JDP CAPITAL MANAGEMENT

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Wide-Moat Investing Summit
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Presentation: CyrusOne Inc. (NASDAQ: CONE)

CyrusOne
Built for Tomorrow. Ready Today.

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JDP Capital Overview

- Value-oriented hedge fund founded in October 2011 by Jeremy Deal
- Seeded by Bay-Area families
- Focused on Mid and Micro cap U.S. equities including distressed, special situations, mispriced growth
- Concentrated, no leverage, target 100% long-term capital gains
- Fund IRR 30% gross and 22% net, since inception

Presentation Agenda

1. Summary investment thesis and background
2. Business overview
3. Understanding CONE's wide moat
4. Valuation

Summary investment thesis

1. 33% upside due to special situation despite recent run up, 60% - 80% upside over 18 months

2. Highest quality, least leveraged data center REIT growing earnings 20%+ annually

3. Wide moat will protect low-20s unleveraged IRR on stabilized data center portfolio

4. Attractive valuation caused by perceived control shareholder sell overhang and limited public float

5. Undeveloped capacity to grow footprint by 400% organically

Idea background

- Discovered while reading Ted Weschler's last 13F before he joined Berkshire Hathaway in 2011
- Cincinnati Bell (NYSE:CBB) was one of 8 stocks Ted held
- CONE was a high-growth gem within overleveraged-CBB, management was discussing monetization
- JDP started acquiring CONE after the IPO in early 2013
- Became our second largest holding in January 2014, average cost $20.50 per share, 3-year investment horizon

Business Overview

CyrusOne (NASDAQ: CONE)

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Stock Price: $24.9

U.S. Mid-Cap

Dividend: 3.4%

Growth Rate: 20%

- Dallas-based REIT focused on building and operating data centers for Fortune 1000-sized customers
- 25 data centers, 2 million rentable square feet (NRSF)
- Footprint concentrated in Texas, Cincinnati, Chicago, Phoenix, Northern VA

Capitalization	
Market cap:	$1.6 billion
Public float:	$940 million
Enterprise value:	$2 billion
Total shares:	64.6 million

Operation Statistics 2014E	
Revenue:	$310 million
EBITDA:	$165 million
Operating FCF:	$155 million
AFFO per share:	$1.68

Valuation Multiples	
EV/EBITDA:	12.3x
Price/AFFO:	14.7x
Op FCF/Equity yield:	9.8%
Debt/EBITDA:	2.5x

CBB controlled, IPO in January 2013

- 11-year operating history, formed through rollup of CBB data centers, GramTel and Cyrus Networks
- Heritage within oil & gas industry, 1/3 sales today
- 630 customers, 135 Fortune 1000
- CBB owned 65.9% of stock at IPO, sold 16 million shares last week for $23.25, ownership reduced to ~41%
- Prevailing “control discount” beginning to reverse

Attractive development economics

CyrusOne Q1 2014, Earnings Presentation and 10Q Data

Annualized Rent	Colocation SqF (CSF)	CSF Leased	Office & Other SqF	Office & Other Leased	Supporting Infrastructure	Total SqF	Megawatt Capacity (MWC)	Total Invested in Real Estate
$290,198,764	1,130,821	84%	264,278	72%	664,521	2,059,619	169	$1,083,000,000

		Unleveraged Development Yields
Annualized NOI	$199,000,000	**18.4%**
% margin	*68.6%*	
Annualized EBITDA	$166,800,000	**15.4%**
% margin	*57.5%*	
Annualized Op FCF	$155,000,000	**14.3%**
% margin	*53.4%*	
Annualized AFFO	$110,000,000	**10.2%**
% margin	*37.9%*	

CONE does not own/manage or sell IT hardware, only 30-year data center infrastructure assets

Note: Calculations include raw land and non-stabilized segments of the total footprint, stabilized IRR ~22%.

