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**Section 1: 8-K (8-K)**

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 8-K**

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

Date of report (Date of earliest event reported): **October 24, 2018**

**EQUITY COMMONWEALTH**  
(Exact Name of Registrant as Specified in Its Charter)

**Maryland**  
(State or Other Jurisdiction of Incorporation)

**1-9317**

(Commission File Number)

**04-6558834**

(IRS Employer Identification No.)

**Two North Riverside Plaza,  
Suite 2100, Chicago, IL**

(Address of Principal Executive Offices)

**60606**

(Zip Code)

**(312) 646-2800**

(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

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**Item 2.02. Results of Operations and Financial Condition.**

On October 24, 2018, Equity Commonwealth, or the Company, issued a press release setting forth the Company's results of operations and financial condition for the quarter ended September 30, 2018, and also provided certain supplemental operating and financial data for the quarter ended September 30, 2018. Copies of the Company's press release and supplemental operating and financial data are furnished as Exhibits 99.1 and 99.2 hereto, respectively.

**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits*

99.1 [Press Release Dated October 24, 2018.](#)

99.2 [Third Quarter 2018 Supplemental Operating and Financial Data.](#)

## 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 hereunto duly authorized.

### EQUITY COMMONWEALTH

By: /s/ Adam S. Markman  
Name: Adam S. Markman  
Title: Executive Vice President, Chief  
Financial Officer and Treasurer

Date: October 24, 2018

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## Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1



Two North Riverside Plaza, Suite 2100, Chicago, Illinois 60606

## Equity Commonwealth Reports Third Quarter 2018 Results

Chicago - October 24, 2018 - Equity Commonwealth (NYSE: EQC) today reported financial results for the quarter ended September 30, 2018. All per share results are reported on a diluted basis.

### Financial results for the quarter ended September 30, 2018

Net income attributable to common shareholders was \$30.8 million, or \$0.25 per share, for the quarter ended September 30, 2018. This compares to net income attributable to common shareholders of \$31.2 million, or \$0.25 per share, for the quarter ended September 30, 2017.

Funds from Operations (FFO), as defined by the National Association of Real Estate Investment Trusts, for the quarter ended September 30, 2018, were \$20.9 million, or \$0.17 per share. This compares to FFO for the quarter ended September 30, 2017 of \$27.0 million, or \$0.22 per share. The following items impacted FFO for the quarter ended September 30, 2018, compared to the corresponding 2017 period:

- (\$0.15) per share of income from properties sold;
- \$0.05 per share of interest expense savings;
- \$0.04 per of share of increase in interest and other income (net of a \$0.02 per share loss on the sale of a mortgage receivable); and
- \$0.01 per share of general & administrative expense savings.

Normalized FFO was \$21.6 million, or \$0.18 per share. This compares to Normalized FFO for the quarter ended September 30, 2017 of \$24.0 million, or \$0.19 per share. The following items impacted Normalized FFO for the quarter ended September 30, 2018, compared to the corresponding 2017 period:

- (\$0.15) per share of income from properties sold;

- \$0.06 per share of increase in interest and other income;
- \$0.05 per share of interest expense savings;
- \$0.02 per share of increase in same property cash NOI; and
- \$0.01 per share of general & administrative expense savings.

Normalized FFO begins with FFO and eliminates certain items that, by their nature, are not comparable from period to period, non-cash items, and items that tend to obscure the company's operating performance. Definitions of FFO, Normalized FFO and reconciliations to net income, determined in accordance with U.S. generally accepted accounting principles, or GAAP, are included at the end of this press release.

For the quarter ended September 30, 2018, the company's balance of cash and marketable securities net of distributions payable was \$2.6 billion. Total debt outstanding was \$280 million and availability under the company's revolving credit facility was \$750 million.

The weighted average number of diluted common shares outstanding when calculating net income per share for the quarter ended September 30, 2018 was 122,850,928 shares, compared to 125,174,651 for the quarter ended September 30, 2017. The weighted average number of diluted common shares outstanding when calculating FFO or Normalized FFO per share for the quarter ended September 30, 2018 was 122,896,648 shares, compared to 125,174,651 for the quarter ended September 30, 2017.

### **Same property results for the quarter ended September 30, 2018**

The company's same property portfolio at the end of the quarter consisted of 11 properties totaling 5.4 million square feet. Operating results were as follows:

- The same property portfolio was 94.0% leased as of September 30, 2018, compared to 91.8% as of June 30, 2018, and 91.1% as of September 30, 2017.
- The same property portfolio commenced occupancy was 91.3% as of September 30, 2018, compared to 89.9% as of June 30, 2018, and 87.5% as of September 30, 2017.
- Same property NOI increased 1.7% when compared to the same period in 2017.
- Same property cash NOI increased 9.1% when compared to the same period in 2017.
- The company entered into leases for approximately 563,000 square feet, including new leases for approximately 562,000 square feet and renewal leases for approximately 1,000 square feet.
- GAAP rental rates on new and renewal leases were 11.0% higher compared to prior GAAP rental rates for the same space.
- Cash rental rates on new and renewal leases were 1.2% lower compared to prior cash rental rates for the same space.

