UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2020

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

For the transition period from ___________ to ___________

Commission File Number: 001-35789

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

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

2850 N. Harwood Street, Suite 2200, Dallas, TX 75201
(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	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, $0.01 par value	CONE	The NASDAQ Global Select Market
1.450% Senior Notes due 2027	CONE27	The Nasdaq Stock Market LLC

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 every Interactive Data File required to be submitted 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 such files).

Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

There were 116,873,172 shares of common stock outstanding as of July 24, 2020 with a par value of $0.01 per share.

EXPLANATORY NOTE

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., a Maryland corporation, together with its consolidated subsidiaries, including CyrusOne LP, a Maryland limited partnership. 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, whose only material asset is its ownership of operating partnership units of CyrusOne LP. CyrusOne Inc. does not conduct business itself, other than acting as the sole beneficial owner and trustee of CyrusOne GP, a Maryland statutory trust, issuing public equity from time to time and guaranteeing certain debt of CyrusOne LP and certain of its subsidiaries. CyrusOne Inc., directly or indirectly, owns all the operating partnership units of CyrusOne LP and has the full, exclusive and complete responsibility for the operating partnership's day-to-day management and control. CyrusOne Inc. itself does not issue any indebtedness but guarantees the debt of CyrusOne LP and certain of its subsidiaries, as disclosed in this report. CyrusOne LP and its subsidiaries hold substantially all the assets of the Company. CyrusOne LP conducts the operations of the business, along with its subsidiaries, 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 for the Company's business through CyrusOne LP's operations and incurrence of indebtedness.

As of June 30, 2020, the total number of outstanding shares of our common stock was approximately 116.9 million.

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PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CyrusOne Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except share and per share amounts)
(unaudited)

	June 30, 2020	December 31, 2019
Assets		
Investment in real estate:		
Land	$ 175.5	$ 147.6
Buildings and improvements	1,857.9	1,761.4
Equipment	3,229.5	3,028.2
Gross operating real estate	5,262.9	4,937.2
Less accumulated depreciation	(1,562.7)	(1,379.2)
Net operating real estate	3,700.2	3,558.0
Construction in progress, including land under development	1,024.8	946.3
Land held for future development	217.2	206.0
Total investment in real estate, net	4,942.2	4,710.3
Cash and cash equivalents	70.7	76.4
Rent and other receivables *(net of allowance for doubtful accounts of $1.6 and $1.8 as of June 30, 2020 and December 31, 2019, respectively)*	307.0	291.9
Restricted cash	1.3	1.3
Operating lease right-of-use assets, net	204.7	161.9
Equity investments	184.9	135.1
Goodwill	455.1	455.1
Intangible assets *(net of accumulated amortization of $225.9 and $207.5 as of June 30, 2020 and December 31, 2019, respectively)*	174.9	196.1
Other assets	127.3	113.9
Total assets	$ 6,468.1	$ 6,142.0
Liabilities and equity		
Debt	$ 3,156.9	$ 2,886.6
Finance lease liabilities	28.8	31.8
Operating lease liabilities	240.5	195.8
Construction costs payable	155.7	176.3
Accounts payable and accrued expenses	127.0	122.7
Dividends payable	59.7	58.6
Deferred revenue and prepaid rents	166.2	163.7
Deferred tax liability	55.8	60.5
Other liabilities	16.8	11.4
Total liabilities	4,007.4	3,707.4
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.01 par value, 100,000,000 authorized; no shares issued or outstanding	—	—
Common stock, $0.01 par value, 500,000,000 shares authorized and 116,852,894 and 114,808,898 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively	1.2	1.1
Additional paid in capital	3,305.9	3,202.0
Accumulated deficit	(824.7)	(767.3)
Accumulated other comprehensive loss	(21.7)	(1.2)
Total stockholders’ equity	2,460.7	2,434.6
Total liabilities and equity	$ 6,468.1	$ 6,142.0

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue	$ 256.4	$ 251.5	$ 502.3	$ 476.5
Operating expenses:				
Property operating expenses	99.0	103.3	191.6	186.6
Sales and marketing	3.8	5.3	8.5	10.6
General and administrative	20.3	19.7	47.2	41.9
Depreciation and amortization	109.7	102.1	217.8	204.2
Transaction, acquisition, integration and other related expenses	0.1	1.4	0.5	1.7
Impairment losses	2.4	—	2.4	—
Total operating expenses	235.3	231.8	468.0	445.0
Operating income	21.1	19.7	34.3	31.5
Interest expense, net	(13.9)	(21.1)	(29.9)	(44.8)
Gain (loss) on marketable equity investment	50.4	(8.5)	65.1	92.7
Loss on early extinguishment of debt	—	—	(3.4)	—
Foreign currency and derivative losses, net	(13.9)	—	(8.8)	—
Other income (expense)	0.1	—	—	(0.1)
Net income (loss) before income taxes	43.8	(9.9)	57.3	79.3
Income tax benefit	1.2	1.4	2.4	1.6
Net income (loss)	$ 45.0	$ (8.5)	$ 59.7	$ 80.9
Weighted average number of common shares outstanding - basic	115.3	113.1	115.1	110.7
Weighted average number of common shares outstanding - diluted	115.7	113.1	115.4	111.1
Income (loss) per share - basic	$ 0.39	$ (0.08)	$ 0.52	$ 0.73
Income (loss) per share - diluted	$ 0.39	$ (0.08)	$ 0.52	$ 0.73

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

CyrusOne Inc.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in millions)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss)	$ 45.0	$ (8.5)	$ 59.7	$ 80.9
Other comprehensive income:				
Foreign currency translation adjustment	14.1	(2.4)	(9.9)	(1.8)
Net loss on cash flow hedging instruments	(9.5)	(3.6)	(10.6)	(0.9)
Comprehensive income (loss)	$ 49.6	$ (14.5)	$ 39.2	$ 78.2

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

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

	Stockholders' Equity					
	Shares of Common Stock Outstanding	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance as of January 1, 2019	108.3	$ 1.1	$ 2,837.4	$ (600.2)	$ (12.3)	$ 2,226.0
Adoption of accounting standards:						
Impact of adoption of ASU 2016-02 related to leases	—	—	—	9.5	—	9.5
Net income	—	—	—	89.4	—	89.4
Issuance of common stock, net	2.0	—	105.0	—	—	105.0
Stock-based compensation expense	—	—	4.5	—	—	4.5
Tax payment upon exercise of equity awards	—	—	(8.7)	—	—	(8.7)
Foreign currency translation adjustment	—	—	—	—	0.6	0.6
Net gain on cash flow hedging instruments	—	—	—	—	2.7	2.7
Dividends declared, $0.46 per share	—	—	—	(50.9)	—	(50.9)
Balance as of March 31, 2019	110.3	$ 1.1	$ 2,938.2	$ (552.2)	$ (9.0)	$ 2,378.1
Net loss	—	—	—	(8.5)	—	(8.5)
Issuance of common stock, net	2.9	—	147.6	—	—	147.6
Other	—	—	0.1	—	—	0.1
Stock-based compensation expense	—	—	3.7	—	—	3.7
Tax payment upon exercise of equity awards	—	—	(0.1)	—	—	(0.1)
Foreign currency translation adjustment	—	—	—	—	(2.4)	(2.4)
Net loss on cash flow hedging instruments	—	—	—	—	(3.6)	(3.6)
Dividends declared, $0.46 per share	—	—	—	(52.3)	—	(52.3)
Balance as of June 30, 2019	113.2	$ 1.1	$ 3,089.5	$ (613.0)	$ (15.0)	$ 2,462.6

	Stockholders' Equity					
	Shares of Common Stock Outstanding	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance as of January 1, 2020	114.8	$ 1.1	$ 3,202.0	$ (767.3)	$ (1.2)	$ 2,434.6
Net income	—	—	—	14.7	—	14.7
Issuance of common stock, net	0.2	0.1	0.5	—	—	0.6
Stock-based compensation expense	—	—	3.7	—	—	3.7
Tax payment upon exercise of equity awards	—	—	(6.3)	—	—	(6.3)
Foreign currency translation adjustment	—	—	—	—	(24.0)	(24.0)
Net loss on cash flow hedging instruments	—	—	—	—	(1.1)	(1.1)
Dividends declared, $0.50 per share	—	—	—	(58.4)	—	(58.4)
Balance as of March 31, 2020	115.0	$ 1.2	$ 3,199.9	$ (811.0)	$ (26.3)	$ 2,363.8
Net income	—	—	—	45.0	—	45.0
Issuance of common stock, net	1.9	—	102.8	—	—	102.8
Stock-based compensation expense	—	—	3.3	—	—	3.3
Tax payment upon exercise of equity awards	—	—	(0.1)	—	—	(0.1)
Foreign currency translation adjustment	—	—	—	—	14.1	14.1
Net loss on cash flow hedging instruments	—	—	—	—	(9.5)	(9.5)
Dividends declared, $0.50 per share	—	—	—	(58.7)	—	(58.7)
Balance at June 30, 2020	116.9	$ 1.2	$ 3,305.9	$ (824.7)	$ (21.7)	$ 2,460.7

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

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

	Six Months Ended June 30, 2020	2019
Cash flows from operating activities:		
Net income	$ 59.7	$ 80.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	217.8	204.2
Provision for bad debt expense	—	(0.3)
Gain on marketable equity investment	(65.1)	(92.7)
Foreign currency and derivative losses, net	8.8	—
Proceeds from swap terminations	2.9	—
Impairment on land held for future development	2.2	—
Loss on early extinguishment of debt	3.4	—
Interest expense amortization, net	3.6	2.3
Stock-based compensation expense	7.0	8.2
Deferred income tax benefit	(4.2)	(3.4)
Operating lease cost	13.0	9.6
Other income (expense)	0.5	(0.2)
Change in operating assets and liabilities:		
Rent and other receivables, net and other assets	(31.0)	(41.1)
Accounts payable and accrued expenses	4.7	(8.2)
Deferred revenue and prepaid rents	2.0	18.0
Operating lease liabilities	(11.1)	(9.8)
Net cash provided by operating activities	214.2	167.5
Cash flows from investing activities:		
Investments in real estate	(458.0)	(514.8)
Proceeds from sale of equity investments	8.2	199.8
Equity investments	(4.7)	(0.3)
Proceeds from the sale of real estate assets	0.3	—
Net cash used in investing activities	(454.2)	(315.3)
Cash flows from financing activities:		
Issuance of common stock, net	103.3	252.6
Dividends paid	(116.1)	(101.3)
Payment of deferred financing costs	(12.5)	—
Proceeds from revolving credit facility	438.8	287.8
Repayments of revolving credit facility	(723.1)	—
Proceeds from Euro bond	550.2	—
Proceeds from unsecured term loan	1,100.0	—
Repayments of unsecured term loan	(1,100.0)	(200.0)
Payments on finance lease liabilities	(1.3)	(1.2)
Tax payment upon exercise of equity awards	(6.4)	(8.8)
Net cash provided by financing activities	232.9	229.1
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1.4	(0.3)
Net (decrease) increase in cash, cash equivalents and restricted cash	(5.7)	81.0
Cash, cash equivalents and restricted cash at beginning of period	77.7	64.4
Cash, cash equivalents and restricted cash at end of period	$ 72.0	$ 145.4
Supplemental disclosure of cash flow information:		
Cash paid for interest, including amounts capitalized of $11.4 million and $18.1 million in 2020 and 2019, respectively	$ 30.0	$ 62.7
Cash paid for income taxes	0.1	2.8
Non-cash investing and financing activities:		
Construction costs payable	155.7	149.5
Dividends payable	59.7	53.0

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

1. Description of Business

CyrusOne Inc., together with CyrusOne GP (the "General Partner"), a wholly-owned subsidiary of CyrusOne Inc., through which CyrusOne Inc. wholly owns 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, multi-tenant and single-tenant data center properties. As of June 30, 2020, all of the issued and outstanding Operating Partnership units of CyrusOne LP are owned, directly or indirectly, by the Company. Our customers operate in a number of industries, including information technology, financial services, energy, oil and gas, mining, medical, research and consulting services, and consumer goods and services. We currently operate 53 data centers, including two recovery centers, located in the United States, United Kingdom, Germany and Singapore.

On January 24, 2013, the Company completed its initial public offering (the "IPO") of common stock and its common stock currently trades on the NASDAQ Exchange under the ticker symbol "CONE".

2. Summary of Significant Accounting Policies

Risks and Uncertainties

The novel strain of the coronavirus (COVID-19) identified in China in late 2019 has globally spread throughout Asia, Europe, the Middle East and the Americas and has resulted in authorities implementing numerous measures to attempt to contain the virus. This includes travel bans, shelter in place regulations and other restrictions and shutdowns. We continue to monitor the global outbreak and the potential risks to us posed by the pandemic. Our data centers have remained fully operational and to date we have experienced minimal disruptions in our business, including construction projects, however, we have modified our business practices by temporarily closing our corporate headquarters and regional locations, transitioned non-essential employees to working remotely from their homes, implemented restrictions on the physical participation in meetings and significantly limited business travel. The duration and extent of the impact from the COVID-19 pandemic depends on future developments that cannot be accurately predicted at this time. The effect of the pandemic and measures implemented by authorities could disrupt our supply chain, which currently remains fully functional, including the provision of services to us by our vendors and could result in restrictions on construction activities. There continues to be considerable uncertainty about the impact of these measures and restrictions on our Company and customers and the effects of these measures and how long they will remain in effect could adversely impact our business, financial condition, results of operations and liquidity.

Interim Unaudited Financial Information

The accompanying condensed consolidated 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, 2019, which was filed with the Securities and Exchange Commission ("SEC") on February 20, 2020. Certain information and footnote disclosures normally included in the consolidated 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.

Results for the interim periods 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 financial statements include all adjustments necessary to present fairly our condensed consolidated financial statements as of June 30, 2020 and December 31, 2019, and for the three and six months ended June 30, 2020 and 2019. These adjustments are of a normal recurring nature and consistent with the adjustments recorded to prepare the annual audited consolidated financial statements as of December 31, 2019. All amounts reflected are in millions except share and per share data.

Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of the Company, as well as all wholly-owned subsidiaries and any consolidated variable interest entities. All intercompany balances and transactions have been eliminated in consolidation.

Investment in Real Estate

Acquisition of Properties

Investment in real estate consist of land, buildings, improvements and integral equipment utilized in our data center operations. We expect most acquisitions to be an acquisition of assets rather than a business combination as our typical acquisitions consist of properties whereby substantially all the fair value of gross assets acquired is concentrated in a single asset set (land, building and in-place leases), which are treated as asset acquisitions. See Business Combinations and Asset Acquisitions herein.

Business Combinations and Asset Acquisitions

We evaluate whether an acquisition is a business combination or an asset acquisition by determining whether the set of assets is a business.

Asset Acquisitions

When substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, the transaction is accounted for as an asset acquisition. Asset acquisitions are recorded at the cumulative acquisition costs and allocated to the assets acquired and liabilities assumed on a relative fair value basis. The Company allocates the purchase price of real estate to identifiable tangible assets such as land, building, land improvements and tenant improvements acquired based on their fair value. In estimating the fair value of each component, management considers appraisals, replacement cost, its own analysis of recently acquired and existing comparable properties, market rental data and other related information. Transaction costs associated with asset acquisitions are capitalized.

Business Combinations

When substantially all of the fair value is not concentrated in a group of similar identifiable assets, the set of assets will generally be considered a business and the Company applies the purchase method for business combinations, where all tangible and identifiable intangible assets acquired and all liabilities assumed are recorded at fair value. Any excess purchase price is recorded as goodwill. Transaction costs associated with business combinations are expensed as incurred.

The following discussion applies to our initial determination of fair value and the resulting subsequent accounting which is generally applicable to both asset acquisitions and business combinations.

The fair value of any tangible real estate assets acquired is determined by valuing the building as if it were vacant, and the fair value is then allocated to land, buildings, equipment and improvements based on available information including replacement cost, appraisal or using net operating income capitalization rates, discounted cash flow analysis or similar fair value models.

We determine in-place lease values based on our evaluation of the specific characteristics of each tenant’s lease agreement and by applying a fair value model. The estimates of fair value of in-place leases include an estimate of carrying costs during the expected lease up periods considering current market conditions. In estimating fair value of in-place leases, we consider items such as real estate taxes, insurance, leasing commissions, tenant improvements and other operating expenses to execute similar leases as well as projected rental revenue and carrying costs during the expected lease up period. We amortize the value of in-place leases acquired to expense over the approximate weighted average remaining term of the leases, adjusted for projected tenant turnover, on a composite basis.

We determine the value of above-market and below-market in-place leases for acquired properties based on the present value (using an interest rate that reflects the risks associated with the leases acquired) of the difference between (1) the contractual amounts to be paid pursuant to the in-place leases and (2) estimates of current market lease rates for the corresponding in-place leases, measured over a period equal to (i) the remaining non-cancellable lease term for above-market leases, or (ii) the remaining non-cancellable lease term plus any renewal options that we consider are reasonably certain that a lessee will execute such renewal option when a lease commences. We record the fair value of above-market and below-market leases as intangible assets or liabilities, and amortize them as an adjustment to revenue over the lease term.

We determine the fair value of assumed debt by calculating the net present value of the scheduled debt service payments using current market-based terms for interest rates for debt with similar terms that management believes we could obtain on similar structures and maturities. Any difference between the fair value and stated value of the assumed debt is recorded as a discount or premium and amortized over the remaining term of the loan.

