CyrusOne Inc.
Form 10-Q
May 09, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2014
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period ___________ to ___________
Commission File Number: 001-35789 (CyrusOne Inc.)
Commission File Number: 333-188426 (CyrusOne LP)
CyrusOne Inc.

CyrusOne LP
(Exact name of registrant as specified in its charter)

Maryland (CyrusOne Inc.)	46-0691837
Maryland (CyrusOne LP)	46-0982896
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1649 West Frankford Road, Carrollton, TX 75007

(Address of Principal Executive Offices) (Zip Code)
(972) 350-0060
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

CyrusOne Inc. Yes ý No ¨
CyrusOne LP Yes ý No ¨

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
CyrusOne Inc. Yes ý No ¨
CyrusOne LP Yes ý No ¨
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.

CyrusOne Inc.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	ý	Smaller reporting company	¨

CyrusOne LP

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	ý	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
CyrusOne Inc. Yes ¨ No ý
CyrusOne LP Yes ¨ No ý

CyrusOne Inc.
There were 22,678,429 shares of common stock outstanding as of May 1, 2014 with a par value of $0.01 per share.

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EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended March 31, 2014 of CyrusOne Inc., a Maryland corporation, and CyrusOne LP, a Maryland limited partnership, of which CyrusOne GP, a Maryland statutory trust of which CyrusOne Inc. is the sole beneficial owner and sole trustee, is the sole general partner. Unless otherwise indicated or unless the context requires otherwise, all references in this report to “we,” “us,” “our,” “our Company” or “the Company” refer to CyrusOne Inc. together with its consolidated subsidiaries, including CyrusOne LP. Unless otherwise indicated or unless the context requires otherwise, all references to “our operating partnership” or “the operating partnership” refer to CyrusOne LP together with its consolidated subsidiaries.

CyrusOne Inc. is a real estate investment trust, or REIT, and the sole beneficial owner and sole trustee of CyrusOne GP, which is the sole general partner of CyrusOne LP. As of March 31, 2014, CyrusOne Inc., together with CyrusOne GP, owned approximately 34.7% of the operating partnership units in CyrusOne LP. The remaining approximately 65.3% of the operating partnership units in CyrusOne LP, which is reflected as a noncontrolling interest, is owned by our former parent, Cincinnati Bell Inc. (“CBI”). As the sole beneficial owner and sole trustee of CyrusOne GP, which is the sole general partner of CyrusOne LP, CyrusOne Inc. has the full, exclusive and complete responsibility for the operating partnership's day-to-day management and control.

We believe combining the quarterly reports of CyrusOne Inc. and CyrusOne LP into this single report on Form 10-Q results in the following benefits:

- enhancing investors' understanding of our Company and our operating partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminating duplicative disclosure and providing a more streamlined and readable presentation since a substantial portion of the disclosure applies to both the Company and the operating partnership; and
- creating time and cost efficiencies through the preparation of one combined report instead of two separate reports.

There are a few differences between our Company and our operating partnership, which are reflected in the disclosures in this report. We believe it is important to understand the differences between our Company and our operating partnership in the context of how we operate as an interrelated consolidated company. CyrusOne Inc. is a REIT, whose only material asset is its ownership of operating partnership units of CyrusOne LP. As a result, CyrusOne Inc. does not conduct business itself, other than acting as the sole trustee of CyrusOne GP, issuing public equity from time to time and guaranteeing certain debt of CyrusOne LP. CyrusOne Inc. itself does not issue any indebtedness but guarantees the debt of CyrusOne LP, as disclosed in this report. CyrusOne LP holds substantially all the assets of the Company. CyrusOne LP conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for net proceeds from public equity issuances by CyrusOne Inc., which are generally contributed to CyrusOne LP in exchange for operating partnership units, CyrusOne LP generates the capital required by the Company's business through CyrusOne LP's operations and by CyrusOne LP's incurrence of indebtedness or through the issuance of partnership units.

The presentation of noncontrolling interest, shareholders' equity and partnership capital are the main areas of difference between the condensed consolidated financial statements of CyrusOne Inc. and those of CyrusOne LP. The operating partnership units held by CBI in CyrusOne LP are presented as partnership capital in CyrusOne LP's condensed consolidated financial statements and as noncontrolling interest within equity in CyrusOne Inc.'s condensed consolidated financial statements. The operating partnership units held by CyrusOne Inc. in CyrusOne LP are presented as partnership capital in CyrusOne LP's condensed consolidated financial statements and as common stock and additional paid in capital within shareholders' equity in CyrusOne Inc.'s condensed consolidated financial statements. The differences in the presentations between shareholders' equity and partnership capital result from the differences in the equity issued at the CyrusOne Inc. and the CyrusOne LP levels.

To help the investors understand the significant differences between the Company and the operating partnership, this report presents the condensed consolidated financial statements separately for the Company and the operating partnership.

As sole beneficial owner and sole trustee of CyrusOne GP, which is the sole general partner with control of the operating partnership, CyrusOne Inc. consolidates the operating partnership for financial reporting purposes, and it does not have significant assets other than its investment in the operating partnership. Therefore, the assets and liabilities of CyrusOne Inc. and CyrusOne LP are the same on their respective condensed consolidated financial statements. The separate discussions of CyrusOne Inc. and CyrusOne LP in this report should be read in conjunction with each other to understand the results of the Company on a consolidated basis and how management operates the Company.

In order to establish that the Chief Executive Officer and the Chief Financial Officer of each entity have made the requisite certifications and that the Company and the operating partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934 and with 18 U.S.C. §1350, this report also includes separate Item 4. Controls and Procedures sections and separate Exhibits 31 and 32 certifications for each of the Company and the operating partnership.

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All other sections of this report, including select footnotes, Management's Discussion and Analysis of Financial Condition, Results of Operations and Quantitative and Qualitative Disclosures About Market Risk, are presented together for CyrusOne Inc. and CyrusOne LP.

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PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
CyrusOne Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited and in millions, except share amounts)

	As of March 31, 2014	As of December 31, 2013
Assets		
Investment in real estate:		
Land	$89.6	$89.3
Buildings and improvements	787.0	783.7
Equipment	206.4	190.2
Construction in progress	99.4	57.3
Subtotal	1,182.4	1,120.5
Accumulated depreciation	(257.6)	(236.7)
Net investment in real estate	924.8	883.8
Cash and cash equivalents	125.2	148.8
Rent and other receivables, net of allowance for doubtful accounts of $0.5 and $0.5 as of March 31, 2014, and December 31, 2013, respectively	42.4	41.2
Goodwill	276.2	276.2
Intangible assets, net of accumulated amortization of $59.3 and $55.1 as of March 31, 2014, and December 31, 2013, respectively	81.7	85.9
Due from affiliates	0.9	0.6
Other assets	76.9	70.3
Total assets	$1,528.1	$1,506.8
Liabilities and equity		
Accounts payable and accrued expenses	$88.8	$66.8
Deferred revenue	64.8	55.9
Due to affiliates	10.8	8.5
Capital lease obligations	15.5	16.7
Long-term debt	525.0	525.0
Other financing arrangements	56.4	56.3
Total liabilities	761.3	729.2
Equity		
Preferred stock, $.01 par value, 100,000,000 authorized; no shares issued or outstanding	—	—
Common stock, $.01 par value, 500,000,000 shares authorized and 22,679,417 and 21,991,669 shares issued and outstanding at March 31, 2014 and December 31, 2013, respectively	0.2	0.2
Additional paid in capital	342.9	340.7
Accumulated deficit	(23.5)	(18.9)
Total shareholders' equity	319.6	322.0
Noncontrolling interest	447.2	455.6
Total equity	766.8	777.6
Total liabilities and equity	$1,528.1	$1,506.8

The accompanying notes are an integral part of the condensed consolidated and combined financial statements.

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CyrusOne Inc.
CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS
(unaudited and in millions, except per share data)

	Successor	Successor	Predecessor
	Three Months Ended March 31, 2014	January 24, 2013 to March 31, 2013	January 1, 2013 to January 23, 2013
Revenue	$77.5	$45.0	$15.1
Costs and expenses:			
Property operating expenses	27.7	15.3	4.8
Sales and marketing	3.0	2.1	0.7
General and administrative	7.3	5.4	1.5
Depreciation and amortization	27.6	16.4	5.3
Transaction costs	0.1	—	0.1
Transaction-related compensation	—	—	20.0
Total costs and expenses	65.7	39.2	32.4
Operating income (loss)	11.8	5.8	(17.3)
Interest expense	10.7	8.4	2.5
Net income (loss) before income taxes	1.1	(2.6)	(19.8)
Income tax expense	(0.4)	(0.2)	(0.4)
Net income (loss)	0.7	(2.8)	$(20.2)
Noncontrolling interest in net income (loss)	0.5	(1.9)	
Net income (loss) attributed to common shareholders	$0.2	$(0.9)	
Basic weighted average common shares outstanding	20.9	20.9	
Diluted weighted average common shares outstanding	20.9	20.9	
Income (loss) per share - basic and diluted	$—	$(0.05)	
Dividend declared per share	$0.21	$0.16	

The accompanying notes are an integral part of the condensed consolidated and combined financial statements.

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CyrusOne Inc.
CONDENSED CONSOLIDATED STATEMENT OF EQUITY
(unaudited and in millions)

	Common Stock Issued Shares	Common Stock Issued Amount	Additional Paid In Capital	Accumulated Deficit	Partnership Capital	Total Shareholder's Equity/ Parent's Net Investment	Non-controlling Interest	Total Equity
Balance at January 1, 2013	—	$ —	$ 7.1	$ —	$ 493.0	$ 500.1	$ —	$ 500.1
Net loss—January 1, 2013 to January 23, 2013	—	—	—	—	(20.2)	(20.2)	—	(20.2)
Other Contributions from Parent	—	—	—	—	1.3	1.3	—	1.3
Contributions from Parent—Transaction compensation expense reimbursement	—	—	—	—	19.6	19.6	—	19.6
Noncontrolling interest effective January 24, 2013	—	—	(7.1)	—	(493.7)	(500.8)	500.8	—
Common stock issued	19.0	0.2	336.9	—	—	337.1	—	337.1
Common stock issued to CBI in exchange for operating partnership units	1.5	—	—	—	—	—	—	—
Common stock issued to CBI in exchange for settlement of IPO costs paid by CBI	0.4	—	7.1	—	—	7.1	(7.1)	—
IPO costs	—	—	(9.5)	—	—	(9.5)	—	(9.5)
Restricted shares issued	1.0	—	—	—	—	—	—	—
Net Loss—January 24, 2013 to March 31, 2013	—	—	—	(2.8)	—	(2.8)	—	(2.8)
Noncontrolling interest allocated net loss	—	—	—	1.9	—	1.9	(1.9)	—
Restricted stock compensation	—	—	1.2	—	—	1.2	—	1.2
Dividends declared, $0.16 per share	—	—	—	(3.0)	—	(3.0)	(7.3)	(10.3)
Balance at March 31, 2013	21.9	$ 0.2	$ 335.7	$ (3.9)	$ —	$ 332.0	$ 484.5	$ 816.5
Balance January 1, 2014	22.0	$ 0.2	$ 340.7	$ (18.9)	$ —	$ 322.0	$ 455.6	$ 777.6
Net income – January 1, 2014 to March 31, 2014	—	—	—	0.7	—	0.7	—	0.7
Noncontrolling interest allocated net (income) loss	—	—	—	(0.5)	—	(0.5)	0.5	—
Restricted shares issued under long-term incentive plan	0.7	—	—	—	—	—	—	—
Stock based compensation	—	—	2.2	—	—	2.2	—	2.2
Dividends and distributions, $0.21 per share	—	—	—	(4.8)	—	(4.8)	(8.9)	(13.7)
Balance at March 31, 2014	22.7	$ 0.2	$ 342.9	$ (23.5)	$ —	$ 319.6	$ 447.2	$ 766.8

The accompanying notes are an integral part of the condensed consolidated and combined financial statements.

