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 September 30, 2021

☐ **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 126,912,271 shares of common stock outstanding as of October 22, 2021 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 of the issued and outstanding operating partnership units of CyrusOne LP as of September 30, 2021, except for de minimis holdings by certain officers and employees of the Company of LTIP Units (as described below) in CyrusOne LP as a result of awards granted under the LTIP (as defined below), and has the full, exclusive and complete responsibility for the operating partnership's day-to-day management and control. Effective February 1, 2021, the Company reorganized CyrusOne LP to classify the partnership as a regarded entity under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"). See Part I, Item 1A "Risk Factors-Risks Related to Our Organization Structure" of our Annual Report on Form 10-K for the year ended December 31, 2020, as amended ("Form 10-K") for more information. 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 September 30, 2021, the total number of outstanding shares of our common stock was approximately 126.9 million.

On November 19, 2020, the Securities and Exchange Commission (“SEC”) adopted amendments to Regulation S-K Items 301, 302 and 303, which became effective on February 10, 2021. Although mandatory compliance is not required until our fiscal year ending December 31, 2021, early adoption is permitted, and as previously disclosed we elected to early adopt amended Regulation S-K Items 301, 302 and 303 in our Form 10-K.

INDEX

PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2021	December 31, 2020
Assets		
Investment in real estate:		
Land	$ 211.6	$ 208.8
Buildings and improvements	2,336.3	2,035.2
Equipment	4,064.7	3,538.9
Gross operating real estate	6,612.6	5,782.9
Less accumulated depreciation	(2,080.4)	(1,767.9)
Net operating real estate	4,532.2	4,015.0
Construction in progress, including land under development	729.8	982.2
Land held for future development	293.0	268.3
Total investment in real estate, net	5,555.0	5,265.5
Cash and cash equivalents	456.4	271.4
Rent and other receivables *(net of allowance for doubtful accounts of $2.1 and $3.5 as of September 30, 2021 and December 31, 2020, respectively)*	409.2	334.2
Restricted cash	24.3	1.5
Operating lease right-of-use assets, net	148.5	211.4
Equity investments	30.3	67.1
Goodwill	455.1	455.1
Intangible assets *(net of accumulated amortization of $272.5 and $249.3 as of September 30, 2021 and December 31, 2020, respectively)*	132.7	157.8
Other assets	128.0	133.4
Total assets	$ 7,339.5	$ 6,897.4
Liabilities and equity		
Debt	$ 3,515.1	$ 3,409.0
Finance lease liabilities	157.2	29.1
Operating lease liabilities	183.9	249.1
Construction costs payable	104.6	133.0
Accounts payable and accrued expenses	192.1	151.3
Dividends payable	66.3	63.3
Deferred revenue and prepaid rents	227.9	174.1
Deferred tax liability	41.9	53.0
Other liabilities	45.0	77.3
Total liabilities	4,534.0	4,339.2
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 126,913,710 and 120,442,521 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	1.3	1.2
Additional paid in capital	3,952.7	3,537.3
Accumulated deficit	(1,125.3)	(966.6)
Accumulated other comprehensive loss	(23.2)	(13.7)
Total stockholders’ equity	2,805.5	2,558.2
Total liabilities and equity	$ 7,339.5	$ 6,897.4

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 September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Revenue	$ 304.1	$ 262.8	$ 887.3	$ 765.1
Operating expenses:				
Property operating expenses	133.4	109.7	391.0	301.3
Sales and marketing	3.6	4.5	11.1	13.0
General and administrative	30.8	29.7	70.4	76.9
Depreciation and amortization	127.5	113.1	372.6	330.9
Transaction, acquisition, integration and other related expenses	0.2	1.6	0.4	2.2
Impairment losses and loss on asset disposals	0.1	8.8	0.7	11.1
Total operating expenses	295.6	267.4	846.2	735.4
Operating income (loss)	8.5	(4.6)	41.1	29.7
Interest expense, net	(17.3)	(13.3)	(47.2)	(43.2)
Gain on marketable equity investment	—	4.7	2.4	69.8
Loss on early extinguishment of debt	—	(3.1)	—	(6.5)
Foreign currency and derivative gains (losses), net	14.4	(22.9)	31.2	(31.7)
Other expense (income)	0.1	—	(0.1)	—
Net income (loss) before income taxes	5.7	(39.2)	27.4	18.1
Income tax benefit	1.0	1.9	4.9	4.3
Net income (loss)	$ 6.7	$ (37.3)	$ 32.3	$ 22.4
Weighted average number of common shares outstanding - basic	124.2	118.7	122.4	116.3
Weighted average number of common shares outstanding - diluted	124.3	118.7	122.5	116.7
Net income (loss) per share - basic	$ 0.05	$ (0.32)	$ 0.26	$ 0.19
Net income (loss) per share - diluted	$ 0.05	$ (0.32)	$ 0.26	$ 0.19

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss)	$ 6.7	$ (37.3)	$ 32.3	$ 22.4
Other comprehensive (loss) income:				
Foreign currency translation adjustment	(27.0)	36.8	(42.0)	26.9
Net gain (loss) on cash flow hedging instruments	13.6	(20.9)	32.5	(31.5)
Comprehensive (loss) income	$ (6.7)	$ (21.4)	$ 22.8	$ 17.8

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, 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
Net loss	—	—	—	(37.3)	—	(37.3)
Issuance of common stock, net	3.5	—	222.5	—	—	222.5
Stock-based compensation expense	—	—	6.7	—	—	6.7
Tax payment upon exercise of equity awards	—	—	(2.2)	—	—	(2.2)
Foreign currency translation adjustment	—	—	—	—	36.8	36.8
Net loss on cash flow hedging instruments	—	—	—	—	(20.9)	(20.9)
Dividends declared, $0.51 per share	—	—	—	(61.9)	—	(61.9)
Balance at September 30, 2020	120.4	$ 1.2	$ 3,532.9	$ (923.9)	$ (5.8)	$ 2,604.4

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, 2021	120.4	$ 1.2	$ 3,537.3	$ (966.6)	$ (13.7)	$ 2,558.2
Net income	—	—	—	18.2	—	18.2
Issuance of common stock, net	2.1	—	95.8	—	—	95.8
Stock-based compensation expense	—	—	4.4	—	—	4.4
Tax payment upon exercise of equity awards	—	—	(8.9)	—	—	(8.9)
Foreign currency translation adjustment	—	—	—	—	(15.0)	(15.0)
Net gain on cash flow hedging instruments	—	—	—	—	23.9	23.9
Dividends declared, $0.51 per share	—	—	—	(61.8)	—	(61.8)
Balance as of March 31, 2021	122.5	$ 1.2	$ 3,628.6	$ (1,010.2)	$ (4.8)	$ 2,614.8
Net income	—	—	—	7.4	—	7.4
Issuance of common stock, net	1.5	—	98.4	—	—	98.4
Stock-based compensation expense	—	—	4.3	—	—	4.3
Net loss on cash flow hedging instruments	—	—	—	—	(5.0)	(5.0)
Dividends declared, $0.51 per share	—	—	—	(63.3)	—	(63.3)
Balance at June 30, 2021	124.0	$ 1.2	$ 3,731.3	$ (1,066.1)	$ (9.8)	$ 2,656.6
Net income	—	—	—	6.7	—	6.7
Issuance of common stock, net	2.9	0.1	213.6	—	—	213.7
Stock-based compensation expense	—	—	8.5	—	—	8.5
Tax payment upon exercise of equity awards	—	—	(0.7)	—	—	(0.7)
Foreign currency translation adjustment	—	—	—	—	(27.0)	(27.0)
Net gain on cash flow hedging instruments	—	—	—	—	13.6	13.6
Dividends declared, $0.52 per share	—	—	—	(65.9)	—	(65.9)
Balance at September 30, 2021	126.9	$ 1.3	$ 3,952.7	$ (1,125.3)	$ (23.2)	$ 2,805.5

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

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

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Cash flows from operating activities:		
Net income	$ 32.3	$ 22.4
Adjustments to reconcile Net income to Net cash provided by operating activities:		
Depreciation and amortization	372.6	330.9
Provision for bad debt expense	(1.0)	0.3
Gain on marketable equity investment	(2.4)	(69.8)
Foreign currency and derivative (gains) losses, net	(31.2)	31.7
Proceeds from swap terminations	—	2.9
Impairment losses and loss on asset disposals	0.7	11.1
Loss on early extinguishment of debt	—	6.5
Interest expense amortization, net	5.7	5.2
Stock-based compensation expense	17.2	13.7
Deferred income tax benefit	(8.0)	(7.1)
Operating lease cost	15.3	15.0
Other (expense) income	(0.2)	0.6
Change in operating assets and liabilities:		
Rent and other receivables, net and other assets	(90.6)	(29.1)
Accounts payable and accrued expenses	42.9	22.0
Deferred revenue and prepaid rents	54.3	2.3
Operating lease liabilities	(18.2)	(16.7)
Net cash provided by operating activities	389.4	341.9
Cash flows from investing activities:		
Investments in real estate	(580.2)	(692.2)
Proceeds from sale of equity investments	46.6	31.8
Equity investments	(7.4)	(6.5)
Proceeds from the sale of real estate assets	4.4	0.3
Net cash used in investing activities	(536.6)	(666.6)
Cash flows from financing activities:		
Issuance of common stock, net	407.9	325.9
Dividends paid	(187.9)	(174.7)
Proceeds from revolving credit facility	173.4	595.5
Repayments of revolving credit facility	(610.5)	(966.7)
Proceeds from Euro bond	603.1	561.2
Proceeds from unsecured term loan	—	1,100.0
Repayments of unsecured term loan	—	(1,400.0)
Proceeds from issuance of senior notes	—	395.2
Payment of deferred financing costs	(5.0)	(15.1)
Payments on finance lease liabilities	(3.5)	(2.0)
Tax payment upon exercise of equity awards	(9.6)	(8.6)
Net cash provided by financing activities	367.9	410.7
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(12.9)	(5.8)
Net increase in cash, cash equivalents and restricted cash	207.8	80.2
Cash, cash equivalents and restricted cash at beginning of period	272.9	77.7
Cash, cash equivalents and restricted cash at end of period	$ 480.7	$ 157.9
Supplemental disclosure of cash flow information:		
Cash paid for interest, including amounts capitalized of $15.6 million and $17.0 million in 2021 and 2020, respectively	$ 45.8	$ 36.3
Cash paid for income taxes	4.0	3.2
Non-cash investing and financing activities:		
Construction costs payable	104.6	168.2
Dividends payable	66.3	63.1

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. 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 September 30, 2021, all of the issued and outstanding operating partnership units of CyrusOne LP are owned, directly or indirectly, by the Company except for de minimis holdings by certain officers and employees of the Company of LTIP Units (as described below) in CyrusOne LP as a result of awards granted under the LTIP (as defined below). 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 57 data centers, including one recovery center, located in the United States, United Kingdom, Germany, The Netherlands, The Republic of Ireland, Singapore and France.

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 spread globally and has resulted in authorities implementing numerous measures to attempt to contain the virus. This has included travel bans, shelter in place regulations and other restrictions and shutdowns. We continue to monitor the global outbreak and to take steps to mitigate the potential risks to us posed by the pandemic. We have continued to implement restrictions on physical participation in meetings and limit business travel, which have disrupted how we operate our business. The duration and extent of the impact from the COVID-19 pandemic continues to depend on future developments that cannot be accurately predicted at this time, such as the severity and transmission rate of the virus, including variants such as Delta, the extent and effectiveness of containment actions, the rate and effectiveness of vaccinations and the impact of these and other factors on our employees, customers, suppliers and vendors. 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. These factors and the continuing uncertainty around them could adversely impact our employees, customers, vendors and suppliers resulting in a material adverse effect on our business, financial condition, results of operations, cash flows and ability to pay dividends as well as the market price of our common stock.

