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CyrusOne Announces Transaction to Acquire Two Data Centers from Sentinel Data Centers

Portfolio Enhances Company's Geographic and Customer Diversification

DALLAS--(BUSINESS WIRE)-- CyrusOne Inc. ("CyrusOne") (NASDAQ:CONE), a premiere global data center REIT, announced today the execution of a definitive agreement to purchase two enterprise-class data centers (collectively, the "Facilities") located in Raleigh-Durham, North Carolina and Somerset, New Jersey from Sentinel Data Centers ("Sentinel"). The total purchase price is \$490 million, excluding transaction-related expenses. This represents a multiple of approximately 14.4 times pro forma run-rate annualized EBITDA of approximately \$34 million.

"We are very excited about this transaction, which establishes a presence for us in the Southeast, adds a high quality portfolio of large enterprise customers, and features an attractive long-term lease profile," said Gary Wojtaszek, president and chief executive officer of CyrusOne. "We respect the work of the Sentinel founders. Their focus on great facilities and personalized customer service matches ours. The transaction is expected to be immediately accretive and provides significant opportunities to grow the combined business and create value for our shareholders."

"We are thrilled to be able to announce this transaction," said Todd Aaron, Sentinel's co-founder and co-CEO. "We have a fantastic set of customers and investors, and we believe this to be a win-win for both of them."

"We have known the CyrusOne team for almost ten years and have a great deal of respect for their organization," said Josh Rabina, Sentinel's co-founder and co-CEO. "They have earned an excellent reputation in the industry for customer service and quality, so we know our customers are in good hands."

CyrusOne intends to finance the acquisition with proceeds from its forward equity sale completed last August 2016 and its recently expanded credit facility. The transaction is expected to close in the next 30 to 45 days, subject to the fulfillment of customary closing conditions.

Transaction Highlights

When completed the transaction will add two high-quality data centers serving the Southeast and Northeast, complementing CyrusOne's existing data center platform. In 2016, the Facilities generated revenue of nearly \$50 million. As of December 31, 2016, the two properties consisted of more than 160,000 colocation square feet and approximately 21 megawatts ("MW") of power capacity, with nearly 85% of the power capacity leased. The Facilities will be owned by CyrusOne.

Raleigh-Durham Data Center

Current power capacity:	10 MW (approximately 70% leased)
Wtd. avg. remaining lease term:	Nearly 9 years
Lease-up / expansion opportunity:	23 MW

Somerset, NJ Data Center

Current power capacity:	11 MW (approximately 95% leased)
Wtd. avg. remaining lease term:	Nearly 8 years
Lease-up / expansion opportunity:	22 MW

Taking into account the impact of this transaction, the NOI contribution from facilities fully owned by CyrusOne will increase to nearly 80%.

The transaction is expected to provide additional benefits to CyrusOne, including the following:

- | **Enhanced Geographic Diversification:** This transaction enhances CyrusOne's geographic diversification, establishing a presence in the Southeast, a previously stated strategic goal for the Company. In addition, the Raleigh-Durham market will represent the lowest power cost in CyrusOne's portfolio and one of the lowest in the United States. The Somerset, New Jersey data center further expands the Company's Northeast footprint, providing additional options for the combined customer base to deploy disaster recovery facilities across New Jersey using the Company's National IX product to link them together.
- | **Long-Term Leases with High Quality Customer Base:** The weighted average remaining lease term of the Sentinel portfolio is more than 8 years, with only 3% of rent due for renewal through 2019. The Facilities consist of nearly 30 customers, more than two-thirds of which will be new to CyrusOne, including five new Fortune 1000 companies. Approximately 70% of the portfolio rent is generated from investment grade customers.
- | **Increased Penetration in Healthcare and Financial Services Verticals:** Over 80% of rent from the Facilities is generated from customers in the Healthcare and Financial Services verticals. With respect to the Healthcare vertical, taking into account these new customers, the transaction is expected to more than double the contribution from this industry group to the combined CyrusOne portfolio.
- | **Additional Development Opportunity:** There are approximately 34,000 colocation square feet and 8 MW of power capacity that are either currently available for lease or can be developed in the near term at a total cost of less than \$15 million. CyrusOne also has the ability to add another 230,000 colocation square feet and 37 MW of power capacity at a cost expected to be in line with the Company's current build cost per MW, more than doubling the footprint of the two data centers. This additional capacity will enhance the overall value of the transaction to CyrusOne as the Company fully develops the facilities over time to meet customer demand.

Financial Impact

The acquisition is expected to be immediately accretive to Normalized FFO per diluted share. CyrusOne also plans to develop additional capacity over time, which is expected to create incremental income accretion and long-term value creation. The Company will provide combined guidance for 2017 in its fourth quarter 2016 earnings release, which will be issued after the market closes on Wednesday, February 22. Additional details surrounding the transaction will be provided on CyrusOne's fourth quarter 2016 earnings call on Thursday, February 23.

Legal and Financial Advisors

DLA Piper served as primary external legal counsel for CyrusOne. For Sentinel, DH Capital served as its exclusive financial advisor and Skadden, Arps, Slate, Meagher & Flom, LLP as legal counsel. In addition to its founders, significant Sentinel investors include affiliates of Kelso & Company and Russo Development.

Safe Harbor

This release contains forward-looking statements regarding future events and our future results that are subject to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, are statements that could be deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "predicts," "projects," "intends," "plans," "believes," "seeks," "estimates," "continues," "endeavors," "strives," "may," variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances are forward-looking statements. Examples of forward-looking statements include, but are not limited to: (i) statements about the benefits of CyrusOne's proposed acquisition of the Facilities, including future financial and operating results, enhanced utilization of the Facilities, expected cost savings, enhanced revenues and accretion to reported earnings and funds from operations that may be realized from the acquisition; (ii) statements of plans, objectives and expectations of CyrusOne or its management, including the expected timing of completion of the transaction; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements and other statements that are not historical facts. Readers are cautioned these forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which could cause our actual results to differ materially and adversely from those reflected in the forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to: (i) the risk that a condition to closing of the acquisition may not be satisfied; (ii) the time required to consummate the proposed acquisition; (iii) the risk that the Facilities will not be integrated successfully or that such integration may be more difficult, time-consuming or costly than expected; (iv) the risk that the expected increased revenues, funds from operations and net income may not be fully realized or may take longer to realize than expected; (v) the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; and (vi) disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers. More information on potential risks

and uncertainties related to our business is available in our recent filings with the SEC, including CyrusOne's Form 10-K report, Form 10-Q reports, and Form 8-K reports. Actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

About CyrusOne

CyrusOne (NASDAQ: CONE) is a high-growth real estate investment trust (REIT) specializing in highly reliable enterprise-class, carrier-neutral data center properties. The Company provides mission-critical data center facilities that protect and ensure the continued operation of IT infrastructure for more than 950 customers, including nine of the Fortune 20 and 180 of the Fortune 1000 companies.

CyrusOne's data center offerings provide the flexibility, reliability, and security that enterprise and cloud customers require and are delivered through a tailored, customer service-focused platform designed to foster long-term relationships. CyrusOne is committed to full transparency in communication, management, and service delivery throughout its 35 data centers worldwide.

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