

CyrusOne LP
Form S-4/A
June 07, 2013
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As filed with the Securities and Exchange Commission on June 6, 2013

Registration No. 333-188426

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Pre-Effective

Amendment No. 1

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

CyrusOne LP

(Exact Name of Registrant as Specified in Its Charter)

Maryland (State or Other Jurisdiction of Incorporation or Organization)	6719 (Primary Standard Industrial Classification Code Number) 1649 West Frankford Road Carrollton, TX 75007 (972) 350-0060	46-0982896 (IRS Employer Identification Number)
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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

CyrusOne Finance Corp.

(Exact Name of Registrant as Specified in Its Charter)

Maryland (State or Other Jurisdiction of Incorporation or Organization)	6719 (Primary Standard Industrial Classification Code Number) 1649 West Frankford Road Carrollton, TX 75007 (972) 350-0060	61-1697505 (IRS Employer Identification Number)
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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

CyrusOne Inc.

(Exact Name of Registrant as Specified in Its Charter)

Maryland (State or Other Jurisdiction of Incorporation or Organization)	6798 (Primary Standard Industrial Classification Code Number)	46-0691837 (IRS Employer Identification Number)
(See Table of Additional Registrant Guarantors for information regarding additional Registrants)		
1649 West Frankford Road		

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Carrollton, TX 75007

(972) 350-0060

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Thomas W. Bosse Esq.

Vice President, General Counsel and Secretary

1649 West Frankford Road

Carrollton, TX 75007

(972) 350-0060

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a Copy to:

William V. Fogg, Esq.

Cravath, Swaine & Moore LLP

Worldwide Plaza

825 Eighth Avenue

New York, New York 10019

(212) 474-1000

Approximate date of commencement of proposed sale of the securities to the public:

As soon as practicable after the effective date of this registration statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: "

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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

Large accelerated filer Accelerated filer
 Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
 If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit(1)	Proposed maximum aggregate offering price(1)	Amount of registration fee
6.375% Senior Notes due 2022	\$525,000,000	100%	\$525,000,000	\$71,610 (3)
Guarantees of 6.375% Senior Notes due 2022				(2)
Total	\$525,000,000	N/A	\$525,000,000	\$71,610 (3)

(1) Estimated in accordance with Rule 457(f) under the Securities Act of 1933, as amended (the Securities Act), solely for purposes of calculating the registration fee.

(2) Pursuant to Rule 457(n) under the Securities Act, no additional registration fee is payable with respect to the guarantees.

(3) The registration fee has been previously paid.

The registrants hereby amend this registration statement on such date or dates as may be necessary to delay its effective date until the registrants shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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Exact Name of Additional Registrant Guarantor as Specified in its Charter	State or Other Jurisdiction of Incorporation or Organization	Primary Standard Industrial Classification Code Number	I.R.S. Employer Identification Number
CyrusOne GP	Maryland	6091	35-6993529
CyrusOne Foreign Holdings LLC	Delaware	6091	45-3026714
CyrusOne LLC	Delaware	7376	27-4286158
CyrusOne TRS Inc.	Delaware	7376	35-2458099

- (1) Address, including zip code, and telephone number, including area code, of each Additional Registrant Guarantor's Principal Executive Offices is 1649 West Frankford Road, Carrollton, TX 75007, (972) 350-0060.
- (2) Name, address, including zip code, and telephone number, including area code, of each Additional Registrant Guarantor's Agent for Service is Thomas W. Bosse Esq., 1649 West Frankford Road, Carrollton, TX 75007, (972) 350-0060.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED June 6, 2013

PROSPECTUS

CyrusOne LP
CyrusOne Finance Corp.

Offer to Exchange

Up to \$525,000,000 Principal Amount of

6.375% Senior Notes due 2022

for

a Like Principal Amount of

6.375% Senior Notes due 2022

which have been registered under the Securities Act of 1933

CyrusOne LP and CyrusOne Finance Corp. (the Issuers) are offering to exchange up to \$525,000,000 of their outstanding, unregistered 6.375% Senior Notes due 2022 (the Original Notes), for a like principal amount of registered 6.375% Senior Notes due 2022 (the Exchange Notes). The Original Notes and the Exchange Notes are sometimes referred to in this prospectus together as the Notes, and the transaction to exchange Original Notes for Exchange Notes is sometimes referred to in this prospectus as the Exchange Offer or this offer. The terms of the Exchange Notes are identical to the terms of the Original Notes, except that the Exchange Notes are registered under the Securities Act of 1933, as amended (the Securities Act), and the transfer restrictions, registration rights and related special interest provisions applicable to the Original Notes do not apply to the Exchange Notes. The Original Notes may only be tendered in an amount equal to \$2,000 in principal amount or in integral multiples of \$1,000 in excess thereof. **This offer is subject to certain customary conditions and will expire at 5:00 p.m., New York City time, on , 2013, unless we extend it.** The Exchange Notes will not be listed on any securities exchange or any automated dealer quotation system and there is currently no market for the Exchange Notes.

The Original Notes are, and the Exchange Notes will be, guaranteed on an unsecured and senior basis by CyrusOne Inc. (CyrusOne), a Maryland corporation and the sole beneficial owner and sole trustee of CyrusOne GP, which is the sole general partner of CyrusOne LP, CyrusOne GP and all of our existing domestic subsidiaries. In addition, each of our domestic restricted subsidiaries that guarantee any of our other indebtedness or other indebtedness of the guarantors will be required to guarantee the Notes in the future (together with CyrusOne Inc., CyrusOne GP and our existing domestic subsidiaries, the Guarantors). All references to the Notes include references to the related guarantors.

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For a more detailed description of the Exchange Notes, see Description of the Notes.

Each broker-dealer that receives Exchange Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes. The letter of transmittal states that by so acknowledging and by delivering such a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Original Notes where such Original Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, during the period described in Section 4(3) of the Securities Act and Rule 174 thereunder that is applicable to transactions by brokers or dealers with respect to Exchange Notes, we will use our commercially reasonable efforts to make this prospectus, as amended and supplemented, available to broker-dealers for use in connection with resales of Exchange Notes.

Investing in our securities involves a high degree of risk. See Risk Factors beginning on page 17 of this prospectus for a discussion of certain factors you should consider in connection with this Exchange Offer.

We are not asking for a proxy and you are requested not to send us a proxy.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION (THE SEC) NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is _____, 2013

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You should rely only on the information contained in this prospectus. We have not authorized any person to provide you with any information or represent anything about us or this offer that is not contained in this prospectus. If given or made, any such other information or representation should not be relied upon as having been authorized by us. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

We are not making this offer to, nor will we accept surrenders for exchange from, holders of outstanding Original Notes in any jurisdiction in which this offer would not be in compliance with the securities or blue sky laws of such jurisdiction or where it is otherwise unlawful.

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Except as otherwise indicated, this prospectus speaks as of the date of this prospectus. Neither the delivery of this prospectus at any time, nor the sale of any Notes shall, under any circumstances, create any implication that there has been no change in our affairs after the date of this prospectus.

This prospectus is based on information provided by us and other sources that we believe are reliable. We cannot assure you that the information from other sources is accurate or complete. In making an investment decision, you must rely on your own examination of our business and the terms of this offering and the Notes, including the merits and risks involved. You should contact us with any questions about this offering or for additional information to verify the information contained in this prospectus.

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You should not consider any information in this prospectus to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Notes.

You must comply with all applicable laws and regulations in effect in any applicable jurisdiction, and you must obtain, at your sole cost and expense, any consent, approval or permission required by you for the purchase, offer or sale of the Notes under the laws and regulations in effect in the jurisdictions to which you are subject or in which you make such purchase, offer or sale, and we will not have any responsibility therefor.

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WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-4 under the Securities Act with respect to the Exchange Offer. This prospectus, which forms part of the registration statement, does not contain all the information included in the registration statement and the exhibits to the registration statement. For further information about us, the Exchange Offer and the Exchange Notes, you should refer to the registration statement and its exhibits. Copies of our SEC filings, including the exhibits to the registration statement, are available through us or from the SEC through the SEC's website or at its facilities described below.

We will be subject to the information requirements of the Exchange Act and the rules and regulations thereunder after the registration statement described above is declared effective by the SEC and, as a result, we will be required to file annual, quarterly and current reports and other information with the SEC. Our SEC filings will be available to the public over the Internet at the SEC's website at www.sec.gov. You may also read and copy any documents filed with the SEC by CyrusOne Inc. at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. Our SEC filings will also be available through the investor relations section of CyrusOne Inc.'s website at www.cyrusone.com. The information contained on or linked to or from our website is not incorporated by reference into this prospectus and should not be considered part of this prospectus.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements in this prospectus include certain forward-looking statements, including statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations and anticipated market conditions, demographics and results of operations are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as believes, expects, may, will, should, seeks, approximately, intends, plans, estimates or anticipates or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. Factors, that could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements include, but are not limited to:

loss of key customers;

defaults on or non-renewal or early termination of leases by customers;

economic downturn, natural disaster or oversupply of data centers in the limited geographic area that we serve;

inability to supply customers with adequate electrical power;

inability to renew leases on the data center buildings in our portfolio not owned by us;

risks related to natural disasters and inadequate insurance coverage;

risks related to the inability to obtain title insurance;

risks related to the failure of our physical infrastructure or services;

risks related to the development of our properties and our ability to successfully lease those properties;

risks related to third-party suppliers of power, Internet connectivity and other services;

loss of access to key third-party service providers and suppliers;

long sales cycle for data center services;

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risks related to our international activities, including expanding our international operations;

inability to identify and complete acquisitions and operate acquired properties;

customers choosing to develop their own data centers;

decrease in demand for data center services;

inability to manage growth;

our failure to obtain necessary outside financing on favorable terms, or at all;

our level of indebtedness or debt service obligations;

restrictions in the instruments governing our indebtedness;

risks related to litigation and environmental matters;

risks related to increased regulations;

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unknown or contingent liabilities related to our acquired properties;

management's inexperience operating CyrusOne as a real estate investment trust (REIT);

significant competition in our industry;

loss of key personnel;

obsolescence of our data center infrastructure;

risks related to assuming unknown liabilities;

failure to maintain CyrusOne's status as a REIT;

changes in U.S. tax law and other U.S. laws, whether or not specific to REITs;

insufficient cash available to meet distribution requirements;

risks related to the real estate industry;

risks related to Cincinnati Bell Inc.'s, an Ohio corporation (CBI), ownership of shares of CyrusOne's common stock and partnership units; and

risks related to our organizational structure.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors of new information, data or methods, future events or other changes. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the section entitled Risk Factors.

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PROSPECTUS SUMMARY

You should read the following summary together with the more detailed information regarding our company and the historical financial statements appearing elsewhere in this prospectus, including under the caption Risk Factors. Except as otherwise indicated or required by the context, references in this prospectus to (i) we, our, us and our company refer to CyrusOne Inc., a Maryland corporation (CyrusOne), together with its combined subsidiaries, including CyrusOne LP, a Maryland limited partnership and a co-issuer of the Notes (the operating partnership or CyrusOne LP), CyrusOne Finance Corp., a Maryland corporation and a co-issuer of the Notes, and CyrusOne GP, a Maryland statutory trust of which CyrusOne is the sole beneficial owner and sole trustee and which is the sole general partner of the operating partnership, (ii) CBI refers to Cincinnati Bell Inc., an Ohio corporation, and its consolidated subsidiaries and (iii) Predecessor refers to the carve-out business that is comprised of the historical data center activities of CBI, the combined financial statements of which are included in this prospectus.

CyrusOne LP and CyrusOne Inc.

Our Company

We are an owner, operator and developer of enterprise-class, carrier-neutral data center properties. Enterprise-class, carrier-neutral data centers are purpose-built facilities with redundant power, cooling and telecommunications systems and that are not network-specific, enabling customer interconnectivity to a range of telecommunications carriers.

We provide mission-critical data center facilities that protect and ensure the continued operation of information technology (IT) infrastructure for over 500 customers. Our goal is to be the preferred global data center provider to the Fortune 1000. As of March 31, 2013, our customers included nine of the Fortune 20 and 119 of the Fortune 1000 or private or foreign enterprises of equivalent size. These 119 customers provided 76% of our annualized rent as of March 31, 2013. Additionally, as of March 31, 2013, our top 10 customers (including CBI) provided 44% of our annualized rent. We cultivate long-term strategic relationships with our customers and provide them with solutions for their data center facilities and IT infrastructure challenges. Our offerings provide flexibility, reliability and security and are delivered through a tailored, customer service-focused platform that is designed to foster long-term relationships. We focus on attracting customers that have not historically outsourced their data center needs. We believe our capabilities and reputation for serving the needs of large enterprises will allow us to capitalize on the growing demand for outsourced data center facilities in our markets and in new markets where our customers are located or plan to be located in the future.

Our History

Our business is comprised of the historical data center activities and holdings of CBI. CBI has operated its Cincinnati-based data center business for over 10 years; in addition, it acquired GramTel Inc. (GramTel), a data center operator in South Bend, Indiana and Chicago, Illinois, for approximately \$20 million in December 2007; and it acquired Cyrus Networks, LLC (Cyrus Networks), a data center operator based in Texas, for approximately \$526 million, net of cash acquired, in June 2010. As part of the formation transactions, certain subsidiaries of CBI contributed these assets and operations to the operating partnership.

Our Portfolio

As of March 31, 2013, our property portfolio included 24 operating data centers in ten distinct markets (Austin, Chicago, Cincinnati, Dallas, Houston, London, Phoenix, San Antonio, Singapore and South Bend), collectively providing approximately 1,709,000 NRSF and powered by approximately 248 megawatts (MW) of

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utility power. We own ten of the buildings in which our data center facilities are located. We lease the remaining 14 buildings, which account for approximately 600,000 NRSF, or approximately 36% of our total operating NRSF. These leased buildings accounted for 37% of our total annualized rent as of March 31, 2013. Of these leased facilities, four are considered to be strategic, two of which have purchase options or rights of first refusal and the other two have lease terms in excess of 20 years including renewals. As of March 31, 2013, we have 242,000 NRSF under development at two data centers (Houston and Phoenix) and 820,000 NRSF of additional powered shell space under roof and available for development. In addition, we have approximately 170 acres of land that are available for future data center facility development. Along with our primary product offering, leasing of colocation space, our customers are increasingly interested in our ancillary office and other space, which is listed separately in the following table. We believe our existing operating portfolio and development pipeline will allow us to meet the evolving needs of our existing customers and continue to attract new customers.

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The following tables provide an overview of our operating and development properties as of March 31, 2013:

Facilities	Metropolitan Area	Annualized Rent ^(b)	Operating Net Rentable Square Feet (NRSF) ^(a)				Percent Leased ^(g)	Powered Shell Available for Future Development (NRSF) ^(h)	Available Utility Power (MW) ⁽ⁱ⁾
			Colocation Space (CSF) ^(c)	Office & Other ^(d)	Supporting Infrastructure ^(e)	Total ^(f)			
South									
Southwest Fwy (Galleria)	Houston	\$ 41,695,463	63,469	17,385	23,202	104,056	93%		15
Westway Park Blvd (Houston West)	Houston	\$ 35,081,808	112,133	12,735	36,567	161,435	92%	3,000	14
S. State Hwy 121 Business (Lewisville)*	Dallas	\$ 35,068,828	108,687	11,399	59,333	179,419	89%		20
Midway**	Dallas	\$ 6,387,262	9,782			9,782	100%		1
E. Ben White Blvd (Austin 1)*	Austin	\$ 5,917,525	16,223	21,376	7,516	45,115	94%		5
Metropolis Drive (Austin 2)*	Austin	\$ 2,158,715	40,855	4,128	18,563	63,546	9%		10
Frankford Road (Carrollton)	Dallas	\$ 1,959,672	47,366	24,330	36,522	108,218	13%	518,000	20
Westover Hills Blvd (San Antonio)	San Antonio	\$ 1,250,954	35,765	172	25,777	61,714	17%	35,000	10
North Fwy (Greenspoint)**	Houston	\$ 1,038,086	13,000	1,449		14,449	100%		1
Marsh Ln.**	Dallas	\$ 1,029,705	2,245			2,245	100%		1
Bryan St.**	Dallas	\$ 993,646	3,020			3,020	58%		1
South Ellis Street (Phoenix)	Arizona	\$	36,222		20,916	57,138	0%	45,000	100
South Total		\$ 132,581,664	488,767	92,974	228,396	810,137	66%	601,000	196
Midwest									
West Seventh Street (7th St.)***	Cincinnati	\$ 33,218,452	193,003	5,744	158,194	356,941	96%	71,000	13
Fujitec Drive (Lebanon)	Cincinnati	\$ 20,741,817	60,556	32,484	44,506	137,546	82%	90,000	12
Industrial Road (Florence)*	Cincinnati	\$ 14,258,855	52,698	46,848	40,374	139,920	94%		10
Knightsbridge Drive (Hamilton)*	Cincinnati	\$ 10,552,550	46,565	1,077	35,336	82,978	90%		5
Parkway (Mason)	Cincinnati	\$ 5,897,705	34,072	26,458	17,193	77,723	99%		3
Springer Street (Lombard)*	Chicago	\$ 2,246,842	13,560	4,115	12,231	29,906	54%	29,000	3
E. Monroe Street (Monroe St.)	South Bend	\$ 1,494,608	6,350		6,478	12,828	70%	4,000	1
Goldcoast Drive (Goldcoast)	Cincinnati	\$ 1,456,188	2,728	5,280	16,481	24,489	100%	14,000	1
Crescent Circle (Blackthorn)*	South Bend	\$ 873,259	3,368		5,125	8,493	44%	11,000	1
McAuley Place (Blue Ash)*	Cincinnati	\$ 546,645	6,193	6,950	2,166	15,309	71%		1
Midwest Total		\$ 91,286,921	419,093	128,956	338,084	886,133	90%	219,000	50
International									
Kestral Way (London)**	London	\$ 1,606,182	10,000			10,000	39%		1
Jurong East (Singapore)**	Singapore	\$ 270,952	3,200			3,200	12%		1
International Total		\$ 1,877,134	13,200			13,200	33%		2
Total		\$ 225,745,719	921,060	221,930	566,480	1,709,470	77%	820,000	248

* Indicates properties in which we hold a leasehold interest in the building shell and land. All data center infrastructure has been constructed by us and owned by us.

** Indicates properties in which we hold a leasehold interest in the building shell, land, and all data center infrastructure.

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*** The information provided for the West Seventh Street (7th St.) property includes data for two facilities, one of which we lease and one of which we own.

- (a) Represents the total square feet of a building under lease or available for lease based on engineers' drawings and estimates but does not include space held for development or space used by CyrusOne.
- (b) Represents monthly contractual rent (defined as cash rent including customer reimbursements for metered power) under existing customer leases as of March 31, 2013, multiplied by 12. For the month of March 2013, customer reimbursements were \$20.3 million annualized and consisted of reimbursements by customers across all facilities with separately metered power. Customer reimbursements under leases with separately metered power vary from month-to-month based on factors such as our customers' utilization of power and the suppliers' pricing of power. From April 1, 2011 through March 31, 2013, customer reimbursements under leases with separately metered power constituted between 7.2% and 9.7% of annualized rent. After giving effect to abatements, free rent and other straight-line adjustments, our annualized effective rent as of March 31, 2013 was \$236,267,428. Our annualized effective rent was greater than our annualized rent as of March 31, 2013 because our positive straight-line and other adjustments and amortization of deferred revenue exceeded our negative straight-line adjustments due to factors such as the timing of contractual rent escalations and customer prepayments for services.
- (c) CSF represents the NRSF at an operating facility that is currently leased or readily available for lease as colocation space, where customers locate their servers and other IT equipment.
- (d) Represents the NRSF at an operating facility that is currently leased or readily available for lease as space other than CSF, which is typically office and other space.
- (e) Represents infrastructure support space, including mechanical, telecommunications and utility rooms, as well as building common areas.
- (f) Represents the NRSF at an operating facility that is currently leased or readily available for lease. This excludes existing vacant space held for development.
- (g) Percent leased is determined based on NRSF being billed to customers under signed leases as of March 31, 2013 divided by total NRSF. Leases signed but not commenced as of March 31, 2013 are not included. Supporting infrastructure has been allocated to leased NRSF on a proportionate basis for purposes of this calculation.
- (h) Represents space that is under roof that could be developed in the future for operating NRSF, rounded to the nearest 1,000.
- (i) Represents installed power capacity that can be delivered to the facility by the local utility provider. Does not sum to total due to rounding.

(Square feet rounded to nearest 1,000; dollars in millions)

Facilities	NRSF Under Development ^(a)						Under Development Costs ^(b)			
	Metropolitan Area	Colocation Space (CSF)	Office & Other	Under Development		Powered Shell ^(c)	Total	Actual to Date	Estimated Costs to Completion	Total
				Supporting Infrastructure						
South Ellis Street (Phoenix)	Arizona		36,000	17,000	32,000	85,000	\$ 2	\$ 11	\$ 13	
Westway Park Blvd (Houston West)	Houston	42,000		34,000	81,000	157,000	\$ 20	\$ 14	\$ 34	
Total		42,000	36,000	51,000	113,000	242,000	\$ 22	\$ 25	\$ 47	

(a) Represents NRSF at a facility for which substantial activities have commenced to prepare the space for its intended use.

(b) Represents management's estimate of the total costs required to complete the current NRSF under development. There may be an increase in costs if customers require greater power density.

(c) Represents NRSF under construction that, upon completion, will be powered shell available for future development into operating NRSF.

Our Competitive Strengths

We believe the following competitive strengths distinguish us from other data center operators and will enable us to continue to grow our operations.

High Quality Customer Base. The high quality of our assets combined with our reputation for serving the needs of large enterprises has enabled us to focus on the Fortune 1000 to build a quality customer base. We currently have over 500 customers from a broad spectrum of industries, with a particular expertise serving the energy industry, which comprises 36% of our annualized rent as of March 31, 2013. As of March 31, 2013, we

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have nine of the Fortune 20 and 119 of the Fortune 1000 or private or foreign enterprises of equivalent size as customers, including five of the six supermajor oil and gas companies. Our revenue is generated by a stable enterprise customer base, as evidenced by the following as of March 31, 2013:

76% of our annualized rent comes from the Fortune 1000 or private or foreign enterprises of equivalent size.

56% of our annualized rent comes from investment grade companies or their affiliates, based on the parent company's corporate credit rating by Standard & Poor's Ratings Services (S&P).

37% of our annualized rent comes from the Fortune 100 or private or foreign enterprises of equivalent size.

As of March 31, 2013, CBI represented 9% of our annualized rent under contracts, which is largely comprised of two customers to whom we provide services through contracts entered into between those customers and Cincinnati Bell Technology Solutions Inc., a subsidiary of CBI (CBTS). Customer consent is required in order to assign those contracts to us, and while we expect those contracts to be assigned to us, such consent has not yet been obtained. Excluding these customers, CBI represented 3% of our annualized rent as of March 31, 2013. As of March 31, 2013, no single other customer represented more than 8% of our annualized rent, and our top 10 customers (including CBI) represented 44% of our annualized rent.

Strategically Located Portfolio. Our portfolio is located in several domestic and international markets possessing attractive characteristics for enterprise-focused data center operations. We have domestic properties in five of the top 10 largest U.S. cities by population (Chicago, Dallas, Houston, Phoenix and San Antonio), according to the U.S. Census Bureau, and four of the top 10 cities for Fortune 500 headquarters (Chicago, Cincinnati, Dallas and Houston), according to *Forbes*. We believe cities with large populations or a large number of corporate headquarters are likely to produce incremental demand for IT infrastructure. In addition, being located close to our current and potential customers provides chief information officers (CIOs) with additional confidence when outsourcing their data center infrastructure to us.

Modern, High Quality Facilities. Our portfolio includes highly efficient, reliable facilities with advanced cooling capabilities and the security systems necessary to provide an environment suitable for some of our clients' most vital technology infrastructure. To optimize the delivery of power, our properties include modern engineering technologies designed to minimize unnecessary power usage and, in our newest facilities, we are able to provide power utilization efficiency ratios we believe to be among the best in the multi-customer data center industry. In our newest facilities, we take a Massively ModularSM approach to site selection, design and construction such that we are able to deliver a range of power densities to our customers within a single facility. Our Massively ModularSM design principles allow us to efficiently stage construction on a large scale and deliver colocation square feet (CSF) in a timeframe that we believe is one of the best in the industry. We acquire or build a large powered shell capable of scaling with our customers' power and colocation space needs.

The powered shell can be acquired or constructed for a relatively inexpensive capital cost. Once the building shell is ready, we can build individual data center halls in portions of the building space to meet the needs of customers on a modular basis. This modular data center hall construction can be completed in less than 16 weeks to meet our customers' immediate needs. This short construction timeframe ensures a very high utilization of the assets and minimizes the time between our capital investment and the receipt of customer revenue, favorably impacting our return on investment while also translating into lower costs for our customers. Our design principles also allow us to add incremental equipment to increase power densities as our customers' power needs increase, which provides our customers with a significant amount of flexibility to manage their IT demands. We believe this Massively ModularSM approach allows us to respond to rapidly evolving customer needs, to commit capital toward the highest return projects and to develop state-of-the-art data center facilities.

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Significant Leasing Capability and Low Recurring Rent Churn. Our focus on the customer, our ability to scale with its needs, and our operational excellence provides us with two key benefits: embedded future growth from our customer base and low recurring rent churn. Our total annualized rent increased by approximately 17%, and our existing customer base provided approximately 69% of such increase, between March 31, 2012 and March 31, 2013. We have a high percentage of NRSF leased of 77% at March 31, 2013.

Our management team focuses on minimizing recurring rent churn. We define recurring rent churn as any reduction in recurring rent due to customer terminations, net pricing reductions or service reductions as a percentage of the annualized rent at the beginning of the applicable period, excluding any impact from metered power reimbursements. For 2012, our recurring rent churn was 4.6%, which includes the termination of one lease for legacy data center space that had been utilized for over 20 years. The legacy data center space has been decommissioned and is expected to be developed into data center space that we believe will generate higher amounts of revenue than the prior lease. Excluding this lease, the recurring rent churn for 2012 would have been 3.6%. In 2011, we experienced a recurring rent churn of 3%, approximately half of which was attributable to customers that ceased using our facilities.

Significant, Attractive Expansion Opportunities. Our current development properties and available acreage were selected based on extensive site selection criteria and the collective industry knowledge and experience of our management team. As a result, we believe that our development portfolio contains properties that are located in markets with attractive supply and demand conditions and that possess suitable physical characteristics to support data center infrastructure. In addition to our operating NRSF of approximately 1,709,000 as of March 31, 2013, we were developing vacant properties and new facilities to create approximately 242,000 NRSF under construction, 820,000 NRSF of powered shell available for future development, and approximately 170 acres of land that are available for future data center facility development.

Differentiated Reputation for Service. We believe that the decision CIOs make to outsource their data center infrastructure has material implications for their businesses, and, as such, CIOs look to third-party data center providers that have a reputation for serving similar organizations and that are able to deliver a customized solution. We take a consultative approach to understanding the unique requirements of our customers, and our design principles allow us to deliver robust flexibility in the scale, power and location of our data center infrastructure. We believe that this approach has helped fuel our growth. Our current customers are also often the source of new contracts, with referrals being an important source of new customers.

Experienced Management Team. Our management team is comprised of individuals drawing on diverse knowledge and skill sets acquired through extensive experiences in the real estate, telecommunications and mission-critical infrastructure industries. In the aggregate, CyrusOne's executive management team of seven individuals has an average of approximately fifteen years of experience in the data center and communications industries.

Business and Growth Strategies

Our objective is to grow our revenue and earnings by continuing to expand our data center infrastructure outsourcing business.

Increasing Revenue from Existing Customers and Properties. We have historically generated a significant portion of our revenue growth from our existing customers. Our total annualized rent increased by approximately 17%, and our existing customer base provided approximately 69% of such increase, between March 31, 2012 and March 31, 2013. We plan to continue to target our existing customers, because we believe that many have significant data center infrastructure that has not yet been outsourced, and many will require additional data center space to support their growth and their increasing reliance on technology infrastructure in their operations.

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To address new demand, as of March 31, 2013, we have approximately 395,000 NRSF available for lease, 242,000 NRSF under development and 820,000 NRSF of additional powered shell available for future development. Our portfolio also contains approximately 170 acres of land that are available for future data center facility development.

Attracting and Retaining New Customers. Increasingly, enterprises are beginning to recognize the complexities of managing data center infrastructure in the midst of rapid technological development and innovation. We believe that these complexities, brought about by the rapidly increasing levels of Internet traffic and data, obsolete existing corporate data center infrastructure, increased power and cooling requirements and increased regulatory requirements, are driving the need for companies to outsource their data center facility requirements. Consequently, this will significantly increase the percentage of companies that use third-party data center colocation services over the next several years. We believe that our high quality assets and reputation for serving large enterprises have been, and will be, key differentiators for us in attracting customers that are outsourcing their data center infrastructure needs. Since 2010, we have signed more than 100 new customers, many of whom were outsourcing data center infrastructure for the first time. We have historically managed our sales process through a direct-to-the-customer model but have recently begun utilizing third-party leasing agents to expand our universe of potential new customers. Regardless of how a potential customer lead is generated, every opportunity undergoes a rigorous review process designed to maximize cash flow generation and customer retention. Additionally, throughout the life cycle of a customer's interaction with us, we maintain a disciplined approach to monitoring their experience, with the goal of providing the highest level of customer service. We plan to continue to pursue large enterprise customers by leveraging our relationships and reputation, and by developing our existing pipeline of inventory to meet their needs.

Expanding into New Domestic and International Markets. Our expansion strategy focuses on developing new data centers in markets where our customers are located and in markets where our customers want to be located. We regularly meet with our customers to understand their business strategies and potential data center needs. We also conduct extensive analysis to ensure an identified market displays strong data center fundamentals, independent of the demand presented by any particular customer. We believe that this approach significantly reduces the risk associated with expansion into new markets because it provides strong visibility into our anticipated cash flow and helps to ensure targeted returns on new developments. Our strategy for entering a new market will vary based on in-place real estate and data center infrastructure and could include greenfield construction projects as well as acquisitions.

Growing Interconnection Business. Our customers are increasingly seeking to connect to one another via private peering, cross connects and/or public switching environments. Interconnection allows our customers to share information and conduct commerce in a highly efficient manner not requiring a third-party intermediary and at a fraction of the cost normally required to establish such a connection between two enterprises. The demand for interconnection creates additional rental and revenue growth opportunities for us, and we believe that customer interconnections increase our likelihood of customer retention by providing an environment not easily replicated by competitors. Interconnections are made possible by our customers' common location in our facilities and our provisioning of the infrastructure necessary to interconnect within our facilities, and, as a result, we believe that it would require significant coordination and capital for our customers to move their interconnection to a different location. Since many of our facilities currently have the infrastructure necessary to provide interconnection, we plan to market this capability to our existing customers, and we will incorporate interconnection into our current and future developments. We anticipate implementing interconnection infrastructure in our existing facilities that do not currently have it. Compared to the capital required to build a data center, the capital required for interconnection is minimal, which we believe creates the potential to create attractive capital returns. We act as the trusted neutral party that enterprises, carriers and content companies utilize to connect to each other. We believe that the reputation and industry relationships of our executive management team place us in an ongoing trusted provider role.

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Selectively Pursuing Property Acquisition Opportunities. We intend to seek opportunities to acquire existing or potential data center properties in key strategic markets. In addition, we currently lease certain of our data center properties and, to the extent economically attractive, we may opportunistically seek to purchase those properties. We take a disciplined approach in evaluating potential business, property and site acquisitions, including expected demand from existing and new customers, the current competitive environment, a site's geographic attributes, availability of telecommunications providers, access to power, expected costs for development and potential barriers to entry for other third-party data center providers.

Our principal executive offices are located at 1649 West Frankford Road, Carrollton, TX 75007. Our telephone number is (972) 350-0060.

Structure and Formation of Our Company

Our business is comprised of the historical data center activities and holdings of CBI. CBI has operated its Cincinnati-based data center business for over 10 years; in addition, it acquired GramTel, a data center operator in South Bend, Indiana and Chicago, Illinois, for approximately \$20 million in December 2007; and it acquired Cyrus Networks, a data center operator based in Texas, for approximately \$526 million, net of cash acquired, in June 2010.

On November 20, 2012, certain subsidiaries of CBI contributed certain assets and operations including assets and operations acquired through the GramTel and Cyrus Networks acquisitions to the operating partnership. The transactions described below were designed to consolidate the ownership of a portfolio of properties owned by CBI into the operating partnership enabling CyrusOne to raise the necessary capital to repay indebtedness owed to CBI and enabling CyrusOne to qualify as a REIT for U.S. federal income tax purposes commencing with its taxable year ending December 31, 2013. Pursuant to the formation transactions:

CyrusOne Inc. was formed as a Maryland corporation on July 31, 2012.