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CyrusOne Inc.
CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
(unaudited and in millions)

	Successor Three Months Ended March 31, 2014	Successor January 24, 2013 to March 31, 2013	Predecessor January 1, 2013 to January 23, 2013
Cash flows from operating activities:			
Net income (loss)	$0.7	$(2.8)	$(20.2)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	27.6	16.4	5.3
Noncash interest expense	0.9	(0.2)	0.1
Stock-based compensation expense	2.2	1.2	0.2
Deferred income tax expense, including valuation allowance charge	—	—	0.3
Change in operating assets and liabilities, net of effect of acquisitions:			
Rent receivables and other assets	(6.7)	11.2	(9.6)
Accounts payable and accrued expenses	4.4	6.1	20.5
Deferred revenues	8.9	(4.3)	3.2
Due to affiliates	(0.1)	(4.7)	1.5
Other	—	—	0.7
Net cash provided by operating activities	37.9	22.9	2.0
Cash flows from investing activities:			
Capital expenditures – acquisitions of real estate	—	(18.2)	—
Capital expenditures – other development	(49.7)	(26.7)	(7.7)
Release of restricted cash	—	1.8	1.9
Net cash used in investing activities	(49.7)	(43.1)	(5.8)
Cash flows from financing activities:			
Issuance of common stock	—	360.5	—
IPO costs	—	(23.4)	—
Dividends and distributions paid	(10.4)	—	—
Payments on capital leases and other financing arrangements	(1.4)	(0.6)	(0.6)
Contributions from parent, net	—	—	0.2
Net cash (used in) provided by financing activities	(11.8)	336.5	(0.4)
Net (decrease) increase in cash and cash equivalents	(23.6)	316.3	(4.2)
Cash and cash equivalents at beginning of period	148.8	12.3	16.5
Cash and cash equivalents at end of period	$125.2	$328.6	$12.3
Supplemental disclosures			
Cash paid for interest, net of amount capitalized	$1.6	$1.8	$0.3
Capitalized interest	0.5	0.4	—
Acquisition of property in accounts payable and other liabilities	52.2	18.9	15.7
Contribution receivable from Parent related to transaction-related compensation	—	—	19.6
Dividends payable	13.7	10.3	—
Deferred IPO costs	—	—	1.7
Deferred IPO costs reclassified to additional paid in capital	—	9.5	—

The accompanying notes are an integral part of the condensed consolidated and combined financial statements.

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CyrusOne LP
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited and in millions)

	As of March 31, 2014	As of December 31, 2013
Assets		
Investment in real estate:		
Land	$89.6	$89.3
Buildings and improvements	787.0	783.7
Equipment	206.4	190.2
Construction in progress	99.4	57.3
Subtotal	1,182.4	1,120.5
Accumulated depreciation	(257.6)	(236.7)
Net investment in real estate	924.8	883.8
Cash and cash equivalents	125.2	148.8
Rent and other receivables, net of allowance for doubtful accounts of $0.5 and $0.5 as of March 31, 2014, and December 31, 2013, respectively	42.4	41.2
Goodwill	276.2	276.2
Intangible assets, net of accumulated amortization of $59.3 and $55.1 as of March 31, 2014, and December 31, 2013, respectively	81.7	85.9
Due from affiliates	0.9	0.6
Other assets	76.9	70.3
Total assets	$1,528.1	$1,506.8
Liabilities and Partnership Capital		
Accounts payable and accrued expenses	$88.8	$66.8
Deferred revenue	64.8	55.9
Due to affiliates	10.8	8.5
Capital lease obligations	15.5	16.7
Long-term debt	525.0	525.0
Other financing arrangements	56.4	56.3
Total liabilities	761.3	729.2
Commitments and contingencies		
Partnership capital	766.8	777.6
Total liabilities and partnership capital	$1,528.1	$1,506.8

The accompanying notes are an integral part of the condensed consolidated and combined financial statements.

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CyrusOne LP
CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS
(unaudited and in millions)

	Successor Three Months Ended March 31, 2014	Successor January 24, 2013 to March 31, 2013	Predecessor January 1, 2013 to January 23, 2013
Revenue	$77.5	$45.0	$15.1
Costs and expenses:			
Property operating expenses	27.7	15.3	4.8
Sales and marketing	3.0	2.1	0.7
General and administrative	7.3	5.4	1.5
Depreciation and amortization	27.6	16.4	5.3
Transaction costs	0.1	—	0.1
Transaction-related compensation	—	—	20.0
Total costs and expenses	65.7	39.2	32.4
Operating income (loss)	11.8	5.8	(17.3)
Interest expense	10.7	8.4	2.5
Net income (loss) before income taxes	1.1	(2.6)	(19.8)
Income tax expense	(0.4)	(0.2)	(0.4)
Net income (loss)	$0.7	$(2.8)	$(20.2)

The accompanying notes are an integral part of the condensed consolidated and combined financial statements.

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CyrusOne LP
CONDENSED CONSOLIDATED STATEMENT OF PARTNERSHIP CAPITAL
(unaudited and in millions)

	Partnership Units	Partnership Capital
Balance January 1, 2014	64.6	$777.6
Net income — January 1, 2014 to March 31, 2014	—	0.7
Compensation expense of CyrusOne Inc. allocated to Partnership	—	2.2
Partnership units issued to CyrusOne, Inc.	0.7	—
Partnership distributions	—	(13.7)
Balance at March 31, 2014	65.3	$766.8

The accompanying notes are an integral part of the condensed consolidated and combined financial statements.

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CyrusOne LP
CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
(unaudited and in millions)

	Successor Three Months Ended March 31, 2014	Successor January 24, 2013 to March 31, 2013	Predecessor January 1, 2013 to January 23, 2013
Cash flows from operating activities:			
Net income (loss)	$0.7	$(2.8)	$(20.2)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	27.6	16.4	5.3
Noncash interest expense	0.9	(0.2)	0.1
Stock-based compensation expense	2.2	1.2	0.2
Deferred income tax expense, including valuation allowance charge	—	—	0.3
Change in operating assets and liabilities, net of effect of acquisitions:			
Rent receivables and other assets	(6.7)	11.2	(9.6)
Accounts payable and accrued expenses	4.4	6.1	20.5
Deferred revenues	8.9	(4.3)	3.2
Due to affiliates	(0.1)	(4.7)	1.5
Other	—	—	0.7
Net cash provided by operating activities	37.9	22.9	2.0
Cash flows from investing activities:			
Capital expenditures – acquisitions of real estate	—	(18.2)	—
Capital expenditures – other development	(49.7)	(26.7)	(7.7)
Release of restricted cash	—	1.8	1.9
Net cash used in investing activities	(49.7)	(43.1)	(5.8)
Cash flows from financing activities:			
Issuance of partnership units		337.1	—
Distributions paid	(10.4)	—	—
Payments on capital leases and other financing arrangements	(1.4)	(0.6)	(0.6)
Contributions from parent, net	—	—	0.2
Net cash (used in) provided by financing activities	(11.8)	336.5	(0.4)
Net (decrease) increase in cash and cash equivalents	(23.6)	316.3	(4.2)
Cash and cash equivalents at beginning of period	148.8	12.3	16.5
Cash and cash equivalents at end of period	$125.2	$328.6	$12.3
Supplemental disclosures			
Cash paid for interest, net of amount capitalized	$1.6	$1.8	$0.3
Capitalized interest	0.5	0.4	—
Acquisition of property in accounts payable and other liabilities	52.2	18.9	15.7
Contribution receivable from Parent related to transaction-related compensation	—	—	19.6
Distribution payable	13.7	10.3	—
Other contributions from Parent	—	—	1.7
Noncash distributions to CyrusOne Inc.	—	9.5	—

The accompanying notes are an integral part of the condensed consolidated and combined financial statements.

CyrusOne Inc. and CyrusOne LP
NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS - (unaudited)

1. Description of Business
CyrusOne Inc., together with CyrusOne GP, a wholly-owned subsidiary of CyrusOne Inc., through which CyrusOne Inc. holds a controlling interest in CyrusOne LP (the “Operating Partnership”) and the subsidiaries of the Operating Partnership (collectively, “CyrusOne”, “we”, “us”, “our”, and the “Company”) is an owner, operator and developer of enterprise-class, carrier-neutral data center properties. Our customers operate in a number of industries, including energy, oil and gas, mining, medical, technology, finance and consumer goods and services. We currently operate 25 data centers located in the United States, United Kingdom and Singapore.

2. Formation
Prior to November 20, 2012, CyrusOne was not an operative legal entity or a combination of legal entities. The data center assets and operations prior to such date were owned by Cincinnati Bell Inc. (“CBI”) and, unless the context otherwise requires, its consolidated subsidiaries, which assets and operations historically have been maintained in various legal entities, some of which had significant unrelated business activities. On November 20, 2012, the Operating Partnership received a contribution of interests in real estate properties and the assumption of debt and other specified liabilities from CBI in exchange for the issuance of 123,688,687 operating partnership units to CBI.
On January 24, 2013, CyrusOne Inc. completed its initial public offering (“IPO”) of common stock, issuing approximately 19.0 million shares for $337.1 million, net of underwriters' discounts. At that time the Operating Partnership executed a 2.8 to 1.0 reverse unit split, resulting in CBI owning 44.1 million Operating Partnership units. In addition, CBI exchanged approximately 1.5 million of its Operating Partnership units for 1.5 million shares of CyrusOne Inc. common stock, and CBI was issued 0.4 million shares of CyrusOne Inc. common stock in repayment for transaction costs paid by CBI. CyrusOne Inc. also issued approximately 1.0 million shares of restricted stock to its directors and employees. In addition, on January 24, 2013, CyrusOne Inc., together with CyrusOne GP, purchased approximately 21.9 million or 33.9% of the Operating Partnership’s units for $337.1 million and through CyrusOne GP assumed the controlling interest in the Operating Partnership. CBI retained a noncontrolling interest in the Operating Partnership of 66.1%.
As of March 31, 2014, the total number of outstanding partnership units was 65.3 million and CBI holds a 65.3% noncontrolling interest in the Operating Partnership.
3. Basis of Presentation
The accompanying financial statements as of March 31, 2014 and December 31, 2013, and for the three months ended March 31, 2014 and for the period from January 24, 2013 to March 31, 2013, are prepared on a consolidated basis and are presented as the “Successor” financial statements. The financial statements for the period from January 1, 2013 to January 23, 2013 ("Predecessor Period") were prepared on a combined basis using CBI’s historical basis in the assets and liabilities of its data center business and are presented as the “Predecessor” financial statements. The Predecessor financial statements include all revenues, costs, assets and liabilities directly attributable to the data center business. In addition, certain expenses reflected in the Predecessor financial statements include allocations of corporate expenses from CBI, which in the opinion of management are reasonable but do not necessarily reflect what CyrusOne’s financial position, results of operations and cash flows would have been had CyrusOne been a stand-alone company during these respective periods. As a result, the Predecessor financial information is not necessarily indicative of CyrusOne’s future results of operations, financial position and cash flows.
In addition, the accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and should be read in conjunction with the financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2013, which was filed with the Securities and Exchange Commission (“SEC”) on March 3, 2014. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted from this report on Form 10-Q pursuant to the rules and regulations of the SEC.
It should also be noted that the results for the interim periods shown in this report are not necessarily indicative of future financial results and have not been audited by our independent registered public accounting firm. In the opinion

of management, the accompanying unaudited condensed consolidated and combined financial statements include all adjustments necessary to present fairly our financial position as of March 31, 2014, and our results of operations, for the three months ended March 31, 2014, and the periods ended March 31, 2013 (January 24, 2013 to March 31, 2013) and January 23, 2013 (January 1, 2013 to January 23, 2013). These adjustments are of a normal recurring nature and consistent with the adjustments recorded to prepare the annual audited financial statements as of December 31, 2013.

