Registered number: 00153088

TELECITYGROUP INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

TELECITYGROUP INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors	Phillip Konieczny Eric Schwartz
Company secretary	Anthony Hunter
Registered number	00153088
Registered office	Masters House 107 Hammersmith Road London W140QH
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Atrium 1 Harefield Road Uxbridge, Middlesex UB8 1EX

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their strategic report on TelecityGroup International Limited ("the Company") for the year ended 31 December 2017.

Business review

Over the course of 2017 the Company continued engaging 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 pre-existing European legal entity structure. The initial integrations took place in 2016 when TelecityGroup Holdings Limited, a direct subsidiary of the Company, sold its interest in TelecityGroup Netherlands B.V. to Equinix (Netherlands) Holdings B.V. In 2017 TelecityGroup Holdings Limited sold its interest in Equinix (Finland) Oy, TelecityGroup Italia SpA and TelecityGroup Germany GmbH to Equinix (Netherlands) Holdings B.V. and Equinix (EMEA) B.V. TelecityGroup Italia and Germany merged with Equinix subsidiaries in those countries. The resulting sale proceeds were distributed up the ownership chain to the Company as a dividend in specie.

In 2017 the Company sold its interest in Equinix Turkey Internet Hizmetleri Anonim Sirketi, Equinix (Poland) Sp.z o.o. and Equinix (Bulgaria) Data Centers EAD to Equinix (Netherlands) Holdings B.V. The resulting sale proceeds were distributed up the ownership chain to the Company as a dividend in specie.

Principal activity

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

Dividends paid

On 21 March 2017 the Company paid dividend in specie in the amount of £243.8 million to TelecityGroup Investments Limited which was satisfied by the assignment by the Company to TelecityGroup Investments Limited of all of its rights, title, and interest of the receivables owing by Equinix (Netherlands) Holdings B.V. and by Equinix (EMEA) Holdings B.V. to the Company.

On 30 August 2017 the Company paid dividend in specie in the amount of £326.0 million to TelecityGroup investments Limited which was satisfied by the assignment by the Company to TelecityGroup Investments Limited of all rights, titl, and interest of the receivables owing by Equinix (Netherland) Holdings B.V. and by Equinix (EMEA) B.V. to the Company.

The Company paid a dividend in specie in the amount of £0.5 million to TelecityGroup Investments Limited which was satisfied by the assignment by the Company to TelecityGroup Investments Limited of all of its rights, title, and interest of the receivables owing by Equinix (Services) Limited and Equinix (UK) Enterprises Limited.

Dividends received

On 21 March 2017 TelecityGroup Holdings Limited paid a dividend in specie to the Company in the amount of £243.8 million which was satisfied by the assignment of two receivables owed to TelecityGroup Holdings Limited by Equinix (Netherlands) Holdings B.V. and by Equinix (EMEA) Holdings B.V.

On 30 August 2017 TelecityGroup Holdings Limited paid a dividend in specie in the amount of £171.8 million to the Company. The dividend was satisfied by the assignment by TelecityGroup Holdings Limited to the Company of receivables and loans owing by Equinix (Netherlands) Holdings B.V. to TelecityGroup Holdings Limited.

As a result of the BMO project, the decrease in the carrying value of the investment in TelecityGroup Holdings Limited has been reflected as a return of capital of £70.7 million, which has been credited against the cost of investment (Note 17).

Key performance indicators ('KPIs')

Due to the simple nature of the Company's operations as an intermediate holding company within the Equinix group, there are no key performance indicators monitored for this Company. Analysis of group KPI's are given in the consolidated financial statements of Equinix, Inc., the ultimate parent company.

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 Optimisation Plan to efficiently combine its activities within Equinix.

Principal risks and uncertainities

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 on 27/9/18 and signed on its behalf.

....

Eric Schwartz
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

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 regulations.

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 these 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 the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmation

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
- the director taken all the steps that they ought to have 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.

Directors

The directors of the company who served during the year and up to the date of signing the financial statements were as follows:

Phillip Konieczny
Eric Schwartz

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Results and dividends

The profit for the year amounted to £469.0 million *(2016 - £2,486.6 million)*.

