Registered number: 3945382

TELECITYGROUP HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

TELECITYGROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Phillip Konieczny (appointed 30 December 2016) Eric Schwartz (appointed 15 January 2016) Robert Coupland (resigned 14 March 2016) David Crowther (resigned 30 December 2016) Wilhelmus Hageman (resigned 11 February 2016)
Company secretary	Anthony Hunter
Registered number	3945382
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

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their strategic report and the audited financial statements of TelecityGroup Holdings 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 the Company's indirect holding company, Telecity Group plc (now Telecity Group Limited) and its subsidiaries (the 'Telecity Group"), 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.

On 18 January 2016 the listing of Telecity Group Shares on the premium listing segment of the Official List and the main market of the London Stock Exchange was cancelled and that 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 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 TelecityGroup International Limited as a dividend in specie.

The next round of integration took place on 1 October 2016 when the businesses of TelecityGroup Scandinavia AB and Equinix (Ireland) Holdings Limited were sold to Equinix (EMEA) B.V. and Equinix (Netherlands) B.V. respectively. The net proceeds of these sales were again distributed as a dividend in specie.

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

The profit for the financial year amounted to £1,449.8 million (2015- £15.1 million).

Capital

On 1 July 2016 the Company allotted 1 ordinary A shares at nominal value of £1 for a total consideration of £36.7 million. The amount of £36.7 million has been recorded in the share premium account.

On 9 September 2016, the Company allotted 34,000,000 ordinary A shares at nominal value of £1 each for a total consideration of £1.

On 14 September 2016 the Company passed a resolution to reduce its capital (consisting of share capital and share premium). As a result the share capital of the Company has been reduced by cancelling and extinguishing 34,002,503 ordinary A shares of £1 each. The share premium account has been cancelled and the amount of £36.7 million has been transferred to retained earnings.

On 15 September 2016 the share capital of the Company was 1 ordinary A share at a nominal value of £1.

Dividends paid

On 1 July 2016 the Company declared and paid a dividend of £627.2 million which was settled through the assignment to Telecity International Limited of intercompany receivables previously due to the Company.

On 3 October 2016 the Company declared and paid a dividend of £717.2 million which was settled through the assignment to Telecity International Limited of intercompany receivables previously due to the Company.

On 2 November 2016 the Company declared and paid a dividend of £147.2 million which was settled through the assignment to Telecity International Limited of intercompany receivables previously due to the Company.

Dividends received

On 29 July 2016 Telecity UK Limited paid a dividend in amount of £12.6 million to the Company.

Business Environment

The Company completed the acquisition of Telecity Group on 15 January 2016. The addition of Telecity Group'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.

Strategy and future outlook

The Company's intention is to provide value added services for its immediate parent company as it expands its leadership position as a premier, network neutral datacentre operator for cloud and IT services providers, content providers, financial companies, enterprise and network services providers.

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

Financial 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 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. Although the Company is in a net liability position, the liquidity risk is 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.

Principal risks and uncertainties

The Company is a wholly owned subsidiary of Equinix, Inc., and as such its principal risk and uncertainties are closely aligned with those of its parent company. The financial statements of Equinix, which detail the principal risks and uncertainties of the Equinix group are available from One Lagoon Drive, Redwood City, CA 94065, USA.

Going concern

As at 31 December 2016 the Company has a net current assets position of £0.2 million. As disclosed in note 18, the Company has sold most of its investments in wholly owned subsidiaries after the year end. It is the intention of the directors to make the Company dormant after disposal of its investments. The Company therefore continues to adopt the going concern basis in preparing the financial statements.

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

....

Eric Schwartz
Director
Date: 29-9-17

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 judgements 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 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.

Results and dividends

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

Directors

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

Phillip Konieczny (appointed 30 December 2016)
Eric Schwartz (appointed 15 January 2016)
obert Coupland (resigned 14 March 2016)
David Crowther (resigned 30 December 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.

