30/2013	10.51	
10.23**	Employment Agreement by and between Equinix (EMEA) B.V. and Eric Schwartz, dated as of August 7, 2013.	10-Q	9/30/2013	10.54	
10.24**	Restricted Stock Unit Agreement dated August 14, 2013 for Charles Meyers under the Equinix, Inc. 2000 Equity Incentive Plan.	10-Q	9/30/2013	10.55	
10.25**	Offer Letter from Equinix, Inc. to Karl Strohmeyer dated October 28, 2013.	10-Q	3/31/2014	10.49	
10.26**	Restricted Stock Unit Agreement for Karl Strohmeyer under the Equinix, Inc. 2000 Equity Incentive Plan.	10-Q	3/31/2014	10.50	
10.27**	Change in Control Severance Agreement by and between Karl Strohmeyer and Equinix, Inc. dated December 2, 2013.	10-Q	3/31/2014	10.51	
10.28**	2014 Form of Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for CEO and CFO.	10-Q	3/31/2014	10.52	
10.29**	2014 Form of Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for all other Section 16 officers.	10-Q	3/31/2014	10.53	
10.30	Amendment Agreement dated as of May 2, 2014, between Equinix, Inc. and Goldman, Sachs & Co., amending and restating the Master Terms and Conditions for Capped Call Transactions between Equinix, Inc. and Goldman, Sachs & Co. and amending the Confirmation for Base Capped Call Transaction.	10-Q	6/30/2014	10.54	
10.31	Amendment Agreement dated as of May 2, 2014, between Equinix, Inc. and Deutsche Bank AG, London Branch, amending and restating the Master Terms and Conditions for Capped Call Transactions between Equinix, Inc. and Deutsche Bank AG, London Branch and amending the Confirmation for Base Capped Call Transaction.	10-Q	6/30/2014	10.55	
10.32	Amendment Agreement dated as of May 2, 2014, between Equinix, Inc. and JPMorgan Chase Bank, National Association, London Branch, amending and restating the Master Terms and Conditions for Capped Call Transactions between Equinix, Inc. and JPMorgan Chase Bank, National Association, London Branch and amending the Confirmation for Base Capped Call Transaction.	10-Q	6/30/2014	10.56	
10.33	Amendment Agreement, dated as of May 13, 2014, between Equinix, Inc. and Goldman, Sachs & Co., amending the Confirmation for Base Capped Call Transaction.	10-Q	6/30/2014	10.57	

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Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
10.34	Amendment Agreement dated as of May 13, 2014, between Equinix, Inc. and Deutsche Bank AG, London Branch, amending the Confirmation for Base Capped Call Transaction.	10-Q	6/30/2014	10.58	
10.35	Amendment Agreement dated as of May 13, 2014, between Equinix, Inc. and JPMorgan Chase Bank, National Association, London Branch, amending the Confirmation for Base Capped Call Transaction.	10-Q	6/30/2014	10.59	
10.36	Amendment Agreement, dated as of June 6, 2014, between Equinix, Inc. and Goldman, Sachs & Co., amending the Confirmation for Base Capped Call Transaction.	10-Q	6/30/2014	10.60	
10.37	Amendment Agreement dated as of June 6, 2014, between Equinix, Inc. and Deutsche Bank AG, London Branch, amending the Confirmation for Base Capped Call Transaction.	10-Q	6/30/2014	10.61	
10.38	Amendment Agreement dated as of June 6, 2014, between Equinix, Inc. and JPMorgan Chase Bank, National Association, London Branch, amending the Confirmation for Base Capped Call Transaction.	10-Q	6/30/2014	10.62	
10.39	Agreement for Purchase and Sale of Shares Among RW Brasil Fundo de Investimentos em Participação, Antônio Eduardo Zago De Carvalho and Sidney Victor da Costa Breyer, as Sellers, and Equinix Brasil Participações Ltda., as Purchaser, and Equinix South America Holdings LLC., as a Party for Limited Purposes and ALOG Soluções de Tecnologia em Informática S.A. as Intervening Consenting Party dated July 18, 2014	10-Q	9/30/2014	10.67	
10.40	Credit Agreement, by and among Equinix, Inc., as borrower, Equinix LLC and Switch & Data LLC as guarantors, the Lenders (defined therein), Bank of America, N.A., as administrative agent, a Lender and L/C issuer, JPMorgan Chase Bank, N.A., and TD Securities (USA) LLC, as co-syndication agents, Barclays Bank PLC, Citibank, N.A., Royal Bank of Canada and ING Bank N.V., Singapore Branch, as Co-Documentation Agents and Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, and TD Securities (USA) LLC, as joint lead arrangers and book runners, dated December 17, 2014.	10-K	12/31/2014	10.48	
10.41**	2015 Form of Revenue/AFFO Restricted Stock Unit Agreement for executives.	10-Q	3/31/2015	10.50	
10.42**	2015 Form of TSR Restricted Stock Unit Agreement for executives.	10-Q	3/31/2015	10.51	
10.43**	2015 Form of Time-Based Restricted Stock Unit Agreement for executives.	10-Q	3/31/2015	10.52	
10.44	First Amendment to Credit Agreement and first Amendment to Pledge and Security Agreement by and among Equinix, Inc., as borrower, the Guarantors (defined therein), the Lenders (defined therein) and Bank of America, N.A., as administrative agent, dated April 30, 2015.	10-Q	9/30/2015	10.52	
10.45	Bridge Credit Agreement dated as of May 28, 2015 among Equinix, Inc. as Borrower, Various Financial Institutions as Lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent. JPMorgan Securities LLC as sole Arranger and Bookrunner.	10-Q	6/30/2015	10.53	

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Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date/ Period End Date	Exhibit	
10.46	First Amendment to the Bridge Credit Agreement Dated as of May 28, 2015 as Amended on June 19, 2015 among Equinix, Inc., as Borrower, Various Financial Institutions as Lenders, and JP Morgan Chase Bank, N.A. as Administrative Agent. JPMorgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, CityGroup Global Markets Inc. and RBC Capital Markets, LLC as Lead Arrangers and Bookrunners and TD Securities (USA) LLC, ING Bank N.V., HSBC Securities (USA) Inc. and The Bank of Tokyo-Mitsubishi UFJ, LTD as Co-Managers	10-Q	6/30/2015	10.54	
10.47	Term Loan Agreement dated as of September 30, 2015 among QAON G.K. and certain other direct and indirect subsidiaries of Equinix, Inc., as Borrowers, and The Bank of Tokyo-Mitsubishi UFJ, Ltd. as Arranger and Lender.	10-Q	9/30/2015	10.55	
10.48	First Amendment to Term Loan Agreement dated September 30, 2015 as amended October 26, 2015 and executed by and between QAON G.K., and certain other direct and indirect subsidiaries of Equinix, Inc., as Borrowers, and The Bank of Tokyo-Mitsubishi UFJ, Ltd. As Arranger Lender.	10-Q	9/30/2015	10.56	
10.49	Second Amendment to Credit Agreement by and among Equinix, Inc., as borrower, the Guarantors (defined therein), the Lenders (defined therein) and Bank of America, N.A., as administrative agent, dated December 8, 2015.	10-K	12/31/2015	10.55	
10.50**	Equinix, Inc. 2016 Incentive Plan	10-Q	3/31/2016	10.56	
10.51**	2016 Form of Revenue/AFFO Restricted Stock Unit Agreement for executives.	10-Q	3/31/2016	10.57	
10.52**	2016 Form of TSR Restricted Stock Unit Agreement for executives.	10-Q	3/31/2016	10.58	
10.53**	2016 Form of Time-Based Restricted Stock Unit Agreement for executives.	10-Q	3/31/2016	10.59	
10.54**	Restricted Stock Unit Award granted to John Hughes on February 25, 2016	10-Q	3/31/2016	10.60	
10.55	Share Purchase Agreement with Digital Realty Trust, L.P., relating to the sale and purchase of shares in TelecityGroup UK LON Limited, Telecity Netherlands AMS01 AMS04 BV, Equinix Real Estate (TCY AMS04) B.V. and TelecityGroup Germany Fra2 GmbH, dated May 14, 2016.				X
10.56**	Letter Agreement dated June 9, 2016, by and between Equinix, Inc. and Eric Schwartz, amending his International Long Term Assignment letter dated May 21, 2013 and Employment Agreement with Equinix (EMEA) B.V. dated August 7, 2013.				X
21.1	Subsidiaries of Equinix, Inc.				X
31.1	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Chief Executive Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2	Chief Financial Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X

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<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Incorporated by Reference</u>			<u>Filed Herewith</u>
		<u>Form</u>	<u>Filing Date/ Period End Date</u>	<u>Exhibit</u>	
101.INS	XBRL Instance Document.				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Document.				X
101.DEF	XBRL Taxonomy Extension Definition Document.				X
101.LAB	XBRL Taxonomy Extension Labels Document.				X
101.PRE	XBRL Taxonomy Extension Presentation Document.				X

\*\* Management contracts or compensation plans or arrangements in which directors or executive officers are eligible to participate.



INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description of Document</u>
10.55	Share Purchase Agreement with Digital Realty Trust, L.P., relating to the sale and purchase of shares in TelecityGroup UK LON Limited, Telecity Netherlands AMS01 AMS04 BV, Equinix Real Estate (TCY AMS04) B.V. and TelecityGroup Germany Fra2 GmbH, dated May 14, 2016.
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101.DEF	XBRL Taxonomy Extension Definition Document.
101.LAB	XBRL Taxonomy Extension Labels Document.
101.PRE	XBRL Taxonomy Extension Presentation Document.

EXECUTION VERSION

DATED 14 MAY 2016

**TELECITYGROUP INTERNATIONAL LIMITED**

and

**TELECITYGROUP NETHERLANDS B.V.**

and

**TELECITYGROUP GERMANY GMBH**

and

**EQUINIX (REAL ESTATE) B.V.**

and

**EQUINIX, INC.**

and

**DIGITAL STOUT HOLDINGS LLC**

and

**DIGITAL NETHERLANDS I BV**

and

**DIGITAL GERMANY CHEETAH GMBH I.GR. (DGC)**

and

**DIGITAL REALTY TRUST, L.P.**

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**SHARE PURCHASE AGREEMENT**

relating to the sale and purchase of shares in  
TelecityGroup UK LON Limited, Telecity Netherlands AMS01 AMS04 BV,  
Equinix Real Estate (TCY AMS04) B.V. and  
TelecityGroup Germany Fra2 GmbH

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Slaughter and May  
One Bunhill Row  
London EC1Y 8YY  
(RJZS/NLZC)

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**THIS AGREEMENT** is made on 14 May 2016

**PARTIES:**

1. **TelecityGroup International Limited**, whose registered office is at Masters House, 107 Hammersmith Road, London, W14 0QH, the United Kingdom (registered in England No. 00153088) (the "**London DivestCo Seller**");

AND

2. **TelecityGroup Netherlands B.V.**, whose registered office is at 1042 AB Amsterdam, the Netherlands, Gyroscopweg 2e / 2f, the Netherlands (registered in the Netherlands No. 34149253) (the "**Amsterdam DivestCo Seller**");

AND

3. **TelecityGroup Germany GmbH**, whose seat is at Gutleutstraße 310, 60327 Frankfurt am Main, Germany (registered in Frankfurt am Main No. HRB 48864) (the "**Frankfurt DivestCo Seller**"),

(London DivestCo Seller, Amsterdam DivestCo Seller and Frankfurt DivestCo Seller, each a "**Seller**" and together the "**Sellers**");

AND

4. **Equinix (Real Estate) B.V.**, whose registered office is at 1101 EC Amsterdam Zuidoost, the Netherlands, Luttenbergweg 4 (registered in the Netherlands No.51504219) (the "**AMS04 SPV Seller**");

AND

5. **Equinix, Inc.**, whose principal office is at One Lagoon Drive, Redwood City, California 94065 (registered in the State of Delaware) (the "**Sellers' Guarantor**");

AND

6. **Digital Stout Holdings LLC**, whose registered office is at 2711 Centerville Road, Suite 400 Wilmington, Delaware, 19808, United States of America (registered in the State of Delaware) (the "**London DivestCo Purchaser**");

AND

7. **Digital Netherlands I BV**, whose registered office is at Fred. Roeskestraat 123,1076 EE Amsterdam, The Netherlands (registered in The Netherlands No. 27274897) (the "**Amsterdam DivestCo Purchaser**");

AND

8. **Digital Germany Cheetah GmbH i.Gr. (DGC)**, whose registered office is at Thomasiusstr.11, 10557, Berlin, Germany, (incorporated with notarial deed Nr. 369/2016) (the "**Frankfurt DivestCo Purchaser**");

(London DivestCo Purchaser, Amsterdam DivestCo Purchaser and Frankfurt DivestCo Purchaser, each a "**Purchaser**" and together the "**Purchasers**");

AND

9. **Digital Realty Trust, L.P.**, whose registered office is at Four Embarcadero, Suite 3200, San Francisco, California 94111, United States of America (registered in Maryland No. M10114858) (the "**Purchasers' Guarantor**").

**BACKGROUND:**

- (A) Particulars of each of London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV (each as defined in this Agreement) are set out in Attachment 1 (Basic information about London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV).
- (B) The London DivestCo Seller has agreed to sell or procure the sale of, and the London DivestCo Purchaser has agreed to purchase and pay for, the London DivestCo Shares (as defined in this Agreement), in each case on the terms and subject to the conditions of this Agreement.
- (C) The Amsterdam DivestCo Seller has agreed to sell or procure the sale of, and the Amsterdam DivestCo Purchaser has agreed to purchase and pay for, the Amsterdam DivestCo Shares, the Amsterdam DivestCo Payables (if any) and the AMS04 SPV Payables (in each case, as defined in this Agreement), in each case on the terms and subject to the conditions of this Agreement.
- (D) The Frankfurt DivestCo Seller has agreed to sell or procure the sale of, and the Frankfurt DivestCo Purchaser has agreed to purchase and pay for, the Frankfurt DivestCo Shares and the Frankfurt Payables (if any) (as defined in this Agreement), in each case on the terms and subject to the conditions of this Agreement.
- (E) The AMS04 SPV Seller has agreed to transfer AMS04 SPV to Amsterdam DivestCo immediately prior to Completion (as defined in this Agreement) on the terms and subject to the conditions of this Agreement.
- (F) The Sellers' Guarantor has agreed to guarantee the obligations of the members of the Retained Group under the Share Purchase Documents, the London Business Transfer Agreement, the Amsterdam Deed of Demerger and the Frankfurt Demerger Agreement on the terms and subject to the conditions of this Agreement.
- (G) The Purchasers' Guarantor has agreed to guarantee the obligations of the members of the Purchasers' Group under the Share Purchase Documents, the London Business Transfer Agreement, the Amsterdam Deed of Demerger and the Frankfurt Demerger Agreement on the terms and subject to the conditions of this Agreement.

**THE PARTIES AGREE** as follows:

**1. Interpretation**

1.1 In this Agreement, the Schedules and the Attachments to it:

"Additional Overlay Employee"	means any Overlay Employee who the Purchasers notify to the Sellers (in accordance with clause 9.4 (Purchasers' warranties and undertakings)) they do not want to retain in the Target Group after the Completion Date;
"Agents"	means a party's affiliates and its and their respective directors, officers, employees, agents, partners, professional advisers and contractors;
"AMS04 Site"	the real property located in Amsterdam consisting of the right of leasehold on the parcel of land recorded in the Land Registry as municipality of Amsterdam, section AG, number 1127, the freehold to the parcel of land recorded in the Land Registry as municipality of Amsterdam, section AG, number 1060, and the freehold to the parcel of land recorded in the Land Registry as municipality of Amsterdam, section AG, number 1734, to which AMS04 SPV is entitled and locally known as Wenckenbachweg 127 in Amsterdam;
"AMS04 SPV"	means Equinix Real Estate (TCY AMS04) B.V., basic information concerning which is set out in Attachment 1 (Basic information about London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV);
"AMS04 SPV Anti-bribery Warranties"	means the warranties set out in paragraph 12 of Schedule 4 (AMS04 SPV Warranties) given by the Amsterdam DivestCo Seller and "AMS04 SPV Anti-bribery Warranty" shall be construed accordingly;
"AMS04 SPV Completion Payment"	has the meaning given in clause 6.2(G) (Completion);
"AMS04 SPV Consideration"	has the meaning given in clause 5.4 (Consideration);
"AMS04 SPV Fundamental Warranties"	means the warranties set out in paragraphs 1, 2, 3 and 6 of Schedule 4 (AMS04 SPV Warranties) given by the Amsterdam DivestCo and "AMS04 SPV Fundamental Warranty" shall be construed accordingly;
"AMS04 SPV Loans"	means any loans made by any member of the Retained Group to AMS04 SPV outstanding as at the close of business (or, if the Completion Date is on the first Business Day of a month, 12:01 a.m.) on the Completion Date;
"AMS04 SPV Loan Adjustment Amount"	means the total aggregate amount of principal and accrued interest outstanding under the AMS04 SPV Loan immediately prior to Completion, less the AMS04 SPV Completion Payment, provided that such amount is greater than zero;
"AMS04 SPV Payable"	means the aggregate of the amounts owing from the AMS04 SPV to any members of the Retained Group under any AMS04 SPV Loans, including in respect of interest accrued on such amounts in accordance with the terms of the AMS04 SPV Loans, as at the close of business (or, if the Completion Date is on the first Business Day of a month, 12:01 a.m.) on the Completion Date;
"AMS04 SPV Payables Deeds of Transfer of Contract"	has the meaning given in clause 24.3 (Transfer of AMS04 SPV Shares);
"AMS04 SPV Payables Purchase Price"	has the meaning given in clause 24.3 (Transfer of AMS04 SPV Shares);

"AMS04 SPV Purchase Price"	has the meaning given in clause 5.4(A) (Consideration);
"AMS04 SPV Shares"	means one share and any new shares in AMS04 SPV issued pursuant to clause 7.21 , such shares together representing all the issued shares in the capital of AMS04 SPV (Sellers' warranties and undertakings);
"AMS04 SPV Transfer"	has the meaning given in clause 24.1 (Transfer of AMS04 SPV Shares);
"AMS04 SPV Tax Warranties"	means the warranties set out in paragraph 13 of Schedule 4 (AMS04 SPV Warranties) given by the Amsterdam DivestCo Seller and "AMS04 SPV Tax Warranty" shall be construed accordingly;
"AMS04 SPV Warranties"	means the warranties set out in Schedule 4 (AMS04 SPV Warranties) given by the Amsterdam DivestCo Seller and "AMS04 SPV Warranty" shall be construed accordingly;
"AMS1e Consent Letter"	means the letter issued by Caransa Datacenters B.V dated 9 May 2016 as disclosed to the Purchasers;
"AMS1e Lease"	means the lease of premises at Science Park 120, 1098 XG Amsterdam dated 15 November 2013 and made between (1) Caransa Datacenters B.V. and (2) TelecityGroup Netherlands B.V.;
"Amsterdam Accounts Date"	means 31 December 2015;
"Amsterdam Additional Overlay Employee"	means any Additional Overlay Employee of Amsterdam DivestCo;
"Amsterdam Deed of Demerger"	means the deed of demerger dated 31 March 2016 of TelecityGroup Netherlands B.V. contained in section 7.2.2-A of the Data Room;
"Amsterdam DivestCo"	means Telecity Netherlands AMS01 AMS04 BV, basic information concerning which is set out in Attachment 1 (Basic information about London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV);
"Amsterdam DivestCo Completion Payment"	has the meaning given in clause 6.2(E) (Completion);
"Amsterdam DivestCo Consideration"	has the meaning given in clause 5.2 (Consideration);
"Amsterdam DivestCo Financial Statement"	means the special purpose unaudited balance sheet as at the Amsterdam Accounts Date in relation to the Amsterdam Divestment Business set out on page 17 of the report entitled "Project Cheetah Volume 2b – Amsterdam Market" dated 25 February 2016;
"Amsterdam DivestCo Loans"	means any loans made by any member of the Retained Group to Amsterdam DivestCo outstanding as at the close of business (or, if the Completion Date is on the first Business Day of a month, 12:01 a.m.) on the Completion Date;
"Amsterdam DivestCo P&L"	means the pro forma profit and loss statement as at the Amsterdam Accounts Date in relation to the Amsterdam Divestment Business set out on page 5 of the report entitled "Project Cheetah Volume 2b – Amsterdam Market" dated 25 February 2016 but excluding the KPIs set out therein;

"Amsterdam DivestCo Payable"	means the aggregate of the amounts owing from the Amsterdam DivestCo to any members of the Retained Group under any Amsterdam DivestCo Loans, including in respect of interest accrued on such amounts in accordance with the terms of the Amsterdam DivestCo Loans, as at the close of business (or, if the Completion Date is on the first Business Day of a month, 12:01 a.m.) on the Completion Date;
"Amsterdam DivestCo Payables Deeds of Transfer of Contract"	has the meaning given in clause 15 (Sale, purchase and assignment of the Amsterdam DivestCo Payables);
"Amsterdam DivestCo Payables Notice"	means in respect of any Amsterdam DivestCo Payables Deed of Transfer of Contract, the notice scheduled to such Amsterdam DivestCo Payables Deed of Transfer of Contract;
"Amsterdam DivestCo Payables Purchase Price"	has the meaning given in clause 15 (Sale, purchase and assignment of the Amsterdam DivestCo Payables);
"Amsterdam DivestCo Purchase Price"	has the meaning given in clause 5.2(A) (Consideration);
"Amsterdam DivestCo RETT Payment"	means any RETT payable by Amsterdam DivestCo in connection with the purchase of the AMS04 SPV Shares;
"Amsterdam DivestCo Purchaser RETT Payment"	means any RETT payable by the Amsterdam DivestCo Purchaser in connection with the purchase of the AMS04 SPV Shares;
"Amsterdam DivestCo Shares"	means two shares representing all the issued shares in the capital of Amsterdam DivestCo;
"Amsterdam Divestment Business"	means the business of the data centres located at Amstel Business Park I and Science Park as described in the Amsterdam Deed of Demerger and the Carve-out Memorandum;
"Amsterdam Easement"	means the deed of establishment of real rights to be entered into pursuant to the agreement to establish real rights dated 10 May 2016 and made between (1) TelectricityGroup Netherlands B.V. and (2) Equinix Real Estate (TCY AMS04) B.V.;
"Amsterdam Expansion Agreements"	means the Amsterdam Phase 1 Fit-out Agreements and the Amsterdam Phase 2 Fit-out Agreements;
"Amsterdam Expansion Cost"	means the sum of (i) the fixed amounts paid or to be paid to the relevant contractors under the Amsterdam Phase 1 Fit-out Agreements, as set out in those agreements; and (ii) the fixed amounts to be paid to the contractors under the Amsterdam Phase 2 Fit-out Agreements, as set out in those agreements;
"Amsterdam Market VDD Report"	means the report prepared by the Sellers' Accountants entitled 'Project Cheetah Volume 2 – Amsterdam Market VDD report' dated 8 February 2016, a copy of which is attached to the Disclosure Letter;
"Amsterdam Phase 1 Fit-out Agreements"	means the agreements entered into or to be entered into between various contractors and Amsterdam DivestCo required to complete the Phase 1 Science Park Fit-out including those contracts set out in Schedule 19 (Amsterdam Expansion Agreements);
"Amsterdam Phase 2 Fit-out Agreements"	means the agreements to be entered into between various contractors and Amsterdam DivestCo which will require those contractors to complete the Phase 2 Science Park Fit-out to substantially the same standard and quality as the Phase 1 Science Park Fit-out;

"Amsterdam Relevant Employees"	means: (a) those individuals whose names are listed in the Disclosure Letter against the warranty at Schedule 3, paragraph 19.1: (a) who transferred to Amsterdam DivestCo by operation of law pursuant to the Reorganisation; (b) whose employment transferred to Amsterdam DivestCo with their express consent pursuant to the Reorganisation; and (c) who have been offered and have accepted and commenced employment with Amsterdam DivestCo following the date of completion of the Amsterdam Deed of Demerger (whether as a Replacement Relevant Employee or otherwise);
"Amsterdam Reorganisation"	means (i) the Amsterdam Statutory Demerger; and (ii) ancillary measures described in the Carve-out Memorandum;
"Amsterdam RetainCo"	means TelecitvGroup Netherlands B.V. after completion of the Amsterdam Statutory Demerger;
"Amsterdam Statutory Demerger"	means the statutory demerger in accordance with article 2:334a subsection 3 and article 2:334hh subsection 1 of the DCC pursuant to which Amsterdam DivestCo acquired a part of the assets and liabilities of the TelecitvGroup Netherlands B.V. by universal succession;
"Anti-bribery Laws"	means in each case to the extent that they have been applicable to AMS04 SPV, a member of the Target Group or a member of the Retained Group (as the case may be) at any time prior to the date of this Agreement: (i) the UK Bribery Act 2010; (ii) the U.S. Foreign Corrupt Practices Act of 1977 (as amended); (iii) any applicable law, rule or regulation promulgated to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed on 17 December 1997; and (iv) any other applicable law, rule or regulation of similar purpose and scope in any jurisdiction, including books and records offences relating directly or indirectly to a bribe;
"Approval Condition"	means the Condition set out in paragraph 1 of Schedule 1 (Conditions to Completion);
"Arup Reports"	means the reports prepared by Ove Arup & Partners International Ltd detailing the findings of a technical due diligence review of each of the eight data centres of the Target Group, contained in folders 2.5.1.6.1, 2.5.2.6.1, 2.5.3.6.1, 2.5.4.6.1, 2.5.5.6.1, 3.5.1.5.1, 3.5.2.5.1 and 4.5.1.5.1 of the Data Room;
"Books and Records"	has its common law meaning and includes, without limitation, all notices, correspondence, orders, inquiries, drawings, plans, books of account and other documents and all computer disks or tapes or other machine legible programs or other records (excluding software);

"Borrowings"	<p>means, in respect of AMS04 SPV and each member of the Target Group, all outstanding borrowings and outstanding indebtedness in the nature of borrowings of AMS04 SPV or such member of the Target Group (as applicable) for the payment or repayment of money, determined in accordance with the policies set out in Part B of Schedule 8 (Completion Accounts), including without limitation any bank debit balances, bonds, notes, commercial paper, loan stock, debentures or other debt instruments, any overdraft or finance lease and also interest on the foregoing items, the relevant bonus amounts in Schedule 21 (Bonus Accruals) and the Customer Deposit, but excluding (including any accrued and outstanding interest thereon):</p> <ul style="list-style-type: none"> <li>(i) ordinary trade credit;</li> <li>(ii) acceptances of trade bills in respect of purchases in the ordinary course of trading;</li> <li>(iii) any amount taken into consideration in calculating the Inter-Company Payables in respect of AMS04 SPV or such member of the Target Group (as applicable);</li> <li>(iv) in the case of Frankfurt DivestCo, the Frankfurt Payables;</li> <li>(v) in the case of Amsterdam DivestCo, the Amsterdam DivestCo Payables; and</li> <li>(vii) in the case of AMS04 SPV, the AMS04 SPV Payables;</li> </ul>
"Business Day"	<p>means a day (other than a Saturday or a Sunday) on which banks are open for general business in London, Amsterdam and Frankfurt;</p>
"Business Information"	<p>means all information (in whatever form held) including (without limitation) all:</p> <ul style="list-style-type: none"> <li>(i) formulas, designs, specifications, drawings, know-how, manuals and instructions;</li> <li>(ii) lists and particulars of customers and suppliers, sales, marketing and promotional information;</li> <li>(iii) business plans and forecasts;</li> <li>(iv) technical or other expertise; and</li> <li>(v) all accounting and tax records, correspondence, orders and enquiries;</li> </ul>
"Business Names"	<p>means (i) TELECITY; (ii) EQUINIX; and (iii) in each case, any associated logo or device;</p>
"Carve-out Memorandum"	<p>means the Carve-out Memorandum in the agreed form as may be amended from time to time by the Sellers (subject to the Purchasers' prior written approval and, if necessary, the Commission's approval);</p>
"Cash"	<p>means, in respect of AMS04 SPV and each member of the Target Group, any cash, bank deposits or cash equivalents owned by AMS04 SPV or such member of the Target Group (as applicable), determined in accordance with the policies set out in Schedule 8 (Completion Accounts) including, without limitation, cash at bank and in hand, rent deposits and liquid or easily realisable stocks, shares, bonds, treasury bills and other such securities and interest accrued and outstanding on each of the foregoing but excluding (i) any amount taken into consideration in calculating the Inter-Company Receivables in respect of AMS04 SPV or such member of the Target Group (as applicable); (ii) the aggregate cash value of any declared but unpaid dividends and other distributions attributable to the Shares or the AMS04 SPV Shares; and (iii) the aggregate of all cash received between the date of this Agreement and the Completion Date by any member of the Target Group or AMS04 SPV which comprises the proceeds of any insurance claims;</p>

"Check the Box Election"	means an entity classification election made pursuant to Treasury Regulation Section 301.7701-3(c) of the United States Internal Revenue Code of 1986, as amended;
"Clean Team"	has the meaning given in clause 4.4(C)(i) (Conduct of business before Completion);
"Clearance Decision"	means the Commission's decision of 13 November 2015 in Case M.7678 – Equinix / Teledy pursuant to Article 6(1)(b) in conjunction with Article 6(2) of Council Regulation no. 139/2004 and Article 57 of the Agreement on the European Economic Area;
"Commission"	means the European Commission;
"Commitments"	means the commitments entered into by Equinix, Inc. and Teledy Group plc (now Teledy Group Limited) with the Commission pursuant to article 6(2) of Council Regulation (EC) no. 139/2004 and which are conditions and obligations to the Clearance Decision (as such commitments may be amended or varied from time to time by agreement between Equinix, Inc., Teledy Group plc and the Commission);
"Compensation Payment"	has the meaning given in clause 18.1 (Customer Contracts);
"Completion"	means, subject to clause 6.5, completion of the sale and purchase of the Shares under this Agreement;
"Completion Accounts"	has the meaning given in paragraph 1.3(A) of Part A of Schedule 8 (Completion Accounts) or, if relevant, paragraph 1.3(B)(i) of Part A of Schedule 8 or paragraph 1.4(B) of Part A of Schedule 8;
"Completion Date"	means, subject to clause 6.5: (i) 1 July 2016, provided that the last in time of the Conditions shall have been satisfied or waived at least three Business Days before such date; (ii) if Completion does not occur on 1 July 2016, to the extent the last in time of the Conditions shall have been satisfied or waived in accordance with this Agreement (a) before 26 July 2016, then 29 July 2016, or (b) on 26 July 2016, then 1 August 2016, or (c) on or after 27 July 2016, paragraph (iii) of this definition shall apply; (iii) in all other cases, the last Business Day of the month in which the last in time of the Conditions shall have been satisfied or waived in accordance with this Agreement, provided always that, if such Condition is fulfilled on one of the last three Business Days of a month or in the last month of a calendar quarter, the Completion Date shall be the last Business Day of the next month immediately following, further provided always that, where that would cause the Completion Date to occur outside the Completion Period, the Completion Date shall be the date falling three Business Days after the date on which the last in time of the Conditions shall have been fulfilled or waived in accordance with this Agreement; or (iv) such other date as the parties may agree;
"Completion Period"	means the period of three months from (and excluding) the date on which the Commission gives its approval as referred to in paragraph 1 of Schedule 1 (Conditions to Completion);
"Conditions"	has the meaning given in clause 3.1 (Conditions);

"Continuing Provisions"	means clause 1 (Interpretation), clause 8 (Sellers' Guarantor), clause 10 (Purchasers' Guarantor), clause 11 (Purchasers' remedies and Sellers' limitations on liability), clause 26 (Remedies and waivers), clause 27 (Assignment), clause 29 (Entire Agreement), clause 30 (Notices), clause 31 (Announcements), clause 32 (Confidentiality), clause 33 (Costs and expenses), clause 35 (Invalidity), clause 36 (Contracts (Rights of Third Parties) Act 1999), clause 37 (Payments), clause 38 (Choice of governing law), clause 39 (Jurisdiction), and clause 40 (Agent for Service);
"Control"	means in relation to a body corporate the ability of a person to ensure that the activities and business of that body corporate are conducted in accordance with the wishes of that person and (without prejudice to the generality of the foregoing) a person shall be deemed to have Control of a body corporate if that person possesses or is entitled to acquire the majority of the issued share capital or the voting rights in that body corporate;
"CTA 2009"	means the Corporation Tax Act 2009;
"CTA 2010"	means the Corporation Tax Act 2010;
"Customer Deposit"	means the sum of EUR 3,000,000;
"Data Room"	means the electronic data room made available prior to the date hereof to the Purchasers by way of an on-line data room facility which was closed to new additions at 2:30a.m. on Wednesday 11 May 2016 (as verified in writing by the provider of the on-line data room facility in writing), a copy of which was subsequently provided by the Sellers and the AMS04 SPV Seller to the Purchasers on a DVD (initialled by or on behalf of the Sellers, the AMS04 SPV Seller and the Purchasers) on the date of this Agreement;
"DCC"	means the Dutch Civil Code (Burgerlijk Wetboek);
"Disclosure Letter"	means the letter of the same date as this Agreement written by the Sellers and the AMS04 SPV Seller to the Purchasers for the purposes of paragraph 1.2 of Schedule 7 (Limitations on the Sellers' and AMS04 SPV Seller's liability) and delivered to the Purchasers before the execution of this Agreement;
"Disputed Items"	has the meaning given in paragraph 1.2(A) of Part A of Schedule 8 (Completion Accounts);
"Draft Completion Accounts"	has the meaning given in paragraph 1.1(A) of Part A of Schedule 8 (Completion Accounts);
"Dutch Notary"	means J.D.M. Schoonbrood, a civil law notary (notaris) keeping an office in Amsterdam, The Netherlands or one of his deputies;
"Dutch Notification and Consultation Matters"	has the meaning given in Schedule 9 (Dutch Notification and Consultation Matters);
"Dutch Works Council"	has the meaning given in Schedule 9 (Dutch Notification and Consultation Matters);
"Encumbrance"	means any pre-emptive right, option, right to acquire, Security or other form of encumbrance, equity or other third party right or claim of any nature whatsoever;

"Environment"	means living organisms including humans and the ecological systems of which they form part and the following media: (i) air (including air within natural or man-made structure, whether above or below ground); (ii) water (including territorial, coastal and inland waters, water under or within land, surface water and water in drains and sewers); and (iii) land (including surface and sub- surface soil land under water);
"Estimated External Cash Value"	means, in respect of AMS04 SPV and each member of the Target Group, the amount of the External Cash Value of AMS04 SPV or such member (as applicable) as estimated by the AMS04 SPV Seller or Seller of the Shares of such member (as applicable) in good faith;
"Estimated External Debt Value"	means, in respect of AMS04 SPV and each member of the Target Group, the amount of the External Debt Value of AMS04 SPV or such member (as applicable) as estimated by the AMS04 SPV Seller or Seller of the Shares of such member (as applicable) in good faith;
"Estimated Inter-Company Payables"	means, in respect of AMS04 SPV and each member of the Target Group, the amount of the Inter-Company Payables of AMS04 SPV or such member (as applicable) as estimated by the AMS04 SPV Seller or Seller of the Shares of such member (as applicable) in good faith;
"Estimated Inter-Company Receivables"	means, in respect of AMS04 SPV and each member of the Target Group, the amount of the Inter-Company Receivables of AMS04 SPV or such member (as applicable) as estimated by the AMS04 SPV Seller or Seller of the Shares of such member (as applicable) in good faith;
"Estimated Net External Cash Balance"	means, in respect of AMS04 SPV and each member of the Target Group, the Estimated External Cash Value of AMS04 SPV or such member (as applicable) less the Estimated External Debt Value of AMS04 SPV or such member (as applicable), which may be a positive or a negative amount;
"Estimated Net Inter-Company Debt"	means, in respect of AMS04 SPV and each member of the Target Group, the Estimated Inter-Company Receivables of AMS04 SPV and such member (as applicable) less the Estimated Inter-Company Payables of AMS04 SPV or such member (as applicable), which may be a positive or a negative amount;
"EUL Intercompany Loan Agreement"	means the intercompany loan agreement between Equinix (UK) Limited and London DivestCo dated 1 April 2016 disclosed in section 2.2.4-B of the Data Room;
"Excess"	has the meaning given in paragraph 1.6 of Part A of Schedule 8 (Completion Accounts);
"Excluded Business Information"	means Business Information that relates to the business of the Target Group and that is contained within books and records required to be retained by any member of the Retained Group pursuant to any statute, rule, regulation or ordinance (including the historical financial information on the EXACT application that resides on the systems of the Retained Group);

"Excluded Missing Asset"	<p>means any asset (except any Intellectual Property or Business Information) held by any member of the Retained Group after Completion which:</p> <p>(i) is required for, or used in, the Target Group as at the Completion Date; and</p> <p>(ii) is not required for, or used in, the Retained Group or the business of the Retained Group as at the Completion Date,</p> <p>to which the Target Group is granted access or which is used for the provision of services by any member of the Retained Group under the Transitional Services Agreements or any agreement listed in Schedule 17 (Ongoing Arrangements);</p>
"Excluded Required Asset"	<p>means any asset (except any Intellectual Property or Business Information) held by any member of the Target Group after Completion which:</p> <p>(i) is required for, or used in, the Retained Group as at the Completion Date; and</p> <p>(ii) is not required for, or used in, the Target Group or the business of the Target Group as at the Completion Date,</p> <p>to which the Retained Group is granted access or which is used for the provision of services by any member of the Target Group under any ancillary agreement between such member of the Target Group and the Retained Group;</p>
"Expert"	has the meaning given in paragraph 1.3(B)(ii) of Part A of Schedule 8 (Completion Accounts);
"External Cash Value"	means, in respect of AMS04 SPV and each member of the Target Group, the aggregate of the amounts of Cash held by AMS04 SPV or such member of the Target Group (as applicable) as at the close of business (or, if the Completion Date is on the first Business Day of a month, 12:01 a.m.) on the Completion Date;
"External Debt Value"	means, in respect of AMS04 SPV and each member of the Target Group, the aggregate of the amounts of Borrowings of AMS04 SPV or such member of the Target Group (as applicable) as at close of business (or, if the Completion Date is on the first Business Day of a month, 12:01 a.m.) on the Completion Date;
"Force Majeure Event"	<p>means events including but not limited to:</p> <p>(i) acts of God (such as, but not limited to, fires, explosions, earthquakes and floods);</p> <p>(ii) war, hostilities (whether war be declared or not), invasion, act of foreign enemies, mobilisation, requisition or embargo;</p> <p>(iii) rebellion, revolution, insurrection, or military or usurped power, or civil war;</p> <p>(iv) disease, epidemic, contamination by nuclear failure or other public health issue;</p> <p>(v) riot, commotion, strikes, go slows, lock outs or disorder; or</p> <p>(vi) acts or threats of terrorism;</p>
"Frankfurt Accounts Date"	means 31 December 2016;
"Frankfurt Additional Overlay Employee"	means any Additional Overlay Employee of Frankfurt DivestCo;
"Frankfurt Demerger Agreement"	means the spin-off and transfer agreement dated 1 April 2016 between TelecityGroup Germany GmbH and Frankfurt DivestCo contained in section 4.9.1-D of the Data Room;

"Frankfurt DivestCo"	means TelectyGroup Germany Fra2 GmbH, basic information concerning which is set out in Attachment 1 (Basic information about London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV);
"Frankfurt DivestCo Completion Payment"	has the meaning given in clause 6.2(G) (Completion);
"Frankfurt DivestCo Consideration"	has the meaning given in clause 5.4(A) (Consideration);
"Frankfurt DivestCo Financial Statement"	means the special purpose unaudited balance sheet as at the Frankfurt Accounts Date in relation to the Frankfurt Divestment Business set out on page 10 of the report entitled "Project Cheetah Volume 3b – Frankfurt Market" dated 25 February 2016;
"Frankfurt DivestCo P&L"	means the pro forma profit and loss statement as at the Frankfurt Accounts Date in relation to the Frankfurt Divestment Business set out on pages 21 to 22 of the report entitled "Project Cheetah Volume 2b – Frankfurt Market" dated 25 February 2016 but excluding the KPIs set out therein;
"Frankfurt DivestCo Purchase Price"	has the meaning given in clause 5.3(A) (Consideration);
"Frankfurt DivestCo Shares"	means two shares representing all the issued shares in the capital of Frankfurt DivestCo;
"Frankfurt Divestment Business"	means the business of the data centre located at Lyoner Straße as described in the Carve-out Memorandum;
"Frankfurt Lease"	means the lease agreement dated 11/16 August 2000 as amended by the 1st Amendment dated 2 March 2001, the 2nd Amendment dated 12 March 2001 and the 3rd Amendment dated 29 December 2010, the 4th Amendment dated 30 December 2015/11 January 2016 and the 5th Amendment dated 30 December 2015/11 January 2016 regarding the building located at Lyoner Str. 28, 60528 Frankfurt am Main, Germany;
"Frankfurt Lease Amendment Documentation"	has the meaning given in clause 9.9(A) (Purchasers' warranties and undertakings);
"Frankfurt Loans"	means any loans made by any member of the Retained Group to Frankfurt DivestCo outstanding as at the close of business (or, if the Completion Date is on the first Business Day of a month, 12:01 a.m.) on the Completion Date;
"Frankfurt Market VDD Report"	means the report prepared by the Sellers' Accountants entitled 'Project Cheetah Volume 3 – Frankfurt Market VDD report' dated 8 February 2016, a copy of which is attached to the Disclosure Letter;
"Frankfurt Payables"	means the aggregate of the amounts owing from Frankfurt DivestCo to any members of the Retained Group under any Frankfurt Loans, including in respect of interest accrued on such amounts in accordance with the terms of the Frankfurt Loans, as at the close of business (or, if the Completion Date is on the first Business Day of a month, 12:01 a.m.) on the Completion Date;
"Frankfurt Payables Deeds of Assignment"	has the meaning given in clause 14.1 (Sale, purchase and assignment of the Frankfurt Payables);
"Frankfurt Payables Notice"	means in respect of any Frankfurt Payables Deed of Assignment, the notice scheduled to such Frankfurt Payables Deed of Assignment;
"Frankfurt Payables Purchase Price"	has the meaning given in clause 14.1 (Sale, purchase and assignment of the Frankfurt Payables);

"Frankfurt Relevant Employees"	means those individuals whose names are listed in the Disclosure Letter against the warranty at Schedule 3, paragraph 19.3: (a) who transferred to Frankfurt DivestCo by operation of law pursuant to the Reorganisation; (b) whose employment transferred to Frankfurt DivestCo with their express consent pursuant to the Reorganisation; and (c) who have been offered and have accepted and commenced employment with Frankfurt DivestCo following the date of completion of the Frankfurt Demerger Agreement (whether as a Replacement Relevant Employee or otherwise);
"Frankfurt Reorganisation"	means (i) the statutory demerger by way of a spin-off by way of absorption pursuant to sec. 123 (3) no. 1 of the German Transformation Act transferring the portion of assets, liabilities, legal relationships and employees specified in the Frankfurt Demerger Agreement in their entirety to Frankfurt DivestCo; and (ii) ancillary measures described in the Carve-out Memorandum;
"Guarantee"	means any letter of credit, guarantee, indemnity or similar instrument issued at the request of a borrower by an issuing bank under a facility agreement or otherwise;
"Hazardous Material"	means any wastes, pollutants, contaminants and any other natural or artificial substance or material (whether in the form of a solid, liquid, gas or vapour) which is a pollutant or contaminant which is capable of causing harm to the Environment or a nuisance to any person or which is regulated, prohibited, controlled or restricted under applicable laws or legislation;
"IASB"	means the International Accounting Standards Board;
"IFRS"	means the body of pronouncements issued or adopted by the IASB, including International Financial Reporting Standards and associated interpretations issued by the IASB and International Accounting Standards and associated interpretations adopted by the IASB;
"Information Technology"	means computer hardware, software and networks;
"Insolvency Proceedings"	means, in respect of the Purchasers' Guarantor: <ul style="list-style-type: none"> <li>(i) the suspension of payments by it or the declaration or imposition of a moratorium;</li> <li>(ii) an order being made or resolution being passed for its winding up;</li> <li>(iii) an administration order being made (or application for such an order);</li> <li>(iv) a composition or similar arrangement with any of its creditors;</li> <li>(v) the appointment of a liquidator, administrator or receiver (including an administrative receiver), in respect of it or any of its assets;</li> <li>(vi) the enforcement of any security over any of its assets; or</li> <li>(vii) the occurrence of any procedure or step analogous to any of the foregoing in any jurisdiction;</li> </ul>
"Intellectual Property"	means patents, trade marks, rights in designs, copyrights and database rights (whether or not any of these is registered and including applications for registration of any such thing) and all rights or forms of protection of a similar nature or having equivalent or similar effect to any of these which may subsist anywhere in the world;

"Inter-Company Payables"	means, in respect of AMS04 SPV and each member of the Target Group, the aggregate of the amounts owing, including in respect of interest accrued and outstanding on all such amounts, as at as at the close of business (or, if the Completion Date is on the first Business Day of a month, 12:01 a.m.) on the Completion Date by AMS04 SPV or such member of the Target Group (as applicable) to any members of the Retained Group (including any distribution declared by AMS04 SPV or such member of the Target Group (as applicable) in favour of or payable to any member of the Retained Group), but excluding (i) the Ordinary Trading Payables in respect of AMS04 SPV or such member (as applicable); (ii) in the case of Frankfurt DivestCo, any Frankfurt Payables; (iii) in the case of Amsterdam DivestCo, any Amsterdam DivestCo Payables; and (iv) in the case of AMS04 SPV, any AMS04 SPV payables;
"Inter-Company Receivables"	means, in respect of AMS04 SPV and each member of the Target Group, the aggregate of the amounts owing, including in respect of interest accrued and outstanding on all such amounts, as at the close of business (or, if the Completion Date is on the first Business Day of a month, 12:01 a.m.) on the Completion Date by any members of the Retained Group to AMS04 SPV or such member of the Target Group (as applicable), excluding the Ordinary Trading Receivables in respect of AMS04 SPV or such member (as applicable);
"Key Employee"	means those individuals defined as "Key Personnel" in the Commitments (as in effect on the date of this Agreement), and (ii) employed by any member of the Target Group at the date of this Agreement;
"Lease"	has the meaning given in paragraph 18.7(A) of Schedule 3 (Sellers' Warranties);
"London Accounts Date"	means 31 December 2015;
"London Additional Overlay Employee"	means any Additional Overlay Employee of London DivestCo;
"London BTA Sellers"	means Telecity Group Limited and Equinix (UK) Limited;
"London Business Transfer Agreement"	means the business transfer agreement dated 31 March 2016 among the London BTA Sellers, London DivestCo and others contained in section 2.9.1-B of the Data Room, as amended immediately prior to the date of this Agreement by a deed of amendment in the agreed form;
"LON1 Agreement for Lease"	means the agreement to lease to be entered into between (1) 356 ACQ Limited, (2) London DivestCo, (3) Telecity UK Limited, (4) Telecitygroup UK Limited and (5) Meadow Real Estate Fund III, LP relating to Archway House and Bonnington House in the form set out in Attachment 3 (LON 1 Documents);
"LON1 Contribution"	means the payment of £7,000,000 to be made to 356 ACQ Limited pursuant to clause 2.1 of the LON1 Agreement for Lease;
"LON1 Lease"	means the lease agreement to be entered into between (1) 356 ACQ Limited, (2) London DivestCo and (3) Telecitygroup UK Limited relating to Bonnington House in the form set out in Attachment 3 (LON 1 Documents);
"LON1 Legal Opinions"	means the legal opinions relating to capacity, execution and enforceability addressed to London DivestCo in a form and issued by a law firm approved by the London DivestCo Purchaser relating to covenants and obligations pursuant to the LON1 Agreement for Lease and the LON1 Lease of 356 ACQ Limited (in respect of Jersey law) and Meadow Real Estate Fund III (in respect of Delaware law);

"London DivestCo"	means TelecityGroup UK LON Limited, basic information concerning which is set out in Attachment 1 (Basic information about London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV);
"London DivestCo Completion Payment"	has the meaning given in clause 6.2(D) (Completion);
"London DivestCo Consideration"	has the meaning given in clause 5.1 (Consideration);
"London DivestCo Financial Statement"	means the special purpose unaudited balance sheet as at the London Accounts Date in relation to the London Divestment Business set out on page 28 of the report entitled "Project Cheetah Volume 1b – London Market" dated 25 February 2016;
"London DivestCo P&L"	means the pro forma profit and loss statement as at the London Accounts Date in relation to the London Divestment Business set out on page 5 of the report entitled "Project Cheetah Volume 1b – London Market" dated 25 February 2016 but excluding the KPIs set out therein;
"London DivestCo Purchase Price"	has the meaning given in clause 5.1(A) (Consideration);
"London DivestCo Shares"	means two shares and any new shares in London DivestCo issued pursuant to clause 7.20, (Sellers' warranties and undertakings) and paragraph 4(H) of Schedule 6 (Conduct of Business before Completion), such shares together representing all the issued shares in the capital of London DivestCo;
"London Divestment Business"	means the business of the data centres at Bonnington House, Sovereign House, Meridian Gate, Oliver's Yard and West Drayton as described in the London Business Transfer Agreement and the Carve-out Memorandum;
"London Market VDD Report"	means the report prepared by the Sellers' Accountants entitled 'Project Cheetah Volume 1 – London Market VDD report' dated 8 February 2016, a copy of which is attached to the Disclosure Letter;
"London Relevant Employees"	means those individuals whose names are listed in the Disclosure Letter against the warranty at Schedule 3, paragraph 19.5: (a) who transferred to London DivestCo by operation of law pursuant to the Reorganisation; (b) whose employment transferred to London DivestCo with their express consent pursuant to the Reorganisation; and (c) who have been offered and have accepted and commenced employment with London DivestCo following the date of completion of the London Business Transfer Agreement (whether as a Replacement Relevant Employee or otherwise);
"London Reorganisation"	means the transfer of the portion of assets, liabilities, legal relationships and employees specified in and pursuant to the London Business Transfer Agreement in their entirety to London DivestCo and ancillary measures described in the Carve-out Memorandum;
"Long Stop Date"	means 31 December 2016;
"Losses"	means losses, liabilities, claims, demands, costs and expenses, including any legal costs which a party incurs in order to defend itself against any claim made by a third party (excluding any liabilities in respect of Tax) and "Loss" shall be construed accordingly;
"LTTA"	means the Dutch Legal Transactions Tax Act (Wet op belastingen van rechtsverkeer);

