

Registered number: 5603875

TELECITY GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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TELECITY GROUP LIMITED

COMPANY INFORMATION

Directors	Phillip Konieczny (appointed 15 January 2016) Eric Schwartz (appointed 15 January 2016) Peter Waters (appointed 15 January 2016)
Company secretary	A G Hunter
Registered number	5603875
Registered office	Masters House, 107 Hammersmith Road London W14 0QH
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Atrium 1 Harefield Road Uxbridge, Middlesex UB8 1EX

TELECITY GROUP LIMITED

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TELECITY GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The directors present their strategic report on Telecity Group Limited ("the Company") for the year ended 31 December 2016.

Principal activities

The principal activity of the Company during the year was the holding of investments in group companies.

Business review

Equinix (UK) Acquisition Enterprises Limited, an indirect subsidiary of Equinix, Inc., acquired Telecity Group plc (now Telecity Group Limited) and its subsidiaries (the "TelecityGroup"), on 15 January 2016. As a result of the acquisition, the Company became part of the group of companies of which Equinix, Inc. is the ultimate parent, the intention being to integrate the businesses of the subsidiaries of the Telecity Group into the Equinix Group and the Equinix central or commissionaire business model and to preserve the Equinix Group's status as a real estate investment trust under the United States Internal Revenue Code of 1986, as amended.

The acquisition was funded via the issuance of Equinix, Inc. shares for the value of \$2,114 million and a cash payment equivalent to \$1,666 million. Immediately following the acquisition external third party debt of \$234 million was repaid.

Equinix (UK) Acquisition Enterprises Limited was supported in the acquisition through an equity investment of \$1,100 million by Equinix (EMEA) Acquisition Enterprises B.V. In addition, Equinix (UK) Acquisition Enterprises Limited received an intercompany loan of \$3,288 million from Equinix, Inc.

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

On 18 January 2016 the listing of TelecityGroup Shares on the premium listing segment of the Official List and the main market of the London Stock Exchange was cancelled and the Company ceased to be known as Telecity Group plc and became Telecity Group Limited.

Over the course of 2016 the Company engaged in a business model optimization ("BMO") project. Under the terms of the project the subsidiaries of Telecity Group Limited were prepared for integration into Equinix's preexisting European legal entity structure or sale to external third parties where the Competition authorities had raised concerns.

The first of these integrations took place on 1 July 2016 when TelecityGroup Holdings Limited, an indirect subsidiary of the Company, sold its interest in TelecityGroup Netherlands B.V. to Equinix (Netherlands) Holdings B.V. The resulting sale proceeds were distributed up the ownership chain to the Company as a dividend in specie.

The next round of integrations took place on 1 October 2016 when through a mixture of business combinations and asset sales, the businesses of TelecityGroup UK Limited, TelecityGroup International Limited, TelecityGroup Scandinavia AB and Equinix (Ireland) Holdings Limited were sold to various Equinix subsidiaries. The net proceeds of these sales were again distributed up the ownerships chain to the Company as a dividend in specie.

The final BMO integration to be enacted in 2016 was the sale of TelecityGroup France SA, by TelecityGroup Holdings Limited to Equinix (EMEA) Holdings BV. The proceeds of the sale were again distributed in specie to the Company.

TELECITY GROUP LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Business review (continued)

The profit for the year amounted to £2,628.0 million (2015 - £15 million). It also includes other income of £58,000.

A dividend of £2,586.1 million (2015: £28.4 million) was paid during the year as set out in the statement of changes in equity on page 12.

Share capital

On 14 January 2016 the Company allotted 911,076 ordinary shares at nominal value of £0.002 for a total consideration of £2,000.

On 9 May 2016 the Company allotted 37,242 ordinary shares at nominal value of £0.002 for a total consideration of £0.2 million. The difference between nominal value and amount paid has been recorded in share premium account.

On 1 September 2016 the Company allotted 85,927 ordinary shares at nominal value of £0.002 for a total consideration of £0.6 million. The difference between nominal value and amount paid has been recorded in share premium account.

On 14 September 2016 the Company passed a resolution to reduce its capital by cancelling the share premium account. As a result the share premium account has been cancelled and the amount of £80.3 million has been transferred to retained earnings.