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, 2020, which was filed with the Securities and Exchange Commission ("SEC") on February 19, 2021. 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 September 30, 2021 and December 31, 2020, and for the three and nine months ended September 30, 2021 and 2020. 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, 2020. 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 consists 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.

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 value 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. We did not record any impairment losses for the three or nine months ended September 30, 2021. For the three and nine months ended September 30, 2020, we recognized an impairment loss of $8.8 million and $11.2 million, respectively, which includes an $8.8 million impairment loss in both periods based on our estimate of the decrease in the fair value of the equipment held for use in inventory at our U.S. data centers and a $2.4 million impairment loss in the nine months ended September 30, 2020 based on the estimated fair value for our investment in land held in Atlanta for future development as the Company entered into a non-binding contract to sell this land to a third-party. These fair values were based on unobservable inputs and the determination of fair value of real estate assets to be held for use is derived using the discounted cash flow method and involves a number of management assumptions relating to future economic events that could materially affect the determination of the ultimate fair value. Such assumptions are Level 3 inputs and include, but are not limited to, projected vacancy rates, rental rates, property operating expenses and required capital expenditures. These factors require management's judgment of factors such as market knowledge, historical experience, lease terms, tenant financial strength, economy, demographics, environment, property location, age, physical condition and expected return requirements, among other things. The aforementioned factors are taken as a whole by management in the determination of fair value. See Fair Value Measurements below for further information on fair value.

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 equity investments are carried at cost because we do not exercise influence over the operating and financial decisions of the ventures and there is no readily determinable fair value and our investments are recorded at cost less impairment, if any. Dividends paid from operating profits are reported as a component of net income, while other dividends are reported as a return of capital.

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 Accounting Standards Codification (“ASC”) 842, Leases (“ASC 842”). 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 Sheets. 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 generally 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 ("ASC 606").

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 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.

We adopted the practical expedient in ASC 606 that allows the Company to not disclose information about remaining performance obligations that have original expected durations of one year or less, the amount of the transaction price allocated to the remaining performance obligations and when we expect to recognize that amount as revenue for the year. We have also adopted the “as invoiced” practical expedient, whereby the Company recognizes revenue in the amount that directly corresponds to the amount of value transferred to the customer.

Contract assets were $0.7 million and $0.4 million as of September 30, 2021 and December 31, 2020, respectively. Contract liabilities were not material as of both September 30, 2021 and December 31, 2020.

Rent and Other Receivables

Receivables consist principally of rent receivables including straight-line rent receivables. A general reserve may be recognized as an allowance for doubtful accounts when collectibility is not probable, after applying the overall collectibility constraint under ASC 842. Straight-line rent receivable, net was $175.8 million and $172.6 million at September 30, 2021 and December 31, 2020, respectively. The allowance for doubtful accounts is estimated based upon historic patterns of credit losses for aged receivables as well as specific provisions for certain identifiable, potentially uncollectible balances.

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

We primarily hedge our foreign currency risk by borrowing in the currencies in which we invest. We may use derivative financial instruments, such as cross-currency swaps to manage foreign currency exchange rate risk related to both our foreign investments and the related earnings. In addition, we occasionally use interest rate swap contracts to manage interest rate risk and limit the impact of future interest rate changes on earnings and cash flows, primarily related to variable-rate debt.

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.

Designated Derivatives. We may choose to designate our derivative financial instruments, generally cross-currency swaps as net investment hedges in foreign operations. At inception of the transaction, we designate the derivative financial instrument as a hedge of a specific underlying exposure, including the risk management objective and the strategy for undertaking the hedge transaction. We formally assess both at inception and at least quarterly thereafter, the effectiveness of our hedging transactions. Due to the high degree of effectiveness between the hedging instruments and the underlying exposures hedged, fluctuations in the value of the derivative financial instruments will generally be offset by changes in the cash flows or fair values of the underlying exposures being hedged.

In addition to the net investment hedges described above, we may issue debt in a currency that is not the same functional currency of the borrowing entity to hedge our international investments. We designate the debt and related accrued interest as a net investment hedge to offset the translation and economic exposures related to our international investments. If the debt and related accrued interest exceeds the designated amount of our international investment, the foreign currency remeasurement on the unhedged portion of the debt during the period is recognized in Foreign currency and derivative gains (losses), net.

For cash flow hedges, such as interest rate swaps, we report the effective portion of the gain or loss as a component of Other comprehensive (loss) income and reclassify it to the applicable line item in the Condensed Consolidated Statements of Operations, generally Interest expense, net over the corresponding period of the underlying hedged item. The ineffective portion of a derivative financial instrument's change in fair value is recognized in earnings, generally Interest expense, net at the time the ineffectiveness occurred. To the extent the hedged debt related to our interest rate swaps and forwards is paid off early, we write off the remaining balance in Other comprehensive (loss) income and recognize the amount in Interest expense, net in the Condensed Consolidated Statements of Operations.

Undesignated Derivatives. Derivative instruments, such as cross-currency swaps, for which hedge accounting is not applied are recorded at fair value in Other assets and Other liabilities and gains and losses resulting from changes in the fair value are reported in Foreign currency and derivative gains (losses), net in the Condensed Consolidated Statements of Operations.

In addition, we may choose to not designate our interest rate swap and forward contracts. If a swap or forward contract is not designated as a hedge, the changes in fair value of these instruments is immediately recognized in earnings in Interest expense, net in the Condensed Consolidated Statements of Operations.

3. Recently Issued Accounting Standards

Recently Adopted Accounting Pronouncements

Reference Rate Reform

On March 12, 2020, the FASB issued Accounting Standards Update ("ASU") 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU 2020-04"). ASU 2020-04 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. During the first quarter of 2021, we elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives in our financial statements consistent with past presentation. We continue to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

Income Taxes

On January 1, 2021, we adopted 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 current guidance to promote consistency among reporting entities. 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 August 2020, the FASB issued ASU 2020-06, Debt - Debt with Conversion and Other Options (Topic 470) and Derivatives and Hedging – Contracts in Entity's Own Equity (Topic 815). This ASU reduces the number of accounting models for convertible debt instruments and convertible preferred stock, and amends the guidance for the derivatives scope exception for contracts in an entity's own equity. The ASU also amends and makes targeted improvements to the related earnings per share guidance. The ASU is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The standard allows for either modified or full retrospective transition methods. The Company is currently evaluating this ASU to determine the impact it may have on its financial statements.

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 represented approximately 19% of our total revenue for both of the nine months ended September 30, 2021 and 2020.

At September 30, 2021, 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 September 30, 2021	Minimum Lease Payments
2021	$ 219.8
2022	802.7
2023	659.5
2024	526.6
2025	442.4
2026	344.3
Thereafter	971.5
Total	$ 3,966.8

At September 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 September 30, 2020	Minimum Lease Payments
2020	$ 198.9
2021	721.9
2022	614.5
2023	493.7
2024	377.7
2025	307.8
Thereafter	837.3
Total	$ 3,551.8

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 nine months ended September 30, 2021 and 2020 lease revenue disaggregated by primary revenue stream is as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
Lease revenue	**2021**	**2020**	**2021**	**2020**
Colocation (Minimum lease payments)	$ 236.4	$ 212.5	$ 681.5	$ 624.0
Metered power reimbursements (Variable lease payments)	62.5	44.6	188.6	116.5
Total lease revenue	$ 298.9	$ 257.1	$ 870.1	$ 740.5

For the three and nine months ended September 30, 2021 and 2020, revenue from contracts with customers disaggregated by primary revenue stream is as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
Revenue from contracts with customers	**2021**	**2020**	**2021**	**2020**
Equipment sales and services	$ 0.8	$ 0.6	$ 3.4	$ 10.0
Other revenue	4.4	5.1	13.8	14.6
Total revenue from contracts with customers	$ 5.2	$ 5.7	$ 17.2	$ 24.6

Other revenue related to contracts with customers in the table above includes managed services and other services revenue of $3.6 million and $11.4 million for the three and nine months ended September 30, 2021, respectively, and $4.0 million and $11.9 million for the three and nine months ended September 30, 2020, respectively.

Total revenues from contracts with customers generated from operations outside of the United States were insignificant for the three and nine months ended September 30, 2021 and $0.2 million and $4.4 million for the three and nine months ended September 30, 2020.

Accounts receivable associated with revenue from contracts with customers were $0.3 million and $2.3 million as of September 30, 2021 and December 31, 2020, 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.

ASC 842 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 January 1, 2019 (the effective date for ASC 842) 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 seven 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-nine 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. In addition, we lease 10 data centers and 3 offices supporting our sales and corporate activities under operating lease agreements. Our operating leases have remaining lease terms ranging from approximately one year to twenty-three 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Operating lease cost	$ 5.0	$ 5.1	$ 15.3	$ 15.0
Finance lease cost:				
Amortization of assets	0.4	0.7	1.5	1.5
Interest on lease liabilities	1.1	0.4	2.3	1.1
Total net lease cost	$ 6.5	$ 6.2	$ 19.1	$ 17.6

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

	September 30, 2021	December 31, 2020
Operating leases:		
Operating lease right-of-use assets	$ 148.5	$ 211.4
Operating lease liabilities	$ 183.9	$ 249.1
Finance leases:		
Property and equipment, at cost	$ 163.1	$ 34.7
Accumulated amortization	(8.6)	(7.1)
Property and equipment, net	$ 154.5	$ 27.6
Finance lease liabilities	$ 157.2	$ 29.1
Weighted average remaining lease term (in years):		
Operating leases	16.5	14.3
Finance leases[a]	27.5	18.2
Weighted average discount rate:		
Operating leases	4.0 %	3.7 %
Finance leases[a]	2.6 %	4.7 %

(a) Excludes a 999-year ground lease in Dublin, The Republic of Ireland entered into during the third quarter of 2019. The Dublin property is under active development and the finance lease is included in Construction in progress, including land under development on the Condensed Consolidated Balance Sheets.

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

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 18.2	$ 16.7
Operating cash flows from finance leases	2.3	1.1
Financing cash flows from finance leases	3.5	2.0
Non-cash right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	$ —	$ 56.9
Finance leases	$ 128.4	$ —

Maturities of lease liabilities were as follows as of September 30, 2021 (in millions):

	Operating Leases	Finance Leases
2021	$ 6.6	$ 2.0
2022	24.7	7.7
2023	20.8	6.6
2024	16.2	6.4
2025	14.4	6.5
2026	9.4	6.9
Thereafter	159.7	187.1
Total lease payments	$ 251.8	$ 223.2
Less: Imputed interest	(67.9)	(66.0)
Total lease obligations	$ 183.9	$ 157.2

Maturities of lease liabilities were as follows as of December 31, 2020 (in millions):

	Operating Leases	Finance Leases
2021	$ 27.8	$ 4.2
2022	27.9	3.0
2023	23.9	2.0
2024	19.4	1.4
2025	17.8	1.5
Thereafter	221.6	30.5
Total lease payments	$ 338.4	$ 42.6
Less: Imputed interest	(89.3)	(13.5)
Total lease obligations	$ 249.1	$ 29.1

6. Investment in Real Estate

Land for future development

During the nine months ended September 30, 2021, the Company purchased land for future development in Madrid, Spain; Amsterdam, The Netherlands; San Antonio, Texas and Frankfurt, Germany totaling 22 acres for $39.8 million. During the nine months ended September 30, 2020, the Company purchased land for future development in Frankfurt, Germany and London, United Kingdom totaling 35 acres for $58.7 million.