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Attractive growth profile

5 Year Record CAGR 2009 - 2014(E)

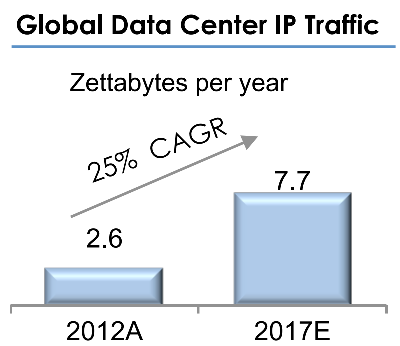
	Sales	EBITDA	NOI	AFFO	Investment in RE assets	Net Debt / EBITDA Q1
CAGR	**31%**	**39%**	**36%**	**38%**	**34%**	**2.5x**

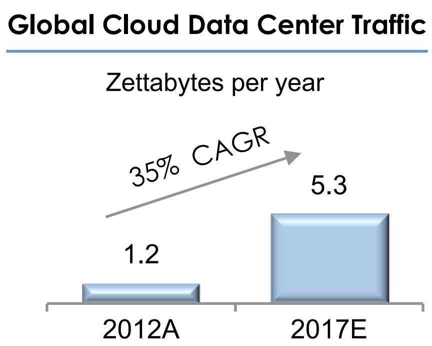
JDP Estimated CAGR 2014 - 2016

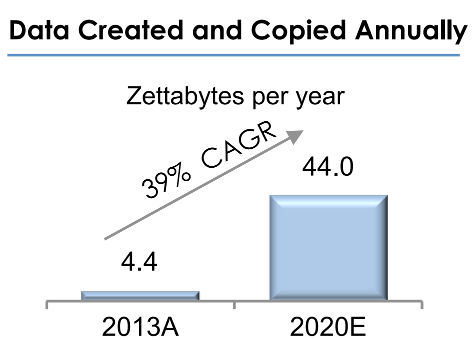
	Sales	EBITDA	NOI	AFFO	Investment in RE assets
CAGR	**25%**	**18%**	**24%**	**17%**	**24%**

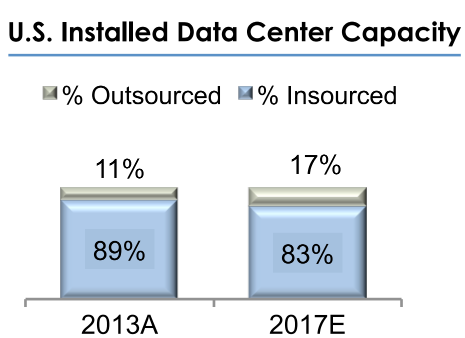
Strong macro: Leveraged to Big Data growth

Rapidly increasing value of a company's data has changed the relevance of IT infrastructure









Source: Cisco *"Cisco Global Cloud Index: Forecast and Methodology, 2012–2017"* and IDC October 2013 Report *"U.S. Datacenter Census and Construction 2013 – 2017 Forecast: Service Provider Mega Datacenters Come to the Fore"*.

CONE’s Wide Moat

Economics are forcing data center outsourcing

- Role of big-company CIO has evolved, big data is king
- Estimated only 10% of Fortune 1000 has 100% outsourced data center footprint
- CONE delivers 1 megawatt for ~1/3 the price with substantially lower ongoing costs due to the need for continuous low occupancy
- Some cases 6x more to develop and manage in-house vs. outsource

Unique vertical relative to peers

- CONE's oil and gas roots set stage for other large non-tech enterprises to outsource infrastructure for all applications
- Consumer-leveraged cloud providers like Google, Amazon, IBM, others, focus on smaller businesses needing plug-and-play space, goal to eventually sell other non-data center products
- Other non-CONE example verticals:
  - Sale/leaseback data center model, few, large tech customers, passive
  - Super high latency-sensitive, network dependent portion of a company's applications only

Excellent reputation creates high barrier to entry

- High costs and outsized business risk to switch data center footprint
- Average 5-year contracts with escalators, ~3% annually
- Lease terms evolve materially over time due to changes in square footage, power and connectivity requirements
- Low churn provides stable earnings stream, implied 20+ year duration

Annual Churn*

Q1 '14	FY 2013	FY 2012
1.3%	4.1%	4.6%

*Churn is defined by the company as any reduction in recurring rent due to customer terminations, net pricing reductions or service reductions as a percentage of the annualized rent at the beginning of the applicable period, excluding any impact from metered power reimbursements.