Dividends paid

On 1 July 2016 the Company paid a dividend in specie in the amount of £627.2 million to Equinix (UK) Acquisition Enterprises Limited, the sole shareholder of the Company. This was satisfied by the assignment by the Company to Equinix (UK) Acquisition Enterprises Limited of all of its rights, title, and interest of the receivables owing by Equinix (Netherlands) Holdings B.V. to the Company.

On 29 July 2016 the Company paid a dividend in the amount of £102 million paid in cash to Equinix (UK) Acquisition Enterprises Limited.

On 3 October 2016 the Company paid a dividend in specie to Equinix (UK) Acquisition Enterprises Limited in the amount of £1,704.4 million which was satisfied by the assignment by the Company to Equinix (UK) Acquisition Enterprises Limited of loans and receivables.

On 2 November 2016 the Company paid a dividend in specie to Equinix (UK) Acquisition Enterprises Limited in the amount of £152.5 million which was satisfied by the assignment by the Company to Equinix (UK) Acquisition Enterprises Limited of loans and receivables.

Dividends received

On 1 July 2016 TelecityGroup Investments Limited paid a dividend in specie to the Company in the amount of £627.2 million which was satisfied by the assignment of two receivables owed to TelecityGroup Investments Limited by Equinix (Netherlands) Holdings B.V.

On 29 July 2016 TelecityGroup Investments Limited paid in cash a dividend in the amount of £102 million to the Company as part of the integration.

On 3 October 2016 TelecityGroup Investments Limited paid a dividend in specie to the Company in the amount of £1,746.4 million which was settled through the assignment of intercompany receivables previously due to the Company.

TELECITY GROUP LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Dividends received (continued)

On 2 November 2016 TelecityGroup Investments Limited paid a dividend in specie to the Company, in the amount of £152.5 million which was settled through the assignment of intercompany receivables previously due to the Company.

Key performance indicators ('KPIs')

As the Company is an intermediate holding company within the Equinix group, it does not individually monitor key performance indicators. Analysis of group KPI's are given in the consolidated financial statements of Equinix, Inc., the ultimate parent.

Financial risk management

Financial risks facing the Company are monitored through a process of regular assessment by the Company's management team.

Liquidity risk can be adequately managed, as the business is cash generative, by cash flow forecasting to ensure sufficient cash balances are maintained. The liquidity risk is also limited as the Company is able to obtain additional financing from group companies.

The Company is exposed to foreign exchange risk and does not currently hedge any transactions denominated in foreign currencies. The Company is exposed to foreign exchange risk on intercompany loans with group undertakings. To mitigate against this the directors' are taking steps to ensure these balances are payable on demand. These intercompany loan balances can be impacted by foreign exchange movements which may result in significant gains or losses in any financial year.

Strategy and future outlook

The key elements of the Company's strategy are to maintain investments in group companies and to secure the necessary finance to enable it to provide funding to its investments when appropriate.

The Company is a part of a Business Optimization Plan to efficiently combine its activities within Equinix.

Business environment

The Company completed the acquisition of TelecityGroup on 15 January 2016. The addition of TelecityGroup's 40+ data centers more than doubles the Equinix's capacity in Europe. The acquisition expands the Company's interconnection platform in key European markets while also adding critical network and cloud density to better serve enterprise customers; who see interconnection as a core IT design principle and are increasingly moving to highly interconnected, global data centres for accelerated business performance and innovation.

The market continues to show strong growth, driven by increasing internet traffic, rises in requirements for power and cooling, the expansion of computing requirements of the financial services industry, the emergence of Cloud Computing and Software as a Service, despite the high capital costs associated with building and maintaining in-sourced data centres.

TELECITY GROUP LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

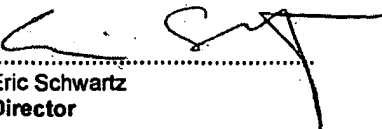
Principal risks and uncertainties

The Company is exposed to foreign exchange risk in relation to balances denominated in foreign currency. The Company does not use derivative financial instruments to manage foreign exchange risk, and as such, no hedge accounting is applied. Foreign currency risk is managed at corporate level by the group treasury function.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

This report was approved by the board and signed on its behalf.