Leases of real estate

In February 2021, the Company entered into a 20-year lease comprising a 130,000 square feet building and commenced development of a 18 megawatt ("MW") data center in London, United Kingdom. We have three renewal options for 15 years each which were not reasonably certain at commencement and the lease was classified as an operating lease. In June 2021, the Company entered into lease amendments for the two data center leases located in London, United Kingdom to extend the lease terms. Per lease modification accounting rules under ASC 842, these leases were classified as finance leases on the modification effective date. Previously these leases were accounted as operating leases. The finance lease asset and liability are presented in Buildings and improvements and Finance lease liabilities in the Condensed Consolidated Balance sheets, respectively.

In March 2020, the Company entered into a 25-year lease comprising a 45,000 square feet building and commenced development of a 27 MW data center in Paris, France, which was preleased to a customer. We have one renewal option for 25 years which was not reasonably certain at commencement and the lease was classified as an operating lease.

Real estate related capital expenditures

Construction in progress was $729.8 million and $982.2 million, including land which was under active development of $12.9 million and $5.1 million as of September 30, 2021 and December 31, 2020, respectively.

For the nine months ended September 30, 2021, our capital expenditures were $580.2 million, and substantially all of our investing activity related to our development activities. Our capital expenditures for the nine months ended September 30, 2021 primarily related to the acquisition of land for future development and continued development in key markets, primarily in Northern Virginia, Phoenix, Frankfurt, Dublin, London, Somerset, Paris, San Antonio and Madrid.
For the nine months ended September 30, 2020, our capital expenditures were $692.2 million, primarily related to the continued development in key markets, primarily in Dublin, Iowa, Frankfurt, London, the New York Metro area, Northern Virginia, Phoenix, San Antonio, Santa Clara and Dallas. In addition, included in capital expenditures were land purchases of $58.7 million in Frankfurt and London for future development.

Real Estate Investments and Intangible Assets and Related Depreciation and Amortization

As of September 30, 2021 and December 31, 2020, major components of our real estate investments and intangibles and related accumulated depreciation and amortization are as follows (in millions):

As of:	September 30, 2021			December 31, 2020		
	Cost	Accumulated Depreciation and Amortization	Net book value	Cost	Accumulated Depreciation and Amortization	Net book value
Investment in real estate						
Building and improvements	$ 2,336.3	$ (714.1)	$ 1,622.2	$ 2,035.2	$ (639.4)	$ 1,395.8
Equipment	4,064.7	(1,366.3)	2,698.4	3,538.9	(1,128.5)	2,410.4
Intangible assets						
Customer relationships	$ 247.1	$ (171.4)	$ 75.7	$ 247.1	$ (163.1)	$ 84.0
In-place leases	138.6	(88.3)	50.3	140.4	(74.6)	65.8
Other contractual	19.5	(12.8)	6.7	19.6	(11.6)	8.0
Total intangible assets	$ 405.2	$ (272.5)	$ 132.7	$ 407.1	$ (249.3)	$ 157.8

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 $115.4 million and $335.8 million for the three and nine months ended September 30, 2021, respectively, and $99.7 million and $291.2 million for the three and nine months ended September 30, 2020, respectively.

Other contract intangible assets include tradenames, favorable leasehold interests and above market leases. Amortization expense related to intangibles was $12.1 million and $36.8 million for the three and nine months ended September 30, 2021, respectively, and $13.4 million and $39.7 million for the three and nine months ended September 30, 2020, 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**	**September 30, 2021**	**December 31, 2020**
GDS, Class A share equivalent	Fair value	$ —	$ 44.2
ODATA investments	Cost method	30.3	22.9
Equity investments		$ 30.3	$ 67.1

During January 2021, we disposed of our remaining investment of approximately 0.5 million GDS Holdings Limited ("GDS") American depositary shares ("ADSs") for net proceeds of approximately $46.6 million.

The Company recognized gains on marketable equity investment in GDS ADSs held and sold as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
IN MILLIONS	2021	2020	2021	2020
Net gain on marketable equity investments	$ —	$ 4.7	$ 2.4	$ 69.8
Less: Net gain recognized on marketable equity investments sold	—	0.6	2.4	12.4
Unrealized gain on marketable equity investments held	$ —	$ 4.1	$ —	$ 57.4

The gain on investment was recognized in the Condensed Consolidated Statements of Operations in Gain on marketable equity investment.

As of September 30, 2021 and December 31, 2020, the Company had a total investment of $30.3 million and $22.9 million, respectively, in four unconsolidated ventures in Brazil, Chile, Colombia and Mexico, with ODATA, a Brazilian headquartered company, specializing in providing colocation services to customers across multiple industries. In evaluating the appropriate accounting method for its ventures with ODATA, we considered our voting interests and ability to exercise significant influence over the operating and financial policies of each venture and concluded that the Company does not exercise significant influence and our investments are accounted at cost less impairment, if any. The Company made additional investments in ODATA of $0.3 million and $7.4 million during the three and nine months ended September 30, 2021, respectively. During the three and nine months ended September 30, 2020, the Company made investments totaling $1.8 million and $6.5 million in ODATA, respectively.

8. Other Assets

As of September 30, 2021 and December 31, 2020, the components of Other assets are as follows (in millions):

	September 30, 2021	December 31, 2020
Deferred leasing and other contract costs	$ 63.7	$ 62.4
Prepaid expenses	22.8	19.1
Non-real estate assets, net	9.9	13.8
Other assets	31.6	38.1
Total	**$ 128.0**	**$ 133.4**

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, other receivables, deferred tax assets, net of allowance and other deferred costs.

9. Debt

As of September 30, 2021 and December 31, 2020, the components of Debt are as follows (unless otherwise noted, interest rate and maturity date information are as of September 30, 2021) (in millions):

	September 30, 2021	December 31, 2020	Interest Rate	Maturity Date
Amended Credit Agreement:				
Revolving Credit Facility:				March 2024[b]
EUR Revolver	$ —	$ 275.9	Monthly EURIBOR + 1.00%	
GBP Revolver	—	157.0	Monthly LIBOR + 1.00%	
2023 Term Loan Facility[a]	100.0	100.0	Monthly LIBOR + 1.20%	March 2023[c]
2025 Term Loan Facility[a]	700.0	700.0	Monthly LIBOR + 1.20%	March 2025
2024 Notes, including bond discount of $0.6 million and $0.7 million, respectively	599.4	599.3	2.900 %	November 2024
2027 Notes, including bond discount of $0.6 million and $0.6 million, respectively[d]	578.9	612.6	1.450 %	January 2027
2028 Notes, including bond discount of $7.4 million[e]	572.1	—	1.125 %	May 2028
2029 Notes, including bond discount of $1.4 million and $1.6 million, respectively	598.6	598.4	3.450 %	November 2029
2030 Notes, including bond discount of $4.3 million and $4.7 million, respectively	395.7	395.3	2.150 %	November 2030
Deferred financing costs	(29.6)	(29.5)	—	—
Total	**$ 3,515.1**	**$ 3,409.0**		

(a) - Monthly USD LIBOR as of September 30, 2021 was 0.09%.
(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.
(e) - The 2028 Notes represent €489.2 million, including bond discount of €6.7 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.

The current administrator of LIBOR will cease to publish one-month EUR LIBOR and GBP LIBOR after December 31, 2021, and USD LIBOR after June 30, 2023. There is a risk that the LIBOR transition 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 the administrator of LIBOR were to continue publishing indefinitely. Also, the transition from LIBOR could impact or change our hedge accounting practices.

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 was $0.7 million and $2.1 million for the three and nine months ended September 30, 2021, respectively and $0.6 million and $2.4 million for the three and nine months ended September 30, 2020, respectively.

As of September 30, 2021, we had $100.0 million and $700.0 million outstanding under the 2023 Term Loan Facility and the 2025 Term Loan Facility, respectively, and additional borrowing capacity under the Amended Credit Agreement was approximately $1.4 billion, net of $8.4 million of outstanding letters of credit. We had no borrowings outstanding under the Revolving Credit Facility as of September 30, 2021.

Senior notes

Euro bonds

On May 26, 2021, CyrusOne Europe Finance DAC, a designated activity company organized under the laws of Ireland (the "Issuer"), and an indirect subsidiary of the Company and wholly owned by the Operating Partnership, closed its offering of €500.0 million aggregate principal amount of 1.125% senior notes due May 2028 (the “2028 Notes”). The Company received proceeds of €490.8 million, net of discount, underwriting costs and other deferred financing costs. The Company used the proceeds to repay floating rate Euro and GBP denominated obligations and fund continued development in Europe. The Notes were issued in a private offering exempt from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), to persons outside of the United States pursuant to Regulation S under the Securities Act. The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to United States persons (within the meaning of Regulation S under the Securities Act) absent registration or an applicable exemption from the registration requirements.

The 2028 Notes are senior unsecured obligations of the Issuer guaranteed by CyrusOne LP and CyrusOne Inc., which rank equally in right of payment with all existing and future unsecured senior indebtedness of the Issuer. The 2028 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 2028 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.

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 January 2027 (the “2027 Notes”). The Company received proceeds of €495.3 million, net of discount, 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 September 21, 2020, the Issuers completed a public offering of $400.0 million aggregate principal amount of 2.150% senior notes due November 2030 (the "2030 Notes"). The Company received proceeds of $392.6 million, net of discount, underwriting costs and other deferred financing costs. The Company used the proceeds to repay $300.0 million of the outstanding indebtedness under the Operating Partnership's 2023 Term Loan Facility, to repay the then outstanding balance of $20.0 million on the US Revolver balance under the Revolving Credit Facility and the remainder for general corporate purposes. In connection with the repayment of outstanding indebtedness of the senior unsecured term loans due March 2023, the Company recognized a loss on early extinguishment of debt of $3.1 million in the three months ended September 30, 2020.

On December 5, 2019, the Issuers completed a public offering of $600.0 million aggregate principal amount of 2.900% senior notes due November 2024 (the "2024 Notes") and $600.0 million aggregate principal amount of 3.450% senior notes due November 2029 (the “2029 Notes”). The Company received proceeds of $1,197.4 million, net of discounts, 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 (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 in the three months ended December 31, 2019.

The 2024 Notes, 2029 Notes and 2030 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, 2029 Notes and 2030 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, 2029 Notes and 2030 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 September 30, 2021, 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 September 30, 2021 and December 31, 2020, 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):

	September 30, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Debt:				
Variable Rate Debt:				
Revolving Credit Facility	$ —	$ —	$ 432.9	$ 432.9
2023 Term Loan Facility	100.0	100.0	100.0	100.0
2025 Term Loan Facility	700.0	700.0	700.0	700.0
Fixed Rate Debt:				
2024 Notes - 2.900%(1)	599.4	629.8	599.3	640.7
2027 Notes - 1.450%(1)	578.9	581.8	612.6	619.9
2028 Notes - 1.125%(1)	572.1	568.3	—	—
2029 Notes - 3.450%(1)	598.6	623.0	598.4	644.1
2030 Notes - 2.150%(1)	395.7	370.1	395.3	388.6
Derivative Contracts:				
Cross Currency Swaps Liability(2)	22.3	22.3	52.2	52.2
Interest Rate Swap Liability(2)	4.4	4.4	7.0	7.0
Equity Investments carried at Fair Value:				
GDS equity investment(3)	—	—	44.2	44.2

(1) - The fair value of notes are based on quoted market prices for these notes, which is considered Level 1 of the fair value hierarchy.
(2) - The fair values of our cross currency and interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash flows and the discounted expected variable cash flows based on an expectation of future interest rates derived from Level 2 observable market interest rate curves.
(3) - The fair value is based on quoted market prices for the GDS ADSs, 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 (loss) income ("OCI") in our Condensed Consolidated Statements of Comprehensive (Loss) Income 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 gains (losses), net in the Condensed Consolidated Statements of Operations.