In a business combination, we retain the previous lease classification unless there is a lease modification and that modification is not accounted for as a separate new lease. We elected to apply the short-term lease measurement and recognition exemption available under the new accounting standard for leases (discussed below in Note 3. "Recently Adopted Accounting Standards") to leases that have a remaining lease term of 12 months or less at the acquisition date, and accordingly, do not recognize an intangible asset if the terms of an operating lease are favorable relative to market terms, or a liability if the terms are unfavorable relative to market terms. Leasehold improvements are amortized over the shorter of the useful life of the assets and the remaining lease term at the date of acquisition.

Capitalization of Costs

We capitalize costs directly related to the development, pre-development or improvement of our investment in real estate, referred to as capital projects and other activities included within this paragraph. Costs associated with our capital projects are capitalized as incurred. If the project is abandoned, these costs are expensed during the period in which the project is abandoned. Costs considered for capitalization include, but are not limited to, construction costs, interest, real estate taxes, insurance and utilities, if appropriate. We capitalize indirect costs such as personnel, office and administrative expenses that are directly related to our development projects based on an estimate of the time spent on the construction and development activities. These costs are capitalized only during the period in which activities necessary to ready an asset for its intended use are in progress and such costs are incremental and identifiable to a specific activity to get the asset ready for its intended use. We determine when the capitalization period begins and ends through communication with project and other managers responsible for the tracking and oversight of individual projects. In the event that the activities to ready the asset for its intended use are suspended, the capitalization period will cease until such activities are resumed. In addition, we capitalize incremental initial direct costs incurred for successful origination of new leases which include internal and external leasing commissions. Interest expense is capitalized based on actual qualifying capital expenditures from the period when development commences until the asset is ready for its intended use, at the weighted average borrowing rate during the period. These costs are included in investment in real estate and depreciated over the estimated useful life of the related assets.

Costs incurred for maintaining and repairing our properties, which do not extend their useful lives, are expensed as incurred.

Impairment Losses

When events or circumstances indicate that the carrying amount of a real estate investment may not be recoverable, we review the carrying value of the asset. When such impairment indicators exist, we review an estimate of the undiscounted future cash flows expected to result from the use of the real estate investment and proceeds from its eventual disposition and compare such amount to the carrying amount of the real estate investment. If our undiscounted cash flows indicate that we are unable to recover the carrying value of the real estate investment, an impairment loss is recognized. An impairment loss is measured as the amount by which the real estate investment's carrying value exceeds its estimated fair value. During the quarter ended June 30, 2020, we entered into a nonbinding offer to sell land to a third-party, which resulted in the recognition of an impairment loss of $2.4 million in the quarter related to our investment in land held in Atlanta for future development. There were no impairment losses for the quarter ended March 31, 2020 or three or six months ended June 30, 2019.

Cash and Cash Equivalents and Restricted Cash

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 of three months or less. Restricted cash includes cash equivalents restricted by contract or regulation, including letters of credit.

Equity Investments

We hold investments in various joint ventures where the Company evaluates its ability to influence the operating or financial decisions of the investee in applying the appropriate method of accounting for such investments. Influence tends to be more effective as the investor's percent of ownership in the voting rights of the investee increases. Our equity investments represent less than 20% of the voting rights of the investees and we do not exercise influence over the investee's operating and financial decisions. Accordingly, we do not account for our equity investments using the equity method of accounting. For further information about our equity investments, see Note 7, Equity Investments.

Our investment in GDS Holdings Limited ("GDS") is classified as "available for sale" and is carried at fair value. Changes in the fair value are reported as a component of net income in Gain on marketable equity investments.

Revenue Recognition

Our revenue consists of lease revenue and revenue from contracts with customers.

Lease Revenue:

Our leasing revenue primarily consists of colocation rent, metered power reimbursements and interconnection revenue and is accounted for under ASC 842, Leases. We generally are not entitled to reimbursements for rental expenses including real estate taxes, insurance or other common area operating expenses.

a. Colocation Rent Revenue

Colocation rent revenues, including interconnection revenue, are fixed minimum lease payments generally billed monthly in advance based on the contracted power or leased space. Some contracts may provide initial free rent periods and rents that escalate over the term of the contract. If rents escalate without the lessee gaining access to or control over additional leased power or space at the beginning of the lease term, the rental payments 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 power and or leased space, revenue is recognized in proportion to the additional power or space in the periods that the lessee has control over the use of the additional power or space. The excess of revenue recognized over amounts contractually due is recognized as a straight-line receivable, which is included in rent and other receivables in our Condensed Consolidated Balance Sheet. Some of our leases are structured on a gross basis in which the customer pays a fixed amount for colocation space and power. The revenue for these types of leases is recorded in colocation rent revenue.

b. Metered Power Reimbursements Revenue

Some of our leases provide that the customer is separately billed for power based upon actual or estimated metered usage at rates then in effect. Metered power reimbursement revenue is variable lease payments generally billed one month in arrears, and an estimate of this revenue is accrued in the month that the associated power is provided and recorded in metered power reimbursements revenue.

Revenue from Contracts with Customers

Revenue from our managed services, equipment sales, installations and other services are recognized under ASC 606, Revenue from Contracts with Customers.

Equipment sold by us generally consists of servers, switches, networking equipment, cable infrastructure and cabinets. Revenue is recognized at a point-in-time when control of the equipment transfers to the customer from the Company, which generally occurs upon delivery to the customer.

Managed services include providing of a full-service managed data center, monitoring customer computer equipment, managing backups and storage, utilization reporting and other related ancillary information technology services. Management service contracts generally range from one to five years.

Installation services include mounting, wiring, and testing of customer owned equipment. The installation period is typically short term in duration, and accordingly, revenue from the installation of customer equipment is recognized at a point-in-time once the installation is complete and the performance obligation is satisfied. Other services generally include installation of customer equipment, performing customer system re-boots, server cabinet and cage management, power monitoring, shipping and receiving, resolving technical issues, and other services requested by the customer. Other service revenue is measured based on the consideration specified in the contract and recognized over time as we satisfy the performance obligation.

Contract assets were $1.1 million as of June 30, 2020 and were not material as of December 31, 2019. Contract liabilities were not material as of both June 30, 2020 and December 31, 2019.

Rent and Other Receivables

Receivables consist principally of trade receivables from customers and straight-line rent receivables with expected credit losses recorded as an allowance for doubtful accounts.

Foreign Currency Translation and Transactions

The financial position of foreign subsidiaries is translated at the exchange rates in effect at the end of the period, while revenues and expenses are translated at average exchange rates during the period. Gains or losses from translation of foreign operations where the local currency is the functional currency are included as components of Other comprehensive income (loss). Gains or losses from foreign currency transactions are included in determining net income.

Stock-Based Compensation

We have a stock-based incentive award plan for our employees and directors. Stock-based compensation expense associated with these awards is recognized in General and administrative expenses, Property operating expenses, and Sales and marketing expenses in our Condensed Consolidated Statements of Operations. We measure stock-based compensation at the estimated fair value on the grant date and recognize the amortization of stock-based compensation expense over the requisite service period. Fair value is determined based on assumptions related to stock volatility, risk-free rate of return, and estimates of market and company performance.

Fair Value Measurements

Fair value measurements are utilized in accounting for business combinations, asset acquisitions, testing of goodwill and other long-lived assets for impairment, recording unrealized gain on available-for-sale securities, derivatives and related 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 that prioritizes certain inputs used in the methodologies of measuring fair value for asset 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.

Derivative Instruments

Derivative instruments are measured at fair value and recorded in Other assets and Other liabilities, depending on our rights or obligations under the applicable derivative contract. Derivatives that are not designated as hedges must be adjusted to fair value through earnings. For a derivative designated and that qualified as a cash flow hedge, the effective portion of the change in fair value of the derivative is recognized in the Condensed Consolidated Statement of Comprehensive Income (Loss) until the hedged item is recognized in earnings. Any ineffective portion of a derivative's change in fair value is immediately recognized in earnings. For interest rate derivatives, amounts recognized in earnings are reflected in Interest expense, net. For a derivative designated and that qualified as a net investment hedge, the effective portion of the change in the fair value and/or the net settlement of the derivative are reported in the Condensed Consolidated Statement of Comprehensive Income (Loss). Any ineffective portion of the change in fair value of the derivative is recognized directly in earnings. Amounts are reclassified out of other comprehensive income (loss) into earnings when the hedged investment is either sold or substantially liquidated.

3. Recently Adopted Accounting Standards

Lease Modification Q&A

Due to the business disruptions and challenges severely affecting the global economy caused by the COVID-19 pandemic, lessors may provide rent deferrals and other lease concessions to lessees. While the lease modification guidance in ASC 842, Leases, the new accounting standard for leases addresses changes to lease terms resulting from negotiations between the lessee and the lessor, this guidance did not contemplate concessions being so rapidly executed to address the impact from the COVID-19 pandemic on the lessor's business. In April 2020, the Financial Accounting Standards Board ("FASB") issued a question and answer document (the “Lease Modification Q&A”) focused on the application of lease accounting guidance to lease concessions provided as a result of the COVID-19 pandemic. Under the new accounting standard for leases, the Company must determine, on a lease by lease basis, if a lease concession resulted in a lease modification. The Lease Modification Q&A allows the Company, if certain criteria have been met, to bypass the lease by lease analysis, and instead elect to either apply the lease modification accounting framework or not, with such election applied consistently to leases with similar characteristics and circumstances. The adoption of this guidance has not had a material impact on our financial statements.

Guarantor Financial Information

In March 2020, the SEC amended Rule 3-10 of Regulation S-X to reduce and simplify financial disclosure requirements for issuers and guarantors of registered debt offerings. The guidance is effective January 4, 2021, with early adoption permitted. This new guidance replaces the previous requirement to provide condensed consolidating financial information in the registrant’s financial statements with a requirement to provide alternative financial disclosures in Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" or its financial statements. We adopted these amendments as of April 1, 2020, and the alternative disclosures are presented in Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the information previously included in the Notes to Condensed Consolidated Financial Statements has been removed.

Intangibles-Goodwill and Other Internal-Use Software

We adopted ASU 2018-15, Intangibles Goodwill and Other Internal Use Software on a prospective basis effective January 1, 2020. The adoption did not have a significant impact on the Company.

Fair Value Measurement

On January 1, 2020, we adopted ASU 2018-13, Fair Value Measurement, which changes the fair value measurement disclosure requirements of ASC 820, Fair Value Measurement. The amendments are part of the FASB’s disclosure framework project to improve the effectiveness of disclosures important to financial statement users including information about assets and liabilities measured at fair value in our Condensed Consolidated Balance Sheets. The adoption did not have a significant impact on the Company.

Financial Instruments - Credit Losses

On January 1, 2020, we adopted ASU 2016-13, Financial Instruments-Credit Losses (CECL), which requires certain financial assets to be presented at the net amount expected to be collected. CECL and its related amendments apply to our customer contract trade receivables, notes receivable and net investments in leases. Our Rent and other receivables are primarily comprised of rent receivables, which are not within the scope of this sub-topic. The adoption did not have a significant impact on the Company because of our limited exposure to financial instruments subject to this standard.

New Accounting Pronouncements Not Yet Adopted

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which simplifies various aspects related to the accounting for income taxes, eliminates certain exceptions within ASC 740, Income Taxes and clarifies certain aspects of the guidance to promote consistency among reporting entities. The guidance is effective for periods beginning after December 15, 2020, with early adoption permitted. The Company is evaluating the impact of the new standard.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. This ASU provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions that reference the London interbank offered rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. The expedients and exceptions do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The Company is evaluating the impact of this ASU.

4. Revenue Recognition

Lease Revenue

Lease revenue primarily consists of colocation rent and metered power reimbursements from the lease of our data centers. Colocation leases may include all or portions of a data center, where customers may also lease office space to support their colocation operations. Revenue is primarily based on power usage as well as square footage. Customer lease arrangements customarily contain provisions that allow for renewal or continuation on a month-to-month arrangement, and certain leases contain early termination rights. We do not include any of these extension or termination options in a customer’s lease term for lease classification purposes or for recognizing lease revenue unless we are reasonably certain the customer will exercise these extension or termination options at lease commencement. At lease commencement, early termination is generally not deemed probable due to the significant economic penalty incurred by the lessee to exercise its early termination right and to relocate their equipment installed in our facilities. Generally, our customer lease arrangements do not provide any option to purchase and are classified as operating leases. We have substantial revenue primarily related to lease revenue from one customer that represents approximately 19% and 22% of our total revenue for the six months ended June 30, 2020 and 2019, respectively.

At June 30, 2020, the future minimum lease payments to be received under non-cancellable operating leases, excluding month-to-month arrangements and metered power reimbursements are shown below (in millions):

As of June 30, 2020	Minimum Lease Payments
2020	$ 386.8
2021	685.4
2022	585.2
2023	471.1
2024	361.3
2025	294.4
Thereafter	822.3
Total	$ 3,606.5

At June 30, 2019, the future minimum lease payments to be received under non-cancellable operating leases, excluding month-to-month arrangements and metered power reimbursements are shown below (in millions):

As of June 30, 2019	Minimum Lease Payments
2019	$ 363.6
2020	679.7
2021	577.3
2022	486.0
2023	395.4
2024	307.3
Thereafter	953.8
Total	$ 3,763.1

Revenue from Contracts with Customers

Revenue from equipment sales and the installation of customer equipment is recognized at a point-in-time. Title to such assets are transferred to the customer, and the benefits of the installation service are typically consumed at the completion of the service.

Disaggregation of Revenue

For the three and six months ended June 30, 2020 and 2019, lease revenue disaggregated by primary revenue stream is as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
Lease revenue	**2020**	**2019**	**2020**	**2019**
Colocation (Minimum lease payments)	$ 207.5	$ 197.3	$ 411.5	$ 385.6
Metered power reimbursements (Variable lease payments)	37.1	31.7	71.9	60.3
Total lease revenue	$ 244.6	$ 229.0	$ 483.4	$ 445.9

For the three and six months ended June 30, 2020 and 2019, revenue from contracts with customers disaggregated by primary revenue stream is as follows (in millions):

Revenue from contracts with customers	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Equipment sales and services	$ 6.9	$ 17.1	$ 9.4	$ 21.1
Other revenue	4.9	5.4	9.5	9.5
Total revenue from contracts with customers	$ 11.8	$ 22.5	$ 18.9	$ 30.6

Other revenue related to contracts with customers in the table above includes managed services and other services revenue of $3.8 million and $7.9 million for the three and six months ended June 30, 2020, respectively, and $4.3 million and $7.7 million for the three and six months ended June 30, 2019, respectively.

Total revenues from contracts with customers generated from operations outside of the United States were $3.6 million and $4.2 million for the three and six months ended June 30, 2020, respectively, and were insignificant for the three and six months ended June 30, 2019, respectively.

Accounts receivable associated with revenue from contracts with customers were $7.5 million and $6.4 million as of June 30, 2020 and December 31, 2019, respectively.

5. Leases - As a Lessee

Right-of-use ("ROU") assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. Variable lease payments consisting of non-lease components and services are excluded from the ROU assets and lease liabilities and are recognized in the period in which the obligation is incurred.

The new accounting standard for leases defines initial direct costs as only the incremental costs of signing a lease. Initial direct costs related to leasing that are not incremental are expensed as general and administrative expense in our Condensed Consolidated Statements of Operations. As a result of electing the package of practical expedients, initial direct costs incurred prior to the effective date have not been reassessed.

Our operating lease agreements primarily consist of leased real estate and are included within Operating lease ROU assets and Operating lease liabilities on the Condensed Consolidated Balance Sheets. Many of our lease agreements include options to extend the lease, which are not included in our minimum lease payments unless they are reasonably certain to be exercised at lease commencement. Rental expense related to operating leases is recognized on a straight-line basis over the lease term.

We operate five data center facilities and have a data center under development subject to finance leases. The remaining terms of our data center finance leases range from one to twenty-one years with options to extend the initial lease term on all but one lease. As a result of electing the package of practical expedients, data center finance leases are included in Buildings and improvements, Equipment and Finance lease liabilities in our Condensed Consolidated Balance Sheets consistent with the presentation under ASC 840 in the prior year. In addition, we lease 13 data centers and 4 offices supporting our sales and corporate activities under operating lease agreements. Our operating leases have remaining lease terms ranging from less than one year to 25 years and one ground lease in Houston has a lease term that expires in 2066.

The components of lease expense are as follows (in millions):

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Operating lease cost	$ 6.8	$ 4.6	$ 13.0	$ 9.6
Finance lease cost:				
Amortization of assets	0.4	0.6	0.8	1.1
Interest on lease liabilities	0.3	0.4	0.7	0.9
Total net lease cost	$ 7.5	$ 5.6	$ 14.5	$ 11.6

Supplemental balance sheet information related to leases is as follows (in millions, except lease term and discount rate):

	June 30, 2020	December 31, 2019
Operating leases:		
Operating lease right-of-use assets	$ 204.7	$ 161.9
Operating lease liabilities	$ 240.5	$ 195.8
Finance leases:		
Property and equipment, at cost	$ 31.9	$ 34.9
Accumulated amortization	(5.8)	(5.0)
Property and equipment, net	$ 26.1	$ 29.9
Finance lease liabilities	$ 28.8	$ 31.8
Weighted average remaining lease term (in years):		
Operating leases	17.3	15.8
Finance leases[a]	18.0	18.1
Weighted average discount rate:		
Operating leases	3.8 %	3.9 %
Finance leases[a]	4.9 %	4.9 %

(a) Excludes a 999-year ground lease in Dublin, The Republic of Ireland entered into during the third quarter of 2019. The Dublin finance lease was capitalized as land and included in Construction in progress, including land under development on the consolidated balance sheets.