The definitions and reconciliations of same property NOI and same property cash NOI to operating income, determined in accordance with GAAP, are included at the end of this press release. The same property portfolio includes properties continuously owned from July 1, 2017 through September 30, 2018.

### **Significant events during the quarter ended September 30, 2018**

- The company completed dispositions totaling \$170.5 million. The properties sold during the quarter included:
  - 777 East Eisenhower Parkway, a 39.8% leased, 290,530 square foot office building in Ann Arbor, Michigan, for a gross sale price of \$29.5 million.
  - 8750 Bryn Mawr Avenue, a 95.5% leased, 636,078 square foot, office property in Chicago, Illinois, for a gross sale price of \$141 million.
- The company announced a special, one-time cash distribution of \$2.50 per common share, which was paid on October 23, 2018 to shareholders of record on October 9, 2018.

### **Subsequent Events**

- The company currently has 4 properties totaling 2.9 million square feet in various stages of the sale process.

### **Earnings Conference Call & Supplemental Data**

Equity Commonwealth will host a conference call to discuss third quarter results on Thursday, October 25, 2018, at 9:00 A.M. CT. The conference call will be available via live audio webcast on the Investor Relations section of the company's website ([www.eqcre.com](http://www.eqcre.com)). A replay of the audio webcast will also be available following the call.

A copy of EQC's Third Quarter 2018 Supplemental Operating and Financial Data is available on the Investor Relations section of EQC's website at [www.eqcre.com](http://www.eqcre.com).

### **About Equity Commonwealth**

Equity Commonwealth (NYSE: EQC) is a Chicago based, internally managed and self-advised real estate investment trust (REIT) with commercial office properties in the United States. As of September 30, 2018, EQC's portfolio comprised 11 properties and 5.4 million square feet.

### **Regulation FD Disclosures**

We intend to use any of the following to comply with our disclosure obligations under Regulation FD: press releases, SEC filings, public conference calls, or our website. We routinely post important information on our website at [www.eqcre.com](http://www.eqcre.com), including information that may be deemed to be material. We encourage investors and others interested in the company to monitor these distribution channels for material disclosures.

**Forward-Looking Statements**

Some of the statements contained in this press release constitute forward-looking statements within the meaning of the federal securities laws, including, but not limited to, statements regarding share repurchases, marketing the company's properties for sale and consummating asset sales. Any forward-looking statements contained in this press release are intended to be made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

The forward-looking statements contained in this press release reflect the company's current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause the company's actual results to differ significantly from those expressed in any forward-looking statement. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all).

While forward-looking statements reflect the company's good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes. For a further discussion of these and other factors that could cause the company's future results to differ materially from any forward-looking statements, see the section entitled "Risk Factors" in the company's most recent Annual Report on Form 10-K and in the company's Quarterly Reports on Form 10-Q for subsequent quarters.

**Contact:**

Sarah Byrnes, Investor Relations  
(312) 646-2801  
ir@eqcre.com

**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(amounts in thousands, except share data)

	September 30, 2018	December 31, 2017
<b>ASSETS</b>		
Real estate properties:		
Land	\$ 137,329	\$ 191,775
Buildings and improvements	1,000,822	1,555,836
	<u>1,138,151</u>	<u>1,747,611</u>
Accumulated depreciation	(370,854)	(450,718)
	767,297	1,296,893
Assets held for sale	—	97,688
Acquired real estate leases, net	596	23,847
Cash and cash equivalents	2,673,328	2,351,693
Marketable securities	248,838	276,928
Restricted cash	9,708	8,897
Rents receivable, net of allowance for doubtful accounts of \$5,816 and \$4,771, respectively	50,103	93,436
Other assets, net	63,858	87,563
<b>Total assets</b>	<b>\$ 3,813,728</b>	<b>\$ 4,236,945</b>
<b>LIABILITIES AND EQUITY</b>		
Revolving credit facility	\$ —	\$ —
Senior unsecured debt, net	248,258	815,984
Mortgage notes payable, net	31,643	32,594
Liabilities related to properties held for sale	—	1,840
Accounts payable, accrued expenses and other	46,896	74,956
Rent collected in advance	8,182	11,076
Distributions payable	309,238	—
<b>Total liabilities</b>	<b>\$ 644,217</b>	<b>\$ 936,450</b>
Shareholders' equity:		
Preferred shares of beneficial interest, \$0.01 par value: 50,000,000 shares authorized;		
Series D preferred shares; 6 1/2% cumulative convertible; 4,915,196 shares issued and outstanding, aggregate liquidation preference of \$122,880	\$ 119,263	\$ 119,263
Common shares of beneficial interest, \$0.01 par value: 350,000,000 shares authorized; 121,482,673 and 124,217,616 shares issued and outstanding, respectively	1,215	1,242
Additional paid in capital	4,306,020	4,380,313
Cumulative net income	2,855,557	2,596,259
Cumulative other comprehensive loss	(1,006)	(95)
Cumulative common distributions	(3,418,995)	(3,111,868)
Cumulative preferred distributions	(693,736)	(685,748)
Total shareholders' equity	<u>3,168,318</u>	<u>3,299,366</u>
Noncontrolling interest	1,193	1,129
<b>Total equity</b>	<b>\$ 3,169,511</b>	<b>\$ 3,300,495</b>
<b>Total liabilities and equity</b>	<b>\$ 3,813,728</b>	<b>\$ 4,236,945</b>