4. Significant Accounting Policies

Use of Estimates—Preparation of the consolidated and combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated and combined financial statements and accompanying notes. These estimates and assumptions are based on management's knowledge of current events and actions that we may undertake in the future. Estimates are used in determining the fair value of leased real estate, the useful lives of real estate and other long-lived assets, future cash flows associated with goodwill and other long-lived asset impairment testing, deferred tax assets and liabilities and loss contingencies. Estimates were also utilized in the determination of historical allocations of shared employees' payroll, benefits and incentives and management fees. Actual results may differ from these estimates and assumptions.

Investments in Real Estate—Investments in real estate consist 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, including 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 inception, the fair value of the real estate, which generally consists of a building shell and our associated obligation is recorded as construction in progress. 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. Leased real estate is 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. The associated obligation is presented as other financing arrangements in the accompanying condensed consolidated balance sheets.

When we are not deemed the accounting owner, we further evaluate leased real estate to determine whether the lease should be classified as 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.

Construction in progress includes direct and indirect expenditures for the construction and expansion of our data centers and is stated at its acquisition cost. Independent contractors perform substantially all of the construction and expansion efforts of our data centers. Construction in progress includes costs incurred under construction contracts including project management services, engineering and schematic design services, design development, construction services and other construction-related fees and services. Interest, property taxes and certain labor costs are also capitalized during the construction of an asset.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Useful lives range from 9 to 48 years for buildings, 3 to 25 years for building improvements, and 3 to 5 years for equipment. Leasehold improvements are amortized over the shorter of the asset's useful life or the remaining lease term, including renewal options which are reasonably assured.

Management reviews the carrying value of long-lived assets, including intangible assets with finite lives, when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Examples of such indicators may include a significant adverse change in the extent to which or manner in which the property is being used, an accumulation of costs significantly in excess of the amount originally expected for acquisition or development, or a history of operating or cash flow losses. When such indicators exist, we review an estimate of the undiscounted future cash flows expected to result from the use of an asset (or group of assets) and its eventual disposition and compare such amount to its carrying amount. We consider factors such as future operating income, leasing demand, competition and other factors. If our undiscounted net cash flows indicate that we are unable to recover the carrying value of the asset, an impairment loss is recognized. An impairment loss is measured as the amount by which the asset’s carrying value exceeds its estimated fair value.

Impairment exists when the Company's net book value of real estate assets is greater than the estimated fair value. No such impairments were recognized for any period presented.

Cash and Cash Equivalents—Cash and cash equivalents include all non-restricted cash held in financial institutions and other non-restricted highly liquid short-term investments with original maturities at acquisition of three months or less.

Goodwill—Goodwill represents the excess of the purchase price over the fair value of net assets acquired in connection with business acquisitions. We perform impairment testing of goodwill, at the reporting unit level, on an annual basis or more frequently if indicators of potential impairment exist.

The fair value of our reporting unit was determined using a combination of market-based valuation multiples for comparable businesses and discounted cash flow analysis based on internal financial forecasts incorporating market participant assumptions. There were no impairments recognized for any of the periods presented.

Long-Lived and Intangible Assets—Intangible assets represent purchased assets that lack physical substance, but can be separately distinguished from goodwill because of contractual or other legal rights or because the asset is capable of being sold or exchanged, either on its own or in combinations with a related contract, asset, or liability. Intangible assets with finite lives consist of trademarks, customer relationships, and a favorable leasehold interest.

There were no impairments recognized for any of the periods presented.

Rent and Other Receivables—Receivables consist principally of trade receivables from customers, are generally unsecured and are due within 30 to 120 days. Unbilled receivables arise from services rendered but not yet billed. Expected credit losses associated with trade receivables are recorded as an allowance for uncollectible accounts. The allowance for uncollectible accounts is estimated based upon historic patterns of credit losses for aged receivables as well as specific provisions for certain identifiable, potentially uncollectible balances. When internal collection efforts on accounts have been exhausted, the accounts are written off and the associated allowance for uncollectible accounts is reduced.

Deferred Costs—Deferred costs include both deferred leasing costs and deferred financing costs. Deferred costs are presented with other assets in the accompanying condensed consolidated and combined balance sheets. Leasing commissions incurred at the commencement of a new lease are capitalized and amortized over the term of the customer lease. Amortization of deferred leasing costs is presented with depreciation and amortization in the accompanying condensed consolidated and combined statements of operations. If a lease terminates prior to the expected term of the lease, the remaining unamortized cost is written off to amortization expense.

Deferred financing costs include costs incurred in connection with issuance of debt and the Credit Agreement (as defined below). These financing costs are capitalized and amortized over the term of the debt or Credit Agreement and are included as a component of interest expense.

Other Financing Arrangements—Other financing arrangements represent leases of real estate where we are 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 and, at the lease inception date, we are required to record at fair value the property and associated liability on our condensed consolidated and combined balance sheet. These transactions generally do not qualify for sale-leaseback accounting due to our continued involvement in these data center operations.

Revenue Recognition—Colocation rentals are generally billed monthly in advance, and some contracts have escalating payments over the 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 condensed consolidated and combined balance sheets.

Some of our leases are structured on a full-service gross basis in which 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 actual usage which is separately metered. In both cases, this revenue is presented as revenue in the accompanying condensed consolidated and combined statements 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. This revenue is recognized ratably over the expected term of the lease, unless the pattern of service suggests otherwise.

Certain customer leases 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.

Property Operating Expenses—Property operating expenses generally consist of electricity, salaries and benefits of data center operations personnel, real estate taxes, security, rent, insurance and other site operating and maintenance costs.

General and Administrative Expense—General and administrative expense consist of salaries and benefits of senior management and support functions, legal costs and consulting costs.

Sales and Marketing Expense—Sales and marketing expense is comprised of compensation and benefits associated with sales and marketing personnel as well as advertising and marketing costs.

Depreciation and Amortization Expense—Depreciation expense is recognized over the estimated useful lives of real estate applying the straight-line method. The useful life of leased real estate and leasehold improvements is the lesser of the economic useful life of the asset or the term of the lease, including optional renewal periods if renewal of the lease is reasonably assured. The residual value of leased real estate is estimated as the lesser of (i) the expected fair value of the asset at the end of the lease term or (ii) the expected amount of the unamortized liability at the end of the lease term. Estimated useful lives are periodically reviewed.

Amortization expense is recognized over the estimated useful lives of finite-lived intangibles. An accelerated method of amortization is utilized to amortize our customer relationship intangible, consistent with the benefit expected to be derived from this asset. We amortize trademarks, favorable leasehold interests, deferred leasing costs and deferred sales commissions over their estimated useful lives. The estimated useful life of trademarks and customer relationships is eight to 15 years. In addition, we have a favorable leasehold interest related to a land lease that is being amortized over the remaining lease term of 56 years.

Transaction Costs—Transaction costs represent legal, accounting and professional fees incurred in connection with the formation transactions, our qualification as a real estate investment trust, or REIT and potential business combinations. Transaction costs are expensed as incurred.

Transaction-Related Compensation —During the period ended January 23, 2013, the Company received an allocated compensation charge from CBI of $20.0 million for the settlement of its long-term incentive plan associated with the completion of the IPO. The amount was determined by CBI and allocated to CyrusOne Inc. on January 23, 2013, and reflected as expense and contributed capital in the respective period.

Income Taxes—The Company was included in CBI’s consolidated tax returns in various jurisdictions for the Predecessor period. In the accompanying financial statements, the Predecessor period reflects income taxes as if the Company was 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. CyrusOne Inc. will elect to be taxed as a REIT under the Code, as amended, by making our REIT election upon the filing of our 2013 REIT federal income tax return. Provided we qualify for taxation as a REIT and continue to meet the various qualification tests mandated under the Code, we are generally not subject to corporate level federal income tax on the earnings distributed currently to our shareholders. If we fail to qualify as a REIT in any taxable year, our taxable income will be subject to federal income tax at regular corporate rates and any applicable alternative minimum tax.

While CyrusOne Inc. and the Operating Partnership do not pay federal income taxes, we are still subject to foreign, state and local income taxes in the locations in which we conduct business. Our taxable REIT subsidiaries (each a “TRS”) are also subject to federal and state income taxes to the extent there is taxable income.

Deferred income taxes are recognized in certain entities. Deferred income taxes are provided for temporary differences in the bases between financial statement and income tax assets and liabilities. Deferred income taxes are recalculated annually at rates then in effect. Valuation allowances are recorded to reduce deferred tax assets to amounts that are more likely than not to be realized. The ultimate realization of the deferred tax assets depends upon our ability to generate future taxable income during the periods in which basis differences and other deductions become deductible and prior to the expiration of the net operating loss carryforwards.

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The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction as well as various foreign, state and local jurisdictions. The Company's previous tax filings are subject to normal reviews by regulatory agencies until the related statute of limitations expires. With a few exceptions, the Company is no longer subject to U. S. federal, state or local examinations for years prior to 2010 and we have no liabilities for uncertain tax positions as of March 31, 2014.

Comprehensive Income (Loss)—Comprehensive income (loss) represents the change in net assets of a company from transactions and other events from non-owner sources. Comprehensive income (loss) comprises all components of net income and all components of other comprehensive income. As components of other comprehensive income (loss) were immaterial for all periods presented, comprehensive income (loss) is not presented.

Earnings Per Share—For all periods subsequent to January 23, 2013, we present earnings per share (“EPS”) data. Basic EPS includes only the weighted average number of common shares outstanding during the period. Diluted EPS includes the weighted average number of common shares and the dilutive effect of stock options, restricted stock and share unit awards and convertible subordinated notes outstanding during the period, when such instruments are dilutive.

All outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends are treated as participating in undistributed earnings with common shareholders. Awards of this nature are considered participating securities and the two-class method of computing basic and diluted EPS must be applied.

Stock-Based Compensation—In conjunction with the IPO, our Board of Directors adopted the 2012 Long-Term Incentive Plan (“LTIP”). The LTIP is administered by the Board of Directors, or the plan administrator. Awards issuable under the LTIP include common stock, restricted stock, stock options and other incentive awards. The awards under the LTIP include the following:

- Restricted Shares - On January 24, 2013, CyrusOne Inc. issued approximately 1 million restricted shares to its employees, officers and members of the Company's Board of Directors in conjunction with CyrusOne's IPO. These restricted shares generally vest over three years. The per share grant date price was $19.00. In addition, from time to time, new employees have been issued restricted shares. These restricted shares are issued at a price equal to share price on the grant date.
- Performance and Market Based Awards - On April 17, 2013 and February 7, 2014, the Company issued performance and market based awards in the form of options and/or restricted stock to certain employees and officers of the Company. Fifty percent of the restricted shares and stock options will vest annually based upon achieving certain performance criteria. The other fifty percent of the restricted shares and stock options will vest at the end of three years if certain market conditions are met. The fair value of these awards were determined using the Black-Scholes or Monte-Carlo model which use assumptions such as volatility, risk-free interest rate, and expected term of the awards. See Note 10 for additional details relating to these awards.
- Compensation expense for these awards is recognized over the vesting periods.