Supplemental cash flow and other information related to leases is as follows (in millions):

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 11.1	$ 9.8
Operating cash flows from finance leases	0.7	0.9
Financing cash flows from finance leases	1.3	1.2
Non-cash right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	$ 51.2	$ 85.7
Finance leases	—	—

Maturities of lease liabilities were as follows as of June 30, 2020 (in millions):

	Operating Leases	Finance Leases
2020	$ 11.4	$ 2.8
2021	25.2	4.0
2022	26.7	2.8
2023	23.0	1.8
2024	18.5	1.4
2025	17.0	1.4
Thereafter	206.5	27.5
Total lease payments	$ 328.3	$ 41.7
Less: Imputed interest	(87.8)	(12.9)
Total lease obligations	$ 240.5	$ 28.8

Maturities of lease liabilities were as follows as of December 31, 2019 (in millions):

	Operating Leases	Finance Leases
2020	$ 22.4	$ 5.0
2021	21.0	4.1
2022	22.4	2.9
2023	18.5	1.9
2024	13.9	1.4
Thereafter	165.4	31.1
Total lease payments	$ 263.6	$ 46.4
Less: Imputed interest	(67.8)	(14.6)
Total lease obligations	$ 195.8	$ 31.8

6. Investment in Real Estate

Land for future development

During the six months ended June 30, 2020, the Company purchased 2 acres of land for future development in Frankfurt, Germany for $12.4 million. During the six months ended June 30, 2019, the Company purchased approximately 30 acres of land for future development in San Antonio, Texas and Santa Clara, California for $40.1 million.

Real Estate Investments and Intangible Assets and Related Depreciation and Amortization

As of June 30, 2020 and December 31, 2019, major components of our real estate investments and intangibles and related accumulated depreciation and amortization are as follows (in millions):

As of:	June 30, 2020			December 31, 2019		
	Cost	Accumulated Depreciation and Amortization	Net book value	Cost	Accumulated Depreciation and Amortization	Net book value
Investment in real estate						
Building and improvements	$ 1,857.9	$ (588.8)	$ 1,269.1	$ 1,761.4	$ (545.1)	$ 1,216.3
Equipment	3,229.5	(973.9)	2,255.6	3,028.2	(834.1)	2,194.1
Intangible assets						
Customer relationships	$ 247.1	$ (157.1)	$ 90.0	$ 247.1	$ (151.1)	$ 96.0
In-place leases	134.5	(58.3)	76.2	137.1	(46.7)	90.4
Other contractual	19.2	(10.5)	8.7	19.4	(9.7)	9.7
Total intangible assets	$ 400.8	$ (225.9)	$ 174.9	$ 403.6	$ (207.5)	$ 196.1

Depreciation and amortization are calculated using the straight-line method over the useful lives of the assets. The typical life of owned assets are as follows:

Buildings	30 years
Building improvements	30 years
Equipment	20 years

Leased real estate and leasehold improvements are depreciated over the shorter of the asset's useful life or the remaining lease term. Depreciation expense was $96.6 million and $191.5 million for the three and six months ended June 30, 2020, respectively, and $88.9 million and $177.8 million for the three and six months ended June 30, 2019, respectively.

Other contract intangible assets include tradename, favorable leasehold interests and above market leases. Amortization expense related to intangibles was $13.1 million and $26.3 million for the three and six months ended June 30, 2020, respectively, and $13.2 million and $26.4 million for the three and six months ended June 30, 2019, respectively.

7. Equity Investments

The Company has the following equity investments where it has a noncontrolling interest in the investees (in millions).

		Equity Investments as of:	
Investees	**Equity Method**	**June 30, 2020**	**December 31, 2019**
GDS, Class A share equivalent	Fair value	$ 163.8	$ 118.7
ODATA Brasil S.A.	Cost method	18.8	15.4
ODATA Colombia S.A.S	Cost method	2.3	1.0
Equity investments		$ 184.9	$ 135.1

The Company has an equity investment in GDS, a developer and operator of high-performance, large-scale data centers in China. As of June 30, 2020, the American Depositary Share ("ADS") Class A ordinary share equivalent was $79.66 per ADS based on its closing price. We account for our equity investment in GDS using the fair value method. In June 2020, we sold approximately 245,000 GDS ADSs for a total sales price of approximately $20.0 million. We continue to hold approximately 2.1 million GDS ADSs, with a total fair value of $163.8 million as of June 30, 2020. In April 2019, we sold approximately 5.7 million GDS ADSs for a total sales price of approximately $199.0 million.

We recognized gains on GDS ADSs of $50.4 million and $65.1 million for the three and six months ended June 30, 2020, respectively, and a loss of $8.5 million and a gain of $92.7 million for the three and six months ended June 30, 2019, respectively. The Company recognized Gains (losses) on marketable equity investment in GDS ADSs held and sold as follows:

IN MILLIONS	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net gain (loss) on marketable equity investments	$ 50.4	$ (8.5)	$ 65.1	$ 92.7
Less: Net gain (loss) recognized on marketable equity investments sold	5.8	(5.3)	7.4	66.9
Unrealized gain (loss) on marketable equity investments held	$ 44.6	$ (3.2)	$ 57.7	$ 25.8

As of June 30, 2020 and December 31, 2019, the Company had a total $21.1 million and $16.4 million, respectively, investment in ODATA Brasil S.A. and ODATA Colombia S.A.S. (collectively "ODATA"). ODATA, a Brazilian headquartered company, specializes in providing colocation services to wholesale customers, such as hyperscale cloud providers, financial services and telecommunications companies, and also to enterprises across multiple industries. In connection with these investments, CyrusOne and ODATA entered into a commercial agreement covering leasing activity with CyrusOne customers in the ODATA portfolio. In addition, our Chief Technology Officer joined the ODATA board of directors in October 2018. In evaluating the appropriate accounting method for its investment in ODATA, the Company considered its right to appoint a director to the ODATA board of directors, as well as other relevant factors, including the Company's ability to exercise significant influence over the operating and financial policies of ODATA as provided in ASC 323-10-15-6 and concluded that the Company does not exercise significant influence and the investment is accounted for using the cost method.

8. Other Assets

As of June 30, 2020 and December 31, 2019, the components of Other assets are as follows (in millions):

	June 30, 2020	December 31, 2019
Deferred leasing and other contract costs	$ 59.2	$ 53.2
Prepaid expenses	23.3	22.1
Non-real estate assets, net	15.1	16.3
Derivative assets	—	3.5
Other assets	29.7	18.8
Total	**$ 127.3**	**$ 113.9**

Non-real estate assets, net primarily consists of administrative related software and computers and office equipment, which are depreciated or amortized over the shorter of the assets useful life or the lease term. Other assets primarily includes land deposits, fuel inventory, notes receivable, deferred tax assets, net of allowance and other deferred costs.

9. Debt

As of June 30, 2020 and December 31, 2019, the components of Debt are as follows (unless otherwise noted, interest rate and maturity date information are as of June 30, 2020) (in millions):

	June 30, 2020	December 31, 2019	Interest Rate	Maturity Date
Amended Credit Agreement:				
Revolving Credit Facility:				March 2024[(b)]
US Revolver[(a)]	$ 203.0	$ —	Monthly LIBOR + 1.00%	
EUR Revolver	89.8	—	Monthly LIBOR + 1.00%	
GBP Revolver[(a)]	37.0	—	Monthly LIBOR + 1.00%	
2023 Term Loan Facility[(c)]	400.0	—	Monthly LIBOR + 1.20%	March 2023
2025 Term Loan Facility	700.0	—	Monthly LIBOR + 1.20%	March 2025
$3.0 Billion Credit Facility:				
$1.7 Billion Revolving Credit Facility:				March 2022
US Revolver	—	555.0	Monthly LIBOR + 1.20%	
EUR Revolver	—	33.6	Monthly EURIBOR + 1.20%	
GBP Revolver	—	26.4	Monthly LIBOR + 1.20%	
2023 Term Loan	—	800.0	Monthly LIBOR + 1.35%	March 2023
2025 Term Loan	—	300.0	Monthly LIBOR + 1.65%	March 2025
2024 Notes, including bond discount of $0.8 million	599.2	599.2	2.900 %	November 2024
2029 Notes, including bond discount of $1.6 million	598.4	598.2	3.450 %	November 2029
2027 Notes, including bond discount of $0.7 million[(d)]	560.8	—	1.450 %	January 2027
Deferred financing costs	(31.3)	(25.8)	—	—
Total	**$ 3,156.9**	**$ 2,886.6**		

(a) - Monthly USD LIBOR and GBP LIBOR as of June 30, 2020 was 0.18% and 0.10%, respectively.
(b) - The Company has an option to exercise a one-year extension option, subject to certain conditions.
(c) - The Company has an option to exercise two 1-year extension options, subject to certain conditions.
(d) - The 2027 Notes represent €495.3 million, including bond discount of €0.7 million of Euro bonds.

Credit facilities

On March 31, 2020, CyrusOne LP, a Maryland limited partnership and subsidiary of CyrusOne Inc., entered into an amendment to its credit agreement, dated as of March 29, 2018 (as so amended, the “Amended Credit Agreement”), among the Operating Partnership, as borrower, the lenders party thereto (the “Lenders”) and JPMorgan Chase Bank, N.A., as administrative agent for the Lenders. Proceeds from the Amended Credit Agreement were used, among other things, to refinance and replace the credit facilities under the $3.0 Billion Credit Facility (as defined below).

The Amended Credit Agreement provides for (i) a $1.4 billion senior unsecured multi-currency revolving credit facility (the “Revolving Credit Facility”), (ii) senior unsecured term loans due 2023 in a dollar equivalent principal amount of $400.0 million (the “2023 Term Loan Facility”), and (iii) senior unsecured term loans due 2025 in a principal amount of $700.0 million (the “2025 Term Loan Facility”). The Amended Credit Agreement also includes an accordion feature pursuant to which the Operating Partnership is permitted to obtain additional revolving or term loan commitments so long as the aggregate principal amount of commitments and/or term loans under the Amended Credit Agreement does not exceed $4.0 billion. The Revolving Credit Facility provides for borrowings in U.S. Dollars, Euros, Pounds Sterling, Canadian Dollars, Australian Dollars, Japanese Yen, Hong Kong Dollars, Singapore Dollars and Swiss Francs (subject to a sublimit of $750.0 million on borrowings in currencies other than U.S. Dollars). The Revolving Credit Facility matures on March 29, 2024 with one 12-month extension option. The 2023 Term Loan Facility matures on March 29, 2023 with two 1-year extension options, and the 2025 Term Loan Facility matures on March 28, 2025.

The interest rates for borrowings under the Amended Credit Agreement are, at the option of the borrower, based on a floating rate or base rate, plus a margin determined by reference to a pricing grid based on the lower of (i) the rate corresponding to the then applicable credit rating for the Operating Partnership’s senior unsecured debt or (ii) the rate corresponding to the then applicable ratio of the Company’s consolidated total indebtedness to its gross asset value. The Amended Credit Agreement includes certain restricted covenants, requirements to maintain certain financial ratios, including with respect to unencumbered assets, and events of default.

On March 31, 2020, borrowings of $1.3 billion under the Amended Credit Agreement were used to repay the $3.0 Billion Credit Facility, which consisted of a $1.7 billion revolving credit facility ("$1.7 Billion Revolving Credit Facility"), which included a $750.0 million multicurrency borrowing sublimit, a 5-year term loan with commitments totaling $1.0 billion and a $300.0 million 7-year term loan (collectively, the "$3.0 Billion Credit Facility"). The aggregate outstanding principal balance under the Amended Credit Agreement as of March 31, 2020, was $1.3 billion, and the Company recognized a loss on early extinguishment of debt of $3.4 million in connection with the repayment of the $3.0 Billion Credit Facility.

It is not known whether LIBOR will continue after 2021 in a legally workable form. There is a risk that an adverse outcome of the LIBOR transition after 2021 could increase our interest and other costs relative to our outstanding subordinated debt. We may not be able to refinance those instruments on terms that reduce those costs to the level we would have expected if LIBOR were to continue indefinitely, unchanged. Also, a transition from LIBOR could impact or change our hedge accounting practices.

Prior to obtaining an investment grade rating in September 2019 and shifting to a ratings-based pricing grid under the $1.7 Billion Revolving Credit Facility, we paid commitment fees for the unused amount of borrowings on the $1.7 Billion Revolving Credit Facility and fees on any outstanding letters of credit equal to 0.25% per annum of the actual daily amount by which the aggregate revolving commitments exceeded the sum of outstanding revolving loans and letter of credit obligations. Following the shift to a ratings-based pricing grid, we pay a facility fee calculated based on the aggregate revolving commitments. The facility fee rate varies based on ratings-based pricing levels, and is currently equal to 0.25% per annum of the aggregate revolving commitments. The facility fee or commitment fee, as applicable, was $0.7 million and $1.8 million for the three and six months ended June 30, 2020, respectively, and $0.5 million and $1.0 million for the three and six months ended June 30, 2019, respectively.

As of June 30, 2020, we had $400.0 million, $700.0 million and $329.8 million outstanding under the 2023 Term Loan Facility, the 2025 Term Loan Facility and the Revolving Credit Facility, respectively, and additional borrowing capacity under the Amended Credit Agreement was approximately $1.1 billion ($1.1 billion under the Revolving Credit Facility and zero under the 2023 Term Loan Facility and 2025 Term Loan Facility), net of $10.6 million of outstanding letters of credit.

Senior notes

Euro bonds

On January 22, 2020, the Operating Partnership and CyrusOne Finance Corp., a single-purpose finance subsidiary, both wholly-owned subsidiaries of the Company (together, the "Issuers"), completed a public offering of €500.0 million aggregate principal amount of 1.450% senior notes due 2027 (the “2027 Notes”). The Company received proceeds of €495.3 million, net of underwriting costs and other deferred financing costs. The Company used the proceeds to repay floating rate Euro denominated obligations and fund continued development in Europe.

The 2027 Notes are senior unsecured obligations of the Issuers guaranteed by CyrusOne Inc., which rank equally in right of payment with all existing and future unsecured senior indebtedness of the Issuers. The 2027 Notes are effectively subordinated in right of payment to any future secured indebtedness, if any, to the extent of the value of the assets securing such indebtedness. The 2027 Notes may be redeemed at our option prior to their scheduled maturity dates at the prices and premiums and on the terms set forth in the respective indentures governing the notes.

US bonds

On December 5, 2019, the Issuers completed a public offering of $600.0 million aggregate principal amount of 2.900% senior notes due 2024 (the "2024 Notes") and $600.0 million aggregate principal amount of 3.450% senior notes due 2029 (the “2029 Notes”). The Company received proceeds of $1,197.4 million, net of underwriting costs and other deferred financing costs. The Company used the proceeds to finance the repurchase of all of its 5.000% senior notes due 2024 (the “Old 2024 Notes”) and all of its 5.375% senior notes due 2027 (the “Old 2027 Notes” and together with the Old 2024 Notes, the "Existing Notes"), including the payment of consent payments, for the redemption and discharge of Existing Notes that remained outstanding after the completion of the tender offers and consent solicitations, for the payment of related premiums, fees, discounts and expenses and for general corporate purposes. In connection with the repurchase of the Existing Notes, the Company recognized a loss on early extinguishment of debt of $71.8 million.

The 2024 Notes and 2029 Notes are senior unsecured obligations of the Issuers guaranteed by CyrusOne Inc., which rank equally in right of payment with all existing and future unsecured senior indebtedness of the Issuers. The 2024 Notes and 2029 Notes are effectively subordinated in right of payment to any future secured indebtedness of the Issuers, if any, to the extent of the value of the assets securing such indebtedness. The 2024 Notes and 2029 Notes may be redeemed at our option prior to their scheduled maturity dates at the prices and premiums and on the terms set forth in the respective indentures governing the notes.

Financial debt covenants

Our debt agreements contain customary provisions with respect to events of default, affirmative and negative covenants and borrowing conditions. The most restrictive covenants are generally included in the Amended Credit Agreement. The Amended Credit Agreement requires us to maintain certain financial covenants including the following, in each case on a consolidated basis, a minimum fixed charge ratio, maximum total and secured leverage ratios, maximum net operating income to debt service ratio and a maximum ratio of unsecured indebtedness to unencumbered asset value. In order to continue to have access to amounts available under the Amended Credit Agreement, the Company must remain in compliance with all of that agreement's covenants. As of June 30, 2020, we are in compliance with the financial covenants of our debt agreements.

10. Fair Value of Financial Instruments and Hedging Activities

Fair value measurements are based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering assumptions in fair value measurements, a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy) has been established.

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets and liabilities that we have the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability that are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the asset or liability.

The fair value of Cash and cash equivalents, Rent and other receivables, Construction costs payable, Dividends payable and Accounts payable and accrued expenses approximate their carrying value because of the short-term nature of these financial instruments. The carrying value, exclusive of deferred financing costs, for the revolving credit facilities and the floating rate term loans approximate estimated fair value as of June 30, 2020 and December 31, 2019, due to the floating rate nature of the interest rates and the stability of our credit ratings.

We determine the fair value of our derivative financial instruments using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves, foreign exchange rates and implied volatilities. We determine the fair values of our interest rate swaps using the market standard methodology of netting the discounted future fixed cash receipts or payments and the discounted expected variable cash payments. We base the variable cash payments on an expectation of future interest rates, or forward curves, derived from observable market interest rate curves. We base the fair values of our net investment hedges on the change in the spot rate at the end of the period as compared with the strike price at inception.

We incorporate credit valuation adjustments to appropriately reflect nonperformance risk for us and the respective counterparty in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we consider the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees.

We have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy. Although the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by us and our counterparties, we assess the significance of the impact of the credit valuation adjustments on the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives.