**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(amounts in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
<b>Revenues:</b>				
Rental income	\$ 34,138	\$ 61,091	\$ 112,898	\$ 215,648
Tenant reimbursements and other income	12,735	16,707	41,199	53,300
<b>Total revenues</b>	<b>\$ 46,873</b>	<b>\$ 77,798</b>	<b>\$ 154,097</b>	<b>\$ 268,948</b>
<b>Expenses:</b>				
Operating expenses	\$ 20,257	\$ 32,380	\$ 64,377	\$ 110,751
Depreciation and amortization	11,287	21,133	38,211	71,970
General and administrative	10,905	11,689	35,466	35,727
Loss on asset impairment	—	—	12,087	19,714
<b>Total expenses</b>	<b>\$ 42,449</b>	<b>\$ 65,202</b>	<b>\$ 150,141</b>	<b>\$ 238,162</b>
<b>Operating income</b>	<b>\$ 4,424</b>	<b>\$ 12,596</b>	<b>\$ 3,956</b>	<b>\$ 30,786</b>
Interest and other income, net	12,626	7,596	31,074	17,987
Interest expense (including net amortization of debt discounts, premiums and deferred financing fees of \$559, \$784, \$2,005 and \$2,346, respectively)	(5,085)	(11,510)	(21,550)	(41,387)
Loss on early extinguishment of debt	—	(203)	(6,403)	(266)
Gain on sale of properties, net	20,877	25,080	253,025	44,670
Income before income taxes	32,842	33,559	260,102	51,790
Income tax expense	(65)	(335)	(2,616)	(555)
<b>Net income</b>	<b>\$ 32,777</b>	<b>\$ 33,224</b>	<b>\$ 257,486</b>	<b>\$ 51,235</b>
Net income attributable to noncontrolling interest	(13)	(12)	(90)	(18)
<b>Net income attributable to Equity Commonwealth</b>	<b>\$ 32,764</b>	<b>\$ 33,212</b>	<b>\$ 257,396</b>	<b>\$ 51,217</b>
Preferred distributions	(1,997)	(1,997)	(5,991)	(5,991)
<b>Net income attributable to Equity Commonwealth common shareholders</b>	<b>\$ 30,767</b>	<b>\$ 31,215</b>	<b>\$ 251,405</b>	<b>\$ 45,226</b>
Weighted average common shares outstanding — basic <sup>(1)</sup>	121,845	124,089	122,504	124,068
Weighted average common shares outstanding — diluted <sup>(1)</sup>	122,851	125,175	123,389	125,194
<b>Earnings per common share attributable to Equity Commonwealth common shareholders:</b>				
Basic	\$ 0.25	\$ 0.25	\$ 2.05	\$ 0.36
Diluted	\$ 0.25	\$ 0.25	\$ 2.04	\$ 0.36
Distributions declared per common share	\$ 2.50	\$ —	\$ 2.50	\$ —

(1) Weighted average common shares outstanding for the three months ended September 30, 2018 and 2017 includes 362 and 0 unvested, earned RSUs, respectively. Weighted average common shares outstanding for the nine months ended September 30, 2018 and 2017 includes 344 and 0 unvested, earned RSUs, respectively.

**CALCULATION OF FUNDS FROM OPERATIONS (FFO) AND NORMALIZED FFO**  
(amounts in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
<b>Calculation of FFO</b>				
Net income	\$ 32,777	\$ 33,224	\$ 257,486	\$ 51,235
Real estate depreciation and amortization	10,978	20,842	37,298	71,077
Loss on asset impairment	—	—	12,087	19,714
Gain on sale of properties, net	(20,877)	(25,080)	(253,025)	(44,670)
FFO attributable to Equity Commonwealth	22,878	28,986	53,846	97,356
Preferred distributions	(1,997)	(1,997)	(5,991)	(5,991)
<b>FFO attributable to EQC common shareholders and unitholders</b>	<b>\$ 20,881</b>	<b>\$ 26,989</b>	<b>\$ 47,855</b>	<b>\$ 91,365</b>
<b>Calculation of Normalized FFO</b>				
FFO attributable to EQC common shareholders and unitholders	\$ 20,881	\$ 26,989	\$ 47,855	\$ 91,365
Lease value amortization	(4)	388	76	1,479
Straight line rent adjustments	(1,435)	(3,557)	(3,985)	(12,487)
Loss on early extinguishment of debt	—	203	6,403	266
Loss on sale of securities	—	—	4,987	—
Loss on sale of real estate mortgage receivable	2,117	—	2,117	—
Income taxes related to gains on property sales	25	—	2,498	—
<b>Normalized FFO attributable to EQC common shareholders and unitholders</b>	<b>\$ 21,584</b>	<b>\$ 24,023</b>	<b>\$ 59,951</b>	<b>\$ 80,623</b>
Weighted average common shares and units outstanding -- basic <sup>(1)</sup>	121,891	124,132	122,548	124,105
Weighted average common shares and units outstanding -- diluted <sup>(1)</sup>	122,897	125,175	123,433	125,194
FFO attributable to EQC common shareholders and unitholders per share and unit -- basic	\$ 0.17	\$ 0.22	\$ 0.39	\$ 0.74
FFO attributable to EQC common shareholders and unitholders per share and unit -- diluted	\$ 0.17	\$ 0.22	\$ 0.39	\$ 0.73
Normalized FFO attributable to EQC common shareholders and unitholders per share and unit -- basic	\$ 0.18	\$ 0.19	\$ 0.49	\$ 0.65
Normalized FFO attributable to EQC common shareholders and unitholders per share and unit -- diluted	\$ 0.18	\$ 0.19	\$ 0.49	\$ 0.64

