

CyrusOne Inc.  
Form 10-K  
March 29, 2013  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 10-K**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2012**

☐ **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.**

(Exact name of registrant as specified in its charter)

**Maryland**  
(State or other jurisdiction of

incorporation or organization)

**46-0691837**  
(I.R.S. Employer

Identification No.)

**1649 West Frankford Road, Carrollton, TX 75007**

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(Address of Principal Executive Offices) (Zip Code)

(972) 350-0060

(Registrant's telephone number, including area code)

## Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$.01 par value	NASDAQ

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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. Yes ☐ No ☒

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). Yes ☐ No ☒

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The registrant completed the initial public offering of its Common Stock on January 24, 2013. Accordingly, there was no public market for the registrant's Common Stock as of June 29, 2012, the last business day of the registrant's most recently completed second fiscal quarter. The aggregate market value of the voting Common Stock owned by non-affiliates on March 14, 2013 was \$416,535,487, computed by reference to the closing sale price of the Common Stock on the NASDAQ Global Select Market on such date.

There were 21,884,703 shares of Common Stock outstanding as of March 14, 2013.

**Documents Incorporated by Reference: None.**



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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

We make statements in this Annual Report on Form 10-K that are forward-looking statements within the meaning of the federal securities laws. In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations and anticipated market conditions, demographics and results of operations are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as believes, expects, may, will, should, seeks, approximately, intends, plans, estimates or anticipates or the negative of these words or phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

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

loss of key customers;

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

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

inability to supply customers with adequate electrical power;

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

risks related to natural disasters and inadequate insurance coverage;

risks related to the inability to obtain title insurance;

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

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

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

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

long sales cycle for data center services;

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

inability to identify and complete acquisitions and operate acquired properties;

customers choosing to develop their own data centers;

decrease in demand for data center services;

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

inability to manage growth;

our level of indebtedness or debt service obligations;

restrictions in the instruments governing our indebtedness;

risks related to litigation and environmental matters;

risks related to increased regulations;

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unknown or contingent liabilities related to our acquired properties;

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

significant competition in our industry;

loss of key personnel;

obsolescence of our data center infrastructure;

risks related to assuming unknown liabilities;

failure to maintain our status as a REIT;

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

insufficient cash available to meet distribution requirements;

risks related to the real estate industry;

risks related to Cincinnati Bell Inc. (CBI ), an Ohio corporation, owning shares of our common stock; and

risks related to our organizational structure.

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

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**EXPLANATORY NOTE**

This report represents the Annual Report on Form 10-K for the year ended December 31, 2012 for CyrusOne Inc. On January 24, 2013, CyrusOne Inc. completed the initial public offering of its common stock. CyrusOne Inc. was formed on July 31, 2012 and prior to its initial public offering, it had minimal activity, consisting solely of deferred offering costs. The combined financial statements included in this Annual Report of CyrusOne Inc., CyrusOne GP, CyrusOne LP and its subsidiaries referred to, collectively, as CyrusOne, the Company, we and Predecessor reflect the historical financial position, results of operations and cash flows of the data center activities and holdings of CBI for all periods presented. The Predecessor's historical financial statements have been prepared on a carve-out basis from CBI's consolidated financial statements using the historical results of operations, cash flows, assets and liabilities attributable to the data center business and include allocations of income, expenses, assets and liabilities from CBI. These allocations reflect significant assumptions, and the combined financial statements do not fully reflect what the Predecessor's financial position, results of operations and cash flows would have been had the Predecessor been a stand-alone company during the periods presented. As a result, historical financial information is not necessarily indicative of CyrusOne Inc.'s future results of operations, financial position and cash flows.

Effective January 24, 2013, CyrusOne Inc. became subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act) and will file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). These reports and other information filed by the Company may be read and copied at the Public Reference Room of the SEC, 100 F Street N.E., Washington, D.C. 20549. Information about the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains an internet site that contains reports, and other information about issuers, like the Company, which file electronically with the SEC. The address of that site is <http://www.sec.gov>. The Company makes available its reports on Form 10-K, 10-Q, and 8-K (as well as all amendments to these reports), and other information, free of charge, at the Investor Relations section of its website at [www.cyrusone.com](http://www.cyrusone.com). The information found on, or otherwise accessible through, our website is not incorporated by reference into, nor does it form a part of, this report or any other document that we file with the SEC.



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### **ITEM 1. BUSINESS**

#### **The Company**

We are an owner, operator and developer of enterprise-class, carrier-neutral data center properties. Enterprise-class, carrier-neutral data centers are purpose-built facilities with redundant power, cooling and telecommunications systems and that are not network-specific, enabling customer interconnectivity to a range of telecommunications carriers. We provide mission-critical data center facilities that protect and ensure the continued operation of information technology ( IT ) infrastructure for over 500 customers. Our goal is to be the preferred global data center provider to the Fortune 1000. As of December 31, 2012, our customers included nine of the Fortune 20 and 115 of the Fortune 1000 or private or foreign enterprises of equivalent size. These 115 customers provided 76% of our annualized rent as of December 31, 2012. Additionally, as of December 31, 2012, our top 10 customers (including CBI) provided 45% of our annualized rent.