The following table summarizes the Company's derivative positions as of September 30, 2021 and December 31, 2020, (in millions):

				September 30, 2021		December 31, 2020	
	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	$ —	$ 11.1	$ —	$ 26.0
EUR - USD	3/29/2023	250.0	Net investment hedge	—	11.2	—	26.2
Interest Rate Swaps							
USD Libor	3/29/2023	300.0	Interest rate hedge - Float to fixed	—	4.4	—	7.0
Total				$ —	$ 26.7	$ —	$ 59.2

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 September 30, 2021, 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 $22.3 million reported in Other liabilities. As of December 31, 2020, our cross-currency swaps were designated as net investment hedges with a fair value liability of $52.2 million reported in Other liabilities.

The Company recognized gains of $4.5 million for the nine months ended September 30, 2020 on undesignated cross-currency contracts which were recognized in Foreign currency and derivative gains (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 to hedge the risk of changes in cash flows attributable to USD-LIBOR interest payments. On September 21, 2020, the Company paid down $300.0 million of term loans under the 2023 Term Loan Facility. The $300.0 million floating-fixed interest rate swap remains in place and continues to provide an effective hedge of the risk of changes in cash flows attributable to USD-LIBOR term loans through March 2023. For the three and nine months ended September 30, 2021 and 2020, the Company recognized changes in fair value of the interest rate swap in OCI. As of September 30, 2021, the interest rate swap was a liability of $4.4 million reported in Other liabilities. As of December 31, 2020, the interest rate swap was a liability of $7.0 million reported in Other liabilities.

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.

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 September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Derivatives in Cash Flow Hedging Relationships				
Cross-Currency and Interest Rate Swaps:				
Amount of gain (loss) recognized in OCI for derivatives	$ 13.6	$ (20.9)	$ 32.5	$ (31.5)
Amount of gain (loss) reclassified from Accumulated OCI for derivatives [1]	$ (0.8)	$ (0.8)	$ (2.5)	$ (0.9)

(1) - Gains and (losses) are recognized in Interest expense, net.

During the next 12 months, we estimate that based on current prevailing interest rates that losses of approximately $3.3 million will be reclassified from "Accumulated OCI" to Net income.

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. During the second quarter of 2021, 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 "2021 ATM Stock Offering Program" and, together with the New 2018 ATM Stock Offering Program and 2020 ATM Stock Offering Program, the “ATM stock offering program”). The 2021 ATM Stock Offering Program replaced the 2020 ATM Stock Offering Program. The Company did not enter into any forward agreements under its ATM stock offering program for the three months ended September 30, 2021. During the three months ended September 30, 2020, the Company entered into forward agreements for 3.0 million common shares under its ATM stock offering program for estimated net proceeds of approximately $218.7 million, subject to adjustment for a floating interest rate factor and scheduled dividends.

During the nine months ended September 30, 2021, the Company settled forward agreements under its ATM stock offering program entered into in May 2020 and September 2020 totaling 5.7 million common shares at an average price of $69.91 for proceeds of $403.8 million, net of expenses. During the nine months ended September 30, 2020, the Company settled forward agreements under its ATM stock offering program totaling 5.0 million common shares at an average price of $63.61 for proceeds of $315.6 million, net of expenses. As of September 30, 2021, there was approximately $513.4 million under the 2021 ATM Stock Offering Program available for future offerings. At September 30, 2021, the Company had approximately 126.9 million shares of common stock outstanding.

Forward Sales

The Company currently expects to fully physically settle the remaining forward equity sale agreements by June 2022 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 and (ii) scheduled dividends during the terms of the agreements.

The following table represents a summary of forward sale of equity of our common stock for the nine months ended September 30, 2021 (in millions):

Offering Program	Forward Shares Sold/(Settled)	Net Proceeds Received	Remaining Proceeds Available[(1)]
Total at December 31, 2020	**6.8**	**$ —**	**$ 484.7**
Forward adjustments	—	—	(7.6)
May 2020 Forward Offering settlement	(1.4)	95.3	(95.3)
May 2020 Forward Offering settlement	(1.3)	95.5	(95.5)
May 2021 Forward Offering - Sales	0.3		22.5
June 2021 Forward Offering - Sales	1.6		116.7
June 2021 Forward Offering - Sales	1.1		91.0
September 2020 Forward Offering settlement	(1.4)	100.5	(100.5)
September 2020 Forward Offering settlement	(1.6)	112.5	(112.5)
Total at September 30, 2021	**4.1**	**$ 403.8**	**$ 303.5**

(1) As of September 30, 2021, the total estimated proceeds, net of adjustments for (i) a floating interest rate factor equal to a specified daily rate less a spread and (ii) scheduled dividends adjustments is $303.5 million subject to further adjustment when the forward offerings are settled as described above.

Dividends

During the nine months ended September 30, 2021 and 2020, regular dividends were paid to our stockholders of $1.54 and $1.51 per common share, respectively, totaling $187.9 million and $174.7 million, respectively. On October 27, 2021, the Company announced a cash dividend of $0.52 per common share payable on January 7, 2022, to stockholders of record at the close of business on January 3, 2022.

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, LTIP Units (as described below) 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 September 30, 2021 were approximately 4.2 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 and market-based vesting features.

(in millions of dollars, except per share)

The company began awarding LTIP Units as grants in February 2021. Pursuant to the LTIP plan, the Company may grant partnership common units in CyrusOne LP called LTIP Units. Vested LTIP Units may be redeemed by the Company in cash or CyrusOne common stock, at the discretion of the Company, on a one-for-one basis with common shares, subject to certain restrictions of the Second Amendment to the Amended and Restated Agreement of Limited Partnership of CyrusOne LP. Time-based LTIP Units receive distributions equally along with common shares. Market-based LTIP Units receive distribution equally along with common shares, however payments are deferred if and until vesting has lapsed, subject to de minimis distributions for federal tax purposes.

Restricted stock, restricted stock units and LTIP Units are issued as either time-based where the award vests over the service period of the grant or market-based where the fair value at the time of the award is recognized as expense over the service period. Vesting of market-based awards, if any, is based on achieving certain financial targets, currently based on total stockholder return ("TSR"). 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 market-based awards accrue dividends equivalents that are payable in cash upon the vesting, if any, of the awards.

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.

Total stock-based compensation expense was $8.5 million and $17.2 million for the three and nine months ended September 30, 2021, respectively, and $6.7 million and $13.7 million for the three and nine months ended September 30, 2020, respectively.

The following tables summarize the unvested restricted stock, restricted stock units, stock options and LTIP Units activity and the weighted average fair value of these shares at the date of grant for the nine months ended September 30, 2021 and 2020 (market-based awards are reflected at the target amount of the grant):

Restricted Stock ("RS")

	2021		2020	
	Restricted Stock	Weighted Average Grant Date Fair Value	Restricted Stock	Weighted Average Grant Date Fair Value
Outstanding January 1,	118,233	$ 74.12	16,681	$ 52.46
Granted	119,323	74.10	100,649	74.64
Exercised	(96,410)	74.61	(16,681)	52.46
Forfeited	(8,586)	72.44	—	—
Outstanding September 30,	132,560	$ 73.85	100,649	$ 74.64
Time-based RS outstanding	120,275	$ 71.53	100,649	$ 74.64
Market-based RS outstanding	12,285	$ 96.60	—	$ —

(in millions of dollars, except per share)

Restricted Stock Units ("RSUs")

	2021			2020		
	Restricted Stock Units		Weighted Average Grant Date Fair Value	Restricted Stock Units		Weighted Average Grant Date Fair Value
Outstanding January 1,	484,890	$	66.66	646,619	$	55.80
Granted	20,222		69.92	220,176		97.49
TSR and other adjustments[(a)]	106,628		92.67	164,071		91.32
Exercised	(387,815)		61.74	(371,186)		81.23
Forfeited	(34,823)		131.32	(155,466)		58.68
Outstanding September 30,	189,102	$	79.86	504,214	$	67.87
Time-based RSUs outstanding	115,316	$	61.96	230,951	$	60.32
Market-based RSUs outstanding	73,786	$	107.83	273,263	$	74.24

(a) TSR adjustments represent the incremental shares earned for the TSR performance metric exceeding target and resulting in 200% payout for the 2018 LTIP Performance Awards.

Stock Options

	2021			2020		
	Options		Weighted Average Exercise Price	Options		Weighted Average Exercise Price
Outstanding January 1,	97,801	$	30.87	375,086	$	31.64
Granted	—		—	—		—
Exercised	(95,196)		31.07	(277,285)		31.92
Forfeited	—		—	—		—
Outstanding September 30,	2,605	$	23.58	97,801	$	30.87
Time-based stock options outstanding	—	$	—	80,871	$	32.40
Market-based stock options outstanding	1,881	$	23.58	12,754	$	23.58
Performance-based stock options outstanding	724	$	23.58	4,176	$	23.58

LTIP Units

	2021			2020		
	LTIP Units		Weighted Average Grant Date Fair Value	LTIP Units		Weighted Average Grant Date Fair Value
Outstanding January 1,	—	$	—	—	$	—
Granted	149,061		83.15	—		—
Exercised	—		—	—		—
Forfeited	(52,331)		87.70	—		—
Outstanding September 30,	96,730	$	80.69	—	$	—
Time-based LTIP Units outstanding	47,291	$	65.62	—	$	—
Market-based LTIP Units outstanding	49,439	$	95.10	—	$	—

13. Income (Loss) per Share

Basic income 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 per share.

Diluted income 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.

For the three and nine months ended September 30, 2021, 4.2 million shares and 4.1 million shares, respectively, were excluded from the calculation of diluted net income per share because the effect was anti-dilutive. For the three and nine months ended

September 30, 2020, 5.5 million shares and 5.7 million shares, respectively, were excluded from the calculation of diluted net income per share because the effect was anti-dilutive.

The following table reflects the computation of basic and diluted Net income (loss) per share for the three and nine months ended September 30, 2021 and 2020:

IN MILLIONS, except per share amounts

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2021		2020		2021		2020	
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator:								
Net income (loss)	$ 6.7	$ 6.7	$ (37.3)	$ (37.3)	$ 32.3	$ 32.3	$ 22.4	$ 22.4
Less: Restricted stock dividends	(0.2)	(0.2)	(0.1)	(0.1)	(0.4)	(0.4)	(0.4)	(0.4)
Net income (loss) available to stockholders	$ 6.5	$ 6.5	$ (37.4)	$ (37.4)	$ 31.9	$ 31.9	$ 22.0	$ 22.0
Denominator:								
Weighted average common outstanding - basic	124.2	124.2	118.7	118.7	122.4	122.4	116.3	116.3
Performance-based restricted stock and units		—		—		0.1		0.4
Dilutive forward shares		0.1		—		—		—
Weighted average shares outstanding - diluted		124.3		118.7		122.5		116.7
EPS:								
Net income (loss) per share - basic	$ 0.05		$ (0.32)		$ 0.26		$ 0.19	
Effect of dilutive shares:								
Net income (loss) per share - diluted		$ 0.05		$ (0.32)		$ 0.26		$ 0.19

14. 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.

15. Commitments and Contingencies

Operating Leases

The Company leases certain data center facilities and equipment from third parties. Certain of these leases provide for renewal options with fixed rent escalations beyond the initial lease term.