Fair Value Measurements—Fair value measurements are utilized in accounting for business combinations and testing of goodwill and other long-lived assets for impairment and disclosures. Fair value of financial and non-financial assets and liabilities is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs used in the methodologies of measuring fair value for assets and liabilities, is as follows:

Level 1—Observable inputs for identical instruments such as quoted market prices;

Level 2—Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs); and

Level 3—Unobservable inputs that reflect our determination of assumptions that market participants would use in pricing the asset or liability. These inputs are developed based on the best information available, including our own data.

Business Segments—Business segments are components of an enterprise for which separate financial information is available and regularly viewed by the chief operating decision maker to assess performance and allocate resources. Our chief operating decision maker, the Company's Chief Executive Officer, reviews our financial information on an aggregate basis. Furthermore, our data centers have similar economic characteristics and customers across all geographic locations, our service offerings have similar production processes, deliver services in a similar manner and use the same types of facilities and similar technologies. As a result, we have concluded that we have one reportable business segment.

Recently Issued Accounting Standards—In February, 2013, the Financial Accounting Standards Board ("FASB") issued amendments to provide guidance on the recognition, measurement and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of obligation within the scope of this guidance is fixed at the reporting date, except for obligations addressed within existing guidance in GAAP. The amendments are effective for fiscal years and interim periods within those years, beginning after December 15, 2013. The Company adopted this guidance in the first quarter of 2014 and have properly reflected the impact in the guarantor financial statements effective for the three-months ended and as of March 31, 2014, and for all other periods presented.

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5. Investment in Real Estate
A schedule of our gross investment in real estate follows:

	March 31, 2014			December 31, 2013		
(dollars in millions)	Land	Building and Improvements	Equipment	Land	Building and Improvements	Equipment
West Seventh St., Cincinnati, OH (7th Street)	$0.9	$107.6	$11.5	$0.9	$107.6	$11.0
Parkway Dr., Mason, OH (Mason)	—	20.2	0.6	—	20.2	0.6
Industrial Rd., Florence, KY (Florence)	2.2	41.4	2.6	2.2	41.4	2.4
Goldcoast Dr., Cincinnati, OH (Goldcoast)	0.6	6.7	0.1	0.6	6.7	0.1
Knightsbridge Dr., Hamilton, OH (Hamilton)	—	49.2	3.6	—	49.2	3.6
E. Monroe St., South Bend, IN (Monroe St.)	—	2.5	—	—	2.5	—
Springer St., Lombard, IL (Lombard)	0.7	4.6	0.2	0.7	4.6	0.2
Crescent Circle, South Bend, IN (Blackthorn)	—	3.3	0.2	—	3.3	0.2
Kingsview Dr., Lebanon, OH (Lebanon)	4.0	74.1	3.6	4.0	71.7	2.2
McAuley Place, Blue Ash, OH (Blue Ash)	—	0.6	—	—	0.6	—
Westway Park Blvd., Houston, TX (Houston West 1)	1.4	84.4	41.4	1.4	84.4	39.4
Westway Park Blvd., Houston, TX (Houston West 2)	2.0	22.5	15.9	2.0	22.4	15.8
Westway Park Blvd., Houston, TX (Houston West 3)	18.4	—	—	18.3	—	—
Southwest Fwy., Houston, TX (Galleria)	—	68.5	13.5	—	68.4	13.3
E. Ben White Blvd., Austin, TX (Austin 1)	—	22.5	1.2	—	22.5	1.2
S. State Highway 121 Business, Lewisville, TX (Lewisville)	—	77.0	20.6	—	77.0	20.3
Marsh Lane, Carrollton, TX (Marsh Ln)	—	0.1	0.5	—	0.1	0.5
Midway Rd., Carrollton, TX (Midway)	—	2.0	0.4	—	2.0	0.4
W. Frankford Rd., Carrollton, TX (Carrollton)	16.1	42.8	38.1	16.1	42.6	34.8
Bryan St., Dallas, TX (Bryan St)	—	0.1	0.1	—	0.1	0.1
North Freeway, Houston, TX (Greenspoint)	—	1.3	0.4	—	1.3	0.4
South Ellis Street, Chandler, AZ (Phoenix)	15.0	55.9	18.0	15.0	55.7	11.7
Westover Hills Blvd., San Antonio, TX (San Antonio 1)	4.6	32.1	31.1	4.6	32.1	29.5
Westover Hills Blvd., San Antonio, TX (San Antonio 2)	6.9	—	—	6.7	—	—
Metropolis Dr., Austin, TX (Austin 2)	2.0	23.1	2.0	2.0	23.1	1.7
Kestral Way (London)	—	35.1	0.7	—	34.8	0.7
Jurong East (Singapore)	—	9.4	0.1	—	9.4	0.1
Ridgetop Circle, Sterling, VA (Loudon County)	6.9	—	—	6.9	—	—
Metropolis Dr., Austin, TX (Austin 3)	7.9	—	—	7.9	—	—
Total	$89.6	$787.0	$206.4	$89.3	$783.7	$190.2

Construction in progress was $99.4 million and $57.3 million as of March 31, 2014 and December 31, 2013, respectively. We continue to have high amounts of construction in progress as we continue to build data center

facilities.
In 2013, we made various land acquisitions. We purchased 33 acres of land in Houston (Houston West 3) for $18.2 million, 22 acres of land for $6.7 million in San Antonio (San Antonio 2), 22 acres of land for $7.9 million in Austin (Austin Met 3), and 14 acres of land for $6.9 million in Virginia (Northern VA).
Also in 2013, we executed our lease buyout options and purchased the Springer Street, Lombard, IL (Lombard) and Industrial Road, Florence, KY (Florence) data center facilities for a total purchase price of $5.5 million and $10.5 million, respectively, and extinguished our Metropolis Drive, Austin, TX (Austin 2) data center facility related financing lease obligation for $12.2 million.
Upon completion of the buyout of the Lombard and Florence capital leases, the gross basis of the acquired assets were reset to the net carrying value of the leased assets and the depreciable life was extended to 25 years consistent with our policy

for depreciating buildings. The amount of these adjustments for Lombard and Florence were $0.1 million and $7.9 million, respectively.
The extinguishment resulted in the settlement of the related financing lease obligation for Austin 2 of $8.9 million, acquisition of land of $2.0 million and a loss on extinguishment of debt of $1.3 million.

6. Debt and Other Financing Arrangements
The Company's outstanding debt and other financing arrangements consists of the following:

(dollars in millions)	March 31, 2014	December 31, 2013
Revolving credit agreement	$—	$—
Capital lease obligations	15.5	16.7
6 3/8% Senior Notes due 2022	525.0	525.0
Other financing arrangements	56.4	56.3
Total	$596.9	$598.0

Revolving credit agreement—On November 20, 2012, we entered into a credit agreement (the "Credit Agreement") which provides for a $225 million senior secured revolving credit facility, with a sublimit of $50 million for letters of credit and a $30 million sublimit for swingline loans. The Credit Agreement has a maturity date of November 20, 2017. Borrowings under the Credit Agreement will be used for working capital, capital expenditures and other general corporate purposes of CyrusOne LLC, the operating subsidiary of CyrusOne LP, the borrower, and the other subsidiaries of CyrusOne, including for acquisitions, dividends and other distributions permitted thereunder. Letters of credit will be used for general corporate purposes.
Borrowings under the Credit Agreement bear interest, at our election, at a rate per annum equal to (i) LIBOR plus the applicable margin or (ii) the base rate plus the applicable margin. The applicable margin is based on our Total Net Leverage Ratio, as defined in the Credit Agreement, and ranges between 3.25% and 3.75% for LIBOR rate advances and 2.25% and 2.75% for base rate advances. As of March 31, 2014, the applicable margin was 3.25% for LIBOR rate advances and 2.25% for base rate advances. Base rate is the higher of (i) the bank prime rate, (ii) the one-month LIBOR rate plus 1.00% and (iii) the federal funds rate plus 0.5%.
Borrowings under the Credit Agreement are guaranteed by CyrusOne Inc., CyrusOne GP, CyrusOne Finance Corp., CyrusOne LLC, CyrusOne TRS Inc., and CyrusOne Foreign Holdings LLC. The obligations under the Credit Agreement are secured by, subject to certain exceptions, the capital stock of certain of our subsidiaries, certain intercompany debt and the tangible and other intangible assets of us and certain of our subsidiaries.
The Credit Agreement contains customary affirmative and negative covenants (which are in some cases subject to certain exceptions), including, but not limited to, restrictions on the ability to incur additional indebtedness, create liens, make certain investments, make certain dividends and related distributions, prepay certain debt, engage in affiliate transactions, enter into, or undertake, certain liquidations, mergers, consolidations or acquisitions, amend the organizational documents and dispose of assets or subsidiaries. In addition, the Credit Agreement requires us to maintain a certain secured net leverage ratio, ratio of earnings before interest, taxes, depreciation and amortization ("EBITDA") to fixed charges and ratio of total indebtedness to gross asset value, in each case on a consolidated basis. Notwithstanding the limitations set forth above, we will be permitted, subject to the terms and conditions of the Credit Agreement, to distribute to our shareholders cash dividends in an amount not to exceed 95% of our adjusted funds from operations ("AFFO") (as defined in the Credit Agreement) for any period.
The Credit Agreement contains customary events of default (which are in some cases subject to certain exceptions, thresholds, notice requirements and cure periods), including, but not limited to, nonpayment of principal or interest, failure to perform or observe covenants, breaches of representations and warranties, cross-defaults with certain other indebtedness, certain bankruptcy-related events or proceedings, final monetary judgments or orders, ERISA defaults, certain change of control events and loss of REIT status following a REIT election by us. Notwithstanding the foregoing, our revolving credit facility restricts CyrusOne LP from making distributions to its stockholders and limited partners, or redeeming or otherwise repurchasing shares of its capital stock or partnership units, after the occurrence and during the continuance of an event of default, except in limited circumstances including as necessary

to enable CyrusOne Inc. to maintain its qualification as a REIT and to minimize the payment of income tax.