.....
Eric Schwartz
Director

Date: 6/10/2017

TELECITY GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the audited financial statements for the year ended 31 December 2016.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who held office throughout the year and up to the date of signing these financial statements (except as indicated) were as follows:

Phillip Konieczny (appointed 15 January 2016)
Eric Schwartz (appointed 15 January 2016)
Peter Waters (appointed 15 January 2016)
John Hughes (resigned 15 January 2016)
Simon Batey (resigned 15 January 2016)
Claudia Arney (resigned 15 January 2016)
Maurizio Carli (resigned 15 January 2016)
Nancy Cruickshank (resigned 15 January 2016)
John O'Reilly (resigned 15 January 2016)
Wilhelmus Hageman (resigned 11 February 2016)

The Company maintains insurance against certain liabilities which could arise from a negligent act or a breach of duty by its directors and officers in the discharge of their duties. This is a qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006. These indemnities would not provide any coverage where a director is proved to have acted fraudulently or dishonestly.

Results and dividends

Discussion of the results and dividends for the year are in the business review section of the Strategic Report.

TELECITY GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Future developments

A review of the business and likely future developments is contained in the Strategic Report.

Disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved;

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

As a part of the business optimization plan the following events took place after the year end:

- TelecityGroup Italia SpA had its shares transferred from TelecityGroup Holdings Limited and Telecity Group Limited, to Equinix (EMEA) Holdings B.V.;
- TelecityGroup Germany GmbH, had its shares sold from Telecity UK Limited, to Equinix (Germany) GmbH;
- Equinix (Finland) Oy had its shares transferred from TelecityGroup Holdings Limited, to Equinix (Netherlands) Holdings B.V.;
- Acquisition of Leesville Investments Spółka z ograniczona odpowiedzialnoscia by Equinix (Poland) Sp. Z o.o., effective 31 May 2017. This entity changed its name to Equinix (Poland) Enterprises sp. Z o.o.;
- Equinix (Poland) Sp. Z o.o. had its shares transferred from TelecityGroup International Limited, to Equinix (EMEA) B.V.;
- Equinix Turkey Internet Hizmetleri Anonim Sirketi had its shares transferred from TelecityGroup International Limited, to Equinix (Netherlands) Holdings B.V.;
- Equinix (Bulgaria) Data Centers EAD had its shares transferred from TelecityGroup International Limited, to Equinix (Netherlands) Holdings B.V.;
- The following dormant entities Newincco 992 Limited and Internet Facilitators Holdings Limited entered into liquidation process;
- In the next financial year the Company will continue to receive and distribute dividends as part of the business optimization plan.

The above transactions will be exercised at fair values which are expected to exceed book values.

The Company will continue to act as an intermediate holding company for the foreseeable future.

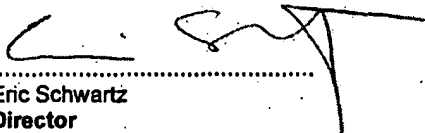
TELECITY GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....
Eric Schwartz
Director

Date:

Independent auditors' report to the members of Telecity Group Limited

Report on the financial statements

Our opinion

In our opinion, Telecity Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual Report, comprise:

- the balance sheet as at 31 December 2016;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities in respect of financial statements set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

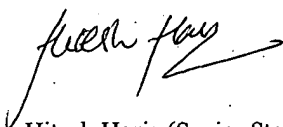
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Hitesh Haria (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
6 October 2017

TELECITY GROUP LIMITED

**INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £000	2015 £000
Other operating income	5	58	-
Administrative expenses		(104)	-
Income from shares in group undertakings	8	2,628,054	15,000
Profit on ordinary activities before taxation		2,628,008	15,000
Tax on profit on ordinary activities	9	-	-
Profit for the financial year and total comprehensive income		2,628,008	15,000

There was no other comprehensive income for the year.

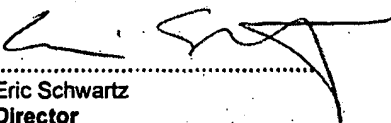
The notes on pages 13 to 25 form part of these financial statements.