"Material Contract"	<p>means:</p> <p>(i) any contract or arrangement of any member of the Target Group or any member of the Retained Group (but only to the extent its business relates to the Target Business as carried on as at the date of this Agreement) calling for payments by any party thereto in excess of £500,000 in any one year;</p> <p>(ii) any joint venture agreement or arrangement under which any member of the Target Group participates with any other person in any business;</p> <p>(iii) any contract or arrangement of any member of the Target Group which is expressed to be of three years or greater duration and cannot be terminated on less than 12 months' notice; or</p> <p>(iv) any contract or arrangement which materially restricts any member of the Target's Group freedom to carry on its business in any part of the world in such manner as it may think fit;</p>
"Material Customer Contract"	means any customer contract of the London Divestment Business with an aggregate yearly revenue over £500,000 (excluding costs of power), including any related work orders;
"Merger Completion Date"	means 15 January 2016;
"Monitoring Trustee"	means Advolis SA, which has been appointed as monitoring trustee pursuant to the Commitments and which has the duty to monitor compliance with the conditions and obligations attached to the Clearance Decision;
"Net External Cash Balance"	means, in respect of AMS04 SPV and each member of the Target Group, the External Cash Value of AMS04 SPV or such member (as applicable) less the External Debt Value of AMS04 SPV or such member (as applicable), which may be a positive or a negative amount;
"Net Inter-Company Debt"	means, in respect of AMS04 SPV and each member of the Target Group, the Inter-Company Receivables of AMS04 SPV or such member (as applicable) less the Inter-Company Payables of AMS04 SPV or such member (as applicable), which may be a positive or a negative amount;
"Net Sum"	has the meaning given in paragraph 1.9 of Part A of Schedule 8 (Completion Accounts);
"Non-disclosure Agreements"	means the non-disclosure agreements entered into by any member of the Retained Group and potential purchasers (other than the Purchasers) in relation to the sale of the Shares;
"Notice"	has the meaning given in paragraph 1.2(A) of Part A of Schedule 8 (Completion Accounts);
"Ordinary Trading Payables"	means ordinary trade payables pursuant to the agreements listed in Schedule 17 (Ongoing Arrangements) owing at Completion and relating to the period up to Completion only, by London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo or AMS04 SPV (as applicable) to any members of the Retained Group;
"Ordinary Trading Receivables"	means ordinary trade receivables pursuant to the agreements listed in Schedule 17 (Ongoing Arrangements) owing at Completion and relating to the period up to Completion only, by members of the Retained Group to London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo or AMS04 SPV (as applicable);
"Other Retained Group Guarantee"	has the meaning given in clause 9.6 (Purchasers' warranties and undertakings);
"Other Retained Group Guarantee Side Letter"	means the side letter in the agreed form to be entered at Completion between the Sellers and each member of the Target Group;

"Outstanding Amsterdam Expansion Cost"	means the amount of the Amsterdam Expansion Cost which has not been paid to the relevant contractors, as at Completion, as notified (together with copies of each Amsterdam Expansion Agreement, any invoices issued pursuant to such agreements and evidence of payment thereof) by (or on behalf of) the Amsterdam DivestCo Seller to the Amsterdam DivestCo Purchaser no fewer than five Business Days prior to Completion;
"Outstanding Transferring Contract"	has the meaning given in clause 12.2 (Transferring Contracts);
"Overlay Employees"	means those Relevant Employees whose employment transferred to a member of the Target Group with their express consent or who have received an offer of employment with a member of the Target Group following the date of completion of the Amsterdam Deed of Demerger, the Frankfurt Demerger Agreement or the London Business Transfer Agreement (as applicable) but prior to the date of this Agreement (but excluding any Replacement Relevant Employee);
"payee"	has the meaning given in paragraph 1.9 of Part A of Schedule 8 (Completion Accounts);
"payer"	has the meaning given in paragraph 1.9 of Part A of Schedule 8 (Completion Accounts);
"Pension Schemes"	means, in respect of Amsterdam DivestCo: <ul style="list-style-type: none"> <li>(i) (the pension benefits provided for in) the pension scheme rules of TelecityGroup Netherlands B.V. dated 2 January 2013, which rules will be laid down in separate pension scheme rules for DivestCo, as confirmed by the pension administrator ASR in its letter dated 29 March 2016 to TelecityGroup Netherlands B.V.;</li> <li>(ii) the WIA additional income pension scheme as laid down in the relevant pension scheme rules ('Reglement WIA-excedentpensioen') dated 22 March 2016, under policy number 5355_300557;</li> <li>(iii) the WIA shortfall pension scheme as laid down in the relevant pension scheme rules ('Reglement WIA-onderbouwpensioen') (incorrectly) dated 22 March 2015 rather than 22 March 2016, under policy number 5355_300556; and</li> <li>(iv) the Surviving Dependents Act shortfall pension scheme as laid down in the Surviving Dependents Act shortfall pension scheme rules ('Reglement ANW-Hiaatpensioen') dated 22 March 2016;</li> </ul> in respect of London DivestCo: <ul style="list-style-type: none"> <li>(i) TelecityGroup UK LON Group Personal Pension Plan provided by Scottish Widows; and</li> <li>(ii) TelecityGroup UK LON Group Self Invested Personal Pension provided by Standard Life;</li> </ul> and in respect of Frankfurt DivestCo: <ul style="list-style-type: none"> <li>(i) any employer-financed or employee-financed capital-forming benefits (vermögenswirksame Leistungen) for the benefit of Frankfurt Relevant Employees; and</li> <li>(ii) any employer-financed or employee-financed support fund commitments (Unterstützungskassenzusagen) for the benefit of Frankfurt Relevant Employees;</li> </ul>
"Permitted Transfer"	has the meaning given in clause 23.1 (Permitted Transfer);
"Permitted Transferee"	has the meaning given in clause 23.1 (Permitted Transfer);
"Phase 1 Science Park Fit-out"	means the first phase of the fit out of Science Park to a total capacity of approximately 3,400 kW and 1,870m <sup>2</sup> that is on-going at the date of this Agreement;

"Phase 2 Science Park Fit-out"	means the second phase of the fit out of Science Park to achieve a total capacity of 7,081 kW and 4,979m <sup>2</sup> ;
"Proceedings"	means any proceeding, suit or action arising out of or in connection with this Agreement or the negotiation, existence, validity or enforceability of this Agreement, whether contractual or non-contractual;
"Property" or "Properties"	means freehold, leasehold or other immovable property in any part of the world;
"Property Owner"	means, in relation to any Relevant Property, the person referred to as the owner in Attachment 2 (Relevant Properties);
"Purchasers' Accountants"	means KPMG LLP (San Francisco);
"Purchasers' Fundamental Warranties"	means the warranties set out in paragraphs 1, 2 and 4 of Schedule 5 (Purchasers' Warranties) given by the Purchasers and "Purchasers' Fundamental Warranty" shall be construed accordingly;
"Purchasers' Guarantor Warranties"	means the warranties set out in clause 10.7 (Purchasers' Guarantor) and "Purchasers' Guarantor Warranty" shall be construed accordingly;
"Purchasers' Group"	means each Purchaser, such Purchaser's subsidiaries and subsidiary undertakings, any holding company of such Purchaser and all other subsidiaries of any such holding company, in each case, from time to time, including, from Completion, the Target Group and AMS04 SPV;
"Purchasers' Solicitors"	means White & Case LLP;
"Purchasers' Warranties"	means the warranties set out in Schedule 5 (Purchasers' Warranties) given by the Purchasers and "Purchasers' Warranty" shall be construed accordingly;
"Reasoned Proposal"	means the reasoned proposal to be submitted by Equinix, Inc. to the Commission under paragraph 18 of the Commitments substantially in the agreed form;
"Relevant Employees"	means the London Relevant Employees, Amsterdam Relevant Employees and Frankfurt Relevant Employees;
"Relevant Property"	means the Property or Properties referred to in Attachment 2 (Relevant Properties);
"Relevant Shares"	means, in the case of (i) the London DivestCo Seller, the London DivestCo Shares; (ii) the Amsterdam DivestCo Seller, the Amsterdam DivestCo Shares; and (iii) the Frankfurt DivestCo Seller, the Frankfurt DivestCo Shares;
"Reorganisation"	means the Amsterdam Reorganisation, the Frankfurt Reorganisation and the London Reorganisation;
"Replacement Guarantee"	has the meaning given in clause 10.5 (Purchasers' Guarantor);
"Replacement Relevant Employee"	means any person who receives and accepts an offer of employment from a member of the Target Group to directly replace any individual who transferred to that member of the Target Group by operation of law pursuant to the Reorganisation but who resigns or otherwise leaves that member of the Target Group, provided that such offer of employment is on terms and conditions which are not materially different to the terms of that individual's contract of employment whom he has replaced;

"Retained Group"	means each Seller and the AMS04 SPV Seller, their respective subsidiaries and subsidiary undertakings from time to time, any holding company of such Seller or the AMS04 SPV Seller and all other subsidiaries or subsidiary undertakings of any such holding company (other than, from Completion, London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV);
"Retention Plan"	means the incentive arrangements entered into by the Retained Group in relation to certain of the Relevant Employees prior to the Reorganisation;
"RETT"	means the real estate transfer tax (overdrachtsbelasting) within the meaning of the LTTA;
"Run-Off Licence Termination Date"	has the meaning given in clause 16.5 (Intellectual Property and Business Information);
"Science Park"	means Amsterdam DivestCo's AMS01(e) data centre, located in the Science Park in Amsterdam at Science Park 120/122, 1098 XG Amsterdam;
"Security"	means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;
"Sellers' Accountants"	means KPMG LLP (London);
"Sellers' Anti-bribery Warranties"	means the warranties set out in paragraph 22 of Schedule 3 (Sellers' Warranties) given by each Seller in respect of itself only, such Seller's Relevant Shares and the relevant member of the Target Group and "Sellers' Anti-bribery Warranty" shall be construed accordingly;
"Sellers' Announcement"	means the announcement to be made by the Sellers and the AMS04 SPV Seller (or any member of the Retained Group) on or about the date of this Agreement concerning the transactions contemplated by this Agreement and the other Share Purchase Documents, in the agreed form;
"Sellers' Fundamental Warranties"	means the warranties set out in paragraphs 1, 2, 3, 8.7, 13 and 23 of Schedule 3 (Sellers' Warranties) given by each Seller in respect of itself only, such Seller's Relevant Shares and the relevant member of the Target Group and "Sellers' Fundamental Warranty" shall be construed accordingly;
"Sellers' Guarantor Warranties"	means the warranties set out in clause 8.5 (Sellers' Guarantor) and "Sellers' Guarantor Warranty" shall be construed accordingly;
"Sellers' Solicitors"	means Slaughter and May;
"Sellers' Warranties"	means the warranties set out in Schedule 3 (Sellers' Warranties) given by each Seller in respect of itself only, such Seller's Relevant Shares and the relevant member of the Target Group and "Sellers' Warranty" shall be construed accordingly;
"Senior Employees"	means (i) Relevant Employees who are not directors and who are entitled to a basic salary at an average annual rate over the last three financial years in excess of £100,000 per annum (or local currency equivalent), and (ii) directors who are also Relevant Employees;
"Senior Retained Group Employees"	means (i) employees of the Retained Group who are not directors and who are entitled to a basic salary at an average annual rate over the last three financial years in excess of £100,000 per annum (or local currency equivalent), and (ii) directors who are also employees of the Retained Group;
"Service Document"	means a claim form, application notice, order or judgment;

"Share Purchase Documents"	means this Agreement, the Tax Covenant, the Disclosure Letter, the Transitional Services Agreements, the London Business Transfer Agreement, the Amsterdam Deed of Demerger, the Frankfurt Demerger Agreement and any other agreements entered into pursuant to this Agreement (other than the Other Retained Group Guarantee Side Letter);
"Shared Required Assets"	has the meaning given in clause 13.3 (Wrong pockets);
"Shared Transferring Contracts"	means those Transferring Contracts which are specified as being shared contracts in Schedule 1 to the Carve-out Memorandum;
"Shares"	means the London DivestCo Shares, Amsterdam DivestCo Shares, and the Frankfurt DivestCo Shares;
"Shortfall"	has the meaning given in paragraph 1.6 of Part A of Schedule 8 (Completion Accounts);
"Specified Retained Group Guarantee"	has the meaning given in clause 9.5 (Purchasers' warranties and undertakings);
"Target Business"	means the Amsterdam Divestment Business, the Frankfurt Divestment Business and the London Divestment Business;
"Target Group"	means, together, London DivestCo, Amsterdam DivestCo and Frankfurt DivestCo;
"Target Group Guarantee"	has the meaning given to it in clause 7.11 (Sellers' warranties and undertakings);
"Tax"	has the meaning given in the Tax Covenant;
"Tax Authority"	has the meaning given in the Tax Covenant;
"Tax Covenant"	means the tax covenant to be entered into between London DivestCo Seller, Amsterdam DivestCo Seller, Frankfurt DivestCo Seller, London DivestCo Purchaser, Amsterdam DivestCo Purchaser and Frankfurt DivestCo Purchaser, at Completion substantially in the agreed form;
"Tax Warranties"	means the warranties set out in paragraph 24 of Schedule 3 (Sellers' Warranties);
"Telecity Group Accounts"	means the audited consolidated balance sheet and consolidated profit and loss accounts of Telecity Group plc as at, and for the period ended on, 31 December 2014 (including all notes, reports, statements and other documents annexed to these accounts), prepared in accordance with IFRS;
"TGL Intercompany Loan Agreement"	means the intercompany loan agreement between Telecity Group Limited and London DivestCo dated 1 April 2016 disclosed in section 2.2.4-A of the Data Room;
"TGL Prepayment Amount"	has the meaning given in clause 7.19(C) (Sellers' warranties and undertakings);
"Third Party Consent"	means any consent, approval, authorisation or waiver required by a third party;
"Top 20 Customer Contracts"	means the customer contracts disclosed in folders 2.6.1, 3.6.3 and 4.6.3 of the Data Room;
"Transferring Contracts"	means those contracts set out in Schedule 1 to the Carve-out Memorandum, and any other contracts to be transferred to any member of the Target Group after the date of this Agreement pursuant to the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement;

"Transitional Services Agreements"	means the transitional services agreements in the agreed form (i) between the Telecity Group Limited, Equinix (UK) Limited and London DivestCo to be dated on or around the date of this Agreement; (ii) between the Amsterdam DivestCo Seller and Amsterdam DivestCo to be dated on or around the date of this Agreement; (iii) between the Frankfurt DivestCo Seller and Frankfurt DivestCo dated 20 April 2016 and to be amended and restated immediately prior to the execution of this agreement; and (iv) between Telecity Group Limited, London DivestCo, Amsterdam DivestCo and Frankfurt DivestCo to be dated on or around the date of this Agreement;
"Trigger Event"	means: (i) the disposal by the Purchasers' Guarantor of all or a material proportion of its assets; (ii) Control of the Purchasers' Guarantor being acquired by any person (excluding any holding company of the Purchasers' Guarantor or any subsidiary of such holding company, provided that in each case the financial standing of such company is at least equivalent to that of the Purchasers' Guarantor) who does not currently Control the Purchasers' Guarantor; (iii) the commencement of any Insolvency Proceedings; or (iv) any other event or circumstance which has a material adverse effect on the ability of the Purchasers' Guarantor to meet its obligations as they fall due under clause 10 (Purchasers' Guarantor);
"Underlying Claim"	has the meaning given in paragraph 3.2 of Schedule 7 (Limitations on the Sellers' and AMS04 SPV Seller's liability);
"VAT"	means: (i) within the European Union, any tax imposed by any Member State in conformity with the Directive of the Council of the European Union on the common system of value added tax (2006/112/EC); and (ii) outside the European Union, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in paragraph (i) of this definition;
"Working Capital"	means, in respect of AMS04 SPV and each member of the Target Group, the sum of the values of each of the items to be set out in the column entitled "Working Capital" in the Completion Accounts of such member (as shown in the pro-forma balance sheet for each member of the Target Group and AMS04 SPV set out in Part D of Schedule 8 (Completion Accounts)) (whether positive or negative) determined in accordance with the policies set out in Part B of Schedule 8(Completion Accounts);
"Working Capital Reference Amount"	means, in respect of: (i) London DivestCo, minus £9,781,000; (ii) Amsterdam DivestCo, minus EUR 6,458,000; (iii) Frankfurt DivestCo, minus EUR 1,051,000; and (iv) AMS04 SPV, minus EUR 54,000; and
"Working Hours"	means 8.30 a.m. to 6.30 p.m. on a Business Day.

1.2 In this Agreement, unless otherwise specified:

- (A) references to clauses, paragraphs, Schedules and Attachments are to clauses and paragraphs of, and Schedules and Attachments to, this Agreement;

- (B) references to any document in the "**agreed form**" means that document in a form agreed by the parties and initialled for the purposes of identification by or on behalf of the Purchasers, the Sellers and the AMS04 SPV Seller;
- (C) use of any gender includes the other genders;
- (D) a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted;
- (E) references to a "**company**" shall be construed so as to include any corporation or other body corporate, wherever and however incorporated or established;
- (F) references to a "**person**" shall be construed so as to include any individual, firm, company, corporation, body corporate, government, state or agency of a state, local or municipal authority or government body or any joint venture, association or partnership (whether or not having separate legal personality);
- (G) the expressions "**body corporate**", "**debentures**", "**holding company**", "**subsidiary**" and "**subsidiary undertaking**" shall have the meaning given in the Companies Act 2006;
- (H) the expressions "**include**" and "**including**" are to be construed as being by way of illustration or emphasis only and are not to be construed so as to limit the generality of any words preceding them;
- (I) any reference to a "**day**" (including the phrase "**Business Day**") shall mean a period of 24 hours running from midnight to midnight;
- (J) references to times are to London time;
- (K) any indemnity or obligation to pay (the "**Payment Obligation**") being given on an "**after-Tax basis**" or expressed to be "**calculated on an after-Tax basis**" means that the amount payable pursuant to such Payment Obligation (the "**Payment**") shall be calculated in such a manner as will ensure that, after taking into account:
  - (i) any Tax required to be deducted or withheld from the Payment;
  - (ii) the amount and timing of any additional Tax which becomes payable as a result of the Payment's being subject to Tax; and
  - (iii) the amount and timing of any Tax benefit which is obtained to the extent that such Tax benefit is attributable to the matter giving rise to the Payment Obligation or to the receipt of the Payment,

the recipient of the Payment is in the same position as that in which it would have been if the matter giving rise to the Payment Obligation had not occurred (or, in the case of a Payment Obligation given by reference to any matter affecting a person other than the recipient of the Payment, the recipient of the Payment and that other person are, taken together, in the same position as that in which they would have been had the matter giving rise to the Payment Obligation not occurred) provided that the amount of the Payment shall not exceed that which it would have been if it had been regarded for all Tax purposes as received solely by the recipient and not any other person;

- (L) references to "**costs**" and/or "**expenses**" incurred by a person shall not include any amount in respect of VAT comprised in such costs or expenses for which either that person or, if relevant, any other member of the VAT group to which that person belongs is entitled to credit as input tax;

- (M) a person shall be deemed to be connected with another if that person is connected with another within the meaning of sections 1122 and 1123 CTA 2010;
- (N) references to writing shall include any modes of reproducing words in a legible and non-transitory form;
- (O) the obligations of each Seller and the AMS04 SPV Seller under the Share Purchase Documents shall be several and not joint or joint and several obligations;
- (P) the obligations of each Purchaser under the Share Purchase Documents shall be several and not joint or joint and several obligations;
- (Q) references to the knowledge, belief or awareness of the AMS04 SPV Seller, any Seller or the Sellers (or similar phrases) shall be limited to the actual knowledge of Harro Beusker, Rob Coupland, Jeremy Nicholls, Mark Pestridge, Petran van Hugten, Martin Essig, Sheryl Hope, Tom Newton, Herman Vlug and Chris Truman;
- (R) references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official, or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates in that jurisdiction to the English legal term;
- (S) all headings and titles are inserted for convenience only and are to be ignored in the interpretation of this Agreement;
- (T) the Schedules and Attachments form part of this Agreement and shall have the same force and effect as if expressly set out in the body of this Agreement, and any reference to this Agreement shall include the Schedules and Attachments; and
- (U) where an amount is expressed in any Share Purchase Document in pounds sterling and the parties thereto need to know the equivalent amount in euros, or expressed in euros and the parties thereto need to know the equivalent amount in pounds sterling, such amount shall be converted into pounds sterling or euros, as the case may be, at an exchange rate equal to the mid-point closing rate for converting that currency into pounds sterling or euros as the case may be on the date on which the conversion takes place, as quoted in the London edition of the Financial Times first next published (or, if no such rate is quoted in the Financial Times, the mid-point closing rate quoted by Barclays Bank PLC in London). In relation to a claim, the date of such conversion shall be the date of receipt of notice of that claim in accordance with Schedule 7 (Limitations on the Sellers' and AMS04 SPV Seller's liability). For the avoidance of doubt, this provision under no circumstances applies to the amounts referred to in clause 5 (Consideration).

## **2. Sale and purchase**

2.1 On the terms and subject to the conditions of this Agreement:

- (A) the London DivestCo Seller shall sell or procure the sale of, and the London DivestCo Purchaser shall purchase, the London DivestCo Shares;
- (B) the Amsterdam DivestCo Seller shall sell or procure the sale of, and the Amsterdam DivestCo Purchaser shall purchase, the Amsterdam DivestCo Shares; and
- (C) the Frankfurt DivestCo Seller shall sell or procure the sale of, and the Frankfurt DivestCo Purchaser shall purchase, the Frankfurt DivestCo Shares,

in each case free from all Encumbrances and together with all rights attached or accruing to the Relevant Shares at or after Completion.

- 2.2 Each Seller shall transfer legal and beneficial title to the Relevant Shares to the relevant Purchaser at Completion.
- 2.3 Each Seller shall procure the waiver of all rights of pre-emption over the Relevant Shares.

### 3. Conditions

- 3.1 The sale and purchase of the Shares pursuant to this Agreement are in all respects conditional upon those matters listed in Schedule 1 (Conditions to Completion) (the "**Conditions**").
- 3.2 The Sellers and the AMS04 SPV Seller shall use reasonable endeavours to fulfil or procure the fulfilment of the Approval Condition as soon as reasonably practicable and in any event before the Long Stop Date and will notify the Purchasers in writing as soon as reasonably practicable of the satisfaction of the Approval Condition. The Purchasers shall, and shall procure that all other members of the Purchasers' Group shall, provide the Sellers, the AMS04 SPV Seller and all other members of the Retained Group with such assistance, information and documentation as the Sellers or the AMS04 SPV Seller may reasonably request in connection with the fulfilment of the Approval Condition, including for the purpose of any necessary submissions to be made to the Commission or the Monitoring Trustee, including the Reasoned Proposal, as soon as reasonably practicable following any such request.
- 3.3 The Approval Condition may not be waived by any party. The Condition set out in paragraph 2 of Schedule 1 (Conditions to Completion) may be waived in whole or in part by the Sellers, the AMS04 SPV Seller and the Purchasers acting jointly.
- 3.4 The Amsterdam DivestCo Seller and the Amsterdam DivestCo Purchaser shall use reasonable endeavours, and shall co-operate with the other as required, to fulfil or procure the fulfilment of the Condition listed in paragraph 2 of Schedule 1 (Conditions to Completion) as soon as possible and in any event on or before the Long Stop Date.
- 3.5 Each of the Sellers, the AMS04 SPV Seller and the Purchasers undertakes to disclose in writing to the others anything which will or may prevent any Condition from being fulfilled on or prior to the Long Stop Date, in each case as soon as reasonably practicable and, in any event, promptly after it comes to their attention.
- 3.6 If:
- (A) any of the Conditions is not fulfilled or waived by 5.00 p.m. on the Long Stop Date;
  - (B) Completion has not occurred by the end of the Completion Period and the Commission has not agreed to extend the Completion Period (provided that any such extension shall require the prior written consent of all parties hereto); or
  - (C) the parties agree in writing at any time before the Long Stop Date that the Approval Condition cannot be fulfilled on the basis of responses received from the Commission in respect of the Approval Condition,
- subject to clause 3.7, this Agreement shall be capable of termination by any Seller or the AMS04 SPV Seller (on the one hand) or any Purchaser (on the other hand) forthwith by way of notice in writing to the other parties, provided that the relevant Seller, the AMS04 SPV Seller or the relevant Purchaser, whichever is the party proposing to terminate, has complied with its obligations under this clause 3.
- 3.7 If this Agreement is terminated in accordance with clause 3.6 and without limiting any party's right to claim damages, all obligations of the parties under this Agreement shall end

(except for the Continuing Provisions) but (for the avoidance of doubt) all rights and liabilities of the parties which have accrued before termination shall continue to exist.

#### **4. Conduct of business before Completion**

##### 4.1 Subject to clause 4.3 and 4.4:

- (A) between the date of this Agreement and Completion the London DivestCo Seller shall procure that London DivestCo will conduct its business in the ordinary course and will not undertake any act which is outside the ordinary course of business (in each case, as carried on by London DivestCo since the date of incorporation of London DivestCo);
- (B) between the date of this Agreement and Completion the Amsterdam DivestCo Seller shall procure that Amsterdam DivestCo will conduct its business in the ordinary course and will not undertake any act which is outside the ordinary course of business (in each case, as carried on by Amsterdam DivestCo since the date of incorporation of Amsterdam DivestCo);
- (C) between the date of this Agreement and Completion the Frankfurt DivestCo Seller shall procure that Frankfurt DivestCo will conduct its business in the ordinary course and will not undertake any act which is outside the ordinary course of business (in each case, as carried on by Frankfurt DivestCo since the date of incorporation of Frankfurt DivestCo); and
- (D) between the date of this Agreement and the date on which AMS04 SPV is transferred from AMS04 SPV Seller to Amsterdam DivestCo in accordance with clause 24 (Transfer of AMS04 SPV Shares), the AMS04 SPV Seller shall procure that AMS04 SPV will conduct its business in the ordinary course and will not undertake any act which is outside the ordinary course of business (in each case, as carried on by AMS04 SPV since the date of incorporation of AMS04 SPV); and
- (E) between the date on which AMS04 SPV is transferred from AMS04 SPV Seller to Amsterdam DivestCo in accordance with clause 24 and Completion, the Amsterdam DivestCo Seller shall procure that AMS04 SPV will conduct its business in the ordinary course and will not undertake any act which is outside the ordinary course of business (in each case, as carried on by AMS04 SPV since the date of incorporation of AMS04 SPV),

in each case without the prior written consent of the London DivestCo Purchaser (in the case of London DivestCo), the Amsterdam DivestCo Purchaser (in the case of Amsterdam DivestCo or AMS04 SPV), the Frankfurt DivestCo Purchaser (in the case of Frankfurt DivestCo) (in each case, such consent not to be unreasonably withheld or delayed). The relevant Seller or the AMS04 SPV Seller (as the case may be) shall procure that the acts or matters listed in Schedule 6 (Conduct of Business before Completion) shall not be carried out by the relevant member of the Target Group or the AMS04 SPV (as the case may be) without the prior written consent of the relevant Purchaser (in each case, such consent may be withheld in the relevant Purchaser's sole and absolute discretion).

4.2 Each Seller and the AMS04 SPV Seller shall send any request for approval to Chris Kenney and Stephen Taylor at [s.taylor@digitalrealty.com](mailto:s.taylor@digitalrealty.com) and [c.kenney@digitalrealty.com](mailto:c.kenney@digitalrealty.com) (or such other person as may be notified by the Purchasers to the Sellers and the AMS04 SPV Seller in writing).

4.3 Clause 4.1 and Schedule 6 shall not operate so as to restrict or prevent:

- (A) any matter reasonably undertaken in the case of an emergency or disaster with the intention of minimising any adverse effect (and of which the relevant Purchaser will be promptly notified);
- (B) completion or performance of any obligation undertaken pursuant to any contract entered into by or relating to any member of the Target Group or AMS04 SPV prior to the date of this Agreement;
- (C) any ordinary course payment for or in respect of any Tax;
- (D) any matter contemplated by the Share Purchase Documents or the Carve-out Memorandum or necessary to implement the transfer of the Shares to the Purchasers;
- (E) any matter undertaken at the written request, or with the written consent, of any Purchaser;
- (F) the entry by Amsterdam DivestCo into (i) any Amsterdam Phase 1 Fit-out Agreements not entered into by the date of this Agreement; and (ii) the Amsterdam Phase 2 Fit-out Agreements, provided that, prior to the execution of such agreements, the Amsterdam DivestCo Purchaser is provided with drafts of such agreements and the reasonable comments of the Amsterdam DivestCo Purchaser are taken into consideration;
- (G) any matter undertaken pursuant to the Commitments (in the form which the Commitments are in at the date of this Agreement);
- (H) without prejudice to clause 4.3(G), any matter required to comply with any law or regulation (including the requirements of any governmental or regulatory authority);
- (I) the appointment of Robert Coupland as a managing director of Frankfurt DivestCo;
- (J) the entry by London DivestCo into the LON1 Agreement for Lease and the LON1 Lease; and
- (K) the entry by Amsterdam Divestco into the Amsterdam Easement.

4.4 Between the date of this Agreement and Completion, if any member of the Target Group proposes to enter into a customer contract which would:

- (A) call on any party thereto to make payments in excess of £500,000 (excluding costs of power) in any one year; and/or
  - (B) be incapable of being terminated by such member of the Target Group for convenience within 24 months' of the date of entry into such contract; or
  - (C) include terms which are more onerous than the terms of any Top 20 Customer Contract,
- then in each case:
- (i) the relevant Seller shall procure that the relevant member of the Target Group will request the consent of the relevant Purchaser before entering into such contract by contacting Stephen Taylor, Chris Kenney and the Purchasers' Solicitors (the "**Clean Team**"); and
  - (ii) the relevant Purchaser shall (i) respond to such request within 3 Business Days after receipt of such request and shall not unreasonably withhold or delay its consent; and (ii) procure that, prior to Completion, within the

Purchasers' Group, only members of the Clean Team have access to, and information about, such contract,

except that, where the relevant Purchaser fails to respond within that period that Purchaser will be deemed to have consented to the entry into such contract by the relevant member of the Target Group.

- 4.5 The Amsterdam DivestCo Seller shall use reasonable endeavours between the date of this Agreement and Completion to agree with the relevant landlord of the AMS1e Lease an amendment to the AMS1e Lease to reflect the arrangements recorded in the AMS1e Consent Letter, but shall not enter into such amendment without the consent of the Amsterdam DivestCo Purchaser (such consent not to be unreasonably withheld or delayed).

## 5. Consideration

- 5.1 The total consideration for the sale of the London DivestCo Shares shall be the payment by the London DivestCo Purchaser of:

- (A) the sum of £357,298,850 (the "**London DivestCo Purchase Price**");
- (B) plus an amount equal to the Net External Cash Balance of London DivestCo (it being acknowledged that such amount may be a positive or negative number and, if negative, the absolute value of such amount shall be subtracted from the London DivestCo Purchase Price in this calculation);
- (C) plus an amount equal to the Net Inter-Company Debt of London DivestCo (it being acknowledged that such amount may be a positive or negative number, and if negative, the absolute value of such amount shall be subtracted from the London DivestCo Purchase Price in this calculation); and
- (D) (i) plus, if there is any Excess in respect of London DivestCo, an amount equal to such Excess, or (ii) minus, if there is any Shortfall in respect of London DivestCo, an amount equal to such Shortfall,

such amount, as adjusted pursuant to this Agreement, being the "**London DivestCo Consideration**".

- 5.2 The total consideration for the sale of the Amsterdam DivestCo Shares shall be the payment by the Amsterdam DivestCo Purchaser of:

- (A) the Amsterdam DivestCo Consideration;
- (B) plus the AMS04 SPV Consideration.

- 5.3 The "**Amsterdam DivestCo Consideration**" shall be an amount equal to:

- (A) the sum of EUR263,364,243 (the "**Amsterdam DivestCo Purchase Price**");
- (B) minus an amount equal to the Outstanding Amsterdam Expansion Cost;
- (C) minus an amount equal to the Amsterdam DivestCo Payables Purchase Price;
- (D) plus an amount equal to the Net External Cash Balance of Amsterdam DivestCo (it being acknowledged that such amount may be a positive or negative number and, if negative, the absolute value of such amount shall be subtracted from the Amsterdam DivestCo Purchase Price in this calculation);
- (E) plus an amount equal to the Net Inter-Company Debt of Amsterdam DivestCo (it being acknowledged that such amount may be a positive or negative number and,

if negative, the absolute value of such amount shall be subtracted from the Amsterdam DivestCo Purchase Price in this calculation); and

- (F) (i) plus, if there is any Excess in respect of Amsterdam DivestCo, an amount equal to such Excess, or (ii) minus, if there is any Shortfall in respect of Amsterdam DivestCo, an amount equal to such Shortfall,

as adjusted pursuant to this Agreement.

5.4 The "**AMS04 SPV Consideration**" shall be an amount equal to:

- (A) the sum of EUR21,034,307 (the "**AMS04 SPV Purchase Price**");
- (B) minus an amount equal to the AMS04 SPV Payables Purchase Price;
- (C) minus an amount equal to any Amsterdam DivestCo Purchaser RETT Payment;
- (D) plus an amount equal to the Net External Cash Balance of AMS04 SPV (it being acknowledged that such amount may be a positive or negative number and, if negative, the absolute value of such amount shall be subtracted from the AMS04 SPV Purchase Price in this calculation);
- (E) plus an amount equal to the Net Inter-Company Debt of AMS04 SPV (it being acknowledged that such amount may be a positive or negative number and, if negative, the absolute value of such amount shall be subtracted from the AMS04 SPV Purchase Price in this calculation); and
- (F) (i) plus, if there is any Excess in respect of AMS04 SPV, an amount equal to such Excess, or (ii) minus, if there is any Shortfall in respect of AMS04 SPV, an amount equal to such Shortfall,

as adjusted pursuant to this Agreement.

5.5 The total consideration for the sale of the Frankfurt DivestCo Shares shall be the payment by the Frankfurt DivestCo Purchaser of:

- (A) the sum of EUR34,898,550 (the "**Frankfurt DivestCo Purchase Price**");
- (B) minus an amount equal to the Frankfurt Payables Purchase Price;
- (C) plus an amount equal to the Net External Cash Balance of Frankfurt DivestCo (it being acknowledged that such amount may be a positive or negative number and, if negative, the absolute value of such amount shall be subtracted from the Frankfurt DivestCo Purchase Price in this calculation);
- (D) plus an amount equal to the Net Inter-Company Debt of Frankfurt DivestCo (it being acknowledged that such amount may be a positive or negative number and, if negative, the absolute value of such amount shall be subtracted from the Frankfurt DivestCo Purchase Price in this calculation); and
- (E) (i) plus, if there is any Excess in respect of Frankfurt DivestCo, an amount equal to such Excess, or (ii) minus, if there is any Shortfall in respect of Frankfurt DivestCo, an amount equal to such Shortfall,

such amount, as adjusted pursuant to this Agreement, being the "**Frankfurt DivestCo Consideration**".

5.6 The London DivestCo Consideration, the Amsterdam DivestCo Consideration, the AMS04 SPV Consideration and the Frankfurt DivestCo Consideration shall be calculated and paid

in accordance with clause 6 (Completion), Schedule 2 (Completion arrangements) and Schedule 8 (Completion Accounts).

- 5.7 Any payment made by any party under this Agreement shall (so far as possible) be treated as an adjustment to the consideration for the Shares (as the case may be) to the extent of the payment.
- 5.8 The Amsterdam DivestCo Purchaser undertakes to pay, or procure the payment by Amsterdam DivestCo of, an amount in aggregate equal to the Outstanding Amsterdam Expansion Cost (which is to be deducted from the total consideration for the Amsterdam DivestCo Shares in accordance with clause 5.3(B)) to the relevant contractor as it falls due under the Amsterdam Phase 1 Fit-out Agreements and the Amsterdam Phase 2 Fit-out Agreements (as applicable).

## 6. Completion

6.1 Completion shall take place at 10 a.m. on the Completion Date at the offices of the Sellers' Solicitors at One Bunhill Row, London, EC1Y 8YY.

6.2 No fewer than three Business Days prior to Completion, the Sellers shall notify the Purchasers of:

- (A) in respect of each member of the Target Group and AMS04 SPV,
- (i) the Estimated External Cash Value;
  - (ii) the Estimated External Debt Value;
  - (iii) the Estimated Net External Cash Balance;
  - (iv) the Estimated Inter-Company Receivables;
  - (v) the Estimated Inter-Company Payables;
  - (vi) the Estimated Net Inter-Company Debt;
- (B) the Outstanding Amsterdam Expansion Cost;
- (C) the Amsterdam DivestCo Purchaser RETT Payment (if any);
- (D) the amount payable by the London DivestCo Purchaser at Completion (the "**London DivestCo Completion Payment**"), being an amount calculated as follows:
- (i) the London DivestCo Purchase Price;
  - (ii) plus an amount equal to the Estimated Net External Cash Balance of London DivestCo (it being acknowledged that such amount may be a positive or negative number and, if negative, the absolute value of such amount shall be subtracted from the London DivestCo Purchase Price in this calculation); and
  - (iii) plus an amount equal to the Estimated Net Inter-Company Debt of London DivestCo (it being acknowledged that such amount may be a positive or negative number and, if negative, the absolute value of such amount shall be subtracted from the London DivestCo Purchase Price in this calculation);

- (E) the amount payable by the Amsterdam DivestCo Purchaser at Completion being an amount equal to:
- (i) the Amsterdam DivestCo Completion Payment;
  - (ii) plus the AMS04 SPV Completion Payment;
- (F) the "**Amsterdam DivestCo Completion Payment**" shall be calculated as follows:
- (i) the Amsterdam DivestCo Purchase Price;
  - (ii) minus an amount equal to the Outstanding Amsterdam Expansion Cost;
  - (iii) minus an amount equal to the Amsterdam DivestCo Payables Purchase Price;
  - (iv) plus an amount equal to the Estimated Net External Cash Balance of Amsterdam DivestCo (it being acknowledged that such amount may be a positive or negative number and, if negative, the absolute value of such amount shall be subtracted from the Amsterdam DivestCo Purchase Price in this calculation);
  - (v) plus an amount equal to the Estimated Net Inter-Company Debt of Amsterdam DivestCo (it being acknowledged that such amount may be a positive or negative number and, if negative, the absolute value of such amount shall be subtracted from the Amsterdam DivestCo Purchase Price in this calculation);
- (G) the "**AMS04 SPV Completion Payment**" shall be calculated as follows:
- (i) the AMS04 SPV Purchase Price;
  - (ii) minus an amount equal to the AMS04 SPV Payables Purchase Price;
  - (iii) minus an amount equal to any Amsterdam DivestCo Purchaser RETT Payment;
  - (iv) plus an amount equal to the Estimated Net External Cash Balance of AMS04 SPV (it being acknowledged that such amount may be a positive or negative number and, if negative, the absolute value of such amount shall be subtracted from the AMS04 SPV Purchase Price in this calculation);
  - (v) plus an amount equal to the Estimated Net Inter-Company Debt of AMS04 SPV (it being acknowledged that such amount may be a positive or negative number and, if negative, the absolute value of such amount shall be subtracted from the AMS04 SPV Purchase Price in this calculation);
- (H) the amount payable by the Frankfurt DivestCo Purchaser at Completion (the "**Frankfurt DivestCo Completion Payment**"), being an amount calculated as follows:
- (i) the Frankfurt DivestCo Purchase Price;
  - (ii) plus an amount equal to the Estimated Net External Cash Balance of Frankfurt DivestCo (it being acknowledged that such amount may be a positive or negative number and, if negative, the absolute value of such amount shall be subtracted from the Frankfurt DivestCo Purchase Price in this calculation);

- (iii) plus an amount equal to the Estimated Net Inter-Company Debt of Frankfurt DivestCo (it being acknowledged that such amount may be a positive or negative number and, if negative, the absolute value of such amount shall be subtracted from the Frankfurt DivestCo Purchase Price in this calculation); and
- (iv) minus an amount equal to the Frankfurt Payables Purchase Price;

- 6.3 Subject to clause 6.5, at Completion, the Sellers shall do those things listed in Part A (Sellers' obligations) of Schedule 2 (Completion arrangements) and the Purchasers shall do those things listed in Part B (Purchasers' obligations) of Schedule 2 (Completion arrangements). Completion shall take place in accordance with Part C (General) of Schedule 2 (Completion arrangements).
- 6.4 Subject to clause 6.5, none of the Purchasers nor the Sellers shall be obliged to complete the sale and purchase of any of the Shares unless the sale and purchase of all of the Shares is completed simultaneously.
- 6.5 Notwithstanding the provisions of clauses 6.3 and 6.4, if, following the submission of the Reasoned Proposal to the Commission for the approval of the Purchasers in connection with the Approval Condition pursuant to clause 3.2, the Commission notifies the Sellers' Guarantor in writing that it approves the London DivestCo Purchaser and the Amsterdam DivestCo Purchaser but that it requires further time to consider the approval of Frankfurt DivestCo Purchaser or adopts a final written decision that it shall not approve the Frankfurt DivestCo Purchaser:
- (A) the Sellers' Guarantor shall promptly notify the other parties to this Agreement in writing (and provide the other parties to this Agreement with a copy of the relevant notice from the Commission);
  - (B) the Approval Condition shall be deemed to have been satisfied in part for the purposes of the transfer of the Amsterdam DivestCo Shares, the London DivestCo Shares (but not for the purposes of the transfer of the Frankfurt DivestCo Shares);
  - (C) subject to the satisfaction or waiver of the Condition set out in paragraph 2 of Schedule 1 (Conditions to Completion):
    - (i) the Amsterdam DivestCo Seller and the Amsterdam DivestCo Purchaser shall proceed to complete the sale and purchase of the Amsterdam DivestCo Shares; and
    - (ii) the London DivestCo Seller and the London DivestCo Purchaser shall proceed to complete the sale and purchase of the London DivestCo Shares,
- and the provisions of clauses 6.1 to 6.4, 6.6 to 6.8, 7.1 and 7.2 (and the definitions of "Completion" and "Completion Date") shall apply to the sale and purchase of such shares *mutatis mutandis*;
- (D) with respect to the Frankfurt DivestCo Shares, where the Commission notifies the Sellers' Guarantor in writing that it approves the London DivestCo Purchaser and the Amsterdam DivestCo Purchaser but that it requires further time to consider the approval of Frankfurt DivestCo Purchaser:
    - (i) clause 3.2 shall continue to apply to the Frankfurt DivestCo Seller and the Frankfurt DivestCo Purchaser with respect to the remaining outstanding part of the Approval Condition relating to the approval of Frankfurt DivestCo Purchaser;

(ii)if, prior to the Long Stop Date, the Commission subsequently notifies the Sellers' Guarantor in writing that it approves the Frankfurt DivestCo Purchaser, the Frankfurt DivestCo Seller and Frankfurt DivestCo Purchaser shall proceed to complete the sale and purchase of the Frankfurt DivestCo Shares and the provisions of clauses 6.1 to 6.4, 6.6 to 6.8, 7.1 and 7.2 (and the definitions of "Completion" and "Completion Date") shall apply to the sale and purchase of such shares *mutatis mutandis*, save that clause 6.6(C) shall not apply;

(iii)if completion of the sale and purchase of the Amsterdam DivestCo Shares and the London DivestCo Shares occurs pursuant to clause 6.5(C), but the Commission does not approve the Frankfurt DivestCo Purchaser by 5.00 p.m. on the Long Stop Date, the provisions of this Agreement (other than the Continuing Provisions) shall cease to apply in respect of the Frankfurt DivestCo Shares only;

(E) with respect to the Frankfurt DivestCo Shares, where the Commission notifies the Sellers' Guarantor in writing that it approves the London DivestCo Purchaser and the Amsterdam DivestCo Purchaser and adopts a final written decision that it shall not approve Frankfurt DivestCo Purchaser the provisions of this Agreement (other than the Continuing Provisions) shall cease to apply in respect of the Frankfurt DivestCo Shares only.

6.6 If (i) the obligations of the Sellers under clause 6.3 and Schedule 2 are not complied with on the Completion Date, the Purchasers may, or (ii) the obligations of the Purchasers under clause 6.3 and of Schedule 2 (Completion arrangements) are not complied with on the Completion Date, the Sellers may:

- (A) defer Completion to a date not beyond the Long Stop Date (so that the provisions of this clause 6 shall apply to Completion as so deferred);
- (B) proceed to Completion as far as practicable (without limiting its rights under this Agreement); or
- (C) in the event of a material breach of such obligations, terminate this Agreement with immediate effect by way of notice in writing to the other parties.

6.7 If this Agreement is terminated in accordance with clause 6.6(C) and without limiting any party's right to claim damages, all obligations of the parties under this Agreement shall end (except for the Continuing Provisions) but (for the avoidance of doubt) all rights and liabilities of the parties which have accrued before termination shall continue to exist.

6.8 Following Completion, the parties will comply with their respective obligations set out in Schedule 8 (Completion Accounts).

6.9 Immediately prior to Completion the Sellers shall procure that any and all Encumbrances over the Shares or the AMS04 SPV Shares or assets of any member of the Target Group or AMS04 SPV are irrevocably and unconditionally released.

## **7. Sellers' warranties and undertakings**

7.1 Subject to clause 7.5:

- (A) the London DivestCo Seller warrants to the London DivestCo Purchaser;
- (B) the Amsterdam DivestCo Seller warrants to the Amsterdam DivestCo Purchaser; and
- (C) the Frankfurt DivestCo Seller warrants to the Frankfurt DivestCo Purchaser,

that, in respect of itself, the Relevant Shares and the relevant member of the Target Group (as applicable) only (i) each of the Sellers' Warranties set out in Schedule 3 (Sellers' Warranties) is true and accurate at the date of this Agreement, and (ii) each of the Sellers' Fundamental Warranties and Sellers' Anti-bribery Warranties is true and accurate immediately before Completion (by reference to the facts and circumstances existing on such date).

- 7.2 The Amsterdam DivestCo Seller warrants to the Amsterdam DivestCo Purchaser that (i) each of the AMS04 SPV Warranties set out in Schedule 4 (AMS04 SPV Warranties) is true and accurate at the date of this Agreement, and (ii) each of the AMS04 SPV Fundamental Warranties and AMS04 SPV Anti-bribery Warranties is true and accurate immediately before Completion (by reference to the facts and circumstances existing on such date).
- 7.3 Except in the case of fraud, each Purchaser acknowledges that it does not rely on and has not been induced to enter into this Agreement on the basis of any warranties, representations, covenants, undertakings, indemnities or other statements whatsoever, other than those which are set out in the Share Purchase Documents, and acknowledges that none of the Sellers, the AMS04 SPV Seller, any member of the Retained Group, AMS04 SPV, any member of the Target Group or any of their respective agents, officers or employees has given any warranties, representations, covenants, undertakings, indemnities or other statements which are not set out in the Share Purchase Documents.
- 7.4 Each of the Sellers' Warranties and the AMS04 SPV Warranties shall be construed as being separate and independent and (except where expressly provided to the contrary) shall not be limited or restricted by reference to or inference from the terms of any other Sellers' Warranty or AMS04 SPV Warranty.
- 7.5 The only Sellers' Warranties given:
- (A) in respect of Property are those contained in paragraphs 6, 15, 18 and 25 of Schedule 3 (Sellers' Warranties), none of the other Sellers' Warranties shall be deemed to be, whether directly or indirectly, a Sellers' Warranty in respect of Property and each Purchaser acknowledges and agrees that each Seller makes no other warranty in relation to Property;
  - (B) in respect of Intellectual Property or rights in information (or agreements relating thereto) are those contained in paragraphs 6, 15 and 17 of Schedule 3 (Sellers' Warranties), none of the other Sellers' Warranties shall be deemed to be, whether directly or indirectly, a Sellers' Warranty in respect of Intellectual Property or rights in information (or agreements relating thereto) and each Purchaser acknowledges and agrees that each Seller makes no other warranty in relation to Intellectual Property or rights in information (or agreements relating thereto);
  - (C) in respect of Information Technology (or agreements relating thereto) are those contained paragraphs 6, 15 and 17 of Schedule 3 (Sellers' Warranties), none of the other Sellers' Warranties shall be deemed to be, whether directly or indirectly, a Sellers' Warranty in respect of Information Technology (or agreements relating thereto) and each Purchaser acknowledges and agrees that each Seller makes no other warranty in relation to Information Technology (or agreements relating thereto);
  - (D) in respect of pensions and employment matters are those contained paragraphs 6, 15, 19 and 20 of Schedule 3 (Sellers' Warranties), none of the other Sellers' Warranties shall be deemed to be, whether directly or indirectly, a Sellers' Warranty in respect of pensions and employment matters and each Purchaser acknowledges and agrees that each Seller makes no other warranty in relation to pensions and employment matters; and

(E) in respect of Tax are the Tax Warranties and those contained in paragraphs 6, 15 and 24 of Schedule 3 (Sellers' Warranties), none of the other Sellers' Warranties shall be deemed to be, whether directly or indirectly, a Sellers' Warranty in respect of Tax and each Purchaser acknowledges and agrees that each Seller makes no other warranty in relation to Tax.