Discussion of the dividends for the year are in the business review section of the strategic report.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

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: 27/9/18

Independent auditors' report to the members of TelecityGroup International Limited

Report on the audit of the financial statements

Opinion

In our opinion, TelecityGroup International Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the income statement and statement of comprehensive income, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Independent auditors' report to the members of TelecityGroup International Limited (continued)

Reporting on other information (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Hitesh Haria (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
27 September 2018

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £000	*2016 £000*
Turnover	5	-	*8,339*
Administrative expenses		322	*(24,325)*
Income from share in group undertakings	13	344,903	*2,511,254*
Gain from disposal of other fixed asset investment	17	118,944	-
Operating profit	9	**464,169**	*2,495,268*
Interest receivable and similar income	10	517	*6*
Interest payable and similar expenses	11	(7)	*(2,129)*
Other finance income	12	3,788	*810*
Other non-operating income/(expense)	14	1,169	*(4,135)*
Profit before taxation		**469,636**	*2,489,820*
Tax on profit	15	(606)	*(3,201)*
Profit for the financial year and total comprehensive income		**469,030**	*2,486,619*

There was no other comprehensive income for 2017 (2016: £NIL).

The notes on pages 10 to 25 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £000	*2016 £000*
Fixed assets			
Investments	17	-	*102,282*
		-	*102,282*
Current assets			
Debtors: amounts falling due within one year	18	**3,438**	*27,048*
Cash at bank and in hand	19	**1,703**	*3,997*
		5,141	*31,045*
Creditors: amounts falling due within one year	20	**(4,940)**	*(31,919)*
Net current assets/(liabilities)		**201**	*(874)*
Net assets		**201**	*101,408*
Capital and reserves			
Called up share capital	22	-	-
Retained earnings	23	**201**	*101,408*
Total shareholder's funds		**201**	*101,408*

The financial statements on pages 7 to 25 were approved and authorised for issue by the board and were signed on its behalf by:

Eric Schwartz
Director

Registered number: 00153088

Date: 27/9/18

The notes on pages 10 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Retained earnings	Total shareholders' funds
	£000	£000	£000
At 1 January 2017	-	101,408	101,408
Comprehensive income for the year			
Profit for the financial year	-	469,030	469,030
Dividend paid (note 16)	-	(570,237)	(570,237)
At 31 December 2017	-	201	201

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

	Called up share capital	Share premium account	Retained earnings	Total shareholders' funds
	£000	£000	£000	£000
At 1 January 2016	2,590	46,716	52,536	101,842
Comprehensive income for the year				
Profit for the financial year	-	-	2,486,619	2,486,619
Dividend paid (note 16)	-	-	(2,492,053)	(2,492,053)
Increase in share capital	46,000	5,000	(46,000)	5,000
Reduction of capital	(48,590)	(51,716)	100,306	-
At 31 December 2016	-	-	101,408	101,408

The notes on pages 10 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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 financial statements of the company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to excersise its judgement in the process of 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.

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 27).

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 (Key Management Compensation)
- 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. Summary of significant accounting policies (continued)

3.2 Financial reporting standard 101 - reduced disclosure exemptions (continued)

Where required, equivalent disclosures are given in the group financial statements of Equinix, Inc. The group financial statements of Equinix, Inc. are available to the public and can be obtained as set out in Note 27.

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 31 December 2017, 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.

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 and Statement of Comprehensive Income, 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 (charges)/income'.

3.6 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 Income Statement and 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..

3. Summary of significant accounting policies (continued)

3.6 Investments (continued)

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.

3.7 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.

3.8 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.

3.9 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. Summary of significant accounting policies (continued)

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.

3.12 Revenue

Revenue represents the amounts (excluding value-added tax) derived from the provision of services to the Equinix group of companies during the period. Revenue is recognised upon delivery of service.

3.13 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.

3.14 Share capital

Ordinary shares are classified as equity. 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.

3. Summary of significant accounting policies (continued)

3.15 Share based payments

Where share options in the shares of the ultimate parent company (note 24) are awarded to employees, the fair value of the options at the date of grant is charged to the Income Statement and Statement of Comprehensive Income over the vesting period. Non market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Income Statement and Statement of Comprehensive Income over the remaining vesting period. As all share options are fully vested, there is no further charge in the current year.