TELECITY GROUP LIMITED
REGISTERED NUMBER: 5603875

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Fixed assets			
Investments	11	198,685	193,685
		<u>198,685</u>	<u>193,685</u>
Current assets			
Debtors: amounts falling due within one year	12	78	-
Cash at bank and in hand	13	273	-
		<u>351</u>	<u>-</u>
Creditors: amounts falling due within one year	14	(323)	(37,646)
Net current assets/(liabilities)		<u>28</u>	<u>(37,646)</u>
Total assets less current liabilities		<u>198,713</u>	<u>156,039</u>
Net assets		<u>198,713</u>	<u>156,039</u>
Capital and reserves			
Called up share capital	15	408	406
Share premium account		-	79,551
Other reserves		21,195	21,195
Retained earnings		177,110	54,887
Total shareholders' funds		<u>198,713</u>	<u>156,039</u>

The financial statements on pages 10 to 25 were approved and authorised for issue by the board and were signed on its behalf by:


Eric Schwartz
Director

Registered number: 5603875

Date: 6/10/2017

The notes on pages 13 to 25 form part of these financial statements.

TELECITY GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Share premium account	Other reserves	Retained earnings	Total shareholders' funds
	£000	£000	£000	£000	£000
At 1 January 2016	406	79,551	21,195	54,887	156,039
Comprehensive income for the year					
Profit for the financial year	-	-	-	2,628,008	2,628,008
Dividend paid (note 10)	-	-	-	(2,586,098)	(2,586,098)
Shares issued during the year	2	762	-	-	764
Reduction of capital	-	(80,313)	-	80,313	-
At 31 December 2016	408	-	21,195	177,110	198,713

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Share premium account	Other reserves	Retained earnings	Total shareholders' funds
	£000	£000	£000	£000	£000
At 1 January 2015	406	79,013	18,400	68,299	166,118
Comprehensive income for the year					
Profit for the financial year	-	-	-	15,000	15,000
Dividend paid (note 10)	-	-	-	(28,412)	(28,412)
Shares issued during the year	-	538	-	-	538
Credit to equity for share-based payments	-	-	2,795	-	2,795
At 31 December 2015	406	79,551	21,195	54,887	156,039

The notes on pages 13 to 25 form part of these financial statements.

TELECITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General Information

The Company is a private company limited by share capital incorporated and domiciled in London, United Kingdom.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2. Registered address

The address of the registered office is given on the Company information page.

3. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation of financial statements

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2016 the Company has undergone transition from EU endorsed International Financial Reporting Standards ("IFRS") and IFRIC interpretations applicable to companies reporting under IFRS, to FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 as issued by the Financial Reporting Council. The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

Information on the impact first-time adoption of FRS 101 is given in note 18.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

First time application of FRS 101

In the current year the Company has adopted FRS 101. In previous years the financial statements were prepared in accordance with IFRS and IFRIC interpretations applicable to companies reporting under IFRS. This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with IFRS. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the entity to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below. There have been no other material amendments to the disclosure requirements previously applied in accordance with IFRS.

TELECITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation of financial statements (continued)

Consolidation

The financial statements contain information about the Company as an individual company and do not contain consolidated financial statements of any group of companies. The Company has taken advantage of the exemptions available under section 401 of the Companies Act from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent, Equinix, Inc., a company incorporated in the United States of America (note 17).

3.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- standards not yet effective.

3.3 New standards, amendments and IFRIC Interpretations

No new accounting standards or amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2016, have had a material impact on the Company.

3.4 Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

TELECITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

3. Summary of significant accounting policies (continued)

3.5 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the Income Statement and Statement of Comprehensive Income within 'Other operating income'.

3.6 Fixed asset investments

Investments acquired with the intention that they will be held for the long term are stated at cost less any provision for impairment. The carrying amounts of the Company's investments is reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication of impairment exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income. The recoverable amount of the Company's assets is greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects the current market assessments of the time value of money and the risk specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

TELECITY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

3. Summary of significant accounting policies (continued)**3.7 Current and deferred tax**

The charge or credit for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non discounted basis.

3.8 Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through the income statement and statement of comprehensive income) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Income Statement and Statement of Comprehensive Income.

3.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

3.10 Cash and cash equivalents

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

3.11 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

TELECITY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

3. Summary of significant accounting policies (continued)**3.12 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

3.13 Share capital and share premium

Ordinary shares are classified as equity and consist of share capital and share premium. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis. The nominal value of shares issued is credited to the share capital account and any excess of fair value received on the issue of equity shares is credited to the share premium account.