Future developments

A review of the business and likely future developments is contained in the strategic report.

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.

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:

- On 21 March 2017 TelecityGroup Italia SpA had its shares transferred from TelecityGroup Holdings Limited and Telecity Group Limited, to Equinix (EMEA) Holdings B.V.;
- On 21 March 2017 TelecityGroup Germany GmbH, had its shares sold from Telecity UK Limited, to Equinix (Germany) GmbH;
- On 1 August 2017 Equinix (Finland) Oy had its shares transferred from TelecityGroup Holdings Limited, to Equinix (Netherlands) Holdings B.V.;
- 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 existing fair values and are anticipated to be profit neutral to the Company.

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

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

Eric Schwartz
Director

Independent auditors' report to the members of TelecityGroup Holdings Limited

Report on the financial statements

Our opinion

In our opinion, TelecityGroup Holdings 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 statements 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 the financial statements set out on page 4, 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

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

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

	Note	2016 £000	*2015* *£000*
Income from shares in group undertakings	5	**12,615**	*18,861*
Profit on disposal of fixed asset investments	13	**1,438,577**	-
Operating profit		**1,451,192**	*18,861*
Interest receivable and similar income	7	**161**	-
Interest payable and similar expenses	8	**(3,352)**	*(4,750)*
Foreign exchange differences		**167**	*(1)*
Other Income		**2,578**	-
Profit for the financial year and total comprehensive income		**1,450,746**	*14,110*
Tax on profit	10	**(949)**	*1,019*
Profit for the financial year		**1,449,797**	*15,129*

There was no other comprehensive income for the year.

The notes on pages 11 to 22 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £000	*2015 £000*
Fixed assets			
Investments	13	**67,613**	*233,665*
		67,613	*233,665*
Current assets			
Debtors: amounts falling due after more than one year	14	-	*949*
Debtors: amounts falling due within one year	14	**1,606**	-
Cash and cash equivalents	15	**7**	*13*
		1,613	*962*
Creditors: amounts falling due within one year	16	**(1,450)**	*(125,087)*
Net current assets/(liabilities)		**163**	*(124,125)*
Net assets		**67,776**	*109,540*
Capital and reserves			
Called up share capital	17	-	*3*
Share premium account	18	-	*36,670*
Retained earnings	18	**67,776**	*72,867*
Total shareholders' funds		**67,776**	*109,540*

The financial statements on pages 11 to 22 were approved and authorised for issue by the board and were signed on its behalf by:

....

Eric Schwartz
Director

Registered number: 3945382

Date:

The notes on pages 11 to 22 form part of these financial statements.

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	3	36,670	72,867	109,540
Comprehensive income for the year				
Profit for the financial year	-	-	1,449,797	1,449,797
Dividend distribution (note 12)	-	-	(1,491,561)	(1,491,561)
Capitalisation/ bonus issue	34,000	-	(34,000)	-
Capital reduction	(34,003)	(36,670)	70,673	-
At 31 December 2016	-	-	67,776	67,776

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

	Called up share capital	Share premium account	Retained earnings	Total shareholders' funds
	£000	£000	£000	£000
At 1 January 2015	3	36,670	66,738	103,411
Comprehensive income for the year				
Profit for the financial year	-	-	15,129	15,129
Dividend distribution (note 12)	-	-	(9,000)	(9,000)
At 31 December 2015	3	36,670	72,867	109,540

The notes on pages 11 to 22 form part of these financial statements.

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 applied 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 of first-time adoption of FRS 101 is given in note 21.

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 summarized below. There have been no other material amendments to the disclosure requirements previously applied in accordance with IFRS.

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 (also see note 21).

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 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 Going concern

As at 31 December 2016 the Company has a net current assets position of £0.2 million. As disclosed in note 18, the Company has sold most of its investments in wholly owned subsidiaries after the year end. It is the intention of the directors to make the Company dormant after disposal of its investments. The Company therefore continues to adopt the going concern basis in preparing the financial statements.