Restricted stock unit plan

The Company's ultimate parent (note 24) issues Restricted Stock Units (RSUs) to certain employees of the Company. RSUs are equity settled share based payments, measured at fair value at the date of grant. For RSUs with only a service condition or a service and performance condition, fair value is measured using the Equinix, Inc. stock price on the date of grant. For RSUs with a service and market condition, fair value is measured using a Monte Carlo simulation option pricing model. The fair value determined at the grant date of the equity settled share based payments is expensed in the financial statements of the Company on a straight line basis over the vesting period, based on the ultimate parent's estimate of the number of shares that will eventually vest. The charge recognized in the Income Statement and Statement of Comprehensive Income account reflects the charge from the ultimate parent calculated on this basis.

Employee share purchase plan

The Company's ultimate parent (note 24) operates an Employee Share Purchase Plan (ESPP) in which all employees of the Company are eligible to participate. These are equity settled share based payments made at employee election in lieu of a portion of cash compensation. The scheme permits the twice annual purchase of discounted shares in the ultimate parent, based on contributions made by employees via payroll deduction.

The Company is recharged by the ultimate parent undertaking for the undiscounted fair value of shares purchased at date of vesting. The cost to the Company of the discounted share purchase under the ESPP scheme is expensed in the financial statements of the Company on a straight line basis over the vesting period, based on the ultimate parent's estimate of the number of shares that will eventually vest.

3.16 Finance costs

Finance costs are charged to the Income Statement and Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3. Summary of significant accounting policies (continued)

3.17 Interest income

Interest income is recognised in the Income Statement and Statement of Comprehensive Income using the effective interest method.

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. Turnover

The Company's revenues comprise charges to other Group companies in respect of the services that it provides.

Analysis of turnover by country of destination:

	2017 **£000**	*2016* *£000*
United Kingdom	-	*4,329*
Rest of Europe	-	*4,010*
	-	*8,339*

6. Directors' emoluments

The Company did not employ any staff other than the directors closing the year ended 31 December 2017. The directors did not receive any remuneration from the company in the year (2016: £Nil). The remuneration of the directors was borne by Equinix (EMEA) B.V. directly employing each of the directors and was not apportioned to the Company.

7. Staff costs

Staff costs were as follows:

	2017 **£000**	*2016* *£000*
Wages and salaries	-	*5,180*
Social security costs	-	*416*
Other pension costs	-	*106*
Share based payments	-	*1,815*
	-	*7,517*

The average monthly number of employees, including the directors, during the year was as follows:

	2017 **No.**	*2016* *No.*
Sales and marketing	-	*5*
Administration	-	*55*
	-	*60*

The employees were transferred to other Equinix Group companies based on transfer agreements effective on 1 October 2016.

8. Auditors' remuneration

Auditors' remuneration of £10,920 (2016: £10,000) for the audit of the Company was borne by another Group company. There were no other services provided by the Company's auditors.

9. Operating profit

The operating profit is stated after charging:

	2017 **£000**	*2016* *£000*
Staff costs (note 7)	-	*7,517*
Repair and maintenance	-	*1,460*
Impairment of fixed assets	-	*2,463*

10. Interest receivable and similar income

	2017	*2016*
	£000	*£000*
Interest receivable from group companies	**497**	*-*
Bank and other interest	**20**	*6*
	517	*6*

11. Interest payable and similar expenses

	2017	*2016*
	£000	*£000*
Interest payable to other group companies	**-**	*2,115*
Other finance costs	**7**	*14*
	7	*2,129*

12. Other finance income

	2017	*2016*
	£000	*£000*
Foreign exchange difference - gains	**3,788**	*810*
	3,788	*810*

13. Income from shares in group undertakings

Dividends income	**344,903**	*2,511,254*

During 2017 the Company received the following dividends:

- On 21 March 2017 TelecityGroup Holdings Limited paid a dividend in specie to the Company in the amount of £244 million which was satisfied by the assignment of two receivables owed to TelecityGroup Holdings Limited by Equinix (Netherlands) Holdings B.V. and by Equinix (EMEA) Holdings B.V.
- On 30 August 2017 TelecityGroup Holdings Limited paid a dividend in specie in the amount of £171 million to the Company. The dividend was satisfied by the assignment by TelecityGroup Holdings Limited to the Company of receivables and loans owing by Equinix (Netherlands) Holdings B.V. to TelecityGroup Holdings Limited.
- As a result of the BMO project, the decrease in the carrying value of the investment in TelecityGroup Holdings Limited has been reflected as a return of capital of £70.6 million, which has been credited against the cost of investment (Note 17).