The operating partnership, and co-issuer of the Notes, CyrusOne LP, was formed as a Maryland limited partnership on July 31, 2012.

CyrusOne GP, the general partner of the operating partnership, was formed as a Maryland statutory trust on July 31, 2012.

CyrusOne Finance Corp., the co-issuer of the Notes was formed as a Maryland corporation on October 31, 2012.

On November 20, 2012, the operating partnership, together with CyrusOne Finance Corp. issued the Original Notes, from which net proceeds received were approximately \$512 million. On November 20, 2012, the operating partnership also entered into a \$225 million revolving credit facility that is secured by substantially all of our assets.

On November 20, 2012, the operating partnership received a contribution of direct and indirect interests in a portfolio of properties owned by CBI and certain of its subsidiaries in exchange for operating partnership units, as adjusted to reflect a unit split immediately prior to the completion of CyrusOne's initial public offering. Certain of the properties were directly contributed to CyrusOne LP and certain properties were contributed through the contribution of the equity interests of the entity that directly owned those properties.

The operating partnership used the net proceeds of the issuance of the Original Notes to repay approximately \$480 million of indebtedness owed to CBI.

On various dates throughout 2012, we entered into transition services, registration rights and other commercial agreements with CBI and certain of its subsidiaries. See Management's Discussion and Analysis of Financial Condition and Results of Operations Related

Party Transactions .

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As of March 31, 2013, we had a total combined indebtedness, including capital lease obligations, of approximately \$556 million and other financing arrangements of approximately \$63 million, and the ability to incur an additional \$225 million of indebtedness through the availability under our revolving credit facility.

As of May 1, 2013, CBI owned 8.5% of CyrusOne's outstanding shares of common stock and 66.1% of the outstanding operating partnership units, which, if exchanged for CyrusOne common stock, would represent an additional approximately 60.4% interest in CyrusOne common stock.

As of May 1, 2013, CyrusOne's directors and executive officers owned approximately 5.1% of CyrusOne's outstanding shares of common stock, or 1.7% of the total operating partnership units and shares of common stock.

All the properties and other interests transferred to the operating partnership were contributed by wholly-owned subsidiaries of CBI. Because both the operating partnership and the subsidiaries of CBI that contributed the properties comprising our portfolio (the Contributors) were under the common control of CBI up to the completion of CyrusOne's initial public offering and were under common control at the time of the formation transactions, the transfer of assets and liabilities of each of these entities was accounted for at historical cost in a manner similar to a pooling of interests.

CyrusOne's Initial Public Offering

On January 24, 2013, CyrusOne completed the initial public offering of its common stock, issuing approximately 19.0 million shares for \$337.1 million, net of underwriters' discount. On the same date, CyrusOne purchased approximately 19.0 million of the operating partnership's operating partnership units. In addition, CBI exchanged approximately 1.5 million of CyrusOne LP's partnership units for CyrusOne common stock, and CBI was issued 0.4 million of CyrusOne's shares of common stock as repayment for transaction costs paid by CBI in connection with CyrusOne's initial public offering. CyrusOne also issued approximately 1.0 million of its common shares to directors and employees. Vesting of these shares is contingent upon completion of service. Following the completion of these transactions, CyrusOne and CyrusOne GP held a combined 33.9% interest in the operating partnership, with the remaining 66.1% interest held by CBI.

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The following diagram depicts our ownership structure as of May 1, 2013:

- 1 Includes CyrusOne LLC and CyrusOne Foreign Holdings LLC.

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Summary of the Terms of the Exchange Offer

Background

On November 20, 2012, we completed a private placement of \$525,000,000 of our 6.375% Senior Notes due 2022. In connection with this private placement, we entered into a registration rights agreement in which we agreed, among other things, to complete this Exchange Offer.

The Exchange Offer

We are offering to exchange the unregistered Original Notes for a like principal amount of 6.375% Senior Notes due 2022, which have been registered under the Securities Act. The Original Notes may only be tendered in an amount equal to \$2,000 in principal amount or in integral multiples of \$1,000 in excess thereof. See The Exchange Offer Terms of the Exchange Offer.

In order to exchange the Original Notes, you must follow the required procedures, and we must accept the Original Notes for exchange. We will exchange all Original Notes validly tendered and not validly withdrawn prior to the expiration date. See The Exchange Offer.

Resale of Exchange Notes

Based on interpretations of the SEC staff, as described in previous no-action letters, we believe that Exchange Notes issued pursuant to the Exchange Offer in exchange for Original Notes may be offered for resale, resold and otherwise transferred without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that:

you are acquiring the Exchange Notes issued in this offer in the ordinary course of your business;

you have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person to participate in a distribution, (within the meaning of the Securities Act) of the Exchange Notes to be issued in the Exchange Offer; and

you are not an affiliate of ours, as defined in Rule 405 of the Securities Act.

By tendering your Original Notes as described in The Exchange Offer Procedures for Tendering, you will be making representations to this effect. If you fail to satisfy any of these conditions, you cannot rely on the position of the SEC set forth in the no-action letters referred to above and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a resale of the Exchange Notes.

We base our belief on interpretations by the SEC staff in no-action letters issued to other issuers in exchange offers like ours. We cannot guarantee that the SEC would make a similar decision about our Exchange Offer. If our belief is wrong, you could incur liability under the Securities Act. We will not protect you against any loss incurred as a result of this liability under the Securities Act.

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Each broker-dealer that receives Exchange Notes for its own account in exchange for Original Notes, where such Original Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any offer to resell, resale or other transfer of Exchange Notes in the Exchange Offer. See Plan of Distribution.

Consequences if You Do Not Exchange Your Original Notes

Original Notes that are not tendered in the Exchange Offer or are not accepted for exchange will continue to bear legends restricting their transfer. You will not be able to offer or sell such Original Notes unless you are able to rely on an exemption from the requirements of the Securities Act or the Original Notes are registered under the Securities Act.

After the Exchange Offer is completed, we will no longer have an obligation to register the Original Notes, except under limited circumstances. To the extent that Original Notes are tendered and accepted in the Exchange Offer, the market for any remaining Original Notes will be adversely affected. See Risk Factors Risks Relating to the Notes and the Exchange Offer If you fail to exchange your Original Notes, they will continue to be restricted securities and may become less liquid.

Expiration Date

The Exchange Offer expires at 5:00 p.m., New York City time, on _____, 2013, unless we extend such Exchange Offer. See The Exchange Offer Expiration Date; Extensions; Amendments.

Issuance of Exchange Notes

We will issue Exchange Notes in exchange for Original Notes tendered and accepted in the Exchange Offer promptly following the expiration date (unless amended as described in this prospectus). See The Exchange Offer Terms of the Exchange Offer.

Conditions to the Exchange Offer

The Exchange Offer is subject to certain customary conditions, which we may amend or waive. The Exchange Offer is not conditioned upon any minimum principal amount of outstanding Original Notes being tendered. See The Exchange Offer Conditions to the Exchange Offer.

Procedures for Tendering Original Notes

To participate in the Exchange Offer, you must (i) complete, sign and date the accompanying letter of transmittal, or a facsimile copy of such letter, in accordance with its instructions and the instructions of this prospectus, and (ii) mail or otherwise deliver the executed letter of transmittal, together with the Original Notes and any other required documentation to the exchange agent at the address set forth in the letter of transmittal. If you are a broker, dealer, commercial bank, trust company or other nominee and you hold Original Notes through the Depository Trust Company (DTC), and wish to accept this offer, you must do so pursuant to DTC s automated tender offer program. See The Exchange Offer Procedures for Tendering.

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Special Procedures for Beneficial Holders

If you beneficially own Original Notes which are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender in the Exchange Offer, you should contact the registered holder promptly and instruct such person to tender on your behalf. If you wish to tender in this offer on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your Original Notes, either arrange to have the Original Notes registered in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take a considerable amount of time. See The Exchange Offer Procedures for Tendering.

Withdrawal Rights

You may withdraw your tender of Original Notes at any time before the expiration date for this offer. See The Exchange Offer Withdrawal of Tenders.

Regulatory Requirements

We do not believe that the receipt of any material federal or state regulatory approval will be necessary in connection with either Exchange Offer, other than the notice of effectiveness under the Securities Act of the registration statement pursuant to which the Exchange Offer is being made.

Accounting Treatment

We will not recognize any gain or loss for accounting purposes upon the completion of the Exchange Offer. The expenses of the Exchange Offer that we pay will increase our deferred financing costs in accordance with accounting principles generally accepted in the United States (GAAP). See The Exchange Offer Accounting Treatment.

Federal Income Tax Consequences

The exchange of Original Notes for Exchange Notes pursuant to the Exchange Offer generally will not be a taxable event for U.S. federal income tax purposes. See Material United States Federal Income Tax Considerations.

Use of Proceeds

We will not receive any cash proceeds from the exchange or issuance of Exchange Notes in connection with the Exchange Offer.

Exchange Agent

Wells Fargo Bank, N.A. is serving as exchange agent in connection with the Exchange Offer. The address and telephone number of the Exchange Agent are set forth under The Exchange Offer Exchange Agent. Wells Fargo Bank, N.A. is also the trustee under the indenture governing the Notes.

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Summary of the Terms of the Exchange Notes

Unless specifically indicated, the summary below describes the principal terms of the Notes (including the Exchange Notes). This summary is not intended to be complete. For a more complete understanding of the Notes, please refer to the section entitled "Description of the Notes" in this prospectus. Other than the restrictions on transfer, registration rights and special interest provisions, the Exchange Notes will have the same financial terms and covenants as the Original Notes, which are summarized as follows:

Issuers	CyrusOne LP and CyrusOne Finance Corp.
Notes Offered	\$525,000,000 in aggregate principal amount of 6.375% Senior Notes due 2022.
Maturity Date	November 15, 2022.
Interest	The Notes bear interest at a rate of 6.375% per year, payable semi-annually in cash in arrears on May 15 and November 15 of each year, beginning on May 15, 2013.
Guarantees	The Notes are fully, jointly and severally and unconditionally guaranteed on a senior basis by CyrusOne Inc., the sole beneficial owner and sole trustee of CyrusOne GP, which is the sole general partner of CyrusOne LP, CyrusOne GP and all of CyrusOne LP's existing domestic subsidiaries. Each of the guarantors under the Notes also guarantees our revolving credit facility. Each domestic subsidiary that guarantees indebtedness of CyrusOne LP or any guarantor in the future will also guarantee the Notes. Domestic subsidiaries include CyrusOne LLC, CyrusOne TRS Inc. and CyrusOne Foreign Holdings LLC.
Ranking	<p>The Exchange Notes will be:</p> <ul style="list-style-type: none"> senior unsecured obligations of the issuers; <i>pari passu</i> in right of payment with any existing and future unsecured senior indebtedness of the issuers; senior in right of payment to any future subordinated indebtedness of the issuers, if any; effectively subordinated in right of payment to all existing and future secured indebtedness of the issuers, including indebtedness under the revolving credit facility, to the extent of the value of the collateral securing such indebtedness; and structurally subordinated in right of payment to all indebtedness and other liabilities, including trade payables, of the operating partnership's non-guarantor subsidiaries.

Each guarantee of the Exchange Notes will be:

a senior unsecured obligation of such guarantor;

pari passu in right of payment with any senior unsecured indebtedness of such guarantor;

senior in right of payment to any future subordinated indebtedness of such guarantor, if any; and

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effectively subordinated in right of payment to all secured indebtedness of such guarantor, including such guarantor's guarantee, if any, of the operating partnership's obligations under the revolving credit facility, to the extent of the value of the collateral securing that indebtedness.

As of March 31, 2013, we had no debt outstanding, other than the Original Notes, approximately \$31.0 million of capital leases and approximately \$63.0 million of other financing arrangements.

The non-guarantor subsidiaries generated approximately 1% of our combined revenues for the three months ended March 31, 2013, and held approximately 2.7% of our combined assets and approximately 5.6% of our combined liabilities as of March 31, 2013.

Optional Redemption

Prior to November 15, 2017, we may redeem the Notes, in whole or in part, at any time at a redemption price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest to the redemption date, plus the applicable make-whole premium set forth in this prospectus. We may redeem the Notes, in whole or in part, at any time on or after November 15, 2017, at a redemption price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest to the redemption date, plus a premium declining over time as set forth in this prospectus. In addition, at any time on or prior to November 15, 2015, we may redeem up to 35% of the aggregate principal amount of the Notes with the proceeds of certain equity offerings, as described in this prospectus. See Description of the Notes Optional Redemption.

Change of Control

If a Change of Control occurs, Noteholders may require us to repurchase all or part of their Notes at 101% of the principal amount of the Notes, plus accrued and unpaid interest to the repurchase date. The term Change of Control is defined under Description of the Notes Certain Definitions.

Certain Covenants

The indenture governing the Notes contains covenants that, among other things, limit the operating partnership's ability and the ability of its restricted subsidiaries to:

incur secured or unsecured indebtedness;

pay dividends or distributions on its equity interests, or redeem or repurchase equity interests of CyrusOne or CyrusOne LP;

make certain investments or other restricted payments;

enter into transactions with affiliates;

enter into agreements limiting the ability of CyrusOne LP's restricted subsidiaries to pay dividends or make certain transfers and other payments to CyrusOne LP or to

other restricted subsidiaries;

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sell assets; and

merge, consolidate or transfer all or substantially all of their assets.

CyrusOne LP and its restricted subsidiaries are also required to maintain total unencumbered assets of at least 150% of their unsecured debt on a consolidated basis.

These covenants contain important exceptions, limitations and qualifications. For so long as the Notes are rated investment grade by each of Moody's Investors Service, Inc. (Moody's) and S&P, certain covenants will be suspended with respect to the Notes and the subsidiary guarantees will be released. For more details, see Description of the Notes.

Activities of CyrusOne, CyrusOne GP and CyrusOne Finance Corp.

The indenture governing the Notes requires the activities of CyrusOne, CyrusOne GP and CyrusOne Finance Corp. to be restricted. See Description of the Notes Covenants Limitation on Activities of Holdings and CyrusOne GP and Description of the Notes Covenants Limitation on Activities of Finance Corp.

No Public Trading Market

The Exchange Notes will not be listed on any securities exchange or any automated dealer quotation system and there is currently no market for the Exchange Notes. Accordingly, there can be no assurance that a market for the Exchange Notes will develop upon the completion of this offer or, if developed, that such market will be sustained or as to the liquidity of any market.

Risk Factors

Please see Risk Factors beginning on page 17 for a discussion of certain factors you should consider prior to deciding to participate in the Exchange Offer.

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RISK FACTORS

*In considering whether to participate in this Exchange Offer, you should carefully consider all of the information we have included in this prospectus. In particular, you should carefully consider the Risk Factors described below before making a decision to participate in this Exchange Offer. Any or all of these risks could have a material adverse effect on our businesses, reputation, financial condition, results of operations and cash flows, the trading price of the Notes and on our ability to make payments on the Notes. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled *Special Note Regarding Forward-Looking Statements*.*

Risks Related to the Notes and the Exchange Offer

We have significant outstanding indebtedness that involves significant debt service obligations, limits our operational and financial flexibility, exposes us to interest rate fluctuations and exposes us to the risk of default under our debt obligations.

As of March 31, 2013, we had a total combined indebtedness, of \$556.0 million including capital lease obligations of approximately \$31.0 million and other financing arrangements of approximately \$63.0 million. We also had the ability to borrow up to an additional \$225.0 million under the revolving credit facility, subject to satisfying certain financial tests. There are no limits on the amount of indebtedness we may incur other than limits contained in the indenture governing the Notes, our revolving credit facility, future agreements that we may enter into or as may be set forth in any policy limiting the amount of indebtedness we may incur adopted by CyrusOne's board of directors. A substantial level of indebtedness could have adverse consequences for our business, financial condition and results of operations because it could, among other things:

require us to dedicate a substantial portion of our cash flow from operations to make principal and interest payments on our indebtedness, thereby reducing our cash flow available to fund working capital, capital expenditures and other general corporate purposes, including to pay dividends on CyrusOne's common stock as necessary to maintain CyrusOne's qualification as a REIT;

require us to maintain certain debt coverage and other financial ratios at specified levels, thereby reducing our financial flexibility;

make it more difficult for us to satisfy our financial obligations, including borrowings under the revolving credit facility;

increase our vulnerability to general adverse economic and industry conditions;

expose us to increases in interest rates for our variable rate debt;

limit our ability to borrow additional funds on favorable terms or at all to expand our business or ease liquidity constraints;

limit our ability to refinance all or a portion of our indebtedness on or before maturity on the same or more favorable terms or at all;

limit our flexibility in planning for, or reacting to, changes in our business and our industry;

place us at a competitive disadvantage relative to competitors that have less indebtedness;

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increase our risk of property losses as the result of foreclosure actions initiated by lenders in the event we should incur mortgage or other secured debt obligations; and

require us to dispose of one or more of our properties at disadvantageous prices in order to service our indebtedness or to raise funds to pay such indebtedness at maturity.

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Despite our current indebtedness levels, we may still be able to incur substantially more debt, including secured debt. This could exacerbate further the risks associated with our substantial leverage.

We may be able to incur substantial additional indebtedness in the future, including debt under our revolving credit facility and future credit facilities, some or all of which may be secured and therefore would rank effectively senior to the Notes. For example, as of the date hereof we have \$225.0 million of availability under the revolving credit facility. In addition, the indenture governing the Notes does not restrict the incurrence of indebtedness by CyrusOne and restricts, but does not completely prohibit, the operating partnership and its restricted subsidiaries from incurring additional debt. The indenture governing the Notes also allows the operating partnership and its restricted subsidiaries to incur certain secured debt which would be effectively senior to the Notes. In addition, the indenture does not prevent the operating partnership or its restricted subsidiaries from incurring other liabilities that do not constitute indebtedness. See Description of Other Indebtedness. If new debt or other liabilities are added to our current debt levels, the related risks that we now face could intensify.

The Notes and the related guarantees are unsecured and are and will continue to be effectively junior in right of payment to any secured indebtedness of the issuers or the guarantors.

The Notes and the related guarantees are the issuers' and the guarantors' unsecured obligations. The Notes and the guarantees are and will continue to be effectively junior in right of payment to all of the issuers' existing and future secured debt, including our revolving credit facility, and that of the guarantors, including any such guarantors' guarantee of the operating partnership's obligations under our revolving credit facility, to the extent of the value of the assets securing such obligations. As of March 31, 2013, we had no debt outstanding, other than \$525.0 million related to the Original Notes, approximately \$31.0 million of capital leases and approximately \$63.0 million of other financing arrangements. Under the terms of the indenture governing the Notes, subject to satisfaction of certain other requirements, the operating partnership and its restricted subsidiaries may incur additional debt secured by their respective assets. For a discussion of the operating partnership's ability to incur such secured debt, see Description of the Notes Covenants Limitation on Indebtedness. Because the Notes are unsecured obligations, your right of repayment may be compromised if:

the issuers or the guarantors enter into bankruptcy, liquidation, reorganization or other winding-up;

there is a default in payment under any of the issuers' or the guarantors' secured debt; or

there is an acceleration of any of the issuers' or the guarantors' secured debt.

If any of these events occurs, the secured lenders could foreclose on the assets of the issuers or the guarantors in which they have been granted a security interest, in each case to your exclusion, even if an event of default exists under the indenture governing the Notes at such time. As a result, upon the occurrence of any of these events, it is possible that there would be no assets remaining from which your claims could be satisfied or, if any assets remained, they might be insufficient to fully satisfy your claims. You may therefore not be fully repaid if the issuers or the guarantors become insolvent or otherwise fail to make payment on the Notes.

The Notes are and will continue to be effectively junior in right of payment to the liabilities of any of the issuers' non-guarantor subsidiaries.

CyrusOne Inc., CyrusOne GP and CyrusOne LP's wholly-owned existing domestic subsidiaries guarantee the Notes and revolving credit facility. In addition, a new domestic subsidiary of the operating partnership will not be required to guarantee the issuers' obligations under the Notes if it does not guarantee any other debt of the operating partnership or any other subsidiary guarantor. The Notes are effectively junior in right of payment to the indebtedness and other liabilities the issuers' non-guarantor subsidiaries. These non-guarantor subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Notes, or to make any funds available therefor, whether by dividends, loans, distributions or other payments. Any right that the issuers or the subsidiary guarantors have to receive any assets of any of the non-

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guarantor subsidiaries upon the bankruptcy, liquidation or reorganization of those subsidiaries, and the consequent rights of holders of Notes to realize proceeds from the sale of any of such non-guarantor subsidiaries' assets, will be effectively subordinated to the claims of such non-guarantor subsidiaries' creditors, including trade creditors, mortgage holders and holders of preferred equity interests of those subsidiaries. Accordingly, in the event of a bankruptcy, liquidation or reorganization of any of our non-guarantor subsidiaries, these non-guarantor subsidiaries will pay the holders of their debts, holders of preferred equity interests and their trade creditors before distributing any of their Notes to us. The non-guarantor subsidiaries generated approximately 1% of our combined revenues for the three months ended March 31, 2013, and held approximately 2.7% of our combined assets and approximately 5.6% of our combined liabilities as of March 31, 2013.

The agreements governing our indebtedness place restrictions on us, reducing our operational flexibility and creating default risks.

The agreements governing our indebtedness contain covenants that place restrictions on us and our subsidiaries. These covenants restrict, among other things, our and our subsidiaries' ability to:

incur or guarantee additional indebtedness;

pay dividends and make other restricted payments;

incur restrictions on the payment of dividends or other distributions from our restricted subsidiaries;

create or incur certain liens;

make certain investments;

transfer or sell assets;

engage in transactions with affiliates; and

merge or consolidate with other companies or transfer all or substantially all of our assets.

These covenants could impair our ability to grow our business, take advantage of attractive business opportunities or successfully compete. In addition, the indenture governing the Notes and our revolving credit facility require us to maintain specified financial ratios and satisfy financial condition tests. Our ability to comply with these ratios or tests may be affected by events beyond our control, including prevailing economic, financial and industry conditions. A breach of any of these covenants or covenants under any other agreements governing our indebtedness could result in an event of default. Cross-default provisions in our debt agreements could cause an event of default under one debt agreement to trigger an event of default under our other debt agreements. Upon the occurrence of an event of default under any of our debt agreements, the lenders could elect to declare all outstanding debt under such agreements to be immediately due and payable. If we were unable to repay or refinance the accelerated debt, the lenders could proceed against any assets pledged to secure that debt, including foreclosing on or requiring the sale of our data centers, and our assets may not be sufficient to repay such debt in full. For a detailed description of the covenants and restrictions imposed by the documents governing our indebtedness, see "Description of Other Indebtedness" and "Description of the Notes."

The documents that govern our outstanding indebtedness require that we maintain certain financial ratios and, if we fail to do so, we will be in default under the applicable debt instrument, which in turn could trigger defaults under our other debt instruments, which could result in the maturities of all of our debt obligations being accelerated.

Each of our significant debt instruments require that we maintain certain financial ratios. The revolving credit facility provides that the total indebtedness of the operating partnership and its subsidiaries shall not exceed 55% of the value of the assets of the operating partnership and its

subsidiaries as of the last day of any fiscal quarter through December 31, 2014, and 50% thereafter, determined based on the capitalized value of the

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stabilized properties of the operating partnership and its subsidiaries, the book value of development properties and construction in process on land owned by the operating partnership and its subsidiaries and unrestricted cash and cash equivalents held by the operating partnership and its subsidiaries. The revolving credit facility also requires that the operating partnership maintain a minimum fixed charge coverage ratio of not less than 2.00 to 1.00 and a maximum ratio of secured indebtedness to consolidated EBITDA of 2.50 to 1.00 for any period of four consecutive fiscal quarters ending on or prior to December 31, 2014, and 2.00 to 1.00 thereafter.

In addition, the indenture that governs the Notes requires that the operating partnership and its restricted subsidiaries maintain total unencumbered assets of at least 150% of the aggregate principal amount of all of their outstanding unsecured indebtedness.

If we do not continue to satisfy these covenant ratios, we will be in default under the applicable debt instrument, which in turn would trigger defaults under our other debt instruments, which could result in the maturities of all of our debt obligations being accelerated. These events would have a material adverse effect on our liquidity.

Certain exceptions under the indenture permit the operating partnership and its restricted subsidiaries to make distributions to maintain the REIT status of CyrusOne even when they cannot otherwise make restricted payments under the indenture.

Under the indenture, the operating partnership and its restricted subsidiaries are allowed to make restricted payments only if, at the time they make such a restricted payment, the operating partnership is able to incur at least \$1.00 of indebtedness under certain provisions of the Limitation on Indebtedness covenant, including that the operating partnership has a consolidated EBITDA to consolidated interest expense coverage ratio of at least 2.0 to 1.0 and its indebtedness is not greater than 60% of adjusted total assets. For a more complete discussion of the restricted payment and debt incurrence covenants of the indenture applicable to the Notes, see Description of the Notes Covenants Limitation on Restricted Payments and Description of the Notes Covenants Limitation on Indebtedness.

Even when the operating partnership and its restricted subsidiaries are unable to make restricted payments during a period in which they are unable to incur \$1.00 of indebtedness, so long as no default or event of default under the indenture shall have occurred and be continuing, the indenture permits the operating partnership and its restricted subsidiaries to declare or pay any dividend or make any distribution to their equity holders to fund a dividend or distribution by them, so long as CyrusOne believes in good faith that it qualifies as a REIT under the Internal Revenue Code of 1986, as amended (the Code), and the declaration or payment of any such dividend or the making of any such distribution is necessary either to maintain CyrusOne's status as a REIT under the Code for any calendar year or to enable CyrusOne to avoid payment of any tax for any calendar year that could be avoided by reason of a distribution by CyrusOne to its shareholders, with such distribution to be made as and when determined by CyrusOne, whether during or after the end of the relevant calendar year.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture.

Upon the occurrence of certain change of control events, we will be required to offer to repurchase the Notes offered hereby at 101% of the principal amount thereof, plus accrued and unpaid interest to the date of repurchase. However, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of the Notes, especially if the change of control also constitutes a change of control under our revolving credit facility. Under the revolving credit facility, a change of control will constitute an event of default, which could result in our obligation to repay any outstanding borrowings under the revolving credit facility and repurchase these Notes at the same time. Our failure to repay or repurchase the Notes would constitute an event of default under the indenture.

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The trading prices of the Notes will be directly affected by our credit rating.

The Original Notes and the Exchange Notes will be publicly rated by Moody's, S&P and other independent rating agencies. A security rating is not a recommendation to buy, sell or hold securities. These public debt ratings may affect our ability to raise debt. Any future downgrading of the Notes by Moody's, S&P or another rating agency may affect the cost and terms and conditions of our financings and could adversely affect the value and trading price of the Notes.

Federal and state statutes allow courts, under specific circumstances, to void guarantees and require Noteholders to return payments received from guarantors.

If a bankruptcy case or lawsuit is initiated by unpaid creditors of any guarantor, the debt represented by the guarantees entered into by the guarantor may be reviewed under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws. Under these laws, a guarantee could be voided, or claims in respect of the guarantee could be subordinated to certain obligations of a guarantor if, among other things, the guarantor, at the time it entered into the guarantee, received less than reasonably equivalent value or fair consideration for entering into the guarantee and was one of the following:

insolvent or rendered insolvent by reason of entering into a guarantee;

engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts or contingent liabilities beyond its ability to pay them as they became due. In addition, any payment by a guarantor could be voided and required to be returned to the guarantor or to a fund for the benefit of the guarantor's creditors under those circumstances.

If a guarantee of a subsidiary were voided as a fraudulent conveyance or held unenforceable for any other reason, holders of the Notes would be solely creditors of CyrusOne, the issuers and creditors of the operating partnership's subsidiaries that have validly guaranteed the Notes. The Notes then would be effectively subordinated to all liabilities of the subsidiary whose guarantee was voided.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

the sum of its debts, including contingent liabilities, were greater than the fair saleable value of all of its assets;

the present fair saleable value of its assets were less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

it could not pay its debts or contingent liabilities as they become due.

The indenture requires that future domestic subsidiaries of the operating partnership guarantee the Notes under certain circumstances. These considerations will also apply to those guarantees.

If an active trading market does not develop for the Exchange Notes, the holder may be unable to sell them or to sell them at a price the holder deems sufficient.

The Exchange Notes are a new issue of securities for which there is currently no public trading market. We do not intend to list the Exchange Notes on any national securities exchange or automated quotation system. Accordingly, there can be no assurances that an active market will develop upon completion of the Exchange Offer or, if it develops, that such market will be sustained, or as to the liquidity of any such market. If

an active

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market does not develop or is not sustained, the market price and the liquidity of the Exchange Notes may be adversely affected. In addition, the liquidity of the trading market for the Exchange Notes, if it develops, and the market price quoted for the Exchange Notes, may be adversely affected by changes in the overall market for those securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally.

Any Original Notes that are not exchanged will continue to be restricted securities and may become less liquid.

Original Notes that are not tendered or that we do not accept for exchange will, following this offer, continue to be restricted securities, and the holder may not offer to sell them except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We will issue Exchange Notes in exchange for the Original Notes pursuant to this offer only following the satisfaction of the procedures and conditions set forth in The Exchange Offer Procedures for Tendering. Such procedures and conditions include timely receipt by the exchange agent of such Original Notes (or a confirmation of book entry transfer) and of a properly completed and duly executed letter of transmittal (or an agent's message from DTC). Because we anticipate that most holders of Original Notes will elect to exchange their Original Notes, we expect that the liquidity of the market for the Original Notes remaining after the completion of the Exchange Offer will be substantially limited. Any Original Notes tendered and exchanged in this offer will reduce the aggregate principal amount of Original Notes outstanding. Following the Exchange Offer, Original Notes generally will not have any further registration rights, and such Original Notes will continue to be subject to certain transfer restrictions. Accordingly, the liquidity of the market for the Original Notes could be adversely affected.

The ability of a broker-dealer to transfer the Exchange Notes may be restricted.

A broker-dealer that acquired the Original Notes for its own account as a result of market-making activities or other trading activities must comply with the prospectus delivery requirements of the Securities Act in connection with any resale of the Exchange Notes. Our obligation to make this prospectus available to broker-dealers is limited. Consequently, we cannot guarantee that a proper prospectus will be available to broker-dealers wishing to resell their Exchange Notes.

Risks Related to Our Business and Operations

A small number of customers account for a significant portion of our revenue. The loss or significant reduction in business from one or more of our large customers could significantly harm our business, financial condition and results of operations, and impact our ability to service our indebtedness, including the Notes.

We currently depend, and expect to continue to depend, upon a relatively small number of customers for a significant percentage of our revenue. Our top 20 customers collectively accounted for approximately 60% of our total annualized rent as of March 31, 2013. As a result of this customer concentration, our business, financial condition and results of operations, could be adversely affected if we lose one or more of our larger customers, if such customers significantly reduce their business with us or if we choose not to enforce, or to enforce less vigorously, any rights that we may have now or in the future against these significant customers because of our desire to maintain our relationship with them.

A significant percentage of our customer base is also concentrated in industry sectors that may from time to time experience volatility including, in particular, the oil and gas sector. Enterprises in the energy industry comprised approximately 36% of our annualized rent as of March 31, 2013. A downturn in the oil and gas industry could negatively impact the financial condition of one or more of our oil and gas company customers, including several of our larger customers. In an industry downturn, those customers could default on their obligations to us, delay the purchase of new services from us or decline to renew expiring leases, any of which could have an adverse effect on our business, financial condition and results of operations.

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Additionally, if any customer becomes a debtor in a case under the U.S. Bankruptcy Code, applicable bankruptcy laws may limit our ability to terminate our contract with such customer solely because of the bankruptcy or recover any amounts owed to us under our agreements with such customer. In addition, applicable bankruptcy laws could allow the customer to reject and terminate its agreement with us, with limited ability for us to collect the full amount of our damages. Our business, including our revenue and cash available to service our indebtedness, could be adversely affected if any of our significant customers were to become bankrupt or insolvent.

A significant percentage of our customer leases expire each year or are on a month-to-month basis, and most of our leases contain early termination provisions. If leases with our customers are not renewed on the same or more favorable terms or are terminated early by our customers, our business, financial condition and results of operations could be substantially harmed.

Our customers may not renew their leases following expiration. This risk is increased by the significant percentage of our customer leases that expire every year. As of March 31, 2013, leases representing 37%, 13% and 16% of the annualized rent for our portfolio will expire during 2013, 2014 and 2015, respectively, and an additional 5% of the annualized rent for our portfolio was from month-to-month leases. While historically we have retained a significant number of our customers, including those leasing from us on a month-to-month basis, upon expiration our customers may elect not to renew their leases or renew their leases at lower rates, for fewer services or for shorter terms. If we are unable to successfully renew or continue our customer leases on the same or more favorable terms or subsequently re-lease available data center space when such leases expire, our business, financial condition and results of operations could be adversely affected.