(1) Our calculations of FFO and Normalized FFO attributable to EQC common shareholders **and unitholders** per share and unit - basic for the three and nine months ended September 30, 2018 include 46 and 44 LTIP/Operating Partnership Units, respectively, that are excluded from the calculation of basic earnings per common share attributable to EQC **common shareholders (only)**. Our calculations of FFO and Normalized FFO attributable to EQC common shareholders **and unitholders** per share and unit - basic for the three and nine months ended September 30, 2017 include 43 and 37 LTIP/Operating Partnership Units, respectively, that are excluded from the calculation of basic earnings per common share attributable to EQC **common shareholders (only)**.

We compute FFO in accordance with standards established by NAREIT. NAREIT defines FFO as net income (loss), calculated in accordance with GAAP, excluding real estate depreciation and amortization, gains (or losses) from sales of depreciable property, impairment of depreciable real estate, and our portion of these items related to equity investees and noncontrolling interests. Our calculation of Normalized FFO differs from NAREIT's definition of FFO because we exclude certain items that we view as nonrecurring or impacting comparability from period to period. FFO and Normalized FFO are supplemental non-GAAP financial measures. We consider FFO and Normalized FFO to be appropriate measures of operating performance for a REIT, along with net income (loss), net income (loss) attributable to EQC common shareholders, operating income (loss) and cash flow from operating activities.

We believe that FFO and Normalized FFO provide useful information to investors because by excluding the effects of certain historical amounts, such as depreciation expense, FFO and Normalized FFO may facilitate a comparison of our operating performance between periods and with other REITs. FFO and Normalized FFO do not represent cash generated by operating activities in accordance with GAAP and should not be considered as alternatives to net income (loss), net income (loss) attributable to EQC common shareholders, operating income (loss) or cash flow from operating activities, determined in accordance with GAAP, or as indicators of our financial performance or liquidity, nor are these measures necessarily indicative of sufficient cash flow to fund all of our needs. These measures should be considered in conjunction with net income (loss), net income (loss) attributable to EQC common shareholders, operating income (loss) and cash flow from operating activities as presented in our condensed consolidated statements of operations, condensed consolidated statements of comprehensive income and condensed consolidated statements of cash flows. Other REITs and real estate companies may calculate FFO and Normalized FFO differently than we do.

**CALCULATION OF SAME PROPERTY NET OPERATING INCOME (NOI) AND SAME PROPERTY CASH BASIS NOI**  
(amounts in thousands)

	For the Three Months Ended				
	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017
<b>Calculation of Same Property NOI and Same Property Cash Basis NOI:</b>					
Rental income	\$ 34,138	\$ 35,211	\$ 43,549	\$ 54,672	\$ 61,091
Tenant reimbursements and other income	12,735	13,425	15,039	16,951	16,707
Operating expenses	(20,257)	(19,521)	(24,599)	(30,674)	(32,380)
<b>NOI</b>	<b>\$ 26,616</b>	<b>\$ 29,115</b>	<b>\$ 33,989</b>	<b>\$ 40,949</b>	<b>\$ 45,418</b>
Straight line rent adjustments	(1,435)	(1,022)	(1,528)	(1,938)	(3,557)
Lease value amortization	(4)	(18)	98	295	388
Lease termination fees	(395)	(1,557)	(965)	(942)	(1,477)
<b>Cash Basis NOI</b>	<b>\$ 24,782</b>	<b>\$ 26,518</b>	<b>\$ 31,594</b>	<b>\$ 38,364</b>	<b>\$ 40,772</b>
Cash Basis NOI from non-same properties <sup>(1)</sup>	(58)	(1,856)	(7,579)	(14,905)	(18,110)
<b>Same Property Cash Basis NOI</b>	<b>\$ 24,724</b>	<b>\$ 24,662</b>	<b>\$ 24,015</b>	<b>\$ 23,459</b>	<b>\$ 22,662</b>
Non-cash rental income and lease termination fees from same properties	1,120	1,107	1,084	1,192	2,745
<b>Same Property NOI</b>	<b>\$ 25,844</b>	<b>\$ 25,769</b>	<b>\$ 25,099</b>	<b>\$ 24,651</b>	<b>\$ 25,407</b>