The carrying value and fair value of other financial instruments are as follows (in millions):

	June 30, 2020		December 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
2024 Notes - 2.900%	$ 599.2	$ 632.6	$ 599.2	$ 602.1
2029 Notes - 3.450%	598.4	624.6	598.2	603.1
2027 Notes - 1.450%	560.8	538.1	—	—
GDS equity investment	163.8	163.8	118.7	118.7

The fair values of our 2024 Notes, 2027 Notes and 2029 Notes as of June 30, 2020 were based on the quoted market prices for these notes, which is considered Level 1 of the fair value hierarchy. The fair value of the GDS equity investment as of June 30, 2020 was based on the quoted market price for the stock which is considered Level 1 of the fair value hierarchy.

Hedging Activities

When we use derivative instruments, it is generally to reduce our exposure to fluctuations in interest rates and foreign currency exchange rate movements. We have not entered into, and do not plan to enter into, financial instruments for trading or speculative purposes. To manage foreign currency exposure, we have entered into Euro denominated debt and cross-currency swaps to hedge the Company's net investment in its Euro functional currency consolidated subsidiaries and the variability in EUR-USD exchange rate.

Accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the designation of the derivative, including whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as foreign currency risk or interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge.

For derivatives designated as "cash flow" hedges, the change in the fair value of the derivative is initially reported in Other comprehensive income ("OCI") in our Condensed Consolidated Statements of Comprehensive Income (Loss) and subsequently reclassified into Gain (loss) when the hedged transaction affects earnings, or the hedging relationship is no longer highly effective. We assess the effectiveness of each hedging relationship whenever financial statements are issued, or earnings are reported and at least every three months. We also use derivatives, such as foreign currency swaps, that are not designated as hedges to manage foreign currency exchange rate risks. The changes in fair values of these derivatives that were not designated or did not qualify as hedging instruments are immediately, recognized in earnings within the line item Foreign currency and derivative losses, net in the Condensed Consolidated Statements of Operations.

The following table summarizes the Company's derivative positions as of June 30, 2020 and December 31, 2019, (in millions):

				June 30, 2020		December 31, 2019	
	Maturity Date	Notional Amount	Hedged Risk	Asset	Liability	Asset	Liability
Designated derivatives							
Cross Currency Swaps							
EUR - USD	3/29/2023	$ 250.0	Net investment hedge	$ —	$ 3.9	$ —	$ 3.8
EUR - USD	3/29/2023	250.0	Net investment hedge	—	4.1	—	3.9
EUR - USD	01/15/2020	155.9	Net investment hedge	—	—	—	1.4
Interest Rate Swaps							
USD Libor	3/29/2023	300.0	Interest rate hedge - Float to fixed	—	8.8	3.5	—
Undesignated derivatives							
Cross Currency Swaps							
EUR - USD	01/15/2020	265.3	Foreign currency exchange	—	—	—	2.1
EUR - USD	01/15/2020	25.6	Foreign currency exchange	—	—	—	0.2
Total		$ 1,246.8		$ —	$ 16.8	$ 3.5	$ 11.4

Cross-Currency Swaps

The Company has entered into cross-currency swaps whereby the Company pays floating interest rate and receives floating interest rate to hedge the variability of future cash flows attributable to changes in the 1-month USD LIBOR versus EUR LIBOR rates (a pay-floating, receive-floating interest rate swap). The pay-floating, receive-floating interest rate swap payments are recognized in Interest expense, net in the Condensed Consolidated Statements of Operations.

As of June 30, 2020, the Company has two cross-currency EUR/USD contracts to sell $500.0 million and purchase €450.7 million maturing in March 2023 representing a fair value liability of $8.0 million reported in Other liabilities. As of December 31, 2019, our cross-currency swaps were a fair value liability of $11.4 million reported in Other liabilities.

For the three and six months ended June 30, 2020 the cross-currency swaps were designated as net investment hedges and the $8.6 million loss and $1.7 million gain recognized during this period due to the change in fair value were recognized in OCI. The Company recognized gains on undesignated cross-currency contracts of $4.5 million for the six months ended June 30, 2020, which are recognized in Foreign currency and derivative losses, net in the Condensed Consolidated Statements of Operations.

Interest Rate Swaps

On September 3, 2019, the Company entered into a floating-fixed interest rate swap agreement to convert $300.0 million of variable interest rate debt of the 2023 Term Loan Facility to 1.19% fixed rate debt. For the three and six months ended June 30, 2020, the Company recognized a loss of $0.9 million and $12.3 million, respectively, related to the changes in fair value of the interest rate swap which were recognized in OCI. As of June 30, 2020, interest rate swaps were a liability of $8.8 million reported in Other liabilities. As of December 31, 2019, interest rate swaps were an asset of $3.5 million reported in Other assets.

Net Investment Hedges

Exchange rate variations impact our financial results because the financial results of our foreign subsidiaries are translated to U.S. dollars each period, with the effect of exchange rate variations being recorded in OCI as part of the cumulative foreign currency translation adjustment. As a result, changes in the value of our borrowings under the foreign currency denominated revolver under our Revolving Credit Facility, 2027 Notes and synthetically swapped debt will be reported in the same manner as foreign currency translation adjustments, which are recorded in OCI as part of the cumulative foreign currency translation adjustment. As of June 30, 2020, our cross-currency swaps were a liability of $8.0 million reported in Other liabilities, and interest rate swaps were a liability of $8.8 million reported in Other liabilities. As of December 31, 2019, our cross-currency swaps were a liability of $11.4 million reported in Other liabilities, and interest rate swaps were an asset of $3.5 million reported in Other assets.

The following table presents the effect of our derivative financial instruments on our accompanying condensed consolidated financial statements (in millions):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
Derivatives in Cash Flow Hedging Relationships				
Cross-Currency and Interest Rate Swaps:				
Amount of gain (loss) recognized in OCI for derivatives	$ (9.5)	$ (3.6)	$ (10.6)	$ (0.9)
Amount of gain (loss) reclassified from accumulated OCI for derivatives	$ —	$ —	$ —	$ —
Amount of gain (loss) recognized in earnings	$ —	$ —	$ —	$ —

During the next 12 months, we estimate that immaterial amounts will be reclassified from "Accumulated OCI" to Net income (loss).

11. Stockholders' Equity

During the fourth quarter of 2018, the Company entered into sales agreements pursuant to which the Company may issue and sell from time to time shares of its common stock having an aggregate sales price of up to $750.0 million (the "New 2018 ATM Stock Offering Program"). During the second quarter of 2020, the Company entered into sales agreements pursuant to which the Company may issue and sell from time to time shares of its common stock having an aggregate sales price of up to $750.0 million (the "2020 ATM Stock Offering Program"). The 2020 ATM Stock Offering Program replaced the New 2018 ATM Stock Offering Program.

As of June 30, 2020, there was approximately $450.0 million under the 2020 ATM Stock Offering Program available for future offerings. During the six months ended June 30, 2019, the Company sold 4.9 million common shares at an average price of $52.22. At June 30, 2020, the Company had approximately 116.9 million shares of common stock outstanding.

Forward Sales

In November 2019, CyrusOne Inc. entered into a forward equity sale agreement with a financial institution acting as forward purchaser under the New 2018 ATM Stock Offering Program with respect to 1.6 million shares of its common stock at an initial forward price of $61.67 per share. The Company fully physically settled this forward equity sale agreement in June 2020. Upon settlement, the Company issued all such shares to such financial institution in its capacity as forward purchaser, in exchange for proceeds of approximately $96.5 million in accordance with the provisions of the forward equity sale agreement.

During the six months ended June 30, 2020, CyrusOne Inc. entered into forward equity sale agreements with financial institutions acting as forward purchasers under the New 2018 ATM Stock Offering Program and the 2020 ATM Stock Offering Program, as applicable, with respect to approximately 6.2 million shares of its common stock at a weighted average price of $68.17 per share, net of expenses. The Company did not receive any proceeds from the sale of its common shares by the forward purchasers in respect of forward equity sale agreements entered during the six months ended June 30, 2020. The Company currently expects to fully physically settle the forward equity sale agreements by May 2021 and receive cash proceeds upon one or more settlement dates at the Company’s discretion, prior to the final settlement dates under the forward equity sale agreements, in which case we expect to receive aggregate net cash proceeds at settlement equal to the number of shares specified in such forward equity sale agreements multiplied by the relevant forward price per share. The weighted average forward sale price that we expect to receive upon physical settlement of the agreements will be subject to adjustment for (i) a floating interest rate factor equal to a specified daily rate less a spread, (ii) the forward purchasers’ stock borrowing costs and (iii) scheduled dividends during the terms of the agreements. We have not settled any portion of the forward equity sale agreements entered into during the first and second quarters of 2020 as of the date of this filing.

The following table represents a summary of forward sale of equity of our common stock for the six-month period ended June 30, 2020 (in thousands):

Offering Program	Forward Shares Sold/(Settled)	Net Proceeds Received	Remaining Proceeds Available(1)
Total as of December 31, 2019	**1.6**	**$ —**	**$ 96.5**
March 9, 2020 Forward Offering - Sales	2.0	—	123.4
May 13, 2020 Forward Offering - Sales	1.4	—	98.7
May 26, 2020 Forward Offering - Sales	1.4	—	98.7
May 29, 2020 Forward Offering - Sales	1.4	—	98.7
November 29, 2019 Forward Offering settlement	(1.6)	96.5	(96.5)
Total as of June 30, 2020	**6.2**	**$ 96.5**	**$ 419.5**

(1) As of June 30, 2020, the total estimated proceeds, net of adjustments for (i) a floating interest rate factor equal to a specified daily rate less a spread, (ii) the forward purchasers' stock borrowing costs and (iii) scheduled dividends adjustments is $413.2 million subject to further adjustment when the forward offerings are settled as described above.

Dividends

During the six months ended June 30, 2020 and 2019, regular dividends were paid to our stockholders of $1.00 and $0.92 per common share, respectively, totaling $116.1 million and $101.3 million, respectively. On July 29, 2020, the Company announced a cash dividend of $0.51 per common share payable on October 9, 2020, to stockholders of record at the close of business on September 25, 2020.

12. Stock-Based Compensation

Stock Plans

The board of directors of CyrusOne Inc. adopted the 2012 Long-Term Incentive Plan ("LTIP"), prior to the IPO, which was amended and restated on May 2, 2016 and February 18, 2019. The LTIP is administered by the compensation committee of the board of directors. Awards issuable under the LTIP include common stock, restricted stock, restricted stock units, stock options and other incentive awards. CyrusOne Inc. has reserved a total of 8.9 million shares of CyrusOne Inc. common stock for issuance pursuant to the LTIP, which may be adjusted for changes in 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. is allocated to the operating partnership. Shares available under the LTIP as of June 30, 2020 were approximately 4.4 million. Shares vest according to each agreement and as long as the employee remains employed with the Company. The Company has granted awards with time-based vesting, performance-based vesting and market-based vesting features.

Restricted stock units and restricted stock are issued as either time-based (where the award vests ratably over time and is not subject to future performance targets and, accordingly, is initially recorded at the current market price at the time of grant) or performance-based (where the award is recorded at fair value at the time of grant and vesting of the award, if any, is based on achieving certain financial targets, currently based on total shareholder return). The restricted stock units have the right to receive dividend equivalents in cash and holders of restricted stock have the right to receive dividends. The performance-based awards accrue dividends equivalents that are payable in cash upon the vesting of the award.

Compensation expense is measured based on the estimated grant-date fair value. Expense for time-based grants is recognized under a straight-line method. For market-based grants, expense is recognized under a graded expense attribution method. For performance-based grants, expense is recognized under a graded expense attribution method if it is probable that the performance targets will be achieved.

(in millions of dollars, except per share)

Total stock-based compensation expense was $3.3 million and $7.0 million for the three and six months ended June 30, 2020, respectively, and $3.7 million and $8.2 million for the three and six months ended June 30, 2019, respectively.

The following tables summarize the unvested restricted stock units, restricted stock and stock options activity and the weighted average fair value of these shares at the date of grant for the six months ended June 30, 2020 and 2019 (performance-based awards are reflected at the target amount of the grant):

Restricted Stock Units ("RSU")

	2020			2019		
	Restricted Stock Units		Weighted Average Grant Date Fair Value	Restricted Stock Units		Weighted Average Grant Date Fair Value
Outstanding January 1,	646,619	$	55.80	511,409	$	56.23
Granted	183,175		78.80	391,911		48.50
TSR and other adjustments[(a)]	164,071		91.32	—		—
Exercised	(295,738)		84.56	(130,210)		45.37
Forfeited	(91,321)		50.03	(71,625)		53.16
Outstanding June 30,	606,806	$	59.20	701,485	$	54.24
Time-based RSUs outstanding	285,534	$	59.62	347,600	$	53.38
Performance-based RSUs outstanding	321,272	$	58.83	353,885	$	55.08

(a) TSR adjustments represent the incremental shares earned for the total stockholder return (TSR) performance metric exceeding target and resulting in 200% payout for the 2017 LTIP Performance Awards.

Restricted Stock ("RS")

	2020			2019		
	Restricted Stock		Weighted Average Grant Date Fair Value	Restricted Stock		Weighted Average Grant Date Fair Value
Outstanding January 1,	16,681	$	52.46	419,356	$	35.73
Granted	14,973		70.15	16,681		52.46
Exercised	(16,681)		52.46	(370,554)		35.38
Forfeited	—		—	(34,603)		37.09
Outstanding June 30,	14,973	$	70.15	30,880	$	47.39
Time-based RSs outstanding	14,973	$	70.15	30,880	$	47.39
Performance-based RSs outstanding	—	$	—	—	$	—

Stock Options

	2020			2019		
	Options		Weighted Average Exercise Price	Options		Weighted Average Exercise Price
Outstanding January 1,	375,086	$	31.64	401,223	$	31.96
Granted	—		—	—		—
Exercised	(218,064)		32.23	(25,586)		36.70
Forfeited	—		—	(551)		23.58
Outstanding June 30,	157,022	$	30.83	375,086	$	31.64
Time-based stock options outstanding	133,691	$	32.10	323,101	$	32.94
Performance-based stock options outstanding	23,331	$	23.58	51,985	$	23.58

13. Income (Loss) 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 income (loss) applicable to participating securities and the participating securities are both excluded from the computation of basic income (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 (loss) during the period, the dilutive impact of common stock equivalents outstanding are also reflected.

The following table reflects the computation of basic and diluted Net income (loss) per share for the three and six months ended June 30, 2020 and 2019:

IN MILLIONS, except per share amounts

	Three Months Ended June 30,				Six Months Ended June 30,			
	2020		2019		2020		2019	
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator:								
Net income (loss)	$ 45.0	$ 45.0	$ (8.5)	$ (8.5)	$ 59.7	$ 59.7	$ 80.9	$ 80.9
Less: Restricted stock dividends	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)
Net income available to stockholders	$ 44.9	$ 44.9	$ (8.7)	$ (8.7)	$ 59.4	$ 59.4	$ 80.6	$ 80.6
Denominator:								
Weighted average common outstanding - basic	115.3	115.3	113.1	113.1	115.1	115.1	110.7	110.7
Performance-based restricted stock and units		0.1		—		0.2		0.4
Dilutive forward shares		0.3		—		0.1		—
Weighted average shares outstanding - diluted		115.7		113.1		115.4		111.1
EPS:								
Income (loss) per share - basic	$ 0.39		$ (0.08)		$ 0.52		$ 0.73	
Effect of dilutive shares:								
Income (loss) per share - diluted		$ 0.39		$ (0.08)		$ 0.52		$ 0.73

14. Related Party Transactions

The Company has a strategic partnership with GDS, a developer and operator of high-performance, large-scale data centers in the People's Republic of China. In connection with our investment in GDS, the Company entered into an agreement with GDS for the joint marketing of each company's data centers.

For the six months ended June 30, 2020, the Company did not incur any commission and referral charges payable to GDS. For the six months ended June 30, 2019, the Company incurred $0.5 million of commissions and referral charges payable to GDS. The commission and referral charges were capitalized as deferred leasing costs and will be amortized over the terms of the respective customer leases. No significant referral expense was recognized by the Company for the six months ended June 30, 2020 or 2019. The Company has not recognized any referral revenue related to the agreement with GDS for the six months ended June 30, 2020 or 2019. See Note 7, Equity Investments for additional information related to our GDS investment.

15. Income Taxes

CyrusOne Inc. elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its taxable year ended December 31, 2013. To remain qualified as a REIT, the Company is required to distribute at least 90% of its taxable income to its 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 the Company continues to qualify for taxation as a REIT, the Company is generally not subject to corporate level federal income tax on the earnings distributed currently to its stockholders. It is the Company's policy and intent, subject to change, to distribute 100% of its taxable income and therefore no provision is required in the accompanying financial statements for federal income taxes with regards to activities of CyrusOne Inc. and its subsidiary pass-through entities.

CyrusOne Inc. and certain of its subsidiaries are subject to state and local income taxes, franchise taxes, and gross receipts taxes. The Company has elected to treat certain of its subsidiaries as taxable REIT subsidiaries ("TRSs"). The Company's TRSs are subject to U.S. federal, state and local corporate income taxes. The Company's foreign subsidiaries are subject to corporate income taxes in the jurisdictions in which they operate.

16. Commitments and Contingencies

As of June 30, 2020, the Company had outstanding letters of credit of $10.6 million as security for obligations under the terms of its lessee agreements.

The Company has entered into non-cancellable contracted commitments for construction of data center facilities and acquisition of equipment. As of June 30, 2020, these commitments were approximately $177.0 million and are expected to be incurred over the next one to two years. In addition, the Company has entered into equipment and electricity power contracts, which require minimum purchase commitments for power. These agreements range from one to two years and provide for payments for early termination or require minimum payments for the remaining term. As of June 30, 2020, the minimum commitments for these arrangements were approximately $73.4 million.

The Company has entered into an Agreement to Lease contract that requires the Company to enter into a lease upon shell completion of a building in London, UK totaling 70,000 square feet with annual rent totaling £1.4 million for initial lease terms of 20 years. We expect construction of the shell building to be completed in 2020.