In addition, most of our leases contain early termination provisions that allow our customers to reduce the term of their leases subject to payment of an early termination charge that is often a specified portion of the remaining rent payable on such leases. Leases representing approximately 21% of our annualized rent as of March 31, 2013 require payment of less than 50% of the remaining rental payment due on the applicable lease. The exercise by customers of early termination options could have an adverse effect on our business, financial condition and results of operations. See [Business and Properties](#) Lease Expirations.

We generate a substantial portion of our revenue by servicing a limited geographic area, which makes us more susceptible to regional economic downturns.

Our portfolio of properties consists primarily of data centers geographically concentrated in cities in Ohio and Texas. These markets comprised 38% and 59%, respectively, of our annualized rent as of March 31, 2013. As such, we are susceptible to local economic conditions and the supply of, and demand for, data center space in these markets. If there is a downturn in the economy, a natural disaster or an oversupply of, or decrease in demand for, data centers in these markets, our business could be adversely affected to a greater extent than if we owned a real estate portfolio that was more diversified in terms of both geography and industry focus.

Even if we have additional space available for lease at any one of our data centers, our ability to lease this space to existing or new customers could be constrained by our ability to provide sufficient electrical power.

Customers are increasing their use of high-density electrical power equipment in our data centers, which has significantly increased the demand for power. As current and future customers increase their power footprint in our facilities over time, the corresponding reduction in available power could limit our ability to increase occupancy rates or network density within our existing facilities. In addition, our power and cooling systems are difficult and expensive to upgrade. Accordingly, we may not be able to efficiently upgrade or change these systems to meet new demands without incurring significant costs that we may not be able to pass on to our customers.

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We do not own all of the buildings in which our data centers are located. Instead, we lease or sublease certain of our data center spaces and the ability to retain these leases or subleases could be a significant risk to our ongoing operations.

We do not own 14 buildings that account for approximately 600,000 NRSF, or approximately 36% of our total operating NRSF. These leased buildings accounted for 37% of our total annualized rent as of March 31, 2013. Our business could be harmed if we are unable to renew the leases for these data centers on favorable terms or at all. Additionally, in several of our smaller facilities we sublease our space, and our rights under these subleases are dependent on our sublandlord retaining its rights under the prime lease. The weighted average remaining term for such leases and subleases is approximately nine years, or approximately 20 years after giving effect to our contractual renewal rights. When the primary terms of our existing leases expire, we generally have the right to extend the terms of our leases for one or more renewal periods, subject to, in the case of several of our subleases, our sublandlord renewing its term under the prime lease. For four of these leases and subleases, the renewal rent will be determined based on the fair market value of rental rates for the property, and the then prevailing rental rates may be higher than the current rental rates under the applicable lease. The rent for the remaining leases and subleases will be based on a fixed percentage increase over the base rent during the year immediately prior to expiration. Several of our data centers are leased or subleased from other data center companies, which may increase our risk of non-renewal or renewal on less than favorable terms. If renewal rates are less favorable than those we currently have, we may be required to increase revenues within existing data centers to offset such increase in lease payments. Failure to increase revenues to sufficiently offset these projected higher costs would adversely impact our operating income. Upon the end of our renewal options, we would have to renegotiate our lease terms with the applicable landlords. See Business and Properties Facility Leasing Arrangements.

Additionally, if we are unable to renew the lease at any of our data centers, we could lose customers due to the disruptions in their operations caused by the relocation. We could also lose those customers that choose our data centers based on their locations. In addition, it is not typical for us to relocate data center infrastructure equipment, such as generators, power distribution units and cooling units, from their initial installation. The costs of relocating such equipment to a different data centers could be prohibitive and, as such, we could lose the value of this equipment. For these reasons, any lease that cannot be renewed could adversely affect our business, financial condition and results of operations.

Any losses to our properties that are not covered by insurance, or that exceed our policy coverage limits, could adversely affect our business, financial condition and results of operations.

The properties in our portfolio are subject to casualty risks, including from causes related to riots, war, terrorism or acts of God. For example, our properties located in Texas are generally subject to risks related to tropical storms, hurricanes and other severe weather and floods, and our properties located in the Midwest are generally subject to risks related to earthquakes, tornados and other severe weather. While we carry commercial liability, fire, extended coverage, earthquake, business interruption and rental loss insurance covering all of the properties in our portfolio under a blanket policy, the amount of insurance coverage may not be sufficient to fully cover the losses we suffer.

If we experience a loss that is uninsured or that exceeds our policy coverage limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties were subject to recourse indebtedness, we could continue to be liable for the indebtedness even if these properties were irreparably damaged.

In addition, even if damage to our properties is covered by insurance, a disruption of our business caused by a casualty event may result in the loss of business or customers. The business interruption insurance we carry may not fully compensate us for the loss of business or customers due to an interruption caused by a casualty event.

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A disruption in the financial markets may make it more difficult to evaluate the stability, net assets and capitalization of insurance companies and any insurer's ability to meet its claim payment obligations. A failure of an insurance company to make payments to us upon an event of loss covered by an insurance policy could adversely affect our business, financial condition and results of operations.

Our properties may not be adequately covered by title insurance.

We generally intend to seek title insurance policies on material properties of our portfolio, and we are obligated to have title insurance policies in connection with our revolving credit facility. Any title insurance coverage we do obtain may not insure certain properties. We do not intend to increase our title insurance coverage if the market value of our portfolio increases. A failure to obtain title insurance in sufficient amounts could adversely affect our business, financial condition and results of operations.

Any failure of our physical infrastructure or services could lead to significant costs and disruptions that could reduce our revenues and harm our brand and reputation.

Our business depends on providing customers with a highly reliable data center environment. We may fail to provide such service as a result of numerous factors, including:

human error;

unexpected equipment failure;

power loss or telecommunications failures;

improper building maintenance by our landlords in the buildings that we lease;

physical or electronic security breaches;

fire, tropical storm, hurricane, tornado, flood, earthquake and other natural disasters;

water damage;

war, terrorism and any related conflicts or similar events worldwide; and

sabotage and vandalism.

Problems at one or more of our data centers, whether or not within our control, could result in service interruptions or equipment damage. Substantially all of our leases include terms requiring us to meet certain service level commitments primarily in terms of electrical output to, and maintenance of environmental conditions in, the data center raised floor space leased by customers. Any failure to meet these commitments or any equipment damage in our data centers, including as a result of mechanical failure, power outage, human error on our part or other reasons, could subject us to liability under our lease terms, including service level credits against customer rent payments, or, in certain cases of repeated failures, the right by the customer to terminate the lease. For example, although our data center facilities are engineered to reliably power and cool our customers' computing equipment, it is possible that an outage could adversely affect a facility's power and cooling capabilities. Depending on the frequency and duration of these outages, the affected customers may have the right to terminate their lease, which could have a negative impact on our business. We may also be required to expend significant financial resources to protect against physical or cyber

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security breaches that could result in the misappropriation of our proprietary information or the information of our customers. We may not be able to implement security measures in a timely manner or, if and when implemented, these measures might be circumvented. Service interruptions, equipment failures or security breaches may also expose us to additional legal liability and damage our brand and reputation, and could cause our customers to terminate or not renew their leases. In addition, we may be unable to attract new customers if we have a reputation for significant or frequent service disruptions, equipment failures or physical or cyber security breaches in our data centers. Any such failures could adversely affect our business, financial condition and results of operations.

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Our growth depends on the development of our properties and our ability to successfully lease those properties, and any delays or unexpected costs associated with such projects or the ability to lease such properties may harm our growth prospects, future business, financial condition and results of operations.

Our growth depends in part upon successfully developing properties into operating data center space. Current and future development projects will involve substantial planning, allocation of significant company resources and certain risks, including risks related to financing, zoning, regulatory approvals, construction costs and delays. These projects will also require us to carefully select and rely on the experience of one or more general contractors and associated subcontractors during the construction process. Should a general contractor or significant subcontractor experience financial or other problems during the construction process, we could experience significant delays, increased costs to complete the project and other negative impacts to our expected returns.

Site selection is also a critical factor in our expansion plans, and there may not be suitable properties available in our markets at a location that is attractive to our customers and has the necessary combination of access to multiple network providers, a significant supply of electrical power, high ceilings and the ability to sustain heavy floor loading. Furthermore, while we may prefer to locate new data centers adjacent to our existing data centers, we may be limited by the inventory and location of suitable properties.

In addition, in developing new properties, we will be required to secure an adequate supply of power from local utilities, which may include unanticipated costs. For example, we could incur increased costs to develop utility substations on our properties in order to accommodate our power needs. Any inability to secure an appropriate power supply on a timely basis or on acceptable financial terms could adversely affect our ability to develop the property on an economically feasible basis, or at all.

These and other risks could result in delays or increased costs or prevent the completion of our development projects and growth of our business, which could adversely affect our business, financial condition and results of operations.

In addition, we have in the past undertaken development projects prior to obtaining commitments from customers to lease the related data center space. We will likely choose to undertake future development projects under similar terms. Such development involves the risk that we will be unable to attract customers to the relevant properties on a timely basis or at all. If we are unable to attract customers and our properties remain vacant or underutilized for a significant amount of time, our business, financial condition and results of operations could be adversely affected.

We are dependent upon third-party suppliers for power and certain other services, and we are vulnerable to service failures of our third-party suppliers and to price increases by such suppliers.

We rely on third party local utilities to provide power to our data centers. We are therefore subject to an inherent risk that such local utilities may fail to deliver such power in adequate quantities or on a consistent basis, and our recourse against the utility and ability to control such failures may be limited. If power delivered from the local utility is insufficient or interrupted, we would be required to provide power through the operation of our on-site generators, generally at a significantly higher operating cost than we would pay for an equivalent amount of power from the local utility. We may not be able to pass on the higher cost to our customers. In addition, if the generator power were to fail, we would generally be subject to paying service level credits to our customers, who may in certain instances have the right to terminate their leases. Furthermore, any sustained loss of power could reduce the confidence of our customers in our services thereby impairing our ability to attract and retain customers, which would adversely affect both our ability to generate revenues and our results of operations.

In addition, even when power supplies are adequate, we may be subject to pricing risks and unanticipated costs associated with obtaining power from various utility companies. While we actively seek to lock-in utility rates, many factors beyond our control may increase the rate charged by the local utility. For instance, municipal

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utilities in areas experiencing financial distress may increase rates to compensate for financial shortfalls unrelated to either the cost of production or the demand for electricity. Utilities may be dependent on, and be sensitive to price increases for, a particular type of fuel, such as coal, oil or natural gas. In addition, the price of these fuels and the electricity generated from them could increase as a result of proposed legislative measures related to climate change or efforts to regulate carbon emissions. In any of these cases, increases in the cost of power at any of our data centers could put those locations at a competitive disadvantage relative to data centers served by utilities that can provide less expensive power. These pricing risks are particularly acute with respect to our customer leases that are structured on a full-service gross basis, where the customer pays a fixed amount for both colocation rental and power. Our business, financial condition and results of operations could be adversely affected in the event of an increase in utility rates under these leases, which, as of March 31, 2013, accounted for approximately 41% of our leased NRSF, because we may be limited in our ability to pass on such costs to these customers.

We depend on third parties to provide network connectivity to the customers in our data centers, and any delays or disruptions in connectivity may adversely affect our business, financial condition and results of operations.

Our customers require connectivity to the fiber networks of multiple third-party telecommunications carriers. In order for us to attract and retain customers, our data centers need to provide sufficient access for customers to connect to those carriers. While we provide space and facilities in our data centers for carriers to locate their equipment and connect customers to their networks, any carrier may elect not to offer its services within our data centers or may elect to discontinue its service. Furthermore, carriers may periodically experience business difficulties which could affect their ability to provide telecommunications services, or the service provided by a carrier may be inadequate or of poor quality. If carriers were to terminate connectivity within our data centers or if connectivity were to be degraded or interrupted, it could put that data center at a competitive disadvantage versus a competitor's data center that does provide adequate connectivity. A material loss of adequate third-party connectivity could have an adverse effect on the businesses of our customers and, in turn, our own results of operations and cash flow.

Furthermore, each new data center that we develop requires significant amounts of capital to be expended by third-party telecommunications carriers for the construction and operation of a sophisticated redundant fiber network. The construction required to connect multiple carrier facilities to our data centers is complex and involves factors outside of our control, including regulatory requirements, the availability of construction resources and the sufficiency of such third-party telecommunications carriers' financial resources to fund the construction. If the establishment of highly diverse network connectivity to our data centers does not occur, is materially delayed, is discontinued or is subject to failure, our ability to attract new customers or retain existing customers may be negatively affected and, as a result our results of operations and cash flow may be adversely affected. Any hardware or fiber failures on this network may result in significant loss of connectivity to our data centers, which could negatively affect our ability to attract new customers or retain existing customers.

The loss of access to key third-party technical service providers and suppliers could adversely affect our current and any future development projects.

Our success depends, to a significant degree, on having timely access to certain key third-party technical personnel who are in limited supply and great demand, such as engineering firms and construction contractors capable of developing our properties, and to key suppliers of electrical and mechanical equipment that complement the design of our data center facilities. For any future development projects, we will continue to rely on these personnel and suppliers to develop data centers. Competition for such technical expertise is intense, and there are a limited number of electrical and mechanical equipment suppliers that design and produce the equipment that we require. We may not always have or retain access to such key service providers and equipment suppliers, which could adversely affect our current and any future development projects.

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The long sales cycle for data center services may adversely affect our business, financial condition and results of operations.

A customer's decision to lease space in one of our data centers and to purchase additional services typically involves a significant commitment of resources, significant contract negotiations regarding the service level commitments, and significant due diligence on the part of the customer regarding the adequacy of our facilities, including the adequacy of carrier connections. As a result, the sale of data center space has a long sales cycle. Furthermore, we may expend significant time and resources in pursuing a particular sale or customer that may not result in revenue. Our inability to adequately manage the risks associated with the data center sales cycle may adversely affect our business, financial condition and results of operations.

Our international activities are subject to special risks different from those faced by us in the United States, and we may not be able to effectively manage our international business.

Our operations are primarily based in the United States with a more limited presence in the United Kingdom and Southeast Asia. Expanding our international operations involves risks not generally associated with investments in the United States, including:

our limited knowledge of and relationships with sellers, customers, contractors, suppliers or other parties in these markets;

complexity and costs associated with staffing and managing international development and operations;

difficulty in hiring qualified management, sales and construction personnel and service providers in a timely fashion;

problems securing and maintaining the necessary physical and telecommunications infrastructure;

multiple, conflicting and changing legal, regulatory, entitlement and permitting, and tax and treaty environments with which we have limited familiarity;

exposure to increased taxation, confiscation or expropriation;

fluctuations in foreign currency exchange rates, currency transfer restrictions and limitations on our ability to distribute cash earned in foreign jurisdictions to the United States;

longer payment cycles and problems collecting accounts receivable;

laws and regulations on content distributed over the Internet that are more restrictive than those in the United States;

difficulty in enforcing agreements in non-U.S. jurisdictions, including those entered into in connection with our acquisitions or in the event of a default by one or more of our customers, suppliers or contractors;

political and economic instability, including sovereign credit risk, in certain geographic regions; and

exposure to restrictive foreign labor law practices.

Our inability to overcome these risks could adversely affect our foreign operations and growth prospects and could harm our business, financial condition and results of operations.

We may be unable to identify and complete acquisitions and successfully operate acquired properties.

We continually evaluate the market for available properties and may acquire data centers or properties suited for data center development when opportunities exist. Our ability to acquire properties on favorable terms and successfully develop and operate them involves significant risks, including:

we may be unable to acquire a desired property because of competition from other data center companies or real estate investors with more capital;

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even if we are able to acquire a desired property, competition from other potential acquirers may significantly increase the purchase price of such property;

we may be unable to realize the intended benefits from acquisitions or achieve anticipated operating or financial results;

we may be unable to finance the acquisition on favorable terms or at all;

we may underestimate the costs to make necessary improvements to acquired properties;

we may be unable to quickly and efficiently integrate new acquisitions into our existing operations resulting in disruptions to our operations or the diversion of our management's attention;

acquired properties may be subject to reassessment, which may result in higher than expected tax payments;

we may not be able to access sufficient power on favorable terms or at all; and

market conditions may result in higher than expected vacancy rates and lower than expected rental rates.

If we are unable to successfully acquire, develop and operate data center properties, our ability to grow our business, compete and meet market expectations will be significantly impaired.

Our customers may choose to develop new data centers or expand their own existing data centers, which could result in the loss of one or more key customers or reduce demand for our newly developed data centers.

In the future, our customers may choose to develop new data centers or expand or consolidate into their existing data centers that we do not own. In the event that any of our key customers were to do so, it could result in a loss of business to us or put pressure on our pricing. If we lose a customer, we cannot assure you that we would be able to replace that customer at a competitive rate or at all, which could adversely affect our business, financial condition and results of operations.

A decrease in the demand for data center space could adversely affect our business, financial condition and results of operations.

Our portfolio of properties consists primarily of data center space. A decrease in the demand for data center space would have a greater adverse effect on our business, financial condition and results of operations than if we owned a portfolio with a more diversified customer base or less specialized use. Adverse developments in the outsourced data center space industry could lead to reduced corporate IT spending or reduced demand for outsourced data center space. Changes in industry practice or in technology, such as server virtualization technology, more efficient or miniaturization of computing or networking devices, or devices that require higher power densities than today's devices, could also reduce demand for the physical data center space we provide or make the customer improvements in our facilities obsolete or in need of significant upgrades to remain viable.

We may have difficulty managing our growth.

We have significantly and rapidly expanded the size of our Company. For example, we increased our footprint by 39% from approximately 1,240,000 NRSF at the beginning of 2011 to approximately 1,716,000 NRSF by December 31, 2012. Our growth may significantly strain our management, operational and financial resources and systems. An inability to manage our growth effectively or the increased strain on our management, our resources and systems could materially adversely affect our business, financial condition and results of operations.

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To fund our growth strategy and refinance our indebtedness, we depend on external sources of capital, which may not be available to us on commercially reasonable terms or at all.

In order to maintain its qualification as a REIT, CyrusOne is required under the Code, among other things, to distribute at least 90% of its REIT taxable income annually, determined without regard to the dividends paid deduction and excluding any net capital gains. Even if CyrusOne maintains its qualification as a REIT, it will be subject to U.S. federal income tax at regular corporate rates to the extent that it distributes less than 100% of its REIT taxable income, determined without regard to the dividends paid deduction and including any net capital gains, as well as U.S. federal income tax at regular corporate rates for income recognized by its taxable REIT subsidiaries (each a "TRS"). Because of these distribution requirements, we will likely not be able to fund future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, we intend to rely on third-party capital markets sources for debt or equity financing to fund our growth strategy. In addition, we may need third-party capital markets sources to refinance our indebtedness at maturity. Continued or increased turbulence in the U.S., European and other international financial markets and economies may adversely affect our ability to replace or renew maturing liabilities on a timely basis, access the capital markets to meet liquidity and capital expenditure requirements and may result in adverse effects on our business, financial condition and results of operations. As such, we may not be able to obtain the financing on favorable terms or at all. Our access to third-party sources of capital also depends, in part, on:

the market's perception of our growth potential;

our then-current debt levels;

our historical and expected future earnings, cash flow and cash distributions; and

the market price per share of CyrusOne's common stock.

In addition, our ability to access additional capital may be limited by the terms of our then-existing indebtedness which may restrict our incurrence of additional debt. If we cannot obtain capital when needed, we may not be able to acquire or develop properties when strategic opportunities arise or refinance our debt at maturity, which could adversely affect our business, financial condition and results of operations.

We may become subject to litigation or threatened litigation which may divert management time and attention, require us to pay damages and expenses or restrict the operation of our business.

We may become subject to disputes with commercial parties with whom we maintain relationships or other parties with whom we do business, including as a result of any breach in our security systems or downtime in our critical electrical and cooling systems. Any such dispute could result in litigation between us and the other parties. Whether or not any dispute actually proceeds to litigation, we may be required to devote significant management time and attention to its resolution (through litigation, settlement or otherwise), which would detract from our management's ability to focus on our business. Any such resolution could involve the payment of damages or expenses by us, which may be significant. In addition, any such resolution could involve our agreement with terms that restrict the operation of our business.

We could incur significant costs related to environmental matters.

We are subject to laws and regulations relating to the protection of the environment, including those governing the management and disposal of hazardous materials, the cleanup of contaminated sites and health and safety matters. We could incur significant costs, including fines, penalties and other sanctions, cleanup costs and third-party claims for property damages or personal injuries, as a result of violations of or liabilities under environmental laws and regulations. Some environmental laws impose liability on current owners or operators of property regardless of fault or the lawfulness of past disposal activities. For example, many of our sites contain above ground fuel storage tanks and, in some cases, currently contain or formerly contained underground fuel storage tanks, for back-up generator use. Some of our sites also have a history of previous commercial operations. We also may acquire or develop sites in the future with unknown environmental conditions from

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historical operations. Although we are not aware of any sites at which we currently have material remedial obligations, the imposition of remedial obligations as a result of spills or the discovery of contaminants in the future could result in significant additional costs. We also could incur significant costs complying with current environmental laws or regulations or those that are promulgated in the future.

We may be adversely affected by regulations related to climate change.

If we, or other companies with which we do business, become subject to existing or future laws and regulations related to climate change, our business could be impacted adversely. For example, in the normal course of business, we enter into agreements with providers of electric power for our data centers, and the costs of electric power comprise a significant component of our operating expenses. Changes in regulations that affect electric power providers, such as regulations related to the control of greenhouse gas emissions or other climate change related matters, could adversely affect the costs of electric power and increase our operating costs and may adversely affect our business, financial condition and results of operations or those of our customers.

We may be subject to unknown or contingent liabilities related to properties or businesses that we acquire for which we may have limited or no recourse against the sellers.

Assets and entities that we have acquired or may acquire in the future, including the properties contributed to us by CBI, may be subject to unknown or contingent liabilities for which we may have limited or no recourse against the sellers or CBI. Unknown or contingent liabilities might include liabilities for clean-up or remediation of environmental conditions, claims of customers, vendors or other persons dealing with the acquired entities, tax liabilities and other liabilities whether incurred in the ordinary course of business or otherwise. In the future we may enter into transactions with limited representations and warranties or with representations and warranties that do not survive the closing of the transactions, in which event we would have no or limited recourse against the sellers of such properties. While we usually require the sellers to indemnify us with respect to breaches of representations and warranties that survive, such indemnification (including the indemnification by CBI) is often limited and subject to various materiality thresholds, a significant deductible or an aggregate cap on losses.

As a result, there is no guarantee that we will recover any amounts with respect to losses due to breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses that we may incur with respect to liabilities associated with acquired properties and entities may exceed our expectations, which may adversely affect our business, financial condition and results of operations. Finally, indemnification agreements between us and the sellers typically provide that the sellers will retain certain specified liabilities relating to the assets and entities acquired by us. While the sellers are generally contractually obligated to pay all losses and other expenses relating to such retained liabilities, there can be no guarantee that such arrangements will not require us to incur losses or other expenses as well.

CyrusOne has no operating history as a REIT or an independent public company, and its inexperience may impede its ability to successfully manage its business or implement effective internal controls.

CyrusOne has no operating history as a REIT. Similarly, while CyrusOne formerly operated as a subsidiary of a public company, and key members of its management team have served in leadership roles of public companies, it has no operating history as an independent public company. We cannot assure you that CyrusOne's past experience will be sufficient to successfully operate itself as a REIT or an independent public company. Even though CyrusOne is an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act) and therefore may take advantage of various exemptions to public reporting requirements (see CyrusOne is an emerging growth company, and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will have a negative impact on potential investors), it will still be required to implement substantial control systems and procedures in order to maintain its qualification as a REIT, satisfy its periodic and current reporting requirements under applicable SEC regulations and comply with the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act), the Dodd-Frank Wall

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Street Reform and Consumer Protection Act of 2010 (Dodd-Frank) and NASDAQ Global Select Market listing standards. As a result, it will incur significant legal, accounting and other expenses that it has not previously incurred, particularly after it is no longer an emerging growth company, and its management and other personnel will need to devote a substantial amount of time to comply with these rules and regulations and establish the corporate infrastructure and controls demanded of a publicly traded REIT. These costs and time commitments could be substantially more than we currently expect. Therefore, CyrusOne's historical financial statements may not be indicative of future costs and performance as a stand-alone company. If CyrusOne's finance and accounting organization is unable for any reason to respond adequately to the increased demands that will result from being an independent public company, the quality and timeliness of its financial reporting may suffer, and it could experience significant deficiencies or material weaknesses in disclosure controls and procedures or internal control over financial reporting.

In CyrusOne's Form S-11 filings a significant deficiency, as defined in the U.S. Public Company Accounting Oversight Board Standard AU Section 325, related to CyrusOne's internal control over financial reporting, was identified. This significant deficiency related to IT controls over change management process and logical access to general ledger system. Measures were taken to remediate the significant deficiency. As of December 31, 2012, these measures have been fully implemented, and CyrusOne has concluded that these deficiencies have been fully remediated.

An inability to establish effective disclosure controls and procedures and internal control over financial reporting or remediate deficiencies could cause CyrusOne to fail to meet its reporting obligations under the Securities Exchange Act of 1934, as amended (the Exchange Act), or result in material weaknesses, material misstatements or omissions in its Exchange Act reports, any of which could cause investors to lose confidence in our company and could adversely affect our business, financial condition and results of operations and the trading price of CyrusOne's common stock.

We face significant competition and may be unable to lease vacant space, renew existing leases or re-lease space as leases expire, which may adversely affect our business, financial condition and results of operations.

We compete with numerous developers, owners and operators of technology-related real estate and data centers, many of which own properties similar to ours in the same markets, as well as various other public and privately held companies that may provide data center colocation as part of a more expansive managed services offering, and local developers. In addition, we may face competition from new entrants into the data center market. Some of our competitors may have significant advantages over us, including greater name recognition, longer operating histories, lower operating costs, pre-existing relationships with current or potential customers, greater financial, marketing and other resources, and access to less expensive power. These advantages could allow our competitors to respond more quickly to strategic opportunities or changes in our industries or markets. If our competitors offer data center space that our existing or potential customers perceive to be superior to ours based on numerous factors, including power, security considerations, location or network connectivity, or if they offer rental rates below our or current market rates, we may lose existing or potential customers, incur costs to improve our properties or be forced to reduce our rental rates.

The loss of any of our key personnel, including our executive officers or key sales associates, could adversely affect our business, financial condition and results of operations.

Our success will continue to depend to a significant extent on our executive officers and key sales associates. Each of our executive officers has a national or regional industry reputation that attracts business and investment opportunities and assists us in negotiations with lenders, existing and potential customers and industry personnel. The loss of key sales associates could hinder our ability to continue to benefit from existing and potential customers. We cannot provide any assurance that we will be able to retain our current executive officers or key sales associates. The loss of any of these individuals could adversely affect our business, financial condition and results of operations.

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Our data center infrastructure may become obsolete, and we may not be able to upgrade our power and cooling systems cost-effectively, or at all.

The markets for the data centers we own and operate, as well as the industries in which our customers operate, are characterized by rapidly changing technology, evolving industry standards, frequent new service introductions, shifting distribution channels and changing customer demands. Our data center infrastructure may become obsolete due to the development of new systems to deliver power to or eliminate heat from the servers that we house. Additionally, our data center infrastructure could become obsolete as a result of the development of new server technology that does not require the levels of critical load and heat removal that our facilities are designed to provide and could be run less expensively on a different platform. In addition, our power and cooling systems are difficult and expensive to upgrade. Accordingly, we may not be able to efficiently upgrade or change these systems to meet new demands without incurring significant costs that we may not be able to pass on to our customers. The obsolescence of our power and cooling systems could have a material negative impact on our business, financial condition and results of operations.

Declining real estate valuations and impairment charges could adversely affect our earnings and financial condition.

We review each of our properties for indicators that its carrying amount may not be recoverable. Examples of such indicators may include a significant decrease in market price, a significant adverse change in the extent or manner the property is being used or in its physical condition, an accumulation of costs significantly in excess of the amount originally expected for the acquisition or development, or a history of operating or cash flow losses. When such impairment indicators exist, we review an estimate of the future undiscounted net cash flows (excluding interest charges) expected to result from the real estate investment's use and eventual disposition and compare to the carrying value of the property. We consider factors such as future operating income, trends and prospects, as well as the effects of leasing demand, competition and other factors. If our future undiscounted net cash flow evaluation indicates that we are unable to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair value of the property. These losses have a direct impact on our net income because recording an impairment loss results in an immediate negative adjustment to net income. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results in future periods. A worsening real estate market may cause us to re-evaluate the assumptions used in our impairment analysis. Impairment charges could adversely affect our business, financial condition and results of operations.

CyrusOne is an emerging growth company, and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will have a negative impact on potential investors.

CyrusOne is an emerging growth company as defined in the JOBS Act. CyrusOne will remain an emerging growth company until the earliest to occur of (i) the last day of the fiscal year during which its total annual revenue equals or exceeds \$1 billion (subject to adjustment for inflation), (ii) the last day of the fiscal year following the fifth anniversary of CyrusOne's initial offering, (iii) the date on which it has, during the previous three-year period, issued more than \$1 billion in non-convertible debt or (iv) the date on which it is deemed to be a large accelerated filer under the Exchange Act. CyrusOne may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including but not limited to, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We cannot predict if CyrusOne's reliance on these exemptions will have a negative impact on potential investors.

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Risks Related to the Real Estate Industry

Our performance and value are subject to risks associated with real estate assets and with the real estate industry.

Our ability to service our indebtedness, including the Notes depends on our ability to generate revenues in excess of expenses, and capital expenditure requirements. Events and conditions generally applicable to owners and operators of real property that are beyond our control may decrease cash available for distribution to you and the value of our properties. These events include:

local oversupply, increased competition or reduction in demand for technology-related space;

inability to collect rent from customers;

vacancies or our inability to rent space on favorable terms;

inability to finance property development and acquisitions on favorable terms;

increased operating costs to the extent not paid for by our customers;

costs of complying with changes in governmental regulations;

the relative illiquidity of real estate investments, especially the specialized real estate properties that we hold and seek to acquire and develop; and

changing submarket demographics.

Illiquidity of real estate investments, particularly our data centers, could significantly impede our ability to respond to adverse changes in the performance of our properties, which could harm our financial condition.

Because real estate investments are relatively illiquid, our ability to promptly sell one or more properties in our portfolio in response to adverse changes in the real estate market or in the performance of such properties may be limited, thus harming our financial condition. The real estate market is affected by many factors that are beyond our control, including:

adverse changes in national and local economic and market conditions;

changes in interest rates and in the availability, cost and terms of debt financing;

changes in governmental laws and regulations, fiscal policies and zoning ordinances and costs of compliance therewith;

the ongoing cost of capital improvements that are not passed on to our customers, particularly in older structures;

changes in operating expenses; and

civil unrest, acts of war, terrorism and natural disasters, including fires, earthquakes, tropical storms, hurricanes, and floods, which may result in uninsured and underinsured losses.

The risks associated with the illiquidity of real estate investments are even greater for our data center properties. Our data centers are highly specialized real estate assets containing extensive electrical and mechanical systems that are uniquely designed to house and maintain our customers' equipment, and, as such, have little, if any, traditional office space. As a result, most of our data centers are not suited for use by customers as anything other than as data centers and major renovations and expenditures would be required in order for us to re-lease data center space for more traditional commercial or industrial uses, or for us to sell a property to a buyer for use other than as a data center.

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Risks Related to Our Organizational Structure

As of May 1, 2013 CBI owned 8.5% of CyrusOne's outstanding shares of common stock and a majority of our operating partnership units and has the right to nominate three CyrusOne directors. CBI's interests may differ from or conflict with the interests of the noteholders.

As of May 1, 2013 CBI owned 8.5% of CyrusOne's outstanding shares of common stock and 66.1% of the operating partnership's outstanding operating partnership units, which, if exchanged for shares of CyrusOne's common stock, would represent an additional approximately 60.4% interest in CyrusOne's common stock. In general, CBI's interest in the operating partnership will entitle it to share in cash distributions from, and in the profits and losses of, the operating partnership in proportion to its percentage ownership. In addition, the operating partnership agreement of CyrusOne LP grants CBI the right to nominate (i) if there is an even number of directors, 50% of the number of directors minus one; or (ii) if there is an odd number of directors, 50% of the number of directors minus 0.5. If, in connection with a redemption request, a significant portion of CBI's operating partnership units are exchanged for shares of CyrusOne's common stock, CBI could have the ability to elect a majority of CyrusOne's directors.