14. Other non-operating income/(expenses)

	2017 **£000**	*2016* *£000*
Other non-operating income/(expenses)	**1,169**	*(4,135)*

Operating income of £1.2 million resulted from the write back of an intercompany balance no longer payable.

In the prior year non-operating expense represent the loss arising from selling of shares of TelecityGroup UK LON Limited on 5 July 2016 for £23.9 million that resulted in a loss of £4.1 million.

15. Tax on profit

	2017 £000	*2016* *£000*
Corporation tax		
Current tax on profit for the year	**606**	*-*
Deferred tax		
Origination and reversal of timing differences	**55**	*(356)*
Adjustments in respect of prior years	**(55)**	*2,218*
Transferred to group companies	**-**	*1,339*
Total deferred tax	**-**	*3,201*
Tax on profit	**606**	*3,201*

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2016 - lower than)* the standard rate of corporation tax in the UK of 19.25% *(2016 - 20%)*. The differences are explained below:

	2017 £000	*2016* *£000*
Profit before tax	**469,636**	*2,489,820*
Profit before tax multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	**90,405**	*497,964*
Effects of:		
Non-taxable dividend income from subsidiaries companies	**(66,394)**	*(502,251)*
Adjustments in respect of prior periods	**(55)**	*2,218*
Group relief received for no consideration	**(221)**	*1,449*
Expenses not deductible for tax purposes	**-**	*564*
Impact of change in the UK tax rate	**(7)**	*-*
(Gain)/loss on sale of investment not deductible for tax	**(23,122)**	*1,005*
Accelerated capital allowances	**-**	*1,038*
Timing differences arising on tax deductions for share based payments	**-**	*(127)*
Transfered to group companies	**-**	*1,339*
Transfer pricing compensating adjustment	**-**	*2*
Total tax charge for the year	**606**	*3,201*

15. Tax on profit (continued)

Factors that may affect future tax charges

The tax rate for the current year is lower than the prior year due to changes in the UK tax legislation which provided for the rate to reduce from 20% to 19% from 1 April 2017. This change to the UK corporation tax rate was substantively enacted as part of the Finance Bill 2016, in addition to a future reduction to 17% from 1 April 2020. Deferred tax balances at the balance sheet date have been measured at this rate of 17% to reflect the expected future tax rate.

16. Dividends

	2017 £000	*2016 £000*
Dividends paid	**570,237**	*2,492,053*
	570,237	*2,492,053*

During 2017 the Company has paid the following dividends:

- On 21 March 2017 the Company paid dividend in specie in the amount of £243.8 million to TelecityGroup Investments Limited which was satisfied by the assignment by the Company to TelecityGroup Investments Limited of all of its rights, title, and interest of the receivables owing by Equinix (Netherlands) Holdings B.V. and by Equinix (EMEA) Holdings B.V. to the Company.
- On 30 August 2017 the Company paid dividend in specie in the amount of £326.0 million to TelecityGroup investments Limited which was satisfied by the assignment by the Company to TelecityGroup Investments Limited of all rights, titl, and interest of the receivables owing by Equinix (Netherland) Holdings B.V. and by Equinix (EMEA) B.V. to the Company.
- The Company paid a dividend in specie in the amount of £0.5 million to TelecityGroup Investments Limited which was satisfied by the assignment by the Company to TelecityGroup Investments Limited of all of its rights, title, and interest of the receivables owing by Equinix (Services) Limited and Equinix (UK) Enterprises Limited.

17. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2017	**115,764**
Disposals	**(31,621)**
Return of capital (Note 13)	**(70,661)**
At 31 December 2017	**13,482**
Impairment	
At 1 January 2017	**13,482**
At 31 December 2017	**13,482**
At 31 December 2017	**-**
At 31 December 2016	*102,282*

Disposals

The Company transferred the shares of its investments in Equinix (Bulgaria) Data Centres EAD, Equinix Poland Sp.z.o.o. and Equinix Turkey Internet Hizmetieri Anonim Sirketi. This resulted in a total disposal of £31.6 million and a gain of £118.9 million.