We cultivate long-term strategic relationships with our customers and provide them with solutions for their data center facilities and IT infrastructure challenges. Our offerings provide flexibility, reliability and security and are delivered through a tailored, customer service focused platform that is designed to foster long-term relationships. We focus on attracting customers that have not historically outsourced their data center needs. We believe our capabilities and reputation for serving the needs of large enterprises will allow us to capitalize on the growing demand for outsourced data center facilities in our markets and in new markets where our customers are located or plan to be located in the future.

#### **Structure and Formation of Our Company**

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

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

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

Our operating partnership, CyrusOne LP, was formed as a Maryland limited partnership on July 31, 2012.

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

On November 20, 2012, our operating partnership, together with CyrusOne Finance Corp. issued \$525 million of senior notes, from which net proceeds received were approximately \$512 million. On November 20, 2012, our operating partnership also entered into a \$225 million revolving credit facility that is secured by substantially all of our assets.

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

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Our operating partnership used the net proceeds of the senior notes issuance to repay approximately \$480 million of indebtedness owed to CBI.

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

As of December 31, 2012, we had a total combined indebtedness, including capital lease obligations, of approximately \$557 million and other financing arrangements of approximately \$61 million, and the ability to incur an additional \$225 million of indebtedness through the availability under our revolving credit facility.

As of January 24, 2013, CBI owned 8.6% of our outstanding shares of common stock and 66.1% of the outstanding operating partnership units, which, if exchanged for our common stock, would represent an additional approximately 60.4% interest in our common stock.

As of January 24, 2013, our directors, executive officers, and employees owned shares of restricted stock representing approximately 4.7% of our outstanding shares of common stock, or 1.6% of our total operating partnership units and shares of common stock.

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

### **Our Initial Public Offering**

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

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The following diagram depicts our ownership structure as of January 24, 2013 following completion of our initial public offering:

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### **Our Competitive Strengths**

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

*High Quality Customer Base.* The high quality of our assets combined with our reputation for serving the needs of large enterprises has enabled us to focus on the Fortune 1000 to build a quality customer base. We currently have over 500 customers from a broad spectrum of industries, with a particular expertise serving the energy industry, which comprises 37% of our annualized rent as of December 31, 2012. We currently have nine of the Fortune 20 and 115 of the Fortune 1000 or private or foreign enterprises of equivalent size as customers, including five of the six supermajor oil and gas companies. Our revenue is generated by a stable enterprise customer base, as evidenced by the following as of December 31, 2012:

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

57% of our annualized rent comes from investment grade companies or their affiliates, based on the parent company's corporate credit rating by Standard & Poor's Ratings Services (S&P).

39% of our annualized rent comes from the Fortune 100 or private or foreign enterprises of equivalent size.

As of December 31, 2012, CBI represented 9% of our annualized rent under contracts, which is largely comprised of two customers to whom we provide services through contracts entered into between those customers and Cincinnati Bell Technology Solutions Inc., a subsidiary of CBI (CBTS). Customer consent is required in order to assign those contracts to us, and while we expect those contracts to be assigned to us, such consent has not yet been obtained. Excluding these customers, CBI represented 3% of our annualized rent as of December 31, 2012. As of December 31, 2012, no single other customer represented more than 8% of our annualized rent, and our top 10 customers (including CBI) represented 45% of our annualized rent.

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

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

The powered shell can be acquired or constructed for a relatively inexpensive capital cost. Once the building shell is ready, we can build individual data center halls in portions of the building space to meet the needs of customers on a modular basis. This modular data center hall construction can be completed in less than 16 weeks to meet our customers' immediate needs. This short construction timeframe ensures a very high utilization of the

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assets and minimizes the time between our capital investment and the receipt of customer revenue, favorably impacting our return on investment while also translating into lower costs for our customers. Our design principles also allow us to add incremental equipment to increase power densities as our customers' power needs increase, which provides our customers with a significant amount of flexibility to manage their IT demands. We believe this Massively Modular<sup>SM</sup> approach allows us to respond to rapidly evolving customer needs, to commit capital toward the highest return projects and to develop state-of-the-art data center facilities.

*Significant Leasing Capability and Low Recurring Rent Churn.* Our focus on the customer, our ability to scale with its needs, and our operational excellence provides us with two key benefits: embedded future growth from our customer base and low recurring rent churn. Our total annualized rent increased by approximately 20%, and our existing customer base provided approximately 65% of such increase, between December 31, 2011 and December 31, 2012. Since December 31, 2011, we have increased net rentable square feet ( NRSF ) by 22%, while maintaining a high percentage of NRSF leased of 76% at December 31, 2012.