Pursuant to the terms of the operating partnership agreement of CyrusOne LP, subject to certain exceptions, as long as CBI and entities controlled by CBI own at least 20% of the outstanding operating partnership units of CyrusOne LP, CBI's consent will be required in order for the general partner to undertake certain actions, including: amending or terminating the partnership agreement of CyrusOne LP, transferring its general partnership interest or admitting an additional or successor general partner, withdrawing as a general partner, approving on behalf of CyrusOne LP a general assignment for the benefit of creditors or instituting a proceeding for bankruptcy by CyrusOne LP, or approving on behalf of CyrusOne LP a merger, consolidation or certain other change of control transactions.

As a result, CBI has the ability to exercise significant influence over our company, including with respect to decisions relating to our capital structure, issuing additional shares of CyrusOne's common stock or other equity securities, making distributions, incurring additional debt, making acquisitions, selling properties or other assets, merging with other companies and undertaking other extraordinary transactions. In any of these matters, the interests of CBI may differ from or conflict with the interests of the noteholders.

The Chairman of CyrusOne's board of directors is also the former President and Chief Executive Officer and is the current Vice Chairman of the Board of Directors of CBI. In addition, the ownership by directors and executive officers of CyrusOne of common stock of CBI, options and other instruments, the value of which is related to the value of common stock of CBI, which could create, or appear to create, conflicts of interest that could result in our not acting on opportunities on which we would otherwise act.

The Chairman of CyrusOne's board of directors is the former President and Chief Executive Officer and is the current Vice Chairman of the board of directors of CBI. In addition, CyrusOne's directors and executive officers own a substantial amount of CBI common stock, options and other instruments, the value of which is related to the value of common stock of CBI. The direct and indirect interests of CyrusOne's directors and executive officers in common stock of CBI, and us, could create, or appear to create, conflicts of interest with respect to decisions involving both CyrusOne and CBI that could have different implications for CBI than they do for us. These decisions could, for example, relate to:

disagreement over corporate opportunities;

competition between CBI and us;

management stock ownership;

employee retention or recruiting;

CyrusOne's distribution policy; and

the services and arrangements from which we benefit as a result of our relationship with CBI.

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Potential conflicts of interest could also arise if we enter into any new commercial arrangements with CBI in the future, or if CBI decides to compete with us in any of our product categories. CyrusOne's directors and executive officers who have interests in both CBI and us may also face conflicts of interest with regard to the allocation of their time between CBI and us.

As a result of any such conflicts of interest, we may be precluded from certain opportunities on which we would otherwise act, including growth opportunities, which may negatively affect our business, financial condition and results of operations.

We assumed liabilities in connection with the formation transactions, including unknown liabilities.

As part of the formation transactions, we assumed existing liabilities of the data center business of CBI, including, but not limited to, liabilities in connection with our properties, some of which may be unknown or unquantifiable. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims of tenants, vendors or other persons dealing with the entities, tax liabilities, and accrued but unpaid liabilities whether incurred in the ordinary course of business or otherwise. In connection with the formation transactions, the Contributors have made certain limited representations and warranties to us regarding potential material adverse impacts on the properties and entities acquired by us in the formation transactions and agreed to indemnify us with respect to claims for breaches of those representations and warranties brought by us within one year of the completion of the formation transactions. However, such indemnification generally is limited to 10% of the consideration paid to CBI and its affiliates in the formation transactions and, with respect to issues at any particular property, 10% of the consideration paid to CBI and its affiliates with respect to such property, and is subject to a 1% deductible. Accordingly, such indemnification may not be sufficient to cover all liabilities assumed, and we are not entitled to indemnification from any other sources in connection with the formation transactions. In addition, because many liabilities, including tax liabilities, may not be identified within such period, we may have no recourse against the Contributors for these liabilities.

Risks Related to Status as a REIT

If CyrusOne does not qualify as a REIT or fails to remain qualified as a REIT, it will be subject to U.S. federal income tax as a regular corporation and could face a substantial tax liability, which could adversely affect our ability to raise capital or service the Notes.

We intend to continue to operate in a manner that will allow CyrusOne to qualify as a REIT commencing with its taxable year ending December 31, 2013. We have received an opinion of our special REIT tax counsel (Special Tax Counsel), with respect to CyrusOne's qualification as a REIT in connection with CyrusOne's initial public offering. Investors should be aware, however, that opinions of counsel are not binding on the Internal Revenue Service (IRS) or any court. The opinion of Special Tax Counsel represents only the view of Special Tax Counsel based on its review and analysis of existing law and on certain representations as to factual matters and covenants made by us, including representations relating to the values of our assets and the sources of our income. The opinion is expressed as of the date issued. Special Tax Counsel will have no obligation to advise us or the holders of CyrusOne's common stock of any subsequent change in the matters stated, represented or assumed or of any subsequent change in applicable law. Furthermore, both the validity of the opinion of Special Tax Counsel and CyrusOne's qualification as a REIT will depend on its satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis, the results of which will not be monitored by Special Tax Counsel.

We have received a private letter ruling from the IRS with respect to certain issues relevant to CyrusOne's qualification as a REIT. In general, the ruling provides, subject to the terms and conditions contained therein, that certain structural components of our properties (e.g., relating to the provision of electricity, heating, ventilation and air conditioning, regulation of humidity, security and fire protection, and telecommunication services) and intangible assets, and certain services that we or CBI may provide, directly or through subsidiaries, to our

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tenants, will not adversely affect CyrusOne's qualification as a REIT. Although CyrusOne may generally rely upon the ruling, no assurance can be given that the IRS will not challenge CyrusOne's qualification as a REIT on the basis of other issues or facts outside the scope of the ruling.

If CyrusOne were to fail to qualify as a REIT in any taxable year, it would be subject to U.S. federal income tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates, and dividends paid to CyrusOne's stockholders would not be deductible by CyrusOne in computing its taxable income. Such events could adversely affect our ability to raise capital or service the Notes.

REIT distribution requirements could adversely affect our ability to execute our business plan.

CyrusOne generally must distribute annually at least 90% of its REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains, in order for it to qualify as a REIT (assuming that certain other requirements are also satisfied) so that U.S. federal corporate income tax does not apply to earnings that it distributes. To the extent that CyrusOne satisfies this distribution requirement and qualifies for taxation as a REIT but distributes less than 100% of its REIT taxable income, determined without regard to the dividends paid deduction and including any net capital gains, CyrusOne will be subject to U.S. federal corporate income tax on its undistributed net taxable income. In addition, CyrusOne will be subject to a 4% nondeductible excise tax if the actual amount that it distributes to its stockholders in a calendar year is less than a minimum amount specified under U.S. federal tax laws. CyrusOne intends to make distributions to its stockholders to comply with the REIT requirements of the Code.

From time to time, CyrusOne may generate taxable income greater than its cash flow as a result of differences in timing between the recognition of taxable income and the actual receipt of cash or the effect of nondeductible capital expenditures, the creation of reserves or required debt or amortization payments. If CyrusOne does not have other funds available in these situations, we could be required to borrow funds on unfavorable terms, sell assets at disadvantageous prices or distribute amounts that would otherwise be invested in future acquisitions to make distributions sufficient to enable CyrusOne to pay out enough of its taxable income to satisfy the REIT distribution requirement and to avoid corporate income tax and the 4% excise tax in a particular year. These alternatives could increase our costs or reduce our equity. Thus, compliance with the REIT requirements may hinder our ability to grow.

Even if CyrusOne remains qualified as a REIT, we may face other tax liabilities that reduce our cash flow.

Even if CyrusOne remains qualified for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income and assets, including taxes on any undistributed income and state or local income, property and transfer taxes. For example, in order to meet the REIT qualification requirements, we may hold some of our assets or conduct certain of our activities through one or more TRSs or other subsidiary corporations that will be subject to federal, state, and local corporate-level income taxes as regular C corporations. In addition, CyrusOne may incur a 100% excise tax on transactions with a TRS if they are not conducted on an arm's length basis. Any of these taxes could decrease cash available to service the Notes.

Complying with REIT requirements may cause us to liquidate or forgo otherwise attractive opportunities.

To qualify as a REIT, CyrusOne must ensure that, at the end of each calendar quarter, at least 75% of the value of its assets consists of cash, cash items, government securities and real estate assets (as defined in the Code), including certain mortgage loans and securities. The remainder of its investments (other than government securities, qualified real estate assets and securities issued by a TRS) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of its total assets (other than government securities, qualified real estate assets and securities issued by a TRS) can consist of the securities of any one issuer, and no more than 25% of the value of its total assets can be represented by securities of one or

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more TRSs. If CyrusOne fails to comply with these requirements at the end of any calendar quarter, it must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing its REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate or forgo otherwise attractive investments. These actions could have the effect of reducing our income and amounts available to service the Notes.

In addition to the asset tests set forth above, to continue to qualify as a REIT CyrusOne must continually satisfy tests concerning, among other things, the sources of its income, the amounts we distribute to its stockholders and the ownership of its stock. We may be unable to pursue investments that would be otherwise advantageous to us in order to satisfy the source-of-income or asset-diversification requirements for CyrusOne to qualify as a REIT. Thus, compliance with the REIT requirements may hinder our ability to make certain attractive investments.

Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.

Complying with the REIT requirements applicable to CyrusOne may limit our ability to hedge effectively, and may result in certain hedging activities being conducted through taxable subsidiaries that give rise to increased tax costs.

Legislative or other actions could have a negative effect on us.

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Department of the Treasury (the Treasury). Changes to the tax laws or interpretations thereof, with or without retroactive application, could materially and adversely affect the noteholders or us. We cannot predict how changes in the tax laws might affect the noteholders or us. New legislation, Treasury regulations, administrative interpretations or court decisions could significantly and negatively affect CyrusOne's ability to qualify as a REIT or the U.S. federal income tax consequences to us of such qualification.

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	Successor ^(a) January 24, 2013 to March 31, 2013	Predecessor ^(a) January 1, 2013 to January 23, 2013	Year ended December 31,					
			(a)	(b)	(b)	(b)	(b)	(b)
(dollars in millions)			2012	2011	2010	2009	2008	2007
Pre-tax income (loss) from continuing operations before adjustment for noncontrolling interests/minority interests in consolidated subsidiaries or income or loss from equity investees plus fixed charges*	\$ 7.5	\$ (16.8)	\$ 19.9	\$ 39.4	\$ 19.2	\$ 13.5	\$ 7.5	\$ 5.0
Fixed charges:								
Interest expensed and capitalized	8.7	2.6	44.5	35.5	12.0	3.4	2.1	1.9
Appropriate portion of rentals	1.5	0.5	2.9	2.4	1.2	0.3	0.2	0.1
Total fixed charges	10.2	3.1	47.4	37.9	13.2	3.7	2.3	2.0
Ratio of earnings to fixed charges ^{(c)(d)(e)}				1.0	1.5	3.6	3.2	2.5

* Earnings used in computing the ratio of earnings to combined fixed charges consists of income from continuing operations before income taxes, adjustment for noncontrolling interests/minority interests, income/loss from equity method investees, and fixed charges except for capitalized interest.

(a) Consolidated results for the period ended January 24, 2013 to March 31, 2013 and the combined results for the period ended January 1, 2013 to January 23, 2013 and the year ended December 31, 2012 are the same for both CyrusOne Inc. and CyrusOne LP.

(b) Periods represent results of the Predecessor on a carved-out basis from CBI for all respective periods.

(c) For the period ended March 31, 2013 (January 24, 2013 to March 31, 2013), earnings were insufficient to cover fixed charges by \$2.7 million.

(d) For the period ended January 23, 2013 (January 1, 2013 to January 23, 2013), earnings were insufficient to cover fixed charges by \$19.9 million.

(e) For the year ended December 31, 2012, earnings were insufficient to cover fixed charges by \$27.5 million.

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USE OF PROCEEDS

This Exchange Offer is intended to satisfy our obligations under the registration rights agreement entered into in connection with the issuance of the Original Notes. We will not receive any cash proceeds from the issuance of the Exchange Notes in connection with this Exchange Offer.

In consideration for issuing the Exchange Notes as contemplated by this prospectus, we will receive the Original Notes in like principal amount. The Original Notes surrendered and exchanged for the Exchange Notes will be retired and canceled and cannot be reissued.

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SELECTED FINANCIAL INFORMATION AND OTHER DATA OF CYRUSONE INC. AND CYRUSONE LP

The following table sets forth selected financial and operating data of CyrusOne Inc. and CyrusOne LP. As of May 1, 2013, CyrusOne owned approximately 32.9% of the outstanding partnership units of CyrusOne LP, and 100% of the outstanding interests of CyrusOne GP, CyrusOne LP's general partner. Substantially all of CyrusOne's business is conducted through, and all of CyrusOne's interests in property are held by or through, CyrusOne LP. The financial information for the years ended December 31, 2012, 2011, 2010, 2009, and 2008 represents information of the Predecessor, which is the same information for CyrusOne Inc. and CyrusOne LP for the periods presented, unless otherwise noted.

Prior to CyrusOne's initial public offering on January 24, 2013, our company operated as a wholly owned subsidiary of CBI. CBI has operated its Cincinnati-based data center business for over 10 years; in addition, it acquired GramTel, a data center operator in South Bend, Indiana and Chicago, Illinois, for approximately \$20 million in December 2007; and it acquired Cyrus Networks, a data center operator based in Texas, for approximately \$526 million, net of cash acquired, in June 2010. As part of the formation transactions completed on November 20, 2012, certain subsidiaries of CBI contributed these assets and operations to the operating partnership.

The financial information as of December 31, 2012 and 2011 and for each of the years ended December 31, 2012, 2011 and 2010 has been derived from the audited combined financial statements included elsewhere in this prospectus. The historical financial information as of December 31, 2010, 2009 and 2008, and for the years ended December 31, 2009, and 2008 has been derived from the Predecessor's financial statements not included in this prospectus. The condensed consolidated financial information for the period ended (a) March 31, 2013 (January 24, 2013 to March 31, 2013), the combined financial information for the period ended (b) January 23, 2013 (January 1, 2013 to January 23, 2013) and (c) March 31, 2012 were derived from the unaudited condensed consolidated financial statements included elsewhere in this prospectus, which contain all normal recurring adjustments necessary, in the opinion of management, to summarize the financial position and results for the periods presented. The financial statements for the period prior to CyrusOne's initial public offering on January 24, 2013 are deemed to be the financial statements of the Predecessor and for the periods subsequent to January 24, 2013 are deemed to be the financial statements of the Successor company. The results for the interim periods shown are not necessarily indicative of future financial results.

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You should read the following selected financial data in conjunction with our unaudited condensed consolidated financial statements and the related notes, our combined historical financial statements and the related notes and with Management's Discussion and Analysis of Financial Condition and Results of Operations, which are included elsewhere in this prospectus.

(dollars in millions)	Three Months ended March 31,			2012 ⁽¹⁾	Year ended December 31,			
	Successor January 24, 2013 to March 31, 2013	Predecessor January 1, 2013 to January 23, 2013	Predecessor Three Months Ended, March 31, 2012		2011	2010 ^(a)	2009	2008
Statement of Operations Data:								
Revenue	\$ 45.0	\$ 15.1	\$ 52.1	\$ 220.8	\$ 181.7	\$ 127.5	\$ 74.1	\$ 56.1
Costs and expenses:								
Property operating expenses	15.3	4.8	17.3	76.0	58.2	43.9	31.0	24.9
Sales and marketing	2.1	0.7	1.8	9.7	9.1	6.8	5.1	3.7
General and administrative	5.4	1.5	4.5	20.7	12.5	7.0	4.2	7.3
Depreciation and amortization	16.4	5.3	16.4	73.4	55.5	36.2	18.0	11.4
Transaction costs ^(b)		0.1		5.7	2.6	9.0		
Management fees charged by CBI ^(c)			0.7	2.5	2.3	3.6	1.5	1.3
Loss on sale of receivables to affiliate ^(d)			1.2	3.2	3.5	1.8	1.2	0.2
Restructuring costs ^(e)						1.4		
Asset impairments ^(f)				13.3				
Operating income (loss)	5.8	(17.3)	10.2	16.3	38.0	17.8	13.1	7.3
Interest expense	8.4	2.5	10.3	41.8	32.9	11.5	3.1	1.5
Loss on extinguishment of debt ^(g)					1.4			
Income tax expense (benefit)	0.2	0.4	0.6	(5.1)	2.2	2.7	3.9	2.3
(Loss) income from continuing operations	(2.8)	(20.2)	(0.7)	(20.4)	1.5	3.6	6.1	3.5
(Gain) loss on sale of real estate improvements ^(h)				(0.1)		0.1		
Net (loss) income	\$ (2.8)	\$ (20.2)	\$ (0.7)	\$ (20.3)	\$ 1.5	\$ 3.5	\$ 6.1	\$ 3.5

(dollars in millions)	Three Months Ended March 31, 2013 Successor		2012 ⁽¹⁾	Year ended December 31,			
	2013	2012		2011	2010 ^(a)	2009	2008
Balance Sheet Data (at period end):							
Investment in real estate, net	\$ 754.3	\$ 706.9	\$ 529.0	\$ 403.7	\$ 248.7	\$ 236.2	
Total assets	1,574.0	1,210.9	954.7	862.3	279.6	270.7	
Debt ⁽ⁱ⁾	556.0	557.2	523.1	452.0	69.7	64.4	
Other financing arrangements ⁽ⁱ⁾	62.9	60.8	48.2	32.5			
Total equity/Parent's net investment ^(k)	332.0	500.1	311.5	317.8	163.4	158.3	
Other Financial Data:							
Capital expenditures	\$ 52.6	\$ 228.3	\$ 117.5	\$ 29.3	\$ 20.7	\$ 74.5	

(a) In June 2010, the Predecessor completed the acquisition of Cyrus Networks. The results of operations of this business are included in the Predecessor's results from the acquisition date.

(b) Represents legal, accounting and consulting fees incurred in connection with the formation transactions, CyrusOne's qualification as a REIT and completed and potential business combinations. The data for the year ended December 31, 2012 represents information for CyrusOne Inc., and CyrusOne LP.

(c) Represents management fees charged by CBI for services it provided to the Predecessor including executive management, legal, treasury, human resources, accounting, tax, internal audit and IT services. See Note 14 to our audited combined financial statements included elsewhere in this prospectus.

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- (d) Represents the sale by the Predecessor of most of its trade and other accounts receivable to Cincinnati Bell Funding LLC (CBF), a bankruptcy-remote subsidiary of CBI, at a 2.5% discount to the receivables face value. Effective October 1, 2012, we terminated our participation in this program.

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- (e) Represents a restructuring charge recognized in 2010 to terminate a legacy sales commission plan in order to transition to a common plan for all commissioned employees.
- (f) Reflects asset impairments recognized on a customer relationship intangible and property and equipment primarily related to our GramTel acquisition.
- (g) Represents the termination of the financing obligation for one of our facilities by purchasing the property from the former lessor. A loss of \$1.4 million was recognized upon the termination of this obligation.
- (h) Represents the (gain) loss that was recognized on the sale of generators in connection with upgrading of the equipment at various data center facilities.
- (i) As of December 31, 2012, debt consists of our \$525 million senior notes due 2022 and capital lease obligations. For prior periods, debt reflects related party note payable and capital lease obligations.
- (j) Other financing arrangements represent leases of real estate where we were involved in the construction of structural improvements to develop buildings into data centers. When we bear substantially all the construction period risk, such as managing or funding construction, we are deemed to be the accounting owner of the leased property. These transactions generally do not qualify for sale-leaseback accounting due to our continued involvement in these data center operations. For these transactions, at the lease inception date, we recognize arrangements. The fair value of the leased building is recognized as an asset in investment in real estate and as a liability in other financing arrangements.
- (k) Total equity/Parent's net investment represents CBI's net investment as of December 31, 2012 in CyrusOne Inc., CyrusOne GP, CyrusOne LP and its subsidiaries. Effective with the completion of CyrusOne Inc.'s IPO on January 24, 2013, CBI's net investment was converted to noncontrolling interest in CyrusOne LP and CyrusOne Inc. purchased its controlling interest in CyrusOne LP. The Parent's net investment was converted to Stockholder's equity and noncontrolling interest which together represent total equity.
- (l) The selected financial data represents information for both CyrusOne Inc. and CyrusOne LP. In 2012, the sole difference in the selected financial data between CyrusOne Inc. and CyrusOne LP was \$7.9 million of other assets, \$7.1 million of parent's net investments related to CyrusOne's initial public offering and \$0.8 million of payables related to CyrusOne Inc. There were no differences in the selected financial data between CyrusOne Inc. and CyrusOne LP as of March 31, 2013.

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

You should read the following discussion and analysis of our results of operations, financial condition and liquidity in conjunction with Selected Financial Information and Other Data of CyrusOne Inc. and CyrusOne LP, Business and Properties and our combined financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve numerous risks and uncertainties. The forward-looking statements are subject to a number of important factors, including those factors discussed under Risk Factors and Special Note Regarding Forward-Looking Statements, that could cause our actual results to differ materially from the results described herein or implied by such forward-looking statements.

The combined financial statements included in this prospectus reflect the historical financial position, results of operations and cash flows of CyrusOne and CyrusOne LP for all periods presented. Prior to November 20, 2012, the historical financial statements have been prepared on a carve-out basis from CBI's consolidated financial statements using the historical results of operations, cash flows, assets and liabilities attributable to the data center business and include allocations of income, expenses, assets and liabilities from CBI. These allocations reflect significant assumptions, and the combined financial statements do not fully reflect what the financial position, results of operations and cash flows would have been had CyrusOne and CyrusOne LP been stand-alone companies during the periods presented. As a result, historical financial information is not necessarily indicative of CyrusOne and CyrusOne LP's future results of operations, financial position and cash flows. The results of Cyrus Networks are included in these results from the date of its acquisition in June 2010, which affects comparability between periods.

Because we believe that a discussion of the historical results of the newly-formed public company, CyrusOne, and of the newly-formed registrant, CyrusOne LP would not be meaningful on a standalone basis, we have set forth below a discussion of the historical operations of CyrusOne and CyrusOne LP as prepared on a carve-out basis from CBI's consolidated financial statements. Where appropriate, the following discussion includes analysis of the effects of the formation transactions, CyrusOne's initial public offering and related financing transactions. References to Successor refer to the company on or after January 24, 2013 and references to Predecessor refer to the results prior to January 24, 2013. The related financial statement tables will be presented showing the statements that relate to the Predecessor as well as the Successor. The results of both the Predecessor and Successor are presented separately but will be discussed on a combined basis for comparability purposes.

Overview

Our Company. We are an owner, operator and developer of enterprise-class, carrier-neutral data center properties. Enterprise-class, carrier-neutral data centers are purpose-built facilities with redundant power, cooling and telecommunications systems and that are not network-specific, enabling customer interconnectivity to a range of telecommunications carriers.

We provide mission-critical data center facilities that protect and ensure the continued operation of IT infrastructure for over 500 customers. Our goal is to be the preferred global data center provider to the Fortune 1000. As of March 31, 2013, our customers included nine of the Fortune 20 and 119 of the Fortune 1000 or private or foreign enterprises of equivalent size. These 119 customers provided 76% of our annualized rent as of March 31, 2013. Additionally, as of March 31, 2013, our top 10 customers (including CBI) represented 44% of our annualized rent.

We cultivate long-term strategic relationships with our customers and provide them with solutions for their data center facilities and IT infrastructure challenges. Our offerings provide flexibility, reliability and security and are delivered through a tailored, customer service-focused platform that is designed to foster long-term

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relationships. We focus on attracting customers that have not historically outsourced their data center needs. We believe our capabilities and reputation for serving the needs of large enterprises will allow us to capitalize on the growing demand for outsourced data center facilities in our markets and in new markets where our customers are located or plan to be located in the future.

Formation and Structure. Our business is comprised of the historical data center activities and holdings of CBI. CBI has operated its Cincinnati-based data center business for over 10 years. In addition, it acquired GramTel, a data center operator in South Bend, Indiana and Chicago, Illinois, for approximately \$20 million in December 2007; and it acquired Cyrus Networks, a data center operator based in Texas, for approximately \$526 million, net of cash acquired, in June 2010. On November 20, 2012, we closed the formation transactions, which were designed to consolidate the ownership of CBI's data center properties into our operating partnership, facilitate the offering of the Notes, enable us to raise necessary capital to repay indebtedness owed to CBI prior to this offering and enable CyrusOne to qualify as a REIT for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2013.

Our Portfolio. As of March 31, 2013, our property portfolio included 24 operating data centers in ten distinct markets (Austin, Chicago, Cincinnati, Dallas, Houston, London, Phoenix, San Antonio, Singapore and South Bend), collectively providing approximately 1,709,000 NRSF, and powered by approximately 248 MW of utility power. We own ten of the buildings in which our data center facilities are located. We lease the remaining 14 buildings, which account for approximately 600,000 NRSF, or approximately 36% of our total operating NRSF. These leased buildings accounted for 37% of our total annualized rent as of March 31, 2013. We also currently have 242,000 NRSF under development at two data centers in (Houston and Phoenix), and 820,000 NRSF of additional powered shell space under roof and available for development, and approximately 170 acres of land that are available for future data center facility development. Along with our primary product offering, leasing of colocation space, our customers are increasingly interested in ancillary office and other space. We believe our existing operating portfolio and development pipeline will allow us to meet the evolving needs of our existing customers and continue to attract new customers.

Business Model

Revenue Base. As of March 31, 2013, we had over 500 customers, many of which have signed leases for multiple sites and multiple services, amenities and/or features. We generate recurring revenues from leasing colocation space and nonrecurring revenues from the initial installation and set-up of customer equipment. We provide customers with data center services pursuant to leases with a customary initial term of three to five years, and, as of March 31, 2013, our leases had a weighted average of 2.2 years remaining based upon annualized rent. Lease expirations through 2015, excluding month-to-month leases, represent 42% of our total square footage or 66% of our aggregate annualized rent as of March 31, 2013. At the end of the lease term, customers may sign a new lease or automatically renew pursuant to the terms of their lease. The automatic renewal period could be for varying lengths, depending on the terms of the contract, such as for the original lease term, one year or month-to-month. As of March 31, 2013, 3% of the NRSF in our portfolio was subject to month-to-month leases.

Our management team focuses on minimizing recurring rent churn. We define recurring rent churn as any reduction in recurring rent due to customer terminations, net pricing reductions or service reductions as a percentage of the annualized rent at the beginning of the applicable period, excluding any impact from metered power reimbursements. For the three months ended March 31, 2013, our recurring rent churn was 0.4%, or 1.6% annualized, compared to 0.5% for the three months ended March 31, 2012. For the year ended December 31, 2012, our recurring rent churn was 4.6%, which includes the termination of one lease for legacy data center space that had been utilized for over 20 years. The legacy data center space has been decommissioned and is expected to be developed into data center space that we believe will generate higher amounts of revenue than the prior lease. Excluding this lease, the recurring rent churn for the year ended December 31, 2012, was 3.6%. For the year ended December 31, 2011, we experienced a recurring rent churn of 3%, approximately half of which was attributable to customers that ceased using our facilities.

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Costs and expenses. Our property operating expenses generally consist of electricity (including the cost to power data center equipment), salaries and benefits of data center operations personnel, real estate taxes, security, rent, insurance and other site operating and maintenance costs. Our property operating expenses are expected to increase as we expand our existing data center facilities and develop new facilities.

Our sales and marketing expenses consist of salaries and benefits of our sales personnel, marketing and advertising costs. Prior to January 1, 2011, sales and marketing expenses also included sales commissions for sales personnel for a legacy plan that paid commissions as a percentage of monthly recurring revenue. This plan was terminated effective December 31, 2010, in order to transition to a common plan that pays commissions at lease inception. Our sales and marketing expenses are expected to increase as our business continues to grow.

General and administrative expenses consist of salaries and benefits of senior management and support functions, legal costs and consulting costs. These costs are expected to increase in the near term as we augment our team and back office infrastructure, including IT systems, to support the growth and expansion of our business. In addition, we expect to incur additional compensation, legal, accounting, board fees and other governance costs to operate as an independent public company subject to the reporting and compliance requirements of the SEC and the Sarbanes-Oxley Act. We estimate these incremental costs to approximate \$5.0 million annually, exclusive of stock compensation costs. In connection with the initial public offering, we issued equity awards to board members and employees. We estimate the annual incremental, non-cash compensation costs associated with those awards and other long term incentive awards to range from \$11.0 million to \$16.0 million. We anticipate that we will not be able to pass along these additional costs to our customers.

Depreciation and amortization expense consists of depreciation on both owned and leased property, amortization of intangible assets and amortization of deferred sales commissions. Depreciation and amortization expense is expected to increase in future periods as we acquire and develop new properties and expand our existing data center facilities.

Prior to November 2012, a portion of our operating expenses has been in the form of management fees allocated from CBI for services provided by CBI. Such management services include executive management, cash management, legal, treasury, human resources, accounting, tax, internal audit, risk management and other corporate services. Depending on the nature of the respective cost, our allocated cost for these services was based upon specific identification of costs incurred on our behalf or a reasonable estimate of costs incurred on our behalf, such as relative revenues. See Note 14 to our audited combined financial statements included in this report for additional detail. We entered into transition services agreements with CBI pursuant to which CBI will provide certain of these services, on an as needed basis, to the operating partnership.

Key Operating Metrics

Annualized Rent. We calculate annualized rent as monthly contractual rent (defined as cash rent including customer reimbursements for metered power) under existing customer leases as of March 31, 2013, multiplied by 12. For the month of March 2013, customer reimbursements were \$20.3 million annualized and consisted of reimbursements by customers across all facilities with separately metered power. Other companies may not define annualized rent in the same manner. Accordingly, our annualized rent may not be comparable to others. Management believes annualized rent provides a useful measure of our currently in place lease revenue.

Colocation Square Feet (CSF). We calculate CSF as the NRSF at an operating facility that is currently leased or readily available for lease as colocation space, where customers locate their servers and IT equipment.

Utilization Rate. We calculate utilization rate by dividing CSF under signed leases for available space (whether or not the contract has commenced billing) by total CSF. Utilization rate differs from percent leased presented elsewhere in this prospectus because utilization rate excludes office space and supporting infrastructure NRSF and includes CSF for signed leases that have not commenced billing. Management uses utilization rate as a measure of CSF leased.

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Recurring Rent Churn. We calculate recurring rent churn as any reduction in recurring rent due to customer terminations, net pricing reductions or service reductions as a percentage of the annualized rent at the beginning of the applicable period, excluding any impact from metered power reimbursements.

Capital Expenditures. Expenditures that expand, improve or extend the life of real estate and non-real estate property are deemed capital expenditures. Management views its capital expenditures as comprised of acquisition of real estate, development of real estate, recurring real estate expenditures and all other non-real estate capital expenditures. Purchases of land or buildings from third parties represent acquisitions of real estate. Discretionary capital spending that expands or improves our data centers is deemed development of real estate. Replacements of data center assets are considered recurring real estate expenditures. Purchases of software, computer equipment and furniture and fixtures are included in all other non-real estate capital expenditures.

Factors That May Influence Future Results of Operations

Rental Income. Our revenue growth will depend on our ability to maintain our existing revenue base and to sell new capacity that becomes available as a result of our development activities. As of March 31, 2013, we have customer leases for approximately 81% of our CSF. Our ability to grow revenue will also be affected by our ability to maintain or increase rental rates at our properties. We believe the current rates charged to our customers generally reflect appropriate market rates based on square footage and power densities provided to the customer. As such, we do not anticipate significant rate increases or decreases in the aggregate as contracts renew. However, negative trends in one or more of these factors could adversely affect our revenue in future periods. Future economic downturns, regional downturns affecting our markets or oversupply of, or decrease in demand for, data center colocation services could impair our ability to attract new customers or renew existing customers' leases on favorable terms, and this could adversely affect our ability to maintain or increase revenues.

Leasing Arrangements. As of March 31, 2013, 41% of our leased NRSF has been to customers on a full-service gross basis. Under a full-service gross model, the customer pays a fixed monthly rent amount, and we are responsible for all data center facility electricity, maintenance and repair costs, property taxes, insurance and other utilities associated with that customer's space. For leases under this model, fluctuations in our customers' monthly utilization of power and the prices our utility providers charge us impact our profitability. As of March 31, 2013, 59% of our leased NRSF has been to customers with separately metered power. Under the metered power model, the customer pays us a fixed monthly rent amount, plus its actual costs of sub-metered electricity used to power its data center equipment, plus an estimate of costs for electricity used to power supporting infrastructure for the data center, expressed as a factor of the customer's actual electricity usage. We are responsible for all other costs listed in the description of the full-service gross model above. Fluctuations in a customer's utilization of power and the supplier pricing of power do not impact our profitability under the metered power model. In future periods, we expect more of our contracts to be structured to bill power on a metered power basis.