7.6 The only AMS04 SPV Warranties given:

(A) in respect of Property are those contained in paragraph 8 and paragraph 9 of Schedule 4 (AMS04 SPV Warranties), none of the other AMS04 SPV Warranties shall be deemed to be, whether directly or indirectly, an AMS04 SPV Warranty in respect of Property and each Purchaser acknowledges and agrees that the Amsterdam DivestCo Seller make no other AMS04 SPV Warranty in relation to Property; and

(B) in respect of Tax are those contained in paragraph 8 and paragraph 13 of Schedule 4 (AMS04 SPV Warranties), none of the other AMS04 SPV Warranties shall be deemed to be, whether directly or indirectly, an AMS04 SPV Warranty in respect of Tax and each Purchaser acknowledges and agrees that the Amsterdam DivestCo Seller makes no other AMS04 SPV Warranty in relation to Tax.

7.7 The Amsterdam DivestCo Seller undertakes to pay to the Amsterdam DivestCo Purchaser such amount as is required to hold and keep the Amsterdam DivestCo Purchaser indemnified on an after-Tax basis from and against any and all Losses (or, under clauses 7.7(A), 7.7(B) and 7.7(D) any and all Losses and Tax) suffered or incurred by Amsterdam DivestCo or any member of the Purchasers' Group:

(A) in relation to, or arising out of, or as a result of, any failure to fully implement the Amsterdam Reorganisation;

(B) in relation to, or arising out of, or as a result of, any failure to carry out the Amsterdam Reorganisation in accordance with the Carve-out Memorandum and the Amsterdam Deed of Demerger;

(C) as a result of the steps taken to implement the Amsterdam Reorganisation; or

(D) in relation to, or arising out of, or as a result of, any failure of the AMS04 SPV Seller to transfer AMS04 SPV to Amsterdam DivestCo in accordance with the provisions of clause 24 (Transfer of AMS04 SPV Shares).

7.8 The Frankfurt DivestCo Seller undertakes to pay to the Frankfurt DivestCo Purchaser such amount as is required to hold and keep the Frankfurt DivestCo Purchaser indemnified on an after-Tax basis from and against any and all Losses (or, under clauses 7.8(A) and 7.8(B), any and all Losses and Tax) suffered or incurred by Frankfurt DivestCo or any member of the Purchasers' Group:

(A) in relation to, or arising out of, or as a result of, any failure to fully implement the Frankfurt Reorganisation;

(B) in relation to, or arising out of, or as a result of, any failure to carry out the Frankfurt Reorganisation in accordance with the Carve-out Memorandum and the Frankfurt Demerger Agreement; or

(C) as a result of the steps taken to implement the Frankfurt Reorganisation.

7.9 The London DivestCo Seller undertakes to pay to the London DivestCo Purchaser such amount as is required to hold and keep the London DivestCo Purchaser indemnified on an after-Tax basis from and against any and all Losses (or, under clauses 7.9(A), 7.9(B)

and 7.9(D), any and all Losses and Tax) suffered or incurred by London DivestCo or any member of the Purchasers' Group:

- (A) in relation to, or arising out of, or as a result of, any failure to fully implement the London Reorganisation;
- (B) in relation to, or arising out of, or as a result of, any failure to carry out the London Reorganisation in accordance with the Carve-out Memorandum and the London Business Transfer Agreement;
- (C) as a result of the steps taken to implement the London Reorganisation; or
- (D) as a result of any claim by or on behalf of a London BTA Seller under clauses 9.3(B) or 9.5 of the London Business Transfer Agreement.

7.10 For the avoidance of doubt, the undertakings given by the Sellers in clauses 7.7 to 7.9 shall not apply to any Loss that is a result of, or related to, the ongoing operation of any member of the Target Group following the completion of the Reorganisation, any historic liabilities of the Target Business which have transferred to the Target Group pursuant to completion of the Reorganisation, or where such member has provided any indemnity (but excluding clauses 9.3(B) and 9.5 of the London Business Transfer Agreement) or other assurance against loss, or assumed liabilities, under the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement (as relevant).

7.11 The Sellers and the AMS04 SPV Seller shall use best endeavours to procure the absolute and unconditional release and discharge in full at Completion (or as soon as reasonably practicable thereafter) of each letter of credit, guarantee, indemnity (excluding the indemnities given under the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement (as relevant)), security obligation or other assurance against loss (including any undertaking or commitment to provide any such letter of credit, guarantee, indemnity, security obligation or other assurance against loss), granted or entered into by any member of the Target Group or AMS04 SPV in relation to, or arising out of, an obligation or liability of the Sellers, the AMS04 SPV Seller or any member of the Retained Group, or any of its or their employees, agents, advisers or persons otherwise connected with them (each a "**Target Group Guarantee**"), at the cost of the Sellers and the AMS04 SPV Seller, and prior to any such release, each Seller and the AMS04 SPV Seller undertakes to each Purchaser, for itself and as trustee for each other member of the Retained Group:

- (A) to hold and keep each member of the Purchasers' Group indemnified on an after-Tax basis from and against any and all Losses and Tax incurred by the relevant member of the Purchasers' Group in relation to, or arising out of, any Target Group Guarantee after Completion; and
- (B) that it will not, and will procure that no other person shall, enter into any variation of any agreement which may have the effect of varying any Target Group Guarantee in any way which may adversely affect the interests of any member of the Purchasers' Group, including by way of increasing the liability of the Target Group or AMS04 SPV under such Target Group Guarantee, without the prior written consent of the Purchasers.

7.12 Each Seller and the AMS04 SPV Seller shall (and shall procure that the Retained Group shall):

- (A) co-operate with the Purchasers in relation to actions required to be taken by the Purchasers in accordance with clauses 9.5, 9.6 and 9.9 (Purchasers' warranties)

and undertakings) to procure the release and discharge of the Retained Group Guarantees and the entry into the Frankfurt Lease Amendment Documentation; and

- (B) enter into the Frankfurt Lease Amendment Documentation (as applicable) and all such documentation (including deeds of assignment, novation or release) as may be reasonably necessary to effect the release and discharge of the Target Group Guarantees and the Retained Group Guarantees.
- 7.13 The Amsterdam DivestCo Seller undertakes to procure the entry prior to Completion by Amsterdam DivestCo into the Amsterdam Phase 1 Fit-out Agreements and Amsterdam Phase 2 Fit-out Agreements not already entered into at the date of this Agreement.
- 7.14 Each Seller and the AMS04 SPV Seller agrees and undertakes that (in the absence of fraud) it has no rights against and shall not make any claim against any member of the Target Group, AMS04 SPV, or any employee director, agent, officer or adviser of such member or AMS04 SPV, arising in connection with any Share Purchase Document.
- 7.15 The Sellers shall procure that no claims shall be brought by any member of the Retained Group under the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement, the Transitional Services Agreements, the agreements listed in Schedule 17 (Ongoing Arrangements), the Amsterdam DivestCo Loans, the AMS04 SPV Loans, the Frankfurt Loans and any loans between London DivestCo and any member of the Target Group in relation to any fact, matter or circumstance existing prior to Completion, save for any claims relating to (i) payments made under clauses 8.5 or 8.6 of the London Business Transfer Agreement, or (ii) claims made by third parties.
- 7.16 The London DivestCo Seller undertakes to pay to the London DivestCo Purchaser such amount as is required to hold and keep the London DivestCo Purchaser indemnified on an after-Tax basis against any Losses suffered or incurred by London DivestCo which London DivestCo would not have otherwise suffered or incurred had the final form settlement agreement disclosed at section 2.5.2-A of the Data Room been signed by the parties thereto at the date of this Agreement.
- 7.17 The London DivestCo Seller undertakes to procure at its sole cost the payment of the LON1 Contribution in accordance with the provisions of the LON1 Agreement for Lease.
- 7.18 The London DivestCo Seller hereby covenants pay to London DivestCo (or the relevant member of the Purchaser Group) an amount equal to any stamp duty land tax payable by London DivestCo in connection with the grant of the LON1 Lease should the liability to pay such stamp duty land tax arise after Completion.
- 7.19 The London DivestCo Seller shall procure that no more than 5 Business Days prior to Completion:
- (A) London DivestCo, Telecty Group Limited and Equinix (UK) Limited enter into a side letter to effect the determination and allocation of the final consideration payable under clause 4 of the London Business Transfer Agreement, provided that the total aggregate amount of consideration payable under the London Business Transfer Agreement shall not exceed an amount equal to the London DivestCo Purchase Price minus the Bonnington House Consideration Amount;
  - (B) the principal amount of the loans advanced pursuant to the terms of the TGL Intercompany Loan Agreement and the EUL Intercompany Loan Agreement are amended to reflect the side letter referred to in paragraph (a) above and the

settlement of the final consideration amount payable under the London Business Transfer Agreement; and

- (C) part of the principal amount payable under the TGL Intercompany Loan Agreement (as amended pursuant to paragraph (b) above) (the “ **TGL Prepayment Amount**”) shall be prepaid (and accrued interest shall be prepaid first before the principle) to ensure that the total aggregate amount of principal and (where applicable) accrued interest outstanding immediately prior to Completion under the TGL Intercompany Loan Agreement and the EUL Intercompany Loan Agreement does not exceed an amount equal to the London DivestCo Purchase Price minus the Bonnington House Consideration Amount.

7.20 In order to fund the prepayment referred to in clause 7.19, the London DivestCo Sellers shall procure that no more than 5 Business Days prior to Completion:

- (A) Telecitey Group Limited subscribes for, and TeleciteyGroup Investments Limited allots and issues, one or more ordinary shares in the share capital of TeleciteyGroup Investments Limited in consideration for the payment by Telecitey Group Limited to TeleciteyGroup Investments Limited of an amount equal to the TGL Prepayment Amount;
- (B) TeleciteyGroup Investments Limited subscribes for, and the London DivestCo Seller allots and issues, one or more ordinary shares in the share capital of London DivestCo Seller in consideration for the payment by TeleciteyGroup Investments Limited to London DivestCo Seller of an amount equal to the TGL Prepayment Amount; and
- (C) London DivestCo Seller subscribes for, and the London DivestCo allots and issues, one or more ordinary shares in the share capital of London DivestCo in consideration for the payment by London DivestCo Seller to London DivestCo of an amount equal to the TGL Prepayment Amount.

7.21 The Amsterdam DivestCo Seller shall procure that, no earlier than 5 Business Days prior to Completion, the amount owing under the AMS04 SPV Loan shall be adjusted to ensure that the total aggregate amount of principal and accrued interest outstanding under the AMS04 SPV Loan following such adjustment and immediately prior to Completion is equal to the AMS04 SPV Completion Payment, provided that:

- (A) none of Amsterdam DivestCo, AMS04 SPV or the Amsterdam DivestCo Purchaser shall have any greater liability on any basis whatsoever (including under any of the Share Purchase Documents, common law or otherwise); and
- (B) no shares in the share capital of AMS04 SPV shall be allotted and/or issued to any person other than AMS04 SPV Seller and no interest shall be created in any of the AMS04 SPV Shares,

as a result of such adjustment to the AMS04 SPV Loan.

7.22 In consideration of the payment of the Network Service Charges pursuant to paragraph 5 of Schedule 20 (Customer Networks), the London DivestCo Seller will provide, or procure the provision of, the Network Services in accordance with the terms of Schedule 20 (Customer Networks).

7.23 The Sellers undertake on behalf of themselves and the Retained Group not to make any claims against Ove Arup & Partners International Ltd and the Sellers' Accountants that would as a result reduce the amount that any Purchaser would be entitled to claim under the reliance letters from Ove Arup & Partners International Ltd and the Sellers' Accountants to be issued to the Purchasers on Completion in accordance with Part A of Schedule 2.

- 7.24 The Amsterdam DivestCo Seller undertakes to pay to the Amsterdam DivestCo Purchaser such amount as is required to hold and keep the Amsterdam DivestCo Purchaser indemnified on an after-Tax basis against any Losses up to EUR2,650,000 suffered or incurred by Amsterdam DivestCo as a result of it being necessary for Amsterdam DivestCo to enter into additional contracts or revise the scope of existing contracts because the Amsterdam Phase 2 Fit-out Agreements do not contain provisions to the substantive effect that the contractors will carry out the Phase 2 Science Park Fit-out to substantially the same standard and quality as the Phase 1 Science Park Fit-out.
- 7.25 The Amsterdam DivestCo Seller undertakes to pay to the Amsterdam DivestCo Purchaser such amount as is required to hold and keep the Amsterdam DivestCo Purchaser indemnified on an after-Tax basis against any Losses up to EUR500,000 incurred as a result of a penalty amount being paid by Amsterdam DivestCo to SURFsara B.V in accordance with the terms of an agreement dated 20 December 2013 between SURFsara B.V. and Telecitey Netherlands B.V. (transferred to Amsterdam DivestCo under the Amsterdam Deed of Demerger) in the event that Science Park is not available for SURFsara B.V. to deploy into by 1 September 2016.

**8. Sellers' Guarantor**

- 8.1 The Sellers' Guarantor hereby unconditionally and irrevocably guarantees to each Purchaser the full, due and punctual performance by each Seller, the AMS04 SPV Seller and each member of the Retained Group of their respective obligations under:
- (A) in the case of any Seller or the AMS04 Seller, this Agreement and any other Share Purchase Document to which that Seller or AMS04 Seller is a party; and
  - (B) in the case of any member of the Retained Group, the London Business Transfer Agreement, the Amsterdam Deed of Demerger and the Frankfurt Demerger Agreement.

The guarantee under this clause shall not be released or diminished by any variation of the terms of any Share Purchase Document, the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement (whether or not such variation is agreed to by the Sellers' Guarantor) or by any forbearance, neglect or delay in seeking performance of the obligations hereby imposed or any granting of time for such performance or the insolvency (or similar proceedings) of any Seller, the AMS04 SPV Seller, or a member of the Retained Group or any illegality, invalidity or unenforceability of any obligation of any person under any Share Purchase Document, the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement.

- 8.2 If and whenever any Seller, the AMS04 SPV Seller or any member of the Retained Group (or any of their respective successors and assigns) defaults for any reason whatsoever in the performance of any of its obligations under this Agreement, any of the other Share Purchase Documents, the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement, as the case may be, the Sellers' Guarantor shall forthwith upon demand:
- (A) whenever any Seller, the AMS04 SPV Seller or member of the Retained Group does not pay any amount when due under or in connection with this Agreement, any of the other Share Purchase Documents, the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement immediately pay that amount as if it were the principal obligor; and
  - (B) whenever any Seller, the AMS04 SPV Seller or member of the Retained Group (or any of their respective successors and assigns) does not perform any other

obligations under or in connection with this Agreement, any of the other Share Purchase Documents, the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement, the Sellers' Guarantor shall unconditionally perform (or procure the performance of) such obligation and satisfy (or procure satisfaction of) the obligation, commitment or undertaking in regard to which such default has been made in the manner prescribed by this Agreement, any of the other Share Purchase Documents, the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement,

so that the same benefits shall be conferred on the Purchasers as would have been received if such obligation, commitment or undertaking had been duly performed by such Seller, the AMS04 SPV Seller, or member of the Retained Group (as the case may be).

- 8.3 The Sellers' Guarantor undertakes that if any amount guaranteed pursuant to clause 8.1 is not recoverable on the basis of a guarantee for any reason it will (as a separate and independent obligation) pay to the relevant Purchaser on demand an amount equal to the amount it would have been liable to pay but for such irrecoverability, together with an amount equal to any Losses and Tax suffered or incurred by the relevant Purchaser as a result of such irrecoverability.
- 8.4 This guarantee is to be a continuing guarantee and accordingly is to remain in force until all of each of the Seller's, the AMS04 SPV Seller's and any member of the Retained Group's obligations under this Agreement and all of the Share Purchase Documents, the London Business Transfer Agreement, the Amsterdam Deed of Demerger and the Frankfurt Demerger Agreement shall have been performed notwithstanding the winding up, liquidation, dissolution or other incapacity of any Seller, the AMS04 SPV Seller or any member of the Retained Group (or any of their respective successors and assigns) or any change in the status, control or ownership of any Seller, the AMS04 SPV Seller or any member of the Retained Group (or any of their respective successors and assigns). This guarantee is in addition to and not substitution for any rights or security which the Purchasers may have or hold for the performance of each of the Seller's, the AMS04 SPV Seller's or any member of the Retained Group's obligations pursuant to the Share Purchase Documents, the London Business Transfer Agreement, the Amsterdam Deed of Demerger and the Frankfurt Demerger Agreement.
- 8.5 The Sellers' Guarantor warrants to the Purchasers that (i) at the date of this Agreement, and (ii) immediately before Completion:
- (A) the Sellers' Guarantor has the requisite power and authority to enter into and perform this Agreement and the other Share Purchase Documents to which it is a party;
  - (B) the obligations of the Sellers' Guarantor under this Agreement constitute, and the obligations of the Sellers' Guarantor under the other Share Purchase Documents will, when delivered, constitute binding obligations of the Sellers' Guarantor in accordance with their respective terms;
  - (C) the execution and delivery of, and the performance by the Sellers' Guarantor of its obligations under, this Agreement and the other Share Purchase Documents will not:
    - (i) result in a breach of any provision of the bylaws of the Sellers' Guarantor;
    - (ii) result in a breach of, or constitute a default under, any instrument to which the Sellers' Guarantor is a party or by which the Sellers' Guarantor is bound;

(iii) result in a breach of any order, judgment or decree of any court or governmental agency to which the Sellers' Guarantor is a party or by which the Sellers' Guarantor is bound; or

(iv) require the consent of its shareholders;

- (D) no order has been made and no resolution has been passed for the winding up of the Sellers' Guarantor and no petition has been presented for the purpose of winding up the Sellers' Guarantor;
- (E) no administration order has been made and no petition or application for such an order has been made or presented and no administrator has been appointed in respect of the Sellers' Guarantor;
- (F) no receiver (which expression shall include an administrative receiver) has been appointed in respect of the Sellers' Guarantor or all or any of its assets; and
- (G) no composition or similar arrangement with creditors including, but not limited to, a voluntary arrangement has been proposed in respect of the Sellers' Guarantor.

## **9. Purchasers' warranties and undertakings**

### **9.1**

(A) The London DivestCo Purchaser warrants to the London DivestCo Seller;

(B) The Amsterdam DivestCo Purchaser warrants to the Amsterdam DivestCo Seller; and

(C) The Frankfurt DivestCo Purchaser warrants to the Frankfurt DivestCo Seller,

that, in respect of itself only, (i) each of the Purchasers' Warranties set out in Schedule 5 (Purchasers' Warranties) is true and accurate at the date of this Agreement, and (ii) each of the Purchasers' Fundamental Warranties is true and accurate immediately before Completion (by reference to the facts and circumstances existing on such date).

**9.2** Subject to clause 9.3, each Purchaser covenants to the Sellers that:

- (A) subject to clause 9.2(B) below, between the date of this Agreement and 31 July 2016, it shall not, and it shall procure that no member of the Purchasers' Group shall, undertake any act, matter or course of action which directly and solely results in the Approval Condition not being satisfied; and
- (B) if and to the extent a Force Majeure Event occurs before the Approval Condition is satisfied and results in any delay to the satisfaction of the Approval Condition, the time period applying to the covenant in clause 9.2(A) shall be extended by a period equal to the length of the Force Majeure Event or to 31 August 2016, whichever is earlier.

**9.3** The parties agree that upon satisfaction of the Approval Condition in respect of the London DivestCo Purchaser and the Amsterdam DivestCo Purchaser, the covenant in clause 9.2 shall cease to have effect.

**9.4** Not less than thirty days before the Completion Date, the Purchasers shall notify the Sellers in writing of the Overlay Employees they do not wish to retain following Completion.

**9.5** The Purchasers shall promptly use best endeavours to procure the absolute and unconditional release and discharge in full at Completion (or as soon as reasonably practicable thereafter) of the guarantees (i) listed in Schedule 18 (Specified Retained Group Guarantees) and (ii) entered into after the date of this Agreement but before Completion

in connection with the assignment of any Lease pursuant to the Reorganisation that has been lawfully requested by a landlord after the date of this Agreement (each a "**Specified Retained Group Guarantee**"):

- (A) in relation to any Specified Retained Group Guarantee that is granted or entered into by any Seller, the AMS04 SPV Seller or any other member of the Retained Group, replace such Specified Retained Group Guarantee with either: (i) a guarantee, indemnity, security obligation or other assurance against loss from a member of the Purchasers' Group of appropriate financial standing; or (ii) a guarantee provided by a bank or other financial institution, in each case sufficient to secure the release of such Specified Retained Group Guarantee; and
- (B) in relation to any Specified Retained Group Guarantee that is provided by any bank or other financial institution at the request of any Seller, the AMS04 SPV Seller or any other member of the Retained Group, take all necessary action (including the entering into of deeds of transfer, novation or assignment) to assume all obligations (including the payment of any ongoing fees) of any Seller, the AMS04 SPV Seller or any other member of the Retained Group (as applicable) in relation to such Specified Retained Group Guarantee. If and to the extent that the benefit of any such Specified Retained Group Guarantee is received by the Purchaser, any member of the Target Group or AMS04 SPV, on or after the Completion Date, but any payment (by way of deposit, prepayment or otherwise) has been made by any Seller, the AMS04 Seller or any other member of the Retained Group, in respect of the price or cost of any such Specified Retained Group Guarantee, then the Purchaser shall, or shall procure that the relevant member of the Target Group or AMS04 SPV shall, pay a sum equal to the relevant pro rata proportion of that payment relating to the period after Completion to the relevant Seller or the AMS04 Seller and shall hold such sum on trust for the relevant Seller or AMS04 Seller until it is paid over.

9.6 Subject to clause 9.7, the Purchasers shall use reasonable endeavours to procure the absolute and unconditional release and discharge in full of each guarantee, including any undertaking or commitment to provide any such guarantee not listed in Schedule 18 and:

- (A) granted or entered into by any Seller, the AMS04 SPV Seller or any other member of the Retained Group; or
- (B) provided by any bank or other financial institution at the request of any Seller, the AMS04 SPV Seller or any other member of the Retained Group,

in relation to, or arising out of, an obligation or liability of any member of the Target Group or AMS04 SPV, or any of its or their employees, agents, advisers or persons otherwise connected with them (each an "**Other Retained Group Guarantee**") as soon as reasonably practicable after becoming aware of such Other Retained Group Guarantee, at the cost of the Purchasers.

9.7 Notwithstanding clause 9.6, once the Purchasers have released and discharged Other Retained Group Guarantees guaranteeing a sum in aggregate in excess of £500,000 the covenant in clause 9.6 shall cease to apply and the Purchasers, Sellers and AMS04 SPV Seller shall, acting reasonably, co-operate with each other in good faith to procure the absolute and unconditional release and discharge of any further Other Retained Group Guarantees in a mutually satisfactory manner.

9.8 Prior to any release under clauses 9.5, each Purchaser undertakes to each Seller and the AMS04 SPV Seller, for itself and as trustee for each other member of the Retained Group:

- (A) to hold and keep each member of the Retained Group indemnified on an after-Tax basis from and against any and all Losses and Tax incurred by the relevant member of the Retained Group in relation to, or arising out of, any Specified Retained Group Guarantee after Completion; and
- (B) that it will not, and will procure that no other person shall, enter into any variation of any agreement which may have the effect of varying any Specified Retained Group Guarantee in any way which may adversely affect the interests of any member of the Retained Group, including by way of increasing the liability of the Sellers or the AMS04 SPV Seller (or other relevant member of the Retained Group) under such Specified Retained Group Guarantee, without the prior written consent of the relevant Seller or the AMS04 SPV Seller (as the case may be).

9.9 The Frankfurt DivestCo Purchaser shall use best endeavours to, at Completion (or as soon as practicable thereafter):

- (A) enter into documentation with the landlord under the Frankfurt Lease and the Sellers' Guarantor with the effect that the 4th and 5th amendments to the Frankfurt Lease would cease to have effect or that the Sellers' Guarantor is fully released from any and all obligations thereunder (the "**Frankfurt Lease Amendment Documentation**"); and
- (B) procure the entry into of any letter of credit, guarantee, indemnity, security obligation or other assurance against loss (including any undertaking or commitment to provide any such letter of credit, guarantee, indemnity, security obligation or assurance) that, in each case, may be lawfully required or requested by the landlord under the Frankfurt Lease (with respect to release of obligations only) or the Sellers' Guarantor in connection with the Frankfurt Lease Amendment Documentation, and

the Frankfurt DivestCo Purchaser undertakes to the Sellers and the AMS04 SPV Seller, for itself and as trustee for each other member of the Retained Group to hold and keep each member of the Retained Group indemnified on an after-Tax basis from and against any and all Losses and Tax incurred by the relevant member of the Retained Group as a result of the Frankfurt Lease Amendment Documentation not being entered into for any period of time after Completion.

9.10 Each Purchaser shall (and shall procure that the Purchasers' Group shall):

- (A) co-operate with the Sellers and the AMS04 SPV Seller in relation to actions required to be taken by the Sellers and the AMS04 SPV Seller in accordance with clause 7.11 (Sellers' warranties and undertakings) to procure the release and discharge of the Target Group Guarantees; and
- (B) shall enter into all such documentation (including deeds of assignment, novation or release) as may be reasonably necessary to effect the release and discharge of the Target Group Guarantees.

9.11 The Purchasers shall procure that each member of the Purchasers' Group complies with their respective obligations under Schedule 20 (Customer Networks).

## **10. Purchasers' Guarantor**

10.1 The Purchasers' Guarantor hereby unconditionally and irrevocably guarantees to each Seller and the AMS04 SPV Seller the full, due and punctual performance by each Purchaser and by each member of the Purchasers' Group of their respective obligations under:

- (A) in the case of any Purchaser, this Agreement and any other Share Purchase Document to which that Purchaser is a party; and
- (B) in the case of any member of the Purchasers' Group, the London Business Transfer Agreement, the Amsterdam Deed of Demerger and the Frankfurt Demerger Agreement.

The guarantee under this clause shall not be released or diminished by any variation of the terms of any Share Purchase Document, the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement (whether or not such variation is agreed to by the Purchasers' Guarantor) or by any forbearance, neglect or delay in seeking performance of the obligations hereby imposed or any granting of time for such performance or the insolvency (or similar proceedings) of any Purchaser or member of the Purchasers' Group or any illegality, invalidity or unenforceability of any obligation of any person under any Share Purchase Document, the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement.

10.2 If and whenever any Purchaser or any member of the Purchasers' Group (or any of their respective successors and assigns) defaults for any reason whatsoever in the performance of any of its obligations under this Agreement, any of the other Share Purchase Documents, the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement, as the case may be, the Purchasers' Guarantor shall forthwith upon demand:

- (A) whenever any Purchaser or member of the Purchasers' Group does not pay any amount when due under or in connection with this Agreement, any of the other Share Purchase Documents, the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement, immediately pay that amount as if it were the principal obligor; and
- (B) whenever any Purchaser or member of the Purchasers' Group (or any of their respective successors and assigns) does not perform any other obligations under or in connection with this Agreement, any of the other Share Purchase Documents, the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement, the Purchasers' Guarantor shall unconditionally perform (or procure the performance of) such obligation and satisfy (or procure satisfaction of) the obligation, commitment or undertaking in regard to which such default has been made in the manner prescribed by this Agreement, any of the other Share Purchase Documents, the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement,

so that the same benefits shall be conferred on the Sellers and the AMS04 SPV Seller as would have been received if such obligation, commitment or undertaking had been duly performed by such Purchaser or member of the Purchasers' Group (as the case may be).

10.3 The Purchasers' Guarantor undertakes that if any amount guaranteed pursuant to [clause 10.1](#) is not recoverable on the basis of a guarantee for any reason it will (as a separate and independent obligation) pay to the relevant Seller on demand an amount equal to the amount it would have been liable to pay but for such irrecoverability, together with an amount equal to any Losses and Tax suffered or incurred by the relevant Seller as a result of such irrecoverability.

10.4 This guarantee is to be a continuing guarantee and accordingly is to remain in force until all of each of the Purchaser's and any member of the Purchasers' Group's obligations under this Agreement and all of the Share Purchase Documents, the London Business

Transfer Agreement, the Amsterdam Deed of Demerger and the Frankfurt Demerger Agreement shall have been performed notwithstanding the winding up, liquidation, dissolution or other incapacity of any Purchaser or member of the Purchasers' Group (or any of their respective successors and assigns) or any change in the status, control or ownership of any Purchaser or member of the Purchasers' Group (or any of their respective successors and assigns). This guarantee is in addition to and not substitution for any rights or security which the Sellers or the AMS04 SPV Seller may have or hold for the performance of each Purchaser's or any other member of the Purchasers' Group's obligations pursuant to the Share Purchase Documents, the London Business Transfer Agreement, the Amsterdam Deed of Demerger and the Frankfurt Demerger Agreement.

- 10.5 The Purchasers' Guarantor undertakes not (without the prior written consent of the Sellers and the AMS04 SPV Seller) to effect, enter into or permit to occur any Trigger Event without first procuring the execution and delivery in favour of the Sellers and the AMS04 SPV Seller of either:
- (A) a replacement third party guarantee from a sufficiently credit-worthy entity reasonably acceptable to the Sellers and the AMS04 SPV Seller; or
  - (B) a bank guarantee from a reputable financial institution reasonably acceptable to the Sellers and the AMS04 SPV Seller,
- in each case, in form and content reasonably acceptable to the Sellers and the AMS04 SPV Seller, in respect of all obligations and liabilities, past, present or future, actual or contingent, of the Purchasers, members of the Purchasers' Group and the Purchasers' Guarantor under this Agreement, each of the Share Purchase Documents, the London Business Transfer Agreement, the Amsterdam Deed of Demerger and the Frankfurt Demerger Agreement (a "**Replacement Guarantee**"). The Replacement Guarantee shall be provided at the expense of the Purchasers' Guarantor.
- 10.6 The Purchasers' Guarantor shall notify the Sellers and the AMS04 SPV Seller in writing as soon as practicable after it becomes aware that any Trigger Event is reasonably likely to occur. Such notice shall include:
- (A) details of the Trigger Event;
  - (B) details of the party which the Purchasers' Guarantor proposes would provide the Replacement Guarantee; and
  - (C) the draft form of the Replacement Guarantee.
- 10.7 The Purchasers' Guarantor warrants to each Seller and the AMS04 SPV Seller that (i) at the date of this Agreement, and (ii) immediately before Completion:
- (A) the Purchasers' Guarantor has the requisite power and authority to enter into and perform this Agreement and the other Share Purchase Documents to which it is a party;
  - (B) the obligations of the Purchasers' Guarantor under this Agreement constitute, and the obligations of the Purchasers' Guarantor under the other Share Purchase Documents will, when delivered, constitute binding obligations of the Purchasers' Guarantor in accordance with their respective terms;
  - (C) the execution and delivery of, and the performance by the Purchasers' Guarantor of its obligations under, this Agreement and the other Share Purchase Documents will not:

- (i) result in a breach of any provision of the memorandum or articles of association or other constitutional documents of the Purchasers' Guarantor;
  - (ii) result in a breach of, or constitute a default under, any instrument to which the Purchasers' Guarantor is a party or by which the Purchasers' Guarantor is bound;
  - (iii) result in a breach of any order, judgment or decree of any court or governmental agency to which the Purchasers' Guarantor is a party or by which the Purchasers' Guarantor is bound; or
  - (iv) require the consent of its shareholders;
- (D) no order has been made and no resolution has been passed for the winding up of the Purchasers' Guarantor and no petition has been presented for the purpose of winding up the Purchasers' Guarantor;
- (E) no administration order has been made and no petition or application for such an order has been made or presented and no administrator has been appointed in respect of the Purchasers' Guarantor;
- (F) no receiver (which expression shall include an administrative receiver) has been appointed in respect of the Purchasers' Guarantor or all or any of its assets; and
- (G) no composition or similar arrangement with creditors including, but not limited to, a voluntary arrangement has been proposed in respect of the Purchasers' Guarantor.

10.8 Notwithstanding any other provision of this clause 10 the Purchasers' Guarantor shall not be liable for any obligation or liability of any member of the Retained Group which is not expressly assumed by a member of the Target Group pursuant to the terms of this Agreement, the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement (including, for the avoidance of doubt, any obligation or liability of the Amsterdam DivestCo Seller or Frankfurt DivestCo Seller for which any member of the Target Group may become liable upon the occurrence of any insolvency, liquidation, winding-up or analogous event in respect of the Amsterdam DivestCo Seller or Frankfurt DivestCo Seller).

#### **11. Purchasers' remedies and Sellers' limitations on liability**

- 11.1 The Purchasers shall not be entitled to claim that any fact, matter or circumstance causes any of the Sellers' Warranties or the AMS04 SPV Warranties to be breached if fairly disclosed in the Disclosure Letter or in any document delivered or deemed to be delivered with the Disclosure Letter.
- 11.2 No liability shall attach to any Seller in respect of claims under the Sellers' Warranties or the AMS04 SPV Warranties, if and to the extent that the limitations set out in Schedule 7 (Limitations on the Sellers' and AMS04 SPV Seller's liability) apply.
- 11.3 Save as provided in clauses 3.6 or 6.6, if the Purchasers become aware, whether before or after Completion, that there has been any breach of the Sellers' Warranties or the AMS04 SPV Warranties or any other term of this Agreement, the Purchasers shall not be entitled to terminate or rescind this Agreement.

#### **12. Transferring Contracts and Carve-out Memorandum**

- 12.1 To the extent that there are any steps set out in the London Business Transfer Agreement, Amsterdam Deed of Demerger, Frankfurt Demerger Agreement or the Carve-out Memorandum the completion of which remains outstanding at the date of this Agreement, the Sellers shall complete or procure the completion of such steps as soon as reasonably practicable following the date of this Agreement in accordance with the relevant provisions of the London Business Transfer Agreement, Amsterdam Deed of Demerger, Frankfurt Demerger Agreement or the Carve-out Memorandum (as the case may be), subject to the following provisions of this clause 12.
- 12.2 In respect of each Transferring Contract, from the date of this Agreement the relevant Seller shall use reasonable endeavours to procure that such contract (or, in the case of a Shared Transferring Contract, that part of such contract that relates to the Target Business) is transferred from the Retained Group to the relevant member of the Target Group (which shall include (i) taking such reasonable steps to obtain all Third Party Consents required in connection with such transfer, including continuing to send communications to any counterparty which has not responded to a request for consent, together with any further engagement and communication with a third party to address any issues or concerns that such third party has in respect of granting the Third Party Consent and (ii) any other reasonable steps as may be necessary to effect the transfer of such Transferring Contract) in accordance with the provisions of the London Business Transfer Agreement, Amsterdam Deed of Demerger, Frankfurt Demerger Agreement or the Carve-out Memorandum (as the case may be). The relevant Seller shall indemnify the relevant Purchaser (or the relevant member of the Purchasers' Group) on an after-Tax basis against any Losses and Tax suffered or incurred by such member of the Purchasers' Group in relation to the act of transfer of such Transferring Contract but, for the avoidance of doubt, such indemnity shall not extend to any Losses and Tax incurred or suffered by any member of the Purchasers' Group in relation to: (i) performance of past or ongoing obligations under that Transferring Contract; or (ii) the provision or procurement of any credit, guarantee, indemnity, security obligation or other assurance against loss in relation to that Transferring Contract.
- 12.3 In relation to each Transferring Contract which has not expired prior to the Completion Date and which has not been transferred from the Retained Group to the Target Group pursuant to clause 12.2 prior to the Completion Date (an "**Outstanding Transferring Contract**"), from the Completion Date to the date on which such Outstanding Transferring Contract (or, in the case of a Shared Transferring Contract, that part of such contract that relates to the Target Business) is transferred from the Retained Group to the Target Group:
- (A) the relevant Seller shall continue to use reasonable endeavours to procure that such contract (or, in the case of a Shared Transferring Contract, that part of such contract that relates to the Target Business) is transferred from the Retained Group to the relevant member of the Target Group (which shall include (i) taking such reasonable steps to obtain all Third Party Consents required in connection with such transfer, including continuing to send communications to any counterparty which has not responded to a request for consent, together with any further engagement and communication with a third party to address any issues or concerns that such third party has in respect of granting the Third Party Consent and (ii) any other reasonable steps as may be necessary to effect the transfer of such Transferring Contract, including co-operating with the Purchasers (acting reasonably) in respect of any steps taken by the Purchasers to effect such transfer);
  - (B) the relevant Seller shall (or shall procure that the relevant member of the Retained Group shall) hold the benefit of that Outstanding Transferring Contract (or in the case of a Shared Transferring Contract, that part of such contract that relates to the Target Business) as trustee on trust for the relevant member of the Target

Group and any such benefit shall be promptly paid over to the relevant Purchaser (on trust for and on behalf of such relevant member of the Target Group); and

- (C) (i) to the extent permissible under such Outstanding Transferring Contract, the relevant Purchaser shall procure that the relevant member of the Target Group shall perform on behalf of the relevant Seller (or the relevant member of the Retained Group), at the expense of such Purchaser (on behalf of the relevant member of the Target Group), all the obligations (or, in the case of a Shared Transferring Contract, the obligations relating to the Target Business) of the relevant Seller (or the relevant member of the Retained Group) under such Outstanding Transferring Contract as agent for the relevant Seller (or the relevant member of the Retained Group) and the relevant Purchaser shall indemnify the relevant Seller (or the relevant member of the Retained Group) on an after-Tax basis against any Losses and Tax incurred or suffered by the relevant member of the Retained Group in relation to such performance (save to the extent that (i) such Loss arises or is increased as a result of any occupational lease agreement not having been validly transferred to London DivestCo prior to the Completion Date; or (ii) the relevant Seller is itself in breach of its obligations in relation to such contract under this clause 12); or (ii) to the extent such Outstanding Transferring Contract does not permit the relevant member of the Target Group from acting as agent for the relevant Seller (or the relevant member of the Retained Group) the relevant Seller shall (or shall procure that the relevant member of the Retained Group shall), at the expense of the relevant Purchaser promptly do all such acts and things as the relevant Purchaser may reasonably require to enable due performance and enforcement of such Outstanding Transferring Contract to the extent relating to the Target Business and to provide to the relevant member of the Target Group the benefits, subject to the burdens, of such Outstanding Transferring Contract (or, in the case of a Shared Transferring Contract, to the extent relating to the Target Business), and the relevant Seller shall indemnify the relevant Purchaser (or the relevant member of the Purchasers' Group) on an after-Tax basis against any Losses and Tax incurred or suffered by the relevant member of the Purchasers' Group in relation to any such acts and things;
  - (D) the relevant Seller shall (or shall procure that the relevant member of the Retained Group shall) do all such acts and things as the relevant Purchaser may reasonably request to enable the relevant Purchaser to enforce its rights under such Outstanding Transferring Contract; and
  - (E) the relevant Seller shall (or shall procure that the relevant member of the Retained Group shall) not agree to any amendment or waiver of any provision of such Outstanding Transferring Contract without the prior written consent of the relevant Seller.
- 12.4 The relevant Seller shall indemnify the relevant Purchaser (or the relevant member of the Purchasers' Group) on an after-Tax basis against any Losses incurred or suffered by the relevant member of the Purchasers' Group in relation to any breach of any Outstanding Transferring Contract caused by the arrangements set out in clauses 12.3(B) and 12.3(C) and in clause 7.6 of the London Business Transfer Agreement.

### 13. **Wrong pockets**

- 13.1 If the legal title to, and/or the contractual right to use, any asset (except any Excluded Required Asset, Intellectual Property or Business Information or asset to be transferred in accordance with clause 12 (Transferring Contracts and Carve-out Memorandum)) which (i) is not required for, or used in, the Target Business as at the Completion Date, and (ii) is required for, or used in, any member of the Retained Group or the business of the

Retained Group as at the Completion Date (such asset, a "**Required Asset**") is held by any member of the Target Group after the Completion Date, the relevant Purchaser shall procure that the relevant member of the Target Group shall hold such Required Asset for the account of the relevant Seller (or, at the relevant Seller's option, another member of the Retained Group or another company) and shall, as soon as reasonably practicable, procure that, subject to any required Third Party Consents being obtained, the legal title to, and/or the right to use, such Required Asset is transferred to the relevant Seller (or, at the relevant Seller's option, another member of the Retained Group or another company) for consideration in cash equal to the fair market value of such Required Asset (but excluding amounts in respect of VAT) agreed between the relevant Seller and the relevant Purchaser, or failing such agreement as determined by such independent firm of chartered accountants of international repute as the relevant Seller and the relevant Purchaser may agree or failing such agreement within ten Business Days such independent firm of chartered accountants of international repute in London as the President of the Institute of Chartered Accountants in England and Wales may nominate on the application of either the relevant Seller or the relevant Purchaser (the "**Asset Transfer Price**") together with, against delivery of an appropriate VAT invoice, an amount equal to any VAT for which the relevant member of the Target Group (or any company which is a member of the same group for VAT purposes as the relevant member of the Target Group) is required to account in respect of such transfer and the relevant Seller shall, or shall procure that the nominated company shall, accept such transfer and pay such amounts. The relevant Seller agrees to bear the cost of all transfer taxes payable in connection with the transfer of the Required Asset. Upon payment of the Asset Transfer Price being made, the relevant Purchaser shall pay to the relevant Seller an amount equal to the Asset Transfer Price. In connection with any transfer pursuant to this clause 13.1 the relevant Purchaser shall procure that the relevant member of the Target Group shall:

- (A) execute all such documents as may be necessary for the purpose of transferring (free from any Encumbrances created after the Completion Date) the legal title to, and/or the right to use, such Required Asset to the relevant Seller (or, at the relevant Seller's option, another member of the Retained Group); and
- (B) do, or procure the doing of, all such further acts or things as the relevant Seller may reasonably request for the purpose of transferring the legal title to, and/or the right to use, such Required Asset to the relevant Seller (or, at the relevant Seller's option, another member of the Retained Group).

The relevant Seller shall indemnify the relevant Purchaser (or the relevant member of the Purchasers' Group) on an after-Tax basis against any Losses and Tax suffered or incurred by any member of the Target Group in connection with the transfer required pursuant to this clause 13.1.

- 13.2 If the legal title to, and/or the contractual right to use, any asset (except any Excluded Missing Asset, Intellectual Property, Business Information or asset to be transferred in accordance with clause 12 (Transferring Contracts and Carve-out Memorandum)) which (i) is required for, or used in, the Target Business as at the Completion Date, and (ii) is not required for, or used in, any member of the Retained Group or the business of the Retained Group as at the Completion Date (such asset, a "**Missing Asset**") is held by any member of the Retained Group after the Completion Date, the relevant Seller shall procure that the relevant member of the Retained Group shall hold such Missing Asset for the account of the relevant Purchaser (or, at the relevant Purchaser's option, a member of the Purchasers' Group) and shall, as soon as reasonably practicable, procure that, subject to any required Third Party Consents being obtained, the legal title to, and/or the right to use, such Missing Asset is transferred to the relevant Purchaser (or, at the relevant Purchaser's option, a

member of the Target Group) for consideration in cash equal to the amount to the Asset Transfer Price together with, against delivery of an appropriate VAT invoice, an amount equal to any VAT for which the relevant member of the Retained Group (or any company which is a member of the same group for VAT purposes as the relevant member of the Retained Group) is required to account in respect of such transfer and the relevant Purchaser shall, or shall procure that the nominated company shall, accept such transfer and pay such amounts. The relevant Seller agrees to bear the cost of all transfer taxes payable in connection with the transfer of the Missing Asset. Upon payment of the Asset Transfer Price being made, the relevant Seller shall pay to the relevant Purchaser an amount equal to the Asset Transfer Price. In connection with any transfer pursuant to this [clause 13.2](#) the relevant Seller shall procure that the relevant member of the Retained Group shall:

- (A) execute all such documents as may be necessary for the purpose of transferring (free from any Encumbrances created after the Completion Date) the legal title to, and/or the right to use, such Missing Asset to the relevant Purchaser (or, at the relevant Purchaser's option, a member of the Target Group); and
- (B) do, or procure the doing of, all such further acts or things as the relevant Purchaser may reasonably request for the purpose of transferring the legal title to, and/or the right to use, such Missing Asset to the relevant Purchaser (or, at the relevant Purchaser's option, a member of the Target Group).

The relevant Seller shall indemnify the relevant Purchaser (or the relevant member of the Purchasers' Group) on an after-Tax basis against any Losses and Tax suffered or incurred by any member of the Purchasers' Group in connection with the transfer required pursuant to this [clause 13.2](#).

- 13.3 If the legal title to, and/or the contractual right to use, any asset (except any (i) asset to which the Target Group is granted access under any Share Purchase Document or which is used for the provision of services by any member of the Retained Group under the Transitional Services Agreements or any other ancillary agreement between any member of the Target Group and the Retained Group, (ii) Intellectual Property, (iii) Business Information or (iv) asset to be transferred in accordance with [clause 12](#) (Transferring contracts and Carve-out Memorandum)) which (i) is required for, or used in, the Target Business as at the Completion Date, and (ii) is required for, or used in, any member of the Retained Group or the business of the Retained Group as at the Completion Date (such asset, a "**Shared Required Asset**") is held by any member of the Target Group or any member of the Retained Group after the Completion Date, the relevant Purchaser and the relevant Seller shall, as soon as reasonably practicable after notification of such Shared Required Asset by the relevant Purchaser to the relevant Seller or the relevant Seller to the relevant Purchaser (as applicable), negotiate in good faith the appropriate allocation of the ownership and/or use of that Shared Required Asset.
- 13.4 Where a Third Party Consent is required for the transfer of legal title to and/or the contractual right to use any Required Asset or Missing Asset pursuant to [clause 13.1](#) or [13.2](#), the party responsible for effecting such transfer shall use all reasonable endeavours, at the expense of the relevant Seller, to obtain any such Third Party Consent as soon as reasonably practicable following the date of this Agreement.
- 13.5 Each party shall promptly notify the other parties in writing upon it becoming aware of any Required Asset being in the possession, custody or control of any member of the Target Group or of any Missing Asset being in the possession, custody or control of any member of the Retained Group.

13.6 Clauses 13.1 to 13.5 (inclusive) shall apply only where the relevant notification pursuant to, and in accordance with clause 13.5 is given within six months after the Completion Date. Such clauses are without prejudice to the rights and remedies of the parties arising out of this Agreement, including without limitation, in respect of any breach of the Sellers' Warranties, the AMS04 SPV Warranties, and the Sellers' Guarantor's Warranties.

**14. Sale, purchase and assignment of the Frankfurt Payables**

14.1 The Frankfurt DivestCo Seller shall sell, or procure the sale of, the Frankfurt Payables on Completion for a purchase price equal to the aggregate amount of the Frankfurt Payables to the Frankfurt DivestCo Purchaser (the "**Frankfurt Payables Purchase Price**") and assign the Frankfurt Payables to the Frankfurt DivestCo Purchaser by executing, or procuring the execution by the relevant members of the Retained Group of, separate deeds of assignment substantially in the form set out in Schedule 13 (Frankfurt Payables Deed of Assignment) ("**Frankfurt Payables Deeds of Assignment**"). The Frankfurt DivestCo Seller shall notify the Frankfurt DivestCo Purchaser of the Frankfurt Payables Purchase Price no later than three Business Days prior to Completion. The Frankfurt DivestCo Purchaser acknowledges and accepts the sale of the Frankfurt Payables and undertakes to execute the Frankfurt Payables Deeds of Assignment on Completion and to procure the delivery to the Frankfurt DivestCo Seller as soon as practicable after Completion of the Frankfurt Payables Notice duly executed by Frankfurt DivestCo.

14.2 The Frankfurt DivestCo Purchaser shall procure that no member of the Purchasers' Group shall repay or otherwise settle, whether in whole or in part, any of the Frankfurt Payables for a period of one year following Completion.

**15. Sale, purchase and assignment of the Amsterdam DivestCo Payables**

15.1 The Amsterdam DivestCo Seller shall sell, or procure the sale of, the Amsterdam DivestCo Payables on Completion for a purchase price equal to the aggregate amount of the Amsterdam DivestCo Payables to the Amsterdam DivestCo Purchaser (the "**Amsterdam DivestCo Payables Purchase Price**") and transfer the Amsterdam DivestCo Payables to the Amsterdam DivestCo Purchaser by executing, or procuring the execution by the relevant members of the Retained Group of, separate deeds of transfer of contract (*contractsovername*) substantially in the form set out in Schedule 14 (Amsterdam DivestCo Payables Deed of Transfer of Contract) ("**Amsterdam DivestCo Payables Deeds of Transfer of Contract**"). The Amsterdam DivestCo Seller shall notify the Amsterdam DivestCo Purchaser of the Amsterdam DivestCo Payables Purchase Price and the agreements to be transferred to effectuate the transfer of the Amsterdam DivestCo Payables no later than three Business Days prior to Completion. The Amsterdam DivestCo Purchaser acknowledges and accepts the transfer of the Amsterdam DivestCo Payables and undertakes to execute the Amsterdam DivestCo Payables Deeds of Transfer of Contract on Completion. The Amsterdam DivestCo Payables Purchase Price shall be paid in full without set-off or counter-claim and free from any deduction or withholding whatsoever, except as required by law.

15.2 The Amsterdam DivestCo Seller shall procure that no Amsterdam DivestCo Payables are repaid in whole or in part prior to Completion.