During the normal course of business, the Company and its subsidiaries have made certain indemnities and commitments to customers, vendors and associated parties related to the use, protection and security of intellectual property and claims for negligence or willful misconduct. Further, customer contracts generally require specified levels of performance related to uninterrupted service and cooling temperatures. Also, in the normal course of our business, the Company is involved in legal, tax and regulatory proceedings arising from the conduct of its business activities. Management assesses the probability that these performance standards, credits, claims or indemnities have been incurred and liabilities or asset reserves are established for loss contingencies when the losses associated are deemed to be probable and the loss can be reasonably estimated. Based on information currently available, the Company believes that the outcome of such matters will not, individually or in the aggregate, have a material effect on its condensed consolidated financial statements.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Report on Form 10-Q, together with other statements and information publicly disseminated by our company, contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions.

In particular, statements pertaining to our capital resources, portfolio performance, financial condition and results of operations contain certain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations and anticipated market conditions, demographics and results of operations are forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and that 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 that may be incorrect or imprecise and we may not be able to realize them. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected.

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: (i) the potential widespread and highly uncertain impact of public health outbreaks, epidemics and pandemics, such as the COVID-19 pandemic; (ii) loss of key customers; (iii) economic downturn, natural disaster or oversupply of data centers in the limited geographic areas that we serve; (iv) risks related to the development of our properties including, without limitation, obtaining applicable permits, power and connectivity and our ability to successfully lease those properties; (v) weakening in the fundamentals for data center real estate, including but not limited to, decreases in or slowed growth of global data, e-commerce and demand for outsourcing of data storage and cloud-based applications; (vi) loss of access to key third-party service providers and suppliers; (vii) risks of loss of power or cooling which may interrupt our services to our customers; (viii) inability to identify and complete acquisitions and operate acquired properties, including those acquired in the acquisition of Zenium Topco Ltd. and certain other affiliated entities (“Zenium”); (ix) our failure to obtain necessary outside financing on favorable terms, or at all; (x) restrictions in the instruments governing our indebtedness; (xi) risks related to environmental matters; (xii) unknown or contingent liabilities related to our acquisitions; (xiii) significant competition in our industry; (xiv) loss of key personnel; (xv) risks associated with real estate assets and the industry; (xvi) failure to maintain our status as a REIT (as defined below) or to comply with the highly technical and complex REIT provisions of the Internal Revenue Code of 1986, as amended (the "Code"); (xvii) REIT distribution requirements could adversely affect our ability to execute our business plan; (xviii) insufficient cash available for distribution to stockholders; (xix) future offerings of debt may adversely affect the market price of our common stock; (xx) increases in market interest rates will increase our borrowings costs and may drive potential investors to seek higher dividend yields and reduce demand for our common stock; (xxi) market price and volume of stock could be volatile; (xxii) risks related to regulatory changes impacting our customers and demand for colocation space in particular geographies; (xxiii) our international activities, including those now conducted as a result of the Zenium acquisition and land acquisitions, are subject to special risks different from those faced by us in the United States; (xxiv) the significant uncertainty that remains about the future relationship between the United Kingdom and the European Union as a result of the United Kingdom’s withdrawal from the European Union; (xxv) expanded and widened price increases in certain selective materials for data center development capital expenditures due to international trade negotiations; (xxvi) a failure to comply with anti-corruption laws and regulations; (xxvii) legislative or other actions relating to taxes; and (xxviii) other factors affecting the real estate and technology industries generally.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. For a further discussion of these and other factors that could impact our future results, performance or transactions, see Part I, Item 1A. "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2019, Part II, Item 1A of this Quarterly Report on Form 10-Q and our other filings with the United States Securities and Exchange Commission (“SEC”). Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. We disclaim any obligation other than as required by law to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors or for new information, data or methods, future events or other changes.

Overview

Our Company. We are a fully integrated, self-managed data center real estate investment trust ("REIT") that owns, operates and develops enterprise-class, carrier-neutral, multi-tenant and single-tenant data center properties. Our data centers are generally purpose-built facilities with redundant power and cooling. They are not network specific and enable customer connectivity to a range of telecommunication carriers. We provide mission-critical data center facilities that protect and ensure the continued operation of information technology ("IT") infrastructure for approximately 1,000 customers in 53 data centers, including two data recovery centers in 14 markets (10 cities in the U.S.; London, U.K.; Singapore; Frankfurt, Germany and Amsterdam, Netherlands).

We continue to monitor the global outbreak of the novel coronavirus (COVID-19) and to take steps to mitigate the potential risks to us posed by the pandemic. We provide a critical service to our customers and are considered an essential business by most governments, which means that our employees are continuing to operate our data centers. To date, our data center portfolio remains fully operational and to date we have experienced minimal disruptions in our business including construction projects. Currently, our supply chain remains fully functional, with redundancy of supply for key operational and construction-related products. We have not been notified by customers of any significant delays in expected implementation timelines. We have taken precautions with regard to employees and facility hygiene, imposed travel restrictions on employees and transitioned employees to work from home when that is possible. We have also implemented additional protocols such as social distancing and limiting the number of people at our facilities to protect those required to work on-site at our facilities including employees, customers and vendors and suppliers. Also we have not experienced any significant delays in the collection of revenue and customers requesting relief or other rent concessions has not been significant in number and amount as of this filing. However, the recent increases in COVID-19 cases in the U.S. demonstrate the effects of the pandemic are evolving rapidly and the impact on our business is uncertain and unpredictable and could be materially adverse. We will continue to monitor developments that impact our business and respond as we believe is warranted.

Our Portfolio

We own and operate 53 data centers, including two recovery centers totaling 7.6 million Gross Square Feet ("GSF"), of which 83% of the Colocation Square Feet ("CSF") is leased and has 830 megawatts ("MW") of power capacity. This includes 13 buildings where we lease such facilities. We are lessee of approximately 12% of our total operating GSF as of June 30, 2020. Also included in our total GSF, CSF and MW are pre-stabilized assets (which include data halls that have been in service for less than 24 months and are less than 85% leased) that have approximately 561,876 GSF and 35% of the CSF is leased with capacity of 45 MW of power.

In addition, we have properties under development comprising approximately 0.9 million GSF and 82 MW of power capacity. The estimated remaining total costs to develop these properties is projected to be a range between $321.0 million and $388.0 million. The final costs to develop could change depending on the capital improvements required based on the lease contracts executed on such properties. We also have 501 acres of land available for future data center development.

Operational Overview

The following discussion provides an overview of our capital and financing activity, operations and transactions for the six months ended June 30, 2020 and should be read in conjunction with the full discussion of our operating results, liquidity and capital resources included in this Form 10-Q, as well as the risk factors set forth in Part I, Item 1A of our annual report on Form 10-K for the year ending December 31, 2019 and Part II, Item 1A of this quarterly report on Form 10-Q.

Outlook

We seek to maximize long-term earnings growth and shareholder value primarily through increasing cash flow at existing properties and developing high-quality data center assets and campuses at attractive cash yields with long-term, stable operating income. In addition, the Company will, from time to time, acquire existing properties which meet our strategic criteria, offer in-place cash flow and have strong growth prospects.

Fundamentals for data center real estate have remained strong, supported by trends that particularly favor data center assets, including the exponential growth in global data, the growth of e-commerce and demand for outsourcing of data storage and cloud-based applications. While growth in large cloud-based demand moderated in the U.S. in 2019, growth in Europe has remained strong over that period. The favorable trends mentioned above has attracted new capital funding multiple data center platforms, including both public and private companies, leading to a potential significant increase in supply in most major US markets. While demand remains robust, the supply outlook has led to pricing pressure in some markets, particularly with large hyperscale customers which are driving an increase in demand. The COVID-19 pandemic has created uncertainty surrounding continued general economic growth in the U.S. and Europe in 2020. More generally, in response to the pandemic, government economic support to businesses and individuals impacted by the pandemic may not continue or be effective at alleviating the abrupt economic deterioration experienced to date and both the short-term and long-term impact of these actions on economic growth is uncertain. As a result, the impact of the current state of the economies where we do business, including rising unemployment and constrained capital, on our company is unknown.

In terms of capital investment, we will continue to pursue selective development of new data centers in markets where we project demand and market rental rates will provide attractive financial returns.

The state of the broader debt capital markets is continuing to deteriorate with many lenders tightening their credit standards and cautiously allocating capital, however with our access to the investment grade debt capital markets, we recently completed several senior debt issuances and amended our credit facility to extend our near-term maturities and reduce our overall borrowing rates. We are committed to maintaining our investment grade ratings and have a strong balance sheet. We anticipate having sufficient liquidity to fund our capital and operating expenses, including costs to maintain our properties and distributions, though we may finance investments, including acquisitions and developments, with the issuance of new shares of our common stock, proceeds from asset sales or through additional borrowings. Please see "Financial Condition, Liquidity and Capital Resources" for additional discussion.

Inflation

The U.S. economy has experienced low inflation over the last several years, as a result, inflation has not had a significant impact on our business. Our customer leases generally do not provide for annual increases in rent based on inflation. As a result, we bear the risk of increases in the costs of operating and maintaining our data center facilities. Some of our leases have annual rent escalators, typically ranging from 1-3%. Some of our leases are structured to pass-through the cost of sub-metered utilities. In the future, we expect more of our leases to pass-through utility costs. In addition, approximately 67% of our leases expire within six years which enables us to replace existing leases with new leases at then existing rates.

Summary of Significant Transactions and Activities for the Six Months Ended June 30, 2020 and 2019

Real Estate Acquisitions, Development and Other Activities

During the six months ended June 30, 2020, the Company purchased 2 acres of land for future development in Frankfurt, Germany for $12.4 million, and started the development of a 27 MW property in Europe, which was preleased to a large hyperscale cloud provider.

During the six months ended June 30, 2020, we had cash capital expenditures of $458.0 million, of which $448.1 million related to the construction of data centers. We continue to maintain a significant investment to build and develop data centers which will require additional capital investment. The expansion and development of additional power capacity and building square feet contributed to our year-over-year revenue increase in 2020. As of June 30, 2020, the estimated remaining cost to complete our existing development pipeline is $321.0 million to $388.0 million and is expected to add 82 MWs to our portfolio.

Capital and Financing Activity

Financing Activity

As of June 30, 2020, we had $400.0 million, $700.0 million and $329.8 million outstanding under the 2023 Term Loan Facility, the 2025 Term Loan Facility and the Revolving Credit Facility (each as defined below), respectively. For more information on our Amended Credit Agreement, see Note 9, Debt.

On March 31, 2020, CyrusOne LP, a Maryland limited partnership (the “Operating Partnership”), and subsidiary of CyrusOne Inc. (the “Company”), entered into an amendment (the “Amendment”) to its credit agreement, dated as of March 29, 2018 (as so amended, the “Amended Credit Agreement”), among the Operating Partnership, as borrower, the lenders party thereto (the “Lenders”) and JPMorgan Chase Bank, N.A., as administrative agent for the Lenders. Proceeds from the Amended Credit Agreement were used, among other things, to refinance and replace the credit facilities under the Company's prior credit agreement.

The Amended Credit Agreement provides for (i) a $1.4 billion senior unsecured multi-currency revolving credit facility (the “Revolving Credit Facility”), (ii) senior unsecured term loans due 2023 in a dollar equivalent principal amount of $400.0 million (the “2023 Term Loan Facility”), and (iii) senior unsecured term loans due 2025 in a principal amount of $700.0 million (the “2025 Term Loan Facility”). The Amended Credit Agreement also includes an accordion feature pursuant to which the Operating Partnership is permitted to obtain additional revolving or term loan commitments so long as the aggregate principal amount of commitments and/or term loans under the Amended Credit Agreement does not exceed $4.0 billion. The Revolving Credit Facility provides for borrowings in U.S. Dollars, Euros, Pounds Sterling, Canadian Dollars, Australian Dollars, Japanese Yen, Hong Kong Dollars, Singapore Dollars and Swiss Francs (subject to a sublimit of $750.0 million on borrowings in currencies other than U.S. Dollars). The Revolving Credit Facility matures on March 29, 2024 with one 12-month extension option. The 2023 Term Loan Facility matures on March 29, 2023 with two 1-year extension options, and the 2025 Term Loan Facility matures on March 28, 2025.

On January 22, 2020, CyrusOne LP and CyrusOne Finance Corp. closed their offering of €500.0 million aggregate principal amount of 1.450% senior notes due 2027 (the “2027 Notes”).

Capital Activity

During the fourth quarter of 2018, the Company entered into sales agreements pursuant to which we may issue and sell from time to time shares of our common stock having an aggregate sales price of up to $750.0 million (the "New 2018 ATM Stock Offering Program"). During the second quarter of 2020, the Company entered into sales agreements pursuant to which the Company may issue and sell from time to time shares of its common stock having an aggregate sales price of up to $750.0 million (the "2020 ATM Stock Offering Program"). The 2020 ATM Stock Offering Program replaced the New 2018 ATM Stock Offering Program.

In November 2019, CyrusOne Inc. entered into a forward equity sale agreement with a financial institution acting as forward purchaser under the New 2018 ATM Stock Offering Program with respect to 1.6 million shares of its common stock at an initial forward price of $61.67 per share. The Company fully physically settled this forward equity sale agreement in June 2020. Upon settlement, the Company issued all such shares to such financial institution in its capacity as forward purchaser, in exchange for proceeds of approximately $96.5 million, in accordance with the provisions of the forward equity sale agreement.

During the six months ended June 30, 2020, CyrusOne Inc. entered into forward equity sale agreements with financial institutions acting as forward purchasers under the new 2018 ATM Stock Offering Program and the 2020 ATM Stock Offering Program, as applicable, with respect to approximately 6.2 million shares of its common stock at a weighted average price of $68.17 per share, net of expenses. The Company did not receive any proceeds from the sale of its common shares by the forward purchasers in respect of forward equity sale agreements entered during the six months ended June 30, 2020. The Company currently expects to fully physically settle the forward equity sale agreements by May 2021 and receive cash proceeds upon one or more settlement dates at the Company’s discretion, prior to the final settlement dates under the forward equity sale agreements, in which case we expect to receive aggregate net cash proceeds at settlement equal to the number of shares specified in such forward equity sale agreements multiplied by the relevant forward price per share. The weighted average forward sale price that we expect to receive upon physical settlement of the agreements will be subject to adjustment for (i) a floating interest rate factor equal to a specified daily rate less a spread, (ii) the forward purchasers’ stock borrowing costs and (iii) scheduled dividends during the terms of the agreements. We have not settled any portion of the forward equity sale agreements entered into during the first and second quarters of 2020 as of the date of this filing.

The following table represents a summary of forward sale of equity of our common stock for the period ended June 30, 2020 (in thousands):

Offering Program	Forward Shares Sold/(Settled)	Net Proceeds Received	Remaining Proceeds Available(1)
Total as of December 31, 2019	**1.6**	**$ —**	**$ 96.5**
March 9, 2020 Forward Offering - Sales	2.0	—	123.4
May 13, 2020 Forward Offering - Sales	1.4	—	98.7
May 26, 2020 Forward Offering - Sales	1.4	—	98.7
May 29, 2020 Forward Offering - Sales	1.4	—	98.7
November 29, 2019 Forward Offering settlement	(1.6)	96.5	(96.5)
Total as of June 30, 2020	**6.2**	**$ 96.5**	**$ 419.5**

(1) As of June 30, 2020, the total estimated proceeds, net of adjustments for (i) a floating interest rate factor equal to a specified daily rate less a spread, (ii) the forward purchasers’ stock borrowing costs and (iii) scheduled dividends adjustments is $413.2 million subject to further adjustment when the forward offerings are settled as described above.

As of June 30, 2020, there was $450.0 million under the 2020 ATM Stock Offering Program available for future offerings.

Concentration of Revenue

We define our annualized backlog as the twelve-month recurring revenue (calculated in accordance with generally accepted accounting principles in the United States of America (“GAAP”)) for executed lease contracts achieved upon full occupancy which have not commenced as of the end of a period. Our backlog as of June 30, 2020 and December 31, 2019 was approximately $97.0 million and $51.7 million, respectively. During the six months ended June 30, 2020, one customer represented 19% of our revenue. We expect 57% of our backlog lease contracts to commence in the second half of 2020, 17% in 2021 and 26% in 2022 and thereafter. Because GAAP revenue for any period is generally a function of straight-line revenue recognized from lease contracts in existence at the beginning of a period, as well as lease contract renewals and new customer lease contracts commencing during the period, backlog as of any period is not necessarily indicative of near-term performance. Our definition of backlog may differ from other companies in our industry.