Growth and Expansion Activities. Our ability to grow our revenue and profitability will depend on our ability to acquire and develop data center space at an appropriate cost and to lease the data center space to customers on favorable terms. During the year ended December 31, 2012, we completed development of approximately 310,000 NRSF, primarily in Phoenix, Austin, Dallas, Houston and San Antonio, bringing our total operating NRSF to approximately 1,716,000 at December 31, 2012. For the year ended December 31, 2012, our average cost of development was approximately \$675 per square foot. Fluctuations may occur in our average cost of development per CSF from period to period based on power density, customer requirements (such as required resiliency level) and the type of property. Our portfolio, as of March 31, 2013, also included approximately 242,000 NRSF under development as well as 820,000 NRSF of additional powered shell space under roof and available for development. In addition, we have approximately 170 acres of land that are available for future data center facility development. We expect that the eventual construction of this future development space will enable us to accommodate a portion of the future demand of our existing and future customers and increase our future revenue, profitability and cash flows.

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Scheduled Lease Expirations. Our ability to maintain low recurring rent churn and renew expiring customer leases on favorable terms will impact our results of operations. As of March 31, 2013, 3% of the NRSF in our portfolio was subject to month-to-month leases. Our data center uncommitted capacity as of that date was approximately 395,000 NRSF. Excluding month-to-month leases, leases representing 22% and 7% of our total NRSF were scheduled to expire in 2013 and 2014, respectively. These leases represented approximately 37% and 13% of our annualized rent as of March 31, 2013. Month-to-month leases represented 5% of our annualized rent as of December 31, 2012. Our recurring rent churn was 0.4% and 0.5% for the three months ended March 31, 2013 and 2012, respectively. Our recurring rent annual churn for 2012 and 2011 was 4.6% and 3%, respectively.

Conditions in Significant Markets. Our operating properties are located primarily in the Dallas and Houston metro areas of Texas and the Cincinnati, Ohio metro area. These markets comprised 20%, 34% and 38%, respectively, of our annualized rent as of March 31, 2013. Positive or negative conditions in these markets could impact our overall profitability.

Related Party Transactions

The following related party transactions are based on agreements and arrangements that were in place as of March 31, 2013. See Note 14 to our audited combined financial statements as of December 31, 2012 and Notes 10 and 12 to CyrusOne LP's and CyrusOne Inc.'s, respectively, unaudited condensed consolidated financial statements as of March 31, 2013 for additional information on these arrangements.

We lease colocation space in our data centers to Cincinnati Bell Telephone Company LLC (CBT) and Cincinnati Bell Technology Solutions (CBTS) subsidiaries of CBI. Revenue recognized from these arrangements was \$1.0 million for the period ended March 31, 2013, \$0.3 million for the period ended January 23, 2013, and \$0.5 million for the three months ended March 31, 2012. Revenue recognized from these arrangements was \$5.4 million, \$4.4 million and \$2.0 million in 2012, 2011 and 2010, respectively. In November 2012, we entered into separate data center colocation agreements with CBT and CBTS whereby we will continue to lease colocation space to each of them at certain of our data centers. The data center colocation agreement with CBT provides for CBT's lease of data center space, power and cooling in our West Seventh Street (7th St.), Kingsview Drive (Lebanon), Knightsbridge Drive (Hamilton) and Industrial Road (Florence) data center facilities for a period of five years at an aggregate rate of \$3.8 million per year. Our data center colocation agreement with CBTS provides for CBTS's lease of data center space, power and cooling in our West Seventh Street (7th St.), Kingsview Drive (Lebanon) and Industrial Road (Florence) data center facilities for a period of five years at an aggregate rate of \$1.6 million per year. Both agreements are renewable for an additional five year term at market rates.

CBT occupies space in our 229 West Seventh Street facility that is utilized in its network operations. In November 2012, in connection with our purchase of this property, we entered into an agreement to lease this space to CBT for a period of five years, with three renewal options of five years each, at an initial annual base rent of approximately \$0.1 million, plus a proportionate share of building operating costs. Commencing on January 1, 2014, and on January 1 of each year thereafter, such base rent shall increase by 1% of the previous year's base rent. Revenue earned from this lease was less than \$0.1 million for all periods presented.

In November 2012, we entered into agreements to lease office space to CBT at our Goldcoast Drive (Goldcoast) data center facility and to CBTS at our Parkway (Mason) data center facility. The aggregate annual base rent for these spaces will be approximately \$0.3 million per year. The term of these agreements are five years each. Both agreements contain three five-year renewal options at market rates. Revenue earned from these leases was less than \$0.1 million for the period ended March 31, 2013 and for the period ended January 23, 2013. There were no such amounts for the period ended March 31, 2012. Revenue earned from these leases was \$0.3 million in both 2012 and 2011, and \$0.2 million in 2010.

In January 2012, we entered into a transition services agreement to provide CBTS with network interface services. Revenue recognized for these services was less than \$0.2 million for the period ended March 31, 2013,

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\$0.1 million for period ended January 23, 2013, and \$0.1 million for the quarter ended March 31, 2012. Revenue recognized for these services was \$0.5 million in 2012, with no such revenue in prior years. In November 2012, we entered into a new transition services agreement with CBTS where we will continue to provide them with network interface services. The annual fee to be paid by CBTS for these services is approximately \$0.5 million, which may decline in future periods as CBTS migrates its network interfaces onto an independent architected and managed CBTS network. These services will be provided on a month-to-month basis, until such time the services in question have been fully transitioned, which we expect may be as long as 24 months.

As of March 31, 2013, CBTS continues to be the named lessor for two data center leases. Revenues associated with these leases were \$2.7 million for the period ended March 31, 2013, \$0.9 million for the period ended January 23, 2013, and \$3.3 million for the quarter ended March 31, 2012. Revenues associated with these leases were \$14.3 million, \$14.2 million, and \$13.1 million in 2012, 2011, and 2010, respectively. In 2012, we entered into an agreement with CBTS whereby we perform all obligations of CBTS under the lease agreements. CBTS confers the benefits received under such lease agreements to us and CBTS is granted sufficient usage rights in each of our data centers so that it remains as lessor under each such lease agreement. In addition, CBTS will continue to perform billing and collections on these accounts.

In January 2012, we entered into a transition services agreement with CBTS where CBTS provided us with network support, services calls, monitoring and management, storage and backup and IT systems support. Expense recognized for these services was less than \$0.1 million for the period ended March 31, 2013 and for the period ended January 23, 2013 and were \$0.4 million for the quarter ended March 31, 2012. Expense recognized for these services was \$1.5 million in 2012, with no such costs in prior years. In November 2012, we entered into new services agreements with CBT and CBTS. Under the CBTS services agreement, CBTS has agreed to provide us with certain managed storage and backup services. These services will be provided on a month-to-month basis, and charges will be based on the variable amount of gigabytes managed by CBTS each month. CBTS will charge us a rate of \$0.56 per gigabyte, and the annual fee to be paid by us for these services is approximately \$0.2 million. We expect that services under this agreement may extend for as long as 36 months.

Under the CBT services agreement, CBT provides us with connectivity services for a period of five years related to several of our data center facilities. These services are related to the use of fiber and circuit assets that are currently a part of the CBI network. The annual fee for these services will be \$0.9 million, subject to reduction if we terminate certain services. Expense recognized from this arrangement was less than \$0.2 million for the period ended March 31, 2013, \$0.1 million for the period ended January 23, 2013, and \$0.2 million for the quarter ended March 31, 2012. Expense recognized from this arrangement was \$0.7 million in 2012, with similar amounts in 2011 and 2010.

In October 2012, we purchased the property located at 229 West Seventh Street, included as one of our 24 operating facilities, which we had formerly leased from CBT. The purchase price was \$18 million, which was in the form of a promissory note payable on demand by CBT. Interest on the note accrued at the rate of 10% per annum. This promissory note was repaid in connection with the closing of the formation transactions on November 20, 2012, with a portion of the net proceeds from our senior notes offering. CBT continues to own the adjacent property that was historically operated together with 229 West Seventh Street as one property. We also executed a reciprocal easement and shared services agreement and a right of first opportunity and refusal agreement with CBT with respect to such properties. Pursuant to the reciprocal easement and shared services agreement, we granted reciprocal easements to each other; CBT has easements for continued use of portions of our building and CBT provides fuel storage, fire suppression and other building services to us; and we provide chilled water, building automation systems related to heating ventilation and air conditioning and other building services to CBT. The shared services agreement is expected to continue for a period of 15 years with five renewal options of five years each. Initially, we are responsible for operating and managing the service facilities for both buildings. Each party will bear its own utility costs, as well as property taxes and insurance. Shared building operating costs will be charged to each party on the basis of the actual costs incurred, allocated based on the proportionate share of usage. Each party will also pay the other party less than \$0.2 million per year to

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maintain shared building infrastructure systems. This agreement contains a make-whole provision that requires us to make a payment to CBT if CBT's carrier access revenue declines below \$5.0 million per annum as a result of certain actions taken by us which result in circuit disconnections or reductions at CBT. The term of this make-whole provision is approximately four years.

Pursuant to the right of first opportunity and refusal agreement, we and CBT have agreed to grant to each other rights of first opportunity and first refusal to purchase each other party's property in the event that either party desires to sell its property to a non-affiliate third party.

In November 2012, we also entered into an agreement to lease space at CBT's 209 West Seventh Street facility for a period of five years, with three renewal options of five years each. The initial annual base rent will be approximately \$0.1 million per year, plus our proportionate share of building operating costs. Commencing on January 1, 2014, and on January 1 of each year thereafter, such base rent shall increase by 1% of the previous year's base rent. Expense recognized from this arrangement was less than \$0.1 million for the period ended March 31, 2013 and for the period ended January 23, 2013. Expense recognized from this arrangement was less than \$0.1 million in 2012, and \$0.4 million in 2011 and 2010.

On November 20, 2012, we also entered into a non-competition agreement with CBI, pursuant to which we and CBI agreed not to enter into each other's lines of business, subject to certain exceptions for a period of four years from such date. Pursuant to the terms of this agreement, we agreed not to directly or indirectly engage in, or have any interest in any entity that engages in, the business of providing telecommunications services in certain areas of Ohio, Kentucky and Indiana in which CBI operates as of such date. We also agreed not to seek, request or apply for any certification or license to provide telecommunications services in such areas during the term of the agreement. CBI agreed not to directly or indirectly engage in, or have any interest in any entity that engages in, the business of constructing and selling, operating or providing data center services in the United States or any foreign jurisdiction in which we operate. However, CBI may continue to offer certain data center services, provided that such services are ancillary to its provision of existing IT services, and CBI does not own, lease or is contracted to own, lease or manage the data center infrastructure of the facility in which such existing IT services are being provided.

Services Performed by CBI and Other Affiliates

Transition Services

Prior to November 20, 2012, CBI provided various management services, including executive management, cash management, legal, treasury, human resources, accounting, tax, internal audit and risk management services. Our allocated cost for these services was based upon specific identification of costs incurred on our behalf or a reasonable estimate of costs incurred on our behalf, such as relative revenues. Our allocated costs for management services was \$0.7 million for the quarter ended March 31, 2012. There were no such costs for the period ended March 31, 2013 or for the period ended January 23, 2013. Our allocated cost for management services was \$2.5 million, \$2.3 million, and \$3.6 million in 2012, 2011, and 2010, respectively. In November 2012, we entered into a transition services agreement with CBI pursuant to which CBI will continue to provide certain of these services, on an as needed basis to the operating partnership one year from the date of CyrusOne's initial public offering, provided, however, that the agreement or the provision of a particular service to be provided thereunder may be terminated for convenience by us upon 30 days' prior written notice. The fees for these services will be based on actual hours incurred for these services at negotiated hourly rates or a negotiated set monthly fee. Expense recognized from this arrangement was less than \$0.1 million for the period ended March 31, 2013 and for the period ended January 23, 2013. Expense recognized for the quarter ended March 31, 2012 for this arrangement was less than \$0.1 million.

Other Services

Some of our employees participated in pension, postretirement, health care, and stock-based compensation plans sponsored by CBI or an affiliate. Our allocated costs for employee benefits were \$0.2 million for the period

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ended January 23, 2013 and \$0.7 million for the quarter ended March 31, 2012. Our allocated costs for employee benefits was determined by specific identification of the costs associated with our participating employees or based upon the percentage our employees represent of total participants. Our allocated employee benefit plan costs were \$3.5 million, \$1.8 million, and \$1.1 million in 2012, 2011, and 2010, respectively. See Notes 12 and 13 to the audited combined financial statements for further details. Effective January 1, 2013, all our employees were covered by our own benefit and incentive plans. As such, there were no such costs in the period ended March 31, 2013.

We also participated in centralized insurance programs managed by CBI which included coverage for general liability, workers compensation, automobiles and various other risks. CBI has third-party insurance policies for certain of these risks and is also self-insured within certain limits. CBI's self-insured costs have been actuarially determined based on the historical experience of paid claims. Our allocated cost for participation in these programs was determined on the basis of revenues, headcount or insured vehicles. Our allocated insurance costs were less than \$0.1 million for the period ended January 23, 2013 and \$0.1 million for the quarter ended March 31, 2012. Our allocated insurance costs were \$0.4 million, \$0.4 million, and \$0.2 million in 2012, 2011, and 2010, respectively. Subsequent to CyrusOne's initial public offering, we maintain our own commercial insurance policies. As such, there were no such costs in the period ended March 31, 2013.

Effective January 1, 2012, we entered into marketing agreements with CBT and CBTS to appoint these affiliates as CyrusOne's authorized marketing representatives. Pursuant to the terms of these agreements, we pay these affiliates a commission for all new leases for space they attain, which is calculated as a percentage of the first month's recurring revenue with respect to such space, which ranges from 30% to 140%, depending on the lease term. For the year ended December 31, 2012, commissions incurred pursuant to these arrangements were \$0.3 million, with no such costs in prior years. The term of these agreements expired on December 31, 2012.

Financing and Cash Management Arrangements

On November 20, 2012, CyrusOne LP co-issued, with CyrusOne Finance Corp., \$525 million of Senior Notes from which the net proceeds were approximately \$512 million. The Senior Notes bear interest at a rate of 6.375% per annum and mature in 2022. A portion of the proceeds of the Senior Notes issuance was utilized to repay approximately \$480 million of related party notes payable. The remaining balance of related party notes payable was not contributed to CyrusOne LP.

On November 20, 2012, CyrusOne LP also entered into a \$225 million revolving credit facility with a syndicate of financial institutions. The obligations under the revolving credit facility are guaranteed by CyrusOne and CyrusOne GP, as well as certain of CyrusOne LP's existing and future wholly-owned domestic subsidiaries, subject to certain exceptions. All obligations under the revolving credit facility, and the guarantees of those obligations, will be secured by substantially all of our assets, subject to certain exceptions. We intend to use this revolving credit facility, among other things, to finance the acquisition of properties, provide funds for customer improvements and capital expenditures and provide for working capital and for other corporate purposes. The revolving credit facility contains customary covenants for credit facilities of this type. In 2012, there were no outstanding borrowings on this revolving credit facility.

In conjunction with the completion of the above described financing transactions, CyrusOne was released from its guarantee of CBI's indebtedness.

Prior to the completion of the formation transactions on November 20, 2012, the Predecessor participated in CBI's centralized cash management program. On a periodic basis, all of our excess cash was transferred to CBI's corporate cash accounts. Likewise, substantially all funds to finance our operations, including acquisitions and development costs, were funded by CBI. As of December 31, 2011, advances and borrowings under this program were \$9.6 million and \$212.1 million, respectively. These advances and borrowings were governed by an intercompany cash management agreement. Effective November 19, 2010, all advances and borrowings were

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subject to interest at the average 30-day Eurodollar rate for the calendar month plus the applicable credit spread for Eurodollar rate borrowings charged for CBI's revolving line of credit. Prior to such date, the interest rate applied to such advances and borrowings was CBI's short-term borrowing rate. The average rate earned or charged was 5.0% in both 2012 and 2011 and 4.2% in 2010. As of November 20, 2012, \$80 million of these borrowings were repaid and the remaining outstanding borrowings were not contributed to CyrusOne LP and there were no borrowings outstanding at December 31, 2012. As of December 31, 2011, borrowings of \$80.2 million were presented due to affiliates and related party notes payable in the accompanying combined financial statements. Net interest expense recognized on notes due to or from related parties was \$7.0 million in 2012, and \$1.1 million in 2011 and 2010. There was no such interest incurred in 2013.

On December 31, 2010, CBI restructured its data center legal entities, including intercompany borrowings. In conjunction with this restructuring, The Predecessor issued a \$400 million note to CBI, which bore interest at 7.25%. On November 20, 2012, this note was repaid in full. Interest on this note was settled monthly through CBI's centralized cash management program. Interest expense of approximately \$7.2 million was recognized for the quarter ended March 31, 2012. Interest expense of approximately \$26 million and \$29 million was recognized on this note for the year ended December 31, 2012 and 2011, respectively, with no such cost in 2010.

Historically, CBI had arranged for a \$16.9 million letter of credit to be issued to guarantee certain performance commitments of the Predecessor. This letter of credit expired without renewal as of December 26, 2012. The Predecessor reimbursed CBI for the out-of-pocket costs related to this letter of credit.

Prior to October 1, 2012 we participated in an accounts receivable securitization program sponsored by CBI for certain of its subsidiaries. Under this program, we continuously sold certain trade accounts receivable to CBF at a 2.5% discount to receivables' face value. In turn, CBF granted, without recourse, a senior undivided interest in the pooled receivables to various purchasers, including commercial paper conduits, in exchange for cash. The loss on sale of our accounts receivable was \$1.2 million for the quarter ended March 31, 2012, with no such costs in 2013. The loss on sale of our accounts receivable in accordance with this program was \$3.2 million, \$3.5 million, and \$1.8 million in 2012, 2011 and 2010, respectively. Effective October 1, 2012, we terminated our participation in this accounts receivable securitization program.

Because most of our receivables were sold, the Predecessor incurred an inconsequential amount of bad debt expense in 2012, 2011, and 2010. If this accounts receivable securitization program had not been in place, incremental bad debt expense would have been \$0.2 million in 2012 and 2011, and less than \$0.1 million in 2010. Effective October 1, 2012, we terminated our participation in this accounts receivable securitization program.

We had approximately \$8.2 million and \$2.9 million payable to CBI or its wholly-owned subsidiaries as of March 31, 2013 and December 31, 2012, respectively. The March 31, 2013 balance includes a dividend payable of \$7.1 million for the dividends declared in March of 2013. The remaining balance of \$1.1 million as of March 31, 2013 and the \$2.9 million balance as of December 31, 2012, respectively, relate to various related party transactions which are discussed above and are payable to CBI as of each respective period end.

In addition, we had approximately \$23.2 million and \$2.2 million receivable from CBI or wholly-owned subsidiaries as of March 31, 2013 and December 31, 2012, respectively. The March 31, 2013 balance primarily consists of the receivable from CBI of \$19.6 million for the reimbursement of the transaction related compensation expense in 2013. The remaining balance of \$3.6 million as of March 31, 2013 and the \$2.2 million balance as of December 31, 2012, respectively, relate to various related party transactions which are discussed above and are due from CBI as of each respective period end.

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Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012

(dollars in millions)	Successor January 24, 2013 to March 31, 2013	Predecessor January 1, 2013 to January 23, 2013	Predecessor Three Months Ended March 31, 2012
Revenue	\$ 45.0	\$ 15.1	\$ 52.1
Costs and expenses:			
Property operating expenses	15.3	4.8	17.3
Sales and marketing	2.1	0.7	1.8
General and administrative	5.4	1.5	4.5
Transaction-related compensation		20.0	
Depreciation and amortization	16.4	5.3	16.4
Transaction costs		0.1	
Management fees charged by CBI			0.7
Loss on sale of receivables to CBF			1.2
Total costs and expenses	39.2	32.4	41.9
Operating income (loss)	5.8	(17.3)	10.2
Interest expense	8.4	2.5	10.3
Loss before income taxes	(2.6)	(19.8)	(0.1)
Income tax expense	0.2	0.4	0.6
Net loss	\$ (2.8)	\$ (20.2)	\$ (0.7)
Noncontrolling interest in net loss	(1.9)		
Net loss attributed to common stockholders	\$ (0.9)	\$	\$
Operating margin	12.9%	(114.6)%	19.6%
Capital expenditures*:			
Acquisitions of real estate	18.2		23.4
Development of real estate	26.5	7.6	27.9
Recurring real estate	0.2	0.1	0.3
All other non-real estate			1.2
Total	\$ 44.9	\$ 7.7	\$ 52.8
Metrics information:			
Colocation square feet*	921,000	921,000	809,000
Utilization rate*	81%	81%	85%
Loss per share - basic	\$ (0.05)		
Loss per share - diluted	\$ (0.05)		
Dividend declared per share	\$ 0.16		

* See Key Operating Metrics for a definition of capital expenditures, CSF and utilization rate.

Revenue

Revenue for the three months ended March 31, 2013 was \$60.1 million, an increase of \$8.0 million, or 15%, compared to \$52.1 million for the corresponding quarter in 2012. This increase is primarily due to the change in customers and contractual monthly recurring revenue which increased to \$18.8 million from \$16.3 million or 17% for the three months ended March 31, 2013 compared to the three months ended March 31, 2012. Monthly recurring revenue growth comes from leasing incremental space, power and related colocation services to both new

and existing customers. As of March 31, 2013, we had 119 of the Fortune 1000 customers or private or foreign enterprises of equivalent size.

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Our capacity at March 31, 2013, was approximately 921,000 CSF which is an increase of 14% from March 31, 2012. The utilization rate of our data center facilities was 81%, for the three months ended March 31, 2013, compared to 85% at March 31, 2012.

Recurring rent churn was 0.4% for the first quarter of 2013, or 1.6% annualized, compared to 0.5% for the first quarter of 2012 and 4.6% annual recurring rent churn for the full year 2012.

There are a number of leases subject to expire within the next 12-months, however we expect a significant number to renew.

Costs and Expenses

Property operating expenses Property operating expense for the three months ended March 31, 2013 was \$20.1 million, an increase of \$2.8 million, or 16%, compared to \$17.3 million for the corresponding quarter in 2012. The increase in property operating expenses increased primarily due to the increase in data center space over the past year. Since March of 2012, we have commissioned three additional data center facilities adding over 112,000 CSF. As a result our electricity and payroll related costs increased \$2.3 million compared to the three months ended March 31, 2012. In addition, rent expense increased by approximately \$0.2 million compared to the three months ended March 31, 2012.

Sales and marketing expenses Sales and marketing expenses for the three months ended March 31, 2013 were \$2.8 million, an increase of \$1.0 million, or 56%, compared to \$1.8 million for the corresponding quarter in 2012. Compensation to sales and marketing personnel and other support costs increased by approximately \$1.0 million in 2013 compared to 2012, resulting from the increase in our staff, and higher advertising costs to promote data center facilities in new markets.

General and administrative expenses General and administrative expenses for the three months ended March 31, 2013 were \$6.9 million, an increase of \$2.4 million, compared to the same period in 2012. Payroll, employee benefits, contract services, legal and consulting costs increased as we made investments to support public company functions and invest in future growth over 2012 and the first quarter of 2013.

Transaction-related compensation We recorded compensation expense of \$20.0 million for the three months ended March 31, 2013 related to CBI's long-term incentive plan. There were no such costs incurred in other periods and such costs represent one-time compensation charges allocated to us by CBI in the period ended January 23, 2013. On April 8, 2013, CBI reimbursed the Company for \$19.6 million of these costs.

Depreciation and amortization expense Depreciation and amortization expense for the three months ended March 31, 2013 were \$21.7 million an increase of \$5.3 million, or 32%, compared to \$16.4 million for the corresponding quarter in 2012 driven by new assets placed in service since March 2012.

Transaction costs Transaction costs for the three months ended March 31, 2013 were \$0.1 million, incurred as costs associated with the IPO.

Management fees charged by CBI Management fees for the three months ended March 31, 2012 were \$0.7 million. These fees were allocated for services provided by CBI, including executive management, legal, treasury, human resources, accounting, tax, internal audit and IT services. Effective November 20, 2012, the management fee charged by CBI was terminated and replaced with a transition services agreement. There was no such related cost for the three months ended March 31, 2013.

Loss on sale of receivables to CBF Loss on sale of receivables for the three months ended March 31, 2012 was \$1.2 million. Prior to October 1, 2012, substantially all of our receivables were sold to CBF at a discount of

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2.5% from their face value. Effective October 1, 2012, we terminated our participation in this program hence there were no losses in 2013.

Operating Income (Loss)

Operating loss for the three months ended March 31, 2013 was \$11.5 million, compared to operating income of \$10.2 million for the corresponding quarter in 2012. Operating income decreased as a result of the transaction-related compensation charge of \$20.0 million from CBI, higher property operating expenses as a result of our expanded data center operations and investment in corporate functions to support our growth, partially offset by revenue growth of \$8.0 million.

Nonoperating Expenses

Interest expense Interest expense for the three months ended March 31, 2013 was \$10.9 million, an increase of \$0.6 million compared to \$10.3 million for the corresponding quarter in 2012. The increase in interest expense in 2013 was primarily related to our Senior Notes which bear interest at 6.375% and mature in 2022.

Income tax expense Income tax expense was \$0.6 million for the three months ended March 31, 2013, which was comparable to the same corresponding quarter in 2012.

Capital Expenditures

Capital expenditures for the three months ended March 31, 2013 were \$52.6 million, as compared to \$52.8 million for the three months ended March 31, 2012. Our capital expenditures for 2013 includes our purchase of a 33 acre parcel of land in the Houston West metro area for \$18.2 million. This land will be developed further into data center space. In addition, we incurred capital expenditures related to development of real estate of \$34.1 million for the three months ended March 31, 2013.

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Comparison of Years Ended December 31, 2012 and 2011

(dollars in millions)	2012	2011	\$ Change 2012 vs. 2011	% Change 2012 vs. 2011
Revenue	\$ 220.8	\$ 181.7	\$ 39.1	22%
Costs and expenses:				
Property operating expenses	76.0	58.2	17.8	31%
Sales and marketing	9.7	9.1	0.6	7%
General and administrative	20.7	12.5	8.2	66%
Depreciation and amortization	73.4	55.5	17.9	32%
Transaction costs	5.7	2.6	3.1	119%
Management fees charged by CBI	2.5	2.3	0.2	9%
Loss on sale of receivables to CBF	3.2	3.5	(0.3)	(9%)
Asset impairments	13.3		13.3	n/m
Total costs and expenses	204.5	143.7	60.8	42%
Operating income	16.3	38.0	(21.7)	(57%)
Interest expense	41.8	32.9	8.9	27%
Loss on extinguishment of debt		1.4	(1.4)	(100%)
(Loss) income before income taxes	(25.5)	3.7	(29.2)	n/m
Income tax (benefit) expense	(5.1)	2.2	(7.3)	n/m
(Loss) income from continuing operations	(20.4)	1.5	(21.9)	n/m
Gain on sale of real estate improvements	(0.1)		(0.1)	n/m
Net (loss) income	\$ (20.3)	\$ 1.5	\$ (21.8)	n/m
Operating margin	7.4%	20.9%		(13.5 pts)
Capital expenditures*:				
Acquisitions of real estate	\$ 25.4	\$ 22.4	\$ 3.0	13%
Development of real estate	193.3	91.8	101.5	111%
Recurring real estate	3.9	1.8	2.1	117%
All other non-real estate	5.7	1.5	4.2	n/m
Total	\$ 228.3	\$ 117.5	\$ 110.8	94%
Metrics information:				
Colocation square feet*	932,000	763,000	169,000	22%
Utilization rate*	78%	88%		(10)pts

* See Key Operating Metrics for a definition of capital expenditures, CSF and utilization rate.

Revenue

Revenue was \$220.8 million in 2012, an increase of \$39.1 million, or 22%, compared to 2011. This increase is primarily due to an increase in contractual monthly recurring revenue of \$3 million, or 20%, when comparing December 2012 to December 2011. Monthly recurring revenue growth comes from leasing incremental space, power and related colocation services to both new and existing customers. As of December 31, 2012, we had a customer base of 518 customers as compared to 487 customers at the end of 2011. In addition to new customer growth, our existing customers contributed 65% of our growth in monthly recurring revenue through additional space, power and related colocation services.

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Our capacity increased to approximately 932,000 CSF at December 31, 2012, an increase of 169,000 CSF, or 22% from the corresponding period end. Compared to 2011, we constructed over 195,000 CSF and decommissioned legacy space totaling approximately 26,000 CSF. At December 31, 2012, the utilization rate of our data center facilities was 78%, down ten percentage points from December 31, 2011, as a result of additional CSF being placed in service.

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For 2012, our recurring rent churn was 4.6%, which includes the termination of one lease for legacy data center space that had been utilized for over 20 years. The legacy data center space has been decommissioned and is expected to be developed into data center space that we believe will generate higher amounts of revenue than the prior lease. Excluding this lease, the recurring rent churn for 2012 would have been 3.6%.

Costs and Expenses

Property operating expenses Property operating expenses were \$76.0 million in 2012, an increase of \$17.8 million, or 31%, compared to 2011. Substantially all property operating expenses increased due to expansion of our data center facilities. Electricity increased by \$8.4 million as we expanded our CSF. Payroll and other employee-related costs increased by \$2.9 million due to increases in our operations staff. Contract services, including security, increased by \$2.7 million in 2012. Rent and property taxes increased by \$2.1 million and \$1.5 million, respectively, compared to 2011 as we expanded our CSF.

Sales and marketing expenses Sales and marketing expenses were \$9.7 million in 2012, an increase of \$0.6 million, or 7%, compared to 2011. Compensation to sales and marketing personnel and other support costs decreased by \$1.0 million in 2012 compared to 2011, resulting from the integration of the Cincinnati based sales function into the CyrusOne organization in 2012. Marketing costs increased by \$1.5 million in 2012 as we continue to build our brand awareness through advertising, trade shows and other promotional activities.

General and administrative expenses General and administrative expenses were \$20.7 million in 2012, an increase of \$8.2 million, or 66%, compared to 2011. Payroll, employee benefits and other employee-related costs increased by \$7.2 million in 2012 as we continued to build and strengthen the quality of personnel in finance and senior management. Consulting and legal costs increased by \$1.4 million compared to 2011. Consulting and legal costs for 2012 included a \$0.5 million settlement of an employee dispute related to commissions and \$0.4 million associated with a conflicts of interests investigation. Severance costs associated with the termination of a member of senior management were \$0.4 million in 2012, with no such costs in 2011. Partially offsetting these increases, contract services decreased by \$0.5 million as we hired full-time employees in 2012 to replace contractors utilized in 2011. Other administrative costs decreased by \$0.8 million resulting from the integration of the Cincinnati-based back office functions into the CyrusOne organization in 2012.

Depreciation and amortization expense Depreciation and amortization expense was \$73.4 million in 2012, an increase of \$17.9 million, or 32%, compared to 2011, driven by new assets placed in service in 2011 and 2012.

Transaction costs Transaction costs were \$5.7 million in 2012, up \$3.1 million compared to 2011. In 2012, transaction costs consisted of legal and consulting costs incurred in connection with the formation transactions and the qualification of CyrusOne as a REIT. In 2011, transaction costs were incurred to pursue acquisition opportunities.

Management fees charged by CBI Management fees were \$2.5 million in 2012, an increase of \$0.2 million, or 9%, compared to the corresponding period in 2011. These fees were allocated for services provided by CBI, including executive management, legal, treasury, human resources, accounting, tax, internal audit and IT services. Depending on the nature of the respective cost, our allocated cost for these services was based upon specific identification of costs incurred on our behalf or a reasonable estimate of costs incurred on our behalf.

See Note 14 to our audited combined financial statements included elsewhere in this prospectus for additional details. Effective November 20, 2012, the management fee charged by CBI was terminated and replaced with a transition services agreement.

Loss on sale of receivables to CBF Loss on sale of receivables was \$3.2 million in 2012, a decrease of \$0.3 million, or 9%, compared to 2011. Prior to October 1, 2012, substantially all of our receivables were sold to

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CBF at a discount of 2.5% from their face value. Effective October 1, 2012, we terminated our participation in this program resulting in a lower loss on receivables sold in 2012.

Asset impairments During 2012, asset impairments of \$13.3 million were recognized on a customer relationship intangible and long-lived assets primarily associated with our GramTel acquisition. No asset impairments were recognized in the corresponding period in 2011.

Operating Income

Operating income was \$16.3 million in 2012, a decrease of \$21.7 million, or 57%, compared to 2011. Operating income decreased due to asset impairments of \$13.3 million, higher transaction costs of \$3.1 million, and higher general and administrative costs as we build our organization for future growth. Operating margin was 7.4% in 2012, compared to 20.9% in 2011.