**16. Intellectual Property and Business Information**

16.1 Without prejudice to paragraph 17 of Schedule 3 (Sellers' Warranties), if any Seller, the AMS04 SPV Seller or any member of the Retained Group owns after Completion any Intellectual Property (excluding trade marks) or rights in Business Information (other than Excluded Business Information) which relate exclusively to the business of any member of the Target Group, such Seller or the AMS04 SPV Seller (as the case may be) shall

- procure that such Intellectual Property and/or rights in Business Information are transferred to the relevant Purchaser or a company nominated by such Purchaser for nominal consideration as soon as reasonably practicable upon becoming aware of the ownership of such rights.
- 16.2 Without prejudice to paragraph 17 of Schedule 3 (Sellers' Warranties), if any member of the Target Group owns after Completion any Intellectual Property or rights in Business Information (other than customer contract records, client relationship management records and historic invoicing records which relate to the business of any member of the Target Group) which relate exclusively to the business of any member of the Retained Group, the relevant Purchaser shall procure that such Intellectual Property and/or rights in Business Information are transferred to the relevant Seller or a company nominated by such Seller for nominal consideration as soon as reasonably practicable upon becoming aware of the ownership of such rights.
- 16.3 Without prejudice to paragraph 17 of Schedule 3 (Sellers' Warranties) and subject to the terms of the Transitional Services Agreements, each Seller and the AMS04 SPV Seller hereby grant, and shall procure the grant by each relevant member of the Retained Group, (with effect from Completion) to the Purchasers a non-exclusive, perpetual, worldwide, assignable, royalty-free licence (with the right to sub-license to all members of the Purchasers' Group) of all Intellectual Property (excluding trade marks) and rights in Business Information owned by such Seller, the AMS04 SPV Seller or a member of the Retained Group at Completion which relates to the business of the Target Group.
- 16.4 Without prejudice to paragraph 17 of Schedule 3 (Sellers' Warranties) and subject to the terms of the Transitional Services Agreements, each Purchaser hereby grants, and shall procure the grant by each relevant member of the Purchasers' Group, (with effect from Completion) to the Sellers and the AMS04 SPV Seller a non-exclusive, perpetual, worldwide, assignable, royalty-free licence (with the right to sub-license to all members of the Retained Group) of all Intellectual Property (excluding trade marks) and rights in Business Information owned by such Purchaser at Completion or a member of the Purchasers' Group which is necessary for the operation and/or viability of the business of the Retained Group.
- 16.5 Subject to clause 17.4 (Restrictions on the Sellers', the AMS04 SPV Seller's and the Purchasers' business activities and additional post-Completion undertakings), each Seller and the AMS04 SPV Seller hereby grants, and shall procure the grant by each relevant member of the Retained Group, (with effect from Completion) to the Purchasers a non-exclusive, worldwide, royalty-free licence (with the right to sub-license to all members of the Purchasers' Group) to use all Intellectual Property in the Business Names owned by such Seller, the AMS04 SPV Seller or a member of the Retained Group solely for the purposes for which such Intellectual Property in the Business Names was used by such Seller, the AMS04 SPV Seller or member of the Retained Group in relation to the activities of the Target Group during the six month period immediately preceding Completion. The licence granted pursuant to this clause 16.5 (and any sub-licences) shall terminate on the date that falls five months after Completion (the " **Run-Off Licence Termination Date**").
- 16.6 The Purchasers shall procure, with effect from the Run-Off Licence Termination Date, that the Target Group and AMS04 SPV shall cease to use the Business Name in any signage, advertising, promotional and sales materials, product literature, software, stationery, business cards, websites and any other materials.
- 16.7 Save for any licences granted pursuant to the Transitional Services Agreements and the licences granted pursuant to this clause 16 the Sellers and the AMS04 SPV Seller shall procure that all licences of any Intellectual Property or rights in Business Information owned by any member of the Target Group (or to be owned by the Purchasers or their nominee

pursuant to clause 16.1) granted to any member of the Retained Group terminate at Completion.

- 16.8 Save for any licences granted pursuant to the Transitional Services Agreements and the licences granted pursuant to this clause 16 the Purchasers shall procure that all licences of any Intellectual Property or rights in Business Information owned by any member of the Retained Group (or to be owned by any Seller, the AMS04 SPV Seller or any of their nominees pursuant to clause 16.2) granted to any member of the Target Group terminate at Completion.
- 16.9 Subject to clause 16.5 and clause 17.4 and without prejudice to the trade mark rights of the Retained Group, the Purchasers shall procure that for:
- (A) a minimum period of five years following Completion; and
  - (B) thereafter for so long as any member of the Retained Group continues to retain an interest in any Business Name,
- no member of the Purchasers' Group (including the Target Group and AMS04 SPV) shall use any Business Name or any confusingly similar name or mark in any business which competes with the business of any member of the Retained Group.
- 17. Restrictions on the Sellers', the AMS04 SPV Seller's and the Purchasers' business activities and additional post-Completion undertakings**
- 17.1 Each Seller and the AMS04 SPV Seller undertakes that it will not (and will procure that no other member of the Retained Group will), neither pending nor within twelve months after Completion, solicit or entice away any person who is a Senior Employee (or any other person who is a Key Employee) except for those who (i) answer a general advertisement, or (ii) those who are approached when they are no longer employed by, or have resigned from their employment with, a member of the Target Group, in each case, without any coercion, solicitation or enticement from such Seller, the AMS04 SPV Seller or any other member of the Retained Group.
- 17.2 Each Purchaser undertakes that it will not (and will procure that no other member of the Purchasers' Group will), neither pending nor within twelve months after Completion, solicit or entice away any Senior Retained Group Employee of the Retained Group except for those who (i) answer a general advertisement, or (ii) those who are approached when they are no longer employed by, or have resigned from their employment with, a member of the Retained Group, in each case, without any coercion, solicitation or enticement from such Purchaser or any other member of the Purchasers' Group.
- 17.3 The parties acknowledge and agree that, for a period of ten years after Completion, no member of the Retained Group shall acquire, whether directly or indirectly, the possibility of exercising influence over the whole or part of the Target Group unless, following the submission of a reasonable request from the Sellers' Guarantor showing good cause and accompanied by a report from the Monitoring Trustee, the Commission has given its prior written consent.
- 17.4 The Purchasers shall procure that London DivestCo, Amsterdam DivestCo and Frankfurt DivestCo whose corporate name contains the word Telecity, as soon as reasonably practicable following Completion and in any event by the date falling thirty days after Completion, pass all required resolutions to change their corporate names to a name which does not include the name Equinix or Telecity or any confusingly similar name and shall procure the prompt registration of the new name with the appropriate court or registry. Upon receipt of confirmation from the appropriate court or registry that such name change

has been effected, the Purchasers shall provide the Sellers with written proof that such name change has been effected.

17.5 The Amsterdam DivestCo Purchaser shall procure that AMS04 SPV, whose corporate name contains the word Equinix, as soon as reasonably practicable following Completion and in any event by the date falling thirty days after Completion, passes all required resolutions to change its corporate name to a name which does not include the name Equinix or Telecty or any confusingly similar name and shall procure the prompt registration of the new name with the appropriate court or registry. Upon receipt of confirmation from the appropriate court or registry that such name change has been effected, the Amsterdam DivestCo Purchaser shall provide the AMS04 SPV Seller with written proof that such name change has been effected.

17.6 Other than in respect of Schedule 1 of the London Business Transfer Agreement:

- (A) the Sellers and the AMS04 SPV Seller shall procure that no member of the Retained Group shall bring any claim against any member of the Purchasers' Group or the Target Group; and
- (B) the Purchasers shall procure that no member of the Purchasers' Group shall bring any claim against any member of the Retained Group,

in each case under the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement arising out of any fact, matter, event or circumstances where any Seller, the AMS04 SPV Seller or any member of the Purchasers' Group has the right to bring a claim arising out of such fact, matter event or circumstances under this Agreement.

## 18. Customer Contracts

18.1 Notwithstanding any other provision of this Agreement, if following Completion:

- (A) a Material Customer Contract is lawfully terminated by a customer of the London Divestment Business solely on the basis of a breach of that Material Customer Contract as a result of the London Reorganisation;
- (B) at that time such customer has no right to terminate for convenience that would allow it to terminate that Material Customer Contract within 6 months of the termination referred to in clause 18.1(A); and
- (C) such customer does not enter into a new contract with London DivestCo in replacement of that Material Customer Contract within one month from the termination and generating revenue equal to or more than the revenue from the previous contract,

the London DivestCo Seller shall, subject to clauses 18.2 and 18.3, pay to the London DivestCo Purchaser an amount equal to the revenue (excluding costs of power) that would have been payable to London DivestCo under that Material Customer Contract (pursuant to the work orders in force at the time of such termination) from that termination until the earliest time that the customer could otherwise have terminated that Material Customer Contract for convenience under the terms set out therein (a "**Compensation Payment**").

18.2 For the avoidance of doubt, no Compensation Payment shall be due under clause 18.1 unless and until the requirements of paragraph 2.1(B)(ii) of Schedule 7 (Limitations on the Sellers' and AMS04 SPV Seller's liability) are satisfied.

18.3 In the event that the London DivestCo Seller becomes aware of any customer alleging that such customer has a termination right under a Material Customer Contract which may

result in the London DivestCo Purchaser bringing a claim under this clause, the London DivestCo Purchaser shall (i) promptly notify the London DivestCo Seller; (ii) provide drafts of any material correspondence to be sent by London DivestCo to the relevant customer in respect of the foregoing; and (iii) consult with, and take into account the views of, the London DivestCo Seller (but for the avoidance of doubt, the London DivestCo Purchaser shall not be bound by such views).

- 18.4 For the avoidance of doubt, nothing in this clause 18 shall require any member of the Purchasers' Group to bring proceedings against any customer in respect of any Material Customer Contract.

## 19. **Bonnington House**

- 19.1 The London DivestCo Seller shall procure that as soon as reasonably practicable following the date of this Agreement and in any event prior to Completion, the LON1 Agreement for Lease and the LON1 Lease are duly executed, delivered and completed by the parties thereto, in each case in the form set out in Attachment 3 (LON 1 Documents), and simultaneously with the completion of such documents, the LON1 Legal Opinions are issued by the relevant law firms. For the avoidance of doubt, no amendment, variation or supplement shall be made to the agreed forms of the LON1 Agreement for Lease or the LON1 Lease set out in Attachment 3 (LON 1 Documents) prior to their execution, or to any approved form of the LON1 Legal Opinions, without the prior written consent of the London DivestCo Purchaser (which may be withheld at the sole and absolute discretion of the London DivestCo Purchaser).

- 19.2 Notwithstanding any other provision of this Agreement, if the LON1 Agreement for Lease and the LON1 Lease have not been duly executed and completed by the parties thereto prior to Completion and the LON1 Legal Opinions have not been simultaneously issued:

- (A) the London DivestCo Consideration and the London DivestCo Completion Payment shall be reduced by £30,000,000 (the "**Bonnington House Consideration Amount**") and the London DivestCo Purchaser shall not be entitled to any other remedy arising from the breach of London DivestCo's obligation under clause 19.1; and
- (B) following Completion, the London DivestCo Seller shall continue to use its best endeavours to procure that the LON1 Agreement for Lease and the LON1 Lease are duly executed by the parties thereto.

- 19.3 If, after Completion but prior to 31 December 2016, the LON1 Agreement for Lease and the LON1 Lease are duly executed by the parties thereto, the London DivestCo Purchaser shall, within 5 Business Days on the date on which such agreements are executed, pay to the London DivestCo Seller an amount equal to the Bonnington House Consideration Amount.

- 19.4 If the LON1 Agreement for Lease and the LON1 Lease have not been duly executed by the parties thereto prior to 31 December 2016, then the obligation in clause 19.2(B) shall cease to apply, the London DivestCo Purchaser shall have no obligation to pay the Bonnington House Consideration Amount to the London DivestCo Seller and the London DivestCo Seller shall have no liability in respect of Bonnington House / Archway House to the London DivestCo Purchaser under this clause 19.

## 20. **Residual liabilities from statutory demergers**

- 20.1 As from Completion, the Frankfurt DivestCo Seller agrees to perform its obligations under sections 2.12.4 and 5.1 of the Frankfurt Demerger Agreement.

- 20.2 As from Completion, the Frankfurt DivestCo Purchaser shall procure that Frankfurt DivestCo performs its obligations under sections 1.4.3, 2.10.1, 2.12.4, 2.13.13, 5.2, 5.3 and 10.1.3 of the Frankfurt Demerger Agreement.
- 20.3 As from Completion, the Amsterdam DivestCo Seller shall indemnify and hold harmless, on an after-Tax basis, the Amsterdam DivestCo Purchaser and Amsterdam DivestCo from and against any and all Losses, relating to Amsterdam RetainCo (pursuant to and in accordance with article 2:334t DCC) incurred or suffered by Amsterdam DivestCo.
- 20.4 The indemnification given under clause 20.3 is limited to:
- (A) any and all indivisible obligations (*ondeelbare verbintenissen*) that Amsterdam RetainCo had at the time of completion of the Amsterdam Statutory Demerger and that were retained or intended to be retained with Amsterdam RetainCo in accordance with the Amsterdam Statutory Demerger; and
  - (B) in the case of any and all divisible obligations (*deelbare verbintenissen*) which were retained or intended to be retained with Amsterdam RetainCo in accordance with the Amsterdam Statutory Demerger, the value of the assets and liabilities which were transferred to Amsterdam DivestCo.
- 20.5 As from Completion, the Amsterdam DivestCo Purchaser undertakes to pay to the Amsterdam DivestCo Seller, on an after-Tax basis, such amount as is required to hold and keep the Amsterdam DivestCo Seller and Amsterdam RetainCo indemnified on an after-Tax basis from and against any and all Losses relating to Amsterdam DivestCo (pursuant to and in accordance with article 2:334t DCC) incurred or suffered by Amsterdam RetainCo (or any of its legal successors) or the Amsterdam DivestCo Seller.
- 20.6 The payment given under clause 20.5 is limited to:
- (A) any and all indivisible obligations (*ondeelbare verbintenissen*) that the Amsterdam RetainCo had at the time of completion of the Amsterdam Statutory Demerger and that were transferred or intended to be transferred to Amsterdam DivestCo in accordance with the Amsterdam Statutory Demerger; and
  - (B) in the case of any and all divisible obligations (*deelbare verbintenissen*) which were transferred or intended to be transferred to Amsterdam DivestCo in accordance with the Amsterdam Statutory Demerger, the value of the assets and liabilities which were retained with Amsterdam RetainCo.
- 20.7 Each of the parties shall take all commercially reasonable efforts to procure that any obligation for which the other party is liable pursuant to article 2:334t DCC is duly fulfilled.

## **21. Employment matters**

- 21.1 Upon being notified of any amounts to which an Amsterdam Relevant Employee is entitled under their Retention Plan, the Amsterdam DivestCo Seller undertakes to pay to the Amsterdam DivestCo Purchaser, within fourteen days of such notification by the Amsterdam DivestCo Purchaser, an amount equal to the amount due under the Retention Plan (inclusive of all payroll Taxes, social security contributions or other associated costs), and the Amsterdam DivestCo Purchaser shall then, at the next payroll date after the entitlements under the Retention Plan have become due, pay to that Amsterdam Relevant Employee the amounts notified to the Amsterdam DivestCo Seller as being attributable to them.
- 21.2 Upon being notified of any amounts to which a Frankfurt Relevant Employee is entitled under their Retention Plan, the Frankfurt DivestCo Seller undertakes to pay to the Frankfurt DivestCo Purchaser, within fourteen days of such notification by the Frankfurt DivestCo

Purchaser, an amount equal to the amount due under the Retention Plan (inclusive of all payroll Taxes, social security contributions or other associated costs), and the Frankfurt DivestCo Purchaser shall then, at the next payroll date after the entitlements under the Retention Plan have become due, pay to that Frankfurt Relevant Employee the amounts notified to the Frankfurt DivestCo Seller as being attributable to them.

- 21.3 Upon being notified of any amounts to which a London Relevant Employee is entitled under their Retention Plan, the London DivestCo Seller undertakes to pay to the London DivestCo Purchaser, within fourteen days of such notification by the London DivestCo Purchaser, an amount equal to the amount due under the Retention Plan (inclusive of all payroll Taxes, social security contributions or other associated costs), and the London DivestCo Purchaser shall then, at the next payroll date after the entitlements under the Retention Plan have become due, pay to that London Relevant Employee the amounts notified to the London DivestCo Seller as being attributable to them.
- 21.4 Subject to clause 21.1, to the extent that an Amsterdam Additional Overlay Employee remains employed by Amsterdam DivestCo on or after the Completion Date, the Amsterdam DivestCo Seller undertakes to pay to the Amsterdam DivestCo Purchaser (for itself and on behalf of Amsterdam DivestCo) such amount as is required to hold and keep the Amsterdam DivestCo Purchaser (for itself and on behalf of Amsterdam DivestCo) indemnified on an after-Tax basis against any costs or liabilities arising out of or in accordance with the employment of such Amsterdam Additional Overlay Employee following the Completion Date and any transitional payments (*transitievergoeding*) due in respect of the termination of employment of such Amsterdam Additional Overlay Employee, provided that (i) notice of dismissal (if not already served prior to the Completion Date) is validly served upon the Amsterdam Additional Overlay Employee, or that (ii) a request to the court to dissolve the employment agreement of an Amsterdam Additional Overlay Employee is filed, or that (iii) a termination agreement in accordance with article 7:670b DCC has been received by the Additional Overlay Employee, on a date falling on or before one month following the Completion Date and that the Amsterdam DivestCo Purchaser uses reasonable endeavours to minimise the costs and liabilities arising from such termination of employment, save that this indemnity shall not extend to any costs, expenses, damages, compensation, fines or other liabilities arising out of or in connection with any allegations against Amsterdam DivestCo for unlawful discrimination and/or any allegations in connection with Amsterdam DivestCo's manner of dismissal (including any claims for fair payments (*billijke vergoeding*) on the basis of book 7 title 10 of the DCC), in each case resulting from the acts or omissions of Amsterdam DivestCo on or after the Completion Date.
- 21.5 Subject to clause 21.2, to the extent that a Frankfurt Additional Overlay Employee remains employed by Frankfurt DivestCo on or after the Completion Date, the Frankfurt DivestCo Seller undertakes to pay to the Frankfurt DivestCo Purchaser (for itself and on behalf of Frankfurt DivestCo) such amount as is required to hold and keep the Frankfurt DivestCo Purchaser (for itself and on behalf of Frankfurt DivestCo), in case of termination of employment of any Frankfurt Additional Overlay Employee, indemnified on an after-Tax basis in respect of the respective Frankfurt Additional Overlay Employee's salary (including social dues and other employment costs) and benefits payable up to and during the notice period plus a severance up to the amount calculated in accordance with section 6.2 of the Compromise of Interests (*Interessenausgleich*) dated 17 February 2016, and in respect of any costs for legal representation and legal fees in connection with the termination of employment of such Additional Overlay Employee, provided that notice of dismissal (if not already served prior to the Completion Date) is served upon the relevant Frankfurt Additional Overlay Employee on a date falling on or before one month following the Completion Date and that the Frankfurt DivestCo Purchaser uses reasonable endeavours to minimise the costs and liabilities arising from such termination of employment. In case

the Frankfurt DivestCo Purchaser is unable to terminate the employment of any Additional Overlay Employee due to section 6.2 of the Compromise of Interests, the Frankfurt DivestCo Seller undertakes to pay to the Frankfurt DivestCo Purchaser (for itself and on behalf of Frankfurt DivestCo) such amount as is required to hold and keep the Frankfurt DivestCo Purchaser (and the respective employer of the employee concerned) indemnified in respect of the respective Additional Overlay Employee's salary (including social dues and other employment costs) and benefits payable during the continued employment of the respective Additional Overlay Employee for a period until and including the date on which the inability or prohibition to terminate the employment ends plus a severance up to the amount calculated in accordance with section 6.2 of the Compromise of Interests (*Interessenausgleich*) dated 17 February 2016, and in respect of any costs for legal representation and legal fees in connection with the termination of employment of such Additional Overlay Employee, plus the respective Additional Overlay Employee's salary and benefits payable during the notice period.

- 21.6 Subject to clause 21.3, to the extent that a London Additional Overlay Employee remains employed by London DivestCo on or after the Completion Date, the London DivestCo Seller undertakes to pay to the London DivestCo Purchaser (for itself and on behalf of London DivestCo) such amount as is required to hold and keep the London DivestCo Purchaser (for itself and on behalf of London DivestCo) indemnified on an after-Tax basis against any costs or liabilities arising out of or in accordance with the employment of such London Additional Overlay Employee following the Completion Date and the termination of employment of any London Additional Overlay Employee, provided that notice of dismissal (if not already served prior to the Completion Date) is validly served upon the London Additional Overlay Employee on a date falling on or before one month following the Completion Date and that the London DivestCo Purchaser uses reasonable endeavours to minimise the costs and liabilities arising from such termination of employment, save that this indemnity shall not extend to any costs, expenses, damages, compensation, fines or other liabilities arising out of or in connection with any allegations against London DivestCo for unlawful discrimination resulting from the acts or omissions of London DivestCo on or after the Completion Date.
- 21.7 Subject to clause 21.8, the Amsterdam DivestCo Purchaser shall procure that Amsterdam DivestCo shall agree that for a period of two years following the Completion Date, the Amsterdam Relevant Employees will:
- (A) continue to receive basic salary and contractual benefits including pension benefits which are no less favourable than the salary and contractual benefits of the Amsterdam Relevant Employees as at the Completion Date;
  - (B) not suffer any change to their terms and conditions of employment (whether contractual or otherwise) and including, without limitation, any related to length of service, which could reasonably be regarded as detrimental to any of the Amsterdam Relevant Employees.
- 21.8 Clause 21.7 shall not apply where changes are agreed with the Amsterdam Relevant Employees individually or collectively, or from the date of termination of employment of a Amsterdam Relevant Employee whose employment terminates for any reason.
- 21.9 If the employment of any Amsterdam Relevant Employee is terminated by reason of redundancy within two years following the Completion Date, the Amsterdam DivestCo Purchaser shall procure that Amsterdam DivestCo shall apply in respect of such Amsterdam Relevant Employee such redundancy payments (whether contractual or otherwise and giving due credit for any additional service or earnings of the Amsterdam Relevant Employee following the Completion Date) as are no less favourable than those applicable in respect of the particular Amsterdam Relevant Employee at the date of this

Agreement provided that details of such policies and benefits are set out in the Disclosure Letter.

- 21.10 The Amsterdam DivestCo Purchaser's agreement to the provisions of clauses 21.7 to 21.9 inclusive is given by the Amsterdam DivestCo Purchaser on the express understanding that, notwithstanding any lack of direct enforceability by any Amsterdam Relevant Employee, if the Amsterdam DivestCo Purchaser is in breach of any such provisions, the Amsterdam DivestCo Seller (for itself and as agent for each Amsterdam Relevant Employee) may enforce such provisions on the Amsterdam Relevant Employee's behalf.
- 21.11 Subject to clause 21.12, the Frankfurt DivestCo Purchaser shall procure that Frankfurt DivestCo shall agree that for a period of two years following the Completion Date, the Frankfurt Relevant Employees will:
- (A) continue to receive basic salary and contractual benefits including pension benefits which are no less favourable than the salary and contractual benefits of the Frankfurt Relevant Employees as at the Completion Date; and
  - (B) not suffer any change to their terms and conditions of employment (whether contractual or otherwise) and including, without limitation, any related to length of service, which could reasonably be regarded as detrimental to any of the Frankfurt Relevant Employees.
- 21.12 Clause 21.10 shall not apply where changes are agreed with the Frankfurt Relevant Employees individually or collectively or from the date of termination of employment of a Frankfurt Relevant Employee whose employment terminates for any reason.
- 21.13 If the employment of any Frankfurt Relevant Employee is terminated by reason of redundancy on or prior to 30 June 2018, the Frankfurt DivestCo Purchaser shall procure that Frankfurt DivestCo shall, in respect of such Frankfurt Relevant Employee, comply with the stipulations of the Compromise of Interests (*Interessenausgleich*) dated 17 February 2016.
- 21.14 The Frankfurt DivestCo Purchaser's agreement to the provisions of clauses 21.10 to 21.13 inclusive is given by the Frankfurt DivestCo Purchaser on the express understanding that, notwithstanding any lack of direct enforceability by any Frankfurt Relevant Employee, if the Frankfurt DivestCo Purchaser is in breach of any such provisions, the Frankfurt DivestCo Seller (for itself and as agent for each Frankfurt Relevant Employee) may enforce such provisions on the Frankfurt Relevant Employee's behalf.
- 21.15 Subject to clause 21.16 the London DivestCo Purchaser shall procure that London DivestCo shall agree that for a period of two years following the Completion Date, the London Relevant Employees will:
- (A) continue to receive basic salary and contractual benefits including pension benefits which are no less favourable than the salary and contractual benefits of the London Relevant Employees as at the Completion Date; and
  - (B) not suffer any change to their terms and conditions of employment (whether contractual or otherwise) and including, without limitation, any related to length of service, which could reasonably be regarded as detrimental to any of the London Relevant Employees;
- 21.16 Clause 21.15 shall not apply where changes are agreed with the London Relevant Employees individually or collectively or from the date of termination of employment of a London Relevant Employee whose employment terminates for any reason.

- 21.17 If the employment of any London Relevant Employee is terminated by reason of redundancy within two years following the Completion Date, the London DivestCo Purchaser shall procure that London DivestCo shall apply in respect of such London Relevant Employee such redundancy payments (whether contractual or otherwise and giving due credit for any additional service or earnings of the London Relevant Employee following the Completion Date) as are no less favourable than those applicable in respect of the particular London Relevant Employee at the date of this Agreement provided that details of such policies and benefits are set out in the Disclosure Letter.
- 21.18 The London DivestCo Purchaser's agreement to the provisions of clauses 21.15 to 21.17 inclusive is given by the London DivestCo Purchaser on the express understanding that, notwithstanding any lack of direct enforceability by any London Relevant Employee, if the London DivestCo Purchaser is in breach of any such provisions, the London DivestCo Seller (for itself and as agent for each London Relevant Employee) may enforce such provisions on the London Relevant Employee's behalf.
- 21.19 As from Completion, the Amsterdam DivestCo Purchaser shall procure that, for a period of not less than two years after the Completion Date, the directors of Amsterdam DivestCo will be covered by directors' and officers' liability insurance cover in respect of that individual's position as a director of Amsterdam DivestCo, subject to the terms of the applicable scheme as in force from time to time.
- 21.20 As from Completion, the Frankfurt DivestCo Purchaser shall procure that, for a period of not less than two years after the Completion Date, the directors of Frankfurt DivestCo will be covered by directors' and officers' liability insurance cover in respect of that individual's position as a director of Frankfurt DivestCo, subject to the terms of the applicable scheme as in force from time to time.
- 21.21 As from Completion, the London DivestCo Purchaser shall procure that, for a period of not less than two years after the Completion Date, the directors of London DivestCo will be covered by directors' and officers' liability insurance cover in respect of that individual's position as a director of London DivestCo, subject to the terms of the applicable scheme as in force from time to time.
- 21.22 Save as permitted by clause 4 (Conduct of business before Completion), the Amsterdam DivestCo Seller undertakes that it will not, and will procure that Amsterdam DivestCo will not, during the time period between the date of this Agreement and the Completion Date make any offer of employment to any person who would become an Amsterdam Relevant Employee if they accepted such offer, without the prior written consent of the Amsterdam DivestCo Purchaser. For the avoidance of doubt, this clause shall not operate to restrict or prevent the offer of employment to any individual in the ordinary course of business between the date of this Agreement and the Completion Date who would become a Replacement Relevant Employee if they accepted such an offer.
- 21.23 Save as permitted by clause 4, the Frankfurt DivestCo Seller undertakes that it will not, and will procure that Frankfurt DivestCo will not, during the time period between the date of this Agreement and the Completion Date make any offer of employment to any person who would become a Frankfurt Relevant Employee if they accepted such offer, without the prior written consent of the Frankfurt DivestCo Purchaser. For the avoidance of doubt, this clause shall not operate to restrict or prevent the offer of employment to any individual in the ordinary course of business between the date of this Agreement and the Completion Date who would become a Replacement Relevant Employee if they accepted such an offer.
- 21.24 Save as permitted by clause 4, the London DivestCo Seller undertakes that it will not, and will procure that London DivestCo will not, during the time period between the date of this

Agreement and the Completion Date make any offer of employment to any person who would become a London Relevant Employee if they accepted such offer, without the prior written consent of the London DivestCo Purchaser. For the avoidance of doubt, this clause shall not operate to restrict or prevent the offer of employment to any individual in the ordinary course of business between the date of this Agreement and the Completion Date who would become a Replacement Relevant Employee if they accepted such an offer.

## **22. Access**

- 22.1 The Purchasers shall make available to each Seller and the AMS04 SPV Seller any Books and Records of any of London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV (or, if practicable, the relevant parts of those Books and Records) relating to the period prior to Completion which are required by such Seller, the AMS04 SPV Seller or any other member of the Retained Group for the purpose of dealing with its or any other member of the Retained Group's Tax, regulatory and accounting affairs and, accordingly, the Purchasers shall, upon being given reasonable notice by any Seller or the AMS04 SPV Seller and subject to such Seller or the AMS04 SPV Seller (as the case may be) giving such undertaking as to confidentiality as the Purchasers shall reasonably require, procure that such Books and Records are made available to such Seller or the AMS04 SPV Seller (as the case may be) for inspection (during Working Hours) and copying (at the relevant Seller's or the AMS04 SPV Seller's (as the case may be) expense) for and only to the extent necessary for such purpose and for a period of seven years from Completion.
- 22.2 Subject to clause 22.1, the Sellers and the AMS04 SPV Seller shall make available to each Purchaser any Books and Records of the Retained Group (or, if practicable, the relevant parts of those Books and Records) which are required by such Purchaser or any other member of the Purchasers' Group for the purpose of dealing with its or any member of the Target Group's or AMS04 SPV's Tax, regulatory and accounting affairs and, accordingly, the Sellers and the AMS04 SPV Seller shall, upon being given reasonable notice by the Purchasers and subject to the Purchasers giving such undertaking as to confidentiality as the Sellers or the AMS04 SPV Seller (as the case may be) shall reasonably require, procure that such Books and Records are made available to the Purchasers for inspection (during Working Hours) and copying (at the relevant Purchaser's expense) for and only to the extent necessary for such purpose and for a period of seven years from Completion.
- 22.3 Without limiting clause 22.2, the Sellers and the AMS04 SPV Seller shall make available to the Purchasers any Books and Records of the Retained Group (or, if practicable, the relevant parts of those Books and Records) that contain Excluded Business Information and accordingly, the Sellers and the AMS04 SPV Seller shall, upon being given reasonable notice by the Purchasers and subject to the Purchasers giving such undertakings as to confidentiality as the Sellers or the AMS04 SPV Seller (as the case may be) shall reasonably require, procure that such Books and Records are made available to the Purchasers for inspection (during Working Hours) and copying (at the relevant Seller's or the AMS04 SPV Seller's (as the case may be) expense) for a period of seven years from Completion.

## **23. Permitted Transfer**

- 23.1 The Amsterdam DivestCo Seller may transfer the Amsterdam DivestCo Shares to Virtu Secure Webservices B.V. (the "**Permitted Transferee**") provided that the Permitted Transferee shall first have entered into a Deed of Adherence in the form set out in Schedule 16 (Form of Deed of Adherence) (a "**Permitted Transfer**").
- 23.2 Upon completion of a Permitted Transfer, save in respect of the definition of "Amsterdam RetainCo", all references to the "Amsterdam DivestCo Seller" and "TelectyGroup Netherlands B.V." herein, and in any document in the agreed form (including the Tax

Covenant), shall be deemed replaced with the name of (and, where applicable, the corporate details of) the Permitted Transferee.

23.3 For the avoidance of doubt, upon completion of a Permitted Transfer, the obligations of TeleticityGroup Netherlands B.V. under this Agreement and its liability in respect thereof shall cease except for the provisions of clauses 31 (Announcements) and 32 (Confidentiality).

**24. Transfer of AMS04 SPV Shares**

24.1 The Amsterdam DivestCo Seller shall procure that the AMS04 SPV Seller transfers the legal and beneficial title to the AMS04 SPV Shares to Amsterdam DivestCo immediately prior to Completion, free from all Encumbrances and together with all rights attached or accruing to the AMS04 SPV Shares (the "**AMS04 SPV Transfer**") in consideration for the payment by Amsterdam DivestCo to AMS04 SPV Seller of EUR 1, the foregoing to be effected by the signing by the AMS04 SPV Seller, Amsterdam DivestCo, AMS04 SPV and the Dutch Notary of to the deed of transfer substantially in the form at Schedule 12 (Form of AMS04 SPV Deed of Transfer).

24.2 Notwithstanding clause 24.1, the provisions of Schedule 8 (Completion Accounts) shall apply without amendment as if the AMS04 SPV Transfer had not occurred.

24.3 At Completion, the Amsterdam DivestCo Seller shall sell, or procure the sale of, the AMS04 SPV Payables for a purchase price equal to the aggregate amount of the AMS04 SPV Payables (which, for the avoidance of doubt, are equal to the value of the AMS04 Site) to the Amsterdam DivestCo Purchaser (the "**AMS04 SPV Payables Purchase Price**") and assign the AMS04 SPV Payables to the Amsterdam DivestCo Purchaser by executing, or procuring the execution by the relevant members of the Retained Group of, separate deeds of transfer of contract (*contractsovername*) substantially in the form set out in Schedule 15 (AMS04 SPV Payables Deed of Transfer of Contract) in ("**AMS04 SPV Payables Deeds of Transfer of Contract**"). The Amsterdam DivestCo Seller shall notify the Amsterdam DivestCo Purchaser of the AMS04 SPV Payables Purchase Price and the agreements to be transferred to effectuate the transfer of the AMS04 SPV Payables no later than three Business Days prior to Completion. The Amsterdam DivestCo Purchaser acknowledges and accepts the transfer of the AMS04 SPV Payables and undertakes to execute the AMS04 SPV Payables Deeds of Transfer of Contract on Completion. The AMS04 SPV Payables Purchase Price shall be paid in full without set-off or counter-claim and free from any deduction or withholding whatsoever, except as required by law.

**25. Effect of Completion**

Any provision of this Agreement and any other documents referred to in it which is capable of being performed after but which has not been performed at or before Completion and all Sellers' Warranties, AMS04 SPV Warranties, Purchasers' Warranties, Sellers' Guarantor Warranties and Purchasers' Guarantor Warranties and covenants and other undertakings contained in or entered into pursuant to this Agreement shall remain in full force and effect notwithstanding Completion.

**26. Remedies and waivers**

26.1 Except as provided in Schedule 7 (Limitations on the Sellers' and AMS04 SPV Seller's liability), no delay or omission by any party to this Agreement in exercising any right, power or remedy provided by law or under this Agreement or any other documents referred to in it shall:

(A) affect that right, power or remedy; or

(B) operate as a waiver of it.

26.2 Except as provided in Schedule 7 (Limitations on the Sellers' and AMS04 SPV Seller's liability), the single or partial exercise of any right, power or remedy provided by law or under this Agreement shall not, unless otherwise expressly stated, preclude any other or further exercise of it or the exercise of any other right, power or remedy provided by law or under this Agreement.

26.3 Without prejudice to any other rights or remedies that the parties may have, the parties acknowledge and agree that damages would not be an adequate remedy for any breach of clause 17 (Restrictions on the Sellers', the AMS04 SPV Seller's and the Purchasers' business activities and additional post-Completion undertakings) and/or clause 32 (Confidentiality) and that the remedies of injunction, specific performance and other equitable remedies are appropriate for any threatened or actual breach of such clauses.

## **27. Assignment**

27.1 Except as expressly set out in this Agreement (including clause 27.2) or the other Share Purchase Documents, no party shall assign, or purport to assign, all or any part of the benefit of, or its rights or benefits under, this Agreement or the other Share Purchase Documents (together with any causes of action arising in connection with any of them) without the prior written consent of the other parties.

27.2 From Completion, any Purchaser may assign all or any of its rights and benefits under this Agreement or any other Share Purchase Document (including any claim of action arising in connection with any of them) to any member of the Purchasers' Group provided that if such assignee subsequently ceases to be a member of the Purchasers' Group, such Purchaser shall procure that prior to its ceasing to be so such assignee reassigns to such Purchaser or (upon giving written notice to the Sellers and the AMS04 SPV Seller) to another member of the Purchasers' Group such rights and benefits under this Agreement or the other Share Purchase Documents as have been assigned to it.

27.3 If an assignment is made in accordance with clause 27.2, the liabilities of the members of the Retained Group under the Share Purchase Documents shall be no greater than such liabilities would have been if the assignment had not occurred.

27.4 Except as expressly set out in this Agreement or the other Share Purchase Documents, no party shall make a declaration of trust in respect of or enter into any arrangement whereby it agrees to hold in trust for any other person all or any part of the benefit of, or its rights or benefits under, this Agreement or the other Share Purchase Documents.

27.5 Except as expressly set out in this Agreement or the other Share Purchase Documents, no party shall sub-contract or enter into any arrangement whereby another person is to perform any or all of its obligations under this Agreement or the other Share Purchase Documents.

## **28. Further assurance**

Insofar as it is able to do so after Completion, each of the parties shall, on being required to do so by any of the other parties, do or procure the doing of all acts and/or execute or procure the execution of all documents as such party may reasonably consider necessary to implement and give effect to this Agreement and to secure to each of the parties the full benefit of the rights, powers and remedies conferred upon them under this Agreement.

## **29. Entire agreement**

- 29.1 The Share Purchase Documents constitute the whole and only agreement between the parties relating to the sale and purchase of the Shares.
- 29.2 In the event of conflict between the provisions of this Agreement and the provisions of the London Business Transfer Agreement, the Amsterdam Deed of Demerger or the Frankfurt Demerger Agreement, the provisions of this Agreement shall take precedence.
- 29.3 Except in the case of fraud, each party acknowledges that, in entering into the Share Purchase Documents, it is not relying upon any pre contractual statement which is not repeated in any Share Purchase Document.
- 29.4 Except in the case of fraud, no Purchaser shall have any right of action against any other party to this Agreement arising out of or in connection with any pre contractual statement except to the extent that it is repeated in any Share Purchase Document.
- 29.5 For the purposes of this clause, "**pre contractual statement**" means any draft, agreement, undertaking, representation, warranty, promise, assurance or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of the Share Purchase Documents made or given by any person at any time prior to this Agreement becoming legally binding.
- 29.6 This Agreement may only be varied in writing signed by each of the parties.

**30. Notices**

- 30.1 Except where expressly stated otherwise, a notice under this Agreement shall only be effective if it is in writing. E-mail is permitted.
- 30.2 Notices under this Agreement shall be sent to a party at its address or number and for the attention of the individual set out below:

Party and title of individual	Address	E-mail address
FAO: Peter Waters, Vice President EMEA Legal TelecityGroup International Limited	80 Cheapside, London EC2V 6EE	Peter.Waters@eu.equinix.com
FAO: Peter Waters, Vice President EMEA Legal TelecityGroup Netherlands B.V.	80 Cheapside, London EC2V 6EE	Peter.Waters@eu.equinix.com
FAO: Peter Waters, Vice President EMEA Legal TelecityGroup Germany GmbH	80 Cheapside, London EC2V 6EE	Peter.Waters@eu.equinix.com
FAO: Peter Waters, Vice President EMEA Legal Equinix (Real Estate) B.V.	80 Cheapside, London EC2V 6EE	Peter.Waters@eu.equinix.com
FAO: Peter Waters, Vice President EMEA Legal Equinix, Inc.	80 Cheapside, London EC2V 6EE	Peter.Waters@eu.equinix.com
FAO: General Counsel Digital Stout Holdings LLC	Four Embarcadero Center, Suite 3200, San Francisco, CA 94111, USA	jmills@digitalrealty.com
FAO: General Counsel Digital Netherlands I BV	Four Embarcadero Center, Suite 3200, San Francisco, CA 94111, USA	jmills@digitalrealty.com
FAO: General Counsel Digital Germany Cheetah GmbH i.Gr. (DGC)	Four Embarcadero Center, Suite 3200, San Francisco, CA 94111, USA	jmills@digitalrealty.com
FAO: General Counsel Digital Realty Trust, L.P.	Four Embarcadero Center, Suite 3200, San Francisco, CA 94111, USA	jmills@digitalrealty.com

provided that a party may change its notice details on giving notice to the other party of the change in accordance with this clause. That notice shall only be effective on the day falling five clear Business Days after the notification has been received or such later date as may be specified in the notice.

- 30.3 Any notice given under this Agreement shall, in the absence of earlier receipt, be deemed to have been duly given as follows:
- (A) if delivered personally, on delivery;
  - (B) if sent by first class inland post, two clear Business Days after the date of posting; and
  - (C) if sent by airmail, six clear Business Days after the date of posting; and
  - (D) if sent by e-mail, when sent.

30.4 Any notice given under this Agreement outside Working Hours in the place to which it is addressed shall be deemed not to have been given until the start of the next period of Working Hours in such place.

30.5 The provisions of this clause shall not apply in relation to the service of Service Documents.

### **31. Announcements**

31.1 No announcement concerning the sale of the Shares, the AMS04 SPV Shares or any ancillary matter shall be made by any party without the prior written approval of the other parties, such approval not to be unreasonably withheld or delayed. This clause 31.1 does not apply to the Sellers' Announcement or in the circumstances described in clause 31.2.

31.2 A party may make an announcement concerning the sale of the Shares, the AMS04 SPV Shares or any ancillary matter if required by:

- (A) law; or
- (B) any securities exchange or regulatory or governmental body or any Tax Authority to which that party is subject or submits, wherever situated, whether or not the requirement has the force of law,

in which case the party concerned shall take such steps as may be reasonable and practicable in the circumstances to agree the contents of the announcement with the other parties before making the announcement.

31.3 The restrictions contained in this clause shall continue to apply after Completion or the termination of this Agreement without limit in time.

### **32. Confidentiality**

32.1 Each party shall treat as confidential all information obtained as a result of entering into or performing this Agreement which relates to:

- (A) the provisions of this Agreement;
- (B) the negotiations relating to this Agreement;
- (C) the subject matter of this Agreement; or
- (D) the other parties,

32.2 The Purchasers shall treat as confidential all information obtained as a result of entering into or performing this Agreement which relates to the Retained Group.

32.3 The Sellers and the AMS04 SPV Seller shall treat as confidential all information obtained as a result of entering into or performing this Agreement which relates to the Purchasers' Group.

32.4 Notwithstanding the other provisions of this clause, a party may disclose any such confidential information:

- (A) to the extent required by law or for the purpose of any judicial proceedings;
- (B) to the extent required by any securities exchange or regulatory or governmental body or any Tax Authority to which that party is subject or submits, wherever situated, whether or not the requirement for information has the force of law;
- (C) to the extent required to vest the full benefit of this Agreement in that party;

- (D) to the other members of the Retained Group, the Target Group or the Purchasers' Group (as the case may be) and/or to its or their respective directors, officers, employees, agents, professional advisers, auditors, bankers and other finance providers, in any such case, on a need-to-know basis and provided that each such person has a duty to keep such information confidential;
- (E) to the extent the information has come into the public domain through no fault of that party;
- (F) to a provider or prospective provider or arranger of debt or equity financing to you who reasonably need to receive and consider the confidential information for the purposes of evaluating its financing, provided that details of the provider to whom such disclosure has been made are notified to the other party in writing prior to such disclosure being made, or where this is not practicable, promptly thereafter; or
- (G) to the extent the other parties have given prior written consent to the disclosure, such consent not to be unreasonably withheld or delayed.

32.5 Any information to be disclosed pursuant to clauses 32.1(A) and 32.1(B) shall, where practicable, be disclosed only after notice to the other parties.

32.6 In the event that Completion does not occur and this Agreement is terminated by either party in accordance with the terms of this Agreement, the Purchasers will upon written demand of the Sellers or the AMS04 SPV Seller or on sending or receiving a notice of termination:

- (A) within fourteen days of such demand or sending or receiving a notice of termination, destroy or return to the Sellers or the AMS04 SPV Seller (as the case may be) all hard copy documents and all other materials which are in a form reasonably capable of delivery containing or reflecting any confidential information and all copies thereof which have been made by or on behalf of the Purchasers or any of their Agents other than the Purchasers' or their Agents' own proprietary information which the Purchasers and their Agents will destroy; and
- (B) ensure that where confidential information has not been returned or destroyed under clause 32.6(A) above, no step will be taken to access or recover such confidential information from any computer, word-processor, telephone or other device containing such information or which is otherwise stored or held in electronic, digital or other machine readable form. The Purchasers and their Agents will continue to hold such confidential information subject to the terms of this clause 32.

32.7 Notwithstanding the obligations in this clause 32, each Purchaser may retain such copies of such information as is required to be retained by law, such Purchaser's internal compliance policies or the rules of any applicable regulatory, governmental or supervisory organisation to which such Purchaser or its Agents are subject and such information will continue to be held subject to the terms of this clause 32.

32.8 The restrictions contained in this clause shall continue to apply after Completion or the termination of this Agreement without limit in time.

### **33. Costs and expenses**

33.1 Except as otherwise stated in this Agreement, each party shall pay its own costs and expenses in relation to the negotiations leading up to the sale and purchase of the Shares and the AMS04 SPV Shares and the preparation, execution and carrying into effect of this

Agreement, the other Share Purchase Documents and all other documents referred to in this Agreement.

- 33.2 If anything done under this Agreement is a supply or service on which VAT is chargeable, the recipient of that supply or service shall pay to the maker of it (in addition to any other amounts payable under this Agreement) an amount equal to any VAT so chargeable for which the maker of the supply or service is liable to account on production of a valid VAT invoice.
- 33.3 Any RETT due from AMS04 SPV or Amsterdam DivestCo in connection with any transaction contemplated by this Agreement shall be at the cost of the Amsterdam DivestCo Seller.

#### **34. Counterparts**

- 34.1 This Agreement may be executed in any number of counterparts, and by the parties to it on separate counterparts, but shall not be effective until each party has executed at least one counterpart.
- 34.2 Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute one and the same instrument.

#### **35. Invalidity**

If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, it shall be deemed to be severed from the remainder of this Agreement and shall not affect or impair:

- (A) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or
- (B) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Agreement.

#### **36. Contracts (Rights of Third Parties) Act 1999**

- 36.1 Clauses 7.11 and 7.12 (Sellers' warranties and undertakings), 8 (Sellers' Guarantor), 9.5 to 9.9 (Purchasers' warranties and undertakings), 10 (Purchasers' Guarantor), 12 (Wrong pockets), 16 (Intellectual Property and Business Information) and 16.1 (Restrictions on the Sellers', the AMS04 SPV Seller's and the Purchasers' business activities and additional post-Completion undertakings) 21 (Employment Matters) and paragraph 1.3 of Schedule 7 (Limitations on the Sellers' and AMS04 SPV Seller's liability) (Limitations on the Sellers' and AMS04 SPV Seller's liability) (the "**Third Party Provisions**") confer a benefit on certain members of the Retained Group, the Purchasers' Group, the Target Group and AMS04 SPV and, subject to the remaining provisions of this clause 36, are intended to be enforceable by such members by virtue of the Contracts (Rights of Third Parties) Act 1999.
- 36.2 The parties to this Agreement do not intend that any term of this Agreement, apart from the Third Party Provisions, should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Agreement.
- 36.3 Notwithstanding the provisions of clause 36.1, this Agreement may be varied in any way and at any time by the parties to this Agreement without the consent of any member of the Retained Group, the Target Group, AMS04 SPV or the Purchasers' Group (including their directors and employees).

#### **37. Payments**

37.1 Any amount payable by any Seller, the AMS04 SPV Seller or the Sellers' Guarantor to, or at the direction of, any Purchaser under this Agreement shall, so far as possible, be deemed to be a reduction of the London DivestCo Purchase Price, the Amsterdam DivestCo Purchase Price, the Frankfurt DivestCo Purchase Price or the AMS04 SPV Purchase Price (as the case may be).

37.2 Any amount payable by:

- (A) any Seller, the AMS04 SPV Seller or the Sellers' Guarantor to any Purchaser; or
- (B) any Purchaser or the Purchasers' Guarantor to any Seller or the AMS04 SPV Seller,

shall be made in full without set-off or counter-claim and free from any deduction or withholding whatsoever, except as required by law.

**38. Choice of governing law**

This Agreement and any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual, is to be governed by and construed in accordance with English law.

**39. Jurisdiction**

39.1 The courts of England are to have exclusive jurisdiction to settle any dispute, whether contractual or non-contractual, arising out of or in connection with this Agreement. Any Proceedings shall be brought only in the courts of England.

39.2 Each party irrevocably submits and agrees to submit to the jurisdiction of the courts of England.

**40. Agent for service**

40.1 Each of the Sellers, the Sellers' Guarantor, the Purchasers and the Purchasers' Guarantor irrevocably appoints the following respective party to be its agent for the receipt of Service Documents:

Amsterdam DivestCo Seller: Peter Waters, 80 Cheapside, London EC2V 6EE

Frankfurt DivestCo Seller: Peter Waters, 80 Cheapside, London EC2V 6EE

AMS04 SPV Seller: Peter Waters, 80 Cheapside, London EC2V 6EE

Sellers' Guarantor: Peter Waters, 80 Cheapside, London EC2V 6EE

Amsterdam DivestCo Purchaser: Digital Realty UK Ltd, 40 Gracechurch Street, London, EC3V 0BT

Frankfurt DivestCo Purchaser: Digital Realty UK Ltd, 40 Gracechurch Street, London, EC3V 0BT

Purchasers' Guarantor: Digital Realty UK Ltd, 40 Gracechurch Street, London, EC3V 0BT

40.2 Each party agrees that any Service Document may be effectively served on it in connection with Proceedings in England and Wales by service on its agent effected in any manner permitted by the Civil Procedure Rules.