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As of March 31, 2014, and December 31, 2013, there were no borrowings on the Credit Agreement.
We pay commitment fees for the unused amount of borrowing capacity on the Credit Agreement and letter of credit fees on any outstanding letters of credit. The commitment fees are equal to 0.50% of the actual daily amount by which the aggregate revolving commitments exceed the sum of outstanding revolving loans and letter of credit obligations. Commitment fees for the revolving credit facility for the three months ended March 31, 2014 and the period ended March 31, 2013 were $0.3 million. Commitment fees for the period ended January 23, 2013 were less than $0.1 million.
Capital Lease Obligations—We use leasing as a source of financing for certain of our data center facilities and related equipment. We currently operate three data center facilities recognized as capital leases. We have options to extend the initial lease term on all of these leases. Interest expense on capital lease obligations was $1.5 million, $1.5 million and $0.3 million, for the three months ended March 31, 2014, and the periods ended March 31, 2013 and January 23, 2013, respectively.
6 3/8% Senior Notes due 2022—On November 20, 2012, CyrusOne LP and CyrusOne Finance Corp. (the "Issuers") issued $525 million of 6 3/8% Senior Notes due 2022 ("6 3/8% Senior Notes"). The 6 3/8% Senior Notes are senior unsecured obligations of the Issuers, which rank equally in right of payment with all existing and future unsecured senior debt of the Issuers. The 6 3/8% Senior Notes are effectively subordinated to all existing and future secured indebtedness of the Issuers to the extent of the value of the assets securing such indebtedness. The 6 3/8% Senior Notes are guaranteed on a joint and several basis, fully and unconditionally, by CyrusOne Inc., CyrusOne GP, and each of CyrusOne LP's existing and future domestic 100% owned subsidiaries, subject to certain exceptions. Each such guarantee is a senior unsecured obligation of the applicable guarantor, ranking equally with all existing and future unsecured senior debt of such guarantor and effectively subordinated to all existing and future secured indebtedness of such guarantor to the extent of the value of the assets securing that indebtedness. The 6 3/8% Senior Notes are structurally subordinated to all liabilities (including trade payables) of each subsidiary of the Issuers that does not guarantee the Senior Notes. The 6 3/8% Senior Notes bear interest at a rate of 6 3/8% per annum, payable semi-annually on May 15 and November 15 of each year, beginning on May 15, 2013. Interest expense on the Senior Notes was $8.4 million, $6.3 million and $2.1 million for the three months ended March 31, 2014, and the periods ended March 31, 2013 and January 23, 2013, respectively.
The indenture governing the 6 3/8% 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, the Company's ability to: incur secured or unsecured indebtedness; pay dividends or distributions on its equity interests, or redeem or repurchase equity interests of the Company; 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 other subsidiaries; sell assets; and merge, consolidate or transfer all or substantially all of the operating partnership's assets. Notwithstanding the foregoing, our indenture restricts CyrusOne LP from making distributions to its stockholders and limited partners, or redeeming or otherwise repurchasing shares of its capital stock or partnership units, after the occurrence and during the continuance of an event of default, except in limited circumstances including as necessary to enable CyrusOne Inc. to maintain its qualification as a REIT and to minimize the payment of income tax. The Company 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 their revolving credit facility shall be treated as unsecured indebtedness, in each case subject to certain qualifications set forth in the indenture.
The 6 3/8% Senior Notes will mature on November 15, 2022. However, prior to November 15, 2017, the Issuers may, at their option, redeem some or all of the 6 3/8% Senior Notes at a redemption price equal to 100% of the principal amount of the 6 3/8% Senior Notes, together with accrued and unpaid interest, if any, plus a "make-whole" premium. On or after November 15, 2017, the Issuers may, at our option, redeem some or all of the 6 3/8% Senior Notes at any time at declining redemption prices equal to (i) 103.188% beginning on November 15, 2017, (ii) 102.125% beginning on November 15, 2018, (iii) 101.063% beginning on November 15, 2019 and (iv) 100.000% beginning on November 15,

2020 and thereafter, plus, in each case, accrued and unpaid interest, if any, to the applicable redemption date. In addition, before November 15, 2015, and subject to certain conditions, the Issuers may, at their option, redeem up to 35% of the aggregate principal amount of the 6 $^{3}/8$% Senior Notes with the net proceeds of certain equity offerings at 106.375% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption; provided that (i) at least 65% of the aggregate principal amount of the 6 $^{3}/8$% Senior Notes remains outstanding and (ii) the redemption occurs within 90 days of the closing of any such equity offering.

Other Financing Arrangements—Other financing arrangements represents leases of real estate in which we are 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 and, at the lease inception date, we are required to record at fair value the property and associated liability on our balance sheet. These transactions generally do not qualify for sale-leaseback accounting due to our continued involvement in these data center operations.

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Deferred Financing Costs—Deferred financing costs are costs incurred in connection with obtaining long-term financing. Deferred financing costs were incurred in connection with the issuance of the Credit Agreement and 6 3/8% Senior Notes due 2022. As of March 31, 2014, deferred financing costs totaled $13.2 million. Deferred financing costs are amortized over the term of the related indebtedness. Amortization of deferred financing costs, included in interest expense in the condensed consolidated and combined statements of operations, totaled $0.9 million, $0.5 million and $0.1 million for the three months ended March 31, 2014, and the periods ended March 31, 2013 and January 23, 2013, respectively.

Debt Covenants—The indenture governing the 6 3/8% 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, the Company’s ability to: incur secured or unsecured indebtedness; pay dividends or distributions on its equity interests, or redeem or repurchase equity interests of the Company; 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 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 the Company’s ability to pay dividends or distributions to shareholders to the extent (i) no default or event of default exists or is continuing under the indenture and (ii) the Company believes in good faith that we qualify as a REIT under the Code and the payment of such dividend or distribution is necessary either to maintain its status as a REIT or to enable it to avoid payment of any tax that could be avoided by reason of such dividend or distribution. The Company 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 their Credit Agreement facility shall be treated as unsecured indebtedness.

The Credit Agreement requires us to maintain a certain secured net leverage ratio, ratio of EBITDA to fixed charges and ratio of total indebtedness to gross asset value, in each case on a consolidated basis. Notwithstanding these limitations, we will be permitted, subject to the terms and conditions of the Credit Agreement, to distribute to our shareholders cash dividends in an amount not to exceed 95% of our AFFO (as defined in the Credit Agreement) for any period. Similarly, our indenture permits dividends and distributions necessary for us to maintain our status as a REIT.

The Company’s most restrictive covenants are generally included in its Credit Agreement. In order to continue to have access to the amounts available to it under the Credit Agreement, the Company must remain in compliance with all covenants.

As of March 31, 2014, the Company was in compliance with all covenants.

7. Fair Value of Financial Instruments

The fair value of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued expenses approximate their carrying value because of the short-term nature of these instruments.

The carrying value and fair value of other financial instruments are as follows:

	March 31, 2014		December 31, 2013	
(dollars in millions)	Carrying Value	Fair Value	Carrying Value	Fair Value
6 3/8% Senior Notes due 2022	$525.0	$555.2	$525.0	$539.4
Other financing arrangements	56.4	64.1	56.3	63.8

The fair value of our 6 3/8% Senior Notes on March 31, 2014, and December 31, 2013, which are considered Level 1 of the fair value hierarchy, are based on the average trading price for these notes on or about the respective dates. The fair value of other financing arrangements at March 31, 2014 and December 31, 2013, was calculated using a discounted cash flow model that incorporates current borrowing rates for obligations of similar duration. These fair value measurements are considered Level 2 of the fair value hierarchy.

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8. Noncontrolling Interest

As part of the IPO, CyrusOne Inc. together with CyrusOne GP, purchased 21.9 million (or 33.9%) of the outstanding partnership units of CyrusOne LP and CBI retained a 66.1% ownership or 42.6 million Operating Partnership units in CyrusOne LP. Effective January 24, 2014, CBI may exchange the partnership units of CyrusOne into cash, or shares of common stock of CyrusOne Inc. as determined by us, on a one-for-one basis based upon the fair value of a share of our common stock. We have evaluated whether we control the actions or events necessary to issue the maximum number of shares that could be required to be delivered under the share settlement of these Operating Partnership units. Based on the results of this analysis, we concluded that these convertible Operating Partnership units met the criteria to be classified within equity at March 31, 2014. For each share of common stock issued by us, the Operating Partnership issues an equivalent Operating Partnership unit to the Company. The redemption value of the noncontrolling interests at March 31, 2014, was approximately $887 million based on the closing price of our stock of $20.83 on March 31, 2014. As stock is issued by CyrusOne, CBI's ownership percentage will change. CyrusOne has issued shares in conjunction with the LTIP discussed in Note 10 and CBI's ownership is 65.3% as of March 31, 2014.
The following table shows the ownership interest as of March 31, 2014 and 2013 and the portion of net income (loss) and distributions for the three months ended March 31, 2014 and period ended March 31, 2013:

(dollars in millions, except per unit amount)	March 31, 2014				March 31, 2013			
	The Company		CBI		The Company		CBI	
Operating Partnership Units	22.7		42.6		21.9		42.6	
Ownership %	34.7	%	65.3	%	33.9	%	66.1	%
Portion of net income (loss)	0.2		0.5		(0.9	)	(1.9	)
Distributions	(4.8	)	(8.9	)	(3.0	)	(7.3	)

9. Shareholders’ Equity

On February 19, 2014, we announced a regular cash dividend of $0.21 per common share payable to shareholders of record as of March 28, 2014. In addition, holders of Operating Partnership units also received a distribution of $0.21 per unit. The dividend and distribution were paid on April 15, 2014.

10. Equity Incentive Plan

In conjunction with the IPO, our Board of Directors adopted the LTIP. The LTIP is administered by the Board of Directors, or the plan administrator. Awards issuable under the LTIP include common stock, restricted stock, stock options and other incentive awards. We have reserved a total of 4 million shares of our common stock for issuance pursuant to the LTIP, which may be adjusted for changes in our capitalization and certain corporate transactions. To the extent that an award, if forfeitable, expires, terminates or lapses, or an award is otherwise settled in cash without the delivery of shares of common stock to the participant, then any unpaid shares subject to the award will be available for future grant or issuance under the LTIP. The payment of dividend equivalents in cash in conjunction with any outstanding awards will not be counted against the shares available for issuance under the LTIP. The related stock compensation expense incurred by CyrusOne Inc. will be allocated to the Operating Partnership.

Restricted Shares

The Company issued approximately 1 million restricted shares to its employees, officers and board of directors in conjunction with the IPO. These restricted shares generally vest over three years. The per share grant date price was $19.00. These restricted shares also earn non-forfeitable dividends throughout the vesting period. In addition, from time to time, new employees have been issued restricted shares. These restricted shares are issued at a price equal to share price on the grant date.

The Company recognized stock-based compensation expense of approximately $1.4 million and $1.2 million for the three months ended March 31, 2014 and the period ended March 31, 2013, respectively. In addition, we had unrecognized compensation expense of approximately $10.7 million as of March 31, 2014. This expense will be recognized over the remaining vesting period, or approximately 1.8 years.

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Performance Based Awards

On April 17, 2013, the Company approved grants of performance-based options and performance-based restricted stock under the LTIP. These awards generally vest over three years upon the achievement of certain performance-based objectives. These awards are expensed based on the grant date fair value if it is probable that the performance conditions will be achieved.

The Company recognized stock-based compensation expense related to the April 17 grant of approximately $0.3 million for the three months ended March 31, 2014, with no such expense for the period ended March 31, 2013. In addition, we had unrecognized compensation expense of approximately $1.4 million as of March 31, 2014. This expense will be recognized over the remaining vesting period, or approximately 2 years.

The performance criteria are based on achieving both an EBITDA and a relative stockholder return target by the end of the three-year period. We are recording a compensation charge based on achieving 62% of both targets.

On February 7, 2014, the Company approved grants of performance-based restricted stock under the Company's 2012 LTIP. These awards generally vest over three years and upon the achievement of certain performance-based objectives. These awards are expensed based on the grant date fair value if it is probable that the performance conditions will be achieved.

The Company recognized stock-based compensation expense related to the February 7 grant of approximately $0.5 million for the three months ended March 31, 2014 with no such expense for the period ended March 31, 2013. In addition, we had unrecognized compensation expense of approximately $6.7 million as of March 31, 2014. This expense will be recognized over the remaining vesting period, or approximately 2.9 years.

The performance criteria is based on achieving both an EBITDA and a relative return target by the end of the three year period. We are recording a compensation charge based on achieving 100% of both targets.

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11. Earnings per Share

Basic income (loss) per share is calculated using the weighted average number of shares of common stock outstanding during the period. In addition, net loss applicable to participating securities and the related participating securities are excluded from the computation of basic loss per share.

Diluted income (loss) per share is calculated using the weighted average number of shares of common stock outstanding during the period, including restricted stock outstanding. If there is net income during the period, the dilutive impact of common stock equivalents outstanding would also be reflected.