Nonoperating Expenses

Interest expense Interest expense was \$41.8 million in 2012, an increase of \$8.9 million, or 27%, compared to 2011. The increase in interest expense in 2012 was primarily due to growth in our related party notes payable and the issuance of \$525 million of senior notes. On November 20, 2012, we issued \$525 million of Senior Notes and utilized approximately \$480 million of the proceeds to repay our related party notes payable to CBI and its affiliates. The remaining balance of related party notes payable was not contributed to CyrusOne LP. Our Senior Notes bear interest at 6.375% and mature in 2022. Capitalized interest expense was \$2.7 million in 2012, a \$0.1 million increase over 2011 due to higher capital expenditures.

Income tax (benefit) expense Income tax benefit was \$5.1 million in 2012, compared to income tax expense of \$2.2 million in the corresponding period in 2011, driven by a decrease in our income before income taxes.

Gain on sale of real estate improvements Gain on sale of real estate improvements was \$0.2 million (\$0.1 million net of tax) in 2012, with no such gains in the corresponding period of 2011. A gain was realized on the sale of generators as we upgraded the equipment at our Southwest Fwy (Galleria) data center facility.

Capital Expenditures

Capital expenditures were \$228.3 million in 2012, an increase of \$110.8 million, or 94%, compared to 2011. Acquisitions of real estate were \$25.4 million in 2012 for the purchase of the Frankford Road (Carrollton) building and land adjacent to our Westway Park Blvd. (Houston West) facility. In 2011, acquisitions of real estate were \$22.4 million, consisting of purchase of land near Phoenix, Arizona for \$14.8 million and a building in San Antonio, Texas for \$7.6 million. Development of real estate was \$193.3 million in 2012, an increase of \$101.5 million, or 111%, compared to 2011. In 2012, significant development projects included \$36.5 million at Westway Park Blvd. (Houston West), \$34.4 million at Frankford Road (Carrollton), \$33.5 million at Westover Hills Blvd. (San Antonio), \$52.6 million at South Ellis Street (Phoenix), \$10.4 million at S. State Hwy Business (Lewisville), and \$9.0 million at Metropolis Drive (Austin 2). Development of real estate was \$91.8 million in 2011 and consisted of expansions at S. State Highway 121 Business (Lewisville), Westway Park Blvd. (Houston West), Metropolis Drive (Austin 2) and Kingsview Drive (Lebanon). Recurring real estate capital spend was \$3.9 million in 2012, up \$2.1 million, or 117%, compared to 2011 due to an increase in CSF in service. Other non-real estate capital expenditures were \$5.7 million, up \$4.2 million, or 280%, over 2011 due to investments in computer hardware and software to support our growing business.

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Comparison of Years Ended December 31, 2011 and 2010

(dollars in millions)	2011	2010	\$ Change 2011 vs. 2010	% Change 2011 vs. 2010
Revenue	\$ 181.7	\$ 127.5	\$ 54.2	43%
Costs and expenses:				
Property operating expenses	58.2	43.9	14.3	33%
Sales and marketing	9.1	6.8	2.3	34%
General and administrative	12.5	7.0	5.5	79%
Depreciation and amortization	55.5	36.2	19.3	53%
Acquisition costs	2.6	9.0	(6.4)	(71%)
Management fees charged by CBI	2.3	3.6	(1.3)	(36%)
Loss on sale of receivables to CBF	3.5	1.8	1.7	94%
Restructuring costs		1.4	(1.4)	n/m
Total costs and expenses	143.7	109.7	34.0	31%
Operating income	38.0	17.8	20.2	113%
Interest expense	32.9	11.5	21.4	186%
Loss on extinguishment of debt	1.4		1.4	n/m
Income before income taxes	3.7	6.3	(2.6)	(41%)
Income tax expense	2.2	2.7	(0.5)	(19%)
Income from continuing operations	1.5	3.6	(2.1)	(58%)
Loss on sale of real estate improvements		0.1	(0.1)	n/m
Net income	\$ 1.5	\$ 3.5	\$ (2.0)	(57%)
Operating margin	20.9%	14.0%		6.9 pts
Capital expenditures:*				
Acquisitions of real estate	\$ 22.4	\$	\$ 22.4	n/m
Development of real estate	91.8	24.7	67.1	272%
Recurring real estate	1.8	1.8		0%
All other non-real estate	1.5	2.8	(1.3)	(46%)
Total	\$ 117.5	\$ 29.3	\$ 88.2	301%
Metrics information:				
Colocation square feet*	763,000	639,000	124,000	19%
Utilization rate*	88%	88%		0 pts

* See Key Operating Metrics for a definition of capital expenditures, CSF and utilization rate.

Revenue

Revenue was \$181.7 million in 2011, an increase of \$54.2 million, or 43%, compared to 2010. Results for 2011 include a full year of results from Cyrus Networks, which we acquired in June 2010. Cyrus Networks revenue was \$95.4 million for the full year in 2011 compared to a partial year of revenues of \$44.9 million in 2010. New business also contributed to the growth in revenue in 2011. In 2011, we completed construction on 124,000 CSF and leased 110,000 CSF. During the year, 82 new customers were added, including 14 Fortune 1000 customers or private or foreign enterprises of equivalent size. During 2011, we also commenced our operations in London and Singapore.

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As of December 31, 2011, our total data center capacity was 763,000 CSF, an increase of 19% compared to December 31, 2010. Data center space was added in Houston, Dallas and Austin, Texas, at our Kingsview Drive (Lebanon) facility, as well as in London and Singapore. The utilization rate of 88% at December 31, 2011 was

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consistent with the utilization rate at the end of the prior year. Recurring rent churn for 2011 was 3%, approximately half of which was attributable to customers that ceased using our facilities.

Costs and Expenses

Property operating expenses Property operating expenses were \$58.2 million in 2011, an increase of \$14.3 million, or 33%, compared to 2010. This increase in property operating expenses was primarily due to growth in our data center capacity associated with the acquisition of Cyrus Networks in June 2010 as well as expansion of our other data center facilities and corresponding increases in revenue. Cyrus Networks' property operating expenses were \$26.1 million in 2011 compared to \$12.4 million in 2010, due to a full year of operations in 2011 compared to a partial year in 2010 due to the acquisition.

Sales and marketing expenses Sales and marketing expenses were \$9.1 million in 2011, an increase of \$2.3 million, or 34%, compared to 2010. A full year of Cyrus Networks' costs increased sales and marketing by \$1.6 million. Consulting and advertising costs increased by \$0.3 million and \$0.7 million, respectively, in 2011 as we enhanced our Internet marketing and commenced a national branding campaign. Partially offsetting these increases, sales commission expense decreased in 2011 due to the termination of a commissions plan which paid commissions as a percentage of monthly revenue. In 2011, all sales commissions were paid upon lease commencement, deferred and amortized to depreciation and amortization over the term of the customer relationship.

General and administrative expenses General and administrative expenses were \$12.5 million, an increase of \$5.5 million, or 79%, compared to 2010. A full year of Cyrus Networks' costs increased general and administrative costs by \$2.1 million. Compensation costs increased in 2011 by \$1.6 million as we hired additional management to lead our growth strategy. Legal and consulting costs increased by \$1.6 million to support the growing operations, including start-up costs associated with new locations. Contract services increased by \$0.2 million due to increased use of temporary services to fill open positions.

Depreciation and amortization expense Depreciation and amortization expense was \$55.5 million in 2011, an increase of \$19.3 million, or 53%, compared to 2010. A full year of depreciation and amortization on tangible and intangible assets from the June 2010 Cyrus Networks acquisition was the primary reason for the higher costs in 2011. Additional data center space placed in service in 2011 also contributed to higher depreciation.

Acquisition costs Acquisition costs were \$2.6 million in 2011, a decrease of \$6.4 million, or 71%, compared to 2010. In 2011, acquisition opportunities were investigated, but none were completed. Acquisition costs of \$9.0 million in 2010 were all related to the acquisition of Cyrus Networks.

Management fees charged by CBI Management fees were \$2.3 million in 2011, a decrease of \$1.3 million, or 36%, compared to 2010. Management fees represent corporate allocations of services provided by CBI, including executive management, legal, treasury, human resources, accounting, tax, internal audit and IT services. Depending on the nature of the respective cost, our allocated cost for these services was based upon specific identification of costs incurred on our behalf or a reasonable estimate of costs incurred on our behalf, such as relative revenues. Management fees were higher in 2010 due to corporate compensation costs associated with time devoted to the acquisition and integration of Cyrus Networks.

Loss on sale of receivables to CBF Loss on sale of receivables was \$3.5 million in 2011, an increase of \$1.7 million, or 94%, compared to 2010. As discussed above, certain of our receivables are sold to CBF at a discount of 2.5% from their face value. Loss on sale of receivables increased in 2011 which reflects a larger volume of receivables sold as Cyrus Networks began selling its receivables to CBF in 2011.

Restructuring costs No restructuring costs were incurred in 2011. A restructuring charge of \$1.4 million was incurred in 2010 for payments to be made in order to terminate a legacy sales commission plan to transition to a common plan for all commissioned employees.

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Operating Income

Operating income was \$38.0 million in 2011, an increase of \$20.2 million, or 113%, compared to 2010. Operating income increased on growth in revenues, resulting from the acquisition of Cyrus Networks as well as new business. Our operating margin was 20.9% in 2011 compared to 14.0% in 2010. The improvement in the operating margin in 2011 is largely due to higher margins realized at our recently acquired data centers as well as lower acquisition costs, management fees and restructuring costs incurred in 2011, partially offset by increased loss on sale of receivables to CBF in 2011.

Nonoperating Expenses

Interest expense Interest expense was \$32.9 million in 2011, an increase of \$21.4 million, or 186%, compared to 2010. On December 31, 2010, the Predecessor made a non-cash distribution to CBI by issuing a note payable to CBI for \$400 million. This note bore interest at 7.25%. In 2011, interest expense recognized on this note was \$29.0 million. In the prior year, the Predecessor's debt consisted of a \$168 million allocation of the parent company debt incurred to acquire Cyrus Networks. The interest rate on that note was 6.5%. In 2010, interest expense recognized on this debt was \$6.8 million. The parent acquisition debt was subsumed into the \$400 million note issued to CBI on December 31, 2010. Interest expense on capital leases and other borrowings increased by \$1.3 million in 2011, which primarily reflects a larger number of leased facilities. Capitalized interest on construction projects was \$2.6 million in 2011, an increase of \$2.1 million over the prior year, due to increased capital spending on data center expansions.

Loss on extinguishment of debt A loss on debt extinguishment of \$1.4 million occurred in 2011 resulting from the termination of a financing obligation. No such losses occurred in 2010.

Income tax expense Income tax expense was \$2.2 million in 2011, a decrease of \$0.5 million, or 19%, compared to 2010, due primarily to lower pre-tax income. The effective tax rate was 59.4% in 2011 compared to 42.7% in 2010. The increase in the effective tax rate results from higher Texas margin taxes, which are assessed based on Texas revenues with limited adjustments and were \$0.4 million in 2011 compared to \$0.2 million in 2010 net of the related federal tax benefit, and \$0.3 million in valuation allowance charges on current foreign losses.

Loss on sale of real estate improvements In 2010, a \$0.2 million pre-tax (\$0.1 million after-tax) loss was recognized upon the sale of generators that were replaced with higher capacity equipment at our Springer Street (Lombard) data center. No such losses were recognized in 2011.

Capital Expenditures

Capital expenditures were \$117.5 million in 2011, an increase of \$88.2 million, or 301%, compared to \$29.3 million of capital expenditures in 2010. Acquisitions of real estate were \$22.4 million in 2011 consisting of purchases of land in Phoenix, Arizona for \$14.8 million and a building in San Antonio, Texas for \$7.6 million. Development of real estate was \$91.8 million in 2011, an increase of \$67.1 million, or 272%, compared to 2010. Significant development projects in 2011 included expansion of our data centers at S. State Highway 121 Business (Lewisville) and Westway Park Blvd. (Houston West), Metropolis Drive (Austin 2) and Kingsview Drive (Lebanon). In 2010, a power upgrade project at Southwest Freeway (Galleria) and an expansion at Westway Park Blvd. (Houston West) were the largest development projects. Recurring real estate expenditures were \$1.8 million in both 2011 and 2010. Other non-real estate capital expenditures were \$1.5 million in 2011, a decrease of \$1.3 million, or 46%, compared to 2010.

Financial Condition, Liquidity and Capital Resources

Liquidity and Capital Resources

CyrusOne Inc. will be required to distribute at least 90% of its REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains, to our stockholders on an annual basis

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in order to qualify as a REIT for federal income tax purposes. Accordingly, we intend to make, but are not contractually bound to make, regular quarterly distributions to common stockholders and operating partnership unit holders from cash flow from operating activities. All such distributions are at the discretion of our board of directors.

On November 20, 2012, CyrusOne LP issued \$525 million of senior notes and entered into a \$225 million revolving credit facility. The senior notes are scheduled to mature in 2022 and bear interest at a rate of 6.375% per annum. Borrowings under the revolving credit facility bear interest at a variable rate based on, at CyrusOne LP's option, a rate equal to an applicable margin over either a base rate or a LIBOR rate. The revolving credit facility is scheduled to mature in 2017. We utilized approximately \$480 million of net proceeds from our senior notes issuance to partially repay our notes due to related parties, which totaled \$662.7 million at November 20, 2012. The notes payable remaining after such repayment were not contributed to the operating partnership.

In connection with CyrusOne's initial public offering, it sold approximately 19.0 million shares of CyrusOne Inc., and the net proceeds of \$337.1 million were used to purchase a 33.9% ownership of CyrusOne LP. These net proceeds will be used by CyrusOne LP to fund future growth and general corporate costs.

Short-Term Liquidity

Our short-term liquidity requirements primarily consist of operating expenses and capital expenditures composed primarily of acquisition and development costs for data center properties. For the first quarter of 2013, our capital expenditures were \$52.6 million. For 2012, our capital expenditures were \$228 million. We expect to fund future capital expenditures with a portion of the net proceeds from the initial public offering, cash available on our balance sheet and availability under the revolving credit facility. Our capital expenditures are largely discretionary and will be applied to expand our existing data center properties, acquire or construct new facilities, or both. For 2012, we completed the construction of approximately 195,000 CSF. In 2012, our most significant capital expenditures funded construction of a new data center in Phoenix, Arizona and the development of properties recently acquired in Dallas and San Antonio, Texas. Expansion efforts are also ongoing in Houston, Texas. We intend to continue to pursue additional growth opportunities and are prepared to commit additional resources to support this growth.

As of March 31, 2013 and December 31, 2012 and 2011, we had \$328.6 million, \$16.5 million and \$0.6 million, respectively, of cash and cash equivalents. Prior to the closing of the formation transactions on November 20, 2012, we participated in CBI's centralized cash management program. Prior to such date, all excess cash was transferred to CBI's corporate cash accounts on a periodic basis. Likewise, substantially all funds to finance our operations, including acquisitions and development costs, were funded by CBI.

Long-Term Liquidity

Our long-term liquidity requirements primarily consist of distributions to stockholders and the development of additional data center properties. We expect to meet our long-term liquidity requirements with proceeds from the initial public offering, cash available on our balance sheet, cash flows from our operations, issuances of debt and equity securities, secured borrowings and borrowings under our revolving credit facility.

As of March 31, 2013, our debt and other financing arrangements were \$618.9 million, consisting of \$525 million of senior notes, capital lease obligations of \$31.0 million and other financing arrangements of approximately \$63.0 million. As of December 31, 2012, our debt and other financing arrangements were \$618.0 million, consisting of \$525 million of senior notes, capital lease obligations of \$32.2 million and other financing arrangements of \$60.8 million. We have a revolving credit agreement of \$225.0 million. As of March 31, 2013, we did not have any borrowings outstanding on this facility, leaving available borrowings of \$225.0 million.

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Material Terms of Our Indebtedness

Revolving Credit Facility

On November 20, 2012, CyrusOne LP entered into a new \$225 million revolving credit facility with a syndicate of financial institutions. As of March 31, 2013, the revolving credit facility had available capacity of \$225 million. The revolving credit facility is scheduled to mature in 2017. All obligations under the revolving credit facility are unconditionally guaranteed by CyrusOne Inc., CyrusOne GP and each of the operating partnership's existing and future domestic wholly-owned subsidiaries, subject to certain exceptions. All obligations under the revolving credit facility, and the guarantees of those obligations, are secured by substantially all of our assets, subject to certain exceptions.

The revolving credit facility bears interest, at our option, at a rate equal to an applicable margin over either a base rate or a LIBOR rate. The initial applicable margin is 2.50% for base rate loans and 3.50% for LIBOR loans. Interest with respect to base rate loans is payable quarterly in arrears on the last business day of each calendar quarter.

The revolving credit facility contains affirmative and negative covenants customarily found in facilities of its type, including a number of covenants that, among other things, restrict, subject to certain exceptions, our ability to: incur additional indebtedness; create liens on assets; enter into sale and leaseback transactions; engage in mergers or consolidations; sell assets; pay dividends and distributions or repurchase capital stock; make loans, acquisitions or other investments; repay subordinated indebtedness; amend organizational documents or material agreements governing certain indebtedness; change the nature of our business; and change our fiscal year. Notwithstanding the foregoing, the covenants contained in the revolving credit facility do not restrict our ability to pay dividends or distributions to our stockholders to the extent (i) no event of default or certain other specified defaults exist or are continuing under the revolving credit facility and (ii) we reasonably believe in good faith that CyrusOne qualifies as a REIT under the Code and the payment of such dividend or distribution is necessary either to maintain CyrusOne's status as a REIT or to enable us to avoid payment of any tax that could be avoided by reason of such dividend or distribution. The revolving credit facility provides that the total indebtedness of the operating partnership and its subsidiaries shall not exceed 55% of the value of the assets of the Company and its subsidiaries as of the last day of any fiscal quarter through December 31, 2014, and 50% thereafter, determined based on the value of certain properties of the operating partnership and its subsidiaries and cash and cash equivalents held by the Company and its subsidiaries. The revolving credit facility also provides that the Company and its subsidiaries maintain a minimum fixed charge coverage ratio of not less than 2.00 to 1.00 for any period of four consecutive fiscal quarters and a maximum ratio of secured net indebtedness to consolidated EBITDA of 2.50 to 1.00 as of the last day of any fiscal quarter ending on or prior to December 31, 2014, and 2.00 to 1.00 thereafter. As of March 31, 2013, the Company was in compliance with all debt covenants.

6.375% Senior Notes due 2022

On November 20, 2012, CyrusOne LP and CyrusOne Finance Corp. issued \$525 million in aggregate principal amount of 6.375% Senior Notes due 2022. The Senior Notes will mature on November 15, 2022. The Senior Notes are unconditionally guaranteed on a senior basis by CyrusOne Inc., CyrusOne GP and each of the operating partnership's existing and future domestic wholly-owned subsidiaries, subject to certain exceptions. The indenture governing the senior notes contains affirmative and negative covenants customarily found in indebtedness of this type, including a number of covenants that, among other things, restrict, subject to certain exceptions, our ability to: incur secured or unsecured indebtedness; pay dividends or distributions on its equity interests, or redeem or repurchase equity interests of CyrusOne Inc. or the operating partnership; make certain investments or other restricted payments; enter into transactions with affiliates; enter into agreements limiting the ability of the operating partnership's subsidiaries to pay dividends or make certain transfers and other payments to the operating partnership or to our other subsidiaries; sell assets; and merge, consolidate or transfer all or substantially all of the operating partnership's assets. Notwithstanding the foregoing, the covenants contained in the indenture do not restrict our ability to pay dividends or distributions to our stockholders to the extent (i) no

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default or event of default exists or is continuing under the indenture and (ii) we believe in good faith that CyrusOne qualifies as a REIT under the Code and the payment of such dividend or distribution is necessary either to maintain CyrusOne's status as a REIT or to enable us to avoid payment of any tax that could be avoided by reason of such dividend or distribution. The operating partnership and its subsidiaries are also required to maintain total unencumbered assets of at least 150% of their unsecured debt on a consolidated basis, provided that for the purposes of such calculation our revolving credit facility shall be treated as unsecured indebtedness. If and for so long as the senior notes are rated investment grade by each of Moody's Investors Service, Inc. (Moody's) and Standard and Poor's (S&P), certain covenants will be suspended and the subsidiary guarantees will be released. As of the date hereof, the Senior Notes are not rated investment grade, and we are in compliance with all applicable covenants.

Cash Flows

During 2012, the Predecessor's primary sources of cash were earnings from its operations, collection or sale of its accounts receivables, borrowing and advances from CBI and proceeds from issuance of the Senior Notes. The Predecessor's primary uses of cash were capital expenditures to acquire or construct data center facilities, repayment of borrowings to CBI and payment of property operating expenses.

The following table summarizes our cash flows for the periods indicated:

(dollars in millions)	Three months ended		Year ended December 31,		
	March 31,		2012	2011	2010
	2013	2012	2012	2011	2010
Cash provided by operations ^(a)	\$ 24.9	\$ 12.5	\$ 44.5	\$ 66.0	\$ 43.5
Cash used in investing activities	(48.9)	(52.8)	(252.6)	(105.8)	(40.5)
Cash provided by financing activities ^(b)	336.1	41.6	224.0	35.5	1.9

(a) Includes \$7.1 million of cash provided by operations that is related to CyrusOne Inc. for the year ended December 31, 2012.

(b) Includes \$7.1 million of cash used by financing activities that is related to CyrusOne Inc. for the year ended December 31, 2012.

Comparison of Three Months Ended March 31, 2013

As of March 31, 2013, cash and cash equivalents were \$328.6 million, up from \$16.5 million as of December 31, 2012, an increase of \$312.1 million, as a result of raising capital from the initial public offering.

Net cash generated from operations was \$24.9 million in the first three months of 2013, an increase of \$12.4 million compared to the corresponding period in 2012. The increase in net cash generated from operations was directly related to the changes in our operating assets and liabilities compared to the same period 2012.

Cash used in investing activities was \$48.9 million for three months of 2013, a decrease of \$3.9 million compared to the corresponding period in 2012. Capital expenditures were \$52.6 million for the three months ended March 31, 2013 as compared to \$52.8 million for the three months ended March 31, 2012.

Cash provided by financing activities was \$336.1 million for three months of 2013, up \$294.5 million compared to the corresponding period in 2012. The increase was directly related to the issuance of common stock as a result of the initial public offering (IPO) offset by IPO related cost were \$23.4 million for the three months ended March 31, 2013.

Comparison of Years Ended December 31, 2012 and 2011

As of December 31, 2012, cash and cash equivalents were \$16.5 million, up from \$0.6 million as of December 31, 2011. As of December 31, 2012 we no longer participated in CBI's centralized cash management program generating greater cash on hand. Net cash generated from operations was \$44.5 million in 2012, a

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decrease of \$21.5 million compared to 2011. Changes in operating assets and liabilities used \$20.8 million of cash in 2012 and provided \$2.5 million of cash in 2011.

Cash used in investing activities was \$252.6 million in 2012, up \$146.8 million compared to 2011. Capital expenditures for acquisitions of real estate were \$25.4 million in 2012 to purchase the Frankford Road (Carrollton) building and land adjacent to our Westway Park Blvd. (Houston West) facility. Our significant development activities included \$33.5 million at Westover Hills Blvd. (San Antonio), \$34.4 million at Frankford Road (Carrollton), \$36.2 million at Westway Park Blvd. (Houston West), \$52.6 million at South Ellis Street (Phoenix) and \$8.8 million at Metropolis Drive (Austin 2). In 2012, we deposited \$11.1 million of cash into an escrow account and released \$4.8 million from this account to fund construction at our Westway Park Blvd. (Houston West) facility. Advances from (distributions to) CBI were a use of \$18.3 million of cash in 2012, compared to a source of cash of \$11.6 million in 2011. Proceeds from the sale of real estate improvements were \$0.2 million in 2012, with no such activity in the corresponding period in 2011.

Cash provided by financing activities was \$224.0 million compared to \$35.5 million in 2011. Borrowings from CBI were a source of cash of \$119.8 million in 2012, compared to \$66.6 million in 2011. Proceeds from issuance of debt were \$525.0 million of which \$480 million was utilized to repay the related party note due to CBI. The remaining proceeds were used to pay debt issuance costs of \$17.2 million and for general corporate purposes. Payments on capital lease obligations were \$9.0 million in 2012, compared to \$7.0 million in 2011. Contributions from CBI were a source of cash of \$5.4 million compared to a use of cash of \$7.8 in 2011.

Comparison of Years Ended December 31, 2011 and 2010

As of December 31, 2011 and 2010, cash and cash equivalents were \$0.6 million and \$4.9 million, respectively. As of December 31, 2010, we had a larger amount of cash on hand as certain subsidiaries did not begin participating in CBI's cash management program until the first quarter of 2011.

Net cash generated from operations was \$66.0 million in 2011, an increase of \$22.5 million compared to net cash generated of \$43.5 million in 2010. The increase in cash generated from operations is primarily related to the acquisition of Cyrus Networks in June 2010 which expanded our operations. In June 2011, Cyrus Networks began selling its receivables to an affiliated entity, which was an additional source of cash.

Cash used in investing activities was \$105.8 million in 2011, up \$65.3 million compared to \$40.5 million of cash used in investing activities in 2010. Capital expenditures for acquisitions of real estate were \$22.4 million in 2011, with no capital expenditures for acquisitions of real estate in 2010. In 2011, we purchased land in Phoenix, Arizona for \$14.8 million and a building in San Antonio, Texas for \$7.6 million. Development of these properties occurred in 2012. Other capital expenditures were \$95.1 million in 2011, an increase of \$65.8 million, or 225%, compared to 2010. We incurred \$91.2 million of capital expenditures in 2011 to expand our data centers in Houston, Dallas and Austin, Texas and Lebanon, Ohio. Advances from (distributions to) CBI were a source of cash of \$11.6 million in 2011 compared to a use of cash of \$11.6 million in 2010.

Cash provided by financing activities was \$35.5 million in 2011, up \$33.6 million compared to \$1.9 million of cash provided by financing activities in 2010. Borrowings from CBI were a source of \$66.6 million of funds in 2011, up \$51.1 million from the prior year. In 2011, we terminated a financing arrangement on our Westway Park Blvd. (Houston West) data center facility by purchasing the building, which used \$16.2 million of cash. Payments on capital lease obligations were \$7.0 million in 2011 compared to \$10.2 million in 2010. Distributions to CBI were a use of cash of \$7.8 million in 2011 compared to \$3.7 million in 2010.

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Contractual Obligations

The following contractual obligations table summarizes our contractual obligations as of December 31, 2012:

(dollars in millions)	Total	< 1 Year	1-3 Years	3-5 years	Thereafter
Long-term debt ⁽¹⁾	\$ 525.0	\$	\$	\$	\$ 525.0
Capital leases	32.2	6.3	7.5	6.4	12.0
Interest payments on notes payable, capital leases and other financing arrangements ⁽²⁾	393.2	41.4	81.4	79.8	190.6
Non-cancellable operating leases	7.2	3.7	2.0	0.5	1.0
Purchase obligations ⁽³⁾	50.3	50.3			
Financing arrangements and other liabilities ⁽⁴⁾	23.5	0.5	2.2	3.2	17.6
Total	\$ 1,031.4	\$ 102.2	\$ 93.1	\$ 89.9	\$ 746.2

- (1) Represents the principal portion of the Senior Notes.
- (2) Includes contractual interest payments on the Senior Notes, capital leases and other financing arrangements assuming no early payment of debt in future periods.
- (3) Purchase obligations primarily consist of amounts under open purchase orders for purchases of energy, contractual obligations for services such as data center construction and other purchase commitments.
- (4) Represents other financing arrangements of \$23.0 million for leased data centers where we are deemed the accounting owner, and asset retirement obligations of \$0.5 million.

The contractual obligations table is presented as of December 31, 2012. The amount of these obligations can be expected to change over time as new contracts are initiated and existing contracts are completed, terminated or modified.

Contingencies

We are periodically involved in litigation, claims and disputes. Liabilities are established for these claims when losses associated with these matters are judged to be probable and the loss can be reasonably estimated. Based on information currently available, consultation with counsel and established reserves, management believes the outcome of all claims will not individually, and in the aggregate, have a material effect on our financial position, results of operations or cash flows. For the year ended December 31, 2012, the Predecessor recognized expense of \$0.5 million for the settlement of an employee dispute related to data center commissions. As of December 31, 2012, this settlement had been paid.

Off-Balance Sheet Arrangements

Indemnification

During the normal course of business, we make certain indemnities, commitments and guarantees under which we may be required to make payments in relation to certain transactions. These include (i) intellectual property indemnities to customers in connection with the use, sale and/or license of products and services, (ii) indemnities to vendors and service providers pertaining to claims based on our negligence or willful misconduct and (iii) indemnities involving the representations and warranties in certain contracts. In addition, we have made contractual commitments to several employees providing for payments upon the occurrence of certain prescribed events. The majority of these indemnities, commitments and guarantees do not provide for any limitation on the maximum potential for future payments that we could be obligated to make.

Critical Accounting Policies and Estimates

Our discussion and analysis of financial condition and results of operations are based upon our combined financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these combined financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions

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that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses in the reporting period. Our management evaluates these estimates on an ongoing basis, based upon information currently available and on various assumptions management believes are reasonable as of the date of the financial statements.

Our actual results may differ from these estimates. We have provided a summary of our significant accounting policies in Note 2 to our audited combined financial statements included elsewhere in this prospectus. We describe below those accounting policies that require material subjective or complex judgments and that have the most significant impact on our financial condition and results of operations:

revenue recognition;

goodwill impairment;

accounting for real estate and other definite-lived assets;

accounting for business combinations; and

accounting for income taxes;

Revenue Recognition Colocation rentals are generally billed monthly in advance and certain contracts have escalating payments over the non-cancellable term of the contract. If rents escalate without the lessee gaining access to or control over additional leased space or power and the lessee takes possession of or controls the physical use of the property (including all contractually committed power) at the beginning of the lease term, the rental payments by the lessee are recognized as revenue on a straight-line basis over the term of the lease. If rents escalate because the lessee gains access to and control over additional leased space or power, revenue is recognized in proportion to the additional space or power in the years that the lessee has control over the use of the additional space or power. The excess of revenue recognized over amounts contractually due is recognized in other assets in the accompanying combined balance sheet. Approximately 30% of our annual revenue is associated with leases that contain free rent periods or escalating terms.

Some of our leases are structured on a full-service gross basis where the customer pays a fixed amount for both colocation rental and power. Other leases provide that the customer will be billed for power based upon their actual usage, which is separately metered, as well as an estimate of electricity used to power supporting infrastructure for the data center. In both cases, this revenue is presented on a gross basis in the accompanying combined statement of operations. Power is generally billed one month in arrears and an estimate of this revenue is accrued in the month that the associated costs are incurred. We generally are not entitled to reimbursements for real estate taxes, insurance or other operating expenses.

Revenue is recognized for services or products that are deemed separate units of accounting. When a customer makes an advance payment which is not deemed a separate unit of accounting, deferred revenue is recorded which is amortized to revenue ratably over the expected term of the customer relationship, unless the pattern of service suggests otherwise. As of March 31, 2013 deferred revenue was \$51.7 million. As of December 31, 2012 and 2011, deferred revenue was \$52.8 million and \$49.0 million, respectively.

Certain customer contracts require specified levels of service or performance. If we fail to meet these service levels, our customers may be eligible to receive credits on their contractual billings. These credits are recognized against revenue when an event occurs that gives rise to such credits.

A provision for credit losses is recognized when collection of contractual rent, straight-line rent or customer reimbursements are deemed to be uncollectible. The provision for uncollectible accounts was \$0.1 million in 2012 and less than \$0.1 million in 2011 and 2010 due to our participation in CBI's receivable securitization program, which resulted in the immediate sale of our receivables to CBF.

Goodwill Impairment In September 2011, the Financial Accounting Standards Board (FASB) amended its guidance in Accounting Standards Codification (ASC) 350-20 on testing goodwill for impairment.

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As a result of the revised guidance, we will have the option of performing a qualitative assessment for impairment prior to performing the quantitative tests. Impairment testing of goodwill is performed on an annual basis or when events or changes in circumstances indicate that an asset may be impaired. We perform our annual impairment tests in the fourth quarter.

Management estimates the fair value of each reporting unit utilizing a combination of valuation methods, including both income-based and market-based methods. The income-based approach utilizes a discounted cash flow model using projected cash flows derived from our five-year plan, adjusted to reflect market participants' assumptions. Expected future cash flows are discounted at the weighted average cost of capital applying a market participant approach. The market-based approach utilizes earnings multiples from comparable publicly-traded companies. The fair value of the reporting unit exceeded the respective reporting unit's carrying value at December 31, 2012, 2011 and 2010. As such, there were no goodwill impairments in 2012, 2011 or 2010. As of December 31, 2012, the fair value of our reporting unit exceeded its carrying value by more than \$300 million, more than 100% of the carrying value of the reporting unit.