**Reconciliation of Same Property NOI to GAAP Operating Income:**

<b>Same Property NOI</b>	<b>\$ 25,844</b>	<b>\$ 25,769</b>	<b>\$ 25,099</b>	<b>\$ 24,651</b>	<b>\$ 25,407</b>
Non-cash rental income and lease termination fees from same properties	(1,120)	(1,107)	(1,084)	(1,192)	(2,745)
<b>Same Property Cash Basis NOI</b>	<b>\$ 24,724</b>	<b>\$ 24,662</b>	<b>\$ 24,015</b>	<b>\$ 23,459</b>	<b>\$ 22,662</b>
Cash Basis NOI from non-same properties <sup>(1)</sup>	58	1,856	7,579	14,905	18,110
<b>Cash Basis NOI</b>	<b>\$ 24,782</b>	<b>\$ 26,518</b>	<b>\$ 31,594</b>	<b>\$ 38,364</b>	<b>\$ 40,772</b>
Straight line rent adjustments	1,435	1,022	1,528	1,938	3,557
Lease value amortization	4	18	(98)	(295)	(388)
Lease termination fees	395	1,557	965	942	1,477
<b>NOI</b>	<b>\$ 26,616</b>	<b>\$ 29,115</b>	<b>\$ 33,989</b>	<b>\$ 40,949</b>	<b>\$ 45,418</b>
Depreciation and amortization	(11,287)	(13,021)	(13,903)	(18,738)	(21,133)
General and administrative	(10,905)	(11,222)	(13,339)	(12,033)	(11,689)
Loss on asset impairment	—	—	(12,087)	—	—
<b>Operating Income (Loss)</b>	<b>\$ 4,424</b>	<b>\$ 4,872</b>	<b>\$ (5,340)</b>	<b>\$ 10,178</b>	<b>\$ 12,596</b>

(1) Cash Basis NOI from non-same properties for all periods presented includes the operations of properties disposed or classified as held for sale and land parcels.



**CALCULATION OF SAME PROPERTY NET OPERATING INCOME (NOI) AND SAME PROPERTY CASH BASIS NOI**  
(amounts in thousands)

	For the Nine Months Ended September 30,			
	2018		2017	
<b>Calculation of Same Property NOI and Same Property Cash Basis NOI:</b>				
Rental income	\$	112,898	\$	215,648
Tenant reimbursements and other income		41,199		53,300
Operating expenses		(64,377)		(110,751)
<b>NOI</b>	<b>\$</b>	<b>89,720</b>	<b>\$</b>	<b>158,197</b>
Straight line rent adjustments		(3,985)		(12,487)
Lease value amortization		76		1,479
Lease termination fees		(2,917)		(4,002)
<b>Cash Basis NOI</b>	<b>\$</b>	<b>82,894</b>	<b>\$</b>	<b>143,187</b>
Cash Basis NOI from non-same properties <sup>(1)</sup>		(9,493)		(78,164)
<b>Same Property Cash Basis NOI</b>	<b>\$</b>	<b>73,401</b>	<b>\$</b>	<b>65,023</b>
Non-cash rental income and lease termination fees from same properties		3,311		10,011
<b>Same Property NOI</b>	<b>\$</b>	<b>76,712</b>	<b>\$</b>	<b>75,034</b>

**Reconciliation of Same Property NOI to GAAP Operating Income:**

<b>Same Property NOI</b>	<b>\$</b>	<b>76,712</b>	<b>\$</b>	<b>75,034</b>
Non-cash rental income and lease termination fees from same properties		(3,311)		(10,011)
<b>Same Property Cash Basis NOI</b>	<b>\$</b>	<b>73,401</b>	<b>\$</b>	<b>65,023</b>
Cash Basis NOI from non-same properties <sup>(1)</sup>		9,493		78,164
<b>Cash Basis NOI</b>	<b>\$</b>	<b>82,894</b>	<b>\$</b>	<b>143,187</b>
Straight line rent adjustments		3,985		12,487
Lease value amortization		(76)		(1,479)
Lease termination fees		2,917		4,002
<b>NOI</b>	<b>\$</b>	<b>89,720</b>	<b>\$</b>	<b>158,197</b>
Depreciation and amortization		(38,211)		(71,970)
General and administrative		(35,466)		(35,727)
Loss on asset impairment		(12,087)		(19,714)
<b>Operating Income</b>	<b>\$</b>	<b>3,956</b>	<b>\$</b>	<b>30,786</b>

(1) Cash Basis NOI from non-same properties for all periods presented includes the operations of properties disposed or classified as held for sale and land parcels.

NOI is income from our real estate operations including lease termination fees received from tenants less our property operating expenses. NOI excludes amortization of capitalized tenant improvement costs and leasing commissions and corporate level expenses. Cash Basis NOI is NOI excluding the effects of straight line rent adjustments, lease value amortization, and lease termination fees. The quarter-to-date same property versions of these measures include the results of properties continuously owned from July 1, 2017 through September 30, 2018. The year-to-date same property versions of these measures include the results of properties continuously owned from January 1, 2017 through September 30, 2018. Land parcels and properties classified as held for sale within our condensed consolidated balance sheets are excluded from the same property versions of these measures.