The following table reflects the computation of basic and diluted net income (loss) per share for the three months ended March 31, 2014 and the period ended March 31, 2013:

	Three Months Ended March 31, 2014		Period Ended March 31, 2013	
(dollars in millions, except per share amount)	Basic	Diluted	Basic	Diluted
Numerator:				
Net income (loss) attributed to common shareholders	$0.2	$0.2	$(2.8)	$(2.8)
Less: Restricted stock dividends	(0.2)	(0.2)	1.8	1.8
Net income (loss) available to shareholders	$—	$—	$(1.0)	$(1.0)
Denominator:				
Weighted average common outstanding-basic	20.9	20.9	20.9	20.9
Performance-based restricted stock(1)(2)		—		—
Convertible securities(1)(2)		—		—
Weighted average shares outstanding-diluted		20.9		20.9
EPS:				
Net income (loss) per share-basic	$—		$(0.05)	
Effect of dilutive shares				
Net income (loss) per share-diluted		$—		$(0.05)

(1) We have excluded 0.6 million of restricted stock, and 42.6 million of Operating Partnership units, which are securities that became convertible into common stock in January 2014, from our diluted earnings per share as of March 31, 2014, as these securities were deemed anti-dilutive.

(2) We have excluded 0.2 million of restricted stock, and 42.6 million of Operating Partnership units, which are securities that became convertible into common stock in January 2014, from our diluted earnings per share as of March 31, 2013, as these securities were deemed anti-dilutive.

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12. Related Party Transactions
The condensed consolidated and combined financial statements reflect the following transactions with CBI and its affiliated entities, including Cincinnati Bell Telephone (“CBT”) and Cincinnati Bell Technology Solutions (“CBTS”):
Revenues—The Company records revenues from CBI under contractual service arrangements. These services include lease of data center space, power and cooling in certain of our data center facilities and network interface services and office space.
Operating Expenses—The Company records expenses from CBI incurred in relation to network support, services calls, monitoring and management, storage and backup, IT systems support, and connectivity services.
Revenues and expenses for the periods presented were as follows:

(dollars in millions)	Successor Three Months Ended March 31, 2014	Successor January 24, 2013 to March 31, 2013	Predecessor January 1, 2013 to January 23, 2013
Revenue:			
Data center colocation agreement provided to CBT and CBTS	$1.5	$1.0	$0.3
229 West 7th Street lease provided to CBT	0.5	—	—
Goldcoast Drive/Parkway (Mason) lease	0.1	0.1	—
Transition services provided to CBTS (network interfaces)	0.1	0.1	0.1
Data center leases provided to CBTS	3.6	2.4	—
Total revenue	$5.8	$3.6	$0.4
Operating costs and expenses:			
Transition services agreement by CBTS	$0.3	$—	$—
Charges for services provided by CBT (connectivity)	0.3	0.1	0.1
209 West 7th Street rent provided by CBT	—	—	—
Allocated employee benefit plans by CBI	—	—	0.2
Allocated centralized insurance costs by CBI	—	—	0.1
Total operating costs and expenses	$0.6	$0.1	$0.4

As of March 31, 2014 and December 31, 2013, the amounts receivable from and payable to CBI were as follows:

(dollars in millions)	As of March 31, 2014	As of December 31, 2013
Accounts receivable from CBI	$0.9	$0.6
Accounts payable	$1.9	$1.7
Distributions payable	8.9	6.8
Total amounts payable to CBI	$10.8	$8.5

The distributions payable as of March 31, 2014, reflect the balance due to CBI related to the dividend declared on February 19, 2014, of $0.21 per share, related to CBI's ownership of Operating Partnership units.

13. Income Taxes

CyrusOne Inc. will elect to be taxed as a REIT under the Code, as amended, by making our REIT election upon filing of our 2013 REIT federal income tax return. To qualify as a REIT, we are required to distribute at least 90% of our taxable income to our stockholders and meet various other requirements imposed by the Code relating to such matters as operating results, asset holdings, distribution levels and diversity of stock ownership. Provided we qualify for taxation as a REIT, we are generally not subject to corporate level federal income tax on the earnings distributed currently to our shareholders. It is our policy and intent, subject to change, to distribute 100% of our taxable income and therefore no provision is required in the accompanying financial statements for federal income taxes with regards to activities of the CyrusOne Inc. and its subsidiary pass-through entities.

We have elected to designate two subsidiaries as taxable REIT subsidiaries (each a "TRS"). A TRS may perform services for our tenants that would otherwise be considered impermissible for REITs. The income generated from these services is taxed at federal and state corporate rates. Income tax expense was immaterial for the three months ended March 31, 2014 and period ended March 31, 2013.

In conjunction with the Company's tax sharing arrangement with CBI, CBI may be required to file Texas margin tax returns on a consolidated, combined or unitary basis with the Company for any given year. If such return is prepared by CBI on a combined or consolidated basis to include the Company, the related Texas margin tax of the Company will be paid by CBI. The Company will then reimburse CBI for its portion of the related Texas margin tax. The Texas margin tax payable was $1.4 million as of March 31, 2014 and December 31, 2013.

For certain entities we calculate deferred tax assets and liabilities for temporary differences in the basis between financial statement and income tax assets and liabilities. Deferred income taxes are recalculated annually at rates then in effect. Valuation allowances are recorded to reduce deferred tax assets to amounts that are more likely than not to be realized. The ultimate realization of the deferred tax assets depends upon our ability to generate future taxable income during the periods in which basis differences and other deductions become deductible and prior to the expiration of the net operating loss carryforwards. Deferred tax assets (net of valuation allowance) and liabilities were accrued, as necessary, for the periods ended March 31, 2014 and December 31, 2013. As of March 31, 2014 and December 31, 2013, we had a total net deferred tax asset balance of $3.6 million that was offset by a valuation reserve of $3.6 million.

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14. Guarantors

CyrusOne Inc.

CyrusOne LP and CyrusOne Finance Corp., as “LP Co-issuer” and “Finance Co-issuer,” respectively (together, the “Issuers”), had $525 million aggregate principal amount of Senior Notes outstanding at March 31, 2014. The Senior Notes are fully and unconditionally and jointly and severally guaranteed on a senior basis by CyrusOne Inc. (“Parent Guarantor”), CyrusOne GP (“General Partner”), and CyrusOne LP’s 100% owned subsidiaries, CyrusOne LLC, CyrusOne TRS Inc. and CyrusOne Foreign Holdings LLC (such subsidiaries, together the “Guarantors”). None of the subsidiaries organized outside of the United States (collectively, the “Non-Guarantors”) guarantee the Senior Notes. Subject to the provisions of the indenture governing the Senior Notes, in certain circumstances, a Guarantor may be released from its guarantee obligation, including:

- upon the sale or other disposition (including by way of consolidation or merger) of such Guarantor or of all of the capital stock of such Guarantor such that such Guarantor is no longer a restricted subsidiary under the indenture,
- upon the sale or disposition of all or substantially all of the assets of the Guarantor,
- upon the LP Co-issuer designating such Guarantor as an unrestricted subsidiary under the terms of the indenture,
- if such Guarantor is no longer a guarantor or other obligor of any other indebtedness of the LP Co-issuer or the Parent Guarantor, and
- upon the defeasance or discharge of the Senior Notes in accordance with the terms of the indenture.

The following provides information regarding the entity structure of each guarantor of the Senior Notes:

CyrusOne Inc. – CyrusOne Inc. was formed on July 31, 2012. As of January 23, 2013, CyrusOne Inc. was a wholly-owned subsidiary of CBI. Effective January 24, 2013, CyrusOne Inc. completed its IPO of common stock for net proceeds of $337.1 million, and together with the General Partner, purchased a 33.9% ownership interest in CyrusOne LP. CyrusOne Inc. also represents a guarantor or Parent Guarantor and became a separate registrant with the SEC upon completion of its IPO.

CyrusOne GP – CyrusOne GP was formed on July 31, 2012, and was a 100% owned subsidiary of CyrusOne Inc. as of January 23, 2013. Effective upon completion of CyrusOne Inc.’s IPO, this entity became the general partner and 1% owner of CyrusOne LP and has no other assets or operations. Prior to the IPO, this entity did not incur any obligations or record any transactions.

Issuers – The Issuers include CyrusOne LP and CyrusOne Finance Corp. CyrusOne Finance Corp., a 100% owned subsidiary of CyrusOne LP, was formed for the sole purpose of acting as co-issuer of the Senior Notes and has no other assets or operations. CyrusOne LP, in addition to being the co-issuer of the Senior Notes, is also the 100% owner, either directly or indirectly, of the Guarantors and Non-Guarantors.

Guarantors – The guarantors include CyrusOne LLC, CyrusOne TRS Inc., and CyrusOne Foreign Holdings LLC. CyrusOne LLC accounts for all of the domestic operations of CyrusOne LP, including the businesses that composed the Predecessor operations. CyrusOne LLC, together with CyrusOne Foreign Holdings LLC, directly or indirectly owns 100% of the Non-Guarantors. CyrusOne TRS Inc. had not incurred any obligations or recorded any material transactions for the three months ended March 31, 2014 and period ended March 31, 2013.

As of March 31, 2014, the Non-Guarantors consist of 100% owned subsidiaries which conduct operations in the United Kingdom and Singapore.

The following schedules present the balance sheets as of March 31, 2014 and December 31, 2013 for the Parent Guarantor, General Partner, LP Co-issuer, Finance Co-issuer, Guarantors, and Non-Guarantor. The following schedules also present the statements of operations and statements of cash flows for the three months ended March 31, 2014, and periods ended March 31, 2013 and January 23, 2013, for the Parent Guarantor, General Partner, LP Co-issuer, Finance Co-issuer, Guarantors, and Non-Guarantors.

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Condensed Consolidating Balance Sheets

(dollars in millions)	As of March 31, 2014							
	Parent Guarantor	General Partner	LP Co-issuer	Finance Co-issuer	Guarantors	Non-Guarantors	Eliminations	Total
Land	$—	$—	$—	$—	$89.6	$—	$ —	$89.6
Buildings and improvements	—	—	—	—	742.5	44.5	—	787.0
Equipment	—	—	—	—	205.6	0.8	—	206.4
Construction in progress	—	—	—	—	99.4	—	—	99.4
Subtotal	—	—	—	—	1,137.1	45.3	—	1,182.4
Accumulated depreciation	—	—	—	—	(252.1)	(5.5)	—	(257.6)
Net investment in real estate	—	—	—	—	885.0	39.8	—	924.8
Cash and cash equivalents	—	—	—	—	124.2	1.0	—	125.2
Investment in subsidiaries	766.8	7.7	796.8	—	1.0	—	(1,572.3)	—
Rent and other receivables	—	—	—	—	41.1	1.3	—	42.4
Intercompany receivable	—	—	508.1	—	0.1	—	(508.2)	—
Goodwill	—	—	—	—	276.2	—	—	276.2
Intangible assets, net	—	—	—	—	81.7	—	—	81.7
Due from affiliates	—	—	—	—	0.9	—	—	0.9
Other assets	—	—	13.2	—	60.3	3.4	—	76.9
Total assets	$766.8	$7.7	$1,318.1	$—	$1,470.5	$45.5	$ (2,080.5)	$1,528.1
Accounts payable and accrued expenses	$—	$—	$17.4	$—	$70.9	$0.5	$ —	$88.8
Deferred revenue	—	—	—	—	64.0	0.8	—	64.8
Intercompany payable	—	—	—	—	508.1	0.1	(508.2)	—
Due to affiliates	—	—	8.9	—	1.9	—	—	10.8
Capital lease obligations	—	—	—	—	7.4	8.1	—	15.5
Long-term debt	—	—	525.0	—	—	—	—	525.0
Other financing arrangements	—	—	—	—	21.4	35.0	—	56.4
Total liabilities	—	—	551.3	—	673.7	44.5	(508.2)	761.3
Total equity	766.8	7.7	766.8	—	796.8	1.0	(1,572.3)	766.8
Total liabilities and equity	$766.8	$7.7	$1,318.1	$—	$1,470.5	$45.5	$ (2,080.5)	$1,528.1