4. Judgments in applying accounting policies and key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Valuation of investments

The carrying value of investments is assessed against future cash flow expected to be generated from such investments. Changes to the estimates of such cash flows may impact the carrying value of investments.

5. Other operating income

	2016 £000	2015 £000
Foreign exchange difference - gain	58	-
	<u>58</u>	<u>-</u>

6. Auditors' remuneration

Auditors' remuneration of £10,000 for the audit of the Company will be borne by another group company.

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group financial statements of the ultimate parent company.

TELECITY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. Employee Information and directors' emoluments

The Company did not employ any staff other than the directors during the year ended 31 December 2016. The directors did not receive any remuneration from the Company in the year. The remuneration of the directors was borne by other group companies (Equinix (EMEA) B.V. and TelecityGroup International Limited) directly employing each of the directors and was not apportioned to the Company.

8. Income from shares in group undertakings

	2016	2015
	£000	£000
Dividends receivable from subsidiary companies	2,628,054	15,000
	2,628,054	15,000

During 2016 the Company received the following dividends:

- On 1 July 2016 TelecityGroup Investments Limited paid a dividend in specie to the Company in the amount of £627.2 million which was satisfied by the assignment of two receivables owed to TelecityGroup Investments Limited by Equinix (Netherlands) Holdings B.V.;
- On 29 July 2016 TelecityGroup Investments Limited paid in cash a dividend in the amount of £102 million to the Company as part of the integration;
- On 3 October 2016 TelecityGroup Investments Limited paid a dividend in specie to the Company in the amount of £1,746.4 million which was settled through the assignment of intercompany receivables previously due to the Company;
- On 2 November 2016 TelecityGroup Investments Limited paid a dividend in specie to the Company, in the amount of £152.5 million which was settled through the assignment of intercompany receivables previously due to the Company.

TELECITY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. Tax on profit on ordinary activities

	2016 £000	2015 £000
Current tax on profits for the year	-	-
Factors affecting tax charge for the year		
The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20,25%). The differences are explained below:		
	2016 £000	2015 £000
Profit before taxation	2,628,008	15,000
Profit before taxation multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20,25%)	525,602	3,038
Effects of:		
Group relief received for no consideration	120	(3,038)
Expenses not deductible for tax purposes	20	-
Transfer Pricing Compensating Adjustment	(131)	-
Dividends received not subject to tax	(525,611)	-
Total tax charge for the year	-	-

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

TELECITY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. Dividends

	2016 £000	2015 £000
Dividends paid	2,586,098	28,412
	<u>2,586,098</u>	<u>28,412</u>

During 2016 the Company has paid the following dividends:

- On 1 July 2016 the Company paid a dividend in specie in the amount of £627.2 million to Equinix (UK) Acquisition Enterprises Limited, the sole shareholder of the Company. This was satisfied by the assignment by the Company to Equinix (UK) Acquisition Enterprises Limited of all of its rights, title, and interest of the receivables owing by Equinix (Netherlands) Holdings B.V. to the Company;
- On 29 July 2016 the Company paid a dividend in the amount of £102 million paid in cash to Equinix (UK) Acquisition Enterprises Limited;
- On 3 October 2016 the Company paid a dividend in specie to Equinix (UK) Acquisition Enterprises Limited in the amount of £1,704.4 million which was satisfied by the assignment by the Company to Equinix (UK) Acquisition Enterprises Limited of loans and receivables;
- On 2 November 2016 the Company paid a dividend in specie to Equinix (UK) Acquisition Enterprises Limited in the amount of £152.5 million which was satisfied by the assignment by the Company to Equinix (UK) Acquisition Enterprises Limited of loans and receivables.

11. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2016	193,685
Additions	5,000
At 31 December 2016	<u>198,685</u>
 Net book value	
At 31 December 2016	<u>198,685</u>
At 31 December 2015	<u>193,685</u>

TELECITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

11. Investments (continued)

Direct subsidiary undertakings

The subsidiary undertakings of the Company and their principal activities are set out below:

Name	Class of shares	Holding	Principal activity	Country of incorporation	Registered office
TelecityGroup Investments Limited	Ordinary	100 %	Intermediate holding company	UK	Masters House, 107 Hammersmith Road, London W14 0QH

On 1 July 2016 TelecityGroup Investments Limited allotted to its sole shareholder, Telecity Group Limited, 1 ordinary A share at a nominal value of £1 for a total consideration of £5 million. The increase of the cost of investment represents the subscription of the Company to the additional share issued during the year.