We consider these supplemental non-GAAP financial measures to be appropriate supplemental measures to net income (loss) because they help to understand the operations of our properties. We use these measures internally to evaluate property level performance, and we believe that they provide useful information to investors regarding our results of operations because they reflect only those income and expense items that are incurred at the property level and may facilitate comparisons of our operating performance between periods and with other REITs. Cash Basis NOI is among the factors considered with respect to acquisition, disposition and financing decisions. These measures do not represent cash generated by operating activities in accordance with GAAP and should not be considered as an alternative to net income (loss), net income (loss) attributable to EQC common shareholders, operating income (loss) or cash flow from operating activities, determined in accordance with GAAP, or as indicators of our financial performance or liquidity, nor are these measures necessarily indicative of sufficient cash flow to fund all of our needs. These measures should be considered in conjunction with net income (loss), net income (loss) attributable to EQC common shareholders, operating income (loss) and cash flow from operating activities as presented in our condensed consolidated statements of operations, condensed consolidated statements of comprehensive income and condensed consolidated statements of cash flows. Other REITs

[\(Back To Top\)](#)

## Section 3: EX-99.2 (EXHIBIT 99.2)

Exhibit 99.2



# Equity Commonwealth Supplemental Operating and Financial Data

Third Quarter 2018



**Corporate Headquarters**  
Two North Riverside Plaza  
Suite 2100  
Chicago, IL 60606  
(312) 646-2800

**Investor Relations**  
Sarah Byrnes  
(312) 646-2801  
ir@eqcre.com  
www.eqcre.com





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### Forward-Looking Statements

Some of the statements contained in this presentation constitute forward-looking statements within the meaning of the federal securities laws. Any forward-looking statements contained in this presentation are intended to be made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations and anticipated market conditions are forward-looking statements. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” or “potential” or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

The forward-looking statements contained in this presentation reflect our current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause our actual results to differ significantly from those expressed in any forward-looking statement. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes. For a further discussion of these and other factors that could cause our future results to differ materially from any forward-looking statements, see the sections entitled “Risk Factors” in our most recent Annual Report on Form 10-K and subsequent quarterly reports on Form 10-Q.

### Regulation FD Disclosures

We intend to use any of the following to comply with our disclosure obligations under Regulation FD: press releases, SEC filings, public conference calls, or our website. We routinely post important information on our website at [www.eqcre.com](http://www.eqcre.com), including information that may be deemed to be material. We encourage investors and others interested in the company to monitor these distribution channels for material disclosures.



## COMPANY PROFILE AND INVESTOR INFORMATION

Equity Commonwealth (NYSE: EQC) is an internally managed and self-advised real estate investment trust (REIT) with commercial office properties throughout the United States.

### Same Property Statistics

No. of Properties	Sq. Feet	% Leased	% Commenced
11	5,410	94.0%	91.3%

#### Senior Unsecured Debt Ratings

Moody's: Baa2

Standard & Poor's: BBB-

#### NYSE Trading Symbols

Common Stock: EQC

Preferred Stock Series D: EQCPD

### Board of Trustees

Sam Zell (Chairman)	David A. Helfand	Kenneth Shea
James S. Corl	Peter Linneman (Lead Independent Trustee)	Gerald A. Spector
Martin L. Edelman	James L. Lozier, Jr.	James A. Star
Edward A. Glickman	Mary Jane Robertson	

### Senior Management

David A. Helfand President and Chief Executive Officer	David S. Weinberg Executive Vice President and Chief Operating Officer	
Adam S. Markman Executive Vice President, Chief Financial Officer and Treasurer	Orrin S. Shifrin Executive Vice President, General Counsel and Secretary	

### Equity Research Coverage <sup>(1)</sup>

<b>Bank of America / Merrill Lynch</b>	James Feldman	(646) 855-5808	james.feldman@baml.com
<b>Citigroup</b>	Michael Bilerman	(212) 816-1383	michael.bilerman@citi.com
<b>Green Street Advisors</b>	Daniel Ismail	(949) 640-8780	dismail@greenstreetadvisors.com
<b>JMP Securities</b>	Mitch Germain	(212) 906-3546	mgermain@jmpsecurities.com
<b>Stifel Nicolaus</b>	John Guinee	(443) 224-1307	jwguinee@stifel.com

### Debt Research Coverage <sup>(1)</sup>

<b>J.P.Morgan</b>	Mark Streeter	(212) 834-5086	mark.streeter@jpmorgan.com
<b>Wells Fargo Securities</b>	Thierry Perrein	(704) 410-3262	thierry.perrein@wellsfargo.com

### Rating Agencies <sup>(1)</sup>

<b>Moody's Investors Service</b>	Lori Marks	(212) 553-1098	lori.marks@moodys.com
<b>Standard &amp; Poor's</b>	Fernanda Hernandez	(212) 438-1347	fernanda.hernandez@spglobal.com

*Certain terms are defined in the definitions section of this document.*

(1) Any opinions, estimates or forecasts regarding EQC's performance made by these analysts or agencies do not represent opinions, forecasts or predictions of EQC or its management. EQC does not by its reference to the analysts and agencies above imply its endorsement of or concurrence with any information, conclusions or recommendations provided by any of these analysts or agencies.