Direct sales model drives high returns on capital

- Development pipeline driven by “advanced stage” sales pipeline, just-in-time construction
- Total control of sales process leads to maximized capital allocation
- Tenured relationships allow for ultra customized designs
- Pricing varies up to 5x between lowest and highest, driven by customer size, power density requirements, length of contract, resiliency, etc.

Customer depends on CONE to support growth

- 60% of CONE growth is derived from existing customers
- Big data growth often outpaces fundamental growth of large enterprises
- Additional space, power and cooling always needs to be available
- Inter-exchange product further connects customers

Critical mass drives efficiencies and IRR

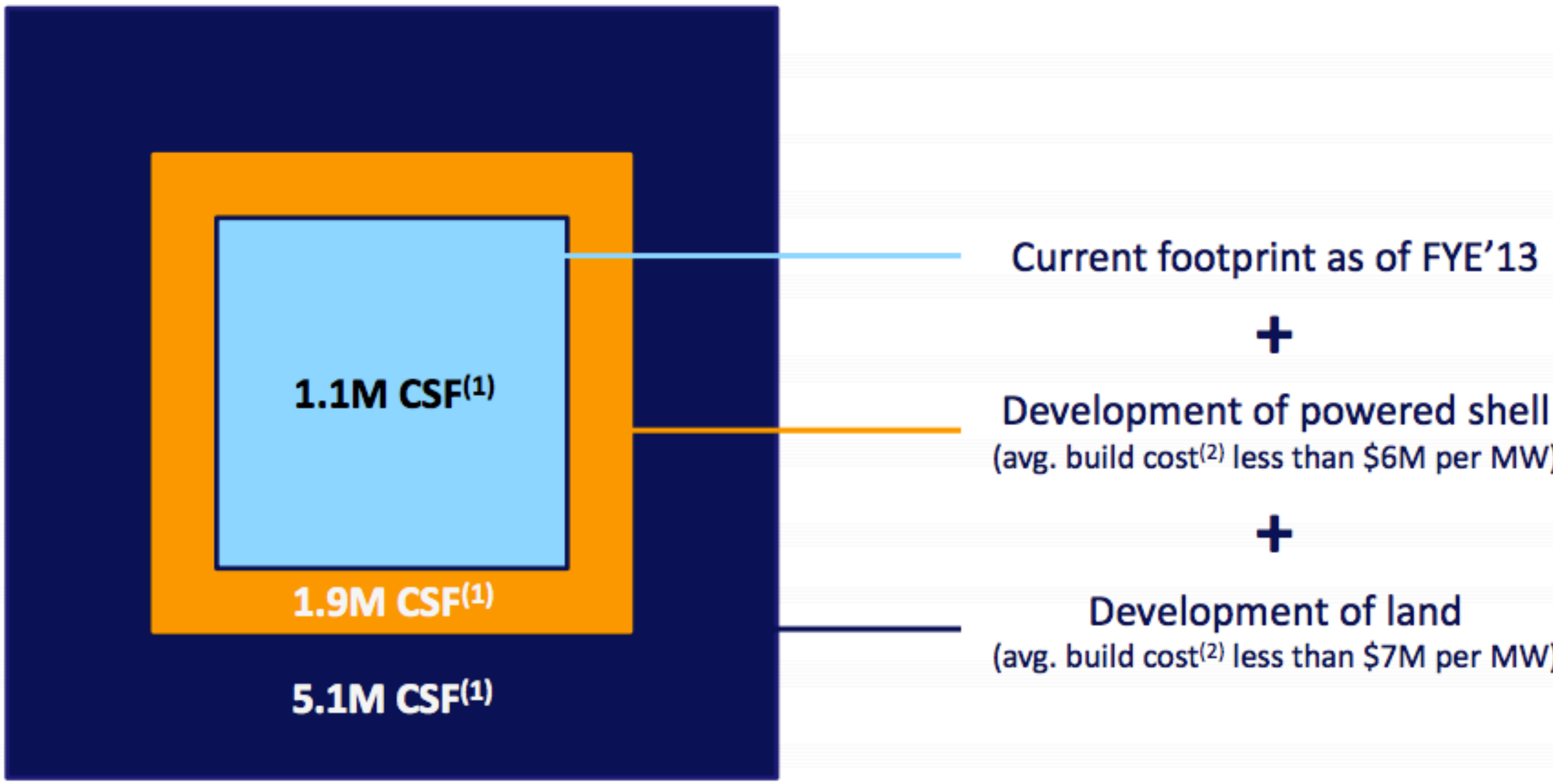
- Proven ability to maintain development yields despite declining costs to build
- Scale allows ability to maintain unoccupied space for customer growth at low costs
- Industry-leading modular design platform led by John Hatem
- Ability to deliver a completed site from shell within 12 – 16 weeks

