Figure 83: DLR's 3Q16 results preview

DLR	3Q15	2Q16	3Q16			2016			
Income Statement	**Actual**	**Actual**	**Actual**	**DBe**	**Cons**	**Pre 3Q Guide**	**Post 3Q Guide**	**DBe**	**Cons**
FFO/sh	$1.28	$1.36		$1.37		$5.50 - $5.56		$5.53	
Core FFO/sh	$1.32	$1.42		$1.49	$1.44	$5.65 - $5.75		$5.73	$5.70
Operating Metrics	**Actual**	**Actual**	**Actual**	**DBe**		**Pre 3Q Guide**	**Post 3Q Guide**	**DBe**	**Cons**
Signed $ leasing volume (MM's)	$33,000	$23,000							
Rent/KW/Month	$259	$247							
TKF new leasing volume (ksf signed)	159	39							
TKF new lease rent/sf (signed)	$186	$216							
TKF renewal rent spread (GAAP)	7.7%	9.5%							
Colo new leasing volume (ksf signed)	12	26							
Colo new lease rent/sf (signed)	$239	$229							
Colo renewal rent spread (GAAP)	9.1%	5.2%							
Total occupancy (commenced)	93.00%	90.40%		90.60%		+ / - 50bps		90.60%	
Same-capital NOI growth	2.20%	3.30%				2.5% - 4.0%			

Note: consensus estimates are based on Thomson compiled data as of 10/14/16

- We expect DLR to recover following 2Q's moderate leasing level. Through July, DLR had signed ~$20MM of new leases
- Expect above market leases in NJ and Phoenix to roll in 2H16, resulting in negative spreads
- Leasing demand from SMACC tenants
- Update on DLR's building an ecosystem as the company looks to benefit from Telx's product offering
- Plans for international expansion, specifically Japan and Germany
- Thoughts on further consolidation opportunities
- Update on the search for the Sales & Marketing leadership position following Matt Miszewski's departure
- We are updating estimates to reflect our expectation of a delayed exercise for a portion of the forward equity sales offering and lowering our 2H16 leasing assumptions. Our 2016 Core and NAREIT FFO/sh estimates are unchanged, while FAD moves to $5.09 from $5.10. For 2017, Core and NAREIT FFO move to $6.09 from $6.24, while FAD moves to $5.21 from $5.36. Please see Figure 98 for a summary of our estimate revisions
- We are lowering our target price to $108 from $112 as a result of our lowered estimates. Our target multiple are unchanged (18.0x EBITDA and 19.6x FAD). Please see Figure 97 for details on our target price

Source: Deutsche Bank, company data, Thomson