Results of Operations

Three and Six Months Ended June 30, 2020, Compared to Three and Six Months Ended June 30, 2019:

IN MILLIONS, except share and per share data

	Three Months Ended June 30,				Six Months Ended June 30,			
	2020	2019	$ Change	% Change	2020	2019	$ Change	% Change
Revenue:								
Colocation rent	$ 207.5	$ 197.3	$ 10.2	5 %	$ 411.5	$ 385.6	$ 25.9	7 %
Metered power reimbursements	37.1	31.7	5.4	17 %	71.9	60.3	11.6	19 %
Equipment sales	6.9	17.1	(10.2)	(60) %	9.4	21.1	(11.7)	(55) %
Other revenue	4.9	5.4	(0.5)	(9) %	9.5	9.5	—	n/m
Total revenue	256.4	251.5	4.9	2 %	502.3	476.5	25.8	5 %
Operating expenses:								
Property operating expenses	99.0	103.3	(4.3)	(4) %	191.6	186.6	5.0	3 %
Sales and marketing	3.8	5.3	(1.5)	(28) %	8.5	10.6	(2.1)	(20) %
General and administrative	20.3	19.7	0.6	3 %	47.2	41.9	5.3	13 %
Depreciation and amortization	109.7	102.1	7.6	7 %	217.8	204.2	13.6	7 %
Transaction, acquisition, integration and other related expenses	0.1	1.4	(1.3)	(93) %	0.5	1.7	(1.2)	(71) %
Impairment losses	2.4	—	2.4	n/m	2.4	—	2.4	n/m
Total operating expenses	235.3	231.8	3.5	2 %	468.0	445.0	23.0	5 %
Operating income	21.1	19.7	1.4	7 %	34.3	31.5	2.8	9 %
Interest expense, net	(13.9)	(21.1)	(7.2)	(34) %	(29.9)	(44.8)	(14.9)	(33) %
Gain (loss) on marketable equity investment	50.4	(8.5)	58.9	(693) %	65.1	92.7	(27.6)	(30) %
Loss on early extinguishment of debt	—	—	—	n/m	(3.4)	—	(3.4)	n/m
Foreign currency and derivative losses, net	(13.9)	—	(13.9)	n/m	(8.8)	—	(8.8)	n/m
Other income (expense)	0.1	—	0.1	n/m	—	(0.1)	0.1	n/m
Net income before income taxes	43.8	(9.9)	53.7	(542)	57.3	79.3	(22.0)	(28) %
Income tax benefit (expense)	1.2	1.4	(0.2)	n/m	2.4	1.6	0.8	n/m
Net income	$ 45.0	$ (8.5)	$53.5	(629)	$ 59.7	$ 80.9	$ (21.2)	(26) %
Operating gross margin	8.2 %	7.8 %		5	6.8 %	6.6 %		3 %
Capital expenditures:								
Investment in real estate	255.1	211.3	43.8	21 %	$ 448.1	$ 510.5	$ (62.4)	(12) %
Recurring maintenance capital	6.4	1.6	4.8	n/m	9.9	4.3	5.6	130 %
Total	$ 261.5	$ 212.9	$ 48.6	23 %	$ 458.0	$ 514.8	$ (56.8)	(11) %
Metrics information:								
CSF[1]	4,426,664	4,116,000	310,664	8 %	4,426,664	4,116,000	310,664	8 %
Leased rate[2]	83 %	84 %	(1) %	(1)	83 %	84 %	(1) %	(1)

(1) CSF represents the GSF at an operating facility that is currently leased or readily available for lease as colocation space, where customers locate their servers and other IT equipment.
(2) Leased rate is calculated by dividing CSF under signed leases for colocation space (whether or not the lease has commenced billing) by total CSF.

The three months ended June 30, 2020 as compared to the three months ended June 30, 2019.

Operations

As of June 30, 2020, we had approximately 1,000 customers (not including customers that have signed leases but have not begun occupying space), many of which have signed leases for multiple sites and multiple services, amenities and/or features. We generate recurring revenues from leasing colocation space, metered power reimbursements and nonrecurring revenues from equipment sales and installation services. We provide customers with data center services pursuant to leases with initial terms ranging from three to ten years. As of June 30, 2020, the weighted average remaining term was 4.0 years based upon annualized rent. Lease expirations through 2022, excluding month-to-month leases, represent 24% of our total GSF, or 38% of our aggregate annualized rent as of June 30, 2020. At the end of the lease term, customers may allow the contract to expire, sign a new lease or automatically renew pursuant to the terms of their lease. The automatic renewal period could be for varying lengths, depending on the terms of the contract, such as, for the original lease term, one year or month-to-month. As of June 30, 2020, 2% of our GSF was subject to month-to-month leases.

Revenue

For the three months ended June 30, 2020, revenue was $256.4 million, an increase of $4.9 million, or 2% compared to $251.5 million for the three months ended June 30, 2019. Fluctuations in revenue are dependent upon our ability to maintain our existing revenue base, sell new capacity, and maintain or increase rental rates at our properties. Recurring rent churn percentage of 1.1% for the three months ended June 30, 2020 increased by 0.5% as compared to the 0.6% for the three months ended June 30, 2019. The Company calculates recurring rent churn percentage as any reduction in recurring rent due to customer terminations, service reductions or net pricing decreases as a percentage of rent at the beginning of the period, excluding any impact from metered power reimbursements or other usage-based billing.

CSF increased 8% at June 30, 2020 as compared to June 30, 2019. Leased CSF as of June 30, 2020 and 2019 was 83% and 84%, respectively. CSF Occupied as of June 30, 2020 and 2019 was 83%.

The revenue increase of $4.9 million for the three months ended June 30, 2020, as compared to the three months ended June 30, 2019 is primarily due to the following:

- $8.0 million increase in colocation rent, primarily due to a $10.0 million increase from existing and new customers, offset in part by $2.0 million of rent churn;
- $5.4 million increase in metered power reimbursements, primarily due to a $5.5 million increase from existing and new customers, offset in part by $0.1 million of rent churn;
- $1.2 million increase in interconnection revenue primarily due to expanding demand from existing and new customers;
- $1.0 million of higher termination fees; partially offset by
- $10.2 million decrease in equipment sales and associated installation services with one significant customer during the three months ended June 30, 2019.
- $0.5 million decrease in other revenue from managed services.

Operating Expenses

Property operating expenses

For the three months ended June 30, 2020, Property operating expenses were $99.0 million, a decrease of $4.3 million, or 4%, compared to $103.3 million for the three months ended June 30, 2019 primarily due to the following:

- $10.1 million decrease in equipment cost of sales due to higher sales volume during the three months ended June 30, 2019;
- $1.7 million decrease in repairs and maintenance due to timing of expenditures; and
- $0.9 million decrease in payroll and employee-related costs, lower incentive compensation and other personnel costs; partially offset by
- $8.4 million increase in property operating expenses as a result of additional assets placed into service from development and expansion of facilities:
    - $5.8 million increase in electricity due to higher customer usage and increased rates;
    - $2.6 million increase in other property operating expenses including lower capitalization related to construction, legal and professional fees and other.

General and administrative expenses

For the three months ended June 30, 2020, General and administrative expenses were $20.3 million, an increase of $0.6 million, or 3%, compared to $19.7 million for the corresponding period in 2019, primarily due to the following:

- $1.1 million increase in legal and professional fees primarily due to the impact of expensing of legal fees associated with lease negotiations under ASC 842 Leases; and
- $1.5 million increase in other general and administrative expenses primarily due to increased rent and office costs; partially offset by
- $1.7 million decrease in employee compensation and stock-based compensation expenses due to a general reduction in force and lower incentive compensation; and
- $0.3 million decrease in costs associated with implementing new accounting standards.

Depreciation and amortization expense

For the three months ended June 30, 2020, Depreciation and amortization expense was $109.7 million, an increase of $7.6 million, or 7%, compared to $102.1 million for the corresponding period in 2019. This increase was primarily driven by asset additions that were placed in service after the second quarter of 2019. Since June 30, 2019, approximately $617.2 million of new data center assets have been placed in service. Depreciation and amortization expense is expected to increase in future periods as we complete the development of properties and installation of equipment and facilities to support our operations.

Impairment losses

For the three months ended June 30, 2020, Impairment losses were $2.4 million as the result of our planned disposition of land held for future development in Atlanta, GA to a third-party.

Non-Operating Income and Expenses

Interest expense, net

For the three months ended June 30, 2020, Interest expense, net was $13.9 million, a decrease of $7.2 million, or 34%, as compared to $21.1 million for the corresponding period in 2019 due to the following:

- $12.6 million decrease due to lower rates offset in part by $397.5 million increase in average debt outstanding; offset in part by
- $3.3 million increase due to lower capitalized interest as a result of the Company's lower overall average interest rate;
- $1.2 million increase related to the cross-currency and interest rate swaps; and
- $0.9 million increase related to lower interest income.

We anticipate drawing on our Revolving Credit Facility to fund, in part, our capital requirements for new investments in data centers, including potential acquisitions. Accordingly, we anticipate our interest expense to increase in future periods.

Gain (Loss) on marketable equity investment

For the three months ended June 30, 2020, the gain on our marketable equity investment in GDS Holdings Limited ("GDS") was $50.4 million, an increase of $58.9 million, as compared to a loss of $8.5 million for the corresponding period in 2019. The increase was primarily a result of a significant increase in the GDS share price during the three months ended June 30, 2020. See Note 7, Equity Investments, for information related to our accounting for our equity investment in GDS.

Foreign currency and derivative losses, net

For the three months ended June 30, 2020, Foreign currency and derivative losses, net were $13.9 million which was primarily the result of the loss associated with the translation adjustment on our undesignated EURO denominated borrowings in excess of our net investment.

The six months ended June 30, 2020 as compared to the six months ended June 30, 2019.

Revenue

For the six months ended June 30, 2020, revenue was $502.3 million, an increase of $25.8 million, or 5% compared to $476.5 million for the six months ended June 30, 2019. Fluctuations in revenue are dependent upon our ability to maintain our existing revenue base, sell new capacity, and maintain or increase rental rates at our properties. Recurring rent churn percentage of 2.1% for the six months ended June 30, 2020 decreased by 0.6% as compared to the 2.7% for the six months ended June 30, 2019.

The revenue increase of $25.8 million for the six months ended June 30, 2020, as compared to the six months ended June 30, 2019 is primarily due to the following:

- $20.7 million increase in colocation rent, primarily due to a $28.0 million increase from existing and new customers, offset in part by $7.3 million of rent churn;
- $11.6 million increase in metered power reimbursements, primarily due to a $11.9 million increase from existing and new customers, offset in part by $0.2 million of rent churn;
- $3.3 million increase in interconnection revenue primarily due to expanding demand from existing and new customers;
- $1.9 million of higher termination fees; partially offset by
- $11.7 million decrease in equipment sales and associated installation services to one significant customer during the six months ended June 30, 2019.

Operating Expenses

Property operating expenses

For the six months ended June 30, 2020, Property operating expenses were $191.6 million, an increase of $5.0 million, or 3%, compared to $186.6 million for the six months ended June 30, 2019 primarily due to the following:

- $16.3 million increase in property operating expenses as a result of additional assets placed into service from development and expansion of facilities:
  - $12.4 million increase in electricity due to higher customer usage and increased rates
  - $2.2 million increase in contract and security services
  - $0.8 million increase in other property operating expenses
  - $0.7 million increase in property taxes
  - $0.2 million increase in repairs and maintenance, partially offset by
- $11.3 million decrease in equipment cost of sales due to higher sales volume during the six months ended June 30, 2019.

General and administrative expenses

For the six months ended June 30, 2020, General and administrative expenses were $47.2 million, an increase of $5.3 million, or 13%, compared to $41.9 million for the corresponding period in 2019, primarily due to the following:

- $3.5 million increase in personnel costs including $6.8 million severance due to the departure of our Chief Executive Officer and general reduction in force, offset in part by a $3.3 million decrease in employee compensation and stock-based compensation expenses;
- $1.8 million increase in other general and administrative expenses primarily related to increased rent and office costs;
- $0.3 million increase in IT license support and maintenance; and
- $0.3 million increase in legal and professional fees; partially offset by
- $0.6 million decrease in costs associated with implementing new accounting standards.

Depreciation and amortization expense

For the six months ended June 30, 2020, Depreciation and amortization expense was $217.8 million, an increase of $13.6 million, or 7%, compared to $204.2 million for the corresponding period in 2019. This increase was primarily driven by asset additions that were placed in service after the second quarter of 2019. Since June 30, 2019, approximately $617.2 million of new data center assets have been placed in service. Depreciation and amortization expense is expected to increase in future periods as we complete the development of properties and installation of equipment and facilities to support our operations.

Impairment losses

For the six months ended June 30, 2020, Impairment losses were $2.4 million as the result of our planned disposition of land held for future development in Atlanta, GA to a third-party.

Non-Operating Income and Expenses

Interest expense, net

For the six months ended June 30, 2020, Interest expense, net was $29.9 million, a decrease of $14.9 million, or 33%, as compared to $44.8 million for the corresponding period in 2019 due to the following:

- $20.6 million decrease due to lower rates offset in part by $331.1 million increase in average debt outstanding; and
- $1.7 million decrease related to the cross-currency and interest rate swaps; offset in part by
- $6.6 million increase due to lower capitalized interest as a result of the Company's lower overall average interest rate.
- $0.8 million increase related to lower interest income;

We anticipate drawing on our Revolving Credit Facility to fund, in part, our capital requirements for new investments in data centers, including potential acquisitions. Accordingly, we anticipate our interest expense to increase in future periods.

Gain (Loss) on marketable equity investment

For the six months ended June 30, 2020, the gain on our marketable equity investment in GDS was $65.1 million, a decrease of $27.6 million, as compared to a gain of $92.7 million for the corresponding period in 2019. The decrease was primarily the result of the ownership of fewer American Depositary Shares ("ADSs") in the current year period as a result of the sale of 5.7 million GDS ADSs in April 2019. See Note 7, Equity Investments, for information related to our accounting for our equity investment in GDS.

Loss on early extinguishment of debt

For the six months ended June 30, 2020, Loss on early extinguishment of debt was $3.4 million, primarily due to the Amendment.

Foreign currency and derivative losses, net

For the six months ended June 30, 2020, Foreign currency and derivative losses, net were $8.8 million which was a result of a $13.3 million loss associated with the translation adjustment on undesignated EURO denominated borrowings in excess of our net investment, offset in part by a $4.5 million gain on cross-currency swaps from the settlement of certain undesignated Euro/USD cross-currency swaps.

Significant Balance Sheet Fluctuations

The table below relates to significant fluctuations in certain line items of our Condensed Consolidated Balance Sheets from December 31, 2019 to June 30, 2020 (in millions):

	June 30, 2020	December 31, 2019	Difference
Total investment in real estate, net	$ 4,942.2	$ 4,710.3	$ 231.9
Operating lease right-of-use ("ROU") assets, net	204.7	161.9	42.8
Revolving Credit Facility	329.8	615.0	(285.2)
Senior Notes	1,761.5	1,200.0	561.5
Operating lease liabilities	240.5	195.8	44.7

The increase in Total investment in real estate, net was primarily due to the continued development of data centers in Dublin, Frankfurt, London, the New York Metro area, Northern Virginia, Phoenix, San Antonio and Santa Clara less depreciation expense of $191.5 million.

The increase in Operating lease ROU assets, net and in Operating lease liabilities was primarily due to entering into a new operating lease in Europe.

The decrease in borrowing under the Revolving Credit Facility was primarily due to the proceeds of the 2027 Notes used to pay down borrowings on the US Revolver and EUR Revolver.

The increase in the Senior Notes was primarily due to the 2027 Notes offering. For more information, see Note 9, Debt.

Key Performance Indicators - Non-GAAP Financial Measures

In addition to amounts presented in accordance with GAAP, we also present certain supplemental non-GAAP financial measures related to our performance. These non-GAAP financial measures should not be construed as being more important than, or a substitute for, comparable GAAP financial measures. In compliance with SEC requirements, our non-GAAP financial measures presented herein are reconciled to net income, the most directly comparable GAAP financial measure. Neither the SEC nor any regulatory body has passed judgment on these non-GAAP measurements.

Funds from Operations and Normalized Funds from Operations

We use funds from operations ("FFO") and normalized funds from operations ("Normalized FFO"), which are non-GAAP financial measures commonly used in the REIT industry, as supplemental performance measures. We use FFO and Normalized FFO as supplemental performance measures because, when compared period over period, they capture trends in occupancy rates, rental rates and operating costs. We also believe that, as widely recognized measures of the performance of REITs, FFO and Normalized FFO are used by investors as a basis to evaluate REITs.

We calculate FFO as Net income (loss) computed in accordance with GAAP before Real estate depreciation and amortization and Impairment losses and gain on disposal of assets. While it is consistent with the definition of FFO promulgated by the National Association of Real Estate Investment Trusts ("NAREIT"), our computation of FFO may differ from the methodology for calculating FFO used by other REITs. Accordingly, our FFO may not be comparable to others.

We calculate Normalized FFO as FFO adjusted for Loss on early extinguishment of debt; (Gain) loss on marketable equity investment; Foreign currency and derivative losses, net; New accounting standards and regulatory compliance and the related system implementation costs; Amortization of tradenames; Transaction, acquisition, integration and other related expenses; Cash severance and management transition costs; Severance-related stock compensation costs; Legal claim costs; and other items as appropriate. We believe our Normalized FFO calculation provides a comparable measure between different periods. Other REITs may not calculate Normalized FFO in the same manner. Accordingly, our Normalized FFO may not be comparable to others.

In addition, because FFO and Normalized FFO exclude Real estate depreciation and amortization, and capture neither the changes in the value of our properties that result from use or from market conditions, nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of our properties, all of which have real economic effect and could materially impact our results from operations, the utility of FFO and Normalized FFO as measures of our performance is limited. Therefore, FFO and Normalized FFO should be considered only as supplements to Net income presented in accordance with GAAP as measures of our performance. FFO and Normalized FFO should not be used as measures of our liquidity or as indicative of funds available to fund our cash needs, including our ability to make distributions. FFO and Normalized FFO also should not be used as supplements to or substitutes for cash flow from operating activities computed in accordance with GAAP.

