

chairman's statement



John Hughes Chairman

It is clear that the demand for the high quality data centres that TelecityGroup offers continues to increase, as evidenced during 2007 by the Group adding a number of additional blue chip customers to its roster, as well as renewing and expanding relationships with existing customers. The Group enjoys a diverse customer base across a variety of sectors and industries and has good visibility of the requirements both from existing and potential new customers.

I am very pleased to be reporting to you as Chairman of Telecity Group Plc ('TelecityGroup' or the 'Group') at the time of issuing its first set of results since the Group completed its successful entry to the London Stock Exchange, and in my first period as the Group's Chairman.

2007 has been a very successful year for TelecityGroup, in which it has delivered strong results. During 2007 the Group's revenues increased by 42.1%, with an Adjusted EBITDA growth of 112.1%. These results reflect both strong management focus and the commitment of all the employees of TelecityGroup.

It is clear that the demand for the high quality data centres that TelecityGroup offers continues to increase, as evidenced during 2007 by the Group adding a number of additional blue chip customers to its roster, as well as renewing and expanding relationships with existing customers. The Group enjoys a diverse customer base across a variety of sectors and industries and has good visibility of the requirements both from existing and potential new customers.

Today's market for the premium product TelecityGroup provides is characterised by limited supply of data centre capacity, so while the management team

Revenue up

42.1%

Net IPO proceeds

£66.9m

Adjusted EBITDA up

112.1%

has continued to be extremely attentive to customer requirements they have also been active in addressing this market opportunity. When Telecity plc merged with Redbus Interhouse plc ('Redbus') in 2006 and subsequently acquired Globix Holdings (UK) Limited ('Globix'), it was with a mission to develop further the enlarged Group's market-leading position as the primary content and connectivity hub in Europe's key markets, and it is satisfying to record the impact of this successful integration which underpins the results we are presenting. The final integration of the Globix business at the beginning of 2007 had a positive impact on our ability to sell additional value added services, such as engineering, connectivity, security and backup services ('Value Added Services'), contributing approximately 28.1% to 2007 revenues.

In addition to this expansion the Group has also pursued opportunities for organic growth, and during 2007 continued to increase its capacity in existing facilities as well as commencing new state-of-the-art data centre builds in Amsterdam and London. These additions will allow TelecityGroup to remain the foremost provider of high quality network independent data centre services in Europe.

On 24 October 2007 TelecityGroup was admitted to the London Stock Exchange, raising total net funds of £66.9m. The management team, led by

Michael Tobin, continues to focus on the prudent development of the business and on the further expansion that these funds will enable.

The success of the business is largely dependent on the way the Group operates its data centres and the consistent, reliable service we provide for our customers. Our highly skilled employees play an important role building the business and each of them has been key to the successful and exciting year the Group has enjoyed. On behalf of the Board I would like to thank them for their hard work and professionalism during a period of considerable development.

Current trading during the first months of 2008 has been strong with significant progress being made on growing the customer base. As expected, net order wins are significantly higher than in the same period last year. Furthermore, the Group remains on track to open its two new data centres as planned which, on completion, will deliver 9,000 sq.m of additional capacity in London and Amsterdam. Strong customer interest is being shown in the first capacity release, available from Q2 2008. Initial customer orders have been signed for both data centres.

We welcomed Brian McArthur Muscroft as Group Finance Director in January 2007. Brian has been instrumental in the

refinancing programmes and played a significant role in the IPO.

In September, as well as my appointment to the Board of TelecityGroup, we welcomed John O'Reilly and Simon Batey as independent, non-executive Directors to the Group. Their experience has been, and will be, valuable as the Group continues to implement its strategy and addresses its many opportunities. Subsequent to the year end Simon Batey has been appointed as the Senior Independent Director.

2007 was an excellent year for TelecityGroup as we delivered growth, completed a successful IPO and initiated significant expansion plans in order to cater for the expected increase in customer demand. Further details of the Group's results and outlook are included in the Business Review from our Chief Executive Officer, Michael Tobin, and Group Finance Director, Brian McArthur Muscroft, which commences on page 8.

Finally, I would like to welcome and thank all of the new shareholders to the Group. I look forward to reporting on the Group's further progress during the year.



John Hughes
Chairman