3.4 Foreign currency translation

(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 recognized 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 within 'Other operating expense'.

3. Summary of significant accounting policies (continued)

3.5 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 assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication of impairment exists, the asset's 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 profit and loss account. The recoverable amount of the Company's assets is the 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.

3.6 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.

3.7 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.

3.8 Interest income

Interest income is recognised in the income statement and statement of comprehensive income using the effective interest method.

3.9 Finance costs

Finance costs of debt are recognised in the income statement and statement of comprehensive income over the term of such instruments at a constant rate on the carrying amount.

Finance costs which are directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred, and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

3. Summary of significant accounting policies (continued)

3.10 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.

3.11 Taxation

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

Deferred taxation

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.

3.12 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.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The assumptions associated with estimates are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgements about carrying value of assets and liabilities that are not readily apparent from other sources.

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. Income from shares in group undertakings

	2016 £000	*2015 £000*
Dividends receivable from subsidiary companies	**12,615**	*18,861*

The Company received from its directly and indirectly owned subsidiaries dividends in specie totalling £12.6 million *(2015: £18.9 million)*.

6. Staff costs

The Company did not employ any staff other than the directors during the period 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 another group company (Equinix (EMEA) B.V.) directly employing each of the directors and was not apportioned to the Company.

7. Interest receivable and similar income

	2016 £000	*2015 £000*
Interest receivable from group companies	**161**	-

8. Interest payable and similar expenses

	2016 £000	*2015 £000*
Interest payable on intergroup loan	**3,352**	*4,750*

9. Auditors' remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2016 £000	*2015 £000*
Audit fees payable to the Company's auditors	**10**	*2*

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 parent company.

10. Tax on profit

	2016 £000	*2015 £000*
Corporation tax		
Credit from group companies in respect of losses surrendered under group relief	-	*(1,014)*
Total current tax	-	*(1,014)*
Deferred tax		
Origination and reversal of temporary differences	-	*(961)*
Impact of change in UK tax rate	-	*956*
Adjustments in respect of prior periods	**949**	*-*
Total deferred tax	**949**	*(5)*
Tax on profit	**949**	*(1,019)*

10. Tax on profit (continued)

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	**1,450,746**	*14,110*
Profit before taxation multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	**290,149**	*2,857*
Effects of:		
Credit in respect of group relief surrendered to fellow group companies	**631**	*(1,014)*
Income not subject to tax	**(515)**	*-*
Dividends from UK companies	**(2,523)**	*(3,819)*
Re-measurement of deferred tax - change in UK tax rate	**-**	*957*
Profit on disposal of investments not subject to tax	**(287,715)**	*-*
Deferred tax charge	**949**	*-*
Transfer Pricing Compensating Adjustment	**(27)**	*-*
Total tax charge/(credit) for the year	**949**	*(1,019)*

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. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

11. Deferred taxation

	2016 £000	*2015 £000*
At beginning of year	**949**	*944*
(Charged)/credited to profit or loss	**(949)**	*5*
At 31 December 2016	**-**	*949*

The deferred tax asset is made up as follows:

	2016 £000	*2015 £000*
Accelerated capital allowances	**-**	*949*
	-	*949*

12. Dividends

	2016 £000	*2015 £000*
Ordinary		
Dividends paid on equity capital	**1,491,561**	*9,000*
	1,491,561	*9,000*

On 1 July 2016 the Company declared and paid a dividend of £627.2 million which was settled through the assignment to Telecity International Limited of intercompany receivables previously due to the Company.

On 3 October 2016 the Company declared and paid a dividend of £717.2 million which was settled through the assignment to Telecity International Limited of intercompany receivables previously due to the Company.

On 2 November 2016 the Company declared and paid a dividend of £147.2 million which was settled through the assignment to Telecity International Limited of intercompany receivables previously due to the Company.

13. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2016	**233,665**
Disposals	**(166,052)**
At 31 December 2016	**67,613**
Net book value	
At 31 December 2016	**67,613**
At 31 December 2015	*233,665*

The Company transferred the shares of its investments in TelecityGroup France S.A., TelecityGroup Scandinavia AB, TelecityGroup Netherlands B.V. and Equinix (Ireland) Holdings Limited to various Equinix companies. This resulted in a total disposal of £166.1 million and a gain of £1,438.6 million. The sales proceeds were distributed to the parent company, TelecityGroup International Limited.

13. Investments (continued)

Direct 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 %	Intermediate holding company	GB	Masters House, 107 Hammersmith Road, London W140QH, UK
TelecityGroup Italia S.p.A	Ordinary	75 %	Internet infrastructure	Italy	Via savona 125 20144 Milano, MI Italy
TelecityGroup Spain S.A.	Ordinary	100 %	Non-trading	Spain	C/ Gurtubay, 6 1 -Left, Spain
TelecityGroup Finland Oy	Ordinary	100 %	Internet infrastructure	Finland	Hiomotie 32, 00380 Helsinki Helsinki, Finland

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity	Country of incorporation	Registered office
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)
TelecityGroup Germany GmbH	Ordinary	100 %	Internet infrastructure	Germany	Gutleutstraße 310 60327 Frankfurt am Main

14. Debtors: amounts falling due within one year

	2016 £000	*2015 £000*
Due after more than one year		
Deferred tax asset (see note 11)	-	*949*

	2016 £000	*2015 £000*
Due within one year		
Amounts due from fellow Group companies	**1,606**	-

15. Cash and cash equivalents

	2016 £000	*2015 £000*
Cash at bank and in hand	7	*13*

16. Creditors: amounts falling due within one year

	2016 £000	*2015 £000*
Amounts due to fellow Group companies	1,450	*124,137*
Other creditors	-	*950*
	1,450	*125,087*

17. Called up share capital

	2016 £000	*2015 £000*
Allotted, called up and fully paid		
1 *(2015 - 2,504)* Ordinary A share of £1	-	*3*

On 1 July 2016 the Company allotted 1 ordinary A shares at nominal value of £1 for a total consideration of £36.7 million. The amount of £36.7 million has been recorded in the share premium account.

On 9 September 2016, the Company allotted 34,000,000 ordinary A shares at nominal value of £1 each for a total consideration of £1.

On 14 September 2016 the Company passed a resolution to reduce its capital (consisting of share capital and share premium). As a result the share capital of the Company has been reduced by cancelling and extinguishing 34,002,503 ordinary A shares of £1 each. The share premium account has been cancelled and the amount of £36.7 million has been transferred to retained earnings.

On 15 September 2016 the share capital of the Company was 1 ordinary A share at a nominal value of £1.

18. Reserves

Called up share capital represents the nominal value of the shares issued by the Company.

Share premium account represents the amounts over the nominal value in respect of the shares issued.

Retained earnings represent the realised and unrealised gains and losses made by the Company.

19. Post balance sheet events

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

- On 21 March 2017 TelecityGroup Italia SpA had its shares transferred from TelecityGroup Holdings Limited and Telecity Group Limited, to Equinix (EMEA) Holdings B.V.;
- On 21 March 2017 TelecityGroup Germany GmbH, had its shares sold from Telecity UK Limited, to Equinix (Germany) GmbH;
- On 1 August 2017 Equinix (Finland) Oy had its shares transferred from TelecityGroup Holdings Limited, to Equinix (Netherlands) Holdings B.V.;
- In the next financial year the Company will continue to receive and distribute dividends as part of the business optimization plan.

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

20. Immediate and ultimate parent undertaking

The immediate parent company is TelecityGroup International 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: One Lagoon Drive, Redwood City, CA 94065, USA.

21. 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 a previous 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.