The following table reflects the reconciliation of GAAP net income to FFO and Normalized FFO for the three and six months ended June 30, 2020 and 2019 (amounts in millions):

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2020	2019	$	%	2020	2019	$	%
Net income (loss)	**$ 45.0**	**$ (8.5)**	**$ 53.5**	n/m	**$ 59.7**	**$ 80.9**	**$ (21.2)**	(26) %
Real estate depreciation and amortization	107.5	100.2	7.3	7 %	213.3	200.3	13.0	6 %
Impairment losses and gain on disposal of assets	2.4	—	2.4	— %	2.3	—	2.3	— %
Funds from Operations ("FFO") - NAREIT defined	**$ 154.9**	**$ 91.7**	**$ 63.2**	69 %	**$ 275.3**	**$ 281.2**	**$ (5.9)**	(2) %
Loss on early extinguishment of debt	—	—	—	— %	3.4	—	3.4	n/m
(Gain) loss on marketable equity investment	(50.4)	8.5	(58.9)	n/m	(65.1)	(92.7)	27.6	(30) %
Foreign currency and derivative losses, net	13.9	—	13.9	— %	8.8	—	8.8	n/m
New accounting standards and regulatory compliance and the related system implementation costs	—	0.3	(0.3)	(100) %	—	0.6	(0.6)	(100) %
Amortization of tradenames	0.3	0.1	0.2	n/m	0.6	0.3	0.3	100 %
Transaction, acquisition, integration and other related expenses	0.1	1.4	(1.3)	(93) %	0.6	1.7	(1.1)	(65) %
Cash severance and management transition costs	—	—	—	— %	6.8	0.1	6.7	n/m
Severance-related stock compensation costs	—	—	—	— %	0.1	—	0.1	n/m
Legal claim costs	0.1	0.1	—	n/m	0.2	0.2	—	n/m
Normalized Funds from Operations ("Normalized FFO")	**$ 118.9**	**$ 102.1**	**$ 16.8**	16 %	**$ 230.7**	**$ 191.4**	**$ 39.3**	21 %

n/m - not meaningful.

Net Operating Income

We use Net Operating Income ("NOI"), which is a non-GAAP financial measure commonly used in the REIT industry, as a supplemental performance measure. We use NOI as a supplemental performance measure because, when compared period over period, it captures trends in occupancy rates, rental rates and operating expenses. We also believe that, as a widely recognized measure of the performance of REITs, NOI is used by investors as a basis to evaluate REITs.

We calculate NOI as Net income (loss), adjusted for Sales and marketing expenses, General and administrative expenses, Depreciation and amortization expenses, Transaction, acquisition, integration and other related expenses, Interest expense, net, (Gain) loss on marketable equity investment, Loss on early extinguishment of debt, Impairment losses, Foreign currency and derivative losses, net, Other (income) expense, Income tax benefit and other items as appropriate. Amortization of deferred leasing costs is presented in Depreciation and amortization expenses, which is excluded from NOI. Sales and marketing expenses are not property-specific, rather these expenses support our entire portfolio. As a result, we have excluded these Sales and marketing expenses from our NOI calculation, consistent with the treatment of General and administrative expenses, which also support our entire portfolio. Because the calculation of NOI excludes various expenses, the utility of NOI as a measure of our performance is limited. Other REITs may not calculate NOI in the same manner. Accordingly, our NOI may not be comparable to others. Therefore, NOI should be considered only as a supplement to Net income presented in accordance with GAAP as a measure of our performance. NOI should not be used as a measure of our liquidity or as indicative of funds available to fund our cash needs, including our ability to make distributions. NOI also should not be used as a supplement to or substitute for cash flow from operating activities computed in accordance with GAAP.

The following table reflects the reconciliation of Net income to NOI for the three and six months ended June 30, 2020 and 2019 (amounts in millions):

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2020	2019	$	%	2020	2019	$	%
Net income (loss)	$ 45.0	$ (8.5)	$ 53.5	n/m	$ 59.7	$ 80.9	$ (21.2)	(26)%
Sales and marketing expenses	3.8	5.3	(1.5)	(28)%	8.5	10.6	(2.1)	(20)%
General and administrative expenses	20.3	19.7	0.6	3 %	47.2	41.9	5.3	13 %
Depreciation and amortization expenses	109.7	102.1	7.6	7 %	217.8	204.2	13.6	7 %
Transaction, acquisition, integration and other related expenses	0.1	1.4	(1.3)	(93)%	0.5	1.7	(1.2)	(71)%
Interest expense, net	13.9	21.1	(7.2)	(34)%	29.9	44.8	(14.9)	(33)%
(Gain) loss on marketable equity investment	(50.4)	8.5	(58.9)	n/m	(65.1)	(92.7)	27.6	(30)%
Loss on early extinguishment of debt	—	—	—	n/m	3.4	—	3.4	n/m
Impairment losses	2.4	—	2.4	n/m	2.4	—	2.4	n/m
Foreign currency and derivative losses, net	13.9	—	13.9	n/m	8.8	—	8.8	n/m
Other (income) expense	(0.1)	—	(0.1)	n/m	—	0.1	(0.1)	n/m
Income tax benefit	(1.2)	(1.4)	0.2	(14)%	(2.4)	(1.6)	(0.8)	50 %
Net Operating Income	$ 157.4	$ 148.2	$ 9.2	6 %	$ 310.7	$ 289.9	$ 20.8	7 %

Financial Condition, Liquidity and Capital Resources

Short-term Liquidity

The effects of the COVID-19 pandemic continue to evolve rapidly. While the impact of COVID-19 on certain operating and administrative costs for the six months ended June 30, 2020 was not material, we may incur additional general and administrative and maintenance costs to operate our data centers and offices, the extent of which will depend on factors that are uncertain and unpredictable at this time, including federal, state, and local regulations as well as the duration and severity of the pandemic. While the pandemic may impact our cash flows from customers, the extent and duration of that impact is also uncertain and unpredictable at this time. Some of our customers have communicated that the COVID-19 pandemic has disrupted their businesses, which is impacting their ability to pay rent on time and they have requested extended payment terms and rent abatement, which may impact the timing and amount of rent we collect in the future. For the six-month ended June 30, 2020, the impact of the pandemic on rent concessions and collections of rent has not been significant. Our short-term liquidity requirements primarily consist of Operating, Sales and marketing, and General and administrative expenses, dividend payments and recurring capital expenditures for our data center properties. We generally expect to meet these requirements from our cash flow from operations, cash balances, availability under our Revolving Credit Facility and settlement of the ATM forward equity sale agreements. For the six months ended June 30, 2020, our cash provided by operating activities was $214.2 million. This was more than our dividend payment for the six months ended June 30, 2020 of $116.1 million.

Available capacity under the Amended Credit Agreement as of June 30, 2020 was $1,059.6 million related to the Revolving Credit Facility. Total liquidity as of June 30, 2020 was approximately $1,130.3 million, which included the $1,059.6 million available capacity under the Revolving Credit Facility and cash and cash equivalents of $70.7 million. At June 30, 2020, we had borrowings of $329.8 million under the Revolving Credit Facility. At June 30, 2019, we had borrowings of $429.9 million under the $1.7 Billion Revolving Credit Facility.

In January 2020, CyrusOne LP and CyrusOne Finance Corp. closed their offering of the 2027 Notes.

During the six months ended June 30, 2020, CyrusOne Inc. entered into forward equity sale agreements with financial institutions acting as forward purchasers under the New 2018 ATM Stock Offering Program and the 2020 ATM Stock Offering Program, as applicable, with respect to approximately 6.2 million shares of its common stock at a weighted average price of $68.17 per share, net of expenses. The Company currently expects to fully physically settle the forward equity sale agreements by May 2021 and receive cash proceeds upon one or more settlement dates at the Company's discretion, prior to the final settlement dates under the forward equity sale agreements, in which case we expect to receive aggregate net cash proceeds at settlement equal to the number of shares specified in such forward equity sale agreements multiplied by the relevant forward price per share. The weighted average forward sale price that we expect to receive upon physical settlement of the agreements will be subject to adjustment for (i) a floating interest rate factor equal to a specified daily rate less a spread, (ii) the forward purchasers' stock borrowing costs and (iii) scheduled dividends during the terms of the agreements. We have not settled any portion of these forward equity sale agreements entered into during the first and second quarters of 2020 as of the date of this filing. In June 2020, the Company fully physically settled the forward equity sale agreement entered into in November 2019. See Note 11, Stockholders' Equity for more information about our settlement.

The following table represents a summary of forward sale of equity of our common stock for the period ended June 30, 2020 (in thousands):

Offering Program	Forward Shares Sold/(Settled)	Net Proceeds Received	Remaining Proceeds Available[(1)]
Total as of December 31, 2019	**1.6**	**$ —**	**$ 96.5**
March 9, 2020 Forward Offering - Sales	2.0	—	123.4
May 13, 2020 Forward Offering - Sales	1.4	—	98.7
May 26, 2020 Forward Offering - Sales	1.4	—	98.7
May 29, 2020 Forward Offering - Sales	1.4	—	98.7
November 29, 2019 Forward Offering settlement	(1.6)	96.5	(96.5)
Total as of June 30, 2020	**6.2**	**$ 96.5**	**$ 419.5**

(1) As of June 30, 2020, the total estimated proceeds, net of adjustments for (i) a floating interest rate factor equal to a specified daily rate less a spread, (ii) the forward purchasers' stock borrowing costs and (iii) scheduled dividends adjustments is $413.2 million subject to further adjustment when the forward offerings are settled as described above.

Our total common stock issuance for the six months ended June 30, 2020 was $103.3 million primarily related to proceeds from forward equity settlement, shares vesting and options exercised. As of June 30, 2020, there was $450.0 million under the 2020 ATM Stock Offering Program available for future offerings.

Long-term Liquidity

Our long-term liquidity requirements primarily consist of our capital expenditures for the development and acquisition of our data centers. For the six months ended June 30, 2020, our cash capital expenditures were $458.0 million. Our capital expenditures are primarily discretionary, excluding leases under contract, to expand our existing data center properties, acquire or construct new facilities. We intend to continue to develop and expand properties, where we believe there is sufficient demand or have contracted to lease, and are prepared to commit additional resources to support this growth. We expect our total estimated capital expenditures for 2020 to be between $850.0 million and $950.0 million. We expect to meet our long-term liquidity requirements, including potential acquisitions, from cash and cash equivalents, cash flows from our operations, issuances of debt and equity securities, and borrowings under our Revolving Credit Facility.

While we regularly monitor commodity and labor pricing trends related to our data center development capital expenditures, a large proportion of our current development project costs are under firm price commitments. Accordingly, while we have experienced price increases in certain selective materials due to recent international trade negotiations and actions, we currently do not anticipate any material adverse effect on our overall development costs.

As of June 30, 2020, all of our outstanding debt matures from March 2023 to November 2029, with a weighted average of 5.9 years to maturity. We expect to refinance these debts at or before their maturities, or retire the debt from the sources described in this section. Our interest rate mix was 65% fixed and 35% floating.

In addition to the sources of capital described herein, we have access to other potential sources of capital including mortgage financing, property dispositions and proceeds from contributions and partial sale of properties into joint ventures.

Cash Flows

Comparison of Six Months Ended June 30, 2020 and June 30, 2019

Cash provided by operating activities for the six months ended June 30, 2020 was $214.2 million compared to $167.5 million for the six months ended June 30, 2019. The increase of $46.7 million was due to the following:

- Increases in net cash provided by operating activities of $82.7 million primarily due to the following:
    - $20.8 million increase due to a $25.8 million increase in revenue offset in part by a $5.0 million increase in property operating expenses;
    - $32.7 million decrease in interest payments due to overall lower rates;
    - $21.5 million increase in construction payables;
    - $7.2 million decrease in deposits; and
    - $0.5 million decrease in property tax payments; partially offset by
- Decreases in net cash provided by operating activities of $36.0 million primarily due to the following:
    - $16.0 million decrease in deferred revenue and prepaid rents;
    - $10.1 million increase in rent and other receivables;
    - $5.8 million increase in other cash outflows over the corresponding prior year period;
    - $3.3 million increase in bonus payments; and
    - $0.8 million increase in prepaid expenses.

Cash used in investing activities for the six months ended June 30, 2020 was $454.2 million compared to $315.3 million for the six months ended June 30, 2019. The increase in cash used in investing activities for the six months ended June 30, 2020 of $138.9 million compared to the six months ended June 30, 2019 is primarily due to lower proceeds from the sale of our GDS ADSs in 2020, compared to 2019, that reduced Investments in real estate in 2019.

Investments in real estate

For the six months ended June 30, 2020, our capital expenditures of $458.0 million primarily related to the continued development in key markets, primarily in Dublin, Frankfurt, London, the New York Metro area, Northern Virginia, Phoenix, San Antonio and Santa Clara. In addition, included in capital expenditures is land acquired for development of $12.4 million in Frankfurt, Germany.

For the six months ended June 30, 2019, our capital expenditures of $514.8 million related primarily to the continued development in key markets, primarily in Amsterdam, Austin, Dallas, Frankfurt, London, the New York Metro area, Northern Virginia, Phoenix and Raleigh-Durham. In addition, included in capital expenditures is land acquired for development of $40.1 million in Santa Clara and San Antonio.

Equity Investments

During the six months ended June 30, 2020, the Company made capital contributions of approximately $4.7 million to our investments in ODATA Brasil S.A. and ODATA Colombia S.A.S. These investment outflows were partially offset by proceeds of $8.2 million from the sale of approximately 245,000 ADSs from our GDS investment and by proceeds of $0.3 million related to the sale of real estate assets.

During the six months ended June 30, 2019, we also made a capital contribution of approximately $0.3 million to our ODATA Colombia investment. These investment outflows were partially offset by proceeds of $199.8 million from the sale of 5.7 million ADSs from our GDS investment.

Cash provided by financing activities for the six months ended June 30, 2020 was $232.9 million compared to $229.1 million for the six months ended June 30, 2019. The increase of $3.8 million was due to the following:
- $550.2 million increase in proceeds from the issuance of the Euro Bond, see Note 9, Debt for additional information on the 2027 Notes;
- $200.0 million reduction in repayments of the unsecured term loan primarily due to $1,100.0 million in proceeds from the Amended Credit Agreement used to repay $1,100.0 million of the term loans under the prior credit facility, while the six months ended June 30, 2019 included a $200.0 million early prepayment of the prior credit facility 2023 Term Loan;
- $151.0 million increase in proceeds from borrowings on our revolving credit facility; and
- $2.4 million decrease in tax payments on the vesting and exercise of equity awards, partially offset by,
- $723.1 million in payments on our revolving credit facility during the current period. There were no payments in the corresponding prior year period;
- $149.3 million decrease in proceeds from the issuance of common stock. The Company issued 2.1 million shares in the current period which consisted of proceeds from forward equity settlement, shares vesting and options exercised and 4.9 million shares issued in the prior year period through the New 2018 Stock Offering Program;

- $14.8 million increase in dividend payments due to the increase in the dividend and the number of common shares outstanding;
- $12.5 million increase in deferred financing costs related to the refinancing of the credit facility; and
- $0.1 million increase in payments on our finance lease obligations.

Issuer and guarantor subsidiary summarized financial information

The 2024 Notes, the 2027 Notes and the 2029 Notes issued by CyrusOne LP (the "LP Co-Issuer") and CyrusOne Finance Corp. (the "Finance Co-Issuer" and, together with the LP Co-Issuer, the "Co-Issuers") are fully and unconditionally and jointly and severally guaranteed on a senior unsecured basis by CyrusOne Inc. (the "Parent Guarantor").

The indentures governing the 2024 Notes, 2027 Notes and 2029 Notes contain affirmative and negative covenants customarily found in indebtedness of this type, including covenants that restrict, subject to certain exceptions, the Company's ability to incur secured or unsecured indebtedness. 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, subject to certain qualifications set forth in the indentures. The covenants contained in the indentures do not restrict the Company’s ability to pay dividends or distributions to stockholders.

Only the Parent Guarantor guarantees the 2024 Notes, 2027 Notes and 2029 Notes. The 2024 Notes, 2027 Notes and 2029 Notes are structurally junior in right of payment to the indebtedness and other liabilities of the Co-Issuers’ subsidiaries (the “Non-Guarantors”), and the guarantee is structurally junior in right of payment to the liabilities of any of the Parent Guarantor's subsidiaries (other than the Co-Issuers). These Non-Guarantors are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the 2024 Notes, 2027 Notes and 2029 Notes, or to make any funds available therefor, whether by dividends, loans, distributions or other payments. Any right that the Co-Issuers or Parent Guarantor have to receive any assets of any of the Non-Guarantors upon the bankruptcy, liquidation or reorganization of those Non-Guarantors, and the consequent rights of holders of the 2024 Notes, 2027 Notes and 2029 Notes to realize proceeds from the sale of any of such Non-Guarantors’ assets, will be structurally subordinated to the claims of such Non-Guarantors’ creditors, including trade creditors, mortgage holders and holders of preferred equity interests of those Non-Guarantors. Accordingly, in the event of a bankruptcy, liquidation or reorganization or any of the Non-Guarantors, the Non-Guarantors will pay the holders of their debts, holders of preferred equity interests and their trade creditors before distributing any of their assets to us. The Non-Guarantors conduct substantially all of our operations and hold substantially all of our assets.

The guarantee obligations of the Parent Guarantor under the 2024 Notes, 2027 Notes and 2029 Notes will terminate under the customary circumstances of legal defeasance or covenant defeasance, each as described in the applicable indenture, or if the Co-Issuers’ obligations under the applicable indenture are discharged.

The guarantee obligations of the Parent Guarantor under the 2024 Notes, 2027 Notes and 2029 Notes are subject to certain limitations necessary to prevent the guarantee from constituting a fraudulent conveyance under applicable laws. Under these laws, the guarantee could be voided, or claims in respect of the guarantee could be subordinated to certain obligations of the Parent Guarantor if, among other things, the Parent Guarantor, at the time it entered into the guarantee, received less than reasonably equivalent value or fair consideration for entering into the guarantee and was one of the following:

- insolvent or rendered insolvent by reason of entering into a guarantee;
- engaged in a business or transaction for which the guarantor’s remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts or contingent liabilities beyond its ability to pay them as they became due.