Standby Letters of Credit

As of September 30, 2021, the Company had outstanding letters of credit of $8.4 million as security for obligations under the terms of its lessee agreements.

Performance Guarantees

Customer contracts generally require specified levels of performance related to uninterrupted service and cooling temperatures and delivery of data center spaces at specified dates. If these performance standards are not met, the Company could be obligated to issue billing credits to the customer. Management assesses the probability that a performance standard will not be achieved. We recognized contingent losses of $0.8 million and $0.3 million for performance guarantees for the nine months ended September 30, 2021 and 2020, respectively.

Purchase Commitments

The Company has entered into non-cancellable contracted commitments for construction of data center facilities and acquisition of equipment. As of September 30, 2021, these commitments were approximately $176.3 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 seven years and provide for payments for early termination or require minimum payments for the remaining term. As of September 30, 2021, the minimum commitments for these arrangements were approximately $214.8 million.

Indemnifications

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.

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.

Contingencies

CyrusOne is involved in legal, tax and regulatory proceedings arising from the conduct of its business activities. Liabilities are established for loss contingencies when losses associated with such claims are deemed to be probable, and the loss can be reasonably estimated. Based on information currently available and consultation with legal counsel, we believe that the outcome of all claims will not, individually or in the aggregate, have a material effect on our 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) indemnification and liability provisions as well as service level commitments in our contracts with customers imposing significant costs on us in the event of losses; (iv) economic downturn, natural disaster or oversupply of data centers in the limited geographic areas that we serve; (v) 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; (vi) weakening in the fundamentals for data center real estate, including but not limited to, increased competition, falling market rents, decreases in or slowed growth of global data, e-commerce and demand for outsourcing of data storage and cloud-based applications; (vii) loss of access to key third-party service providers and suppliers; (viii) risks of loss of power or cooling which may interrupt our services to our customers; (ix) inability to identify and complete acquisitions and operate acquired properties; (x) our failure to obtain necessary outside financing on favorable terms, or at all; (xi) restrictions in the instruments governing our indebtedness; (xii) risks related to environmental, social and governance matters; (xiii) unknown or contingent liabilities related to our acquisitions; (xiv) significant competition in our industry; (xv) recent turnover, or the further loss of, any of our key personnel; (xvi) risks associated with real estate assets and the industry; (xvii) 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"); (xviii) REIT distribution requirements could adversely affect our ability to execute our business plan; (xix) insufficient cash available for distribution to stockholders; (xx) future offerings of debt may adversely affect the market price of our common stock; (xxi) increases in market interest rates will increase our borrowing costs and may drive potential investors to seek higher dividend yields and reduce demand for our common stock; (xxii) market price and volume of stock could be volatile; (xxiii) risks related to regulatory changes impacting our customers and demand for colocation space in particular geographies; (xxiv) our international activities, including those conducted as a result of land acquisitions and with respect to leased land and buildings, are subject to special risks different from those faced by us in the United States; (xxv) the continuing uncertainty about the future relationship between the United Kingdom and the European Union following the United Kingdom's withdrawal from the European Union; (xxvi) expanded and widened price increases in certain selective materials for data center development capital expenditures due to international trade negotiations; (xxvii) a failure to comply with anti-corruption laws and regulations; (xxviii) legislative or other actions relating to taxes; (xxix) any significant security breach or cyber-attack on us or our key partners or customers; (xxx) the ongoing trade conflict between the United States and the People's Republic of China; (xxxi) increased operating costs and capital expenditures at our facilities, including those resulting from higher utilization by our customers, general market conditions and inflation, exceeding revenue growth; and (xxxii) 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, 2020, 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 real estate assets that protect and ensure the continued operation of information technology ("IT") infrastructure for approximately 929 customers in 57 data centers, including one data recovery center, in 17 markets (11 cities in the U.S.; London, U.K.; Singapore; Frankfurt, Germany; Amsterdam, The Netherlands; Dublin, The Republic of Ireland and Paris, France).

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, and our employees are continuing to operate our data centers. Our data center portfolio remains fully operational and we have experienced minimal disruptions in our business, including construction projects. 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 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 have not been significant in number or amount as of this filing. We continue to evaluate recent developments involving COVID-19 cases and monitor developments that impact our business and respond as we believe is warranted.

Our Portfolio

Our 57 data centers, including one recovery center, total 8.6 million Gross Square Feet ("GSF"), of which 84% of the Colocation Square Feet ("CSF") is leased and has 971 megawatts ("MW") of power capacity. This includes 13 buildings where we lease such facilities comprising approximately 11% of our total GSF as of September 30, 2021. 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 or are less than 85% leased) with approximately 400,090 GSF and 34% of the CSF is leased with capacity of 43 MW of power.

In addition, we continue to invest primarily in global digital gateway markets and have properties under development comprising approximately 0.8 million GSF and 49 MW of power capacity. The estimated remaining total costs to develop these properties is projected to be between $326.0 million and $390.0 million. The final costs to develop are likely to change depending on several factors including the customer capital improvements required based on the future lease contracts executed on such properties. We also have 508 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 nine months ended September 30, 2021 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, 2020 and in this Form 10-Q.

Outlook

We seek to maximize the growth of long-term earnings and shareholder value primarily through increasing cash flow at existing properties and developing high-quality data center assets and campuses at attractive 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.

Fundamental secular trends for data center real estate have remained strong, including the exponential growth in global data, the growth of e-commerce and demand for outsourcing of data storage and cloud-based applications. Large cloud-based demand, in particular, is strong in the U.S. and Europe. The favorable trends have attracted new capital funding for multiple data center platforms, including both public and private companies, leading to significant increases in supply in most major markets in which we operate. While demand remains robust, the supply outlook has led to pricing pressure, particularly with large hyperscale customers that are driving an increase in demand, which we expect to continue in 2021.

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

We may, from time to time, selectively dispose of non-strategic assets to recycle capital and enhance long-term growth in earnings and cash flows, as well as to improve the overall quality of our portfolio.

Our access to the investment grade debt capital markets is critical to managing our business. We recently completed senior debt issuances in 2021 and 2020 along with the amendment of our credit facility in 2020 at favorable terms 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 developments and acquisition, 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. and European economies where we operate have experienced low inflation over the last several years, and as a result, inflation has not had a significant impact on our business over this period. We continue to monitor our supply chain costs, as increases in inflation may adversely impact our business. However, the availability of equipment and materials that support the development and construction of our data centers has begun to experience constraints on supplies resulting in increased lead times and is leading to moderate increases in prices on equipment. Through our supplier networks we have contracted at fixed prices for supply of our near-term equipment needs, but continued supply chain constraints may over time result in increased costs of our construction projects. In addition, our business may be adversely impacted by inflation as 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. Most of our leases have contractual rent escalations, typically ranging from 1-3% per annum; in addition most of our revenue from colocation contracts is structured to pass-through the cost of sub-metered utilities. In the future, we expect more of our leases to be structured to pass-through utility costs. In addition, approximately 71% of our leases, based on annualized rent, expire within six years and we will be looking to replace existing leases with new leases at then existing market rates.

Summary of Significant Transactions and Activities for the Nine Months Ended September 30, 2021 and 2020

Real Estate Acquisitions, Development and Other Activities

During the nine months ended September 30, 2021, the Company purchased approximately 22 acres of land for future development in Madrid, Spain; Amsterdam, The Netherlands; San Antonio, Texas and Frankfurt, Germany for a cost totaling $39.8 million.

In June 2021, the Company entered into lease amendments for the two data center leases located in London, United Kingdom to extend the lease terms. Per lease modification accounting rules under ASC 842, these leases were classified as finance leases on the modification effective date. Previously these leases were accounted as operating leases. The finance lease asset and liability are presented in Buildings and improvements and Finance lease liabilities in the Condensed Consolidated Balance sheets, respectively.

In March 2020, the Company entered into a 25-year lease comprising a 45,000 square feet building and commenced development of a 27 MW data center in Paris, France which was preleased to a customer.

During the nine months ended September 30, 2021, cash capital expenditures were $580.2 million, of which $566.5 million related to the development and construction of data centers. We continue to make 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 during the nine months ended September 30, 2021 primarily related to development in key markets, primarily in Northern Virginia, Phoenix, Frankfurt, Dublin, London, Somerset, Paris, San Antonio and Madrid.

Capital and Financing Activity

Financing Activity

Credit Facilities

As of September 30, 2021, we had $800.0 million outstanding under the Amended Credit Agreement (as defined below) and $2,744.7 million of senior notes. For more information, see Note 9, Debt.

On March 31, 2020, CyrusOne LP, a Maryland limited partnership (the “Operating Partnership”), and subsidiary of the Company, 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 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.

Senior debt

On May 26, 2021, CyrusOne Europe Finance DAC closed an offering of €500.0 million aggregate principal amount of 1.125% senior notes due May 2028 (the “2028 Notes”).

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

Capital Activity

During the nine months ended September 30, 2021, the Company settled forward agreements entered into in May 2020 and September 2020 totaling 5.7 million common shares at an average price of $69.91 for proceeds of $403.8 million, net of expenses.

During the second quarter of 2021, 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 "2021 ATM Stock Offering Program"). The 2021 ATM Stock Offering Program replaced a prior program. During the three months ended September 30, 2021, the Company did not enter into any forward agreements. During the three months ended September 30, 2020, the Company entered into forward agreements for 3.0 million common shares for estimated net proceeds of approximately $218.7 million, subject to adjustment for a floating interest rate factor and scheduled dividends.

The Company currently expects to fully physically settle the remaining forward equity sale agreements by June 2022 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 and (ii) scheduled dividends during the terms of the agreements.

As of September 30, 2021, there was $513.4 million under the 2021 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 September 30, 2021 and December 31, 2020 was approximately $105.9 million and $101.0 million, respectively. During the nine months ended September 30, 2021, one customer represented 19% of our revenue. We expect 23% of our backlog lease contracts to commence in the fourth quarter of 2021, 45% in 2022 and 32% in 2023 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 Nine Months Ended September 30, 2021, Compared to Three and Nine Months Ended September 30, 2020:

IN MILLIONS, except share and per share data

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2021	**2020**	**$ Change**	**% Change**	**2021**	**2020**	**$ Change**	**% Change**
Revenue:								
Colocation rent	$ 236.4	$ 212.5	$ 23.9	11.2 %	$ 681.5	$ 624.0	$ 57.5	9.2 %
Metered power reimbursements	62.5	44.6	17.9	40.1 %	188.6	116.5	72.1	61.9 %
Equipment sales	0.8	0.6	0.2	33.3 %	3.4	10.0	(6.6)	(66.0)%
Other revenue	4.4	5.1	(0.7)	(13.7)%	13.8	14.6	(0.8)	(5.5)%
Total revenue	304.1	262.8	41.3	15.7 %	887.3	765.1	122.2	16.0 %
Operating expenses:								
Property operating expenses	133.4	109.7	23.7	21.6 %	391.0	301.3	89.7	29.8 %
Sales and marketing	3.6	4.5	(0.9)	(20.0)%	11.1	13.0	(1.9)	(14.6)%
General and administrative	30.8	29.7	1.1	3.7 %	70.4	76.9	(6.5)	(8.5)%
Depreciation and amortization	127.5	113.1	14.4	12.7 %	372.6	330.9	41.7	12.6 %
Transaction, acquisition, integration and other related expenses	0.2	1.6	(1.4)	(87.5)%	0.4	2.2	(1.8)	(81.8)%
Impairment losses and loss on asset disposals	0.1	8.8	(8.7)	(98.9)%	0.7	11.1	(10.4)	(93.7)%
Total operating expenses	295.6	267.4	28.2	10.5 %	846.2	735.4	110.8	15.1 %
Operating income (loss)	8.5	(4.6)	13.1	n/m	41.1	29.7	11.4	38.4 %
Interest expense, net	(17.3)	(13.3)	(4.0)	30.1 %	(47.2)	(43.2)	(4.0)	9.3 %
Gain on marketable equity investment	—	4.7	(4.7)	(100.0)%	2.4	69.8	(67.4)	(96.6)%
Loss on early extinguishment of debt	—	(3.1)	3.1	(100.0)%	—	(6.5)	6.5	(100.0)%
Foreign currency and derivative gains (losses), net	14.4	(22.9)	37.3	n/m	31.2	(31.7)	62.9	n/m
Other expense (income)	0.1	—	0.1	n/m	(0.1)	—	(0.1)	n/m
Net income (loss) before income taxes	5.7	(39.2)	44.9	(114.5)%	27.4	18.1	9.3	51.4 %
Income tax benefit	1.0	1.9	(0.9)	(47.4)%	4.9	4.3	0.6	n/m
Net income (loss)	$ 6.7	$ (37.3)	$ 44.0	n/m	$ 32.3	$ 22.4	$ 9.9	44.2 %
Operating gross margin	2.8 %	(1.8)%		n/m	4.6 %	3.9 %		17.9 %
Capital expenditures:[1]								
Investment in real estate	$ 211.3	$ 231.1	$ (19.8)	(8.6)%	$ 566.5	$ 679.2	$ (112.7)	(16.6)%
Recurring capital expenditures	7.2	3.1	4.1	132.3 %	13.7	13.0	0.7	5.4 %
Total	$ 218.5	$ 234.2	$ (15.7)	(6.7)%	$ 580.2	$ 692.2	$ (112.0)	(16.2)%
Metrics information:								
CSF[2]	5,049,810	4,471,413	578,397	12.9 %	5,049,810	4,471,413	578,397	12.9 %
Leased rate[3]	84 %	84 %	— %	—	84 %	84 %	— %	n/m

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

(2) 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.

(3) 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 September 30, 2021 as compared to the three months ended September 30, 2020.

Operations

As of September 30, 2021, we had approximately 929 customers, many of which have leases at multiple locations. Our recurring revenues consist of rental revenue for colocation space and metered power reimbursements based upon customers with leases, and our nonrecurring revenues consist of equipment sales and installation services based on contracts with customers. We provide customers with data center services pursuant to leases with initial terms ranging from three to ten years. As of September 30, 2021, the weighted average remaining term was 3.8 years based upon annualized rent. Lease expirations through 2023, excluding month-to-month leases, represent 29% of our total GSF, or 38% of our aggregate annualized rent as of September 30, 2021. 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 September 30, 2021, 2% of our GSF was subject to month-to-month leases.

Revenue

For the three months ended September 30, 2021, revenue was $304.1 million, an increase of $41.3 million, or 15.7% compared to $262.8 million for the three months ended September 30, 2020. Revenue increased $1.4 million for the three months ended September 30, 2021 compared to the same period in 2020 due to favorable currency translation. 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 0.5% for the three months ended September 30, 2021 decreased by 0.1% as compared to the 0.6% for the three months ended September 30, 2020. 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 13% at September 30, 2021 as compared to September 30, 2020. Leased CSF as of September 30, 2021 and 2020 were both 84%. CSF Occupied as of September 30, 2021 and 2020 were both 83%.

The revenue increase of $41.3 million for the three months ended September 30, 2021, as compared to the three months ended September 30, 2020 is primarily due to the following:

- $23.3 million increase in colocation rent, primarily due to a $33.8 million increase for new leasing at completed developments at U.S. and European properties, partially offset by $10.5 million of rent churn related to expired leases;
- $17.9 million increase in metered power reimbursements primarily due to new leasing and higher usage; and
- $0.8 million increase in interconnection revenue; partially offset by
- $0.5 million decrease in equipment sales and associated installation services with one significant customer during the three months ended September 30, 2020; and
- $0.2 million of lower termination fees and other revenue.

Operating Expenses

Property operating expenses

For the three months ended September 30, 2021, Property operating expenses were $133.4 million, an increase of $23.7 million, or 21.6%, compared to $109.7 million for the three months ended September 30, 2020, primarily due to the following:

- $23.9 million increase in property operating expenses primarily due to increases in electricity, repair and maintenance, personnel costs, contract services, rent and taxes and insurance related to the expansion at existing properties and newly developed properties placed in service in the U.S. and Europe; partially offset by
- $0.2 million decrease in equipment cost of sales due to lower equipment sales volume associated with one significant customer during the current quarter.

Sales and marketing expenses

For the three months ended September 30, 2021, Sales and marketing expenses were $3.6 million, a decrease of $0.9 million, or 20.0%, compared to $4.5 million for the three months ended September 30, 2020 primarily due to lower personnel costs as a result of changes in the organizational structure, decline in events and travel expenses as company travel has been restricted since March 2020 as a result of the pandemic, lower advertising and lower professional and consulting fees.

General and administrative expenses

For the three months ended September 30, 2021, General and administrative expenses were $30.8 million, an increase of $1.1 million, or 3.7%, compared to $29.7 million for the three months ending September 30, 2020, primarily due to the following:

- $1.2 million increase in legal fees primarily due to customer lease contract negotiations and contract services;
- $0.7 million increase in other general and administrative expenses; and
- $0.4 million increase in rent and facilities costs; partially offset by
- $0.7 million decrease in employee related and stock compensation expense primarily due to forfeitures and a decrease in payroll taxes; and
- $0.5 million decrease in license fees and support for information systems.

Depreciation and amortization expense

For the three months ended September 30, 2021, Depreciation and amortization expense was $127.5 million, an increase of $14.4 million, or 12.7%, compared to $113.1 million for the three months ending September 30, 2020. This increase was primarily driven by asset additions that were placed in service after the third quarter of 2020. Since September 30, 2020, approximately $1,182.0 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.

Non-Operating Income and Expenses

Interest expense, net

For the three months ended September 30, 2021, Interest expense, net was $17.3 million, an increase of $4.0 million, or 30.1%, as compared to $13.3 million for the three months ending September 30, 2020, primarily due to the following:

- $2.4 million increase primarily due to a $365.6 million increase in average debt outstanding;
- $1.5 million increase due to lower capitalized interest as a result of the Company's lower overall average interest rate; and
- $0.1 million increase related to cash settlements on cross currency and interest rate swaps.

We anticipate drawing on our Revolving Credit Facility to fund, in part, our capital requirements for investments in data centers and other capital expenditures, accordingly, we anticipate our interest expense to increase in future periods.

Gain on marketable equity investment

For the three months ended September 30, 2020, the Gain on our marketable equity investment in GDS Holdings Limited ("GDS") was $4.7 million. See Note 7, Equity Investments, for information related to our accounting for our equity investment in GDS.

Foreign currency and derivative gains (losses), net

Foreign currency and derivative gains (losses), net were a gain of $14.4 million and a loss of $22.9 million for the three months ended September 30, 2021 and September 30, 2020, respectively, as a result of the translation adjustment on our undesignated EURO denominated borrowings.

The nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020.

Revenue

For the nine months ended September 30, 2021, revenue was $887.3 million, an increase of $122.2 million, or 16.0% compared to $765.1 million for the nine months ended September 30, 2020. Revenue increased $8.8 million for the nine months ended September 30, 2021 compared to the same period in 2020 due to favorable currency translation. 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 3.1% for the nine months ended September 30, 2021 increased by 0.4% as compared to the 2.7% for the nine months ended September 30, 2020.

The revenue increase of $122.2 million for the nine months ended September 30, 2021, as compared to the nine months ended September 30, 2020 is primarily due to the following:

- $72.1 million increase in metered power reimbursements primarily due to a $27.8 million increase from Winter Storm Uri in Texas and $44.3 million due to new leasing and higher usage;
- $56.7 million increase in colocation rent, primarily due to a $85.6 million increase for new leasing at completed developments at U.S. and European properties, partially offset by $28.9 million of rent churn related to expired leases; and
- $3.3 million increase in interconnection revenue; partially offset by
- $7.4 million decrease in equipment sales and associated installation services with one significant customer during the nine months ended September 30, 2020; and
- $2.5 million of lower termination fees and Other revenue.

Operating Expenses

Property operating expenses

For the nine months ended September 30, 2021, Property operating expenses were $391.0 million, an increase of $89.7 million, or 29.8%, compared to $301.3 million for the nine months ended September 30, 2020, primarily due to the following:

- $96.5 million increase in property operating expenses primarily due to:
  - $77.3 million increase in electricity due to $31.9 million increase from Winter Storm Uri in Texas and $45.4 million increase related to expansion at existing properties and newly developed properties placed in service in the U.S. and Europe; and
  - $19.2 million increase in property operating expenses primarily due to increases in repair and maintenance, personnel costs, contract services, rent and taxes and insurance related to expansion at existing properties and newly developed properties placed in service in the U.S. and Europe; partially offset by
- $6.8 million decrease in equipment cost of sales due to lower equipment sales volume associated with one significant customer during the current period.

Sales and marketing expenses

For the nine months ended September 30, 2021, Sales and marketing expenses were $11.1 million, a decrease of $1.9 million, or 14.6%, compared to $13.0 million for the nine months ended September 30, 2020, primarily due to lower personnel costs as a result of changes in the organizational structure, decline in events and travel expenses as company travel has been restricted since March 2020 as a result of the pandemic, lower advertising and lower professional and consulting fees.

General and administrative expenses

For the nine months ended September 30, 2021, General and administrative expenses were $70.4 million, a decrease of $6.5 million, or 8.5%, compared to $76.9 million for the nine months ending September 30, 2020, primarily due to the following:

- $7.2 million decrease in personnel costs including severance due to the departure of our Chief Executive Officer in the prior year period and a general reduction in force;
- $0.6 million decrease in license fees and support for information systems; and
- $0.2 million decrease in legal fees primarily due to the receipt of proceeds from the resolution of certain litigation; partially offset by
- $1.0 million increase in rent and facilities costs; and
- $0.5 million increase in other general and administrative expenses.

Depreciation and amortization expense

For the nine months ended September 30, 2021, Depreciation and amortization expense was $372.6 million, an increase of $41.7 million, or 12.6%, compared to $330.9 million for the nine months ending September 30, 2020. This increase was primarily driven by asset additions that were placed in service after the third quarter of 2020. Since September 30, 2020, approximately $1,182.0 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.

Non-Operating Income and Expenses

Interest expense, net

For the nine months ended September 30, 2021 and September 30, 2020, Interest expense, net was $47.2 million, an increase of $4.0 million, or 9.3%, as compared to $43.2 million for the three months ending September 30, 2020, primarily due to the following:

- $4.0 million increase related to cash settlements on cross currency and interest rate swaps; and
- $2.6 million increase due to lower capitalized interest as a result of the Company's lower overall average interest rate; partially offset by
- $2.2 million decrease due to the repayment of a portion of the Amended Credit Agreement which decreased interest expense by $13.0 million, partially offset by a $373.6 million increase in average debt outstanding which increased interest expense by $10.8 million; and
- $0.4 million decrease related to an increase in interest income primarily due to interest on a sales tax refund.

We anticipate drawing on our Revolving Credit Facility to fund, in part, our capital requirements for investments in data centers and other capital expenditures, accordingly, we anticipate our interest expense to increase in future periods.