Changes in certain assumptions could have a significant impact on the impairment test for goodwill. The most critical assumptions are projected future growth rates, operating margins, capital expenditures, terminal values and discount rates. These assumptions are subject to change as our long-term plans and strategies are updated each year.

Accounting for Real Estate and Other Definite-Lived Assets Investments in real estate consists of land, buildings, improvements and integral equipment utilized in our data center operations. Real estate acquired from third parties has been recorded at its acquisition cost. Real estate acquired from CBI and its affiliates has been recorded at its historical cost basis. Additions and improvements which extend an asset's useful life or increase its functionality are capitalized and depreciated over the asset's remaining life. Maintenance and repairs are expensed as incurred.

When we are involved in the construction of structural improvements to leased property, we are deemed the accounting owner of the leased real estate. In these instances, we bear substantially all the construction period risk, such as managing or funding construction. These transactions generally do not qualify for sale-leaseback accounting due to our continued involvement in these data center operations. At the lease inception date, the fair value of the leased real estate, which generally consists of a building shell, is recorded as construction in progress, and a financing obligation is recorded for the same amount. As construction progresses the value of the asset and obligation increases by the fair value of the structural improvements. When construction is complete, the asset is placed in service and depreciation commences. These properties are depreciated to the lesser of (i) its estimated fair value at the end of the term or (ii) the expected amount of the unamortized obligation at the end of the term. As of December 31, 2012 and 2011, assets where we are deemed the accounting owner were \$60.8 million and \$48.2 million, respectively. The associated obligation is presented as other financing arrangements in the accompanying balance sheets.

When we are not deemed the accounting owner, we further evaluate leased real estate to determine if the lease should be classified as either a capital or operating lease. One of the following four characteristics must be present to classify a lease as a capital lease: (i) the lease transfers ownership of the property to the lessee by the end of the lease term, (ii) the lease contains a bargain purchase option, (iii) the lease term is equal to 75% or more of the estimated economic life of the leased property, or (iv) the net present value of the lease payments are at least 90% of the fair value of the leased property. As of December 31, 2012 and 2011, capital lease assets included in investment in real estate were \$61.4 million and \$59.2 million, respectively.

We capitalize direct and indirect costs related to the construction and development of data center facilities. These costs include compensation and benefits of personnel who manage third-party contractors as well as property taxes, insurance and financing costs associated with properties under active construction. We cease capitalization once the space is ready for its intended use and held available for occupancy.

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The useful lives of real estate and other definite-life long-lived assets are estimated in order to determine the amount of depreciation and amortization expense to be recorded during any reporting period. Depreciation of our real estate, and other tangible assets, except for leasehold improvements, is based on the straight-line method over the estimated economic useful life. Depreciation of leasehold improvements is based on a straight-line method over the lesser of the economic useful life or term of the lease, including optional renewal periods if renewal of the lease is reasonably assured. Amortization of acquired customer relationships is estimated using an accelerated amortization method to match the projected benefit derived from this asset. All other intangible assets are amortized applying a straight-line amortization method.

We review the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Events and circumstances that we consider when assessing long-lived assets associated with each of our data center facilities include, vacancy rates, declines in rental or occupancy rates, and other factors. An impairment loss is recognized when the estimated future undiscounted cash flows expected to result from the use of an asset (or group of assets) and its eventual disposition is less than its carrying amount.

The estimate of expected future cash flows is inherently uncertain and relies to a considerable extent on estimates and assumptions, including current and future market conditions, projected growth in our CSF, projected recurring rent churn, lease renewal rates and our ability to generate new leases on favorable terms. It may be more difficult to sign new customers to fill some of our smaller data centers because the available space at these locations is relatively small. If there are changes to any of these estimates and assumptions in future periods, an impairment loss could occur.

During the second quarter of 2012, management identified impairment indicators for a customer relationship intangible and other long-lived assets primarily associated with our former GramTel acquisition. We performed step one of the impairment tests for these assets utilizing cash flow estimates from our most recent long-term business plan and other updated assumptions. The results of these tests indicated a potential impairment loss for each of these asset groups.

Management engaged a third-party valuation specialist to assist with our estimation of the fair value of these assets. Management estimated the fair value of the customer relationship using the income approach, which discounted the expected earnings attributable to current customer contracts, and included estimates of future expenses, capital expenditures and an appropriate discount rate. Management also estimated the fair value of other long-lived assets, primarily leasehold improvements, using an income approach based on projected discounted future cash flows using estimates of future revenues and expenses, projected capital expenditures and an appropriate discount rate. The fair value of the customer relationship intangible was estimated by management to be \$2.8 million resulting in an asset impairment of \$1.5 million. Management estimated the fair value of other long-lived assets, primarily leasehold improvements, at \$2.4 million resulting in an impairment loss of \$11.8 million. Both fair value estimates are deemed Level 3 measurements within the fair value hierarchy due to the significance of unobservable inputs utilized in these measurements.

Changes in certain assumptions could have a significant impact on the impairment tests for long-lived assets. The most critical assumptions are operating margins, capital expenditures, terminal values and discount rates. These assumptions are subject to change as our long-term plans and strategies are updated each year.

Accounting for Business Combinations In accounting for business combinations, we follow ASC 805, Business Combinations, which requires the recording of net assets of acquired businesses at fair value. In developing estimates of fair value of acquired assets and assumed liabilities, management analyzes a variety of factors including market data, estimated future cash flows of the acquired operations, industry growth rates, current replacement cost for fixed assets, and market rate assumptions for contractual obligations. Such a valuation requires significant estimates and assumptions, especially with respect to the intangible assets. Transaction costs associated with acquisitions are expensed as incurred.

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In determining the fair value of the net assets acquired with the purchase of Cyrus Networks, management utilized several valuation methods:

Excess earnings method: This method was used to determine the fair value of the Cyrus Networks customer relationships. This method estimates the present value of future cash flows attributable to the customer base and requires estimates of the expected future earnings and remaining useful lives of the customer relationships.

Replacement cost method: This method was used to determine the fair value of real estate and non-real estate property. This method indicates value based on the amount that currently would be required to replace the service capacity of the asset and considers the cost of a buyer to acquire or construct a substitute asset of comparable utility, adjusted for deterioration and obsolescence.

Relief-from-royalty: This method, used to determine the fair value of the CyrusOne trademark, estimates the present value of royalty expense that could be avoided as a result of owning the respective asset or technology.

An independent valuation firm was utilized to assist with management's determination of the fair values of the acquired real estate, identified intangibles and other financing arrangements. See Note 4 to the audited financial statements included in this prospectus for the allocation of the purchase price to the assets acquired and liabilities assumed. In 2011, we finalized the Cyrus Networks purchase price allocation. No significant changes were made in 2011 to the estimates or assumptions applied in the preliminary purchase price allocation.

Accounting for Income Taxes CyrusOne was included in CBI's consolidated tax returns in various jurisdictions. In the accompanying combined financial statements, we have accounted for income taxes as if we were a separate stand-alone company. The income tax provision consists of an amount for taxes currently payable and an amount for tax consequences deferred to future periods. CBI's previous tax filings are subject to normal reviews by regulatory agencies until the related statute of limitations expires. With a few exceptions, CBI is no longer subject to U.S. federal, state or local examinations for years prior to 2009.

Prior to November 20, 2012, the Predecessor was not a legal entity or combination of legal entities. The tax provision for periods prior to this date was computed as a C corporation. Net operating loss carryforwards were generated at the federal, foreign, state and local levels. Effective November 20, 2012, CBI contributed its data center properties to CyrusOne LP, the partnership formed to operate the data center business. As a partnership, the taxable income of CyrusOne LP will flow through to its partners. Thus, CyrusOne had no federal tax provision for the period from November 20, 2012 to December 31, 2012.

In addition, CBI did not contribute the Predecessor's historical deferred tax assets and liabilities to CyrusOne LP upon its formation. Instead, the Predecessor's historical deferred tax assets and liabilities were retained by CBI. Thus, CyrusOne Inc. will have no federal, state or local net operating losses available to offset its future taxable income. CyrusOne retained the net operating losses related to its foreign operations. However due to the uncertainty related to the realization of these net operating losses, as well as other deferred tax assets, a valuation allowance has been established. As of December 31, 2012 and 2011, the valuation allowance was \$1.9 million and \$0.3 million, respectively.

Recently Issued Accounting Standards

Refer to Note 3 to our audited combined financial statements for further information on recently issued accounting standards. We do not expect the adoption of these new accounting standards to have a material impact on our financial condition, results of operations or cash flows on a prospective basis.

Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the Securities Act) for complying with new or revised accounting standards. However, we are choosing to opt

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out of such extended transition period and, as a result, we will comply with any such new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

Inflation

Our customer leases generally do not provide for annual increases in rent based on inflation. As a result, we bear the risk of increases in the costs of operating and maintaining our data center facilities. Some of our leases are structured to pass-through the cost of sub-metered utilities. In the future, we expect more of our leases to pass-through utility costs. In addition, we plan to structure our contracts to include annual escalators of approximately 2% 3%.

Quantitative and Qualitative Disclosure About Market Risk*Interest Rate Risk*

We have exposure to interest rate risk, arising from variable-rate borrowings under our revolving credit agreement and our fixed rate long-term debt. On November 20, 2012, we entered into a revolving credit agreement with a syndicate of financial institutions. Borrowings on the revolving credit agreement bear interest, at our option, at a rate equal to an applicable margin over either a base rate or a LIBOR rate. The initial applicable margin is 2.50% for base rate loans and 3.50% for LIBOR loans. There were no outstanding borrowings on this revolving credit agreement in 2012. On November 20, 2012, CyrusOne LP and CyrusOne Finance Corp. issued \$525 million of senior notes, which bear interest at a fixed rate of 6.375% per annum. As of March 31, 2013, we had no derivative instruments to hedge these interest rate risks.

The following table sets forth the carrying value and fair value face amounts, maturity dates, and average interest rates at March 31, 2013 for our fixed-rate debt, excluding capital leases and other financing arrangements:

(dollars in millions)	2013	2014	2015	2016	Thereafter	Total Carrying Value	Total Fair Value
Fixed-rate debt						\$ 525.0	\$ 549.9
Average interest rate on fixed-rate debt						6.375%	6.375%

Foreign Currency Risk

Substantially all of our revenue and expenses are denominated in U.S. dollars. We do not currently employ forward contracts or other financial instruments to mitigate foreign currency risk. As our international operations grow, we may engage in hedging activities to hedge our exposure to foreign currency risk.

Commodity Price Risk

Certain of our operating costs are subject to price fluctuations caused by the volatility of the underlying commodity prices, including electricity used in our data center operations, and building materials, such as steel and copper, used in the construction of our data centers. In addition, the lead time to purchase certain equipment for our data centers is substantial which could result in increased costs for these construction projects.

We entered into a contract to purchase 14 MW of electricity for use at our Houston data centers at fixed prices for the period January 1, 2012 to March 31, 2013. This contract represents 50% of the anticipated Houston electricity usage through March 31, 2013. The remaining 50% of anticipated Houston utility usage is priced at market rates. We intend to obtain additional fixed price contracts as our electricity usage grows.

We do not currently employ forward contracts or other financial instruments to mitigate the risk of commodity price risk other than the contract discussed above.

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BUSINESS AND PROPERTIES

Our Company

We are an owner, operator and developer of enterprise-class, carrier-neutral data center properties. Enterprise-class, carrier-neutral data centers are purpose-built facilities with redundant power, cooling and telecommunications systems and that are not network-specific, enabling customer interconnectivity to a range of telecommunications carriers.

We provide mission-critical data center facilities that protect and ensure the continued operation of information technology (IT) infrastructure for over 500 customers. Our goal is to be the preferred global data center provider to the Fortune 1000. As of March 31, 2013, our customers included nine of the Fortune 20 and 119 of the Fortune 1000 or private or foreign enterprises of equivalent size. These 119 customers provided 76% of our annualized rent as of March 31, 2013. Additionally, as of March 31, 2013, our top 10 customers (including CBI) provided 44% of our annualized rent. We cultivate long-term strategic relationships with our customers and provide them with solutions for their data center facilities and IT infrastructure challenges. Our offerings provide flexibility, reliability and security and are delivered through a tailored, customer service-focused platform that is designed to foster long-term relationships. We focus on attracting customers that have not historically outsourced their data center needs. We believe our capabilities and reputation for serving the needs of large enterprises will allow us to capitalize on the growing demand for outsourced data center facilities in our markets and in new markets where our customers are located or plan to be located in the future.

Our History

Our business is comprised of the historical data center activities and holdings of CBI. CBI has operated its Cincinnati-based data center business for over 10 years. In addition, it acquired GramTel, a data center operator in South Bend, Indiana and Chicago, Illinois, for approximately \$20 million in December 2007, and it acquired Cyrus Networks, a data center operator based in Texas, for approximately \$526 million, net of cash acquired, in June 2010. As part of the formation transactions, certain subsidiaries of CBI will contribute these assets and operations to the operating partnership.

CyrusOne was formed as a Maryland corporation on July 31, 2012. It had been a consolidated subsidiary of CBI for U.S. federal income tax purposes since the date of its incorporation. In connection with its initial public offering, it ceased to be a consolidated subsidiary of CBI for U.S. federal income tax purposes, and it intends to qualify as a REIT for such purposes commencing with its short taxable year ending on December 31, 2012. Our corporate offices are located at 1649 West Frankford Rd, Carrollton, TX 75007. Our telephone number is (972) 350-0060. Our website is www.cyrusone.com. The information contained on, or accessible through, our website is not incorporated by reference into this prospectus and should not be considered a part of this prospectus.

Our Competitive Strengths

We believe the following competitive strengths distinguish us from other data center operators and will enable us to continue to grow our operations.

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High Quality Customer Base. The high quality of our assets combined with our reputation for serving the needs of large enterprises has enabled us to focus on the Fortune 1000 to build a quality customer base. We currently have over 500 customers from a broad spectrum of industries, with a particular expertise serving the energy industry, which comprises 36% of our annualized rent as of March 31, 2013. We currently have nine of the Fortune 20 and 119 of the Fortune 1000 or private or foreign enterprises of equivalent size as customers, including five of the six supermajor oil and gas companies. Our revenue is generated by a stable enterprise customer base, as evidenced by the following as of March 31, 2013:

76% of our annualized rent comes from the Fortune 1000 or private or foreign enterprises of equivalent size.

56% of our annualized rent comes from investment grade companies or their affiliates, based on the parent company's corporate credit rating by Standard & Poor's Ratings Services (S&P).

37% of our annualized rent comes from the Fortune 100 or private or foreign enterprises of equivalent size.

As of March 31, 2013, CBI represented 9% of our annualized rent under contracts, which is largely comprised of two customers to whom we provide services through contracts entered into between those customers and Cincinnati Bell Technology Solutions Inc., a subsidiary of CBI (CBTS). Customer consent is required in order to assign those contracts to us, and while we expect those contracts to be assigned to us, such consent has not yet been obtained. Excluding these customers, CBI represented 3% of our annualized rent as of March 31, 2013. As of March 31, 2013, no single other customer represented more than 8% of our annualized rent, and our top 10 customers (including CBI) represented 44% of our annualized rent.

Strategically Located Portfolio. Our portfolio is located in several domestic and international markets possessing attractive characteristics for enterprise-focused data center operations. We have domestic properties in five of the top 10 largest U.S. cities by population (Chicago, Dallas, Houston, Phoenix and San Antonio), according to the U.S. Census Bureau, and four of the top 10 cities for Fortune 500 headquarters (Chicago, Cincinnati, Dallas and Houston), according to *Forbes*. We believe cities with large populations or a large number of corporate headquarters are likely to produce incremental demand for IT infrastructure. In addition, being located close to our current and potential customers provides chief information officers (CIOs) with additional confidence when outsourcing their data center infrastructure to us.

Modern, High Quality Facilities. Our portfolio includes highly efficient, reliable facilities with advanced cooling capabilities and the security systems necessary to provide an environment suitable for some of our clients' most vital technology infrastructure. To optimize the delivery of power, our properties include modern engineering technologies designed to minimize unnecessary power usage and, in our newest facilities, we are able to provide power utilization efficiency ratios we believe to be among the best in the multi-customer data center industry. In our newest facilities, we take a Massively ModularSM approach to site selection, design and construction such that we are able to deliver a range of power densities to our customers within a single facility. Our Massively ModularSM design principles allow us to efficiently stage construction on a large scale and deliver colocation square feet (CSF) in a timeframe that we believe is one of the best in the industry. We acquire or build a large powered shell capable of scaling with our customers' power and colocation space needs.

The powered shell can be acquired or constructed for a relatively inexpensive capital cost. Once the building shell is ready, we can build individual data center halls in portions of the building space to meet the needs of customers on a modular basis. This modular data center hall construction can be completed in less than 16 weeks to meet our customers' immediate needs. This short construction timeframe ensures a very high utilization of the assets and minimizes the time between our capital investment and the receipt of customer revenue, favorably impacting our return on investment while also translating into lower costs for our customers. Our design principles also allow us to add incremental equipment to increase power densities as our customers' power needs increase, which provides our customers with a significant amount of flexibility to manage their IT demands. We

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believe this Massively ModularSM approach allows us to respond to rapidly evolving customer needs, to commit capital toward the highest return projects and to develop state-of-the-art data center facilities.

Significant Leasing Capability and Low Recurring Rent Churn. Our focus on the customer, our ability to scale with its needs, and our operational excellence provides us with two key benefits: embedded future growth from our customer base and low recurring rent churn. Our total annualized rent increased by approximately 17%, and our existing customer base provided approximately 69% of such increase, between March 31, 2012 and March 31, 2013. We have a high percentage of NRSF leased of 77% at March 31, 2013.

Our management team focuses on minimizing recurring rent churn. We define recurring rent churn as any reduction in recurring rent due to customer terminations, net pricing reductions or service reductions as a percentage of the annualized rent at the beginning of the applicable period, excluding any impact from metered power reimbursements. For 2012, our recurring rent churn was 4.6%, which includes the termination of one lease for legacy data center space that had been utilized for over 20 years. The legacy data center space has been decommissioned and is expected to be developed into data center space that we believe will generate higher amounts of revenue than the prior lease. Excluding this lease, the recurring rent churn for 2012 would have been 3.6%. In 2011, we experienced a recurring rent churn of 3%, approximately half of which was attributable to customers that ceased using our facilities.

Significant, Attractive Expansion Opportunities. Our current development properties and available acreage were selected based on extensive site selection criteria and the collective industry knowledge and experience of our management team. As a result, we believe that our development portfolio contains properties that are located in markets with attractive supply and demand conditions and that possess suitable physical characteristics to support data center infrastructure. In addition to our operating NRSF of approximately 1,709,000 as of March 31, 2013, we are currently developing vacant properties and new facilities to create approximately 242,000 NRSF under construction, 820,000 NRSF of powered shell available for future development, and approximately 170 acres of land that are available for future data center facility development.

Differentiated Reputation for Service. We believe that the decision CIOs make to outsource their data center infrastructure has material implications for their businesses, and, as such, CIOs look to third-party data center providers that have a reputation for serving similar organizations and that are able to deliver a customized solution. We take a consultative approach to understanding the unique requirements of our customers, and our design principles allow us to deliver robust flexibility in the scale, power and location of our data center infrastructure. We believe that this approach has helped fuel our growth. Our current customers are also often the source of new contracts, with referrals being an important source of new customers.

Experienced Management Team. Our management team is comprised of individuals drawing on diverse knowledge and skill sets acquired through extensive experiences in the real estate, telecommunications and mission-critical infrastructure industries. Our management team of nine individuals has an average of approximately fifteen years of experience in the data center and communications industries.

Business and Growth Strategies

Our objective is to grow our revenue and earnings by continuing to expand our data center infrastructure outsourcing business.

Increasing Revenue from Existing Customers and Properties. We have historically generated a significant portion of our revenue growth from our existing customers. Our total annualized rent increased by approximately 17%, and our existing customer base provided approximately 69% of such increase, between March 31, 2012 and March 31, 2013. We plan to continue to target our existing customers, because we believe that many have significant data center infrastructure that has not yet been outsourced, and many will require additional data

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center space to support their growth and their increasing reliance on technology infrastructure in their operations. To address new demand, as of March 31, 2013, we have approximately 395,000 available for lease, 242,000 NRSF under development and 820,000 NRSF of additional powered shell available for future development. Our portfolio also contains approximately 170 acres of land that are available for future data center facility development.

Attracting and Retaining New Customers. Increasingly, enterprises are beginning to recognize the complexities of managing data center infrastructure in the midst of rapid technological development and innovation. We believe that these complexities, brought about by the rapidly increasing levels of Internet traffic and data, obsolete existing corporate data center infrastructure, increased power and cooling requirements and increased regulatory requirements, are driving the need for companies to outsource their data center facility requirements. Consequently, this will significantly increase the percentage of companies that use third-party data center colocation services over the next several years. We believe that our high quality assets and reputation for serving large enterprises have been, and will be, key differentiators for us in attracting customers that are outsourcing their data center infrastructure needs. Since 2010, we have signed more than 100 new customers, many of whom were outsourcing data center infrastructure for the first time. We have historically managed our sales process through a direct-to-the-customer model but have recently begun utilizing third-party leasing agents to expand our universe of potential new customers. Regardless of how a potential customer lead is generated, every opportunity undergoes a rigorous review process designed to maximize cash flow generation and customer retention. Additionally, throughout the life cycle of a customer's interaction with us, we maintain a disciplined approach to monitoring their experience, with the goal of providing the highest level of customer service. We plan to continue to pursue large enterprise customers by leveraging our relationships and reputation, and by developing our existing pipeline of inventory to meet their needs.

Expanding into New Domestic and International Markets. Our expansion strategy focuses on developing new data centers in markets where our customers are located and in markets where our customers want to be located. We regularly meet with our customers to understand their business strategies and potential data center needs. We also conduct extensive analysis to ensure an identified market displays strong data center fundamentals, independent of the demand presented by any particular customer. We believe that this approach significantly reduces the risk associated with expansion into new markets because it provides strong visibility into our anticipated cash flow and helps to ensure targeted returns on new developments. Our strategy for entering a new market will vary based on in-place real estate and data center infrastructure and could include greenfield construction projects as well as acquisitions.

Growing Interconnection Business. Our customers are increasingly seeking to connect to one another via private peering, cross connects and/or public switching environments. Interconnection allows our customers to share information and conduct commerce in a highly efficient manner not requiring a third-party intermediary and at a fraction of the cost normally required to establish such a connection between two enterprises. The demand for interconnection creates additional rental and revenue growth opportunities for us, and we believe that customer interconnections increase our likelihood of customer retention by providing an environment not easily replicated by competitors. Interconnections are made possible by our customers' common location in our facilities and our provisioning of the infrastructure necessary to interconnect within our facilities, and, as a result, we believe that it would require significant coordination and capital for our customers to move their interconnection to a different location. Since many of our facilities currently have the infrastructure necessary to provide interconnection, we plan to market this capability to our existing customers, and we will incorporate interconnection into our current and future developments. We anticipate implementing interconnection infrastructure in our existing facilities that do not currently have it. Compared to the capital required to build a data center, the capital required for interconnection is minimal, which we believe creates the potential to create attractive capital returns. We act as the trusted neutral party that enterprises, carriers and content companies utilize to connect to each other. We believe that the reputation and industry relationships of our executive management team place us in an ongoing trusted provider role.

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Selectively Pursuing Property Acquisition Opportunities. We intend to seek opportunities to acquire existing or potential data center properties in key strategic markets. In addition, we currently lease certain of our data center properties and, to the extent economically attractive, we may opportunistically seek to purchase those properties. We take a disciplined approach in evaluating potential business, property and site acquisitions, including expected demand from existing and new customers, the current competitive environment, a site's geographic attributes, availability of telecommunications providers, access to power, expected costs for development and potential barriers to entry for other third-party data center providers.

Leasing Arrangements

As of March 31, 2013, 41% of our leased NRSF has been to customers on a full-service gross basis. Under a full-service gross model, the customer pays a fixed monthly rent amount, and we are responsible for all data center facility electricity, maintenance and repair costs, property taxes, insurance and other utilities associated with that customer's space. For leases under this model, fluctuations in our customers' monthly utilization of power and the prices our utility providers charge us impact our profitability. As of March 31, 2013, 59% of our leased NRSF has been to customers with separately metered power. Under the metered power model, the customer pays us a fixed monthly rent amount, plus its actual costs of sub-metered electricity used to power its data center equipment, plus an estimate of costs for electricity used to power supporting infrastructure for the data center, expressed as a factor of the customer's actual electricity usage. We are responsible for all other costs listed in the description of the full-service gross model above. Fluctuations in a customer's utilization of power and the supplier pricing of power do not impact our profitability under the metered power model. In future periods, we expect more of our contracts to be structured to bill power on a metered power basis.

Our Portfolio

As of March 31, 2013, our property portfolio included 24 operating data centers in ten distinct markets (Austin, Chicago, Cincinnati, Dallas, Houston, London, Phoenix, San Antonio, Singapore and South Bend), collectively providing approximately 1,709,000 NRSF and powered by approximately 248 megawatts (MW) of utility power. We own ten of the buildings in which our data center facilities are located. We lease the remaining 14 buildings, which account for approximately 600,000 NRSF, or approximately 36% of our total operating NRSF. These leased buildings accounted for 37% of our total annualized rent as of March 31, 2013. Of these leased facilities, four are considered to be strategic, two of which have purchase options or rights of first refusal and the other two have lease terms in excess of 20 years including renewals. We also currently have 242,000 NRSF under development at two data centers (Houston and Phoenix) and 820,000 NRSF of additional powered shell space under roof and available for development. In addition, we have approximately 170 acres of land that are available for future data center facility development. Along with our primary product offering, leasing of colocation space, our customers are increasingly interested in our ancillary office and other space, which is listed separately in the following table. We believe our existing operating portfolio and development pipeline will allow us to meet the evolving needs of our existing customers and continue to attract new customers.

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The following tables provide an overview of our operating and development properties as of March 31, 2013:

Facilities	Metropolitan Area	Annualized Rent ^(b)	Operating Net Rentable Square Feet (NRSF) ^(a)				Percent Leased ^(g)	Powered	Available Utility Power ⁽ⁱ⁾ (MW)
			Colocation Space (CSF) ^(c)	Office & Other ^(d)	Supporting Infrastructure ^(e)	Total ^(f)		Shell Available for Future Development (NRSF) ^(h)	
South									
Southwest Fwy (Galleria)	Houston	\$ 41,695,463	63,469	17,385	23,202	104,056	93%		15
Westway Park Blvd (Houston West)	Houston	\$ 35,081,808	112,133	12,735	36,567	161,435	92%	3,000	14
S. State Hwy 121 Business (Lewisville)*	Dallas	\$ 35,068,828	108,687	11,399	59,333	179,419	89%		20
Midway**	Dallas	\$ 6,387,262	9,782			9,782	100%		1
E. Ben White Blvd (Austin 1)*	Austin	\$ 5,917,525	16,223	21,376	7,516	45,115	94%		5
Metropolis Drive (Austin 2)*	Austin	\$ 2,158,715	40,855	4,128	18,563	63,546	9%		10
Frankford Road (Carrollton)	Dallas	\$ 1,959,672	47,366	24,330	36,522	108,218	13%	518,000	20
Westover Hills Blvd (San Antonio)	San Antonio	\$ 1,250,954	35,765	172	25,777	61,714	17%	35,000	10
North Fwy (Greenspoint)**	Houston	\$ 1,038,086	13,000	1,449		14,449	100%		1
Marsh Ln.**	Dallas	\$ 1,029,705	2,245			2,245	100%		1
Bryan St.**	Dallas	\$ 993,646	3,020			3,020	58%		1
South Ellis Street (Phoenix)	Arizona	\$	36,222		20,916	57,138	0%	45,000	100
South Total		\$ 132,581,664	488,767	92,974	228,396	810,137	66%	601,000	196
Midwest									
West Seventh Street (7th St.)***	Cincinnati	\$ 33,218,452	193,003	5,744	158,194	356,941	96%	71,000	13
Fujitec Drive (Lebanon)	Cincinnati	\$ 20,741,817	60,556	32,484	44,506	137,546	82%	90,000	12
Industrial Road (Florence)*	Cincinnati	\$ 14,258,855	52,698	46,848	40,374	139,920	94%		10
Knightsbridge Drive (Hamilton)*	Cincinnati	\$ 10,552,550	46,565	1,077	35,336	82,978	90%		5
Parkway (Mason)	Cincinnati	\$ 5,897,705	34,072	26,458	17,193	77,723	99%		3
Springer Street (Lombard)*	Chicago	\$ 2,246,842	13,560	4,115	12,231	29,906	54%	29,000	3
E. Monroe Street (Monroe St.)	South Bend	\$ 1,494,608	6,350		6,478	12,828	70%	4,000	1
Goldcoast Drive (Goldcoast)	Cincinnati	\$ 1,456,188	2,728	5,280	16,481	24,489	100%	14,000	1
Crescent Circle (Blackthorn)*	South Bend	\$ 873,259	3,368		5,125	8,493	44%	11,000	1
McAuley Place (Blue Ash)*	Cincinnati	\$ 546,645	6,193	6,950	2,166	15,309	71%		1
Midwest Total		\$ 91,286,921	419,093	128,956	338,084	886,133	90%	219,000	50
International									
Kestral Way (London)**	London	\$ 1,606,182	10,000			10,000	39%		1
Jurong East (Singapore)**	Singapore	\$ 270,952	3,200			3,200	12%		1
International Total		\$ 1,877,134	13,200			13,200	33%		2
Total		\$ 225,745,719	921,060	221,930	566,480	1,709,470	77%	820,000	248

* Indicates properties in which we hold a leasehold interest in the building shell and land. All data center infrastructure has been constructed by us and owned by us.

** Indicates properties in which we hold a leasehold interest in the building shell, land, and all data center infrastructure.

*** The information provided for the West Seventh Street (7th St.) property includes data for two facilities, one of which we lease and one of which we own.

(a) Represents the total square feet of a building under lease or available for lease based on engineers' drawings and estimates but does not include space held for development or space used by CyrusOne.

(b) Represents monthly contractual rent (defined as cash rent including customer reimbursements for metered power) under existing customer leases as of March 31, 2013, multiplied by 12. For the month of March 2013, customer reimbursements were \$20.3 million annualized and consisted of reimbursements

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by customers across all facilities with separately metered power. Customer reimbursements under leases with separately metered power vary from month-to-month based on factors such as our customers' utilization of power and the suppliers' pricing of power. From April 1, 2011 through March 31, 2013, customer reimbursements under leases with separately metered power constituted between 7.2% and 9.7% of annualized rent. After giving effect to abatements, free rent and other straight-line adjustments, our annualized effective rent as of March 31, 2013 was \$236,267,428. Our annualized effective rent was greater than our annualized rent as of March 31, 2013 because our positive straight-line and other adjustments and amortization of deferred revenue exceeded our negative straight-line adjustments due to factors such as the timing of contractual rent escalations and customer prepayments for services.

- (c) CSF represents the NRSF at an operating facility that is currently leased or readily available for lease as colocation space, where customers locate their servers and other IT equipment.
- (d) Represents the NRSF at an operating facility that is currently leased or readily available for lease as space other than CSF, which is typically office and other space.