Real estate locations provide basis for growth

Location	% Capacity
Cincinnati	40%
Dallas	22%
Houston	22%
Austin	5%
San Antonio	4%
Phoenix	3%
Chicago	2%
International	2%

- ✓ 5 of top 10 cities by population
- ✓ Within top 10 cities for Fortune 500 headquarters
- ✓ Adding 2+ locations by FY 2014 including Virginia
- ✓ Access to all 6 “Super major” oil and gas companies

Capacity to expand footprint by 400% organically



Notes

1. Colocation square feet (CSF) represents NRSF leased or available for lease as colocation space, where customers locate their servers and other IT equipment. Net rentable square feet (NRSF) represent the total square feet of a building leased or available for lease based on engineers' drawings and estimates but does not include space held for development or space used by CyrusOne.
2. Average build cost based on company estimates using a power density of 150 watts per colocation square foot.

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Valuation

Scenario 1: Trade the special situation only

Special Siutation Discount Gap: Margin of Safety

CONE stock price	$24.90
Total Shares	64.6 million
Market Cap	$1.6 billion
Net Debt	$415 million
Enterprise Value	$2 billion
2014E EBITDA	$165 million
EV/EBITDA	12.3x

Public Peers	EV/EBITDA	Premium to CONE
QTS	17.1x	50%
COR	15.8x	36%
DFT	15.8x	36%
DLR	13.6x	14%
EQIX (non-REIT)	14x	18%
Average	15.2x	30%

Hypothedical 1-year CONE sells for peer average multiple	
Exit Price	$32.37
Dividend	$0.84
Total	$33.21
Upside	**33%**

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Scenario 2: Longer term view

Hypothedical 18-month Outlook

	Full Year 2016E				
	12x	13x	14x	15x	16x
Normalized Funds From Operations (FFO) / Share	$2.5	$2.5	$2.5	$2.5	$2.5
Multiple	12	13	14	15	16
Implied share price	$30.0	$32.5	$35.0	$37.5	$40.0
Dividend per share/Year	$0.84	$0.84	$0.84	$0.84	$0.84
Price + dividends	$32.1	$34.6	$37.1	$39.6	$42.1
Total gross return	29%	39%	49%	59%	69%
EBITDA	250	250	250	250	250
EV/EBITDA Multiple	12	13	14	15	16
Implied share price	31.5	35.4	39.2	43.1	46.9
Dividend per share/Year	$0.84	$0.84	$0.84	$0.84	$0.84
Price + dividends	$33.64	$37.48	$41.33	$45.18	$49.02
Total gross return	35%	51%	66%	81%	97%
NOI	$340	$340	$340	$340	$340
Implied CAP rate	8.33%	7.70%	7.15%	6.66%	6.25%
Implied share price	$48.18	$53.30	$58.54	$64.64	$69.08
Dividend per share/Year	$0.84	$0.84	$0.84	$0.84	$0.84
Price + dividends	$50.28	$55.40	$60.64	$66.74	$71.18
Total gross return	102%	122%	144%	168%	186%
Total Shares (millions)	65	65	65	65	65
Net Debt	950	950	950	950	950

Reasonable multiples of 2016E FFO and EV/ EBITDA suggest a $40 - $45 per share value range including dividends

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