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

*Significant, Attractive Expansion Opportunities.* Our current development properties and available acreage were selected based on extensive site selection criteria and the collective industry knowledge and experience of our management team. As a result, we believe that our development portfolio contains properties that are located in markets with attractive supply and demand conditions and that possess suitable physical characteristics to support data center infrastructure. In addition to our operating NRSF of approximately 1,716,000 as of December 31, 2012, we are currently developing vacant properties and new facilities to create approximately 238,000 NRSF under construction, 803,000 NRSF of powered shell available for future development, and approximately 140 acres of land that are available for future data center facility development.

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

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

## **Business and Growth Strategies**

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

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*Increasing Revenue from Existing Customers and Properties.* We have historically generated a significant portion of our revenue growth from our existing customers. Our total annualized rent increased by approximately 20%, and our existing customer base provided approximately 65% of such increase, between December 31, 2011 and December 31, 2012. We plan to continue to target our existing customers, because we believe that many have significant data center infrastructure that has not yet been outsourced, and many will require additional data center space to support their growth and their increasing reliance on technology infrastructure in their operations. To address new demand, as of December 31, 2012, we have approximately 413,000 NRSF available for lease, 238,000 NRSF under development and 803,000 NRSF of additional powered shell available for future development. Our portfolio also contains approximately 140 acres of land that are available for future data center facility development.

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

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

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

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data center, the capital required for interconnection is minimal, which we believe creates the potential to create attractive capital returns. We act as the trusted neutral party that enterprises, carriers and content companies utilize to connect to each other. We believe that the reputation and industry relationships of our executive management team place us in an ongoing trusted provider role.

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

Our principal executive offices are located at 1649 West Frankford Road, Carrollton, TX 75007. Our telephone number is (972) 350-0060. We maintain a website, [www.cyrusone.com](http://www.cyrusone.com). The information contained on, or accessible through, our website is not incorporated by reference into this Annual Report on Form 10-K.

## **Our Portfolio**

As of December 31, 2012, our property portfolio included 24 operating data centers in ten distinct markets (Austin, Chicago, Cincinnati, Dallas, Houston, London, Phoenix, San Antonio, Singapore and South Bend), collectively providing approximately 1,716,000 NRSF and powered by approximately 135 megawatts ( MW ) of utility power. We own ten of the buildings in which our data center facilities are located. We lease the remaining 14 buildings, which account for approximately 600,000 NRSF, or approximately 35% of our total operating NRSF. These leased buildings accounted for 37% of our total annualized rent as of December 31, 2012. Of these leased facilities, four are considered to be strategic, two of which have purchase options or rights of first refusal and the other two have lease terms in excess of 20 years including renewals. We also currently have 238,000 NRSF under development at two data centers (Houston and Phoenix) and 803,000 NRSF of additional powered shell space under roof and available for development. In addition, we have approximately 140 acres of land that are available for future data center facility development. Along with our primary product offering, leasing of colocation space, our customers are increasingly interested in our ancillary office and other space, which is listed separately in the following table. We believe our existing operating portfolio and development pipeline will allow us to meet the evolving needs of our existing customers and continue to attract new customers. The following tables provide an overview of our operating and development properties as of December 31, 2012:

**Table of Contents****CyrusOne Inc.****Data Center Portfolio****As of December 31, 2012****(Unaudited)**

(dollars in millions)

**Operating Net Rentable Square Feet (NRSF)<sup>(a)</sup>**

<b>Facilities</b>	<b>Metropolitan Area</b>	<b>Annualized Rent<sup>(b)</sup></b>	<b>Colocation Space (CSF)<sup>(c)</sup></b>	<b>Office &amp; Other<sup>(d)</sup></b>	<b>Supporting Infrastructure<sup>(e)</sup></b>	<b>Total<sup>(f)</sup></b>	<b>Percent Leased<sup>(g)</sup></b>	<b>Powered Shell Available</b>	<b>Available</b>
								<b>for Future Development (NRSF)<sup>(h)</sup></b>	<b>Utility Power (MW)<sup>(i)</sup></b>
<b>South</b>									
Southwest Fwy (Galleria)	Houston	\$ 43,986,744	63,469	17,247	23,202	103,918	92%		16
Westway Park Blvd. (Houston West)	Houston	\$ 36,018,192	112,133	8,749	35,674	156,556	82%	3,000	12
S. State Hwy 121 Business (Lewisville)*	Dallas	\$ 34,042,101	108,687	9,316	59,333	177,336	88%	2,000	8
Midway**	Dallas	\$ 6,387,262	9,782			9,782	100%		1
E. Ben White Blvd. (Austin 1)*	Austin	\$ 5,908,064	16,223	21,376	7,516	45,115	93%		5
Metropolis Drive (Austin 2)*	Austin	\$ 1,820,760	40,855	4,128	18,563	63,546	9%		10
Frankford Road (Carrollton)	Dallas	\$ 1,068,981	47,366	24,330	36,522	108,218	11%	518,000	10
North Fwy (Greenspoint)**	Houston								