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- (e) Represents infrastructure support space, including mechanical, telecommunications and utility rooms, as well as building common areas.
 - (f) Represents the NRSF at an operating facility that is currently leased or readily available for lease. This excludes existing vacant space held for development.
 - (g) Percent leased is determined based on NRSF being billed to customers under signed leases as of March 31, 2013 divided by total NRSF. Leases signed but not commenced as of March 31, 2013 are not included. Supporting infrastructure has been allocated to leased NRSF on a proportionate basis for purposes of this calculation.
 - (h) Represents space that is under roof that could be developed in the future for operating NRSF, rounded to the nearest 1,000.
 - (i) Represents installed power capacity that can be delivered to the facility by the local utility provider. Does not sum to total due to rounding.
- (square feet rounded to nearest 1,000; dollars in millions)**

Facilities	NRSF Under Development ^(a)						Under Development Costs ^(b)		
	Metropolitan Area	Colocation Space (CSF)	Office & Other	Under Development		Total	Actual to Date	Estimated Costs to Completion	Total
				Supporting Infrastructure	Powered Shell ^(c)				
South Ellis Street (Phoenix)	Arizona		36,000	17,000	32,000	85,000	\$ 2	\$ 11	\$ 13
Westway Park Blvd (Houston West)	Houston	42,000		34,000	81,000	157,000	\$ 20	\$ 14	\$ 34
Total		42,000	36,000	51,000	113,000	242,000	\$ 22	\$ 25	\$ 47

- (a) Represents NRSF at a facility for which substantial activities have commenced to prepare the space for its intended use.
 - (b) Represents management's estimate of the total costs required to complete the current NRSF under development. There may be an increase in costs if customers require greater power density.
 - (c) Represents NRSF under construction that, upon completion, will be powered shell available for future development into operating NRSF.
- Our portfolio is currently leased to approximately 525 companies, many of which are leading global companies. The following table sets forth information regarding the 20 largest customers, including affiliates, in our portfolio based on annualized rent as of March 31, 2013:

Principal Customer Industry ^(a)	Number of Locations	Annualized Rent ^(b)	Percentage of Portfolio Annualized Rent ^(c)	Weighted Average Remaining Lease Term in Months ^(d)
1 Telecommunications (CBI) ^(e)	7	\$ 20,679,452	9.2%	17.0
2 Energy	4	\$ 15,931,172	7.1%	5.5
3 Research and Consulting Services	3	\$ 13,992,897	6.2%	6.4
4 Energy	2	\$ 13,267,978	5.9%	1.7
5 Information Technology	2	\$ 7,071,990	3.1%	49.0
6 Telecommunication Services	1	\$ 6,976,397	3.1%	51.3
7 Financials	1	\$ 6,000,225	2.7%	86.0
8 Information Technology	1	\$ 4,890,027	2.2%	33.0
9 Telecommunication Services	1	\$ 4,864,124	2.2%	73.0
10 Energy	2	\$ 4,731,000	2.1%	40.0
11 Consumer Staples	1	\$ 4,456,646	2.0%	108.4
12 Information Technology	1	\$ 3,877,195	1.7%	95.0
13 Information Technology	2	\$ 3,856,209	1.7%	94.1
14 Energy	3	\$ 3,811,023	1.7%	2.1
15 Energy	1	\$ 3,808,364	1.7%	16.7
16 Consumer Discretionary	1	\$ 3,571,203	1.6%	38.0
17 Energy	1	\$ 3,406,090	1.5%	27.0
18 Consumer Discretionary	1	\$ 3,233,553	1.4%	8.8
19 Energy	1	\$ 3,018,000	1.3%	6.0
20 Energy	1	\$ 2,997,060	1.3%	10.6

\$ 134,440,605

59.7%

30.3

- (a) Includes affiliates.
- (b) Represents monthly contractual rent (defined as cash rent including customer reimbursements for metered power) under existing customer leases as of March 31, 2013, multiplied by 12. For the month of March 2013, customer reimbursements were \$20.3 million annualized and consisted of reimbursements by customers across all facilities with separately metered power. Customer reimbursements

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under leases with separately metered power vary from month-to-month based on factors such as our customers' utilization of power and the suppliers' pricing of power. From April 1, 2011 through March 31, 2013, customer reimbursements under leases with separately metered power constituted between 7.2% and 9.7% of annualized rent. After giving effect to abatements, free rent and other straight-line adjustments, our annualized effective rent as of March 31, 2013 was \$236,267,428. Our annualized effective rent was greater than our annualized rent as of March 31, 2013 because our positive straight-line and other adjustments and amortization of deferred revenue exceeded our negative straight-line adjustments due to factors such as the timing of contractual rent escalations and customer prepayments for services.

- (c) Represents the customer's total annualized rent divided by the total annualized rent in the portfolio as of March 31, 2013, which was approximately \$225.7 million.
- (d) Weighted average based on customer's percentage of total annualized rent expiring and is as of March 31, 2013, assuming that customers exercise no renewal options and exercise all early termination rights that require payment of less than 50% of the remaining rents. Early termination rights that require payment of 50% or more of the remaining lease payments are not assumed to be exercised because such payments approximate the profitability margin of leasing that space to the customer, such that we do not consider early termination to be economically detrimental to us.
- (e) Includes information for both Cincinnati Bell Technology Solutions (CBTS) and Cincinnati Bell Telephone and two customers that have contracts with CBTS. We expect the contracts for these two customers to be assigned to us, but the consents for such assignments have not yet been obtained. Excluding these customers, Cincinnati Bell Inc. and subsidiaries represented 2.8% of our annualized rent as of March 31, 2013.

Lease Distribution

The following table sets forth information relating to the distribution of customer leases in the properties in our portfolio, based on NRSF under lease as of March 31, 2013:-

NRSF Under Lease ^(a)	Number of Customers ^(b)	Percentage of All Customers	Total Leased NRSF ^(c)	Percentage of Portfolio Leased NRSF	Annualized Rent ^(d)	Percentage of Annualized Rent
0-999	426	81%	73,725	6%	\$ 32,585,466	14%
1000-2499	36	7%	58,561	4%	\$ 16,074,720	7%
2500-4999	22	4%	77,798	6%	\$ 18,458,313	8%
5000-9999	15	3%	115,356	9%	\$ 31,023,494	14%
10000+	28	5%	988,799	75%	\$ 127,603,726	57%
Total	527	100%	1,314,239	100%	\$ 225,745,719	100%

- (a) Represents all leases in our portfolio, including colocation, office and other leases.
- (b) Represents the number of customers in our portfolio utilizing data center, office and other space.
- (c) Represents the total square feet at a facility under lease and that has commenced billing, excluding space held for development or space used by CyrusOne. A customer's leased NRSF is estimated based on such customer's direct CSF or office and light-industrial space plus management's estimate of infrastructure support space, including mechanical, telecommunications and utility rooms, as well as building common areas.
- (d) Represents monthly contractual rent (defined as cash rent including customer reimbursements for metered power) under existing customer leases as of March 31, 2013, multiplied by 12. For the month of March 2013, customer reimbursements were \$20.3 million annualized and consisted of reimbursements by customers across all facilities with separately metered power. Customer reimbursements under leases with separately metered power vary from month-to-month based on factors such as our customers' utilization of power and the suppliers' pricing of power. From April 1, 2011 through March 31, 2013, customer reimbursements under leases with separately metered power constituted between 7.2% and 9.7% of annualized rent. After giving effect to abatements, free rent and other straight-line adjustments, our annualized effective rent as of March 31, 2013 was \$236,267,428. Our annualized effective rent was greater than our annualized rent as of March 31, 2013 because our positive straight-line and other adjustments and amortization of deferred revenue exceeded our negative straight-line adjustments due to factors such as the timing of contractual rent escalations and customer prepayments for services.

Table of Contents*Lease Expirations*

The following table sets forth a summary schedule of the customer lease expirations for leases in place as of March 31, 2013 plus available space, for each of the 10 full calendar years beginning April 1, 2013, at the properties in our portfolio. Customers whose leases have been auto-renewed prior to March 31, 2013 are shown in the calendar year in which their current auto-renewed term expires. Unless otherwise stated in the footnotes, the information set forth in the table assumes that customers exercise no renewal options and exercise all early termination rights that require payment of less than 50% of the remaining rents. Early termination rights that require payment of 50% or more of the remaining lease payments are not assumed to be exercised because such payments approximate the profitability margin of leasing that space to the customer, such that we do not consider early termination to be economically detrimental to us.

Year ^(a)	Number of Leases Expiring ^(b)	Total Operating NRSF Expiring	Percentage of Total NRSF	Annualized Rent ^(c)	Percentage of Annualized Rent	Annualized Rent at Expiration ^(d)	Percentage of Annualized Rent at Expiration
Available		395,231	23%				
Month-to-Month	250	47,843	3%	\$ 10,377,892	5%	\$ 10,377,892	4%
Remainder of 2013	543	373,942	22%	\$ 84,564,960	37%	\$ 84,642,160	35%
2014	382	115,888	7%	\$ 29,516,754	13%	\$ 29,516,754	12%
2015	468	217,206	13%	\$ 35,587,026	16%	\$ 40,471,445	17%
2016	85	22,622	1%	\$ 11,477,208	5%	\$ 12,378,553	5%
2017	79	202,939	12%	\$ 24,434,472	11%	\$ 25,054,384	11%
2018	26	36,552	2%	\$ 6,929,433	3%	\$ 7,097,493	3%
2019	2	94,401	5%	\$ 4,864,124	2%	\$ 4,864,124	2%
2020	3	81,997	5%	\$ 6,000,225	3%	\$ 6,000,225	3%
2021	2	28,697	1%	\$ 3,877,195	2%	\$ 6,013,195	3%
2022	6	46,163	3%	\$ 5,412,101	2%	\$ 9,859,682	4%
2023 Thereafter	6	45,989	3%	\$ 2,704,329	1%	\$ 3,197,534	1%
Total	1,852	1,709,470	100%	\$ 225,745,719	100%	\$ 239,473,441	100%

- (a) Leases that were auto-renewed prior to March 31, 2013 are shown in the calendar year in which their current auto-renewed term expires. Unless otherwise stated in the footnotes, the information set forth in the table assumes that customers exercise no renewal options and exercise all early termination rights that require payment of less than 50% of the remaining rents. Early termination rights that require payment of 50% or more of the remaining lease payments are not assumed to be exercised because such payments approximate the profitability margin of leasing that space to the customer, such that we do not consider early termination to be economically detrimental to us.
- (b) Number of leases represents each agreement with a customer. A lease agreement could include multiple spaces and a customer could have multiple leases.
- (c) Represents monthly contractual rent (defined as cash rent including customer reimbursements for metered power) under existing customer leases as of March 31, 2013, multiplied by 12. For the month of March 2013, customer reimbursements were \$20.3 million annualized and consisted of reimbursements by customers across all facilities with separately metered power. Customer reimbursements under leases with separately metered power vary from month-to-month based on factors such as our customers' utilization of power and the suppliers' pricing of power. From April 1, 2011 through March 31, 2013, customer reimbursements under leases with separately metered power constituted between 7.2% and 9.7% of annualized rent. After giving effect to abatements, free rent and other straight-line adjustments, our annualized effective rent as of March 31, 2013 was \$236,267,428. Our annualized effective rent was greater than our annualized rent as of March 31, 2013 because our positive straight-line and other adjustments and amortization of deferred revenue exceeded our negative straight-line adjustments due to factors such as the timing of contractual rent escalations and customer prepayments for services.
- (d) Represents the final monthly contractual rent under existing customer leases that had commenced as of March 31, 2013, multiplied by 12.

Market Rates and Renewals

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We believe that our customers' leases generally reflect current market rental rates. Market rental rates are difficult to compare on the basis of annualized rent per leased NRSF because of variability in location, power consumption and density, level of redundancy, total square footage under lease, lease length, connectivity and

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type of lease. In addition, new leases (including renewed leases) with an existing customer may include additional services, such as additional power or connectivity, which increase the rate but do not increase the customer's NRSF, and customers may enter into multiple leases for the same space as they increase their services at a particular data center over time. These factors can produce significant swings in average rents by location for new leases, sometimes by as much as 100% or more period over period.

Because of the structure of our leases and their automatic renewal provisions, we focus on recurring rent churn in managing our business, rather than on rent per leased NRSF on renewal. Recurring rent churn measures reductions in recurring rent due to customer terminations, net pricing reductions or service reductions as a percentage of the annualized rent at the beginning of the applicable period, excluding any impact from metered power reimbursements. Our recurring rent churn for the three months ended March 31, 2013 was 0.4%, or 1.6% annualized, and 0.5% for the three months ended March 31, 2012. Our recurring rent churn for the year ended December 31, 2012 was approximately 4.6% and 3.0% for the year ended December 31, 2011.

Historical Capital Expenditures, Tenant Concessions and Improvement Costs, and Leasing Commissions

The following table sets forth certain information regarding historical recurring capital expenditures (excluding customer improvements) at the properties in our portfolio for the year ended December 31, 2012 and 2011:

	Year Ended December 31, 2012	Year Ended December 31, 2011
Recurring capital expenditures (in millions)	\$ 3.9	\$ 1.8
Average NRSF during period	1,541,390	1,310,067
Recurring capital expenditures per square foot (NRSF)	\$ 2.5	\$ 1.4

For the 2012 fiscal year, the cost of recurring building improvements at the properties in our initial portfolio (excluding the cost of customer improvements) was approximately \$4 million (\$2.53 per square foot).

Nonrecurring capital expenditures are discretionary and vary substantially from period to period, based on management's view as to whether such expenditures are merited by future income generation. As of December 31, 2012, nonrecurring capital expenditures at our properties were approximately \$224 million.

We have not historically paid for tenant concessions or improvement costs. In addition, since customers are purchasing the data center environment that we have created in the data center, we do not pay for tenant improvements to such space.

Leasing commissions for the year ended December 31, 2012 and December 31, 2011 were \$4.3 million and \$3.9 million, respectively. Commissions are paid on the basis of new monthly recurring revenue. We primarily use our internal sales force; however, we are building our network of third-party brokers.

As of March 31, 2013, our property portfolio included 24 operating data centers in ten distinct markets (Austin, Chicago, Cincinnati, Dallas, Houston, London, Phoenix, San Antonio, Singapore and South Bend), collectively providing approximately 1,709,000 NRSF, and powered by approximately 248 MW of utility power. We own ten of the buildings in which our data center facilities are located. We lease the remaining 14 buildings, which account for approximately 600,000 NRSF, or approximately 36% of our total operating NRSF. These leased buildings accounted for 37% of our total annualized rent as of March 31, 2013. Of these leased facilities, four are considered to be strategic, two of which have purchase options or rights of first refusal and the other two have lease terms in excess of 20 years including renewals. We also currently have 242,000 NRSF under

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development at two data centers (Houston and Phoenix) and 820,000 NRSF of additional powered shell space under roof and available for development. In addition, we have approximately 170 acres of land that are available for future data center facility development. In the opinion of management, all of our properties are adequately covered by insurance.

Additional Descriptions of Material Real Property as of December 31, 2012

We are presenting additional data below for each property that comprises 10% or more of our total consolidated assets as of December 31, 2012 or that had gross revenues that amounted to 10% or more of our consolidated gross revenues for the year ended December 31, 2012.

There are many factors that can cause variability in annualized rent per leased NRSF. These factors include, but are not limited to, location, power consumption and density, level of redundancy, total square footage under lease, lease length, type of space under lease (CSF versus office space), type of lease (metered power versus full- service) and contractual escalators. Data center requirements can also vary significantly between customers. Our customer-centric focus allows us to tailor our products to the specific needs of our customers, which can cause the rent per leased NRSF to vary across our portfolio.

Southwest Fwy (Galleria), Houston, Texas

Our Southwest Fwy (Galleria) property is located five minutes from both downtown Houston and the Galleria area, where many major corporations are headquartered. The two acre facility is capable of providing approximately 16 MW of power and has 104,000 NRSF, of which 92% was leased as of December 31, 2012.

The building at 4211 Southwest Fwy was constructed in 1972 and underwent improvements in 2007-2008.

The following table presents summary data regarding our space in this property:

Property	NRSF				Number of Customers
	Total Operating	Colocation Space	Office & Other Space	Available Utility Power (MW)	
Southwest Fwy (Galleria)	103,918	63,469	17,247	16	171

We have a large and diverse customer base of 171 customers at this location, and no single customer represents more than 10% of our total operating NRSF at this location.

The following table sets forth the available space and lease expirations at this location:

	Number of Leases Expiring	Total Operating NRSF Expiring	% of Total NRSF	Annualized Rent ^(a)	% of Annualized Rent	Annualized Rent at Expiration	% of Facility Annualized Rent at Expiration
Southwest Fwy (Galleria)							
Available		8,813	8%				
Month-to-Month	89	8,676	8%	\$ 2,806,531	6%	\$ 2,806,531	6%
2013	337	44,310	43%	\$ 18,462,014	42%	\$ 18,463,723	42%
2014	156	17,375	17%	\$ 11,433,185	26%	\$ 11,433,185	26%
2015	136	11,287	11%	\$ 4,226,393	10%	\$ 4,226,440	9%
2016	7	12,025	12%	\$ 6,491,223	15%	\$ 6,977,918	16%
2017	8	1,432	1%	\$ 567,398	1%	\$ 568,959	1%
Total	733	103,918	100%	\$ 43,986,744	100%	\$ 44,476,756	100%

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- (a) Represents monthly contractual rent (defined as cash rent including customer reimbursements for metered power) under existing customer leases as of December 31, 2012, multiplied by 12. For the month of December 2012, customer reimbursements for our Southwest Fwy (Galleria) facility were \$1.1 million annualized and consisted of reimbursements by customers with separately metered power. Customer reimbursements under leases with separately-metered power vary from month-to-month based on factors such as our customers' utilization of power and suppliers' pricing of power.

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The following table sets forth the percent leased and annualized rent per leased NRSF of this property since the date of its acquisition by us:

	Facility Total Operating NRSF	Percent Leased	Annualized Rent per Leased NRSF^(b)
December 31, 2012	103,918	92%	\$ 462.50
December 31, 2011	103,918	92%	\$ 479.62
December 31, 2010 ^(a)	103,918	89%	\$ 458.38

- (a) This property was purchased in 2010 through the acquisition of Cyrus Networks, and we are unable to present information in a similar manner for years prior to 2010.
- (b) Represents monthly contractual rent (defined as cash rent including customer reimbursements for metered power) under existing customer leases as of the applicable date, multiplied by 12, and divided by the NRSF leased at the end of the period.

Fluctuations in annualized rent per leased NRSF at our Southwest Fwy (Galleria) property for the time periods shown above primarily relate to metered power billings that vary based on consumption.

We own Southwest Fwy (Galleria) partially in fee simple and partially pursuant to a long-term ground lease. For 2012, the annual real estate taxes were \$0.3 million. We are conducting a comprehensive tax basis study, and we estimate our total federal tax basis in this property is approximately \$244 million. Approximately \$228 million of such tax basis will consist of real property that will be depreciated over 39 years on a straight-line basis. Approximately \$16 million of such tax basis will be depreciated using the federal Modified Accelerated Cost Recovery System with 15-year or shorter recovery periods.

S. State Highway 121 Business (Lewisville), Lewisville, Texas

S. State Highway 121 Business (Lewisville) is located in the Convergence Technology Center, in very close proximity to the Dallas/Fort Worth International Airport. The facility is capable of providing eight MW of power and has approximately 177,000 NRSF, of which 88% was leased as of December 31, 2012.

We acquired our leasehold interest in this property with the acquisition of Cyrus Networks in June 2010. Originally constructed in 1979, we developed an additional 103,000 NRSF at this facility in 2011. Our remaining lease obligation associated with this facility was \$17.9 million as of December 31, 2012, and is classified as other financing arrangements in our financial statements. Our base rental is \$175,363 per month and steps up to \$180,376 per month effective September 1, 2018. The lease expires in August 2023, and has two renewal options, each for a five-year period. Upon renewal, the rent will be reset at market rates.

The S. State Highway 121 Business (Lewisville) facility was designed for high density computing requirements and is equipped with a fully redundant and flexible power architecture to provide these services on demand. The facility's distributed redundant design provides the flexibility and scalability for clients to select the level of redundancy and density required for their business needs. The facility's power architecture is completely backed up on-site by fuel and battery reserves and is coupled to a cooling infrastructure, security and surveillance system that enables the facility to be concurrently maintainable, devoid of any single points of failure and highly secure. This facility is also connected to CyrusOne's Texas IX, which affords access to over 100 telecommunications and internet carriers and provides carrier diversity and neutrality for us and our customers.

The building is currently used for data center operations, and we have no plans to further expand this data center as it is at its capacity.

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The following table presents summary data regarding our space in this property:

Property	NRSF			Available Utility	Number of Customers
	Total Operating	Colocation Space	Office & Other Space	Power (MW)	
S. State Highway 121 Business (Lewisville)	177,336	108,867	9,316	8	72

The building currently services 72 customers, with one customer accounting for 16% of NRSF and another customer accounting for 12% of NRSF. No other customer accounts for more than 10% of NRSF.

The following table presents summary data regarding our principal customers at this location:

Principal Nature of Business of Customer	Lease		Total Leased NRSF	Percentage of Facility Total Operating NRSF	Annualized Rent	Percentage of Facility Annualized Rent
	Expiration	Renewal Options		Operating NRSF		Annualized Rent
Professional Services	Feb 2019	2 x 1 yr	28,687	16%	\$ 3,608,814	11%
Information Technology	Varies ^(a)	*	20,766	12%	\$ 176,086	1%

* This lease will automatically renew on a month-to-month basis upon expiration of its initial term.

(a) Customer has leases with expirations ranging from month-to-month to December 2013.

The following table sets forth the available space and lease expirations at this location:

S.State Hwy 121 Business (Lewisville)	Number of Leases Expiring	Total Operating NRSF Expiring	% of Total NRSF	Annualized Rent ^(a)	% of Annualized Rent	Annualized Rent at Expiration	% of Facility Annualized Rent at Expiration
Available		21,440	12%				
Month-to-Month	15	13,363	8%	\$ 241,577	1%	\$ 241,577	1%
2013	82	43,541	25%	\$ 14,064,435	41%	\$ 14,140,863	38%
2014	87	17,622	10%	\$ 4,550,457	13%	\$ 4,550,457	12%
2015	106	18,492	10%	\$ 6,011,137	18%	\$ 6,036,910	16%
2016	7	4,980	3%	\$ 2,296,479	7%	\$ 2,619,436	7%
2017	8	18,424	10%	\$ 1,712,730	5%	\$ 1,826,461	5%
2018	1	469	0%	\$ 72,252	0%	\$ 72,252	0%
2019			0%		0%		0%
2020			0%		0%		0%
2021	2	28,678	16%	\$ 3,608,814	11%	\$ 5,744,814	15%
2022	2	10,318	6%	\$ 1,484,220	4%	\$ 2,431,764	6%
Total	310	177,327	100%	\$ 34,042,101	100%	\$ 37,664,534	100%

(a) Represents monthly contractual rent (defined as cash rent including customer reimbursements for metered power) under existing customer leases as of December 31, 2012, multiplied by 12. For the month of December 2012, customer reimbursements for our S. State Hwy 121 Business (Lewisville) facilities were \$2.0 million annualized and consisted of reimbursements by customers with separately metered

power. Customer reimbursements under leases with separately-metered power vary from month-to-month based on factors such as our customers' utilization of power and suppliers' pricing of power.

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The following table sets forth the percent leased and annualized rent per leased NRSF of this property since the date of its acquisition by us:

	Facility Total Operating NRSF	Percent Leased	Annualized Rent per Leased NRSF ^(b)
December 31, 2012	177,336	88%	\$ 218.36
December 31, 2011	174,225	77%	\$ 211.08
December 31, 2010 ^(a)	70,764	71%	\$ 425.05

- (a) This property was purchased in 2010 through the acquisition of Cyrus Networks, and we are unable to present information in a similar manner for years prior to 2010.
- (b) Represents monthly contractual rent (defined as cash rent including customer reimbursements for metered power) under existing customer leases as of the applicable date, multiplied by 12, and divided by the NRSF leased at the end of the period.

The decrease in annualized rent per leased NRSF over the time period shown above is directly attributable to the average size of the space the customers are leasing in the S. State Highway 121 Business (Lewisville) facility. The NRSF added to this facility in 2011 was leased to a small number of customers taking large footprints of space, in contrast with many customers leasing small amounts of space, racks and cabinets in the original building. Customers taking small amounts of space are generally under full-service leases and are not offered the price discounts given to customers taking large amounts of space.

As a tenant at the S. State Hwy 121 Business (Lewisville) facility, we do not directly pay real estate taxes as these taxes are included in operating expense recoveries collected by the landlord. We do, however, pay taxes to the Denton County Tax Office on personal property we own at the facility. For the 2012 fiscal tax year, these taxes totaled \$0.1 million. We are conducting a comprehensive tax basis study, and upon completion, we estimate our total federal tax basis in this property will be \$116 million. Approximately \$103 million of such tax basis will consist of real property that will be depreciated over 39 years on a straight-line basis. Approximately \$13 million of our tax basis will be depreciated using the federal Modified Accelerated Cost Recovery System with 15-year or shorter recovery periods.

West Seventh Street (7th St.), Cincinnati, Ohio***229 West Seventh Street***

The West Seventh Street (7th St.) facility consists of the facilities at 229 and 209 West Seventh Street. 229 West Seventh Street is a 14-story building located in downtown Cincinnati on approximately one acre of land and serves data center floors throughout the building with varying levels of reliability based upon specific customer needs. Built in 1975, the building construction consists of a reinforced concrete frame with exterior masonry finish. The building contains a high-grade electrical system and either concrete or raised floors. The property has a common utility infrastructure shared with 209 West Seventh Street. The 229 West Seventh Street property hosts the chillers and electrical systems for both buildings, while the 209 West Seventh Street property hosts the water supply, boilers and fuel storage. Access control, security and surveillance systems for the building and property are of the highest quality.

229 West Seventh Street is capable of providing 11 MW of power. Improvements were made in 2008 and 2009 to improve the power, electrical systems, chillers and other infrastructure.

The total NRSF in this building is 347,536. Currently, we occupy 300,732 NRSF in this building. Our space in this building is primarily data center space which is leased to customers. We purchased this property in November 2012 for approximately \$18 million. Cincinnati Bell Telephone (CBT) currently occupies 46,804 NRSF in this facility. In November 2012, we entered into a lease agreement with CBT for this space for a period of five years, with three renewal options of five years.

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209 West Seventh Street consists of a 12-story building on 0.65 acres of land located in downtown Cincinnati. Built in 1929, the building construction consists of a reinforced concrete frame with either concrete or raised floors. The portion of the facility that we lease is capable of providing approximately two MW of power to our data center space. 209 West Seventh Street, along with 229 West Seventh Street, serves as the primary telecommunications switching system for the greater Cincinnati region. As described above, this property has a common utility infrastructure shared with 229 West Seventh Street.

We currently lease 28,150 NRSF in this building from CBT. In November 2012, we entered into a new lease for this space for a period of five years, with three renewal options of five years each. Our space in this building is a mix of both CSF and office space which is leased to customers.

Concurrent with the acquisition of 229 West Seventh Street, described above, we executed a reciprocal easement and shared services agreement with CBT, pursuant to which CBT will provide certain utilities and other services to CyrusOne and CyrusOne will provide certain utilities and other services to CBT, in connection with the ongoing operation and maintenance of both buildings.

The following table presents summary data regarding our space in these properties:

Property	NRSF		Office &	Available Utility Power (MW)	Number of Customers
	Total Operating	Colocation Space	Other Space		
West Seventh Street (7th Street)	375,686	208,918	5,744	13	100

These properties currently service 100 customers, with three customers accounting for a total of 71% of NRSF and no other customer accounting for more than 10% of NRSF.

The following table presents summary data regarding our principal customers at these locations combined:

Principal Nature of Business of Customer	Lease Expiration	Renewal Options	Total Leased NRSF	Percentage of Facility Total	Annualized Rent	Percentage of Facility Annualized Rent
				Operating NRSF		Annualized Rent
Professional Services	Dec. 2015	None	129,428 ^(a)	34%	\$ 2,286,992	7%
Telecommunications	Apr. 2019	2x5yrs	91,456	24%	\$ 4,924,557	16%
Telecommunications (CBT)	Sept. 2017	3x5yrs	46,804	12%	\$ 4,150,608	13%

- (a) This contract was renewed in the fourth quarter of 2012, and on January 1, 2013, this customer reduced their CSF by 11,500, or an estimated 20,000 NRSF. The rate on the retained space more than doubled, and the estimated annualized rent for January 2013 from this customer will be approximately \$4.5 million. The returned space was decommissioned and will be held for future redevelopment.

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The following table sets forth the available space and lease expirations at these locations:

West Seventh Street (7 th St.)	Number of Leases Expiring	Total Operating NRSF Expiring	% of Total NRSF	Annualized Rent ^(a)	% of Annualized Rent	Annualized Rent at Expiration	% of Facility Annualized Rent at Expiration
Available		14,878	4%				
Month-to-Month	7	23,560	6%	\$ 3,776,694	12%	\$ 3,776,694	10%
2013	76	58,733	16%	\$ 13,571,345	43%	\$ 13,571,345	38%
2014	14	1,658	1%	\$ 596,496	2%	\$ 596,496	2%
2015	25	131,158	35%	\$ 3,050,504	10%	\$ 7,180,734	20%
2016			0%		0%		0%
2017	3	54,243	14%	\$ 5,574,919	18%	\$ 5,576,783	16%
2018			0%		0%		0%
2019	2	91,456	24%	\$ 4,924,557	15%	\$ 4,924,557	14%
Total	127	375,686	100%	31,494,515	100%	\$ 35,626,609	100%

- (a) Represents monthly contractual rent (defined as cash rent including customer reimbursements for metered power) under existing customer leases as of December 31, 2012, multiplied by 12. For the month of December 2012, customer reimbursements for our West Seventh Street (7th St.) facility were \$2.6 million annualized and consisted of reimbursements by customers with separately metered power. Customer reimbursements under leases with separately-metered power vary from month-to-month based on factors such as our customer's utilization of power and suppliers' pricing of power.

The following table sets forth the percent leased and annualized rent per leased NRSF of these properties for each of the last five years:

Date	Facility Total Operating NRSF	Percent Leased	Annualized Rent per Leased NRSF ^(a)
December 31, 2012	375,686 ^(b)	96%	\$ 87.29
December 31, 2011	406,127	97%	\$ 73.04
December 31, 2010	406,127	96%	\$ 71.42
December 31, 2009	406,127	98%	\$ 78.76
December 31, 2008	407,328	89%	\$ 69.11

- (a) Represents monthly contractual rent (defined as cash rent including customer reimbursements for metered power) under existing customer leases as of the applicable date, multiplied by 12, and divided by the NRSF leased at the end of the period.
- (b) A customer contract was renewed in the fourth quarter of 2012, and on January 1, 2013, this customer reduced their CSF by 11,500, or an estimated 20,000 NRSF. The returned space was decommissioned and will be held for future redevelopment; as such, this NRSF will decrease by approximately 20,000 NRSF in 2013.

Annualized rent per leased NRSF at the West Seventh Street (7th Street) property is lower than that of our other properties in our portfolio primarily due to the lower power density at this facility.

As a tenant or former tenant in these locations, we did not directly pay real estate taxes, although such taxes are included in operating expenses recovered by the landlord. For 2012, the annual real estate taxes on West Seventh Street (7th Street) were \$0.5 million for 229 West Seventh Street and \$0.3 million for 209 West Seventh Street.

Table of Contents*Westway Park Blvd. (Houston West), Houston, Texas*

Westway Park Blvd (Houston West) is located 20 minutes west of downtown Houston. This two story building was originally constructed in 2010 and is solely used for data center operations. The 157,000 NRSF facility is 82% leased and is capable of providing 12 MW of power. In July 2012, we purchased six acres of land adjacent to the facility, and we have begun to construct an expansion on this property to add up to six MW of distributed redundant power and 157,000 NRSF to the facility. This development is expected to be completed in the first quarter of 2013. A distributed redundant power architecture in this facility ensures high availability of power to mission-critical information systems and equipment and access to the most robust and reliable telecommunication networks. This facility has been built to sustain potential Houston weather risks, employing a high wind rated roof and concrete walls, and contains extensive security measures, such as perimeter fencing, dual authentication, biometric access systems, video surveillance and 24-hour security guards. This facility is also connected to CyrusOne's Texas IX, which affords access to over 100 telecommunications and internet carriers and provides carrier diversity and neutrality for us and our customers.

The following table presents summary data regarding our space in this property:

Property	Total Operating	NRSF Colocation Space	Office & Other Space	Available Utility Power (MW)	Number of Customers
Westway Park Blvd. (Houston West)	156,556	112,133	8,749	12	63

The following table presents summary data regarding our principal customers at this location:

Principal Nature of Business of Customer	Lease Expiration	Renewal Options	Total Leased NRSF	Percentage of Facility Total Operating NRSF	Annualized Rent	Percentage of Facility Annualized Rent
Telecommunication Services	Varies ^(a)	None	38,915	25%	\$ 6,537,900	18%
Energy	Varies ^(b)	*	17,765	11%	\$ 3,152,567	9%
Energy	Varies ^(c)	None	16,046	10%	\$ 3,858,120	11%

(a) Expirations primarily in 2015 and 2018 with less than 1% of annualized rent or NRSF expiring in 2013 and 2014. The weighted average remaining life of the customer's leases is 54 months.

(b) Expirations vary between 2013 and 2017 with 68% of the annualized rent and 55% of the NRSF expiring in 2017. The weighted average remaining life of the customer's leases is 43 months.

(c) Expirations vary between 2013 and 2015 with 60% of the annualized rent and 47% of the NRSF expiring in 2015. The weighted average remaining life of the customer's leases is 20 months.

* Leases contain auto-renewal for original lease duration; current leases in effect have original durations of either 3 or 7 years.

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The following table sets forth the available space and lease expirations at this location:

Westway Park Blvd (Houston West)	Number of Leases Expiring	Total Operating NRSF Expiring	% of Total NRSF	Annualized Rent^(a)	% of Annualized Rent	Annualized Rent at Expiration	% of Facility Annualized Rent at Expiration
Available		28,099	18%				
Month-to-Month	6	6,180	4%	\$ 1,224,457	3%	\$ 1,224,457	3%
2013	72	31,604	20%	\$ 14,698,705			