## KEY FINANCIAL DATA

(amounts in thousands, except per share data)

	As of and for the Three Months Ended				
	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017
<b>OPERATING INFORMATION</b>					
Ending property count <sup>(1)</sup>	11	13	13	16	20
Ending square footage <sup>(1)(2)</sup>	5,410	6,341	6,344	8,706	11,031
Percent leased <sup>(1)</sup>	94.0 %	89.8 %	88.6 %	91.9 %	88.3 %
Percent commenced <sup>(1)</sup>	91.3 %	87.7 %	83.5 %	89.2 %	85.5 %
Net income (loss) attributable to EQC common shareholders	\$ 30,767	\$ 35,036	\$ 185,602	\$ (23,558)	\$ 31,215
Adjusted EBITDAre <sup>(3)</sup>	30,454	30,561	31,417	37,309	41,325
<b>SAME PROPERTY OPERATING INFORMATION</b>					
Ending square footage	5,410	5,415	5,417	5,417	5,417
Percent leased	94.0 %	91.8 %	90.5 %	91.1 %	91.1 %
Percent commenced	91.3 %	89.9 %	86.7 %	87.1 %	87.5 %
Same Property NOI <sup>(3)</sup>	\$ 25,844	\$ 25,769	\$ 25,099	\$ 24,651	\$ 25,407
Same Property Cash Basis NOI <sup>(3)</sup>	24,724	24,662	24,015	23,459	22,662
Same Property NOI margin	60.8 %	62.9 %	63.3 %	63.3 %	63.4 %
Same Property Cash Basis NOI margin	59.8 %	61.9 %	62.3 %	62.1 %	60.7 %
<b>SHARES OUTSTANDING AND PER SHARE DATA <sup>(4)</sup></b>					
<b>Shares Outstanding at End of Period</b>					
Common stock outstanding - basic <sup>(5)</sup>	121,483	121,483	121,457	124,218	124,089
Dilutive restricted share units (RSUs), Operating Partnership Units, and LTIP Units <sup>(4)</sup>	1,414	1,235	1,377	673	1,085
Dilutive Series D Convertible Preferred Shares outstanding <sup>(6)</sup>	—	—	2,363	—	—
Preferred Stock Outstanding <sup>(6)</sup>	4,915	4,915	4,915	4,915	4,915
<b>Weighted Average Shares Outstanding - GAAP</b>					
Basic <sup>(5)</sup>	121,845	121,822	123,867	124,293	124,089
Diluted <sup>(5)</sup>	122,851	122,649	127,097	124,293	125,175
<b>Distributions Declared Per Common Share</b>	\$ 2.50	\$ —	\$ —	\$ —	\$ —
<b>BALANCE SHEET</b>					
Total assets	\$ 3,813,728	\$ 3,776,874	\$ 4,137,306	\$ 4,236,945	\$ 4,260,289
Total liabilities	644,217	334,565	735,827	936,450	935,590
<b>ENTERPRISE VALUE</b>					
Total debt (book value)	\$ 279,901	\$ 280,012	\$ 678,527	\$ 848,578	\$ 850,576
Less: Cash and cash equivalents	(2,673,328)	(2,507,117)	(2,837,671)	(2,351,693)	(2,233,077)
Plus: Market value of preferred shares	128,451	127,943	127,746	129,462	130,892
Plus: Market value of diluted common shares	3,943,753	3,865,605	3,767,312	3,810,414	3,805,309
Total enterprise value	\$ 1,678,777	\$ 1,766,443	\$ 1,735,914	\$ 2,436,761	\$ 2,553,700
<b>RATIOS</b>					
Net debt / enterprise value	(142.6)%	(126.1)%	(124.4)%	(61.7)%	(54.1)%
Net debt / annualized adjusted EBITDAre <sup>(3)</sup>	(19.6)x	(18.2)x	(17.2)x	(10.1)x	(8.4)x
Adjusted EBITDAre <sup>(3)</sup> / interest expense	6.0x	4.8x	3.1x	3.5x	3.6x

(1) Excludes properties classified as held for sale and land parcels.

(2) Changes in total square footage result from property dispositions, reclassifications, and remeasurement.

(3) Non-GAAP financial measures are defined and reconciled to the most directly comparable GAAP measure, herein.

(4) Restricted share units (RSUs) and LTIP Units are equity awards that contain both service and market-based vesting components. Refer to the schedule of Common & Potential Common Shares for information regarding RSUs and LTIP Units and their impact on weighted average shares outstanding.

(5) Refer to the schedule of Common & Potential Common Shares for information regarding the components of our weighted average common shares outstanding.