The Parent Guarantor is a REIT whose only material asset is its ownership of operating partnership units of the LP Co-Issuer. The LP Co-Issuer and its subsidiaries hold substantially all the assets of the Company. The LP Co-Issuer conducts the operations of the business, along with its subsidiaries. The Finance Co-Issuer does not have any operations or revenues.

Pursuant to amended Rule 3-10 of Regulation S-X, the following aggregate summarized financial information is provided for CyrusOne Inc., CyrusOne LP and CyrusOne Finance Corp. This aggregate summarized financial information has been prepared from the books and records maintained by CyrusOne, CyrusOne LP and CyrusOne Finance Corp. The aggregate summarized financial information does not include the investments in non-guarantor subsidiaries nor the earnings from non-guarantor subsidiaries and therefore is not necessarily indicative of the results of operations or financial position had CyrusOne LP and CyrusOne Finance Corp. operated as independent entities. Intercompany transactions have been eliminated.

The Issuers and Guarantors had Intercompany receivables from non-guarantors of $1.8 billion for both the periods ended June 30, 2020 and December 31, 2019. The Issuers and Guarantors had Debt of $3.2 billion and $2.9 billion for the periods ended June 30, 2020 and December 31, 2019, respectively. During the six months ended June 30, 2020, the Issuers and Guarantors had Interest expense, net of $40.6 million, Foreign currency and derivative losses, net of $8.8 million, and Loss on early extinguishment of debt of $3.4 million. More detailed financial information for the Issuers and Guarantors was not material.

Distribution Policy

In order to comply with the REIT requirements of the Code, we are required to make quarterly distributions to our shareholders of at least 90% of our taxable income. Distributions made by us are determined by our board of directors in its sole discretion. If we have underestimated our cash available for distribution, we may need to increase our borrowings in order to fund our intended distributions. Notwithstanding the foregoing, our Amended Credit Agreement and indentures restrict CyrusOne LP from making distributions to holders of our operating partnership units, or redeeming or otherwise repurchasing shares of our operating 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 taxes.

Off-Balance Sheet Arrangements

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

Also as a part of our normal course of business we procure certain data center equipment (generally generators and power distribution units) and electricity power under purchase commitments, where we would be required to purchase certain minimum volumes. In general, we expect to manage these contracts such that the committed volume levels are below our current requirements and at prices that are below current spot market prices. However, if our requirements were to decrease or the spot market prices were to decrease, we could be obligated to complete the remaining minimum purchase commitments, holding the excess equipment for future development or disposing at then current prices. As of June 30, 2020, our aggregate commitments under these contracts is approximately $73.4 million.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We have exposure to interest rate risk, arising from variable-rate borrowings under our Amended Credit Agreement and our fixed-rate long-term debt.

Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve the financing objectives, we borrow primarily at fixed rates or variable rates with what we believe are the lowest margins available. With regard to variable rate financing, we manage interest rate cash flow risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows. We have not entered into, and do not plan to enter into, financial instruments for trading or speculative purposes.

As of June 30, 2020, we had approximately $1.8 billion of contractually outstanding consolidated debt at a weighted average fixed interest rate of approximately 2.63% and $1.4 billion of amounts outstanding under credit facilities with a weighted average variable interest rate of monthly LIBOR plus 1.08%. As of June 30, 2019, we had approximately $1.2 billion of contractually outstanding consolidated debt at a weighted average fixed interest rate of approximately 5.16% and $1.5 billion of amounts outstanding under credit facilities with a weighted average variable interest rate of monthly LIBOR plus 1.32%. Monthly LIBOR as of June 30, 2020 and 2019 was 0.18% and 2.41%, respectively.

Interest rate fluctuations will generally not affect our future earnings or cash flows on our fixed rate debt unless such instruments are traded or are otherwise terminated prior to maturity. However, interest rate changes will affect the fair value of our fixed rate instruments.

Conversely, movements in interest rates on variable rate debt would change our future earnings and cash flows, but not significantly affect the fair value of those instruments. We are exposed to interest rate changes primarily as a result of our variable rate debt we incur on our Amended Credit Agreement and our consolidated cash investments. As of June 30, 2020 and 2019, our floating rate debt outstanding was $1.4 billion and $1.5 billion, respectively. We quantify our exposure to interest rate risk based on how changes in interest rates affect our net income. We consider changes in the 30-day LIBOR rate to be most indicative of our interest rate exposure as it is a function of the base rate for our credit facilities. We consider increases of 0.5% to 2.0% in the 30-day LIBOR rate to be reflective of reasonable changes we may experience in the current interest rate environment. The table below reflects the annual consolidated effect of an increase in the 30-day LIBOR to our net income related to our significant variable interest rate exposures as of June 30, 2020 and 2019 (amounts in millions, where positive amounts reflect an increase in net income and bracketed amounts reflect a decrease in net income):

Variable rate credit facilities expense:

	2.0%	1.5%	1.0%	0.5%
As of June 30, 2020	$ (28.6)	$ (21.4)	$ (14.3)	$ (7.1)
As of June 30, 2019	$ (30.6)	$ (22.9)	$ (15.3)	$ (7.6)

Floating rate interest income was $0.1 million for the six months ended June 30, 2020, and $0.9 million for the six months ended June 30, 2019.

There is no assurance that we would realize such income or expense as such changes in interest rates could alter our asset or liability positions or strategies in response to such changes. Also, where variable rate debt is used to finance development projects, the cost of the development is also impacted. If these costs exceed budgeted interest reserves, we may be required to fund the excess out of other capital sources. The table above reflects interest expense prior to any adjustments for capitalized interest related to developments.

Interest Rate Swaps

On September 3, 2019, the Company entered into a floating-fixed interest rate swap agreement to convert $300.0 million of variable interest rate debt of the 2023 Term Loan Facility to 1.19% fixed rate debt. For the three and six months ended June 30, 2020, the fair value of the interest rate swap liability increased $11.4 million and $0.9 million, respectively. The changes in fair value were recognized in OCI. As of June 30, 2020, interest rate swaps were a liability of $8.8 million reported in Other liabilities. As of December 31, 2019, interest rate swaps were an asset of $3.5 million reported in Other assets.

Foreign Currency Risk

As a result of our expansion outside of the United States, including the Zenium acquisition, we have foreign operations in Germany, The Netherlands, United Kingdom, Singapore and The Republic of Ireland that expose us to risk from the effects of exchange rate movements of respective foreign currencies, which may affect future costs and cash flows. Foreign currency risk is the possibility that our results of operations or financial position could be affected by changes in exchange rates. Our exposure to foreign currency primarily relates to our foreign currency denominated in British pound sterling and Euro, included within Total investment in real estate, net, which was $1.2 billion and $1.0 billion as of June 30, 2020 and December 31, 2019, respectively. For the six months ended June 30, 2020 and 2019, our Foreign currency translation adjustment included within Stockholders' equity was a decrease of $9.9 million and $1.8 million, respectively.

As a result of our expansion into foreign countries, primarily in Europe, our exposure to foreign currency is expected to increase, primarily related to British pound sterling and Euro. We could mitigate future investment and operational foreign currency exposure by borrowing under our Amended Credit Agreement in the particular foreign currency, subject to availability and applicable borrowing conditions. However, we would expect to incur foreign currency transaction gains and losses, which would impact our consolidated net income, and translation of financial statements from the foreign functional currency to U.S. dollars, which would be included in Other comprehensive income or loss and Stockholders' equity. As of June 30, 2020, we have outstanding borrowings under our Revolving Credit Facility of $37.0 million which is denominated in British pound sterling and $89.8 million which is denominated in Euros. See Note 9, Debt, for further information.

In 2020, the Company entered into cross-currency swaps whereby the Company pays floating interest rate and receives floating interest rate to hedge the variability of future cash flows attributable to changes in the 1-month USD LIBOR versus EUR LIBOR rates (a pay-floating, receive-floating interest rate swap).

As of June 30, 2020, the Company has two cross-currency EUR/USD contracts to sell $500.0 million and purchase €450.7 million maturing in March 2023 representing a fair value liability of $8.0 million reported in Other Liabilities. As of December 31, 2019, our cross-currency swaps were a liability of $11.4 million reported in Other Liabilities. The pay-floating, receive-floating interest rate swap payments are recognized in Interest expense, net in the Condensed Consolidated Statements of Operations. There were no gains or losses on cross-currency contracts for the three months ended June 30, 2020.

Commodity Price Risk

Certain of our operating costs are subject to price fluctuations caused by the volatility of the underlying commodity prices, including electricity used in our data center operations, and building materials, such as steel and copper, used in the construction of our data centers. In addition, the lead time to purchase certain equipment for our data centers is substantial which could result in increased costs for these construction projects. In addition, we have entered into several contracts to purchase electricity. As of June 30, 2020 and 2019, these contracts represent less than our forecasted usage.

Refer to Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" of the Company's Annual Report on Form 10-K for the year ended December 31, 2019 for a description of the Company's market risks. There were no material changes for the period ended June 30, 2020.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer (our principal executive officer and principal financial officer, respectively), we have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of June 30, 2020. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of June 30, 2020, the Company's disclosure controls and procedures were effective in ensuring information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 of the Exchange Act that occurred during the three months ended June 30, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the ordinary course of our business, from time to time, we are subject to claims and administrative proceedings. We do not believe any currently outstanding matters would have, individually or in the aggregate, a material adverse effect on our business, financial condition and results of operations or liquidity and cash flows.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors included in the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on February 20, 2020, which is accessible on the SEC’s website at www.sec.gov, except as noted below.

The recent novel coronavirus (COVID-19) pandemic and measures to prevent its spread could materially adversely impact our business, financial condition, results of operations and liquidity.

The novel strain of the coronavirus identified in China in late 2019 has globally spread throughout Asia, Europe, the Middle East and Americas and has resulted in authorities implementing numerous measures to attempt to contain the virus, including travel bans, shelter in place regulations and other restrictions and shutdowns. There has been and continues to be considerable uncertainty about the effects of these measures and how long they will remain in effect, which could adversely impact our employees, customers, vendors and suppliers resulting in a material adverse effect on our business, financial condition, results of operations and liquidity.

As a result of the COVID-19 pandemic, while our data centers have remained operational, we have modified our business practices by temporarily closing our corporate headquarters and regional locations, transitioned non-essential employees to working remotely from their homes, implemented restrictions on the physical participation in meetings and significantly limited business travel, all of which have begun to disrupt how we operate our business and may remain in place for an indeterminate amount of time. We cannot assure you, however, that our workforce will be able to work effectively as a result of such practices, or that our technological systems or infrastructure will continue to be equipped to facilitate effective remote working arrangements for our employees. To date, our technology systems and infrastructure have effectively supported our remote working activities.

The effect of the pandemic and measures implemented by authorities could disrupt our supply chain, including the provision of services to us by our vendors and could result in restrictions on construction activities. Such disruptions could impact the operations of our data centers, our ability to meet delivery timelines, including contracted delivery schedules with our customers, and could lead to the closing of facilities, delays in the commencement of leases, penalties for delay, potential lease terminations and legal proceedings being brought against us. To date our costs of operation have not significantly increased, however, we may incur additional operating costs as a result of the pandemic, the timing of which is uncertain and unpredictable, which could materially increase our costs of operations.

The conditions caused by the COVID-19 pandemic, including recent increases in cases in certain markets in the U.S. in which we do business, also affect our customers and may negatively impact the demand for colocation and our services, delay the decision making of our customers, lengthen payment terms, increase rent abatements, result in defaults or otherwise impair our customers' ability to timely pay us, as well as potentially impairing our ability to attract new customers, all of which could adversely affect our future sales, operating results, cash flows and overall financial performance. More generally, in response to the pandemic, government economic support to businesses and individuals impacted by the pandemic may not continue or be effective at alleviating the abrupt economic deterioration experienced to date and both the short-term and long-term impact of these actions on economic growth is uncertain.

The effects of the pandemic have begun (and may continue) to adversely affect the economies of countries where we do business, including the United States and countries in Europe, and have also caused (and may continue to cause) severe disruption and volatility in the global capital markets, foreign exchange and interest rates. The resulting economic downturn could adversely affect our and our customers’ and suppliers’ businesses, financial conditions, results of operations and growth prospects, and may adversely impact our ability to issue equity, borrow or refinance debt and otherwise access the capital markets to fund our business. If we cannot obtain capital when needed on acceptable terms or at all, we may not be able to develop or acquire properties when strategic opportunities arise or refinance our debt at or before maturity, and we may need to increase our liquidity by disposing of properties possibly on disadvantageous terms or renewing leases on less favorable terms than we otherwise would, which could adversely affect our business, financial condition and results of operations. Moreover, our continued access to external sources of liquidity also depends on our maintaining strong credit ratings. If rating agencies lower our credit ratings, it could adversely affect our ability to access the debt markets, our cost of funds and other terms for new debt.

The duration and extent of the impact from the COVID-19 pandemic depends on future developments that cannot be accurately predicted at this time, such as the severity and transmission rate of the virus, the extent and effectiveness of containment actions and the impact of these and other factors on our employees, customers, suppliers and vendors. If we are not able to respond to and manage the impact of such events effectively, our business will be harmed. Moreover, to the extent any of these risks and uncertainties adversely impact us in the ways described above or otherwise, they may also have the effect of heightening many of the other risks set forth in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2019.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the six months ended June 30, 2020, the Company had no unregistered sales of equity securities or purchases of its common stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description
3.1	Articles of Amendment and Restatement of CyrusOne Inc. (Incorporated by reference to Exhibit 3.1 of Form 8-K, filed by CyrusOne Inc. on January 25, 2013 (Registration No. 001-35789)).
3.2	Amended and Restated Bylaws of CyrusOne Inc. (Incorporated by reference to Exhibit 3.1 of Form 8-K, filed by CyrusOne Inc. on March 17, 2017 (Registration No. 001-35789)).
10.1	Form of Forward/Primary Sales Agreement, dated May 6, 2020, by and among CyrusOne Inc., CyrusOne GP, CyrusOne LP and each of J.P. Morgan Securities LLC, Barclays Capital Inc., BMO Capital Markets Corp., Credit Agricole Securities (USA) Inc., Deutsche Bank Securities Inc., Goldman Sachs & Co. LLC, Jefferies LLC, KeyBanc Capital Markets Inc., Morgan Stanley & Co. LLC, MUFG Securities Americas Inc., RBC Capital Markets, LLC and TD Securities (USA) LLC (Incorporated by reference to Exhibit 1.1 of Form 8-K, filed by CyrusOne Inc. on May 6, 2020 (Registration No. 001-35789)).
10.2	Form of Primary Sales Agreement, dated May 6, 2020, by and among CyrusOne Inc., CyrusOne GP, CyrusOne LP and each of Fifth Third Securities, Inc., Stifel, Nicolaus & Company, Incorporated and SunTrust Robinson Humphrey, Inc. (Incorporated by reference to Exhibit 1.2 of Form 8-K, filed by CyrusOne Inc. on May 6, 2020 (Registration No. 001-35789)).
10.3†	Employment Agreement dated as of June 26, 2020 by and between Bruce W. Duncan and CyrusOne Management Services LLC (Incorporated by reference to Exhibit 10.1 of Form 8-K, filed by CyrusOne Inc. on July 2, 2020 (Registration No. 001-35789)).
10.4†	Transition and Separation Agreement, dated as of July 2, 2020 by and between Venkatesh S. Durvasula and CyrusOne LLC (Incorporated by reference to Exhibit 10.2 of Form 8-K, filed by CyrusOne Inc. on July 2, 2020 (Registration No. 001-35789)).
22+	List of Guarantors and Subsidiary Issuers of Guaranteed Securities.
31.1+	Certification pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Certification pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1+	Certification pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2+	Certification pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(101.INS)*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
(101.SCH)*	Inline XBRL Taxonomy Extension Schema Document.
(101.CAL)*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
(101.DEF)*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
(101.LAB)*	Inline XBRL Taxonomy Extension Label Linkbase Document.
(101.PRE)*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
(104)*	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document (included in Exhibit 101).

\+ Filed herewith.

* Submitted electronically with this report.

† This exhibit is a management contract or compensation plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, on the 30th day of July, 2020.

CyrusOne Inc.

By:	/s/ Bruce W. Duncan
	Bruce W. Duncan
	President and Chief Executive Officer
By:	/s/ Diane M. Morefield
	Diane M. Morefield
	Executive Vice President and Chief Financial Officer
By:	/s/ Mark E. Skomal
	Mark E. Skomal
	Senior Vice President and Chief Accounting Officer

Exhibit 22

List of Guarantors and Subsidiary Issuers of Guaranteed Securities

The following subsidiaries of CyrusOne Inc. (the “Company”) were, as of June 30, 2020, issuers of the (i) $600.0 million 2.900% senior unsecured notes due November 2024, (ii) $600.0 million 3.450% senior unsecured notes due November 2029 and (iii) €500.0 million 1.450% senior unsecured notes due January 2027, each guaranteed by the Company:

Subsidiary Name	State or Country of Incorporation or Formation
CyrusOne LP	Maryland
CyrusOne Finance Corp.	Maryland

Exhibit 31.1

Certifications

I, Bruce W. Duncan, President and Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CyrusOne Inc. (“registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 30, 2020

/s/ Bruce W. Duncan

Bruce W. Duncan
President and Chief Executive Officer

Exhibit 31.2

Certifications

I, Diane M. Morefield, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CyrusOne Inc. ("registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2020

/s/ Diane M. Morefield

Diane M. Morefield
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of CyrusOne Inc. (the “Company”) for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Bruce W. Duncan, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bruce W. Duncan

Bruce W. Duncan
President and Chief Executive Officer
July 30, 2020

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of CyrusOne Inc. (the “Company”) for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Diane M. Morefield, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Diane M. Morefield

Diane M. Morefield
Chief Financial Officer
July 30, 2020