Gain on marketable equity investment

For the nine months ended September 30, 2021, the Gain on our marketable equity investment in GDS was $2.4 million, a decrease of $67.4 million, compared to $69.8 million for the nine months ended September 30, 2020. The decrease was primarily the result of our disposition of our remaining investment in GDS in January 2021. 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 nine months ended September 30, 2020, Loss on early extinguishment of debt was $6.5 million, primarily due to repayment of borrowings under the $3.0 Billion Credit Facility and the repayment of $300.0 million of the 2023 Term Loan under the Amended Credit Agreement.

Foreign currency and derivative gains (losses), net

For the nine months ended September 30, 2021, Foreign currency and derivative gains (losses), net were a $31.2 million gain as a result of the translation adjustment on our undesignated EURO denominated borrowings. For the nine months ended September 30, 2020, Foreign currency and derivative gains (losses), net were a $31.7 million loss which was primarily the result of gains from the settlement of our Euro/USD cross-currency swap that were not designated as hedges and changes in the fair value were immediately recognized in earnings.

Significant Balance Sheet Fluctuations

The table below relates to significant fluctuations in certain line items of our Condensed Consolidated Balance Sheets from December 31, 2020 to September 30, 2021 (in millions):

	September 30, 2021	December 31, 2020	Difference
Total investment in real estate, net	$ 5,555.0	$ 5,265.5	$ 289.5
Equity investments	30.3	67.1	(36.8)
Revolving Credit Facility	—	432.9	(432.9)
Additional paid in capital	3,952.7	3,537.3	415.4

The increase in Total investment in real estate, net was primarily due to the development of data centers in Northern Virginia, Phoenix, Frankfurt, Dublin, London, Somerset, Paris, San Antonio and Madrid. In addition there were land purchases for future development were made in Madrid, Spain and Amsterdam, The Netherlands.

The decrease in Equity investments was due to the disposition of our investment in GDS in January 2021.

The decrease in borrowing under the Revolving Credit Facility was primarily due to the proceeds from the 2028 Notes being used to pay down the EUR Revolver and a portion of the proceeds from the settlement of the forward sales agreement being used to pay down borrowings on the GBP Revolver under the Revolving Credit Facility.

The increase in Additional paid in capital was primarily due to proceeds from the settlement of forward sales of the Company's common stock pursuant to the 2021 ATM Stock Offering Program and the prior program.

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 loss on asset disposals. 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 on marketable equity investment; Foreign currency and derivative (gains) losses, net; Amortization of tradenames; Transaction, acquisition, integration and other related expenses; Cash severance and management transition costs; Severance-related stock compensation costs; and Legal claim costs. 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 (loss) 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 pay dividends or 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 nine months ended September 30, 2021 and 2020 (amounts in millions):

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2021	2020	$	%	2021	2020	$	%
Net income (loss)	**$ 6.7**	**$ (37.3)**	**$ 44.0**	(118.0)%	**$ 32.3**	**$ 22.4**	**$ 9.9**	44.2 %
Real estate depreciation and amortization	125.5	110.7	14.8	13.4 %	366.0	324.0	42.0	13.0 %
Impairment losses and loss on asset disposals	0.1	8.8	(8.7)	(98.9)%	0.7	11.1	(10.4)	(93.7)%
Funds from Operations ("FFO") - NAREIT defined	**$ 132.3**	**$ 82.2**	**$ 50.1**	60.9 %	**$ 399.0**	**$ 357.5**	**$ 41.5**	11.6 %
Loss on early extinguishment of debt	—	3.1	(3.1)	(100.0)%	—	6.5	(6.5)	(100.0)%
Gain on marketable equity investment	—	(4.7)	4.7	(100.0)%	(2.4)	(69.8)	67.4	(96.6)%
Foreign currency and derivative (gains) losses, net	(14.4)	22.9	(37.3)	n/m	(31.2)	31.7	(62.9)	n/m
Amortization of tradenames	0.2	0.2	—	n/m	0.8	0.8	—	n/m
Transaction, acquisition, integration and other related expenses	0.2	1.6	(1.4)	(87.5)%	0.4	2.2	(1.8)	(81.8)%
Cash severance and management transition costs	4.4	6.4	(2.0)	(31.3)%	4.3	13.2	(8.9)	(67.4)%
Severance-related stock compensation costs	4.5	2.6	1.9	73.1 %	4.5	2.7	1.8	66.7 %
Legal claim costs	—	0.1	(0.1)	(100.0)%	(4.9)	0.3	(5.2)	n/m
Normalized Funds from Operations ("Normalized FFO")	**$ 127.2**	**$ 114.4**	**$ 12.8**	11.2 %	**$ 370.5**	**$ 345.1**	**$ 25.4**	7.4 %

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 on marketable equity investment, Loss on early extinguishment of debt, Impairment losses and loss on asset disposals, Foreign currency and derivative (gains) losses, net, Other (expense) income and Income tax benefit. 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 (loss) 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 pay dividends and 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 nine months ended September 30, 2021 and 2020 (amounts in millions):

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2021	2020	$	%	2021	2020	$	%
Net income (loss)	$ 6.7	$ (37.3)	$ 44.0	n/m	$ 32.3	$ 22.4	$ 9.9	44.2 %
Sales and marketing expenses	3.6	4.5	(0.9)	(20.0)%	11.1	13.0	(1.9)	(14.6)%
General and administrative expenses	30.8	29.7	1.1	3.7 %	70.4	76.9	(6.5)	(8.5)%
Depreciation and amortization expenses	127.5	113.1	14.4	12.7 %	372.6	330.9	41.7	12.6 %
Transaction, acquisition, integration and other related expenses	0.2	1.6	(1.4)	(87.5)%	0.4	2.2	(1.8)	(81.8)%
Interest expense, net	17.3	13.3	4.0	30.1 %	47.2	43.2	4.0	9.3 %
Gain on marketable equity investment	—	(4.7)	4.7	(100.0)%	(2.4)	(69.8)	67.4	(96.6)%
Loss on early extinguishment of debt	—	3.1	(3.1)	(100.0)	—	6.5	(6.5)	(100.0)%
Impairment losses and loss on asset disposals	0.1	8.8	(8.7)	(98.9)	0.7	11.1	(10.4)	(93.7)%
Foreign currency and derivative (gains) losses, net	(14.4)	22.9	(37.3)	n/m	(31.2)	31.7	(62.9)	n/m
Other (expense) income	(0.1)	—	(0.1)	n/m	0.1	—	0.1	n/m
Income tax benefit	(1.0)	(1.9)	0.9	(47.4)%	(4.9)	(4.3)	(0.6)	14.0 %
Net Operating Income	$ 170.7	$ 153.1	$ 17.6	11.5 %	$ 496.3	$ 463.8	$ 32.5	7.0 %

Financial Condition, Liquidity and Capital Resources

Liquidity and Capital Resources

We are required to distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains, to our stockholders on an annual basis in order to maintain our status as a REIT for federal income tax purposes. Accordingly, we intend to make, but are not contractually bound to make, regular quarterly distributions to common stockholders from cash flows from operating activities. All such distributions are at the discretion of our board of directors.

We have an effective shelf registration statement that allows us to offer for sale unspecified amounts of various classes of equity and debt securities and warrants. As circumstances arise, we may issue debt, equity and/or warrants from time to time on an opportunistic basis, dependent upon market conditions and available pricing.

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 three and nine months ended September 30, 2021 was not significant, we have incurred additional general and administrative and maintenance costs to operate our data centers and offices. We expect these costs will continue in the future, however, the extent to which these costs continue or increase 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 nine months ended September 30, 2021, the impact of the pandemic on rent concessions and collections of rent was not significant.

As previously discussed, metered power reimbursements increased $72.1 million for the nine months ended September 30, 2021, as compared to the corresponding period in 2020, primarily due to a $27.8 million increase from Winter Storm Uri in Texas. Certain customers have received billings with significant increases, which may impact their ability to pay and if they are unable to pay, it could negatively affect our net cash provided by operating activities. As of September 30, 2021, we collected 91% of power billings associated with Winter Storm Uri.

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 flows from operations, cash balances, availability under our Revolving Credit Facility and settlement of the ATM forward equity sale agreements. For the nine months ended September 30, 2021, our cash provided by operating activities was $389.4 million which was $201.5 million more than dividends paid during the nine months ended September 30, 2021 of $187.9 million.

Available capacity under the Amended Credit Agreement as of September 30, 2021 was $1,391.6 million related to the Revolving Credit Facility. Total liquidity as of September 30, 2021 was approximately $2,151.5 million, which included the $1,391.6 million available under the Revolving Credit Facility, cash and cash equivalents of $456.4 million and the pro forma impact of the settlement of the forward sale agreements of $303.5 million. At September 30, 2021, we had no borrowings under the Revolving Credit Facility. At September 30, 2020, we had borrowings of $250.1 million under the Revolving Credit Facility.

In May 2021, CyrusOne Europe Finance DAC closed its offering of €500.0 million aggregate principal amount of 1.125% senior notes due May 2028.

In January 2020, CyrusOne LP and CyrusOne Finance Corp. closed their offering of €500.0 million aggregate principal amount of 1.450% senior notes due January 2027. In September 2020, CyrusOne LP and CyrusOne Finance Corp. closed their offering of $400.0 million aggregate principal amount of 2.150% senior notes due November 2030.

During the three months ended September 30, 2021, the Company did not enter into any forward agreements. During the three months ended September 30, 2020, the Company entered into forward agreements for 3.0 million common shares for estimated net proceeds of approximately $218.7 million, subject to adjustment for a floating interest rate factor and scheduled dividends.

During the nine months ended September 30, 2021, the Company settled forward agreements entered into in May 2020 and September 2020 totaling 5.7 million common shares at an average price of $69.91 for proceeds of $403.8 million, net of expenses. In addition, during the nine months ended September 30, 2020, the Company settled forward agreements totaling 5.0 million common shares at an average price of $63.61 for proceeds of $315.6 million, net of expenses. As of September 30, 2021, there was approximately $513.4 million under the 2021 ATM Stock Offering Program available for future offerings. At September 30, 2021, the Company had approximately 126.9 million shares of common stock outstanding compared to approximately 120.4 million shares of common stock outstanding at the end of September 30, 2020.

The Company currently expects to fully physically settle the remaining forward equity sale agreements by June 2022 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 and (ii) scheduled dividends during the terms of the agreements.

The following table represents a summary of forward sale of equity of our common stock for the nine months ended September 30, 2021 (in millions):

Offering Program	**Forward Shares Sold/(Settled)**	**Net Proceeds Received**	**Remaining Proceeds Available[(1)]**
Total at December 31, 2020	**6.8**	**$ —**	**$ 484.7**
Forward adjustments	—	—	(7.6)
May 2020 Forward Offering settlement	(1.4)	95.3	(95.3)
May 2020 Forward Offering settlement	(1.3)	95.5	(95.5)
May 2021 Forward Offering - Sales	0.3		22.5
June 2021 Forward Offering - Sales	1.6		116.7
June 2021 Forward Offering - Sales	1.1		91.0
September 2020 Forward Offering settlement	(1.4)	100.5	(100.5)
September 2020 Forward Offering settlement	(1.6)	112.5	(112.5)
Total at September 30, 2021	**4.1**	**$ 403.8**	**$ 303.5**

(1) As of September 30, 2021, the total estimated proceeds, net of adjustments for (i) a floating interest rate factor equal to a specified daily rate less a spread and (ii) scheduled dividends adjustments is $303.5 million subject to further adjustment when the forward offerings are settled as described above.

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 nine months ended September 30, 2021, our cash capital expenditures were $580.2 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 2021 to be between $900.0 million and $950.0 million. We expect to meet our long-term liquidity requirements, including development and 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 September 30, 2021, all of our outstanding debt matures from March 2023 to November 2030, with a weighted average of 5.7 years to maturity. We expect to refinance these debts at or before their maturities. Our interest rate mix was 86% fixed and 14% floating.