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity	Country of incorporation	Registered office
TelecityGroup International Limited	Ordinary	100 %	Intermediate holding company	UK	Masters House, 107 Hammersmith Road, London W14 0QH
TelecityGroup Holdings Limited	Ordinary	100 %	Intermediate holding company	UK	Masters House, 107 Hammersmith Road, London W14 0QH
TelecityGroup UK Limited	Ordinary	100 %	Internet infrastructure	UK	Masters House, 107 Hammersmith Road, London W14 0QH
Equinix (Poland) Sp. Z o.o.	Ordinary	100 %	Internet infrastructure	Poland	Aleje Jerozolimskie 65/79, 00 697 Warsaw, Poland
Equinix (Bulgaria) Data Centers EAD	Ordinary	100 %	Internet infrastructure	Bulgaria	1 Residential Complex, No. 10, 5030 Str., 1592 Sofia, Iskar region, Druzhba, Republic of Bulgaria
Equinix Turkey Enterprises Internet Hizmetleri Anonim Sirketi	Ordinary	100 %	Internet infrastructure	Turkey	Otakcilar Cad. No: 78 Kat:4, Flat Ofis, Eyüp, Istanbul, Turkey
Telecity UK Limited	Ordinary	100 %	Intermediate holding company	UK	Masters House, 107 Hammersmith Road, London W14 0QH
TelecityGroup Italia S.p.A	Ordinary	100 %	Internet infrastructure	Italy	Via Savona 125, 20144 Milan, Italy
TelecityGroup Germany GmbH	Ordinary	100 %	Internet infrastructure	Germany	Gutleutstrasse 310, D 60327 Frankfurt am Main, Germany

TELECITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

11. Investments (continued)

Indirect Subsidiary undertakings

Name	Class of Holding shares		Principal activity	Country of Incorporation	Registered office
Equinix Turkey Internet Hizmetleri Anonim Sirketi	Ordinary	100 %	Internet infrastructure	Turkey	Otakcilar Cad. No: 78 Kat:4, Flat Ofis, Eyüp, Istanbul, Turkey
Equinix (Finland) Oy	Ordinary	100 %	Internet infrastructure	Finland	Hiomotie 32, 00380 Helsinki, Finland
TelecityGroup Spain S.A.	Ordinary	100 %	Non-trading	Spain	C/Gurtubay 6, 1 Izquierda, 28001 Madrid, Spain
Newincco 992 Limited	Ordinary	100 %	Dormant	UK	Masters House, 107 Hammersmith Road, London W14 0QH
Internet Facilitators Holdings Limited	Ordinary	100 %	Dormant	UK	Masters House, 107 Hammersmith Road, London W14 0QH
Internet Facilitators Limited	Ordinary	100 %	Dormant	UK	Masters House, 107 Hammersmith Road, London W14 0QH
TelecityGroup Europe (1) Cooperatief W.A	Ordinary	100 %	Financing company	Netherlands	Amstelplein 1, Rembrandt Tower 7th floor, 1096 HA Amsterdam
Telecity Group Europe (2) B.V.	Ordinary	100 %	Financing company	Netherlands	Amstelplein 1, Rembrandt Tower 7th floor, 1096 HA Amsterdam
V-Media Oy	Ordinary	20%	Interconnection Services	Finland	Hiomotie 32, 00380 Helsinki, Finland
Open Hub Med Societa Consortie a responsabilita limitata	Ordinary	12.5%	Interconnection Services	Italy	Via Caldera 21 20153 Milano (Italy)

12. Debtors: amounts falling due within one year

	2016 £000	2015 £000
Amounts owed by group undertakings	78	-

Amounts owed by group undertaking are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

TELECITY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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13. Cash at bank and in hand

	2016 £000	2015 £000
Cash at bank and in hand	<u>273</u>	<u>-</u>

14. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to group undertakings	321	37,646
Accruals and deferred income	2	-
	<u>323</u>	<u>37,646</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of payment and are payable on demand.