- 40.3 If any agent at any time ceases for any reason to act as such, the relevant appointing party shall appoint a replacement agent having an address for service in England or Wales and shall notify the other parties of the name and address of the replacement agent. Failing such appointment and notification:
- (A) in the case of any Purchaser or the Purchasers' Guarantor, the Sellers, the AMS04 SPV Seller and the Sellers' Guarantor (or any one of them) shall be entitled by notice to such Purchaser or the Purchasers' Guarantor (as applicable) to appoint a replacement agent on that party's behalf; and
  - (B) in the case of any Seller, the AMS04 SPV Seller or the Sellers' Guarantor, the Purchasers and the Purchasers' Guarantor (or any one of them) shall be entitled by notice to such Seller, the AMS04 SPV Seller or the Sellers' Guarantor (as applicable) to appoint a replacement agent on that party's behalf.
- 40.4 The provisions of this clause 40 applying to the service on an agent shall apply equally to service on a replacement agent.
- 40.5 A copy of any Service Document served on an agent shall be sent by post to the relevant party.

**41. Language**

Each notice, demand, request, statement, instrument, certificate, or other communication under or connection with this Agreement shall be in English.

**Schedule 1**  
**(Conditions to Completion)**

1. Approval having been received from the Commission of the Purchasers and terms of each relevant Share Purchase Document (including, for the avoidance of doubt, this Agreement) to the extent required by, and in accordance with, paragraph 18 of the Commitments.
2. The Dutch Notification and Consultation Matters (as defined below) in respect of the sale of the Amsterdam DivestCo Shares shall have been complied with and completed in accordance with Schedule 9 (Dutch Notification and Consultation Matters).

**Schedule 2**  
**(Completion arrangements)**

**Part A- (Sellers' obligations)**

1. At Completion, the London DivestCo Seller shall:
- (A) procure that a board meeting of London DivestCo is held at which:
    - (i) the sale of the London DivestCo Shares to the London DivestCo Purchaser be approved and it shall be resolved that the transfer of the London DivestCo Shares shall be approved for registration and (subject only to the transfers being duly stamped) the transferee entered into the register of members;
    - (ii) new directors shall be appointed in accordance with the London DivestCo Purchaser's nominations delivered to the London DivestCo Seller no fewer than 10 Business Days prior to Completion;
    - (iii) the resignations of the directors of London DivestCo referred to in paragraph 1(D) below shall be tendered and accepted with effect from the close of the meeting; and
    - (iv) all existing mandates to banks shall be revoked and authority shall be given to such persons as the London DivestCo Purchaser may nominate to operate the relevant bank accounts;
  - (B) transfer the London DivestCo Shares, or procure that the London DivestCo Shares are transferred, to the Purchasers and, in that respect, deliver to the relevant Purchaser or the Purchasers' Solicitors duly executed transfers in respect of the London DivestCo Shares in favour of the relevant Purchaser, such transfers to be those, and executed in a manner as, required by the law of England and Wales to transfer the London DivestCo Shares;
  - (C) deliver or make available to the relevant Purchaser or the Purchasers' Solicitors:
    - (i) an original counterpart of the Tax Covenant, the London Business Transfer Agreement and the Other Retained Group Guarantee Side Letter duly executed by the London DivestCo Seller, the relevant member of the Retained Group and/or the relevant member of the Target Group in a manner required by the relevant governing law of such documents (including, for the avoidance of doubt and where required, notarisation of any such documents and of any other Share Purchase Documents required to be notarised with them);
    - (ii) evidence satisfactory to the Purchasers that any and all security over the London DivestCo Shares and assets of London DivestCo has been irrevocably and unconditionally released;
    - (iii) documentation effecting the release of any security that may have been entered into by London DivestCo in favour of the Sellers' Guarantor;
    - (iv) an election under section 792 CTA 2009 in the agreed form duly executed by London DivestCo and a member of the Retained Group entitled to enter into an effective election under Section 792 CTA 2009;

- (v) such waivers or consents as are necessary to enable the London DivestCo Purchaser or its nominees to be registered as holders of such London DivestCo Shares;
  - (vi) powers of attorney in the agreed form from the London DivestCo Seller to allow the London DivestCo Purchaser or its nominee to vote such London DivestCo Shares;
  - (vii) a certified copy of each power of attorney under which any document to be delivered to the Purchasers by the London DivestCo Seller has been executed;
  - (viii) a certified copy of the minutes of a duly held meeting of the directors of the London DivestCo Seller authorising the execution by the London DivestCo Seller of each of the Share Purchase Documents to which it is a party;
  - (ix) a certified copy of the minutes of a duly held meeting of the directors of the Sellers' Guarantor authorising the execution of each of the Share Purchase Documents to which it is a party;
  - (x) a certified copy of the minutes of the duly held meeting of the directors of London DivestCo referred to in paragraph 1 above; and
  - (xi) a copy and proof of mailing of a Check the Box Election made in respect of London DivestCo;
- (D) deliver to the relevant Purchaser (or make available to relevant Purchaser at the registered office of London DivestCo):
- (i) the statutory books of London DivestCo which shall be written up to but not including the Completion Date (for the avoidance of doubt, excluding the accounting records);
  - (ii) the title deeds relating to the Relevant Properties held by London DivestCo;
  - (iii) written resignations in the agreed terms to take effect from Completion of all the directors of London DivestCo (other than such persons who, as agreed with the London DivestCo Purchaser, will remain in office) in each case executed as a deed and relinquishing any right (past, present or future) against London DivestCo for loss of office (whether contractual, statutory or otherwise);
- (E) procure that, where permissible under the terms of the Non-disclosure Agreements without consent, the benefit of the Non-disclosure Agreements shall be assigned to the relevant Purchaser; and
- (F) procure the issuance of a duly executed reliance letter in the agreed form from each of Ove Arup & Partners International Ltd addressed to the Purchasers in respect of the Arup Reports and the Sellers' Accountants in respect of the London Market VDD Report.

**2.** At Completion, the Amsterdam DivestCo Seller shall:

- (A) transfer the Amsterdam DivestCo Shares, or procure that the Amsterdam DivestCo Shares are transferred, to the Purchasers and, in that respect, deliver to the relevant Purchaser or the Purchasers' Solicitors duly executed transfers (by the relevant member of the Retained Group and, if required, the relevant member of the Target Group) in respect of the Amsterdam DivestCo Shares in favour of the

relevant Purchaser, such transfers to be those, and executed in a manner as, required by the law of the Netherlands to transfer the Amsterdam DivestCo Shares;

- (B) deliver or make available to the relevant Purchaser or the Purchasers' Solicitors:
- (i) an original counterpart of the Tax Covenant and the Amsterdam DivestCo Payables Deeds of Transfer of Contract (if any) executed by the Amsterdam DivestCo Seller, Amsterdam DivestCo, the relevant member of the Retained Group and/or the relevant member of the Target Group in a manner required by the relevant governing law of such documents (including, for the avoidance of doubt and where required, notarisation of any such documents and of any other Share Purchase Documents required to be notarised with them);
  - (ii) evidence satisfactory to the Purchasers that any and all security over the Amsterdam DivestCo Shares and assets of Amsterdam DivestCo has been irrevocably and unconditionally released;
  - (iii) documentation effecting the release of any security that may have been entered into by Amsterdam DivestCo in favour of the Sellers' Guarantor;
  - (iv) such waivers or consents as are necessary to enable the relevant Purchaser or its nominees to be registered as holders of such Amsterdam DivestCo Shares;
  - (v) a certified copy of each power of attorney under which any document to be delivered to the Purchasers by the Amsterdam DivestCo Seller has been executed;
  - (vi) a certified copy of the minutes of a duly held meeting of the directors of the Amsterdam DivestCo Seller authorising the execution by the Amsterdam DivestCo Seller of each of the Share Purchase Documents to which it is a party;
  - (vii) a certified copy of the minutes of a duly held meeting of the directors of the Sellers' Guarantor authorising the execution of each of the Share Purchase Documents to which it is a party; and
  - (viii) a copy and proof of mailing of a Check the Box Election made in respect of Amsterdam DivestCo;
- (C) deliver to the relevant Purchaser (or make available to relevant Purchaser at the registered office of Amsterdam DivestCo):
- (i) the statutory books, or equivalent thereof under the relevant jurisdiction of incorporation of Amsterdam DivestCo, of Amsterdam DivestCo which shall be written up to but not including the Completion Date (for the avoidance of doubt, excluding the accounting records); and
  - (ii) the title deeds relating to the Relevant Properties held by Amsterdam DivestCo;
- (D) procure the provision of a bank guarantee on terms reasonable acceptable to the relevant landlord and in accordance with the AMS1(e) Consent Letter;
- (E) deliver to the Dutch Notary (with a copy to the Amsterdam DivestCo Purchaser) (i) the written resignation letters of the statutory directors of Amsterdam DivestCo (other than such persons who, as agreed with the Amsterdam DivestCo Purchaser, will remain in office) (if required by the Dutch Notary, notarised and apostilled)

stating that they resign from their respective positions with Amsterdam DivestCo; and (ii) the written shareholder's resolution of Amsterdam DivestCo accepting the resignation of each of the resigning directors;

- (F) procure that, where permissible under the terms of the Non-disclosure Agreements without consent, the benefit of the Non-disclosure Agreements shall be assigned to the relevant Purchaser;
- (G) procure the issuance of a duly executed reliance letter in the agreed form from each of Ove Arup & Partners International Ltd addressed to the Purchasers in respect of the Arup Reports and the Sellers' Accountants in respect of the Amsterdam Market VDD Report;
- (H) deliver or make available to the relevant Purchaser or the Purchasers' Solicitors:
  - (i) an original counterpart of the AMS04 SPV Payables Deeds of Transfer of Contract (if any) executed by the Amsterdam DivestCo Seller, AMS04 SPV, the relevant member of the Retained Group and/or the relevant member of the Target Group in a manner required by the relevant governing law of such documents (including, for the avoidance of doubt and where required, notarisation of any such documents and of any other Share Purchase Documents required to be notarised with them);
  - (ii) evidence satisfactory to the Purchasers that any and all security over the AMS04 SPV Shares has been unconditionally released;
  - (iii) documentation effecting the release of any security that may have been entered into by AMS04 SPV in favour of the Sellers' Guarantor;
  - (iv) a certified copy of each power of attorney under which any document to be delivered to the Purchasers by the AMS04 SPV Seller has been executed;
  - (v) a certified copy of the minutes of a duly held meeting of the directors of the AMS04 SPV Seller authorising the execution by the AMS04 SPV Seller of each of the Share Purchase Documents to which it is a party;
  - (vi) a certified copy of the minutes of a duly held meeting of the directors of the Sellers' Guarantor authorising the execution of each of the Share Purchase Documents to which it is a party; and
  - (vii) a copy and proof of mailing of a Check the Box Election made in respect of AMS04 SPV;
- (I) deliver to the relevant Purchaser (or make available to relevant Purchaser at the registered office of AMS04 SPV):
  - (i) the statutory books, or equivalent thereof under the relevant jurisdiction of incorporation of AMS04 SPV, of AMS04 SPV which shall be written up to but not including the Completion Date (for the avoidance of doubt, excluding the accounting records); and
  - (ii) the title deeds relating to the Relevant Properties held by AMS04 SPV; and
- (J) deliver to the Dutch Notary (with a copy to the Amsterdam DivestCo Purchaser) (i) the written resignation letters of the statutory directors of AMS04 SPV (other than such persons who, as agreed with the Amsterdam DivestCo Purchaser, will remain in office) (if required by the Dutch Notary, notarised and apostilled) stating

that they resign from their respective positions with AMS04 SPV; and (ii) the written shareholder's resolution of AMS04 SPV accepting the resignation of each of the resigning directors;

- (K) Procure that, where permissible under the terms of the Non-Disclosure Agreements without consent, the benefit of the Non-Disclosure Agreements shall be assigned to the relevant Purchaser.

3. At Completion, the Frankfurt DivestCo Seller shall:

- (A) transfer the Frankfurt DivestCo Shares, or procure that the Frankfurt DivestCo Shares are transferred, to the Purchasers and, in that respect, deliver to the relevant Purchaser or the Purchasers' Solicitors duly executed transfers (by the relevant member of the Retained Group and, if required, the relevant member of the Target Group) in respect of the Frankfurt DivestCo Shares in favour of the relevant Purchaser, such transfers to be those, and executed in a manner as, required by the law of Germany to transfer the Frankfurt DivestCo Shares;
- (B) deliver or make available to the relevant Purchaser or the Purchasers' Solicitors:
- (i) an original counterpart of the Tax Covenant and the Frankfurt Payables Deeds of Assignment (if any), in each case, duly executed by the Frankfurt DivestCo Seller, the relevant member of the Retained Group and/or the relevant member of the Target Group in a manner required by the relevant governing law of such documents (including, for the avoidance of doubt and where required, notarisation of any such documents and of any other Share Purchase Documents required to be notarised with them);
  - (ii) evidence satisfactory to the Purchasers that any and all security over the Frankfurt DivestCo Shares and assets of Frankfurt DivestCo has been irrevocably and unconditionally released;
  - (iii) documentation effecting the release of any security that may have been entered into by Frankfurt DivestCo in favour of the Sellers' Guarantor;
  - (iv) such waivers or consents as are necessary to enable the relevant Purchaser or its nominees to be registered as holders of such Frankfurt DivestCo Shares;
  - (v) powers of attorney in the agreed form from the Frankfurt DivestCo Seller (or relevant member of the Retained Group) to allow the Frankfurt DivestCo Purchaser or its nominee to vote such Frankfurt DivestCo Shares; and
  - (vi) a certified copy of each power of attorney under which any document to be delivered to the Purchasers by the Frankfurt DivestCo Seller has been executed;
  - (vii) a certified copy of the minutes of a duly held meeting of the directors of the Frankfurt DivestCo Seller authorising the execution by the Frankfurt DivestCo Seller of each of the Share Purchase Documents to which it is a party;

- (viii) a certified copy of the minutes of a duly held meeting of the directors of the Sellers' Guarantor authorising the execution of each of the Share Purchase Documents to which it is a party; and
  - (ix) a copy and proof of mailing of a Check the Box Election made in respect of Frankfurt DivestCo;
- (C) deliver to the relevant Purchaser (or make available to relevant Purchaser at the registered office of Frankfurt DivestCo):
- (i) the statutory books, or equivalent thereof under the relevant jurisdiction of incorporation of Frankfurt DivestCo, of Frankfurt DivestCo which shall be written up to but not including the Completion Date (for the avoidance of doubt, excluding the accounting records); and
  - (ii) the title deeds relating to the Relevant Properties held by Frankfurt DivestCo;
- (D) procure that, where permissible under the terms of the Non-disclosure Agreements without consent, the benefit of the Non-disclosure Agreements shall be assigned to the relevant Purchaser; and
- (E) procure the issuance of a duly executed reliance letter in the agreed form from each of Ove Arup & Partners International Ltd addressed to the Purchasers in respect of the Arup Reports and the Sellers' Accountants in respect of the Frankfurt Market VDD Report.

**Part B - (Purchasers' obligations)**

1. At Completion, the London DivestCo Purchaser shall:
- (A) pay to the London DivestCo Seller the London DivestCo Completion Payment in immediately available funds by way of telegraphic transfer to such account of the London DivestCo Seller the details of which the London DivestCo Seller shall have notified to the Purchasers not less than three Business Days before Completion;
  - (B) deliver to the Sellers' Solicitors a counterpart original of the Tax Covenant duly executed by the London DivestCo Purchaser in a manner required by the relevant governing law of such documents (including, for the avoidance of doubt and where required, notarisation of any such documents and of any other Share Purchase Documents required to be notarised with them); and
  - (C) deliver to the London DivestCo Seller a certified copy of the minutes of a duly held meeting of the directors of London DivestCo Purchaser authorising the execution by London DivestCo Purchaser of each of the Share Purchase Documents to which it is a party.
2. At Completion, the Amsterdam DivestCo Purchaser shall:
- (A) deliver to the Amsterdam DivestCo Seller countersigned copies of the Amsterdam DivestCo Payables Deeds of Transfer of Contract (if any) and pay to the Amsterdam DivestCo Seller the Amsterdam DivestCo Payables Purchase Price in immediately available funds by way of telegraphic transfer to such account as the Amsterdam DivestCo Seller shall notify to the Amsterdam DivestCo Purchaser not less than three Business Days before Completion;
  - (B) pay to the Amsterdam DivestCo Seller the Amsterdam DivestCo Completion Payment in immediately available funds by way of telegraphic transfer to such account of the Amsterdam DivestCo Seller the details of which Amsterdam

DivestCo Seller shall have notified to the Purchasers not less than three Business Days before Completion;

- (C) deliver to the Sellers' Solicitors a counterpart original of the Tax Covenant duly executed by the Amsterdam DivestCo Purchaser in a manner required by the relevant governing law of such documents (including, for the avoidance of doubt and where required, notarisation of any such documents and of any other Share Purchase Documents required to be notarised with them);
- (D) deliver to the Amsterdam DivestCo Seller a certified copy of the minutes of a duly held meeting of the directors of the Amsterdam DivestCo Purchaser authorising the execution by the Amsterdam DivestCo Purchaser of each of the Share Purchase Documents to which it is a party;
- (E) procure that (statutory) directors shall be appointed to their positions with Amsterdam DivestCo;
- (F) procure the provision of a parent company guarantee on terms reasonably acceptable to the relevant landlord and in accordance with the AMS1(e) Consent Letter;
- (G) deliver to the Amsterdam DivestCo Seller countersigned copies of the AMS04 SPV Payables Deeds of Transfer of Contract (if any) and pay to the Amsterdam DivestCo Seller the AMS04 SPV Payables Purchase Price in immediately available funds by way of telegraphic transfer to such account as the Amsterdam DivestCo Seller shall notify to the Amsterdam DivestCo Purchaser not less than three Business Days before Completion;
- (H) pay to the Amsterdam DivestCo Seller the AMS04 SPV Completion Payment in immediately available funds by way of telegraphic transfer to such account of the Amsterdam DivestCo Seller the details of which the Amsterdam DivestCo Seller shall have notified to the Purchasers not less than three Business Days before Completion; and
- (I) procure that (statutory) directors shall be appointed to their positions with AMS04 SPV.

**3.** At Completion, the Frankfurt DivestCo Purchaser shall:

- (A) pay to the Frankfurt DivestCo Seller the Frankfurt DivestCo Completion Payment in immediately available funds by way of telegraphic transfer to such account of the Frankfurt DivestCo Seller the details of which Frankfurt DivestCo Seller shall have notified to the Purchasers not less than three Business Days before Completion;
- (B) deliver to the Frankfurt DivestCo Seller countersigned copies of the Frankfurt Payables Deeds of Assignment (if any) and pay to the Frankfurt DivestCo Seller the Frankfurt Payables Purchase Price in immediately available funds by way of telegraphic transfer to such account as the Frankfurt DivestCo Seller shall notify to the Frankfurt DivestCo Purchaser not less than three Business Days before Completion;
- (C) deliver to the Sellers' Solicitors a counterpart original of the Tax Covenant duly executed by the Frankfurt DivestCo Purchaser in a manner required by the relevant governing law of such documents (including, for the avoidance of doubt and where required, notarisation of any such documents and of any other Share Purchase Documents required to be notarised with them); and

- (D) deliver to the Frankfurt DivestCo Seller a certified copy of the minutes of a duly held meeting of the directors of the Frankfurt DivestCo Purchaser authorising the execution by the Frankfurt DivestCo Purchaser of each of the Share Purchase Documents to which it is a party.
4. The Purchasers shall deliver to the Sellers a certified copy of the minutes of a duly held meeting of the directors of the Purchasers' Guarantor authorising the execution of each of the Share Purchase Documents to which it is a party.

**Part C- (General)**

1. All documents and items delivered at Completion pursuant to this Schedule shall be held by the recipient to the order of the person delivering the same until such time as Completion shall be deemed to have taken place. Simultaneously with:
- (A) delivery of all documents and items required to be delivered at Completion in accordance with this Schedule (or waiver of the delivery of it by the person entitled to receive the relevant document or item); and
- (B) receipt of an electronic funds transfer by the Sellers and the AMS04 SPV Seller of an amount equal to the aggregate of the London DivestCo Completion Payment, the Amsterdam DivestCo Completion Payment, the Frankfurt DivestCo Completion Payment and the AMS04 SPV Completion Payment,
- the documents and items delivered in accordance with this Schedule shall cease to be held to the order of the person delivering them and Completion shall be deemed to have taken place.
2. With regard to the Amsterdam DivestCo Shares, the Amsterdam DivestCo Seller shall procure that it and Amsterdam DivestCo will deliver, and the Amsterdam DivestCo Purchaser shall deliver, to the Dutch Notary an executed and, to the extent required by the Dutch Notary, legalised and apostilled, power of attorney to execute the deed of transfer of the Amsterdam DivestCo Shares substantially in the form at Schedule 11 (Form of Amsterdam DivestCo Deed of Transfer).
3. The Amsterdam DivestCo Seller shall transfer to the Amsterdam DivestCo Purchaser the Amsterdam DivestCo Shares, the Amsterdam DivestCo Purchaser shall accept such transfer, and the Amsterdam DivestCo Seller shall procure that Amsterdam DivestCo acknowledges such transfer, the foregoing to be effected by the signing by the Amsterdam DivestCo Seller, the Amsterdam DivestCo Purchaser, Amsterdam DivestCo and the Dutch Notary of the deed of transfer substantially in the form at Schedule 11.
4. The transfer of the Frankfurt DivestCo Shares pursuant to paragraph 1(A) of Part A of this Schedule and paragraph 1(A) of Part B of this Schedule shall be effected by the signing in duly notarised form by the Frankfurt DivestCo Seller and the Frankfurt DivestCo Purchaser of a deed of transfer substantially in the form as set out in Schedule 10 (Form of German Deed of Transfer).
5. Following all of the above:
- (A) each Seller and the AMS04 SPV Seller shall procure in accordance with paragraph (C) below the discharge and repayment of the relevant Estimated Inter-Company Receivables and shall acknowledge, on behalf of the relevant recipient, the payment, and to that extent the discharge, of the Estimated Inter-Company Payables paid in accordance with paragraph (B) below;

- (B) each Purchaser shall procure in accordance with paragraph (C) below the discharge and repayment by London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV of the Estimated Inter-Company Payables (for the avoidance of doubt, excluding the Frankfurt Loans, the Amsterdam DivestCo Loans and the AMS04 SPV Loans) and shall acknowledge on behalf of each of London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV the payment, and to that extent the discharge, of the Estimated Inter-Company Receivables paid in accordance with paragraph (A) above; and
- (C) without prejudice to paragraphs 1.8 and 1.9 of Schedule 8 (Completion Accounts):
- (i) the London DivestCo Seller (as agent for the Retained Group) and the London DivestCo Purchaser (as agent for London DivestCo) shall settle the Estimated Inter-Company Receivables (expressed as a positive amount) and the Estimated Inter-Company Payables (expressed as a negative amount) in respect of London DivestCo by netting such amounts against each other to produce a net sum (being the Estimated Net Inter-Company Debt in respect of London DivestCo) and:
    - (a) the London DivestCo Purchaser paying, or procuring the payment by London DivestCo, to the London DivestCo Seller the absolute value of the Estimated Net Inter-Company Debt in respect of London DivestCo (if such be a negative amount); or
    - (b) the London DivestCo Seller paying the London DivestCo Purchaser the amount of the Estimated Net Inter-Company Debt in respect of London DivestCo (if such be a positive amount);
  - (ii) the Amsterdam DivestCo Seller (as agent for the Retained Group) and the Amsterdam DivestCo Purchaser (as agent for Amsterdam DivestCo) shall settle the Estimated Inter-Company Receivables (expressed as a positive amount) and the Estimated Inter-Company Payables (expressed as a negative amount) in respect of Amsterdam DivestCo by netting such amounts against each other to produce a net sum (being the Estimated Net Inter-Company Debt in respect of Amsterdam DivestCo) and:
    - (a) the Amsterdam DivestCo Purchaser paying, or procuring the payment by Amsterdam DivestCo, to the Amsterdam DivestCo Seller the absolute value of the Estimated Net Inter-Company Debt in respect of Amsterdam DivestCo (if such be a negative amount); or
    - (b) the Amsterdam DivestCo Seller paying the Amsterdam DivestCo Purchaser the amount of the Estimated Net Inter-Company Debt in respect of Amsterdam DivestCo (if such be a positive amount);
  - (iii) the Frankfurt DivestCo Seller (as agent for the Retained Group) and the Frankfurt DivestCo Purchaser (as agent for Frankfurt DivestCo) shall settle the Estimated Inter-Company Receivables (expressed as a positive amount) and the Estimated Inter-Company Payables (expressed as a negative amount) in respect of Frankfurt DivestCo by netting such amounts against each other to produce a net sum (being the Estimated Net Inter-Company Debt in respect of Frankfurt DivestCo) and:
    - (a) the Frankfurt DivestCo Purchaser paying, or procuring the payment by Frankfurt DivestCo, to the Frankfurt DivestCo Seller

- the absolute value of the Estimated Net Inter-Company Debt in respect of Frankfurt DivestCo (if such be a negative amount); or
- (b) the Frankfurt DivestCo Seller paying the Frankfurt DivestCo Purchaser the amount of the Estimated Net Inter-Company Debt in respect of Frankfurt DivestCo (if such be a positive amount);
- (iv) the AMS04 SPV Seller (as agent for the Retained Group) and the Amsterdam DivestCo Purchaser (as agent for AMS04 SPV) shall settle the Estimated Inter-Company Receivables (expressed as a positive amount) and the Estimated Inter-Company Payables (expressed as a negative amount) in respect of AMS04 SPV by netting such amounts against each other to produce a net sum (being the Estimated Net Inter-Company Debt in respect of AMS04 SPV) and:
- (a) the Amsterdam DivestCo paying, or procuring the payment by AMS04 SPV, to the AMS04 SPV Seller the absolute value of the Estimated Net Inter-Company Debt in respect of AMS04 SPV (if such be a negative amount); or
  - (b) the AMS04 SPV Seller paying the Amsterdam DivestCo Purchaser the amount of the Estimated Net Inter-Company Debt in respect of AMS04 SPV (if such be a positive amount)

in each case to such account(s) as the payee shall notify the payer not less than three Business Days before Completion.

**Schedule 3**  
**(Sellers' Warranties)**

**1. Ownership of the Shares**

- 1.1 The London DivestCo Seller is the sole legal and beneficial owner of the London DivestCo Shares and has the right to exercise all voting rights over all of the London DivestCo Shares.
- 1.2 The Amsterdam DivestCo Seller is the sole legal and beneficial owner of the Amsterdam DivestCo Shares and has the right to exercise all voting rights over all of the Amsterdam DivestCo Shares.
- 1.3 The Frankfurt DivestCo Seller is the sole legal and beneficial owner of the Frankfurt DivestCo Shares and has the right to exercise all voting rights over all of the Frankfurt DivestCo Shares.
- 1.4 There is no Encumbrance on, over or affecting the Shares or any of them and there is no agreement or commitment to give or create any and no claim has been made by any person to be entitled to any.

**2. Capacity of the Sellers**

- 2.1 Each Seller has the requisite power and authority to enter into and perform this Agreement and the other Share Purchase Documents to which it is a party.
- 2.2 The obligations of the Sellers under this Agreement constitute, and the obligations of the Sellers under the other Share Purchase Documents will, when delivered, constitute binding obligations of the Sellers in accordance with their respective terms.
- 2.3 The execution and delivery of, and the performance by each Seller of its obligations under, this Agreement and the other Share Purchase Documents will not:
  - (A) constitute a breach of any laws or regulations in any relevant jurisdiction;
  - (B) result in a breach of any provision of the memorandum or articles of association of such Seller;
  - (C) result in a breach of, or constitute a default under, any instrument to which such Seller is a party or by which such Seller is bound;
  - (D) result in a breach of any order, judgment or decree of any court or governmental agency to which such Seller is a party or by which such Seller is bound; or
  - (E) require the consent of its shareholders.
- 2.4 The execution, delivery and performance by each Seller of its obligations under this Agreement and the other Share Purchase Documents will not require it or any other member of the Retained Group nor any member of the Target Group to obtain any consent, waiver or approval of, or give any notice to or make any registration or filing with, any governmental or regulatory authority which has not been obtained or made at the date of this Agreement on a basis both unconditional and which cannot be revoked, provided that this paragraph shall not extend to those consents, waivers or approvals referred to in the Conditions in Schedule 1 (Conditions to Completion).
- 2.5 No order has been made and no resolution has been passed for the winding up of any Seller and no petition has been presented for the purpose of winding up any Seller.
- 2.6 No administration order has been made and no petition or application for such an order has been made or presented and no administrator has been appointed in respect of any Seller.

- 2.7 No receiver (which expression shall include an administrative receiver) has been appointed in respect of any Seller or all or any of its assets.
- 2.8 No composition or similar arrangement with creditors including, but not limited to, a voluntary arrangement has been proposed under Part 1 Insolvency Act 1986 in respect of any Seller.
- 2.9 No event analogous to those specified in paragraphs 2.5 to 2.8 of this Schedule has occurred in relation to any Seller.

**3. Corporate matters**

- 3.1 The Shares have been validly issued and allotted and are fully paid up.
- 3.2 The London DivestCo Shares constitute the entire allotted and issued share capital of London DivestCo.
- 3.3 The Amsterdam DivestCo Shares constitute the entire allotted and issued share capital of Amsterdam DivestCo.
- 3.4 The Frankfurt DivestCo Shares constitute the entire allotted and issued share capital of Frankfurt DivestCo.
- 3.5 There is no agreement or commitment outstanding which calls for the allotment or issue of, or accords to any person the right to call for the allotment or issue of, any shares (including the Shares) or any debentures in or securities of any member of the Target Group.
- 3.6 The information given in Attachment 1 (Basic information about London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV) is true and accurate as at the date of this Agreement.
- 3.7 London DivestCo has been duly incorporated and validly exists under the laws of England and Wales and has full power to carry on its business as it is carried on at the date of this Agreement.
- 3.8 Amsterdam DivestCo has been duly incorporated and validly exists under the laws of the Netherlands and has full power to carry on its business as it is carried on at the date of this Agreement.
- 3.9 Frankfurt DivestCo has been duly incorporated and validly exists under the laws of Germany and has full power to carry on its business as it is carried on at the date of this Agreement.

**4. Constitutional documents**

- 4.1 The copies of the memorandum and articles of association or other constitutional documents of each member of the Target Group which are attached to the Disclosure Letter are complete and accurate and, to the extent required by law, fully set out the rights and restrictions attaching to each class of share capital of the member of the Target Group to which they relate.
- 4.2 The statutory books (including all registers but excluding the minute books and, for the avoidance of doubt, the accounting records) of each member of the Target Group have been properly kept in compliance with all applicable laws, are up-to-date and contain a record which is accurate and complete in all material respects and no notice or allegation that any of them is incorrect or should be rectified has been received by any member of the Retained Group.

**5. Business and Business Assets**

- 5.1 Each of the assets (other than Property) included in the Amsterdam DivestCo Financial Statement, the Frankfurt DivestCo Financial Statement and the London DivestCo Financial Statement or acquired by any member of the Target Group since the Amsterdam Accounts Date, the Frankfurt Accounts Date or the London Accounts Date (as applicable) (other than current assets sold, realised or applied in the normal course of business) will at Completion be owned both legally and beneficially by the relevant member of the Target Group.
- 5.2 Since 1 April 2016, no member of the Target Group has, outside the ordinary and normal course of business, disposed of, or agreed to dispose of, any asset of the Target Business.
- 5.3 No option, right to acquire, mortgage, charge, pledge, lien or other form of Encumbrance (other than a lien arising by operation of law in the ordinary course of trading), over or affecting the whole or any part of the undertaking or assets of any member of the Target Group is outstanding and, so far as the Sellers are aware, there is no agreement or commitment to give or create any and no claim has been made by any person to be entitled to any.
- 5.4 The Reorganisation has been carried out in accordance with the Carve-out Memorandum, the London Business Transfer Agreement, the Frankfurt Demerger Agreement and the Amsterdam Deed of Demerger and in compliance in all material respects with all applicable laws.
- 5.5 Each member of the Target Group will, as at Completion, own or be entitled to possess or use (when taken together with the services provided under the Transitional Services Agreements and for such period as such services are so provided) all the assets (including Intellectual Property) that are being used to carry on the Amsterdam Divestment Business, the London Divestment Business or the Frankfurt Divestment Business (as applicable) as it is carried on as at the date of this Agreement.
- 5.6 Each member of the Target Group will, as at Completion, own or have the benefit of (when taken together with the services provided under the Transitional Services Agreements and for such period as such services are so provided and the provisions of the London Business Transfer Agreement and clause 12 (Transferring Contracts and Carve-out Memorandum)) all the contracts that are being used to carry on the Amsterdam Divestment Business, the London Divestment Business or the Frankfurt Divestment Business (as applicable) as it is carried on as at the date of this Agreement.
- 5.7 No member of the Target Group carries on business together with any other person in partnership.
- 5.8 No member of the Target Group has any branch or agency in any jurisdiction.
- 5.9 No member of the Target Group owns any legal or beneficial interest in any shares, securities or participation interests of any kind in any undertaking.

**6. Financial information**

6.1 The Amsterdam DivestCo Financial Statement:

- (A) was prepared in accordance with the accounting practices applied in the Telecity Group Accounts, as amended by the allocation methodology set out on pages 44 to 45 of the Amsterdam Market VDD Report;
- (B) shows a reasonable representation of the state of affairs of the Amsterdam Divestment Business at the Amsterdam Accounts Date and taken as a whole is not misleading in any material respects and does not materially over-state the value of the assets or materially under-state the value of the liabilities of the Amsterdam Divestment Business at the Amsterdam Accounts Date; and

- (C) includes provision for bad and doubtful debts in accordance with the accounting practices applied in the Telecity Group Accounts.
- 6.2 Taking into account the basis of its preparation as set out in the Amsterdam Market VDD Report and the purpose for which it was prepared, the Amsterdam DivestCo P&L is not misleading in any material respects.
- 6.3 The Frankfurt DivestCo Financial Statement:
- (A) was prepared in accordance with the accounting practices applied in the Telecity Group Accounts, as amended by the allocation methodology set out on pages 36 to 37 of the Frankfurt Market VDD Report;
- (B) shows a reasonable representation of the state of affairs of the Frankfurt Divestment Business at the Frankfurt Accounts Date and taken as a whole is not misleading in any material respects and does not materially over-state the value of the assets or materially under-state the value of the liabilities of the Frankfurt Divestment Business at the Frankfurt Accounts Date; and
- (C) includes provision for bad and doubtful debts in accordance with the accounting practices applied in the Telecity Group Accounts.
- 6.4 Taking into account the basis of its preparation as set out in the Frankfurt Market VDD Report and the purpose for which it was prepared, the Frankfurt DivestCo P&L is not misleading in any material respects.
- 6.5 The London DivestCo Financial Statement:
- (A) was prepared in accordance with the accounting practices applied in the Telecity Group Accounts, as amended by the allocation methodology set out on pages 82 to 85 of the London Market VDD Report;
- (B) shows a reasonable representation of the state of affairs of the London Divestment Business at the London Accounts Date taken as a whole is not misleading in any material respects and does not materially over-state the value of the assets or materially under-state the value of the liabilities of the London Divestment Business at the London Accounts Date; and
- (C) includes provision for bad and doubtful debts in accordance with the accounting practices applied in the Telecity Group Accounts.
- 6.6 Taking into account the basis of its preparation as set out in the London Market VDD Report and the purpose for which it was prepared, the London DivestCo P&L is not misleading in any material respects.
- 7. Events since the Amsterdam Accounts Date, the Frankfurt Accounts Date and the London Accounts Date**
- 7.1 Since the Amsterdam Accounts Date, the Frankfurt Accounts Date and the London Accounts Date:
- (A) there has been no material adverse change in the financial position of the Target Business (as carried on at the date of this Agreement) taken as a whole;
- (B) save for compliance with the Commitments (as in effect as the date of this Agreement), the Target Business has been carried on in the ordinary course of business.
- 7.2 Since the Amsterdam Accounts Date, the Frankfurt Accounts Date and the London Accounts Date, no resolution in general meeting or written resolution of the shareholders

of any member of the Target Group has been passed other than resolutions relating to the Reorganisation and routine business of general meetings.

**8. Contracts and commitments**

8.1 No member of the Target Group is a party to:

- (A) any contract or arrangement which materially restricts its freedom to carry on its business in any part of the world in such manner as it may think fit;
- (B) any joint venture agreement or arrangement or any agreement or arrangement under which it participates with any other person in any business;
- (C) any contract or arrangement which relates to matters not within the ordinary business of such member or is not entirely on arms' length terms;
- (D) any contract or arrangement which is expressed to be of three years or greater duration and cannot be terminated on less than 12 months' notice;
- (E) any agency, distributorship or management agreement; or
- (F) any agreement or arrangement with any member of the Retained Group (other than the London Business Transfer Agreement, the Amsterdam Deed of Demerger, the Frankfurt Demerger Agreement, the Transitional Services Agreements and those agreements listed in Schedule 17 (Ongoing Arrangements));
- (G) any contract or arrangement which can be terminated or amended in the event of any change in the underlying ownership or control of such member or whose terms, upon the event of such a change of control, are or could be materially different from those which apply prior to such event.

8.2 All Material Contracts have been disclosed.

8.3 No member of the Target Group is a party to a construction contract save as listed in Schedule 19 (Amsterdam Expansion Agreements).

8.4 No Seller is aware of any breach of any Material Contract which would have a material adverse effect on any member of the Target Group.

8.5 Each Material Contract is valid and binding upon the relevant member of the Target Group and in full force and effect and, so far as the Sellers are aware, there is no material breach of any Material Contract (including any breach of any applicable service level). No notice of termination or cancellation by reason of default of any Material Contract has been served or received by any member of the Target Group and, so far as the Sellers are aware, there are no grounds for termination, rescission, avoidance or repudiation by any counterparty of any such contract.

8.6 No mortgage, charge, pledge, lien or other security agreement or arrangement nor, so far as the Sellers are aware, Other Retained Group Guarantee has been given or entered into by any member of the Retained Group, in respect of any obligations of any member of the Target Group (including in respect of borrowings). No mortgage, charge, pledge, lien or other security agreement or arrangement nor, so far as the Sellers are aware, Target Group Guarantee has been given or entered into by any member of the Target Group in respect of any obligations of another person, including any member of the Retained Group (including in respect of borrowings).

8.7 Save for claims relating to (i) payments made under clauses 8.5 or 8.6 of the London Business Transfer Agreement; or (ii) claims made by third parties, there are no claims (actual or contingent) against the Target Group under the London Business Transfer

Agreement, the Amsterdam Deed of Demerger, the Frankfurt Demerger Agreement, the Transitional Services Agreements or those agreements listed in Schedule 17 (Ongoing Arrangements).

**9. Trading**

So far as the Sellers are aware, no customer or supplier of the Target Business which accounts (in the twelve months immediately preceding this agreement) for five per cent. (5%) or more by expenditure or revenue of the Target Business' annual supply or sales, as the case may be, has during the twelve months immediately preceding the date of this Agreement, ceased or materially changed or indicated in writing an intention to cease, or materially change the terms of, its trading with or supplies to the Target Business.

**10. Powers of attorney**

No member of the Target Group has given any power of attorney or other written authority which is still outstanding or effective to any person to enter into any contract or commitment on its behalf (other than to its directors, officers and employees to enter into routine trading contracts in the normal course of their duties).

**11. Bank borrowings**

- 11.1 Complete and accurate details of all agreements or arrangements in respect of, or providing for, monies borrowed by any member of the Target Group (including the amounts and terms of all borrowings) are set out in the Disclosure Letter.
- 11.2 The total amount borrowed by each member of the Target Group from its bankers does not exceed its financial facilities and the total amount borrowed from whatsoever source does not exceed any limitation on its borrowing contained in the relevant member's articles of association.
- 11.3 No demand or notice to repay has been received under and, so far as the Sellers are aware, no event which is an event of default under or any material breach of any of the terms of any loan capital, borrowing, debenture or financial facility of any member of the Target Group or would entitle any third party to call for repayment prior to normal maturity has occurred or been alleged.

**12. Insurances**

A summary of the insurance policies in respect of which any member of the Target Group has an interest is included in section 5.2.3 of the Data Room and, so far as the Sellers are aware, all such policies are in full force and effect, are not void or voidable, no claims are outstanding and no event has occurred which might give rise to any claim and all premiums due and payable have been paid.

**13. Insolvency**

- 13.1 No order has been made and no resolution has been passed for the winding up of any member of the Target Group and, so far as the Sellers are aware, no petition has been presented for the purpose of winding up any member of the Target Group.
- 13.2 No administration order has been made and, so far as the Sellers are aware, no petition or application for such an order has been made or presented and no administrator has been appointed in respect of any member of the Target Group.
- 13.3 No receiver (which expression shall include an administrative receiver) has been appointed in respect of any member of the Target Group or all or any of its assets.

13.4 No composition or similar arrangement with creditors including, but not limited to, a voluntary arrangement has been proposed under Part 1 Insolvency Act 1986 in respect of any member of the Target Group.

13.5 So far as the Sellers are aware, no event analogous to those specified in paragraphs 13.1 to 13.4 of this Schedule has occurred in relation to any member of the Target Group incorporated outside England and Wales.

#### **14. Licences**

14.1 All licences, consents and other permissions and approvals required for or in connection with the carrying on of the Target Business as at the date of this Agreement are in full force and effect and are listed in the Disclosure Letter.

14.2 The transactions contemplated by this Agreement will not result in the suspension, cancellation, variation, revocation, termination or non-renewal of any licence referred to in paragraph 14.1. No written notice has been received by any member of the Target Group that any such licence, consent, permission or approval is likely to be revoked.

#### **15. Litigation**

15.1 No member of the Target Group is engaged in, whether as claimant, defendant or otherwise, and the Target Business is not otherwise a party to, any litigation, arbitration or other dispute resolution process, or administrative or criminal proceedings, other than in respect of the collection of debts in the ordinary course of business.

15.2 No litigation, arbitration or other dispute resolution process, or administrative or criminal proceedings by or against any member of the Target Group or otherwise involving the Target Business is pending or, so far as the Sellers are aware, threatened and so far as the Sellers are aware there are no circumstances reasonably likely to give rise to any such proceedings.

15.3 So far as the Sellers are aware, no member of the Target Group is the subject of any investigation, enquiry or enforcement proceedings by any governmental or other body, no such investigations are pending or, so far as the Sellers are aware, there are no circumstances likely to give rise to any such investigation, enquiry or enforcement proceedings.

#### **16. Data protection**

So far as the Sellers are aware, each member of the Target Group has complied with all relevant requirements of the data protection legislation in each of the jurisdictions in which it carries on business or activities at all times while the relevant data protection legislation was in force.

#### **17. Intellectual Property and Information Technology**

17.1 No member of the Target Group owns any registered Intellectual Property.

17.2 Details of all material Information Technology owned by any member of the Target Group are set out in the Disclosure Letter and the specified member of the Target Group is the sole legal and beneficial owner of such Information Technology free from all charges, options and other Encumbrances.

17.3 Copies (or in the case of unwritten licences, agreements or arrangements, details) of all material licences, agreements and arrangements relating to (i) Intellectual Property or Business Information, and (ii) Information Technology, in each case entered into by any

member of the Target Group are set out in folder 7.1.17, 7.2.14 and 7.3.11 of the Data Room.

- 17.4 No member of the Target Group nor, so far as the Sellers are aware, any other party is in breach of any material licence, agreement or arrangement disclosed pursuant to paragraph 17.3 of this Schedule. So far as the Sellers are aware, no such licence, agreement or arrangement is invalid and, so far as the Sellers are aware, there exists no grounds for determination, rescission, avoidance or repudiation of any such licence, agreement or arrangement.
- 17.5 So far as the Sellers are aware, no third party is infringing or making unauthorised use of, or has, in the past twelve months, infringed or made unauthorised use of any Intellectual Property or rights in Business Information owned by any member of the Target Group.
- 17.6 So far as the Sellers are aware, the activities of the Target Group do not infringe or make unauthorised use, and have not, in the past twelve months, infringed or made unauthorised use, of any Intellectual Property or rights in Business Information owned by any third party.
- 17.7 So far as the Sellers are aware, no confidential Business Information proprietary to any member of the Target Group has been disclosed to, or otherwise become known by, any third party other than under an obligation of confidentiality.
- 17.8 All material Information Technology which is owned by the Target Group, or used by, or on behalf of, the Target Business is: (i) in good working order; and (ii) operated and maintained in accordance with good industry practice.
- 17.9 The Target Business has not experienced any material disruption in its operations as a result of: (i) any security breach or other unauthorised access or acts in relation to any Information Technology; or (ii) any failure of any Information Technology howsoever arising.

## **18. Property**

- 18.1 The Relevant Properties are the only Properties owned, used or occupied by the members of the Target Group or in which any member of the Target Group has an interest.
- 18.2 All deeds and documents necessary to prove the Property Owner's title to the Relevant Properties are in its possession or under its control.
- 18.3 In relation to each Relevant Property, the Property Owner is solely legally and beneficially entitled to such Relevant Property.
- 18.4 No member of the Target Group has any actual or contingent liability in respect of any estate or interest in real property whether arising as original tenant, assignee, guarantor or otherwise, other than in respect of the Relevant Properties.
- 18.5 There are no mortgages, charges (legal or equitable, fixed or floating) or agreements for sale, estate contracts, options, rights of pre-emption or first refusal affecting any of the Relevant Properties (including for the avoidance of doubt any tenant's fixtures).
- 18.6 There are no material outstanding notices or disputes in respect of the Relevant Properties nor, so far as the Sellers are aware, are there any circumstances rendering any of the foregoing likely.
- 18.7 In relation to each Relevant Property which is leasehold:
- (A) the Relevant Property is held under the terms of the lease (the "**Lease**") referred to in Attachment 2 (Relevant Properties);
  - (B) the rent and all other material sums payable under the Lease have been paid to date; and

(C) so far as the Sellers are aware, there is no material breach of any covenant on the part of the tenant under the Lease which remains outstanding.

- 18.8 All statutes, orders or regulations relating to each Relevant Property have been observed in all material respects, there are no material outstanding requirements or recommendations of any competent authority and the Relevant Property complies with the current requirements of the relevant insurers in all material respects.
- 18.9 All sums due in respect of rates, Tax or other outgoings in respect of any of the Relevant Properties have been paid to date.
- 18.10 Frankfurt DivestCo does not own any real estate (*Grundbesitz*) or assets treated as real estate for the purposes of the German Real Estate Transfer Tax Code (*Grunderwerbsteuergesetz*).
- 18.11 In respect of such of the Relevant Properties that are let or occupied otherwise than by a Property Owner, the material sums payable under the occupancy agreements have been paid to date.

## 19. Employment

- 19.1 A complete and accurate list of all Amsterdam Relevant Employees at the date of this Agreement showing their names, job titles, details of the remuneration, start date of employment, age or date of birth, contractual notice period and the years of continuous service for redundancy purposes, and including details of whether they transferred to Amsterdam DivestCo by operation of law pursuant to the Amsterdam Reorganisation or with their express consent or accepted an offer of employment to commence employment with Amsterdam DivestCo following the Amsterdam Reorganisation (as a Replacement Relevant Employee or otherwise), is set out in the Disclosure Letter.
- 19.2 No individuals other than those Amsterdam Relevant Employees listed in the Disclosure Letter have transferred to or accepted employment with Amsterdam DivestCo, and so far as the Amsterdam DivestCo Seller is aware there is no basis on which any other former or current employee of the Sellers or any subcontractor of the Sellers can claim that they should have transferred to the Amsterdam DivestCo pursuant to the transfer of undertaking regulations as set out in article 7:633 et seq. of the DCC or otherwise.
- 19.3 A complete and accurate list of all Frankfurt Relevant Employees at the date of this Agreement showing their names, age or date of birth, job titles, special protections against dismissal, applicable notice periods, fixed term employment, details of remuneration, start date of employment and the years of continuous service for redundancy purposes, and including details of whether they transferred to Frankfurt DivestCo by operation of law pursuant to the Reorganisation or with their express consent or accepted an offer of employment with Frankfurt DivestCo following the Frankfurt Reorganisation (as a Replacement Relevant Employee or otherwise), is set out in the Disclosure Letter.
- 19.4 No individuals other than those Frankfurt Relevant Employees listed in the Disclosure Letter have transferred to or accepted employment with Frankfurt DivestCo, and so far as the Frankfurt DivestCo Seller is aware there is no basis on which any other former or current employee of the Sellers or any subcontractor of the Sellers can claim that they should have transferred to the Frankfurt DivestCo pursuant to Sec. 613a of the German Civil Code or otherwise.
- 19.5 A complete and accurate list of all London Relevant Employees at the date of this Agreement showing their names, jobs titles, details of remuneration, start date of employment, age or date of birth, contractual notice period and the years of continuous service for redundancy purposes, and including details of whether they transferred to London DivestCo by

operation of law pursuant to the London Reorganisation or with their express consent or accepted an offer of employment to commence employment with London DivestCo following the London Reorganisation (as a Replacement Relevant Employee or otherwise), is set out in the Disclosure Letter.