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(dollars in millions)	As of December 31, 2013							
	Parent Guarantor	General Partner	LP Co-issuer	Finance Co-issuer	Guarantors	Non-Guarantors	Eliminations	Total
Land	$—	$—	$—	$ —	$ 89.3	$ —	$ —	$89.3
Buildings and improvements	—	—	—	—	739.6	44.1	—	783.7
Equipment	—	—	—	—	189.4	0.8	—	190.2
Construction in progress	—	—	—	—	57.3	—	—	57.3
Subtotal	—	—	—	—	1,075.6	44.9	—	1,120.5
Accumulated depreciation	—	—	—	—	(232.0)	(4.7)	—	(236.7)
Net investment in real estate	—	—	—	—	843.6	40.2	—	883.8
Cash and cash equivalents	—	—	—	—	146.8	2.0	—	148.8
Investment in subsidiaries	777.6	7.8	795.0	—	2.1	—	(1,582.5)	—
Rent and other receivables	—	—	—	—	40.3	0.9	—	41.2
Intercompany receivable	—	—	508.1	—	0.2	—	(508.3)	—
Goodwill	—	—	—	—	276.2	—	—	276.2
Intangible assets, net	—	—	—	—	85.9	—	—	85.9
Due from affiliates	—	—	—	—	0.6	—	—	0.6
Other assets	—	—	14.1	—	53.0	3.2	—	70.3
Total assets	$777.6	$7.8	$1,317.2	$ —	$ 1,448.7	$ 46.3	$ (2,090.8)	$1,506.8
Accounts payable and accrued expenses	$—	$—	$7.8	$ —	$ 58.6	$ 0.4	$ —	$66.8
Deferred revenue	—	—	—	—	55.1	0.8	—	55.9
Intercompany payable	—	—	—	—	508.1	0.2	(508.3)	—
Due to affiliates	—	—	6.8	—	1.7	—	—	8.5
Capital lease obligations	—	—	—	—	8.6	8.1	—	16.7
Long-term debt	—	—	525.0	—	—	—	—	525.0
Other financing arrangements	—	—	—	—	21.6	34.7	—	56.3
Total liabilities	—	—	539.6	—	653.7	44.2	(508.3)	729.2
Total parent’s net investment	777.6	7.8	777.6	—	795.0	2.1	(1,582.5)	777.6
Total liabilities and parent’s net investment	$777.6	$7.8	$1,317.2	$ —	$ 1,448.7	$ 46.3	$ (2,090.8)	$1,506.8

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Condensed Consolidating Statements of Operations

(dollars in millions)	Three Months Ended March 31, 2014							
	Parent Guarantor	General Partner	LP Co-issuer	Finance Co-issuer	Guarantors	Non-Guarantors	Eliminations	Total
Revenue	$ —	$—	$ —	$ —	$ 76.2	$ 1.3	$ —	$ 77.5
Costs and expenses:								
Property operating expenses	—	—	—	—	27.1	0.6	—	27.7
Sales and marketing	—	—	—	—	3.0	—	—	3.0
General and administrative	—	—	—	—	7.2	0.1	—	7.3
Depreciation and amortization	—	—	—	—	26.8	0.8	—	27.6
Transaction costs	—	—	—	—	0.1	—	—	0.1
Total costs and expenses	—	—	—	—	64.2	1.5	—	65.7
Operating income (loss)	—	—	—	—	12.0	(0.2)	—	11.8
Interest expense	—	—	9.6	—	0.2	0.9	—	10.7
Income (loss) before income taxes	—	—	(9.6)	—	11.8	(1.1)	—	1.1
Income tax expense	—	—	—	—	(0.4)	—	—	(0.4)
Equity earnings (loss) related to investment in subsidiaries	0.7	—	10.3	—	(1.1)	—	(9.9)	—
Net income (loss)	0.7	—	0.7	—	10.3	(1.1)	(9.9)	0.7
Noncontrolling interest in net income	0.5	—	—	—	—	—	—	0.5
Net income (loss) attributed to common shareholders	$ 0.2	$—	$ 0.7	$ —	$ 10.3	$ (1.1)	$ (9.9)	$ 0.2

(dollars in millions)	Period Ended March 31, 2013							
	Parent Guarantor	General Partner	LP Co-issuer	Finance Co-issuer	Guarantors	Non-Guarantors	Eliminations	Total
Revenue	$ —	$ —	$ —	$ —	$ 44.5	$ 0.5	$ —	$ 45.0
Costs and expenses:								
Property operating expenses	—	—	—	—	15.0	0.3	—	15.3
Sales and marketing	—	—	—	—	2.1	—	—	2.1
General and administrative	—	—	—	—	5.4	—	—	5.4
Depreciation and amortization	—	—	—	—	15.8	0.6	—	16.4
Total costs and expenses	—	—	—	—	38.3	0.9	—	39.2
Operating income (loss)	—	—	—	—	6.2	(0.4)	—	5.8
Interest expense (income)	—	—	7.2	—	0.7	0.5	—	8.4
Income (loss) before income taxes	—	—	(7.2)	—	5.5	(0.9)	—	(2.6)
Income tax expense	—	—	—	—	(0.2)	—	—	(0.2)
Equity earnings (loss) related to investment in subsidiaries	(2.8)	—	4.4	—	(0.9)	—	(0.7)	—
Net income (loss)	(2.8)	—	(2.8)	—	4.4	(0.9)	(0.7)	(2.8)
Noncontrolling interest in net loss	(1.9)	—	—	—	—	—	—	(1.9)
Net income (loss) attributed to common shareholders	$ (0.9)	$ —	$ (2.8)	$ —	$ 4.4	$ (0.9)	$ (0.7)	$ (0.9)

CyrusOne Inc. and CyrusOne LP
NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS - (unaudited)

(dollars in millions)	Period Ended January 23, 2013							
	Parent Guarantor	General Partner	LP Co-issuer	Finance Co-issuer	Guarantors	Non-Guarantors	Eliminations	Total
Revenue	$—	$—	$ —	$ —	$ 14.9	$ 0.2	$ —	$ 15.1
Costs and expenses:								
Property operating expenses	—	—	—	—	4.8	—	—	4.8
Sales and marketing	—	—	—	—	0.7	—	—	0.7
General and administrative	—	—	—	—	1.4	0.1	—	1.5
Transaction-related compensation	—	—	—	—	20.0	—	—	20.0
Depreciation and amortization	—	—	—	—	5.2	0.1	—	5.3
Transaction costs	—	—	—	—	0.1	—	—	0.1
Total costs and expenses	—	—	—	—	32.2	0.2	—	32.4
Operating loss	—	—	—	—	(17.3)	—	—	(17.3)
Interest expense	—	—	2.3	—	0.1	0.1	—	2.5
Loss before income taxes	—	—	(2.3)	—	(17.4)	(0.1)	—	(19.8)
Income tax expense	—	—	—	—	(0.4)	—	—	(0.4)
Equity earnings (loss) related to investment in subsidiaries	—	—	(17.9)	—	(0.1)	—	18.0	—
Net loss	$—	$—	$ (20.2)	$ —	$ (17.9)	$ (0.1)	$ 18.0	$ (20.2)

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CyrusOne Inc. and CyrusOne LP
NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS - (unaudited)

Condensed Consolidating Statements of Cash Flows

(dollars in millions)	Three Months Ended March 31, 2014							
	Parent Guarantor	General Partner	LP Co-issuer	Finance Co-issuer	Guarantors	Non-Guarantors	Eliminations	Total
Cash flows from operating activities:								
Net income (loss)	$0.7	$—	0.7	$—	$ 10.3	$ (1.1)	$ (9.9)	$0.7
Equity (income) loss related to investment in subsidiaries	(0.7)	—	(10.3)	—	1.1	—	9.9	—
Adjustments to reconcile net (loss) income to net cash provided by operating activities:								
Depreciation and amortization	—	—	—	—	26.8	0.8	—	27.6
Noncash interest expense	—	—	0.9	—	—	—	—	0.9
Stock-based compensation expense	—	—	—	—	2.2	—	—	2.2
Change in operating assets and liabilities, net of effects of acquisitions:								
Rent receivables and other assets	—	—	—	—	(6.1)	(0.6)	—	(6.7)
Accounts payable and accrued expenses	—	—	8.4	—	(4.1)	0.1	—	4.4
Deferred revenues	—	—	—	—	8.9	—	—	8.9
Due to affiliates	—	—	—	—	(0.1)	—	—	(0.1)
Net cash provided by (used in) operating activities	—	—	(0.3)	—	39.0	(0.8)	—	37.9
Cash flows from investing activities:								
Capital expenditures - other development	—	—	—	—	(49.6)	(0.1)	—	(49.7)
Intercompany advances, net	—	—	—	—	0.1	(0.1)	—	—
Return of investment	10.4	—	10.7	—	(0.3)	—	(20.8)	—
Net cash provided by (used in) investing activities	10.4	—	10.7	—	(49.8)	(0.2)	(20.8)	(49.7)
Cash flows from financing activities:								
Dividends paid	(10.4)	—	(10.4)	—	(10.4)	—	20.8	(10.4)
Payments on capital leases and other financing arrangements	—	—	—	—	(1.4)	—	—	(1.4)
Net cash provided by (used in) financing activities	(10.4)	—	(10.4)	—	(11.8)	—	20.8	(11.8)
Net decrease in cash and cash equivalents	—	—	—	—	(22.6)	(1.0)	—	(23.6)
Cash and cash equivalents at beginning of period	—	—	—	—	146.8	2.0	—	148.8
Cash and cash equivalents at end of period	$—	$—	$—	$—	$ 124.2	$ 1.0	$ —	$125.2

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CyrusOne Inc. and CyrusOne LP
NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS - (unaudited)

(dollars in millions)	Period Ended March 31, 2013							
	Parent Guarantor	General Partner	LP Co-issuer	Finance Co-issuer	Guarantors	Non-Guarantors	Eliminations	Total
Cash flows from operating activities:								
Net (loss) income	$(2.8)	$—	$ (2.8)	$—	$ 4.4	$(0.9)	$ (0.7)	$(2.8)
Equity loss (income) related to investment in subsidiaries	2.8	—	(4.4)	—	0.9	—	0.7	—
Adjustments to reconcile net income (loss) to net cash provided by operating activities:								
Depreciation and amortization	—	—	—	—	15.8	0.6	—	16.4
Noncash interest expense	—	—	0.4	—	(0.6)	—	—	(0.2)
Stock-based compensation expense	—	—	—	—	1.2	—	—	1.2
Change in operating assets and liabilities, net of effects of acquisitions:								
Rent receivables and other assets	—	—	—	—	11.7	(0.5)	—	11.2
Accounts payable and accrued expenses	—	—	5.6	—	(0.6)	1.1	—	6.1
Deferred revenues	—	—	—	—	(4.3)	—	—	(4.3)
Due to affiliates	—	—	—	—	(4.7)	—	—	(4.7)
Net cash provided by operating activities	—	—	(1.2)	—	23.8	0.3	—	22.9
Cash flows from investing activities:								
Capital expenditures - acquisitions of real estate	—	—	—	—	(18.2)	—	—	(18.2)
Capital expenditures - other development	—	—	—	—	(26.6)	(0.1)	—	(26.7)
Release of restricted cash	—	—	—	—	1.8	—	—	1.8
Investment in subsidiaries	(337.1)	—	(337.1)	—	—	—	674.2	—
Advances to affiliate	—	—	1.2	—	(1.2)	—	—	—
Net cash used in investing activities	(337.1)	—	(335.9)	—	(44.2)	(0.1)	674.2	(43.1)
Cash flows from financing activities:								
Issuance of common stock/partnership units	360.5	—	337.1	—	—	—	(337.1)	360.5
IPO costs	(23.4)	—	—	—	—	—	—	(23.4)
Payment on capital lease obligations	—	—	—	—	(0.3)	(0.3)	—	(0.6)
Contribution from parent guarantor	—	—	—	—	337.1	—	(337.1)	—
Net cash provided by financing activities	337.1	—	337.1	—	336.8	(0.3)	(674.2)	336.5
	—	—	—	—	316.4	(0.1)	—	316.3