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 Holdings Limited	Ordinary	100	Intermediate holding company	UK	Masters House, 107 Hammersmith Road, London W14 0QH
TelecityGroup UK Limited	Ordinary	100	Non-trading	UK	Masters House, 107 Hammersmith Road, London W14 0QH

17. Investments (continued)

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity	Country of incorporation	Registered office
Telecity UK Limited	Ordinary	100 %	Non-trading	UK	Masters House, 107 Hammersmith Road, London W14 0QH
TelecityGroup Spain S.A.	Ordinary	100 %	Non-trading	Spain	C/Gurtubay 6, 1-Izquierda, 28001 Madrid, Spain

18. Debtors: amounts falling due within one year

	2017 £000	*2016 £000*
Amounts owed by group undertakings	**3,323**	*25,732*
Other debtors	**115**	*1,316*
	3,438	*27,048*

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

19. Cash at bank and in hand

	2017 £000	*2016 £000*
Cash at bank and in hand	**1,703**	*3,997*

20. Creditors: Amounts falling due within one year

	2017 £000	*2016 £000*
Amounts owed to group undertakings	**4,334**	*31,269*
Corporation tax	**606**	*-*
Other creditors	**-**	*650*
	4,940	*31,919*

20. Creditors: Amounts falling due within one year (continued)

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

21. Deferred taxation

	2017 £000	*2016 £000*
At beginning of year	-	*3,201*
Deferred tax prior year in Income Statement and Statement of Comprehensive Income	55	*(2,218)*
Deferred tax transferred to group companies	-	*(1,339)*
Deferred tax current year (debit)/credit in Income Statement and Statement of Comprehensive Income	(55)	*356*
At end of year	-	-

22. Called up share capital

	2017 £000	*2016 £000*
Allotted, called up and fully paid		
1 *(2016 -1)* Ordinary share of £0.01 each	-	-

23. Retained earnings

The Retained earnings represents profits and losses retained in the current and previous periods.

24. Share based payments

Equinix, Inc. Incentive Plan

The Equinix Incentive Plan was introduced by Equinix, Inc. in the year 2000 and modified in 2001. These plans allow a committee of the Board of Equinix, Inc. to award Share options, Share Appreciation Rights and Restricted Stock Units (RSUs). No Share Appreciation rights are awarded to employees of the Company.

Employees of the Company are also eligible to participate in Equinix, Inc.'s 2004 Employee Share Purchase Plan (ESPP), which allows them to purchase shares in Equinix, Inc. at a discounted price.

All outstanding options and awards granted to the Company's employees under the Share Option Plan and the Long Term Incentive Plan (LTIP) scheme over shares of Telecity Group plc were settled or replaced or cancelled at the date the group was acquired by Equinix, Inc.

24. Share based payments (continued)

The share compensation is analyzed as follows:

	2017 £000	*2016 £000*
Charge to Income Statement and Statement of Comprehensive Income		
Restricted stock units	-	*1,815*
	-	*1,815*

Restricted Stock Units (RSUs) in Equinix, Inc.

Restricted stock units are granted to key employees and these equity awards generally have only a service condition. Restricted stock units are also granted to executives and these awards generally have a service and performance condition or a service and market condition. To date, any performance conditions contained in an equity award are tied to the financial performance of Equinix, Inc. or a specific region of Equinix, Inc. The probability of meeting these performance conditions are assessed on a quarterly basis. The majority of the equity awards vest over four years, although certain equity awards for executives vest over a range of two to four 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 Equinix, Inc. stock price on the date of grant. A Monte Carlo simulation option pricing model is used to determine the fair value of restricted stock units with a service and market condition.

	2017	*2016*
RSUs Outstanding at 1 January	-	*754*
RSUs released	-	*(754)*
RSUs Outstanding at 31 December	-	-

The weighted average contractual life of RSUs outstanding at year end was nil months.

25. Post balance sheet events

There were no events occurring after the balance sheet date that required disclosure, or adjustment to the financial statements of the Company.

26. Related party transactions

The Company has not entered into any related party transactions that require disclosure in the financial statements.

27. Immediate and ultimate parent undertaking

The immediate parent company is TelecityGroup Investments Limited a company incorporated in the United Kingdom, with registered office Masters House, 107 Hammersmith Road, London, W14 OQH. 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: 1 Lagoon Drive, Redwood City, CA 94065, USA.