- 19.6 No individuals other than those London Relevant Employees listed in the Disclosure Letter have transferred to or accepted employment with London DivestCo, and so far as the London DivestCo Seller is aware there is no basis on which any other former or current employee of the Sellers or any subcontractor of the Sellers can claim that they should have transferred to the London DivestCo pursuant to law or otherwise.
- 19.7 Short details of any salary and benefit to which any Senior Employee and Key Employee is entitled otherwise than in cash and of any benefits which are related to sales, profits turnover or performance, or which are otherwise variable (other than normal overtime), has been disclosed.
- 19.8 Other than the employee benefits set out in the Disclosure Letter, no Amsterdam Relevant Employee is entitled to any other contractual benefits arising from or in connection with their employment with Amsterdam DivestCo
- 19.9 Other than the employee benefits set out in the Disclosure Letter, no Frankfurt Relevant Employee is entitled to any other contractual benefits arising from or in connection with their employment with Frankfurt DivestCo.
- 19.10 Other than the employee benefits set out in the Disclosure Letter, no London Relevant Employee is entitled to any other contractual benefits arising from or in connection with their employment with the London DivestCo.
- 19.11 The contract of employment of each Relevant Employee (save for the employees of Frankfurt DivestCo) may be terminated by their employing company without damages or compensation (other than that payable by statute) by giving at any time no more than three months' notice.
- 19.12 Notwithstanding the Reorganisation, since the Amsterdam Accounts Date, the Frankfurt Accounts Date and the London Accounts Date, no material change has been made to the emoluments or other terms of employment of any Relevant Employee except for (i) increases in base salary made in accordance with normal practice of each member of the Target Group; and (ii) any agreements on the transfer of Key Employees by individual agreement to Frankfurt DivestCo.
- 19.13 There are no material disputes, claims or proceedings with any Relevant Employee or former employee (or with any trade union, works council or other representative of such person) in respect of their employment by any member of the Target Group or any Seller.
- 19.14 No amount due to or in respect of any Relevant Employee is in arrears and unpaid other than his or her salary for the month current at the date of this Agreement, reimbursement of expenses, bonus entitlement for the current bonus period and holiday pay for the current holiday year.
- 19.15 Except as disclosed no trade union, works council, staff association or other body representing Relevant Employees is recognised by any member of the Target Group in any way for bargaining, information or consultation purposes, and details of any collective agreements with any such representative bodies to which any member of the Target Group is a party to, or is bound by, have been disclosed. Further, there is no outstanding dispute with any relevant trade union, works council, staff association or other body representing Relevant Employees.

- 19.16 In respect of every Senior Employee and Key Employee of any member of the Target Group details and rules have been disclosed for:
- (A) all share option and incentive schemes;
  - (B) profit sharing, bonus, commission or other incentive schemes; and
  - (C) any other scheme under which pay varies (other than normal overtime).
- 19.17 The Sellers have disclosed all Senior Employees and any Relevant Employees who have: (i) resigned, (ii) stated their intention to resign, or (iii) been given notice of termination, under their contract of employment to any Seller or any member of the Target Group before the date of this Agreement. So far as the Sellers are aware, no Seller and no member of the Target Group has taken any action which may result in a Senior Employee or Relevant Employee asserting that they have been constructively dismissed.
- 19.18 So far as the Sellers are aware, each member of the Target Group and Amsterdam DivestCo Seller has complied in all material respects with all applicable contracts of employment and all applicable laws relating to the Relevant Employees.
- 19.19 The Frankfurt DivestCo Seller has always withheld from the remuneration paid to the Frankfurt Relevant Employees proper and accurate amounts of all applicable taxes and social security contributions and has always paid such amounts when due to the appropriate authority together with the employer's share, if any, owed by the Frankfurt DivestCo Seller; to the extent to which Frankfurt Relevant Employees are a member of private health and/or nursing care insurance, the Frankfurt DivestCo Seller has always paid the employer's share owed by the Frankfurt DivestCo Seller.
- 20. Pensions**
- 20.1 Other than the Pension Schemes and any scheme provided by the state, there is no obligation, agreement or arrangement (whether funded or unfunded) which any member of the Target Group or Amsterdam DivestCo Seller contributes to or has contributed to or may become liable to contribute to or is or has become or may become liable to satisfy under which benefits are payable on retirement, or on death (whether accidental or not).
- 20.2 Up-to-date and complete copies of the latest (plus subsequent amending documents) trust deed and rules (or other governing documents) and latest members' explanatory booklet relating to the Pension Schemes have been disclosed.
- 20.3 Save for the Frankfurt DivestCo Pension Scheme, the Pension Schemes are recognised arrangements for the purposes of the tax regime under which they operates and, so far as the Sellers are aware, there is no reason why such recognition might be withdrawn or might cease to apply.
- 20.4 No member of the Target Group or Amsterdam DivestCo Seller has any liability to make any payment to the Pension Schemes or any insurance arrangement held in relation to the Pension Schemes which is due, but remains unpaid.
- 20.5 So far as the Sellers are aware, each member of the Target Group and Amsterdam DivestCo Seller has, in relation to the Pension Schemes, at all times complied in all material respects with the provisions of the Pension Schemes documentation and all applicable laws, which includes but is not limited to the provision of all required financial contributions.
- 20.6 So far as the Sellers are aware, neither the Pension Schemes nor any member of the Target Group or Amsterdam DivestCo Seller is party to any proceedings which relate to the provision of the Pension Schemes. In this paragraph, "**proceedings**" means any litigation.

- 20.7 Each Amsterdam Relevant Employee is a member of the Pensions Scheme provided by Amsterdam DivestCo.
- 21. Compliance with laws**
- 21.1 No member of the Target Group has received any notice in writing from any governmental authority indicating or alleging that such member is in violation of any applicable statute or regulation in the United Kingdom, the Netherlands or Germany or any other applicable jurisdiction.
- 21.2 So far as the Sellers are aware, there is not pending, or in existence, any material investigation or enquiry by, or on behalf of, any governmental authority in the United Kingdom, the Netherlands or Germany or any other applicable jurisdiction in respect of the affairs of the Target Group.
- 21.3 The Sellers are not aware of any circumstances reasonably likely to give rise to any matter set out in [paragraphs 21.1](#) and [21.2](#) above.
- 22. Anti-Bribery and Improper Payments**
- 22.1 No member of the Target Group and, with respect to the Target Business, no member of the Retained Group nor, so far as the Sellers are aware, any of its or their respective directors, officers, employees, agents, representatives or other persons associated with, performing a service for or otherwise acting for or on behalf of it or them has, in connection with the Target Business, breached any Anti-bribery Laws or any applicable anti-money laundering law, rule or regulation or any books and records offences relating directly or indirectly to a bribe.
- 22.2 The members of the Target Group maintain and, in relation to the Target Business, the relevant members of the Retained Group maintained from the Merger Completion Date until the completion of the Reorganisation, on an ongoing basis adequate written anti-corruption procedures and internal accounting controls which are designed to ensure compliance by the members of the Target Group, and prior to the Reorganisation the relevant members of the Retained Group, and their respective directors, officers and employees with all Anti-bribery Laws.
- 23. Arrangements with the Retained Group**
- 23.1 Save for the Ordinary Trading Payables, the Ordinary Trading Receivables and any amounts owing under clauses 8.5 or 8.6 of the London Business Transfer Agreement, there are no amounts owing from (i) any member of the Target Group to any member of the Retained Group; or (ii) any member of the Retained Group to any member of the Target Group.
- 23.2 No indebtedness (actual or contingent) and no contract or arrangement will on Completion be outstanding between any member of the Target Group (on the one hand) and any member of the Retained Group (on the other hand) (other than under or pursuant to any Share Purchase Document or contract listed in [Schedule 17](#) (Ongoing Arrangements)).
- 24. Tax**
- 24.1 Each member of the Target Group has, within all relevant time limits, made or caused to be made all proper returns required to be made, and has supplied or caused to be supplied all material information required to be supplied, to any Tax Authority within the last four years.
- 24.2 All material amounts of Tax required to be paid or withheld by each member of the Target Group have been duly paid or withheld, and no material penalties, fines, surcharges or interest in relation to Tax have been incurred by any member of the Target Group.

- 24.3 There is no material dispute or disagreement outstanding nor is any contemplated at the date of this Agreement with any Tax Authority regarding any liability or potential liability to any Tax in respect of the Target Business or that is recoverable from any member of the Target Group.
- 24.4 The amount of Tax chargeable on each member of the Target Group or in respect of the Target Business during any accounting period within the last four years has not, to any material extent, depended on any concession, agreement or other formal or informal arrangement with any Tax Authority or any other treatment which has been or could be construed as state aid.
- 24.5 No arrangements have been made under which any member of the Target Group is or could become liable to make any material payment to any person in respect of any Tax sharing arrangements, any joint liability for any Tax, or any liability in respect of Tax which is chargeable directly or primarily against any person other than a member of the Target Group.
- 24.6 Each member of the Target Group is solely resident for Tax purposes in the place identified as its jurisdiction of Tax residence in [Attachment 1](#) (Basic information about London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV), and is not subject to Tax in any other jurisdiction by virtue of having a permanent establishment there.
- 24.7 Each member of the Target Group has all the information in its possession and control necessary to calculate its Tax liabilities for periods up to Completion and any future Tax liability of each member of the Target Group insofar as it is calculated by reference to any transaction or event occurring on or before Completion.
- 24.8 Each member of the Target Group is a taxable person, is registered for the purposes of VAT and all of its supplies are subject to VAT such that it is a fully taxable person for VAT purposes. No member of the Target Group (other than London DivestCo) is or has ever been a member of a group for VAT purposes. The only properties in respect of which an option to tax has been exercised under Part 1 of Schedule 10 to the Value Added Tax Act 1994 by a member of the Target Group are 1 Oliver's Yard and Unit 1 Airport Gate Business Centre. So far as the Sellers are aware, no adjustments are required to be made under Part XV of the Value Added Tax Regulations 1995 (capital goods scheme) in relation to input tax which may be deducted in respect of any capital items which are held by London DivestCo.
- 24.9 No member of the Target Group has been party to any transaction, scheme or arrangement the main purpose of which, or one of the main purposes of which, was the evasion or avoidance of Tax.
- 24.10 A valid and timely Check the Box Election has been made to treat each of London DivestCo, Amsterdam DivestCo and Frankfurt DivestCo as disregarded as an entity separate from its single owner for U.S. federal income tax purposes, with effect at least three days prior to the Completion Date.

## **25. Environment**

So far as the Sellers are aware, there are no Hazardous Materials used, stored, transported or disposed or otherwise existing at any Relevant Property except in material compliance with all applicable laws and consents.

**Schedule 4**  
**(AMS04 SPV Warranties)**

**1. Ownership of the Shares**

- 1.1 As at the date of this Agreement, the AMS04 SPV Seller is the sole legal and beneficial owner of the AMS04 SPV Shares and has the right to exercise all voting rights over all of the AMS04 SPV Shares.
- 1.2 As at the Completion Date, the Amsterdam DivestCo is the sole legal and beneficial owner of the AMS04 SPV Shares and has the right to exercise all voting rights over all of the AMS04 SPV Shares.
- 1.3 There is no Encumbrance on, over or affecting the AMS04 SPV Shares or any of them and there is no agreement or commitment to give or create any and no claim has been made by any person to be entitled to any.

**2. Capacity of the AMS04 SPV Seller**

- 2.1 The AMS04 SPV Seller has the requisite power and authority to enter into and perform this Agreement and the other Share Purchase Documents to which it is a party.
- 2.2 The obligations of the AMS04 SPV Seller under this Agreement constitute, and the obligations of the AMS04 SPV Seller under the other Share Purchase Documents will, when delivered, constitute binding obligations of the AMS04 SPV Seller in accordance with their respective terms.
- 2.3 The execution and delivery of, and the performance by the AMS04 SPV Seller of its obligations under, this Agreement and the other Share Purchase Documents will not:
  - (A) constitute a breach of any laws or regulations in any relevant jurisdiction;
  - (B) result in a breach of any provision of the memorandum or articles of association of the AMS04 SPV Seller;
  - (C) result in a breach of, or constitute a default under, any instrument to which the AMS04 SPV Seller is a party or by which the AMS04 SPV Seller is bound;
  - (D) result in a breach of any order, judgment or decree of any court or governmental agency to which the AMS04 SPV Seller is a party or by which the AMS04 SPV Seller is bound; or
  - (E) require the consent of its shareholders.
- 2.4 The execution, delivery and performance by the AMS04 SPV Seller of its obligations under this Agreement and the other Share Purchase Documents will not require it or any other member of the Retained Group nor AMS04 SPV to obtain any consent, waiver or approval of, or give any notice to or make any registration or filing with, any governmental or regulatory authority which has not been obtained or made at the date of this Agreement on a basis both unconditional and which cannot be revoked, provided that this paragraph shall not extend to those consents, waivers or approvals referred to in the Conditions in Schedule 1 (Conditions to Completion).
- 2.5 No order has been made and no resolution has been passed for the winding up of the AMS04 SPV Seller and no petition has been presented for the purpose of winding up the AMS04 SPV Seller.

- 2.6 No administration order has been made and no petition or application for such an order has been made or presented and no administrator has been appointed in respect of the AMS04 SPV Seller.
- 2.7 No receiver (which expression shall include an administrative receiver) has been appointed in respect of the AMS04 SPV Seller or all or any of its assets.
- 2.8 No composition or similar arrangement with creditors including, but not limited to, a voluntary arrangement has been proposed under Part 1 Insolvency Act 1986 in respect of the AMS04 SPV Seller.
- 2.9 No event analogous to those specified in paragraphs 2.5 to 2.9 of this Schedule has occurred in relation to the AMS04 SPV Seller

**3. Corporate matters**

- 3.1 The AMS04 SPV Shares have been validly issued and allotted and are fully paid up.
- 3.2 The AMS04 SPV Shares constitute the entire allotted and issued share capital of AMS04 SPV.
- 3.3 There is no agreement or commitment outstanding which calls for the allotment or issue of, or accords to any person the right to call for the allotment or issue of, any shares (including the AMS04 SPV Shares) or any debentures in or securities of AMS04 SPV.
- 3.4 The information given in Attachment 1 (Basic information about London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV) is true and accurate as at the date of this Agreement.
- 3.5 AMS04 SPV has been duly incorporated and validly exists under the laws of the Netherlands and has full power to carry on its business as it is carried on at the date of this Agreement.

**4. Constitutional documents**

- 4.1 The copies of the memorandum and articles of association or other constitutional documents of AMS04 SPV which are attached to the Disclosure Letter are complete and accurate and, to the extent required by law, fully set out the rights and restrictions attaching to each class of share capital of AMS04 SPV.
- 4.2 The statutory books (including all registers but excluding the minute books and, for the avoidance of doubt, the accounting records) of AMS04 SPV have been properly kept in compliance with all applicable laws and contain a record which is accurate and complete and no notice or allegation that any of them is incorrect or should be rectified has been received by any member of the Retained Group.

**5. Contracts and commitments**

AMS04 SPV is not a party to any contracts, agreements or arrangements.

**6. Insolvency**

- 6.1 No order has been made and no resolution has been passed for the winding up of AMS04 SPV and, so far as the Sellers are aware, no petition has been presented for the purpose of winding up AMS04 SPV.
- 6.2 No administration order has been made and, so far as the Sellers are aware, no petition or application for such an order has been made or presented and no administrator has been appointed in respect of AMS04 SPV.

- 6.3 No receiver (which expression shall include an administrative receiver) has been appointed in respect of AMS04 SPV or all or any of its assets.
- 6.4 No composition or similar arrangement with creditors including, but not limited to, a voluntary arrangement has been proposed in respect of AMS04 SPV.
- 6.5 No event analogous to those specified in paragraphs 6.1 to 6.4 of this Schedule has occurred in relation to AMS04 SPV.
7. **Powers of Attorney**
- AMS04 SPV has not given any power of attorney or other written authority which is still outstanding or effective to any person to enter into any contract or commitment on its behalf (other than to its directors, officers and employees to enter into routine trading contracts in the normal course of their duties).
8. **Litigation**
- 8.1 AMS04 SPV is not engaged in any litigation, arbitration or other dispute resolution process, or administrative or criminal proceedings, whether as claimant, defendant or otherwise, other than in respect of the collection of debts in the ordinary course of business.
- 8.2 No litigation, arbitration or other dispute resolution process, or administrative or criminal proceedings or other investigations by or against AMS04 SPV is pending or threatened and so far as the Sellers are aware there are no circumstances reasonably likely to give rise to any such proceedings.
9. **Property**
- 9.1 The AMS04 Site is the only Property owned, used or occupied by the AMS04 SPV or in which the AMS04 SPV has an interest, right or liability.
- 9.2 The AMS04 SPV does not have any actual or contingent liability in respect of any estate or interest in real property whether arising as original tenant, assignee, guarantor or otherwise, other than in respect of the AMS04 Site.
10. **Employment**
- AMS04 SPV does not have and has never had any contracts for employment with any person, whether as employee, consultant or independent contractor.
11. **Compliance with laws**
- 11.1 AMS04 SPV has not received any notice in writing from any governmental authority indicating or alleging that AMS04 SPV is in violation of any applicable statute or regulation in the Netherlands or any other applicable jurisdiction.
- 11.2 There is not pending, or in existence, any material investigation or enquiry by, or on behalf of, any governmental authority in the Netherlands or any other applicable jurisdiction in respect of the affairs of AMS04 SPV.
- 11.3 The Sellers are not aware of any circumstances reasonably likely to give rise to any matter set out in paragraphs 11.1 and 11.2 above.
12. **Anti-bribery and Improper Payments**
- 12.1 AMS04 SPV has not breached any Anti-bribery Laws or any applicable anti-money laundering law, rule or regulation or any books and records offences relating directly or indirectly to a bribe.

12.2 AMS04 SPV maintains on an ongoing basis adequate written anti-corruption procedures and internal accounting controls which are designed to ensure compliance by AMS04 SPV with all Anti-bribery Laws.

13. **Tax**

13.1 AMS04 SPV has, within all relevant time limits, made or caused to be made all proper returns required to be made, and has supplied or caused to be supplied all material information required to be supplied, to any Tax Authority.

13.2 All material amounts of Tax required to be paid or withheld by AMS04 SPV have been duly paid or withheld, and no material penalties, fines, surcharges or interest in relation to Tax have been incurred by AMS04 SPV.

13.3 There is no material dispute or disagreement outstanding nor is any contemplated at the date of this Agreement with any Tax Authority regarding any liability or potential liability to any Tax in respect of AMS04 SPV or that is recoverable from AMS04 SPV.

13.4 The amount of Tax chargeable on AMS04 SPV during any accounting period has not, to any material extent, depended on any concession, agreement or other formal or informal arrangement with any Tax Authority or any other treatment which has been or could be construed as state aid.

13.5 No arrangements have been made under which AMS04 SPV is or could become liable to make any material payment to any person in respect of any Tax sharing arrangements, any joint liability for any Tax, or any liability in respect of Tax which is chargeable directly or primarily against any person other than AMS04 SPV.

13.6 AMS04 SPV is solely resident for Tax purposes in the place identified as its jurisdiction of Tax residence in [Attachment 1](#) (Basic information about London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV), and is not subject to Tax in any other jurisdiction by virtue of having a permanent establishment there.

13.7 AMS04 SPV has all the information in its possession and control necessary to calculate its Tax liabilities for periods up to Completion and any future Tax liability of each member of the Target Group insofar as it is calculated by reference to any transaction or event occurring on or before Completion.

13.8 A valid and timely Check the Box Election has been made to treat AMS04 SPV as disregarded as an entity separate from its single owner for U.S. federal income tax purposes, with effect at least three days prior to the Completion Date.

13.9 AMS04 SPV is a taxable person, is registered for the purposes of VAT and all of its supplies are subject to VAT such that it is a fully taxable person for VAT purposes. An option for VATable lease has been exercised on the AMS04 Site under section 11.1, sub b 5<sup>o</sup>, of the Dutch Value Added Tax Act 1968 (*Wet op de Omzetbelasting 1968*) and article 6a of the Implementing Decision of the Dutch Value Added Tax Act 1968 ( *Uitvoeringsbeschikking omzetbelasting 1968*).

14. **Licences**

All material licences, consents and other permissions and approvals required for or in connection with the carrying on of the business of AMS04 SPV as at the date of this Agreement are in full force and effect and are listed in the Disclosure Letter.

**Schedule 5**  
**(Purchasers' Warranties)**

**1. Capacity of the Purchasers**

- 1.1 Each Purchaser has the requisite power and authority to enter into and perform this Agreement and the other Share Purchase Documents to which it is a party.
- 1.2 The obligations of the Purchasers under this Agreement constitute, and the obligations of the Purchasers under the other Share Purchase Documents will, when delivered, constitute binding obligations of the Purchasers in accordance with their respective terms.
- 1.3 The execution and delivery of, and the performance by each Purchaser of its obligations under, this Agreement and the other Share Purchase Documents will not:
  - (A) result in a breach of any provision of the memorandum or articles of association or other constitutional documents of such Purchaser;
  - (B) result in a breach of, or constitute a default under, any instrument to which such Purchaser is a party or by which such Purchaser is bound;
  - (C) result in a breach of any order, judgment or decree of any court or governmental agency to which such Purchaser is a party or by which such Purchaser is bound; or
  - (D) require the consent of its shareholders.

**2. Insolvency**

- 2.1 No order has been made and no resolution has been passed for the winding up of any Purchaser and no petition has been presented for the purpose of winding up any Purchaser.
- 2.2 No administration order has been made and no petition or application for such an order has been made or presented and no administrator has been appointed in respect of any Purchaser.
- 2.3 No receiver (which expression shall include an administrative receiver) has been appointed in respect of any Purchaser or all or any of its assets.
- 2.4 No composition or similar arrangement with creditors including, but not limited to, a voluntary arrangement has been proposed under Part 1 Insolvency Act 1986 in respect of any Purchaser.
- 2.5 No event analogous to those specified in paragraphs 2.1 to 2.4 of this Schedule has occurred in relation to any Purchaser.

**3. Regulatory consents and licences**

- 3.1 All governmental and regulatory licences, registrations, authorisations, consents, permissions and approvals required by any Purchaser to consummate the transactions contemplated by this Agreement (the "**Authorisations**"):
  - (A) have been obtained in writing; and
  - (B) are in full force and effect.
- 3.2 So far as the Purchasers are aware, there are no circumstances which indicate that any Authorisation may be varied, suspended, revoked or not renewed (in whole or in part).

**4. Reasoned Proposal**

The information about the Purchasers contained in the Reasoned Proposal (excluding the annexures thereto) is accurate at the date of this Agreement.

**Schedule 6**  
**(Conduct of Business before Completion)**

The acts and matters referred to in clause 4.1 are as follows:

- (A) any disposal of any part of its business and undertaking other than a disposal of any business asset where its value is less than £500,000;
- (B) the making of any capital commitment which, alone, or when aggregated with all other related capital commitments (such that the capital commitments are part of the same project), already entered into, exceeds £500,000;
- (C) any entry into, material amendment or termination of any contract or arrangement (i) having a value or involving or likely to involve expenditure in excess of £500,000 per annum, or (ii) which cannot be performed within its terms within twelve months after the date on which it is entered into or undertaken or cannot be terminated on less than twelve months' notice, or (iii) which may result in a material change in the nature or scope of the operations of the Target Business as carried on as at the date of this Agreement (or any modification of an existing contract or arrangement which would itself fall, or cause the contract or arrangement concerned to fall, within any of paragraphs (C)(i) to (C)(iii) or the making of any bid, tender, proposal or offer likely to lead to any such contract or arrangement, provided always that this paragraph (C) shall not apply in respect of any contract falling within clause 4.4;
- (D) any offer by any member of the Target Group or AMS04 SPV to engage any new employee or consultant (on the basis of full time employment or consultancy) in excess of £100,000 per annum;
- (E) any dismissal of any Senior Employee by the relevant member of the Target Group other than for cause or unless not to do so would, in the reasonable opinion of any Seller, damage the Target Business as carried on as at the date of this Agreement;
- (F) any material amendment to the terms of employment of any Relevant Employees;
- (G) any grant of any guarantee or indemnity for the obligations of any person (other than a member of the Target Group or AMS04 SPV);
- (H) any creation, allotment or issue or any grant of any option over or other right to subscribe for or purchase, or any redemption or purchase of, any share or loan capital or securities of any member of the Target Group or AMS04 SPV, or securities convertible into any of the foregoing, other than the issue of fully paid ordinary shares in the capital of London DivestCo to the London DivestCo Seller to meet the ongoing funding needs of London DivestCo;
- (I) any sale or transfer, purchase, assignment or disposal of any interest in any share or loan capital of other securities of any member of the Target Group or AMS04 SPV;
- (J) the entering into of any transaction with any member of the Retained Group other than on arm's length terms and in the ordinary course of business;
- (K) any creation or grant of any Encumbrance (other than a lien arising by operation of law) on, over or affecting the whole or any part of the undertaking or assets of the Target Business as carried on at the date of this Agreement, other than rights

arising under retention of title clauses in the ordinary course of business or licensing of Intellectual Property in the ordinary course of business;

- (L) the making of any loan (other than the granting of trade credit in the ordinary course of business in accordance with the normal practice of the relevant member of the Target Group or AMS04 SPV) to any person;
- (M) any borrowing or the making of any amendment to an existing financing arrangement (other than the receipt of trade credit in the ordinary course of business pursuant to and in accordance with the limits subsisting at the date of this Agreement);
- (N) the institution or settlement of any litigation which could result in a payment by any member of the Target Group or AMS04 SPV of £500,000 or more except for collection in the ordinary course of trade debts, including amounts recoverable under contracts, payments in advance, trade bills recoverable and prepayments;
- (O) the creation of any new obligation, agreement or arrangement (whether funded or unfunded) under which any member of the Target Group contributes to or has contributed to or may become liable to contribute to or is or has become or may become liable to satisfy under which benefits are payable on retirement, or on death (whether accidental or not) of any Relevant Employee or former employee of any member of the Target Group;
- (P) the declaration, making or paying of any dividend (in cash or in specie);
- (Q) the passing of any shareholders' resolution (except for resolutions passed in respect of ordinary business at its annual general meeting);
- (R) the alteration of its articles of association or equivalent constitutional documents;
- (S) the entry into any lease of any Relevant Property or accepting the surrender of any lease to which a Relevant Property is subject;
- (T) the entry into any variation of the terms of any lease under which a Relevant Property is held or any lease to which a Relevant Property is subject or agreeing any review of the rent payable;
- (U) the disposal of or granting any option in respect of any Relevant Property or any interest therein;
- (V) the granting of any rights over or creating any restriction, covenant or Encumbrance affecting any Relevant Property;
- (W) any action taken by any member of the Target Group or AMS04 SPV which is inconsistent with the provisions of any of the Share Purchase Documents;
- (X) assigning, licensing (other than in the ordinary course of business) or failing to pay any application or renewal fees in respect of any Intellectual Property relating to the Target Business as carried on at the date of this Agreement;
- (Y) any election under the London Business Transfer Agreement to treat any contract, asset or Property as excluded from the sale and transfer under the London Business Transfer Agreement;
- (Z) making any change to the accounting procedures, policies or treatment by reference to which its accounts or other financial statements are prepared;
- (AA) changing its residence for Tax purposes;

- (BB) making any Tax election or settling or compromising any liability to Tax or submitting any Tax return which is inconsistent with past practice;
- (CC) the entering into of any agreement (conditional or otherwise) to do any of the foregoing;
- (DD) making any amendment to the London Business Transfer Agreement, the Amsterdam Deed of Demerger, the Frankfurt Demerger Agreement, the Transitional Services Agreements or the agreements listed in Schedule 17 (Ongoing Arrangements), provided that any non-material changes may be made without the consent of the Purchasers to the agreements listed at 7, 8, 11, 12, 13, 14, 16 and 18 in Schedule 17 prior to such agreements being executed; and
- (EE) making any amendment to, or repaying (including by way of set off) any amounts under, the Amsterdam DivestCo Loans, the AMS04 SPV Loans (save as provided in clause 7.21 (Sellers' warranties and undertakings)), the Frankfurt Loans and any loans between London DivestCo and any member of the Target Group.

**Schedule 7**  
**(Limitations on the Sellers' and AMS04 SPV Seller's liability)**

**1. General**

- 1.1 Each provision of this Schedule and clause 7 (Sellers' and AMS04 SPV Seller's warranties and undertakings) shall be read and construed without prejudice to each of the other provisions of this Schedule and clause 7.
- 1.2 No Purchaser shall be entitled to claim that any fact, matter or circumstance causes any of the Sellers' Warranties or AMS04 SPV Warranties to be breached if and to the extent it has been fairly disclosed in or on the terms of the Disclosure Letter or in the Data Room, save that the Purchasers shall be entitled to claim that any Warranty in paragraph 25 of Schedule 3 (Sellers' Warranties) has been breached or is untrue notwithstanding that any Purchaser knew the fact of such breach as a result of the reports in sections 2.5.1.2-Z, 2.5.2.2-AE, 2.5.2.2-AF, 2.5.3.2-O, 2.5.4.2-O and 2.5.5.2-D of the Data Room.
- 1.3 Each Purchaser agrees and undertakes that (in the absence of fraud) it has no rights against and shall not make any claim against any employee, director, officer or adviser of each of (i) any Seller or of the AMS04 SPV Seller, (ii) any member of the Target Group, (iii) AMS04 SPV or (iv) any other member of the Retained Group on whom it may have relied before agreeing to any term of any Share Purchase Document.
- 1.4 No Purchaser shall be entitled to claim for (i) any indirect or consequential loss, or (ii) for any loss of profit, loss of goodwill or of loss of possible business after Completion, whether actual or prospective, direct or indirect, in each case in respect of any claim or claims under any of the Sellers' Warranties or the AMS04 SPV Warranties.
- 1.5 As regards the Tax Covenant, to the extent stated in this Schedule, the provisions of this Schedule shall operate to limit the liability of the Sellers and the AMS04 SPV Seller and the provisions of the Tax Covenant shall further operate to limit the liability of the Sellers and the AMS04 SPV Seller in respect of any claim thereunder or (to the extent stated therein) any claim under the Tax Warranties. For the avoidance of doubt, the provisions of paragraph 1.2 of this Schedule shall not limit any claim under the Tax Covenant.
- 1.6 Without prejudice to clause 29 (Entire agreement), save as expressly provided in this Agreement or the other Share Purchase Documents, each Purchaser acknowledges and agrees that the Sellers and the AMS04 SPV Seller do not give or make any warranty as to the accuracy of the forecasts, estimates, projections, statements of intent or statements of honestly expressed opinion provided to any Purchaser (however so provided) on or prior to the date of this Agreement, including (without limitation) in the Disclosure Letter or the information supplied to or made available to any Purchaser in the Data Room or otherwise during such Purchaser's due diligence exercise.
- 1.7 For the avoidance of doubt, except where expressly provided to the contrary, references to " **claims**" in this Schedule shall include any and all claims made by any Purchaser or a member of the Purchasers' Group under any Share Purchase Document on any ground whatsoever (including, for the avoidance of doubt, any claim in respect of any indemnities or covenants given by any Seller or the AMS04 SPV Seller under any Share Purchase Document).
- 1.8 Nothing in this Agreement shall relieve or abrogate any Purchaser of any common law or other duty to mitigate any loss or damage other than, for the avoidance of doubt, in relation to any claim under the Tax Covenant.

**2. Limitation on quantum**

- 2.1 Subject to paragraph 2.2 and 2.3, no Seller shall be liable in respect of any individual claim:
- (A)
- (i) under the Tax Warranties, the AMS04 SPV Tax Warranties or the Tax Covenant (other than clause 2.2 of the Tax Covenant) unless the amount of the liability of such Seller in respect of that individual claim (or series of related claims with respect to the same facts or circumstances) exceeds £100,000, in which case the relevant Purchaser shall be entitled to claim the whole of such amount and not merely the excess; or
- (B) under the Sellers' Warranties, the AMS04 SPV Warranties or clause 18 (Customer Contracts) (other than the Tax Warranties, the AMS04 SPV Tax Warranties, the Sellers' Fundamental Warranties and the AMS04 SPV Fundamental Warranties):
- (i) unless the amount of the liability of such Seller in respect of that individual claim (or series of related claims with respect to the same facts or circumstances) exceeds £500,000, in which case the relevant Purchaser shall be entitled to claim the whole of such amount and not merely the excess (save that this paragraph (B)(i) shall not apply to any claim under clause 18); and
- (ii) unless and until the aggregate amount of the liability of such Seller in respect of all claims (disregarding any claims excluded by paragraph (B)(i) above) for which such Seller is liable exceeds £3,500,000, but once the aggregate amount of all such claims has exceeded such sum, such Seller shall be liable in respect of the full amount of all such claims and not only the amount by which such sum is exceeded.
- 2.2 The maximum aggregate liability in respect of all claims under the Sellers' Warranties and the AMS04 SPV Warranties (other than the Sellers' Fundamental Warranties, the AMS04 SPV Fundamental Warranties, the Tax Warranties and the AMS04 SPV Tax Warranties) shall not exceed the aggregate of:
- (A) the London DivestCo Seller, the sum of £53,594,828 and EUR47,894,565;
- (B) the Amsterdam DivestCo Seller, the sum of £53,594,828 and EUR47,894,565; and
- (C) the Frankfurt DivestCo Seller, the sum of £53,594,828 and EUR47,894,565,
- provided that the total aggregate liability of the AMS04 SPV Seller and the Sellers together in respect of such claims shall not exceed 15 per cent. of the aggregate enterprise value of the Target Group and AMS04 SPV (being the sum of £53,594,828 and EUR47,894,565).
- 2.3 Subject to paragraph 2.2 and 2.4, the maximum aggregate liability in respect of all other claims under this Agreement shall not exceed, in the case of:
- (A) the London DivestCo Seller,  
£357,298,850;
- (B) the Amsterdam DivestCo Seller, EUR284,398,550;  
and
- (C) the Frankfurt DivestCo Seller,  
EUR34,898,550.
- 2.4 The total aggregate liability of the AMS04 SPV Seller and the Sellers together under the Share Purchase Documents shall not exceed the sum of £357,298,850 and EUR319,297,100.
- 3. Time limits for bringing claims**

- 3.1 No claim shall be brought against any Seller or the AMS04 SPV Seller unless the relevant Purchaser shall have given to such Seller or the AMS04 SPV Seller (as the case may be) written notice of such claim specifying (in reasonable detail to the extent known) the matter which gives rise to the claim, the nature of the claim and the amount claimed in respect thereof (including, to the extent reasonably practicable, such Purchaser's good faith calculation of the loss thereby alleged to have been suffered by it or the relevant member of the Purchasers' Group on a without prejudice basis:
- (A) in respect of a claim under the Tax Warranties and the Tax Covenant, written notice of such claim having been given in accordance with clause 8 of the Tax Covenant on or before the fourth anniversary of the Completion Date;
  - (B) in respect of all other claims under the Share Purchase Documents on or before the date falling eighteen months after the Completion Date.
- 3.2 The liability of the relevant Seller or the AMS04 SPV Seller (as the case may be) in respect of such claim (other than a claim under the Tax Covenant) shall absolutely determine (if such claim has not been previously satisfied, settled or withdrawn) and the claim shall be deemed to have been withdrawn unless legal proceedings in respect of such claim shall have been commenced within six months of the giving of such notice and for this purpose proceedings shall not be deemed to have been commenced unless they shall have been properly issued and validly served upon the relevant Seller or the AMS04 SPV Seller (as the case may be) except:
- (A) in the case of a claim based upon a liability which is contingent or otherwise not capable of being quantified, in which case the six month period shall commence on the date that the contingent liability becomes an actual liability or the liability is capable of being quantified; or
  - (B) in the case of a claim which has arisen as a result of a claim made against a member of the Purchasers' Group (the " **Underlying Claim**") where any person has taken steps to avoid, dispute, resist, comprise, defence or appeal against the Underlying Claim in accordance with this Schedule in which case the six month period shall commence on the date that the Underlying Claim is finally settled or finally determined.

**4. No liability for contingent or non-quantifiable claims**

If any claim (other than a claim under the Tax Covenant) arises by reason of some liability which, at the time such claim is notified to the relevant Seller or the AMS04 SPV Seller (as the case may be), is contingent only or otherwise not capable of being quantified, then such Seller or the AMS04 SPV Seller (as the case may be) shall not be under any obligation to make any payment in respect of such claim unless and until such liability ceases to be contingent or becomes capable of being quantified. So long as such claim shall have been notified to the relevant Seller or the AMS04 SPV Seller (as the case may be) in accordance with paragraph 3, as appropriate, then the proviso set out at paragraph 3.2(A) shall operate to govern the time limit within which legal proceedings must be commenced in respect thereof.

**5. Third party claims and conduct of litigation**

Upon any Purchaser or any member of the Purchasers' Group becoming aware of any claim, action or demand against it by a third party which is reasonably likely to give rise to any claim under or in connection with the Share Purchase Documents (except for a claim under the Tax Covenant or the Tax Warranties, in which case the provisions of clause 8 of

the Tax Covenant shall apply), such Purchaser shall and shall procure that the relevant member of the Purchasers' Group shall:

- (A) as soon as reasonably practicable and in any event within fifteen Business Days of becoming aware of such claim notify the Sellers and the AMS04 SPV Seller by written notice in accordance with paragraph 3;
- (B) subject to the relevant Seller or the AMS04 SPV Seller (as the case may be) indemnifying the relevant Purchaser in a form reasonably satisfactory to such Purchaser against any liability, cost, damage or expense which may be properly incurred:
  - (i) promptly give such information and reasonable access to personnel, premises, chattels, books, records and documents (including in electronic form) (which the relevant Purchaser shall procure are preserved) to the relevant Seller or the AMS04 SPV Seller (as the case may be) or other relevant member of the Retained Group and professional advisers as such Seller or the AMS04 SPV Seller (as the case may be) may reasonably request and consult with such Seller or the AMS04 SPV Seller (as the case may be) before taking any action in order to avoid, dispute, resist, mitigate, settle, compromise, defend or appeal any claim in respect thereof or adjudication with respect thereto; and
  - (ii) make no admission of liability, agreement, settlement or compromise with any third party in relation to any such claim, action or demand or adjudication without the prior written consent (not to be unreasonably withheld or delayed) of the relevant Seller or the AMS04 SPV Seller (as the case may be);

5.2 The provisions of this paragraph 5 shall not apply to the Tax Covenant or any claim under the Tax Warranties.

**6. No liability if loss is otherwise compensated for**

- 6.1 No liability shall attach to any Seller or the AMS04 SPV Seller in respect of a breach of this Agreement to the extent that the same loss has been recovered by any Purchaser or any member of the Purchasers' Group under any other term of this Agreement, or any other document entered into pursuant hereto, including the Tax Covenant, and accordingly the Purchasers may only recover once in respect of the same loss.
- 6.2 The Sellers and the AMS04 SPV Seller shall not be liable for any claim to the extent that the subject of the claim has been or is made good or is otherwise compensated for without cost or other Loss to the Purchasers or any other member of the Purchasers' Group.
- 6.3 Without prejudice to any Purchaser's right to bring a claim for breach of clauses 7.7, 7.8, or 7.9 (Sellers' and AMS04 SPV warranties and undertakings), if any Purchaser becomes aware of any matter which could give rise to a claim under clauses 7.7, 7.8, or 7.9 it shall notify the relevant Seller of such matter as soon as reasonably practicable after the occurrence of such matter. Any failure to give such notice shall not prevent the relevant Purchaser from bringing a claim, provided that where any Loss is suffered by the relevant Purchaser or any other member of the Purchasers' Group due to any delay in giving such notice, the relevant Seller's liability shall not be increased by any additional Loss suffered or incurred by any member of the Purchasers' Group resulting from such delay.
- 6.4 The Sellers' and the AMS04 SPV Seller's liability (as applicable) in respect of any claim shall be reduced by an amount equal to any loss or damage to which the claim related which has actually been recovered under a policy of insurance (after deducting any costs

incurred in making such recovery and any Tax incurred as a result of the receipt of such recovery).

6.5 Where any Seller or the AMS04 SPV Seller has made a payment to any Purchaser in relation to any claim and such Purchaser or any member of the Purchasers' Group recovers (whether by insurance or otherwise) from a third party a sum which is referable to the matter giving rise to such claim, such Purchaser or the relevant member of the Purchasers' Group shall pay to the relevant Seller or the AMS04 SPV Seller (as applicable) as soon as reasonably practicable after receipt:

- (A) an amount equal to the amount recovered from the third party (net of Tax and less any reasonable costs of recovery); or
- (B) if the amount referred to in paragraph (A) exceeds the amount paid by the relevant Seller and/or the AMS04 SPV Seller to such Purchaser in respect of the relevant claim such lesser amount as shall have been so paid by such Seller or the AMS04 SPV Seller.

**7. Acts and knowledge of the Purchasers**

No claim (except for a claim under the Tax Covenant or the Tax Warranties, in which case the provisions of clause 3 of the Tax Covenant shall apply) shall lie against any Seller or the AMS04 SPV Seller to the extent that such claim is attributable to any voluntary act, omission, transaction, or arrangement (other than any voluntary act, omission, transaction or arrangement which is either (i) contemplated by this Agreement or the other Share Purchase Documents; or (ii) carried out pursuant to a legally binding commitment created on or before Completion) carried out:

- (A) before Completion by any Seller, the AMS04 SPV Seller or any member of the Retained Group with the prior written consent, of any Purchaser or any member of the Purchasers' Group; and
- (B) after Completion by any Purchaser or a member of the Purchasers' Group outside the ordinary and usual course of business of the Target Business at Completion and where such person had actual knowledge that such act, omission, transaction or arrangement would or would be reasonably likely to give rise to or increase a claim.

**8. Completion Accounts**

No matter shall be the subject of a claim for breach of any of the Sellers' Warranties or the AMS04 SPV Warranties (except for a claim under the Tax Warranties in which case the provisions of clause 3 of the Tax Covenant shall apply) to the extent that a specific allowance, provision or reserve in respect of such matter shall have been made in the Completion Accounts or has been included in calculating creditors in the Completion Accounts or shall have been otherwise taken account of or reflected in the Completion Accounts.

**9. Future legislation**

No liability shall arise in respect of any claim (except for a claim under the Tax Covenant or the Tax Warranties in which case the provisions of clause 3 of the Tax Covenant shall apply) to the extent that liability for such claim occurs or is increased directly or indirectly as a result of the passing of, or a change in, any law, rule, regulation, treaty, constitution, order or administrative action having the force of law, after the date of this Agreement.

**Schedule 8**  
**(Completion Accounts)**

**Part A**

**1. Preparation and determination of Completion Accounts; payment provisions**

**1.1**

(A) The Purchasers shall procure the preparation of a balance sheet of each of London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV prepared as at the close of business (or, if the Completion Date is on the first Business Day of a month, 12:01 a.m.) on the Completion Date substantially in the form set out in Part D (Balance Sheets) of this Schedule and including a completion statement specifying in respect of each member of the Target Group and AMS04 SPV:

- (i) the Working Capital;
- (ii) the External Debt Value;
- (ii) the External Cash Value;
- (vi) the Net External Cash Balance;
- (v) the Inter-Company Receivables;
- (vi) the Inter-Company Payables; and
- (vii) the Net Inter-Company Debt,

as at the Completion Date (the "**Draft Completion Accounts**"). The Draft Completion Accounts shall be delivered to the Sellers by the Purchasers in accordance with clause 30 (Notices) by the date falling forty-five Business Days after Completion.

- (B) The Completion Accounts shall be prepared in accordance with those accounting policies, principles, practices, bases and methodologies set out in Part B (Accounting policies etc.) to Part C (Specific accounting principles etc.) of this Schedule.
- (C) Until such time as the Completion Accounts are agreed or finally determined in accordance with this Part A of this Schedule, each Seller shall (and shall procure that each member of the Retained Group shall) give to the Purchasers, the Purchasers' Accountants and advisers, without charge, such reasonable access to the personnel of any relevant member of the Retained Group (who shall be instructed to give prompt information and explanations) and to all Books and Records, calculations, working papers and other management information of the Retained Group relating to AMS04 SPV, any member of the Target Group and/or the Target Business on or prior to the Completion Date as any Purchaser or the Purchasers' Accountants or advisers may request in connection with the preparation of the Draft Completion Accounts and the preparation and evaluation of the Completion Accounts and related discussions, subject to providing such confidentiality undertakings as the Sellers or Sellers' Accountants may reasonably request.

- (D) Save in accordance with the provisions of paragraph 1.3(B), no amendment shall be made to the Draft Completion Accounts after their delivery to the Sellers in accordance with paragraph 1.1(A).

1.2

- (A) The Sellers may dispute the Draft Completion Accounts by notice in writing (in this paragraph, the " **Notice**") delivered to the Purchasers in accordance with clause 30 (Notices) within twenty Business Days of receiving the Draft Completion Accounts. The Notice shall specify (a) which items of the Draft Completion Accounts are in dispute, (b) the reasons therefor and (c) to the extent practicable, the monetary value of the adjustments that the Sellers claim are accordingly required to be made to:

- (i) the Working Capital;
- (ii) the External Debt Value;
- (iii) the External Cash Value;
- (iv) the Net External Cash Balance;
- (v) the Inter-Company Receivables;
- (vi) the Inter-Company Payables; and
- (vii) the Net Inter-Company Debt,

in respect of AMS04 SPV or any member of the Target Group. Only those items or amounts specified in the Notice shall be treated as being in dispute (the "**Disputed Items**") and no amendment may be made by the Sellers, the Purchasers, or any Expert appointed pursuant to paragraph 1(ii) below, to any items or amounts which are not Disputed Items, other than consequential amendments resulting from the Disputed Items.

- (B) The Purchasers shall procure that the Target Group and the Purchasers' Accountants provide without charge such reasonable access to their personnel, the Books and Records, calculations and working papers as the Sellers or the Sellers' Accountants and advisers may request in connection with their review of the Completion Accounts, subject to providing such undertakings as to confidentiality as the Purchasers or the Purchasers' Accountants may reasonably request.

1.3

- (A) If the Sellers do not serve the Notice under paragraph 1.2(A) above, the Draft Completion Accounts shall constitute the Completion Accounts.
- (B) If the Sellers do serve the Notice under paragraph 1.2(A) above, then the Purchasers (on the one hand) and the Sellers (on the other hand) shall use their reasonable endeavours to resolve the Disputed Items and either:
- (i) if the Purchasers and the Sellers reach agreement on the Disputed Items within twenty Business Days of the Notice being served (or such longer period as the Purchasers and the Sellers may agree in writing), the Draft Completion Accounts shall be amended to reflect such agreement and shall then constitute the Completion Accounts; or

(ii) if the Purchasers (on the one hand) and the Sellers (on the other hand) do not reach agreement in accordance with paragraph (i) above, the Purchasers or the Sellers may refer the dispute to such individual at an independent firm of chartered accountants of international repute as the Purchasers and the Sellers may agree or, failing such agreement within ten Business Days of expiry of the period described in paragraph (i) above, to such independent firm of chartered accountants of international repute in London as the President of the Institute of Chartered Accountants in England and Wales may, on the application of the Sellers or the Purchasers, nominate (the "**Expert**"), on the basis that the Expert is to make a decision on the dispute and notify the Purchasers and the Sellers of its decision within twenty Business Days of receiving the reference or such longer reasonable period as the Expert may determine.

(C) Each party shall bear its own costs with respect to the finalisation of the Completion Accounts. The costs of the Expert shall be borne by the parties as set out in paragraph 1.4(C) below.

1.4 In any reference to the Expert in accordance with paragraph 1.3 above:

(A) the Expert shall act as an expert and not as an arbitrator and shall be directed to determine any Disputed Items which remain unresolved by reference to the accounting policies, principles, practices, bases and methodologies set out in Part B (Accounting policies etc.) to Part C (Specific accounting principles etc.) of this Schedule;

(B) the decision of the Expert shall, in the absence of fraud or manifest error, be final and binding on the Purchasers and the Sellers such decision shall be accompanied by a written summary of the reasons and basis for such decision, and the Completion Accounts shall be the Draft Completion Accounts amended as necessary to reflect the decision of the Expert and, as amended, signed by the Expert;

(C) the costs of the Expert shall be paid by the Sellers (on the one hand) and the Purchasers (on the other hand) in equal parts; and

(D) each of the Sellers and the Purchasers shall respectively provide or procure the provision to the Expert of all such information as the Expert shall reasonably require including:

(i) by their respective advisers;

(ii) in the case of Purchasers, the Books and Records and personnel of the Purchasers' Group, London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV; and

(iii) in the case of the Sellers, the Books and Records and personnel of the Retained Group.

1.5 Following determination of the Completion Accounts, the amount of:

(i) the Working Capital;

(ii) the External Debt Value;

(iii) the External Cash Value;

(iv) the Net External Cash Balance;

- (v) the Inter-Company Receivables;
- (vi) the Inter-Company Payables; and
- (vii) the Net Inter-Company Debt,

of each member of the Target Group and AMS04 SPV shall be determined by reference to the Completion Accounts.