Net increase in cash and cash equivalents								
Cash and cash equivalents at beginning of period	—	—	0.1	—	11.2	1.0	—	12.3
Cash and cash equivalents at end of period	$—	$—	$ 0.1	$ —	$ 327.6	$ 0.9	$ —	$ 328.6

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CyrusOne Inc. and CyrusOne LP
NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS - (unaudited)

(dollars in millions)	Period Ended January 23, 2013							
	Parent Guarantor	General Partner	LP Co-issuer	Finance Co-issuer	Guarantors	Non-Guarantors	Eliminations	Total
Cash flows from operating activities:								
Net (loss) income	$—	$—	$ (20.2)	$—	$ (17.9)	$ (0.1)	$ 18.0	$(20.2)
Equity loss (income) related to investment in subsidiaries	—	—	17.9	—	0.1	—	(18.0)	—
Adjustments to reconcile net (loss) income to net cash provided by operating activities	—	—	0.2	—	5.6	0.1	—	5.9
Changes in operating assets and liabilities, net of effects of acquisitions:								
Rent receivables and other assets	—	—	—	—	(9.6)	—	—	(9.6)
Accounts payable and accrued expenses	—	—	2.1	—	18.4	—	—	20.5
Due to affiliates	—	—	—	—	1.5	—	—	1.5
Assets and liabilities	—	—	—	—	3.8	0.1	—	3.9
Net cash provided by operating activities	—	—	—	—	1.9	0.1	—	2.0
Cash flows from investing activities:								
Capital expenditures - other development	—	—	—	—	(7.7)	—	—	(7.7)
Release of restricted cash	—	—	—	—	1.9	—	—	1.9
Intercompany advances, net	—	—	0.1	—	(0.1)	—	—	—
Net cash provided by (used in) investing activities	—	—	0.1	—	(5.9)	—	—	(5.8)
Cash flows from financing activities:								
Payments on capital lease obligations	—	—	—	—	(0.6)	—	—	(0.6)
Contributions from parent, net	—	—	—	—	0.2	—	—	0.2
Net cash used in financing activities	—	—	—	—	(0.4)	—	—	(0.4)
Net increase (decrease) in cash and cash equivalents	—	—	0.1	—	(4.4)	0.1	—	(4.2)
Cash and cash equivalents at beginning of period	—	—	—	—	15.6	0.9	—	16.5
Cash and cash equivalents at end of period	$—	$—	$ 0.1	$—	$ 11.2	$ 1.0	$ —	$12.3

CyrusOne Inc. and CyrusOne LP
NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS - (unaudited)

CyrusOne LP
CyrusOne LP and CyrusOne Finance Corp., as “LP Co-issuer” and “Finance Co-issuer,” respectively (together, the “Issuers”), had $525 million aggregate principal amount of Senior Notes outstanding at March 31, 2014. The Senior Notes are fully and unconditionally and jointly and severally guaranteed on a senior basis by CyrusOne Inc. (“Parent Guarantor”), CyrusOne GP (“General Partner”), and CyrusOne LP’s 100% owned subsidiaries, CyrusOne LLC, CyrusOne TRS Inc. and CyrusOne Foreign Holdings LLC (such subsidiaries, together the “Guarantors”). None of the subsidiaries organized outside of the United States (collectively, the “Non-Guarantors”) guarantee the Senior Notes. Subject to the provisions of the indenture governing the Senior Notes, in certain circumstances, a Guarantor may be released from its guarantee obligation, including:

- upon the sale or other disposition (including by way of consolidation or merger) of such Guarantor or of all of the capital stock of such Guarantor such that such Guarantor is no longer a restricted subsidiary under the indenture,
- upon the sale or disposition of all or substantially all of the assets of the Guarantor,
- upon the LP Co-issuer designating such Guarantor as an unrestricted subsidiary under the terms of the indenture,
- if such Guarantor is no longer a guarantor or other obligor of any other indebtedness of the LP Co-issuer or the Parent Guarantor, and
- upon the defeasance or discharge of the Senior Notes in accordance with the terms of the indenture.

The following provides information regarding the entity structure of each guarantor of the Senior Notes:

CyrusOne Inc. – CyrusOne Inc. was formed on July 31, 2012. As of January 23, 2013, CyrusOne Inc. was a 100% owned subsidiary of CBI. Effective January 24, 2013, CyrusOne Inc. completed its IPO of common stock for net proceeds of $337.1 million, and together with the General Partner, purchased a 33.9% ownership interest in CyrusOne LP. CyrusOne Inc. also represents a guarantor or Parent Guarantor. In addition, CyrusOne Inc. became a separate registrant with the SEC upon completion of its IPO.

CyrusOne GP – CyrusOne GP was formed on July 31, 2012, and was a 100% owned subsidiary of CyrusOne Inc. as of January 23, 2013. Effective upon completion of CyrusOne Inc.’s IPO, this entity became the general partner and 1% owner of CyrusOne LP and has no other assets or operations. Prior to the IPO, this entity did not incur any obligations or record any transactions.

Issuers – The Issuers include CyrusOne LP and CyrusOne Finance Corp. CyrusOne Finance Corp., a 100% owned subsidiary of CyrusOne LP, was formed for the sole purpose of acting as co-issuer of the Senior Notes and has no other assets or operations. CyrusOne LP, in addition to being the co-issuer of the Senior Notes, is also the 100% owner, either directly or indirectly, of the Guarantors and Non-Guarantors.

Guarantors – The guarantors include CyrusOne LLC, CyrusOne TRS Inc., and CyrusOne Foreign Holdings LLC. CyrusOne LLC accounts for all of the domestic operations of CyrusOne LP, including the businesses that composed the Predecessor operations. CyrusOne LLC, together with CyrusOne Foreign Holdings LLC, directly or indirectly owns 100% of the Non-Guarantors. CyrusOne TRS Inc. had not incurred any obligations or recorded any material transactions for the three months ended March 31, 2014 and period ended March 31, 2013.

As of March 31, 2014, the Non-Guarantors consist of 100% owned subsidiaries which conduct operations in the United Kingdom and Singapore.

The following schedules present the balance sheets as of March 31, 2014 and December 31, 2013 for the LP Co-issuer, Finance Co-issuer, Guarantors, and Non-Guarantor. The following schedules also present the statements of operations and statements of cash flows for the three months ended March 31, 2014, and periods ended March 31, 2013 and January 23, 2013, for the Parent Guarantor, General Partner, LP Co-issuer, Finance Co-issuer, Guarantors, and Non-Guarantors.

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CyrusOne Inc. and CyrusOne LP
NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS - (unaudited)

Condensed Consolidating Balance Sheets

(dollars in millions)	As of March 31, 2014					
	LP Co-issuer	Finance Co-issuer	Guarantors	Non-Guarantors	Eliminations	Total
Land	$—	$—	$89.6	$—	$—	$89.6
Buildings and improvements	—	—	742.5	44.5	—	787.0
Equipment	—	—	205.6	0.8	—	206.4
Construction in progress	—	—	99.4	—	—	99.4
Subtotal	—	—	1,137.1	45.3	—	1,182.4
Accumulated depreciation	—	—	(252.1)	(5.5)	—	(257.6)
Net investment in real estate	—	—	885.0	39.8	—	924.8
Cash and cash equivalents	—	—	124.2	1.0	—	125.2
Investment in subsidiaries	796.8	—	1.0	—	(797.8)	—
Rent and other receivables	—	—	41.1	1.3	—	42.4
Intercompany receivable	508.1	—	0.1	—	(508.2)	—
Goodwill	—	—	276.2	—	—	276.2
Intangible assets, net	—	—	81.7	—	—	81.7
Due from affiliates	—	—	0.9	—	—	0.9
Other assets	13.2	—	60.3	3.4	—	76.9
Total assets	$1,318.1	$—	$1,470.5	$45.5	$(1,306.0)	$1,528.1
Accounts payable and accrued expenses	$17.4	$—	$70.9	$0.5	$—	$88.8
Deferred revenue	—	—	64.0	0.8	—	64.8
Intercompany payable	—	—	508.1	0.1	(508.2)	—
Due to affiliates	8.9	—	1.9	—	—	10.8
Capital lease obligations	—	—	7.4	8.1	—	15.5
Long-term debt	525.0	—	—	—	—	525.0
Other financing arrangements	—	—	21.4	35.0	—	56.4
Total liabilities	551.3	—	673.7	44.5	(508.2)	761.3
Total partnership capital	766.8	—	796.8	1.0	(797.8)	766.8
Total liabilities and partnership capital	$1,318.1	$—	$1,470.5	$45.5	$(1,306.0)	$1,528.1

CyrusOne Inc. and CyrusOne LP
NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS - (unaudited)

(dollars in millions)	As of December 31, 2013					
	LP Co-issuer	Finance Co-issuer	Guarantors	Non-Guarantors	Eliminations	Total
Land	$—	$—	$89.3	$—	$—	$89.3
Buildings and improvements	—	—	739.6	44.1	—	783.7
Equipment	—	—	189.4	0.8	—	190.2
Construction in progress	—	—	57.3	—	—	57.3
Subtotal	—	—	1,075.6	44.9	—	1,120.5
Accumulated depreciation	—	—	(232.0)	(4.7)	—	(236.7)
Net investment in real estate	—	—	843.6	40.2	—	883.8
Cash and cash equivalents	—	—	146.8	2.0	—	148.8
Investment in subsidiaries	795.0	—	2.1	—	(797.1)	—
Rent and other receivables	—	—	40.3	0.9	—	41.2
Intercompany receivable	508.1	—	0.2	—	(508.3)	—
Goodwill	—	—	276.2	—	—	276.2
Intangible assets, net	—	—	85.9	—	—	85.9
Due from affiliates	—	—	0.6	—	—	0.6
Other assets	14.1	—	53.0	3.2	—	70.3
Total assets	$1,317.2	$—	$1,448.7	$46.3	$(1,305.4)	$1,506.8
Accounts payable and accrued expenses	$7.8	$—	$58.6	$0.4	$—	$66.8
Deferred revenue	—	—	55.1	0.8	—	55.9
Intercompany payable	—	—	508.1	0.2	(508.3)	—
Due to affiliates	6.8	—	1.7	—	—	8.5
Capital lease obligations	—	—	8.6	8.1	—	16.7
Long-term debt	525.0	—	—	—	—	525.0
Other financing arrangements	—	—	21.6	34.7	—	56.3
Total liabilities	539.6	—	653.7	44.2	(508.3)	729.2
Total partnership capital	777.6	—	795.0	2.1	(797.1)	777.6
Total liabilities and partnership capital	$1,317.2	$—	$1,448.7	$46.3	$(1,305.4)	$1,506.8

CyrusOne Inc. and CyrusOne LP
NOTES TO CONDENSED CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS - (unaudited)

Condensed Consolidating Statements of Operations