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

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 September 30, 2021, our aggregate commitments under these contracts is approximately $214.8 million.

Cash Flows

Comparison of Nine Months Ended September 30, 2021 and September 30, 2020

Net cash provided by operating activities for the nine months ended September 30, 2021 increased $47.5 million to $389.4 million compared to $341.9 million for the nine months ended September 30, 2020 due to the following:

- Increases in net cash provided by operating activities of $57.3 million primarily due to the following:
    - $32.5 million increase due to an approximately $122.2 million increase in revenue offset in part by a $89.7 million increase in property operating expenses;
    - $14.9 million decrease in severance and bonus payments; and
    - $9.9 million increase in other cash inflows over the corresponding prior year period; partially offset by
- Decreases in net cash used in operating activities of $9.8 million primarily due to the following:

- $9.6 million decrease primarily due to an increase in interest payments due to interest on the 2027 Notes; and
- $0.2 million decrease due to other cash outflows.

Net cash used in investing activities for the nine months ended September 30, 2021 decreased $130.0 million to $536.6 million compared to $666.6 million for the nine months ended September 30, 2020 primarily due to reduced capital expenditures for investments in real estate in 2021 compared to 2020, partially offset by an increase in proceeds from the sale of our GDS ADSs.

Investments in real estate

For the nine months ended September 30, 2021, our capital expenditures of $580.2 million primarily related to the acquisition of land for future development and continued development in key markets, primarily in Northern Virginia, Phoenix, Frankfurt, Dublin, London, Somerset, Paris, San Antonio and Madrid.

For the nine months ended September 30, 2020, our capital expenditures were $692.2 million, primarily related to the continued development in key markets, primarily in Dublin, Iowa, Frankfurt, London, the New York Metro area, Northern Virginia, Phoenix, San Antonio, Santa Clara and Dallas. In addition, included in capital expenditures were land purchases of $58.7 million in Frankfurt and London for future development.

Equity Investments

During the nine months ended September 30, 2021, the Company made additional investments totaling approximately $7.4 million to our four unconsolidated ventures in Brazil, Chile, Colombia and Mexico, in ODATA, a Brazilian headquartered company. During the nine months ended September 30, 2020, we made investments totaling $6.5 million in ODATA.

Net cash used in financing activities for the nine months ended September 30, 2021 decreased $42.8 million to $367.9 million compared to Net cash provided by financing activities of $410.7 million for the nine months ended September 30, 2020 primarily due to the following:

- $119.2 million decrease in proceeds due to a decrease of $1,917.3 million in net proceeds and repayments on our revolving credit facility offset in part by an increase in proceeds from Senior notes of $1,798.1 million. See Note 9, Debt, for additional information on the 2027 Notes;
- $13.2 million decrease due to the increase in the dividend rate and the number of common shares outstanding;
- $1.5 million decrease due to an increase in payments for finance lease liabilities; and
- $1.0 million decrease due to an increase in tax payments related to exercise of equity awards; partially offset by
- $82.0 million increase in proceeds from the issuance of common stock. The Company settled forward equity agreements totaling 5.7 million shares in the current period and 5.0 million shares in the prior year period; and
- $10.1 million increase due to a decrease in deferred financing costs.

Issuer and guarantor subsidiary summarized financial information

The 2024 Notes, the 2027 Notes, the 2029 Notes and the 2030 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, 2029 Notes and 2030 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, 2029 Notes and 2030 Notes. The 2024 Notes, 2027 Notes, 2029 Notes and 2030 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, 2029 Notes and 2030 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, 2029 Notes and 2030 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, 2029 Notes and 2030 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, 2029 Notes and 2030 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 $1.2 billion and $1.8 billion for the periods ended September 30, 2021 and December 31, 2020, respectively. The Issuers and Guarantors had Debt of $2.9 billion and $3.4 billion for the periods ended September 30, 2021 and December 31, 2020, respectively. During the nine months ended September 30, 2021, the Issuers and Guarantors had Interest expense, net of $53.9 million and Foreign currency and derivative gains, net of $31.2 million. More detailed financial information for the Issuers and Guarantors was not material.

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 September 30, 2021, we had approximately $2.8 billion of contractually outstanding consolidated debt at a weighted average fixed interest rate of approximately 2.23% and $0.8 billion of amounts outstanding under credit facilities with a weighted average variable interest rate of monthly LIBOR plus 1.10%. As of September 30, 2020, we had approximately $2.2 billion of contractually outstanding consolidated debt at a weighted average fixed interest rate of approximately 2.52% and $1.1 billion of amounts outstanding under credit facilities with a weighted average variable interest rate of monthly LIBOR plus 1.12%. Monthly LIBOR as of September 30, 2021 and 2020 was 0.09% and 0.15%, 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 September 30, 2021 and 2020, our floating rate debt outstanding was $0.8 billion and $1.1 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 September 30, 2021 and 2020 (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 September 30, 2021	$ (16.0)	$ (12.0)	$ (8.0)	$ (4.0)
As of September 30, 2020	$ (21.0)	$ (15.8)	$ (10.5)	$ (5.3)

Floating rate interest income was $0.5 million and $0.2 million for the nine months ended September 30, 2021 and 2020, respectively.

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 to hedge the risk of changes in cash flows attributable to USD-LIBOR interest payments. On September 21, 2020, the Company paid down $300.0 million of term loans under the 2023 Term Loan Facility. The $300.0 million floating-fixed interest rate swap remains in place and continues to provide an effective hedge of the risk of changes in cash flows attributable to USD-LIBOR term loans through March 2023. For the three and nine months ended September 30, 2021 and 2020, the Company recognized changes in fair value of the interest rate swap in OCI. As of September 30, 2021, the interest rate swap was a liability of $4.4 million reported in Other liabilities. As of December 31, 2020, the interest rate swap was a liability of $7.0 million reported in Other liabilities.

Foreign Currency Risk

We have foreign operations in France, 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 $1.6 billion as of September 30, 2021 and $1.5 billion as of December 31, 2020. For the nine months ended September 30, 2021 and 2020, our Foreign currency translation adjustment included within Stockholders' equity was a decrease of $42.0 million and an increase of $26.9 million, respectively, primarily due to our increased foreign operations with functional currencies other than the USD.

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 (loss) income and Stockholders' equity. As of September 30, 2021, we had no outstanding borrowings under our Revolving Credit Facility. As of September 30, 2021, we had $578.9 million and $572.1 million outstanding under the 2027 and 2028 Notes, which are denominated in Euros. See Note 9, Debt, for further information.

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 September 30, 2021, 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 $22.3 million reported in Other Liabilities. As of December 31, 2020, our cross-currency swaps were designated as Net Investment Hedges with a fair value liability of $52.2 million reported in Other Liabilities.

The Company recognized gains of $4.5 million for the nine months ended September 30, 2020 on undesignated cross-currency contracts which were recognized in Foreign currency and derivative gains (losses), net in the Condensed Consolidated Statements of Operations.

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 September 30, 2021 and 2020, these contracts represented 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, 2020, for a description of the Company's market risks. There were no material changes for the period ended September 30, 2021.

ITEM 4. CONTROLS AND PROCEDURES

Conclusion Regarding 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 September 30, 2021. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of September 30, 2021, 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 September 30, 2021 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, 2020, filed with the SEC on February 19, 2021, which is accessible on the SEC's website at www.sec.gov, except as noted below.

We have been and may continue to be vulnerable to security breaches, cyber-attacks or terrorism which have disrupted and could disrupt our operations, harm our brand and reputation and have a material adverse effect on our business, financial condition and results of operations.

Security breaches, cyber-attacks, or disruption, of our or our partners' or customers' physical or information technology infrastructure, networks and related management systems could result in, among other things, unauthorized access to our facilities, a breach of our and our customers' networks and information technology infrastructure, the misappropriation of our or our customers' or their customers' proprietary or confidential information, interruptions or malfunctions in our or our customers' operations, delays or interruptions to our ability to meet customer needs, breach of our legal, regulatory or contractual obligations, inability to access or rely upon critical business records or other disruptions in our operations. Numerous sources can cause these types of incidents, including but not limited to: physical or electronic security breaches; acts of terrorism at or upon our facilities; viruses, ransomware, backdoor trojans and other malware or software vulnerabilities; hardware vulnerabilities such as Meltdown and Spectre; accident or human error by our own personnel or third parties; criminal activity or malfeasance (including by our own personnel); fraud or impersonation scams perpetrated against us or our partners or customers; or security events impacting our third-party service providers or our partners or customers. Our exposure to cybersecurity threats and negative consequences of cybersecurity breaches will likely increase as we store increasing amounts of customer data. Additionally, as we increasingly market the security features in our data centers, our data centers may be targeted by computer hackers seeking to compromise data security. For instance, in December 2019, we discovered a ransomware program encrypting certain devices, which resulted in availability issues affecting certain managed service customers. Upon discovery of the incident, we initiated our response and continuity protocols to determine what occurred, restore systems and notify the appropriate legal authorities. We have completed our investigation of this matter. In addition, while one of our SolarWinds platforms was affected in the recent supply chain hack, the impact was immediately mitigated and there has been no evidence of compromised or suspicious activities. The total cost of these incidents was not significant to the Company. We continue to make investments in our information technology infrastructure and cybersecurity tools and services due to the likely increase in cybersecurity threats. Should additional cybersecurity threats or incidents occur in the future, however, there can be no assurance that our information technology infrastructure, cybersecurity tools and services and related investments will prevent such threats or incidents from disrupting our operations, harming our brand and reputation or having a material adverse effect on our business, financial condition and results of operations.

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

During the three months ended September 30, 2021, 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 May 24, 2021 (Registration No. 001-35789))
10.1†	Transition and Separation Agreement, dated as of July 28, 2021 by and between Bruce W. Duncan, CyrusOne Inc. and CyrusOne Management Services LLC (Incorporated by reference to Exhibit 10.1 of Form 8-K, filed by CyrusOne Inc. on July 28, 2021 (Registration No. 001-35789)).
10.2†	Employment Agreement, dated as of August 15, 2021 by and between David H. Ferdman and CyrusOne Management Services LLC (Incorporated by reference to Exhibit 10.1 of Form 8-K, filed by CyrusOne Inc. on August 17, 2021 (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.
++	Furnished 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 28th day of October, 2021.

CyrusOne Inc.

By:	/s/ David H. Ferdman
	David H. Ferdman
	Interim President and Chief Executive Officer
By:	/s/ Katherine Motlagh
	Katherine Motlagh
	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 September 30, 2021, 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, (iii) €500.0 million 1.450% senior unsecured notes due January 2027 and (iv) $400.0 million 2.150% senior unsecured notes due November 2030, each guaranteed by the Company:

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

Exhibit 31.1

Principal Officer's Certification
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David H. Ferdman, 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.

October 28, 2021

/s/ David H. Ferdman
David H. Ferdman
Interim President and Chief Executive Officer

Exhibit 31.2

Principal Officer's Certification
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Katherine Motlagh, 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.

October 28, 2021

/s/ Katherine Motlagh
Katherine Motlagh
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 ending September 30, 2021 as filed with the Securities and Exchange Commission (the “Report”), I, David H. Ferdman, 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/ David H. Ferdman

David H. Ferdman
Interim President and Chief Executive Officer
October 28, 2021

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 ending September 30, 2021 as filed with the Securities and Exchange Commission (the “Report”), I, Katherine Motlagh, 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/ Katherine Motlagh

Katherine Motlagh
Chief Financial Officer
October 28, 2021