- 1.6 Following agreement pursuant to paragraphs 1.3(A) or 1(i) or determination pursuant to paragraph 1.4(B) of the Completion Accounts:
- (A) Subject to paragraph (C), if the Working Capital of AMS04 SPV or any member of the Target Group is less than or greater than the Working Capital Reference Amount of AMS04 SPV or such member (as applicable) (such amount being the "**Shortfall**" or the "**Excess**" respectively), the Seller of the Shares of such member (as applicable) shall pay to the relevant Purchaser an amount equal to the Shortfall or, as the case may be, the relevant Purchaser shall pay to such Seller (as applicable) an amount equal to the Excess, within five Business Days of agreement or determination of the Completion Accounts.
  - (B) Subject to paragraph (C), if the Net External Cash Balance of the AMS04 SPV or any member of the Target Group is a negative amount, the Seller of the Shares of such member (as applicable) shall pay to the relevant Purchaser an amount equal thereto or, if the Net External Cash Balance of AMS04 SPV or such member of the Target Group (as applicable) is a positive amount, the relevant Purchaser shall pay to such Seller an amount equal thereto, within five Business Days of agreement or determination of the Completion Accounts. Any payment pursuant to this paragraph (B) shall be adjusted to take into account the Estimated Net External Cash Balance in respect of AMS04 SPV or such member of the Target Group (as relevant) applied to the Purchase Price paid at Completion pursuant to paragraph 1 of Part B of Schedule 2 (Completion arrangements).
  - (C) For the avoidance of doubt, no amount shall be payable in respect of the same matter both pursuant to this paragraph 1 and in respect of any Sellers' Warranty, any AMS04 SPV Warranty or Purchasers' Warranty being breached or being inaccurate or misleading, or in respect of any breach of, or under, any other provision of this Agreement or under the other Share Purchase Documents.
- 1.7 Any payment made by any Seller or, as the case may be, by any Purchaser pursuant to paragraph 1.6 or paragraph 1.9 shall take effect as an alteration to the London DivestCo Purchase Price, the Amsterdam DivestCo Purchaser Price, the Frankfurt DivestCo Purchase Price or the AMS04 SPV Purchase Price (as applicable).
- 1.8 Within five Business Days of agreement or determination of the Inter-Company Receivables and the Inter-Company Payables pursuant to paragraphs 1.3(A) and 1(i) or paragraph 1.5, the Sellers shall procure that, in respect of each member of the Target Group and AMS04 SPV, any outstanding Inter-Company Receivables of such member or AMS04 SPV (as applicable) shall be discharged and the relevant Purchaser shall procure that any outstanding Inter-Company Payables of such member or AMS04 SPV (as applicable) shall be discharged in each case in accordance with paragraph 1.9.
- 1.9 The Sellers (as agent for the members of the Retained Group) and the Purchasers (as agent for London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV) shall settle the outstanding Inter-Company Receivables and outstanding Inter-Company Payables referred to in paragraph 1.8 above by netting such amounts against each other to produce a net sum (in each case, a "**Net Sum**") and, subject to the final sentence of

this paragraph 1.9, the Sellers (if the outstanding Inter-Company Receivables of any member of the Target Group or AMS04 SPV are greater than the outstanding Inter-Company Payables of such member or AMS04 SPV) or the relevant Purchaser (if the outstanding Inter-Company Payables of any member of the Target Group or AMS04 SPV are greater than the outstanding Inter-Company Receivables of such member or AMS04 SPV) (the "**payer**") shall pay that Net Sum to the relevant Purchaser (in the case of a payment by any Seller) or to the relevant Seller (in the case of a payment by any Purchaser) (the "**payee**") against the payment by the payee to the payer of an amount equal thereto as an adjustment to the London DivestCo Purchase Price, the Amsterdam DivestCo Purchase Price, the Frankfurt DivestCo Purchase Price or the AMS04 SPV Purchase Price (as applicable). Following such payments, no further amount (save, for the avoidance of doubt, with respect to Ordinary Trading Payables and Ordinary Trading Receivables) shall be considered as due, owing or payable between any member of the Retained Group and any of London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV (or vice versa) in respect of the Inter-Company Payables or the Inter-Company Receivables. The Net Sum in respect of each member of the Target Group and AMS04 SPV shall be adjusted to take into account the Estimated Net Inter-Company Debt in respect of such member and AMS04 SPV applied to the London DivestCo Purchase Price, the Amsterdam DivestCo Purchase Price, the Frankfurt DivestCo Purchase Price and the AMS04 SPV Purchase paid on Completion pursuant to paragraph 1 of Part B of Schedule 2 (Completion arrangements).

- 1.10 All payments to be made under this paragraph 1 shall be made in immediately available funds in pounds sterling (where the payment relates to London DivestCo) and euros (where the payment relates to Amsterdam DivestCo, Frankfurt DivestCo or AMS04 SPV), in each case without any set-off, restriction or condition and without any deduction or withholding (save only as may be required by law) by telegraphic transfer to the account of the relevant Purchaser or, as the case may be, the relevant Seller notified in advance to the party making the payment by the party receiving the payment.
- 1.11 The Sellers and the Purchasers agree to procure that the Ordinary Trading Payables and Ordinary Trading Receivables will be settled in accordance with the normal terms of trading between the companies concerned.
- 1.12 For the purposes of paragraphs 1.6 to 1.11 of this Part A, the Amsterdam DivestCo Purchaser shall be deemed to be the purchaser of AMS04 SPV and the Amsterdam DivestCo Seller shall be deemed to be the seller of AMS04 SPV.

**Part B**

**2. Accounting policies, principles, practices, bases and methodologies**

- 2.1 The following accounting principles, bases, conventions, rules and estimation techniques shall be applied in the preparation of the Completion Accounts:
- (A) first, in accordance with the specific accounting principles, practices and policies set out in Part C (Specific accounting principles, practices and policies) of this Schedule;
  - (B) second, subject to paragraph 2.1(A), in accordance with the same accounting principles, policies, procedures, categorisations, definitions, methods, practices and techniques (including in respect of the exercise of management judgment and on the basis of the same estimates, forecasts and opinions) applied in the Telecity Group Accounts, to the extent such accounting principles, policies, procedures, categorisations, definitions, methods, practices and techniques are in accordance with IFRS in force and applicable at the Completion Date, otherwise IFRS in force and applicable at the Completion Date shall prevail;
  - (C) third, subject to paragraph 2.1(A) to 2.1(B) above, in accordance with IFRS in force and applicable at the Completion Date.
- 2.2 If there is any inconsistency between any of the sub-paragraphs of paragraph 2.1 above, paragraph 2.1(A) shall prevail over paragraphs 2.1(B) and (C) and paragraph 2.1(B) shall prevail over paragraph 2.1(C).

## Part C

### 3. Specific accounting principles, practices and policies

3.1 The Completion Accounts shall be prepared:

- (A) in accordance with the accounting policies set out in paragraph 4 of Part C of this Schedule;
- (B) in the case of London DivestCo, so as to be expressed in pounds sterling, and in the case of Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV, so as to be expressed in euros;
- (C) as if the date to which the Completion Accounts are made up were the last day of a financial year applying the same degree of care and attention and (except as specified to the contrary in this paragraph 3.1) using those procedures that would customarily be adopted for statutory accounts;
- (D) save as otherwise provided in this Part C of this Schedule, so as to take no account of events following the Completion Date, and regard shall only be had to information available up until the date on which the Purchasers submit the draft Completion Accounts to the Sellers in accordance with paragraph 1.1 of Part A of this Schedule, only where such information provides additional evidence of conditions existing at the Completion Date;
- (E) so as to include no charge, provision, reserve or write-off in respect of any costs, liabilities or charges to be incurred after the date to which the Completion Accounts are made up as a consequence of the change of ownership of the Target Group or AMS04 SPV or any change in management strategy, direction or priority which results from the change of ownership (provided that the valuation of a business, and its assets, shall be conducted in the context of the Target Group or AMS04 SPV (as relevant) at the Completion Date without taking into account any change of ownership thereof or any Purchaser's intentions with respect to the conduct of the Target Group or AMS04 SPV after the Completion Date);
- (F) so as to take no account of the costs of the Sellers, the AMS04 SPV Seller or the Purchasers in relation to this Agreement (including, without limitation, the costs of the preparation, delivery, review and resolution of the Completion Accounts);
- (G) so as to take no account of amounts Relevant Employees are entitled to under their Retention Plan;
- (H) so as to take no account of any liabilities in connection with the Amsterdam Phase 1 Fit-out Agreement and the Amsterdam Phase 2 Fit-out Agreement;
- (I) so as to take account of any Outstanding Transferring Contract as though such contract had transferred to London DivestCo, Amsterdam DivestCo or Frankfurt DivestCo (as relevant);
- (J) as if the matters contemplated by clause 12.1 (Transferring Contracts and Carve-out Memorandum) had been completed prior to the Completion Date;
- (K) so that no item shall be included more than once and no minimum materiality limits shall be applied;

- (L) so as to include a provision for current period corporation tax, as if the period ending on the Completion Date was an accounting period for Tax purposes, and an accrual for any unpaid VAT and PAYE/NICs;
- (M) so as to take account of any unpaid liability incurred by London DivestCo to pay stamp duty land tax on or prior to the Completion Date and any unpaid liabilities of Amsterdam DivestCo or AMS04 SPV to pay RETT in respect of any transactions occurring on or before Completion (including Completion);
- (N) so as to contain no provision for deferred Tax liabilities or deferred Tax assets;
- (O) such that the rate of exchange for conversion between currencies shall be the spot midpoint rate of exchange for the particular currency on the Completion Date at the rate quoted by Reuters at 4:00pm London;
- (P) such that Cash shall be reduced for the amount of any outstanding cheques and increased for the amount of any deposits in transit; and
- (Q) so as to take account of any amount received by any member of the Target Group which such member is required to return to a member of the Retained Group pursuant to the London Business Transfer Agreement.

**4. Revenue recognition, deferred income and accrued income**

4.1 Revenue relating to the period prior to the Completion Date shall be accounted for on the following basis:

- (A) Co-location revenue shall be recognised on an even basis over the period of the invoice to which the revenue relates. Deferred income shall initially be recognised on the balance sheet and once realised, shall be subsequently released in line with revenue recognition.
- (B) The following shall be recognised in the period in which they are earned:
  - (i) metered power;
  - (ii) power overages;
  - (iii) first line support;
  - (iv) IP bandwidth usage / overage;
  - (v) storage fees; and
  - (vi) cable installation revenues.
- (C) Accrued revenue shall be recognised on the balance sheet until an invoice has been issued.
- (D) Installation revenue shall be recognised on an even basis over the term of the contract, unless the customer assumes ownership of the equipment, in which case the revenue shall be recognised at the point of installation of such equipment.
- (E) Cross connect installation revenue shall be recognised on installation.
- (F) Cable rental revenue shall be recognised on an even basis over the term of the contract.

4.2 Debts which fall into any of the categories below and which relate to the period prior to the Completion Date, except to the extent that cash has been received for any such debt, shall prior to the delivery of the Draft Completion Accounts to the Sellers in accordance with

paragraph 1.1 of Part A of this Schedule, or if a Notice is delivered, the date on which a Notice (if any) is delivered to the Purchasers, be provided against as follows:

- (A) in the case of debts that are 181 to 360 days overdue as at the Completion Date, 50 per cent.;
  - (B) in the case of debts that are 361 days or more overdue as at the Completion Date, in full (100 per cent.);
  - (C) in the case of debts from customers in administration, receivership or liquidation, in full (100 per cent.);  
or
  - (D) in the case of debts that have been referred to a collection agency, in full (100 per cent.).
- 4.3 Accruals shall be included in the Completion Accounts in respect of any services or goods which were incurred or received but which, at the Completion Date, have not been settled (whether or not they have been invoiced at that date).
- 4.4 Prepayments shall be included in the Completion Accounts in respect of any services or goods which, at the Completion Date, have not been incurred or received but have been paid on or prior to the Completion Date.
- 4.5 No provision shall be included for dilapidations or lease break costs.
- 4.6 Capital expenditure creditors shall only be recognised in the Completion Accounts where an invoice has been received in respect of any period on or prior to the Completion Date.
- 4.7 Any assets or liabilities as at the Completion Date which are not categorised by any line item shown in Part D of this Schedule, and which should properly be included in the Completion Accounts, shall be included in the line item "Other Assets" or "Other Creditors", as applicable, unless such asset or liability is of a similar nature to those in the category "Excluded", in which case such asset or liability shall not be included in the calculation of Working Capital, Net External Cash or Net Inter-Company Debt.
- 4.8 The Completion Accounts shall only include fixed accruals for bonuses in accordance with Schedule 21 (Bonus Accruals). There shall be no accrual for bonuses in respect of AMS04 SPV.

Part D

5. Balance Sheets

London DivestCo pro forma completion balance sheet					
£	Total per completion balance sheet	Working Capital	Net External Cash	Net Inter- Company Debt	Excluded
Tangible assets	X	-	-	-	X
<b>Non-current assets</b>	<b>X</b>	-	-	-	<b>X</b>
Trade receivables	X	X	-	-	-
Other receivables	X	X	-	-	-
Prepayments	X	X	-	-	-
Cash	X	-	X	-	-
Other assets	X	X	-	-	-
<b>Current assets</b>	<b>X</b>	-	-	-	-
Trade payables	(X)	(X)	-	-	-
Deferred income	(X)	(X)	-	-	-
Accruals	(X)	(X)	-	-	-
Intercompany	(X)	-	-	(X)	-
Other creditors	(X)	(X)	-	-	-
Sales taxes	(X)	(X)	-	-	-
Social security	(X)	(X)	-	-	-
Provisions for liabilities & charges	(X)	-	(X)	-	-
Capex creditors	(X)	(X)	-	-	-
Corporate taxes	(X)	(X)	-	-	-
Bonuses (as per Schedule 21)	(X)	-	(X)	-	-
Hire purchase & finance leases (<1 year)	(X)	-	(X)	-	-
<b>Current liabilities</b>	<b>(X)</b>	<b>(X)</b>	<b>(X)</b>	<b>(X)</b>	-
Hire purchase & finance leases (>1 year)	(X)	-	(X)	-	-
<b>Non-current liabilities</b>	<b>(X)</b>	-	<b>(X)</b>	-	-
<b>Total</b>	<b>X</b>	<b>(X)</b>	<b>(X)</b>	<b>(X)</b>	<b>X</b>

**Amsterdam DivestCo pro forma completion balance sheet**

EUR'000	Total per completion balance sheet	Working Capital	Net External Cash	Net Inter-Company Debt	Excluded
Property, plant and equipment	X	-	-	-	X
<b>Non-current assets</b>	<b>X</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>X</b>
Trade receivables	X	X	-	-	-
Other receivables	X	X	-	-	-
Prepayments	X	X	-	-	-
Cash	X	-	X	-	-
Other assets	X	X	-	-	-
<b>Current assets</b>	<b>X</b>	<b>X</b>	<b>-</b>	<b>-</b>	<b>X</b>
Trade payables	(X)	(X)	-	-	-
Capex payables	(X)	(X)	-	-	-
Amsterdam Expansion cost	(X)	-	-	-	(X)
Deferred income (excluding Customer Deposit)	(X)	(X)	-	-	-
Intercompany	(X)	-	-	(X)	-
Accruals	(X)	(X)	-	-	-
Other payables	(X)	(X)	-	-	-
Sales taxes	(X)	(X)	-	-	-
Social security	(X)	(X)	-	-	-
Corporate taxes	(X)	(X)	-	-	-
Hire purchase & finance leases (<1 year)	(X)	-	(X)	-	-
Bonuses (as per Schedule 21)	(X)	-	(X)	-	-
Customer Deposit	(X)	-	(X)	-	-
<b>Current liabilities</b>	<b>(X)</b>	<b>(X)</b>	<b>(X)</b>	<b>(X)</b>	<b>(x)</b>
Hire purchase & finance leases (>1 year)	(X)	-	(X)	-	-
<b>Non-current liabilities</b>	<b>(X)</b>	<b>-</b>	<b>(X)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>X</b>	<b>(X)</b>	<b>(X)</b>	<b>X</b>	<b>X</b>

<b>Frankfurt DivestCo pro forma completion balance sheet</b>					
<b>EUR'000</b>	<b>Total per completion balance sheet</b>	<b>Working Capital</b>	<b>Net External Cash</b>	<b>Net Inter-Company Debt</b>	<b>Excluded</b>
Property, plant and equipment	X	-	-	-	X
<b>Non-current assets</b>	<b>X</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>X</b>
Trade receivables	X	X	-	-	-
Other receivables	X	X	-	-	-
Prepayments	X	X	-	-	-
Cash	X		X		
Other assets	X	X			
<b>Current assets</b>	<b>X</b>	<b>X</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provisions for other liabilities and charges	(X)	-	-	-	(X)
<b>Non-current liabilities</b>	<b>(X)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(X)</b>
Trade payables	(X)	(X)	-	-	-
Capex payables	(X)	(X)	-	-	-
Deferred income	(X)	(X)	-	-	-
Accruals	(X)	(X)	-	-	-
Intercompany	(X)	-	-	(X)	-
Other payables	(X)	(X)	-	-	-
Sales taxes	(X)	(X)	-	-	-
Social security	(X)	(X)	-	-	-
Bonuses (as per Schedule 21)	(X)		(X)		
Corporate taxes	(X)	(X)	-	-	-
<b>Current liabilities</b>	<b>(X)</b>	<b>(X)</b>	<b>-</b>	<b>(X)</b>	<b>-</b>
<b>Total</b>	<b>X</b>	<b>(X)</b>	<b>-</b>	<b>(X)</b>	<b>X</b>

**AMS04 SPV pro forma completion balance sheet**

<b>EUR'000</b>	<b>Total per completion balance sheet</b>	<b>Working Capital</b>	<b>Net External Cash</b>	<b>Net Inter- Company Debt</b>	<b>Excluded</b>
Property, plant and equipment	X	-	-	-	X
<b>Non-current assets</b>	<b>X</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>X</b>
Trade receivables	X	X	-	-	-
Other receivables	X	X	-	-	-
Prepayments	X	X	-	-	-
Cash	X		X		
Other assets	X	X			
<b>Current assets</b>	<b>X</b>	<b>X</b>	<b>-</b>	<b>-</b>	<b>X</b>
Trade payables	(X)	(X)	-	-	-
Capex payables	(X)	(X)	-	-	-
Deferred income	(X)	(X)	-	-	-
Intercompany	(X)	-	-	(X)	-
Accruals	(X)	(X)	-	-	-
Other payables	(X)	(X)	-	-	-
Sales taxes	(X)	(X)	-	-	-
Corporate taxes	(X)	(X)	-	-	-
<b>Current liabilities</b>	<b>(X)</b>	<b>(X)</b>	<b>(X)</b>	<b>(X)</b>	<b>(x)</b>
<b>Total</b>	<b>X</b>	<b>(X)</b>	<b>(X)</b>	<b>X</b>	<b>X</b>

**Schedule 9**  
**(Dutch Notification and Consultation Matters)**

1. The "**Dutch Works Notification and Consultation Matters**" are:
  - (A) obtaining an advice of the works council of the TelecityGroup Netherlands B.V. (the "**Dutch Works Council**") in compliance with section 25 of the Dutch Works Councils Act (*Wet op de Ondernemingsraden*) and with paragraph 2 of this Schedule in respect of the sale of the Amsterdam DivestCo Shares; and
  - (B) notifying the Social Economic Council in the Netherlands, and notifying and if so requested consulting the relevant trade unions in the Netherlands, pursuant to the provisions of the Social Economic Council Merger Regulation for the protection of employees (*SER-Besluit Fusiegedrageregels 2015*) in respect of the sale of the Amsterdam DivestCo Shares.
  
2. The Amsterdam DivestCo Seller shall have the primary responsibility for satisfaction of and compliance with the Dutch Notification and Consultation Matter set out in paragraph 1(A) of this Schedule, which Dutch Notification and Consultation Matter shall be deemed to have been completed upon:
  - (A) receipt by the Amsterdam DivestCo Seller from the Dutch Works Council of:
    - (i) an unconditional positive or neutral advice; or
    - (ii) an advice with conditions reasonably acceptable to the Amsterdam DivestCo Seller and, to the extent that this advice may have an impact on Amsterdam DivestCo post-Completion, reasonably acceptable to the Amsterdam DivestCo Purchaser; or
    - (iii) an unconditional and irrevocable waiver in writing of its right to render advice; or
  - (B) the adoption of a resolution by Amsterdam DivestCo's board in respect of the sale of the Amsterdam DivestCo Shares that deviates from the Dutch Works Council's advice and:
    - (i) the expiry of one calendar month after the day on which Amsterdam DivestCo's board has informed the Dutch Works Council in writing of the resolution stating the grounds and motives for the deviation from the Dutch Works Council's advice, during which month the Dutch Works Council has not filed an appeal with the Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer*); or
    - (ii) the expiry of three Business Days after receipt of a court order from the Enterprise Chamber dismissing any appeal of the Dutch Works Council against such resolution (in the sense that no measures obstructing the sale of the Amsterdam DivestCo Shares are imposed) with immediate effect (*uitvoerbaar bij voorraad*); or
    - (iii) receipt by Amsterdam DivestCo's board of a written statement from the Dutch Works Council waiving (i) the applicable waiting period pursuant to section 25(6) of the Dutch Works Councils Act and (ii) its right to initiate legal proceedings as set out in section 26 of the Dutch Works Councils Act.
  
3. The Amsterdam DivestCo Seller and the Amsterdam DivestCo Purchaser shall use their reasonable efforts to:
  - (A) negotiate in good faith any changes to this Agreement (bearing in mind the provisions set forth in this Agreement), if necessary, to satisfy the Dutch Notification and Consultation Matter set out in paragraph 1(A) of this Schedule; and

(B) promptly co-operate with and provide as promptly as practicable all necessary information and assistance reasonably required by the Dutch Works Council.

4. To the extent that the actions in paragraph 3 of this Schedule may include that the final arrangements to be agreed with the Dutch Works Council will continue to be binding on the Retained Group at or after Completion, these arrangements will always be subject to final approval of the Amsterdam DivestCo Seller. To the extent that these arrangements may have an impact on Amsterdam DivestCo post-Completion, the arrangements will always be subject to final approval of the Amsterdam DivestCo Purchaser, which approval may not be unreasonably withheld or delayed.

**Schedule 10  
(Form of German Deed of Transfer)**

**Share Transfer and Assignment Agreement (GmbH-Anteile)**

**NOTARIAL DEED**

Notarized in \_\_\_\_\_ on \_\_\_\_\_

Before the undersigned notary public

\_\_\_\_\_

with business address and official residence at \_\_\_\_\_

appeared today:

1. [•], born [•], with business address at [•], who identified himself / herself with his / her identity card / passport, acting not in his / her own name, but for and on behalf of  
TelecitGermany Group GmbH (the "**Transferor**"),  
a limited liability company organized and existing under the laws of Germany with seat at Gutleutstraße 310, 60327 Frankfurt am Main, registered with the trade register of Frankfurt am Main, HRB 48864,  
based on a notarial power of attorney, dated [•], the original of which was submitted at notarization and a copy of which is attached to this deed and herewith certified [Alt.: as proxy with the power to represent the Transferor with sole power of representation].
2. [•], born [•], with business address at [•], who identified himself / herself with his / her identity card / passport, acting not in his / her own name, but for and on behalf of  
[•] (the "**Transferee**"),  
a [•] company organized and existing under the laws of [•] with seat at [•], registered with [•],  
based on a notarial power of attorney, dated [•], the original of which was submitted at notarization and a copy of which is attached to this deed and herewith certified [Alt.: as proxy with the power to represent the Transferor with sole power of representation].

Having inspected the commercial registers on [•] the notary certifies that

TelecitGroup Germany GmbH is registered in the commercial register of the local court of Frankfurt am Main under HRB 48864 [•] is registered as managing director with sole power of representation.]

The persons appearing requested this Deed to be notarized in the English language. The persons appearing assured the notary that they had sufficient command of the English language. The notary assured himself that this was the case and advised the persons appearing of their right to the presence of a sworn translator and to a written translation of the deed which rights were, how-ever, waived by the appeared. The notary himself is in command of the English language.

After having been advised by the notary on the contents of Sec. 3 para. 1 no. 7 of the German Notarization Act ( *BeurkG*), the persons appearing stated that neither the notary nor a business associate of the notary

or a person with whom the notary shares business premises have already been involved, outside the scope of notarial services, in the matter which is the subject-matter of the notarization.

The persons appearing requested the following agreement to be notarized:

### **Share Transfer and Assignment Agreement**

#### **Recitals**

1. The Transferor is the owner of 100% of the issued share capital of TelectyGroup Germany FRA2 GmbH, a limited liability company ( *GmbH*) incorporated under German law and registered in the commercial register of the local court (*Amtsgericht*) of Frankfurt am Main under no. HRB 104107 (the "**Company**"). The Company has a registered share capital ( *Stammkapital*) of EUR [26,000], divided into [2] shares in the nominal amount of EUR 25,000 and EUR 1,000 respectively, each owned by the Transferor ("**Shares**"). The notary has inspected (by way of electronic access) the most recent list of shareholders as available with the commercial register, which reflects the above; no objection (*Widerspruch*) has been filed (*zugeordnet*) in respect of such list of shareholders.
2. Pursuant to a share purchase agreement, dated [tbd] ("**SPA**") between the Transferor and the Transferee, the Transferor has agreed to sell and the Transferee agreed to purchase all Shares in the Company. Pursuant to the SPA the Shares shall be transferred from the Transferor to the Transferee. A certified copy of the Share Purchase Agreement, to which reference is made in this Deed, is available upon the notarization of this Deed. The persons appearing before the notary confirm that they are familiar with the contents of the Share Purchase Agreement and waive their right to have the Share Purchase Agreement read aloud to them.

Now, therefore, the parties declare the following:

#### **§ 1. Assignment**

- 1.1 The Transferor hereby transfers and assigns with immediate legal effect to the Transferee [2] shares in the Company with a nominal amount of EUR [26,000] together. The Transferee hereby accepts such transfer and assignment.
- 1.2 The assignment provided for in this § 1 shall include all rights and obligations pertaining to the respective shares and shall include the right to any undistributed profits irrespective of the business year to which they relate.

#### **§ 2. Final Provisions**

- 2.1 This agreement shall be exclusively governed by the substantive laws of the Federal Re-public of Germany.
- 2.2 The courts in Frankfurt am Main, Germany, shall have jurisdiction, exclusive to the extent legally permissible, over disputes arising regarding the validity and interpretation of this agreement and the assignment of shares provided for herein.
- 2.3 In the event that any provision of this Agreement should be, or should be deemed to be, fully or partially invalid or unenforceable, the validity and enforceability of the other pro-visions of this Agreement shall not be affected thereby. The same shall apply if the Agreement contains any gaps. The invalid or unenforceable provision shall be replaced by and any gap shall be filled by such appropriate provision that, to the extent legally permissible, comes closest to the actual or assumed intent of the parties that they would have had at the time of the signing of this agreement had they taken such issue into account.
- 2.4 Where German language terms have been added in brackets to any English language terms, the meaning of the German language terms shall prevail

- 2.5 Notarial costs for the recording of this notarial deed shall be [if several transferees: jointly ( *gesamtschuldnerisch*)] borne by the Transferee. The costs for the filings with the commercial registers shall be borne by the Company.
- 2.6 The Company holds no real estate.
- 2.7 The notary is hereby instructed to file new lists of shareholders ( *Gesellschafterlisten*) of the Company with the respective commercial registers without undue delay after receipt of written notice by the Transferor that the purchase price had been paid and issue copies of such list of shareholders also to the Transferee.

### § 3. Notarial Briefings

- 3.1 The notary advised the persons appearing that
- the transfer of shares can - if the transfer directly or indirectly leads to the aggregation of 95% or more of the shares of the company in the hand of the transferee or a company affiliated with the transferee - the transfer can be subject to real estate transfer tax if the company owns real estate,
  - the transferee is subject to unlimited liability with regard to unpaid capital cash contributions as well as deficits due to insufficient capital contributions in kind by the transferor and all other shareholders,
  - a bona fide acquisition of shares is not possible if the list of shareholders is at the time of the transfer incorrect with regard to the share for less than three years and the incorrectness cannot be attributed to the beneficiary; thus a bona fide acquisition of a share within the first three years after the incorporation of a company is only possible if the incorrectness of the list of shareholders can be imputed to the beneficiary,
  - the notary has not evaluated the fiscal effects of this agreement and he has neither received nor accepted a corresponding assignment or instruction,
  - all agreements have to be completely and accurately recorded in notarial form, and that any non-recorded agreements may lead to the invalidity of all agreements.
- 3.2 After this transfer of shares takes effect and irrespective of potential *ex post* circumstances which may lead to the invalidity of this agreement the notary is obligated to submit a new list of shareholders to the competent commercial register and to provide the company with a copy of this agreement and the amended list of shareholders without undue delay.
- 3.3 The parties are aware that the transferee can only validly exercise his shareholder's rights vis-à-vis the company after having been registered in the list of shareholders registered in the commercial register. The transferor grants to the transferee – the transferee being exempt from the restrictions of Sec. 181 German Civil Code – the irrevocable power of attorney to exercise without limitation all shareholder's rights in connection with the shares transferred by today's agreement.
- 3.4 The notary advised the persons appearing that he is by law obligated to submit a certified copy of this deed to the competent tax and revenue office (Sec. 20 German Fiscal Code).
- 3.5 The notary finally advised the persons appearing that the data of the parties to this agreement will be stored in the notary's office for the purpose of safekeeping. The persons appearing consented to the safekeeping.

This notarial deed including the annexes to it was read aloud by the notary to the persons appearing, was presented to them for inspection, was approved by them and was personally signed by them and by the notary as follows:

**Schedule 11**  
**(Form of Amsterdam DivestCo Deed of Transfer)**

DEED OF SALE, PURCHASE AND TRANSFER OF SHARES

TELECITY NETHERLANDS AMS01 AMS04 B.V.

On [●] two thousand and sixteen appears before me, Johannes Daniël Maria Schoonbrood, notaris (civil law notary) practising in Amsterdam:

[●]

acting for the purpose of this document with written power of attorney from:

1. **TelecityGroup Netherlands B.V.**, a private company with limited liability, with corporate seat in Amsterdam, the Netherlands, and address at: 1042 AB Amsterdam, the Netherlands, Gyroscopweg 2e / 2f, Dutch Trade Register number 34149253 (the "**Seller**");
2. [●] (the "**Purchaser**"); and
3. **Telecity Netherlands AMS01 AMS04 B.V.**, a private company with limited liability, with corporate seat in Amsterdam, the Netherlands, and address at: 1098 XG Amsterdam, the Netherlands, Science Park 120, Dutch Trade Register number [●] (the "**Company**").

The person appearing

**DECLARES THAT,**  
**Prior acquisition of shares.**

- (i) the Seller is holder of all issued and outstanding shares in the share capital of the Company, numbered 1 to 2, each share having a par value of one euro (EUR 1) (the "**Shares**"), which Shares were acquired by the Seller pursuant to the demerger in accordance with article 2:334a subsection 3 Burgerlijk Wetboek (the Dutch Civil Code, "**BW**") (*afsplitsing*) and article 2:334hh subsection 1 BW, on the occasion of which the Company was incorporated and the Shares were granted to the Seller, effected by a notarial deed of demerger, executed before J.D.M. Schoonbrood, notaris in Amsterdam, on the [●] two thousand and sixteen;

**Agreement.**

- (ii) on [●] two thousand and sixteen the Purchaser and the Seller, amongst others, entered into an agreement of sale and purchase of, amongst others, the Shares (the "**Agreement**") which Agreement is attached to this deed;
- (iii) under the provisions of the Agreement the Seller must procure the sale and the transfer of the Shares to the Purchaser;
- (iv) the Shares in the name of the Seller are recorded in the shareholders register of the Company,

**THE PARTIES AGREE AND CONFIRM AS FOLLOWS:**

## **Sale, purchase and transfer.**

### **Article 1.**

In order to implement the Agreement the Seller hereby sells and transfers the Shares to the Purchaser, who purchases the Shares from the Seller and accepts the transfer of the Shares.

The Shares are for the account of the Purchaser as of the date of this deed.

## **Purchase price.**

### **Article 2.**

The purchase price for the Shares is [●] euros (EUR [●]). The method of payment of the purchase price is further specified in the Agreement and is sufficiently known to the Seller and the Purchaser.

## **Share transfer restrictions.**

### **Article 3.**

3.1. According to the articles of association of the Company, the transfer of the Shares is not restricted.

3.2. The transferability of the Shares is not excluded for a certain period of time.

## **Acknowledgement.**

### **Article 4.**

The Company acknowledges this transfer of the Shares and will record the transfer of the Shares in its shareholders register.

## **Warranties.**

### **Article 5.**

The Seller warrants the Purchaser that the Seller is fully entitled to the Shares, the Shares are fully paid-up, they are not encumbered either with a right of pledge or with a right of usufruct and are not attached.

The Purchaser accepts these warranties.

## **Dissolution.**

### **Article 6.**

6.1. Unless otherwise provided for in this deed, all that has been agreed between the parties prior to the execution of this deed will remain in full effect, provided, however, that a condition subsequent relating to the sale, purchase and transfer of the Shares, if any, may no longer be invoked and a condition precedent relating to the sale, purchase and transfer of the Shares, if any, is deemed to have been fulfilled.

6.2. Each of the parties waives any right to dissolve [the Agreement and] the agreement contained in this deed under section 6:265 Dutch Civil Code as far as it concerns the transfer of the Shares.

**No prohibited concentration.**

**Article 7.**

This transfer of the Shares is not prohibited under the Regulation (EEC) Number 139/2004 or the Competition Act ( *Mededingingswet*) or under the applicable legislation on concentration of any other country.

**Costs.**

**Article 8.**

All costs and expenses connected with this transfer of the Shares will be for the account of the Seller.

**De Brauw's involvement.**

**Article 9.**

With reference to the Rules of Professional Conduct ( *Verordening beroeps- en gedragsregels*) of the Royal Dutch Organisation of Civil Law Notaries ( *Koninklijke Notariële Beroepsorganisatie*), all parties expressly agree that (i) De Brauw Blackstone Westbroek N.V. acts as counsel to the Seller in connection with, or acts as counsel for or on behalf of the Seller in the event of any dispute relating to this deed or any related agreement, and (ii) the civil law notary mentioned in the preamble of this deed is executing this deed even though he works at De Brauw Blackstone Westbroek N.V. as civil law notary.

**Governing law.**

**Article 10.**

This agreement is governed exclusively by Dutch law.

The written powers of attorney to the person appearing are evidenced by three (3) private instruments, which are attached to this deed.

In witness whereof the original of this deed which will be retained by me, notaris, is executed in Amsterdam, on the date first mentioned in the head of this deed.

Having conveyed the substance of the deed and given an explanation thereto and having pointed out the consequences arising from the contents of the deed for the parties and following the statement of the person appearing that [he][she] has taken note of the contents of the deed and agrees with the partial reading thereof, this deed is signed, immediately after reading those parts of the deed which the law requires to be read, by the person appearing, who is known to me, notaris, and by myself, notaris.

**Schedule 12**  
**(Form of AMS04 SPV Deed of Transfer)**

DEED OF SALE, PURCHASE AND TRANSFER OF SHARES

EQUINIX REAL ESTATE (TCY AMS04) B.V

On [●] two thousand and sixteen appears before me, Johannes Daniël Maria Schoonbrood, notaris (civil-law notary), practising in Amsterdam:

[●],

acting for the purpose of this document with written power of attorney from:

1. **Equinix (Real Estate) B.V.**, a private company with limited liability (*besloten vennootschap*) with corporate seat in Amsterdam, the Netherlands, and having its address at 1101 EC Amsterdam Zuidoost, the Netherlands, Luttenbergweg 4, registered with the Dutch Trade Register (Kamer van Koophandel) under number 51504219 (the "**Seller**"), and in that capacity is representing the Seller;
2. [●] (the "**Purchaser**"), and in that capacity is representing the Purchaser; and
3. **Equinix Real Estate (TCY AMS04) B.V.**, a private company with limited liability, with corporate seat in Amsterdam, the Netherlands, and having its address at 1096 HA Amsterdam, the Netherlands, Amstelplein 1, registered with the Dutch Trade Register (Kamer van Koophandel) under number 65568400 (the "**Company**"), and in that capacity is representing the Company.

The person appearing

**DECLARES THAT,**

**Prior acquisition of shares.**

- (i) The Seller is holder of the sole issued and outstanding share in the share capital of the Company, being one (1) share, with number 1, having a par value of one euro (EUR 1,-) (the "**Share**");
- (ii) The Share was acquired by the Seller pursuant to the issue of shares upon the incorporation of the Company, effected by a notarial deed, executed before Mr. K.F. Tan, notaris in Amsterdam, the Netherlands, on the fourteenth day of March two thousand and sixteen;

**Agreement.**

- (i) On [●] two thousand and sixteen the Purchaser and the Seller, amongst others, entered into an agreement of sale and purchase of, amongst others, the Share (the "**Agreement**") which agreement is attached to this deed;

- (ii) Under the provisions of the Agreement the Seller must procure the sale and the transfer of the Share to Purchaser;
- (iii) The Share in the name of the Seller is recorded in the shareholders register of the Company,

**THE PARTIES AGREE AND CONFIRM AS FOLLOWS:**

**Sale, purchase and transfer.**

**Article 1.**

In order to implement the Agreement the Seller hereby sells and transfers the Share to the Purchaser, who purchases the Share from the Seller and accepts the transfer of the Share.

The Share is for the account of the Purchaser as of the date of this deed.

**Purchase price.**

**Article 2.**

The purchase price for the Share is [●] euro (EUR [●]). The method of payment of the purchase price is further specified in the Agreement and is sufficiently known to the Seller and the Purchaser.

**Share transfer restrictions.**

**Article 3.**

- 3.1. According to article 12 of the articles of association of the Company, the transfer of the Share is not restricted.
- 3.2. The transferability of the Share is not excluded for a certain period of time.

**Acknowledgement.**

**Article 4.**

The Company acknowledges this transfer of the Share and will record the transfer of the Share in its shareholders register.

**Warranties.**

**Article 5.**

- 5.1. The Seller warrants the Purchaser that the Seller is fully entitled to the Share, [the Share is fully paid-up,] it is not encumbered either with a right of pledge or with a right of usufruct and is not attached. The Purchaser accepts these warranties.
- 5.2. There are no obligations as referred to in section 2:192 paragraph 1 under a of the Dutch Civil Code ( *Burgerlijk Wetboek*) attached to the ownership of the Share.

## **Dissolution.**

### **Article 6.**

- 6.1. Unless otherwise provided for in this deed, all that has been agreed between the parties prior to the execution of this deed will remain in full effect, provided, however, that a condition subsequent relating to the sale, purchase and transfer of the Share, if any, may no longer be invoked and a condition precedent relating to the sale, purchase and transfer of the Share, if any, is deemed to have been fulfilled.
- 6.2. Each of the parties waives any right to dissolve the agreement contained in this deed under section 6:265 Dutch Civil Code as far as it concerns the sale, purchase and transfer of the Share.

## **No prohibited concentration.**

### **Article 7.**

This transfer of the Share is not prohibited under the Regulation (EEC) Number 139/2004 or the Competition Act ( *Mededingingswet*) or under the applicable legislation on concentration of any other country.

## **Costs.**

### **Article 8.**

All costs and expenses connected with this transfer of the Share will be for the account of the Seller.

## **Transfer Tax.**

### **Article 9.**

The Share is deemed to be immovable property within the meaning of article 4 of the Legal Transactions Tax Act (" **LTTA**") (*Wet op belastingen van rechtsverkeer*). The acquisition of the Share constitutes a taxable event for the purpose of the LTTA for which the Purchaser must file a return. In filing the return, the real estate transfer tax due will be calculated on the basis of, among others, article 10 LTTA, article 11 LTTA, and if and to the extent applicable and article 13 LTTA. The Purchaser will bear the real estate transfer tax due in connection with the acquisition of the Share by the Purchaser.

If and to the extent article 13 LTTA applies to the acquisition of the Share, the Purchaser shall pay, in addition to the purchase price, to the [Transferor] on [the date of this deed] the difference between (a) the amount of real estate transfer tax that would be due by the Purchaser if the reduction as referred to in article 13 LTTA were not applicable, and (b) the amount of real estate transfer tax that is actually due in connection with the acquisition of the Share by the Purchaser.

## **De Brauw's involvement.**

### **Article 10.**

With reference to the Rules of Professional Conduct ( *Verordening beroeps- en gedragsregels*) of the Royal Dutch Organisation of Civil Law Notaries ( *Koninklijke Notariële Beroepsorganisatie*), all parties expressly agree that (i) De Brauw Blackstone Westbroek N.V. acts as counsel to the Seller in connection with, or acts as counsel for or on behalf of the Seller in the event of any dispute relating to this deed or any related agreement, and (ii) the civil law notary mentioned in the preamble of this deed is executing this deed even though he works at De Brauw Blackstone Westbroek N.V. as civil law notary.

**Governing law.**

**Article 11.**

This agreement is governed exclusively by Dutch law.

Sufficient proof of the existence of the powers of attorney has been given to me, notaris.

The written powers of attorney to the person appearing are evidenced by three (3) private instruments, which are attached to this deed.

Having conveyed the substance of the deed and given an explanation thereto and having pointed out the consequences arising from the contents of the deed for the parties and following the statement of the person appearing that he has taken note of the contents of the deed and agrees with the partial reading thereof, this deed is signed, immediately after reading those parts of the deed which the law requires to be read, by the person appearing, who is known to me, notaris, and by myself, notaris.

**Schedule 13  
(Frankfurt Payables Deed of Assignment)**

**DATED 20[ ]**

**[•]**

**and**

**[•]**

---

**DEED OF ASSIGNMENT**

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THIS DEED is made on the [●] day of [●], 201[●]

BETWEEN:

1. [● *insert name of relevant members of the Retained Group*], a company incorporated in [●] (registered number [● *insert company's registered number*]), whose registered office is at [● *insert address of company's registered office*] (the "**Assignor**"); and
2. [● *insert name of Purchaser*], a company incorporated in [●] (registered number [● *insert company's registered number*]), whose registered office is at [● *insert address of company's registered office*] (the "**Assignee**").

WHEREAS:

- (A) The Assignor is a party to a loan agreement with [ *Frankfurt DivestCo*] ("**Frankfurt DivestCo**") for [ *describe the loan agreement*] dated [ *insert date of the loan agreement*] (the "**Loan Agreement**").
- (B) The Assignor has agreed to assign the Loan Agreement to the Assignee.

**THIS DEED PROVIDES** as follows:

1. **Interpretation**

1.1 In this Deed:

- (i) any reference to a "**party**" means a party to this Deed;
- (ii) references to clauses, sub-clauses and schedules are to clauses, sub-clauses and schedules of this Deed;

1.2 All headings and titles are inserted for convenience only. They are to be ignored in the interpretation of this Deed.

2. **Assignment**

2.1 The Assignor hereby assigns all its rights, title, interest and benefit in and to the Loan Agreement to the Assignee.

2.2 The Assignee assumes, and agrees to perform, all the Assignor's obligations under the Loan Agreement.

2.3 Immediately after execution of this Deed, the Assignor shall deliver notification letters to the Frankfurt DivestCo in the form set out in the Schedule to this Deed.

3. **Indemnity**

3.1 The Assignee shall indemnify the Assignor against any loss, cost (including any cost of enforcement), liability (including any tax liability), claim or damage (including any loss of profit or indirect or consequential loss, whether actual or prospective) the Assignor suffers or incurs under or in connection with the Loan Agreement after the date of this Deed, except to the extent that such loss, cost (including any cost of enforcement), liability (including any tax liability), claim or damage (including any loss of profit or indirect or consequential loss, whether actual or

prospective) arises as a result of the Assignor's failure to perform or satisfy its obligations under the Loan Agreement before that date.

3.2 The Assignee shall provide all reasonable assistance to enable the Assignor to resist any claim, action or proceedings brought against the Assignor under or in connection with the Loan Agreement after the date of this Deed.

4. **Further Assurance**

Each party shall at its own cost, from time to time on request, do or procure the doing of all acts and things and execute or procure the execution of all documents in a form satisfactory to the other party which the other party may consider necessary for giving full effect to this Deed and securing to the other party the full benefit of the rights, powers and remedies conferred upon the Assignee in this Deed.

5. **Governing Law and Jurisdiction**

5.1 This Agreement and any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual, are to be governed by and construed in accordance with *[insert law which corresponds with governing law of the Loan Agreement]*.

5.2 The courts of England are to have exclusive jurisdiction to settle any dispute, whether contractual or non-contractual, arising out of or in connection with this Agreement. Any Proceedings shall be brought only in the courts of England.

5.3 Each party irrevocably submits and agrees to submit to the jurisdiction of the courts of England.

This document has been executed as a deed and is delivered on the date stated at the beginning of this Deed.

Executed as a deed by )

*[insert name of company]* )

acting by a director in ) .....

the presence of: ) Director

Witness's signature .....

Name (print): .....

Occupation: .....

Address: .....

Schedule  
(Notice of Assignment)

[Frankfurt DivestCo]

[Insert address of Frankfurt DivestCo]

[Insert date of notice]

Dear Sirs,

**Notice of assignment**

We refer to the loan agreement between us for [insert brief description of the loan agreement] dated [insert date of the loan agreement] (the "**Loan Agreement**").

We hereby give you notice that, following receipt of your consent, in accordance with the terms of the Loan Agreement we assigned all our rights, title, interest and benefits (both present and future) in and to the Loan Agreement to [insert name of Assignee] with effect from [that date].

[Insert name of Assignee] is a company registered in [\*] (registered number [insert number]) and its registered office is at [insert address].

All correspondence relating to the Loan Agreement should be sent to [insert name of Assignee] at the address set out in the paragraph above. The Loan Agreement shall continue on its existing terms in all other respects.

This notice is governed by [insert law which corresponds with governing law of the Loan Agreement].

Please sign and return the enclosed copy letter to acknowledge receipt of this notice [and your consent to the assignment of the Loan Agreement] to [insert name of Assignee].

Yours faithfully,

.....

for and on behalf of [insert name of Assignor]

[.....]

[for and on behalf of [insert name of Assignee]]

We hereby acknowledge receipt of the notice of assignment [and confirm our consent to the assignment of the Loan Agreement to [ *insert name of Assignee*]].

.....

For and on behalf of [*Frankfurt DivestCo*]

Date .....

**Schedule 14  
(Amsterdam DivestCo Payables Deed of Transfer of Contract)**

**[•INSERT NAME OF RELEVANT MEMBERS OF THE RETAINED GROUP]**

**and**

**[•INSERT NAME OF AMSTERDAM DIVESTCO PURCHASER]**

**and**

**TELECITY NETHERLANDS AMS01 AMS04 B.V.**

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**DEED OF TRANSFER OF CONTRACT**

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THIS DEED is made on the [●] day of [●], 2016

BETWEEN:

1. [● *insert name of relevant members of the Retained Group*], a company incorporated in [●] (registered number [● *insert company's registered number*]), whose registered office is at [● *insert address of company's registered office*] (the "**Transferor**");
2. [● *insert name of Amsterdam DivestCo Purchaser*], a company incorporated in [●] (registered number [● *insert company's registered number*]), whose registered office is at [● *insert address of company's registered office*] (the "**Transferee**"); and
3. **Telecity Netherlands AMS01 AMS04 B.V.**, a company incorporated in the Netherlands with registered number 65416902 and having its registered office at Science Park 120, 1098 XG Amsterdam, The Netherlands ("**Amsterdam DivestCo**")

WHEREAS:

- (A) The Transferor has made available a [●] loan to Amsterdam DivestCo under an [●] agreement between the Transferor and Amsterdam DivestCo and dated [●] (the "**Loan Agreement**");
- (B) The Transferor and the Transferee have agreed that the Transferor transfers its legal position under the Loan Agreement to the Transferee.

**THIS DEED PROVIDES** as follows:

## **1 INTERPRETATION**

In this Deed:

- (i) any reference to a "**party**" means a party to this Deed;
- (ii) references to clauses, sub-clauses and schedules are to clauses, sub-clauses and schedules of this Deed;

All headings and titles are inserted for convenience only. They are to be ignored in the interpretation of this Deed.

## **2 TRANSFER OF CONTRACT**

### **Transfer of contract**

- 2.1 The Transferor hereby transfers to the Transferee the Transferor's legal position under the Loan Agreement (the "**Transfer**").
- 2.2 The Transferee hereby accepts the Transfer.
- 2.3 Amsterdam DivestCo cooperates with the Transfer.

## **Nature and effect**

- 2.4 The Transfer is a transfer of legal relationship as provided for in section 6:159 of the Dutch Civil Code.
- 2.5 The Transfer will take effect as of the date of this Deed.
- 2.6 As a result of the Transfer, all rights and obligations of the Transferor under the Loan Agreement pass to the Transferee.

## **3 CONSIDERATION**

The Consideration for the Transfer is [●enter (relevant part of) *Amsterdam DivestCo Payables Purchase Price*] and has been paid by the Transferee to the Transferor and the Transferor grants final discharge to the Transferee for the payment.

## **4 INDEMNITY**

- 4.1 The Transferee shall indemnify the Transferor against any loss, cost (including any cost of enforcement), liability (including any tax liability), claim or damage (including any loss of profit or indirect or consequential loss, whether actual or prospective) the Transferor suffers or incurs under or in connection with the Loan Agreement after the date of this Deed, except to the extent that such loss, cost (including any cost of enforcement), liability (including any tax liability), claim or damage (including any loss of profit or indirect or consequential loss, whether actual or prospective) arises as a result of the Transferor's failure to perform or satisfy its obligations under the Loan Agreement before that date.
- 4.2 The Transferee shall provide all reasonable assistance to enable the Transferor to resist any claim, action or proceedings brought against the Transferor under or in connection with the Loan Agreement after the date of this Deed.

## **5 FURTHER ASSURANCE**

Each party shall at its own cost, from time to time on request, do or procure the doing of all acts and things and execute or procure the execution of all documents in a form satisfactory to the other party which the other party may consider necessary for giving full effect to this Deed and securing to the other party the full benefit of the rights, powers and remedies conferred upon the Transferee in this Deed.

## **6 MISCELLANEOUS**

### **6.1 No rescission**

Each Party to this Deed waives, to the fullest extent permitted by law, its rights:

- (a) to rescind (*ontbinden*) this Deed in whole or in part pursuant to section 6:265 of the Dutch Civil Code or on any other ground under Dutch law or under any other applicable law;
- (b) to suspend (*opschorten*) any of its obligations under this Deed pursuant to section 6:52, 6:262 and 6:263 of the Dutch Civil Code or on any other ground under Dutch law or under any other applicable law; and

(c) to nullify (*vernietigen*) this Deed pursuant to section 6:228 of the Dutch Civil Code or on any other ground under Dutch law or under any other applicable law.

**7 GOVERNING LAW AND JURISDICTION**

- 7.1** This Deed and any matter, claim or dispute arising out of or in connection with this Deed, whether contractual or non-contractual, are to be governed by and construed in accordance with Dutch law.
- 7.2** The courts of England are to have exclusive jurisdiction to settle any dispute, whether contractual or non-contractual, arising out of or in connection with this Deed. Any proceedings shall be brought only in the courts of England.
- 7.3** Each party irrevocably submits and agrees to submit to the jurisdiction of the courts of England.

*- Signatures on next page -*

This document has been executed as a deed and is delivered on the date stated at the beginning of this Deed.