15. Called up share capital

	2016 £000	2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
204,010,482 (2015 - 203,062,164) Ordinary shares of £0.002 each	<u>408</u>	<u>406</u>

Issue of share capital

On 14 January 2016 the Company allotted 911,076 ordinary shares at nominal value of £0.002 for a total consideration of £2,000.

On 9 May 2016 the Company allotted 37,242 ordinary shares at nominal value of £0.002 for a total consideration of £230,000. The difference between nominal value and amount paid has been recorded in share premium account.

On 1 September 2016 the Company allotted 85,927 ordinary shares at nominal value of £0.002 for a total consideration of £532,000. The difference between nominal value and amount paid has been recorded in share premium account.

Reduction of capital

On 14 September 2016 the Company passed a resolution to reduce its capital by cancelling the share premium account. As a result the share premium account has been cancelled and the amount of £80.3 million has been transferred to retained earnings.

TELECITY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

15. Called up share capital (continued)

Dividends paid

On 1 July 2016 the Company paid a dividend in specie in the amount of £627.2 million to Equinix (UK) Acquisition Enterprises Limited, the sole shareholder of the Company. This was satisfied by the assignment by the Company to Equinix (UK) Acquisition Enterprises Limited of all of its rights, title, and interest of the receivables owing by Equinix (Netherlands) Holdings B.V. to the Company.

On 29 July 2016 the Company paid a dividend in the amount of £102 million paid in cash to Equinix (UK) Acquisition Enterprises Limited.

On 3 October 2016 the Company paid a dividend in specie to Equinix (UK) Acquisition Enterprises Limited in the amount of £1,704.4 million which was satisfied by the assignment by the Company to Equinix (UK) Acquisition Enterprises Limited of loans and receivables.

On 2 November 2016 the Company paid a dividend in specie to Equinix (UK) Acquisition Enterprises Limited in the amount of £152.5 million which was satisfied by the assignment by the Company to Equinix (UK) Acquisition Enterprises Limited of loans and receivables.

16. Post balance sheet events

As a part of the business optimization plan the following events took place after the year end:

- TelecityGroup Italia SpA had its shares transferred from TelecityGroup Holdings Limited and Telecity Group Limited, to Equinix (EMEA) Holdings B.V.;
- TelecityGroup Germany GmbH, had its shares sold from Telecity UK Limited, to Equinix (Germany) GmbH;
- Equinix (Finland) Oy had its shares transferred from TelecityGroup Holdings Limited, to Equinix (Netherlands) Holdings B.V.;
- Acquisition of Leesville Investments Spółka z ograniczona odpowiedzialnoscia by Equinix (Poland) Sp. Z o.o., effective 31 May 2017. This entity changed its name to Equinix (Poland) Enterprises sp. Z o.o.;
- Equinix (Poland) Sp. Z o.o. had its shares transferred from TelecityGroup International Limited, to Equinix (EMEA) B.V.;
- Equinix Turkey Internet Hizmetleri Anonim Sirketi had its shares transferred from TelecityGroup International Limited, to Equinix (Netherlands) Holdings B.V.;
- Equinix (Bulgaria) Data Centers EAD had its shares transferred from TelecityGroup International Limited, to Equinix (Netherlands) Holdings B.V.;
- The following dormant entities Newincco 992 Limited and Internet Facilitators Holdings Limited entered into liquidation process;
- In the next financial year the Company will continue to receive and distribute dividends as part of the business optimization plan.

The above transactions will be exercised at fair values which are expected to exceed book values.

The Company will continue to act as an intermediate holding company for the foreseeable future.

TELECITY GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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17. Immediate and ultimate parent company

The immediate parent company is Equinix (UK) Acquisition Enterprises Limited, a company incorporated in the United Kingdom, with registered office Masters House, 107 Hammersmith Road, London, W14 0QH. The ultimate parent undertaking and controlling party is Equinix, Inc., a company incorporated in the United States of America.

Equinix, Inc. is the parent of the smallest and largest group in which the results of the Company are consolidated. Financial statements of Equinix, Inc. are available from: One Lagoon Drive, Redwood City, CA 94065, USA.

18. First time adoption of FRS 101

This is the first year that the Company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The last financial statements under IFRS were for the year ended 31 December 2015 and the date of transition to FRS 101 was therefore 1 January 2015. However, upon transition, no material adjustments were identified.