**SIGNATURE PAGE**

**Transferor**

**[• insert name of relevant member of the Retained Group ]**

\_\_\_\_\_

By: [•]

Title: [•]

**Transferee**

**[• insert name of Amsterdam DivestCo Purchaser]**

\_\_\_\_\_

By: [•]

Title: [•]

**Amsterdam DivestCo**

**Telecity Netherlands AMS01 AMS04 B.V.**

\_\_\_\_\_

By: [•]

Title: [•]

**Schedule 15  
(AMS04 SPV Payables Deed of Transfer of Contract)**

**[•INSERT NAME OF RELEVANT MEMBERS OF THE RETAINED GROUP]**

**and**

**[•INSERT NAME OF AMSTERDAM DIVESTCO PURCHASER]**

**and**

**EQUINIX REAL ESTATE (TCY AMS04) B.V.**

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**DEED OF TRANSFER OF CONTRACT**

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THIS DEED is made on the [●] day of [●], 2016

BETWEEN:

1. [● insert name of relevant members of the Retained Group], a company incorporated in [●] (registered number [● insert company's registered number]), whose registered office is at [● insert address of company's registered office] (the "**Transferor**");
2. [● insert name of Amsterdam DivestCo Purchaser], a company incorporated in [●] (registered number [● insert company's registered number]), whose registered office is at [● insert address of company's registered office] (the "**Transferee**"); and
3. **Equinix Real Estate (TCY AMS04) B.V.**, a company incorporated in the Netherlands with registered number 65568400 and having its registered office at Amstelplein 1, Rembrandt Toren, 7e verdieping, 1096 HA Amsterdam ("**AMS04 SPV**")

WHEREAS:

- (A) The Transferor has made available a [●] loan to AMS04 SPV under an [●] agreement between the Transferor and AMS04 SPV and dated [●] (the "**Loan Agreement**");
- (B) The Transferor and the Transferee have agreed that the Transferor transfers its legal position under the Loan Agreement to the Transferee.

**THIS DEED PROVIDES** as follows:

## 1 INTERPRETATION

In this Deed:

- (iii) any reference to a "**party**" means a party to this Deed;
- (iv) references to clauses, sub-clauses and schedules are to clauses, sub-clauses and schedules of this Deed;

All headings and titles are inserted for convenience only. They are to be ignored in the interpretation of this Deed.

## 2 TRANSFER OF CONTRACT

### Transfer of contract

- 2.1 The Transferor hereby transfers to the Transferee the Transferor's legal position under the Loan Agreement (the "**Transfer**").
- 2.2 The Transferee hereby accepts the Transfer.
- 2.3 AMS04 SPV cooperates with the Transfer.

## **Nature and effect**

- 2.4 The Transfer is a transfer of legal relationship as provided for in section 6:159 of the Dutch Civil Code.
- 2.5 The Transfer will take effect as of the date of this Deed.
- 2.6 As a result of the Transfer, all rights and obligations of the Transferor under the Loan Agreement pass to the Transferee.

## **3 CONSIDERATION**

The Consideration for the Transfer is [**• enter (relevant part of) AMS04 SPV Payables Purchase Price**] and has been paid by the Transferee to the Transferor and the Transferor grants final discharge to the Transferee for the payment.

## **4 INDEMNITY**

- 4.1 The Transferee shall indemnify the Transferor against any loss, cost (including any cost of enforcement), liability (including any tax liability), claim or damage (including any loss of profit or indirect or consequential loss, whether actual or prospective) the Transferor suffers or incurs under or in connection with the Loan Agreement after the date of this Deed, except to the extent that such loss, cost (including any cost of enforcement), liability (including any tax liability), claim or damage (including any loss of profit or indirect or consequential loss, whether actual or prospective) arises as a result of the Transferor's failure to perform or satisfy its obligations under the Loan Agreement before that date.
- 4.2 The Transferee shall provide all reasonable assistance to enable the Transferor to resist any claim, action or proceedings brought against the Transferor under or in connection with the Loan Agreement after the date of this Deed.

## **5 FURTHER ASSURANCE**

Each party shall at its own cost, from time to time on request, do or procure the doing of all acts and things and execute or procure the execution of all documents in a form satisfactory to the other party which the other party may consider necessary for giving full effect to this Deed and securing to the other party the full benefit of the rights, powers and remedies conferred upon the Transferee in this Deed.

## **6 MISCELLANEOUS**

### **6.1 No rescission**

Each Party to this Deed waives, to the fullest extent permitted by law, its rights:

- (a) to rescind (*ontbinden*) this Deed in whole or in part pursuant to section 6:265 of the Dutch Civil Code or on any other ground under Dutch law or under any other applicable law;
- (b) to suspend (*opschorten*) any of its obligations under this Deed pursuant to section 6:52, 6:262 and 6:263 of the Dutch Civil Code or on any other ground under Dutch law or under any other applicable law; and

(c) to nullify (*vernietigen*) this Deed pursuant to section 6:228 of the Dutch Civil Code or on any other ground under Dutch law or under any other applicable law.

**7 GOVERNING LAW AND JURISDICTION**

- 7.1** This Deed and any matter, claim or dispute arising out of or in connection with this Deed, whether contractual or non-contractual, are to be governed by and construed in accordance with Dutch law.
- 7.2** The courts of England are to have exclusive jurisdiction to settle any dispute, whether contractual or non-contractual, arising out of or in connection with this Deed. Any proceedings shall be brought only in the courts of England.
- 7.3** Each party irrevocably submits and agrees to submit to the jurisdiction of the courts of England.

*- Signatures on next page -*

This document has been executed as a deed and is delivered on the date stated at the beginning of this Deed.

**SIGNATURE PAGE**

**Transferor**

[• *insert name of relevant member of the Retained Group* ]

---

By: [•]

Title: [•]

**Transferee**

[• *insert name of Amsterdam DivestCo Purchaser*]

---

By: [•]

Title: [•]

**AMS04 SPV**

**Equinix Real Estate (TCY AMS04) B.V.**

---

By: [•]

Title: [•]



IN WITNESS of which this Deed has been executed and delivered by the New Party on the date which first appears above.

Executed as a deed by )  
[*name of company*] )  
acting by a director in ) ..... Director  
the presence of: )

Witness's signature: .....

Name (print): .....

Occupation: .....

Address: .....

**Schedule 17**  
**(Ongoing Arrangements)**

1. Transitional Services Agreement between Teecity Group Limited, Equinix (UK) Limited and TeecityGroup UK LON Limited dated on or around the date of this Agreement.
2. Transitional Services Agreement between Teecity Group Limited, Teecity Netherlands AMS01 AMS04 B.V., TeecityGroup Germany Fra2 GmbH and TeecityGroup UK LON Limited dated on or around the date of this Agreement.
3. Amendment and Restatement Deed in respect of a Business Transfer Agreement originally dated 31 March 2016 between Teecity Group Limited, Equinix (UK) Limited and TeecityGroup UK LON Limited dated on or around the date of this Agreement.
4. Oliver's Yard Managed Services Platforms Master Services Agreement between TeecityGroup UK LON Limited and TeecityGroup UK Limited, together with one associated Work Order, each dated on or around the date of this Agreement.
5. Managed Services Agreement between TeecityGroup UK LON Limited and TeecityGroup UK Limited dated on or around the date of this Agreement.
6. Back-to-Back Agreement for Colocation Services between TeecityGroup UK Limited and TeecityGroup UK LON Limited, pursuant to which two managed services customers of TeecityGroup UK Limited will continue to receive colocation services in data centres divested to TeecityGroup UK LON Limited, in consideration for the pass through of such customers' fees dated on or around the date of this agreement.
7. Colocation Master Services Agreement relating to network equipment between TeecityGroup UK Limited and TeecityGroup UK LON Limited, together with four associated Work Orders thereunder, which (in accordance with the Commitments) will contain (i) all terms and conditions equivalent to those applied by Teecity Group Limited (previously Teecity Group plc) prior to 12 November 2015 and (ii) pricing that represents no more than the average price paid in 2014 by network providers with an equivalent deployment in the relevant data centre, currently in draft form but to be finalised and executed as soon as is practicable following the date of this Agreement.
8. Colocation Master Services Agreement relating to network equipment between TeecityGroup UK LON Limited and TeecityGroup UK Limited, together with two associated Work Orders thereunder, which (in accordance with the Commitments) will contain (i) all terms and conditions equivalent to those applied by Teecity Group Limited (previously Teecity Group plc) prior to 12 November 2015 and (ii) pricing that represents no more than the average price paid in 2014 by network providers with an equivalent deployment in the relevant data centre, currently in draft form but to be finalised and executed as soon as is practicable following the date of this Agreement.
9. Licence to Occupy between TeecityGroup International Limited and TeecityGroup UK LON Limited dated 1 April 2016.
10. Transitional Services Agreement between TeecityGroup Netherlands B.V. and Teecity Netherlands AMS01 AMS04 B.V. dated on or around the date of this Agreement.
11. Managed Services Agreement between TeecityGroup Netherlands B.V. and Teecity Netherlands AMS01 AMS04 BV, currently in draft form but to be finalised and executed as soon as is practicable following the date of this Agreement.
12. Colocation Master Services Agreement relating to network equipment between Teecity Netherlands AMS01 AMS04 B.V. and TeecityGroup Netherlands B.V., together with an associated Work Order thereunder, which (in accordance with the Commitments) will

contain (i) all terms and conditions equivalent to those applied by Telecitcy Group Limited (previously Telecitcy Group plc) prior to 12 November 2015 and (ii) pricing that represents no more than the average price paid in 2014 by network providers with an equivalent deployment in the relevant data centre, currently in draft form but to be finalised and executed as soon as is practicable following the date of this Agreement.

13. Colocation Master Services Agreement relating to network equipment between TelecitcyGroup Netherlands B.V. and Telecitcy Netherlands AMS01 AMS04 B.V., together with an associated Work Order thereunder, which (in accordance with the Commitments) will contain (i) all terms and conditions equivalent to those applied by Telecitcy Group Limited (previously Telecitcy Group plc) prior to 12 November 2015 and (ii) pricing that represents no more than the average price paid in 2014 by network providers with an equivalent deployment in the relevant data centre, currently in draft form but to be finalised and executed as soon as is practicable following the date of this Agreement.
14. Deed of Establishment of Real Rights relating to superficies, easements, qualitative obligations and change in priority in respect of AMS4, currently in draft form, but to be finalised and executed before a notary in the Netherlands on behalf of Equinix Real Estate (TCY AMS04) B.V., TelecitcyGroup Netherlands B.V. and the Municipality of Amsterdam.
15. Amendment and Restatement Agreement in respect of a Transitional Services Agreement originally dated 20 April 2016 between TelecitcyGroup Germany GmbH and TelecitcyGroup Germany Fra2 GmbH dated on or around the date of this Agreement.
16. Colocation Master Services Agreement relating to network equipment between TelecitcyGroup Germany GmbH and TelecitcyGroup Germany Fra2 GmbH, together with an associated Work Order thereunder, which (in accordance with the Commitments) will contain (i) all terms and conditions equivalent to those applied by Telecitcy Group Limited (previously Telecitcy Group plc) prior to 12 November 2015 and (ii) pricing that represents no more than the average price paid in 2014 by network providers with an equivalent deployment in the relevant data centre, currently in draft form but to be finalised and executed as soon as is practicable following the date of this Agreement.
17. Electricity Supply Contract between TelecitcyGroup Germany GmbH and TelecitcyGroup Germany Fra2 GmbH dated 18 April 2016.
18. Customer Sub-contracting Agreement between TelecitcyGroup Germany GmbH and TelecitcyGroup Germany Fra2 GmbH, under which the parties will supply services to each other to allow each party to service its shared customers (i.e. customers to whom one party owes a service, which must be performed at a data centre operated by the other party), currently in draft form but to be finalised and executed as soon as is practicable following the date of this Agreement.

**Schedule 18**  
**(Specified Retained Group Guarantees)**

1. Guarantee as provided by TeledatGroup Investments Ltd. in accordance with clause 6.1 of and annex 12 to the lease agreement dated 15 November 2013 between Caransa Datacenters B.V. as lessor and TeledatGroup Netherlands B.V. as lessee in relation to the site known as AMS1e Science Park, which guarantee serves as security for the proper fulfilment by the lessee of its obligations under the lease agreement
2. TeledatGroup UK Limited guarantee of tenant obligations under an agreement for lease in relation to the site known as LON1 (Archway House) dated 13 May 2016 and made between (1) TeledatGroup UK LON Limited, (2) TeledatGroup UK Limited and (2) 356 ACQ Limited
3. TeledatGroup UK Limited guarantee of tenant obligations under a lease dated 13 May 2016 in respect of the site known as LON1 Bonnington House and made between (1) 356 ACQ Limited, (2) TeledatGroup UK LON Limited and (3) TeledatGroup UK Limited
4. TeledatGroup International Limited guarantee (AGA) of tenant obligations under a lease dated 27 April 2001 in respect of the site known as LON3 Lawn House and made between (1) Telegraph Group Limited and (2) Redbus Interhouse plc, and under a lease dated 5 November 2007 and made between (1) Telegraph Car Parks Limited and (2) TeledatGroup International Limited
5. TeledatGroup Limited guarantee of tenant obligations under a lease dated 27 April 2001 in respect of the site known as LON3 Lawn House and made between (1) Telegraph Group Limited and (2) Redbus Interhouse plc, and under a lease dated 5 November 2007 and made between (1) Telegraph Car Parks Limited and (2) TeledatGroup International Limited
6. TeledatGroup International Limited guarantee (AGA) of tenant obligations under a lease dated 30 November 2001 in respect of the site known as LON3 Sovereign House and made between (1) Robert John Hugo Randall and John George Royds as Trustees of the Dollar Bay no.1 Syndicate Trust and (2) Redbus Interhouse plc
7. TeledatGroup UK Limited guarantee (AGA) of tenant obligations under a: a. Lease of part basement, ground and fifth floors of 1 Oliver's Yard dated 25 April 2002 and made between (1) Wilmar Estates Limited and (2) Globix Limited and Globix Corporation; b. Reversionary lease of part basement, ground and fifth floors of 1 Oliver's Yard dated 17 August 2012 and made between (1) Derwent Valley Central Limited and (2) TeledatGroup UK Limited; c. Lease of the sixth and seventh floors of 1 Oliver's Yard dated 25 April 2002 and made between (1) Wilmar Estates Limited and (2) Globix Limited and Globix Corporation; d. Reversionary lease of the sixth and seventh floors of 1 Oliver's Yard dated 17 August 2012 and made between (1) Derwent Valley Central Limited and (2) TeledatGroup UK Limited; e. Lease of basement storage unit of 1 Oliver's Yard dated 17 August 2012 and made between (1) Derwent Valley Central Limited and (2) TeledatGroup UK Limited, in respect of the site known as LON7 Oliver's Yard.
8. Equinix UK Limited guarantee (AGA) of tenant obligations under a lease dated 22 February 2000 in respect of the site known as LD2 West Drayton and made between (1) National Mutual Life Assurance Society, Interconnect Exchange Europe Limited and (2) IX Holdings Limited
9. Equinix, Inc. in respect of a lease dated 11/16 August 2000 and relating to Lyoner Straße 28
10. Bank guarantee to be procured by Amsterdam DivestCo Seller in accordance with the AMS1(e) Consent Letter
11. TeledatGroup UK Limited guarantee with the effective date 1 April 2016 of TeledatGroup UK LON Limited's obligations under a contract for the supply of electricity between TeledatGroup UK LON Limited and Haven Power Limited with the effective date of 1 April 2016.

12. TeletyGroup International Limited guarantee with the effective date 1 April 2016 of TeletyGroup UK LON Limited's obligations under a contract for the supply of electricity between TeletyGroup UK LON Limited and ENGIE Power Limited with the effective date 1 April 2016.
13. TeletyGroup International Limited guarantee of TeletyGroup UK Limited's obligations under a contract for storage services between TeletyGroup UK Limited, TeletyGroup International Limited and AT&T Global Network Services (UK) B.V. dated 14 November 2008.
14. TeletyGroup International Limited guarantee of TeletyGroup UK Limited's obligations under a Master Service Agreement (contract number LON-03-LM-01) between TeletyGroup UK Limited, TeletyGroup International Limited and AT&T Global Network Services (UK) B.V. effective from 30 September 2016.
15. TeletyGroup International Limited guarantee of TeletyGroup UK Limited's obligations under a Master Service Agreement (contract number LON-03-LM-02) between TeletyGroup UK Limited, TeletyGroup International Limited and AT&T Global Network Services (UK) B.V. effective from 30 September 2016.
16. Equinix, Inc. guarantee of Equinix (UK) Limited's obligations under a Data Centre Agreement (contract number MA-00278-2015) between Equinix (UK) Limited and KPMG LLP dated October 2015.
17. TeletyGroup Netherlands B.V. guarantee of Telety Netherlands AMS01 AMS04 B.V.'s obligations dated 1 April 2016, under a contract for the supply of electricity between Telety Netherlands AMS01 AMS04 B.V. and Essent Energie Verkoop Nederland B.V. dated 1 April 2016.
18. TeletyGroup Investments Limited guarantee of TeletyGroup Netherlands B.V.'s obligations dated 13 January 2014, under a customer contract between TeletyGroup Netherlands B.V. and SURFsara B.V. dated 20 December 2013.
19. TeletyGroup Investments Limited may be required to guarantee the obligations of TeletyGroup UK LON Limited under a Framework Service Contract with the European Medicines Agency dated 19 August 2010, as a condition to the assignment of this contract from TeletyGroup UK Limited to TeletyGroup UK LON Limited in connection with the separation of the London Divestment Business.

**Schedule 19**  
**(Amsterdam Expansion Agreements)**

**Phase 1**

<b>Counterparty</b>	<b>Description of Service</b>
HaskoningDHV Nederland BV	Consultancy - engineering
Deerns	Consultancy - engineering
HanselmanGroep	Consultancy - engineering
Tauw	Consultancy - engineering
W4Y	Consultancy - engineering
IQ support	Consultancy - engineering
Schwencke	Consultancy - architectural
AGS/SRA	Consultancy - architectural
Rosbach Architects B.V.	Consultancy - architectural
de Vlieg	Consultancy - project management
Mitsubishi Elevators	Consultancy - safety inspections
Davis Langdon	Consultancy - cost engineering
Dukers & De Cock B.V.	Consultancy - cost engineering
Heiner Technisch advies	Consultancy - cost engineering
Hekkelman	Consultancy - legal
HaskoningDHV Nederland BV	Consultancy - breeam
Ans de Wijn	Consultancy - real estate
Caransa Groep BV	Consultancy - real estate
Endenburg	Consultancy - temporary support facilities
Caransa Groep BV	Consultancy - Casco – construction
Caransa Groep BV	Casco - variations
Zwart	Fit-out M&E long leads - generators
Eaton	Fit-out M&E long leads - UPS
Bemico	Fit-out M&E long leads - UPS
Lennox	Fit-out M&E long leads - Cracs
Heijmans	Fit-out M&E contractor - variation
Heijmans	Fit-out M&E contractor - M&E contract
Aces	Fit-out operations & connectivity - ICT
Beveco	Fit-out operations & connectivity - ICT
AP Nederland	Fit-out operations & connectivity - operations & connectivity & racks
Rittal	Fit-out operations & connectivity - operations & connectivity & racks
Multibouwsystemen	Fit-out operations & connectivity - operations & connectivity & racks
Mulder Glasvezel Techniek	Fit-out operations & connectivity - operations & connectivity & racks
Bonneveld	Fit-out operations & connectivity - operations & connectivity & racks
Bemico	Fit-out operations & connectivity - operations & connectivity & racks
Simac	Fit-out operations & connectivity - operations & connectivity & racks

<b>Counterparty</b>	<b>Description of Service</b>
Tauw	Fit-out operations & connectivity - misc
Flash	Fit-out operations & connectivity - misc
Vink Lisse	Fit-out operations & connectivity - misc
Altec	Fit-out operations & connectivity - misc
Gunters & Meuser	Fit-out operations & connectivity - misc
ALP Hoogwerksystemen	Fit-out operations & connectivity - misc
Manutan	Fit-out operations & connectivity - misc
IMSO	Fit-out operations & connectivity - misc
Technische Unie BV	Fit-out operations & connectivity - misc
Endenbrug	Fit-out operations & connectivity - misc
HP	Fit-out operations & connectivity - misc
Aces	Fit-out operations & connectivity - office & security desk
Liander	Fit-out operations & connectivity - 10 KV grid connection
Kees Leijen	Fit-out Operations & Connectivity - Power during construction
Nikhef	Fees & intercompany charges - WCW/NWO/NIKHEF-landlord
NWO, Projectbureau NWO	Fees & intercompany charges - WCW/NWO/NIKHEF-landlord
Provincie Noord-Holland	Fees & intercompany charges - fees
Grontmij Nederland BV	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Peak IT B.V.	Fees & intercompany charges - temp facilities impact legacy p,q and r building
HaskoningDHV Nederland BV	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Bijl Telecom & Glasvezeltechniek	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Klik Electrotechniek BV	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Lennox Benelux BV	Fees & intercompany charges - temp facilities impact legacy p,q and r building
EBW Installatietechniek BV	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Verbo Bouw	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Bemico B.V.	Fees & intercompany charges - temp facilities impact legacy p,q and r building
VDG Security	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Tauw	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Zwart	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Combi Isolatie	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Nikeroche Telecom Services BV	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Heras BV	Fees & intercompany charges - temp facilities impact legacy p,q and r building

<b>Counterparty</b>	<b>Description of Service</b>
Elspec Elctr. specialiteiten	Fees & intercompany charges - temp facilities impact legacy p,q and r building
B&A	Fees & intercompany charges - temp facilities impact legacy p,q and r building
The Timewriters	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Technische Unie BV	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Van den Heuvel Bliksembeveiliging	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Ansul	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Beveco	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Lennox Benelux BV	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Pro4all B.V.	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Peter de Vos	Fees & intercompany charges - temp facilities impact legacy p,q and r building
Endenburg	Fees & intercompany charges - temp facilities impact legacy p,q and r building
nader te bepalen/offerte status	Fees & intercompany charges - temp facilities impact legacy p,q and r building

**Schedule 20  
(Customer Networks)**

**1. Definitions and Interpretation**

- 1.1 **"Applicable Law"** means any supra-national, federal, national, state, municipal or local statute, law, ordinance, regulation, rule, code, order (whether executive, legislative, judicial or otherwise), judgment, injunction, notice, decree or other requirement or rule of law or legal process (including common law), or any other order of, or agreement issued, promulgated or entered into by, any Governmental Entity or any rule or requirement of any national securities exchange, each as may be amended from time to time;
- 1.2 **"Customers"** means the customers of London DivestCo who have the benefit of the London Properties and their customers;
- 1.3 **"Existing Customer Network Services"** means the services set out in Service No.1 of Section 2: Operational Transitional Services of Part B: Seller Transitional Services of Schedule 1 (Transitional Services) of the Transitional Service Agreement with London DivestCo;
- 1.4 **"Governmental Entity"** means any supra-national, federal, national, state, country or competent jurisdiction, or any national securities exchange or automated quotation service including any governmental regulatory authority;
- 1.5 **"Licence Period"** means the period commencing on 1 April 2016 and expiring on the completion of the Migration Services in accordance with paragraph 4.3;
- 1.6 **"Migration Services"** means the London DivestCo Seller's obligations pursuant to paragraph 5 relating to the migration of London DivestCo customers from the Existing Customer Network to the New Customer Network;
- 1.7 **"Minimum Network Standard"** means to a quality and standard:
- (a) at least equal to the greater of:
    - (A) the quality and standards to which the Existing Customer Network was operated and maintained in the twelve (12) months prior to the Merger Completion Date; and
    - (B) the requirements of the Commitments and the Carve-Out Memorandum; and
  - (b) that complies with Applicable Law;
- 1.8 **"New Customer Network"** means the IP network (including all software, hardware and infrastructure) to be built in accordance with the Specification;
- 1.9 **"New Customer Network Services"** means the services and obligations in respect of the New Customer Network set out in paragraph 4;
- 1.10 **"Network Services"** means, together, the Existing Customer Network Services, the New Customer Network Services and the Migration Services;
- 1.11 **"Network Third Party Agreement"** means any agreement with a third party for the provision of goods, a service, lease or licence relating to, or necessary for, the provision of the Network Services whether entered into before, on or after the date of this Agreement;
- 1.12 References to the London DivestCo Seller in this Schedule will be read and construed to mean the London DivestCo Seller or the relevant member of the Retained Group and the

London DivestCo Seller will procure the performance of any obligations of any relevant member of the Retained Group where relevant.

2. **Existing Customer Network Services**

- 2.1 The London DivestCo Seller shall provide or procure the provision of the Existing Customer Network Services to London DivestCo for the Licence Period in accordance with this Schedule 20 and Applicable Law and in a manner consistent with a standard that ensures that London DivestCo is not prevented from operating its business in substantially the same manner as the business was operated from the applicable Relevant Properties during the six month period prior to the date of this Agreement including to the standard set out in any service level agreements (and related service credit regime) that applied to London DivestCo during that period and such service level agreements will apply for the Licence Period.
- 2.2 Notwithstanding any provisions of the Transitional Services Agreements to the contrary, the London DivestCo Seller (or the relevant member of the Retained Group) will be treated as holding the benefit of any service credit that it receives under a Network Third Party Agreement and which exclusively relates to the provision by the London DivestCo Seller of the Existing Customer Network Services to London DivestCo as trustee on trust for London DivestCo and the London DivestCo Seller will procure that any benefit will be paid over to London DivestCo as soon as reasonably practicable.
- 2.3 Notwithstanding any provisions of the Transitional Services Agreements to the contrary, the London DivestCo Seller covenants to pay to London DivestCo the difference (where such difference is negative) between any service credits (or other compensation or monies) payable by London DivestCo to any Customers resulting from a breach by the London DivestCo Seller of its obligations in this Schedule relating to the Existing Customer Network Services and the service credits (or other compensation or monies) received by London DivestCo pursuant to [paragraph 2.1](#). For the avoidance of doubt, any payments pursuant to this [paragraph 2.3](#) are direct losses and will not be treated as consequential or indirect losses for the purposes of this Agreement.

3. **New Customer Network Services**

- 3.1 London DivestCo Seller shall use all reasonable endeavours to procure the construction of the New Customer Network in accordance with the Specification by entering into an agreement with a third party supplier for the construction of the New Customer Network (the "**New Customer Network Construction Agreement**"). For the avoidance of doubt, London DivestCo shall grant any licences that might reasonably and properly be required relating to any applicable Relevant Properties, subject to it obtaining any third party consents that might be required to the grant of such licences (London DivestCo having used all reasonable endeavours to obtain the same).
- 3.2 As soon as is reasonably possible following the date of this Agreement, the London DivestCo Seller will provide copies or details (as appropriate) to London DivestCo Purchaser of:
- (A) the specification of the New Customer Network (such specification being at least in accordance with the Minimum Network Standard) (the "**Specification**");
  - (B) the identity of the counterparty to the New Customer Network Construction Agreement;  
and
  - (C) the project plan for the construction of the New Customer Network including a set of target delivery dates for the delivery of the New Customer Network,
- (together the "**New Customer Network Information**").

- 3.3 London DivestCo Purchaser shall have a reasonable opportunity to review and comment upon the New Customer Network Information and London DivestCo Seller shall take reasonable account of London DivestCo Purchaser's comments. If London DivestCo Seller incorporates London DivestCo Purchaser's comments into the New Customer Network Information it shall provide copies or details of the revised New Customer Network Information as soon as reasonably possible.
- 3.4 As soon as reasonably possible following the date of this Agreement, the London DivestCo Seller and the London DivestCo Purchaser will meet to discuss and agree (acting reasonably and in good faith):
- (A) a responsibility assignment matrix for the construction of the New Customer Network;  
and
  - (B) a governance framework for the construction of the New Customer Network.
- 3.5 Prior to entering into the New Customer Network Construction Agreement, London DivestCo Seller will procure that the London DivestCo Purchaser is provided with copies of the draft New Customer Network Construction Agreement with reasonable opportunity to review and comment upon the same and London DivestCo Seller shall take reasonable account of London DivestCo Purchaser's comments. The London DivestCo Seller will not enter into the New Customer Network Construction Agreement without the prior written consent of the London DivestCo Purchaser (such consent not to be unreasonably withheld or delayed).
- 3.6 The London DivestCo Purchaser may request that the benefit of the New Customer Network Construction Agreement is assigned to London DivestCo (or its nominee) and the London DivestCo Seller will procure the same as soon as is reasonably possible following the London DivestCo Purchaser's written request.
4. **Migration Services**
- 4.1 As soon as reasonably practicable after the date of this Agreement, the London DivestCo Seller and the London DivestCo Purchaser will meet to discuss and agree (acting reasonably and in good faith) an implementation plan (including a responsibility assignment matrix) for the orderly migration of the Customers from the Existing Customer Network to the New Customer Network by the date falling 12 months from the Completion Date (the "**Migration Implementation Plan**").
- 4.2 The London DivestCo Seller and the London DivestCo Purchaser shall provide each other with all reasonable cooperation in relation to the provision or receipt of the Network Services and the performance of the obligations contained in Clause 12 of the SPA (the "**Customer Facing Services**"). Without prejudice to the foregoing, the London DivestCo Seller and the London DivestCo Purchaser (the "**first Party**") shall, and shall procure that each other member of the Retained or the Purchaser Group (referred to as "**its Group**" in this paragraph 4.2) shall:
- (A) use commercially reasonable endeavours to ensure that employees (or former employees who are acting on behalf) of the first Party and its Group who are or have been directly engaged in the provision or receipt of Customer Facing Services under this Agreement (or have knowledge of such engagement) will not in any capacity solicit the existing business of the other party during the course of the provision or receipt of such Customer Facing Services; and
  - (B) use commercially reasonable endeavours to ensure that employees of the first Party and its Group will not disclose to customers of the other Party (for marketing purposes or otherwise), the nature of the Customer Facing Services provided to

or received from the other Party under this Agreement, save to the extent reasonably necessary to perform such Customer Facing Services.

- 4.3 London DivestCo Seller and London DivestCo Purchaser will use reasonable endeavours to migrate all the Customers from the Existing Customer Network to the New Customer Network by the date falling 12 months from the date of Completion (in accordance with the Migration Implementation Plan).
5. **Network Services Charges**
- 5.1 The service charges for the Network Services for each calendar month will be the sum of the costs that are reasonably and properly incurred by, or on behalf of, the London DivestCo Seller in that calendar month to provide the Network Services (the "**Network Service Charges**"). For the avoidance of doubt, the Purchaser Group will only pay the Network Service Charges or any sums relating to the provision of the Network Services pursuant to this paragraph 5 and no charges for such services shall be levied against London DivestCo or the Purchaser Group pursuant to the terms of the Transitional Services Agreement.
- 5.2 The Network Service Charges will be the sole amounts, fees, charges and expenses payable in connection with the provision of the Network Services.
- 5.3 The London DivestCo Seller will provide London DivestCo with a valid VAT invoice in respect of the Network Service Charges for each calendar month in arrears on the first Business Day of the immediately following calendar month. The London DivestCo Purchaser will procure that London DivestCo pays each such invoice no later than 30 days from the relevant invoice date by way of credit transfer to the London DivestCo Seller's account. Each invoice submitted by the London DivestCo Seller under this paragraph will include a breakdown of the Network Service Charges being invoiced.
- 5.4 Clauses 5.3 to 5.11 inclusive (other than clause 5.6(B)) of the Transitional Services Agreement for London DivestCo will apply to this Schedule and the Network Service Charges mutatis mutandis, except that:
- (i) references in those clauses to:
- (a) "**Provider**" will be construed as references to the London DivestCo Seller;
  - (b) "**Recipient**" will be construed as references to the London DivestCo Purchaser, or the London DivestCo (as applicable);
  - (c) "**Service Charges**" will be construed as references to the Network Service Charges;
  - (d) "**Transitional Services**" will be construed as references to the Network Services;
  - (e) "**Party**" or "**Parties**" will be construed as references to the London DivestCo Seller on the one hand, and the London DivestCo Purchaser or the London DivestCo (as applicable) on the other hand; and
  - (f) "**Agreement**" will be construed as references to this Schedule; and
- (ii) the reference will be construed as a reference to clauses 38 and 39 of this Agreement.

**Schedule 21  
(Bonus Accruals)**

1. **London  
DivestCo**

- (A) if Completion occurs before 31 July 2016,  
£207,000
- (B) if Completion occurs between 31 July 2016 and 30 August 2016 (inclusive),  
£236,000
- (C) if Completion occurs between 31 August 2016 and 29 September 2016 (inclusive),  
£266,000
- (D) if Completion occurs between 30 September 2016 and 30 October 2016 (inclusive),  
£296,000
- (E) if Completion occurs between 31 October 2016 and 29 November 2016 (inclusive),  
£325,000
- (F) if Completion occurs between 30 November 2016 and 30 December 2016 (inclusive),  
£355,000
- (G) if Completion occurs on 31 December,  
£385,000

2. **Amsterdam  
DivestCo**

- (A) if Completion before 31 July 2016,  
EUR90,000
- (B) if Completion occurs between 31 July 2016 and 30 August 2016 (inclusive),  
EUR78,000
- (C) if Completion occurs between 31 August 2016 and 29 September 2016 (inclusive),  
EUR96,000
- (D) if Completion occurs between 30 September 2016 and 30 October 2016 (inclusive),  
EUR115,000
- (E) if Completion occurs between 31 October 2016 and 29 November 2016 (inclusive),  
EUR102,000
- (F) if Completion occurs between 30 November 2016 and 30 December 2016 (inclusive),  
EUR121,000
- (G) if Completion occurs on 31 December 2016 (inclusive),  
EUR139,000

3. **Frankfurt  
DivestCo**

- (A) if Completion occurs before 31 July 2016,  
EUR109,000
- (B) if Completion occurs between 31 July 2016 and 30 August 2016 (inclusive),  
EUR113,000
- (C) if Completion occurs between 31 August 2016 and 29 September 2016 (inclusive),  
EUR134,000
- (D) if Completion occurs between 30 September 2016 and 30 October 2016 (inclusive),  
EUR155,000
- (E) if Completion occurs between 31 October 2016 and 29 November 2016 (inclusive),  
EUR159,000

- (F) if Completion occurs between 30 November 2016 and 31 December 2016 (inclusive),  
EUR180,000
- (G) if Completion occurs on 31 December 2016,  
EUR201,000

in every case less any of such accrual amount that has been paid by the Retained Group at or prior to Completion.

**IN WITNESS** whereof, the parties have entered into this Agreement the day and year first before written:

Signed by ...../s/ Harro Beusker.....  
for and on behalf of  
**TelecityGroup International Limited**

Signed by ...../s/ Harro Beusker .....  
for and on behalf of  
**TelecityGroup Netherlands B.V.**

Signed by ...../s/ Harro Beusker .....  
for and on behalf of  
**TelecityGroup Germany GmbH**

Signed by ...../s/ Harro Beusker .....  
for and on behalf of  
**Equinix (Real Estate) B.V.**

Signed by ...../s/ Harro Beusker .....  
for and on behalf of  
**Equinix, Inc.**

Signed by ...../s/ Chris Kenney .....  
for and on behalf of  
**Digital Stout Holdings LLC**

Signed by  
for and on behalf of  
**Digital Netherlands I BV**

...../s/ Chris Kenney .....

Signed by  
for and on behalf of  
**Digital Germany Cheetah GmbH I.G.R. (DGC)**

...../s/ Chris Kenney .....

Signed by for and on behalf of **DIGITAL REALTY TRUST L.P.**, a  
Maryland limited partnership acting by Digital Realty Trust, Inc., its  
general partner

...../s/ Chris Kenney .....

**Attachment 1**  
**(Basic information about London DivestCo, Amsterdam DivestCo, Frankfurt DivestCo and AMS04 SPV)**

**London DivestCo**

1. **Shareholder** : TelecityGroup International Limited
2. **Registered number** : 9983270
3. **Date of incorporation** : 2 February 2016
4. **Place of incorporation** : England and Wales
5. **Address of registered office** : Masters House, 107 Hammersmith Road, London, W14 0QH
6. **Class of company** : Private Limited Company
7. **Authorised share capital (if any)** : N/A
8. **Issued share capital** : 2 shares of £1
9. **Directors:**

<b>Full name</b>	<b>Service address</b>	<b>Nationality</b>
Robert Coupland	London DivestCo's registered office	British
Jeremy Nicholls	London DivestCo's registered office	British
10. **Secretary:**

Anthony Hunter	London DivestCo's registered office	British
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11. **Accounting reference date** : 29 February
12. **Tax residence** : United Kingdom

## Amsterdam DivestCo

1. **Shareholder** : TelecityGroup Netherlands B.V.
2. **Registered number** : 65416902
3. **Date of incorporation** : 1 April 2016
4. **Place of incorporation** : Amsterdam, the Netherlands
5. **Address of registered office** : Science Park 120  
1098 XG Amsterdam  
The Netherlands
6. **Class of company** : Private limited liability company
7. **Authorised share capital (if any)** : NONE
8. **Issued share capital** : 2 Shares of EUR1
9. **Directors:**

Full name	Service address	Nationality
Petrus Wilhelmus Gerardus van Hugten	Amsterdam DivestCo's registered office	Dutch
Robert Andrew Coupland	Amsterdam DivestCo's registered office	British
10. No secretary
11. **Accounting reference date** : 1 April 2016
12. **Auditors** : None appointed
13. **Tax residence** : Amsterdam, the Netherlands

**Frankfurt DivestCo**

1. **Shareholder** : TelecityGroup Germany GmbH
2. **Registered number** : HRB 104107
3. **Date of incorporation** : Articles of Association signed on 18 December 2015, with formal registration on January 2016
4. **Place of incorporation** : Germany
5. **Address of registered office** : Gutleutstraße 310, 60327 Frankfurt am Main
6. **Class of company** : Private Limited Company (*Gesellschaft mit beschränkter Haftung*)
7. **Authorised share capital (if any)** : N/A
8. **Issued share capital** : 1 share of EUR25,000 and 1 share of EUR1,000
9. **Directors:**
- | <b>Full name</b> | <b>Service address</b>      | <b>Nationality</b> |
|------------------|-----------------------------|--------------------|
| Martin Essig     | Frankfurt DivestCo's office | registered German  |
10. **No Secretary**
11. **Tax residence** : Germany

**AMS04 SPV**

1. **Shareholder** : Equinix (Real Estate) B.V.
2. **Registered number** : 65416902
3. **Date of incorporation** : 14 March 2016
4. **Place of incorporation** : Amsterdam, the Netherlands
5. **Address of registered office** : Amstelplein 1  
Rembrandt Toren  
7e etage  
1096HA Amsterdam  
The Netherlands
6. **Class of company** : Private limited liability company
7. **Authorised share capital (if any)** : NONE
8. **Issued share capital** : 1 Share of EUR1
9. **Directors:**
- | <b>Full name</b>      | <b>Service address</b>        | <b>Nationality</b> |
|-----------------------|-------------------------------|--------------------|
| Michiel Eielts        | AMS04 SPV's registered office | Greek              |
| Eric Charles Schwartz | AMS04 SPV's registered office | American           |
10. No secretary
11. **Accounting reference date** : 31 December
12. **Auditors** : None appointed
13. **Tax residence** : Amsterdam, the Netherlands

**Attachment 2  
(Relevant Properties)**

**London**

**1. Leasehold Properties**

Description of property	Proprietor (owner)	Title number	Date of lease
Bonnington House, Block B, Phase II Glengall Bridge	London DivestCo	N/A	To be granted
Archway House, Muirfield Crescent, London E14	London DivestCo	N/A	To be granted
Sovereign House, 227 Marsh Wall	London DivestCo	EGL448603	30 November 2001
Lower Ground Floor Car Park, Sites 4C and 4E, Marsh Wall	London DivestCo	EGL426599	27 April 2001
Decks 10-11, Lawn House Close Car Park, Marsh Wall	London DivestCo	EGL536336	5 November 2007
Memaco House, 215 Marsh Wall	London DivestCo	N/A	27 September 2000
Sixth and Seventh Floors, 1 Oliver's Yard	London DivestCo	NGL893224	25 April 2002
Sixth and Seventh Floors, 1 Oliver's Yard (reversionary lease)	London DivestCo	AGL264998	17 August 2012 (commencing 25 March 2017)
Part Basement, Ground and Fifth Floors, 1 Oliver's Yard	London DivestCo	NGL893222	25 April 2002
Part Basement, Ground and Fifth Floors, 1 Oliver's Yard (reversionary lease)	London DivestCo	AGL264995	17 August 2012 (commencing 25 March 2017)
Basement Storage Unit, 1 Oliver's Yard	London DivestCo	AGL264997	17 August 2012
Unit 1, Airport Gate Business Centre, Bath Road	London DivestCo	AGL146916	22 February 2000
Unit 1, Airport Gate Business Centre, Bath Road (reversionary lease)	London DivestCo	SandM to confirm	SandM to confirm

**Amsterdam**

**2. Lease agreements**

Address of property	Lessee	Date of lease
Kruislaan 411	Amsterdam DivestCo	1 January 2000
Science Park 120	Amsterdam DivestCo	15 November 2013 (not yet effective)
Wenckenbachweg 127	Amsterdam DivestCo	1 May 2007

## Frankfurt

### 3. Lease agreement

Address of property	Lessee	Date of lease
Lyoner Straße 28	Frankfurt DivestCo	11/16 August 2000 (with first amendment dated 2 March 2001, second amendment dated 12 March 2001, third amendment dated 29 December 2010, fourth amendment dated 30 December 2015/11 January 2016 and fifth amendment dated 30 December 2015/11 January 2016)

**Attachment 3  
(LON 1 Documents)**

Equinix, Inc.  
Worldwide Corporation Headquarters  
One Lagoon Drive  
Redwood City, CA 94065

[www.equinix.com](http://www.equinix.com)  
+650 598 6000 MAIN  
+650 598 6900 FAX



Exhibit 10.56

9<sup>th</sup> June 2016

Eric Schwartz  
Koningslaan 26 II, III and IV  
Amsterdam  
NETHERLANDS

Dear Eric

Reference is made to your International Long Term Assignment letter dated 21 May 2013 ("**Letter**") and your contract of employment with Equinix EMEA B.V. dated 7 August 2013, which took effect on 1 July 2013.

With effect of the date of this letter, we agree to the following changes regarding these arrangements between you and Equinix:

- the term of the Letter shall be extended for a period of 3 years until 30 June 2019;
- the reference in the Letter to a cost of living allowance (COLA) remains fixed for the period, despite any periodic review that Equinix undertakes regarding applicable COLA from time to time; and
- clause 1.3 of your contract of employment shall be amended so that the reference to 31 July 2018 shall now refer to 31 August 2019.

All other terms and conditions of the Letter and your contract of employment remain the same.

With kind regards.

Yours sincerely

/s/ Steve Smith

Steve Smith  
CEO  
Equinix, Inc.

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Acknowledged and agreed by Eric Schwartz

Signature  
/s/ Eric Schwartz

Date  
9 June 2016

Acknowledged and agreed by Equinix EMEA B.V.

/s/ Peter Waters  
Signature

Peter Waters  
Name

Director  
Title

9 June 2016  
Date

## Subsidiaries of Equinix, Inc.

<b>Name</b>	<b>Jurisdiction</b>
Equinix LLC	Delaware, U.S.
Equinix (US) Enterprises, Inc.	Delaware, U.S.
Equinix Professional Services, Inc.	Delaware, U.S.
Equinix South America Holdings, LLC	Delaware, U.S.
Equinix RP II LLC	Delaware, U.S.
CHI 3, LLC	Delaware, U.S.
NY3, LLC	Delaware, U.S.
SV1, LLC	Delaware, U.S.
LA4, LLC	Delaware, U.S.
NY2 Hartz Way LLC	Delaware, U.S.
Equinix Pacific LLC	Delaware, U.S.
CHI 3 Procurement, LLC	Illinois, U.S.
Equinix Asia Pacific Pte Ltd	Singapore
Equinix Singapore Holdings Pte Ltd	Singapore
Equinix Singapore Pte Ltd	Singapore
Equinix (Singapore) Enterprises Pte. Ltd.	Singapore
Equinix Asia Pacific Holdings Pte. Ltd.	Singapore
Equinix (Japan) Enterprises K.K.	Japan
EJAE2 G.K.	Japan
QAON G.K	Japan
Equinix Japan KK (in Kanji)	Japan
Bit-Isle Equinix, Inc.	Japan
Bit-Surf Inc.	Japan
siteRock K.K.	Japan
Terra Power Co., Ltd.	Japan
Nihon Clean Energy Co., Ltd.	Japan
TP1 GK	Japan
libraNEO Co., Ltd.	Japan
Equinix Australia Pty Limited	Australia
Equinix (Australia) Enterprises Pty Limited	Australia
Equinix Hong Kong Limited	Hong Kong
Equinix (Hong Kong) Enterprises Limited	Hong Kong
Equinix Information Technologies Hong Kong Limited	Hong Kong
Equinix Information Technology (Shanghai) Co Ltd.	People's Republic of China
Equinix YP Information Technology (Shanghai) Co Ltd.	People's Republic of China
Equinix (China) Investment Co., Ltd.	China
Equinix Group Limited	United Kingdom
Equinix (UK) Limited	United Kingdom

Equinix (Services) Limited	United Kingdom
Equinix Corporation Limited	United Kingdom
Equinix Investments Limited	United Kingdom
Equinix (London) Limited	United Kingdom
Equinix (UK) Enterprises Ltd	United Kingdom
Equinix (Real Estate) GmbH	Germany
Equinix (Germany) GmbH	Germany
Upminster GmbH	Germany
Equinix (Germany) Enterprises GmbH	Germany
Equinix (France) SAS	France
Equinix (France) Enterprises SAS	France
Interconnect Exchange Europe SL	Spain
Equinix (Switzerland) GmbH	Switzerland
Equinix (Switzerland) Enterprises GmbH	Switzerland
Equinix (Netherlands) Holdings BV	The Netherlands
EQIX (Global Holdings) C.V.	The Netherlands
Equinix (EMEA) B.V.	The Netherlands
Equinix (EMEA) Acquisition Enterprises B.V.	The Netherlands
Equinix (UK) Acquisition Enterprises Limited	United Kingdom
Equinix (Netherlands) B.V.	The Netherlands
Virtu Secure Web Services B.V.	The Netherlands
Equinix (Real Estate) B.V.	The Netherlands
Equinix (Spain), S.L.	Spain
Equinix (Netherlands) Enterprises B.V.	The Netherlands
Equinix Real Estate	The Netherlands
Equinix (Luxembourg) Holdings S.à r.l.	Luxembourg
Equinix (Luxembourg) Investments S.à r.l.	Luxembourg
Equinix (EMEA) Holdings B.V.	The Netherlands
Equinix Middle East FZ-LLC	United Arab Emirates
Equinix Italia S.r.L	Italy
ancotel UK Ltd	United Kingdom
ancotel Hong Kong Limited	Hong Kong
Equinix do Brasil Soluções de Tecnologia em Informática S.A.	Brazil
Equinix do Brasil Telecomunicações Ltda.	Brazil
Equinix Do Brasil Participacoes Ltda.	Brazil
Moran Road Partners, LLC	Delaware, U.S.
Switch & Data LLC	Delaware, U.S.
Switch & Data Facilities Company LLC	Delaware, U.S.
Switch and Data Operating Company LLC	Delaware, U.S.
Equinix Canada Ltd.	Canada
Equinix (Canada) Enterprises Ltd.	Canada
Switch and Data CA Nine LLC	Delaware, U.S.

Switch & Data MA One LLC	Delaware, U.S.
Switch And Data NJ Two LLC	Delaware, U.S.
Switch & Data/NY Facilities Company, LLC	Delaware, U.S.
Switch and Data VA Four LLC	Delaware, U.S.
Switch & Data WA One LLC	Delaware, U.S.
EPS Enterprises, Inc.	Delaware, U.S.
Telecity Group Limited	United Kingdom
TelecityGroup Investments Ltd.	United Kingdom
Employee Benefit Trust	United Kingdom
TelecityGroup International Ltd.	United Kingdom
Newincco 992 Ltd.	United Kingdom
Internet Facilitators Holdings Ltd.	United Kingdom
TelecityGroup Europe (1) Cooperatief W.A.	The Netherlands
Hosting İnternet Hizmetleri Sanayi ve Ticaret Anonim Şirketi	Turkey
Equinix (Poland) Sp. Z.o.o.	Poland
TelecityGroup UK Ltd.	United Kingdom
Equinix (Bulgaria) Data Centers EAD	Bulgaria
TelecityGroup Holdings Ltd.	United Kingdom
TelecityGroup UK LON Limited	United Kingdom
Internet Facilitators Ltd.	United Kingdom
TelecityGroup Europe (2) B.V.	The Netherlands
Solo Turkey İnternet Hizmetleri Anonim Şirketi	Turkey
Equinix (Finland) OY	Finland
TelecityGroup Italia SpA.	Italy
TelecityGroup France SA*	France
TelecityGroup Scandinavia AB	Sweden
TelecityGroup Netherlands B.V.	The Netherlands
TelecityGroup Netherlands AMS01	The Netherlands
TelecityGroup Spain S.A.	Spain
Equinix (Ireland) Holdings Limited	Ireland
Telecity UK Ltd.	United Kingdom
Open Hub Med Societa Consortile a responsabilita limitata	Italy
Equinix (Ireland) Limited	Ireland
TelecityGroup Germany GmbH	Germany
Equinix (Ireland) Enterprises Limited	Ireland
TelecityGroup Germany Fra2 GmbH	Germany

**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Stephen M. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equinix, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 8, 2016

/s/ Stephen M. Smith

Stephen M. Smith  
Chief Executive Officer and President

**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Keith D. Taylor, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equinix, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 8, 2016

/s/ Keith D. Taylor

Keith D. Taylor  
Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Equinix, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen M. Smith, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Stephen M. Smith

Stephen M. Smith  
Chief Executive Officer and President

August 8, 2016

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Equinix, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Keith D. Taylor, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Keith D. Taylor

Keith D. Taylor  
Chief Financial Officer  
August 8, 2016