(6) As of September 30, 2018, we had 4,915 series D preferred shares outstanding that were convertible into 2,363 common shares. The series D preferred shares are dilutive for GAAP EPS for the three months ended March 31, 2018, and are anti-dilutive for GAAP EPS for all other periods presented. Refer to the schedule of Common & Potential Common

Shares for information regarding the series D preferred shares and their impact on diluted weighted average shares outstanding for EPS, FFO per share and Normalized FFO per share.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(amounts in thousands, except share data)

	September 30, 2018	December 31, 2017
<b>ASSETS</b>		
Real estate properties:		
Land	\$ 137,329	\$ 191,775
Buildings and improvements	1,000,822	1,555,836
	1,138,151	1,747,611
Accumulated depreciation	(370,854)	(450,718)
	767,297	1,296,893
Assets held for sale	—	97,688
Acquired real estate leases, net	596	23,847
Cash and cash equivalents	2,673,328	2,351,693
Marketable securities	248,838	276,928
Restricted cash	9,708	8,897
Rents receivable, net of allowance for doubtful accounts of \$5,816 and \$4,771, respectively	50,103	93,436
Other assets, net	63,858	87,563
<b>Total assets</b>	<b>\$ 3,813,728</b>	<b>\$ 4,236,945</b>
<b>LIABILITIES AND EQUITY</b>		
Revolving credit facility	\$ —	\$ —
Senior unsecured debt, net	248,258	815,984
Mortgage notes payable, net	31,643	32,594
Liabilities related to properties held for sale	—	1,840
Accounts payable, accrued expenses and other	46,896	74,956
Rent collected in advance	8,182	11,076
Distributions payable	309,238	—
<b>Total liabilities</b>	<b>\$ 644,217</b>	<b>\$ 936,450</b>
Shareholders' equity:		
Preferred shares of beneficial interest, \$0.01 par value: 50,000,000 shares authorized;		
Series D preferred shares; 6 1/2% cumulative convertible; 4,915,196 shares issued and outstanding, aggregate liquidation preference of \$122,880	\$ 119,263	\$ 119,263
Common shares of beneficial interest, \$0.01 par value: 350,000,000 shares authorized; 121,482,673 and 124,217,616 shares issued and outstanding, respectively	1,215	1,242
Additional paid in capital	4,306,020	4,380,313
Cumulative net income	2,855,557	2,596,259
Cumulative other comprehensive loss	(1,006)	(95)
Cumulative common distributions	(3,418,995)	(3,111,868)
Cumulative preferred distributions	(693,736)	(685,748)
Total shareholders' equity	3,168,318	3,299,366
Noncontrolling interest	1,193	1,129
<b>Total equity</b>	<b>\$ 3,169,511</b>	<b>\$ 3,300,495</b>
<b>Total liabilities and equity</b>	<b>\$ 3,813,728</b>	<b>\$ 4,236,945</b>



## ADDITIONAL BALANCE SHEET INFORMATION

(amounts in thousands)

	September 30, 2018	December 31, 2017
<b>Additional Balance Sheet Information</b>		
Straight-line rents receivable, net of allowance for doubtful accounts	\$ 46,575	\$ 87,190
Accounts receivable, net of allowance for doubtful accounts	3,528	6,246
Rents receivable, net of allowance for doubtful accounts	\$ 50,103	93,436
Capitalized lease incentives, net	\$ 4,245	\$ 6,508
Deferred financing fees, net	538	1,749
Deferred leasing costs, net	50,293	63,539
Other	8,782	15,767
Other assets, net	\$ 63,858	\$ 87,563
Accounts payable	\$ 3,341	\$ 5,175
Accrued interest	1,163	7,517
Accrued taxes	9,270	28,015
Accrued capital expenditures	8,737	7,168
Accrued leasing costs	5,699	3,630
Assumed real estate lease obligations, net	158	1,001
Security deposits	4,088	4,735
Other accrued liabilities	14,440	17,715
Accounts payable and accrued expenses	\$ 46,896	\$ 74,956



## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(amounts in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues:				
Rental income	\$ 34,138	\$ 61,091	\$ 112,898	\$ 215,648
Tenant reimbursements and other income	12,735	16,707	41,199	53,300
<b>Total revenues</b>	<b>\$ 46,873</b>	<b>\$ 77,798</b>	<b>\$ 154,097</b>	<b>\$ 268,948</b>
Expenses:				
Operating expenses	\$ 20,257	\$ 32,380	\$ 64,377	\$ 110,751
Depreciation and amortization	11,287	21,133	38,211	71,970
General and administrative	10,905	11,689	35,466	35,727
Loss on asset impairment	—	—	12,087	19,714
<b>Total expenses</b>	<b>\$ 42,449</b>	<b>\$ 65,202</b>	<b>\$ 150,141</b>	<b>\$ 238,162</b>
<b>Operating income</b>	<b>\$ 4,424</b>	<b>\$ 12,596</b>	<b>\$ 3,956</b>	<b>\$ 30,786</b>
Interest and other income, net	12,626	7,596	31,074	17,987
Interest expense (including net amortization of debt discounts, premiums and deferred financing fees of \$559, \$784, \$2,005 and \$2,346, respectively)	(5,085)	(11,510)	(21,550)	(41,387)
Loss on early extinguishment of debt	—	(203)	(6,403)	(266)
Gain on sale of properties, net	20,877	25,080	253,025	44,670
Income before income taxes	32,842	33,559	260,102	51,790
Income tax expense	(65)	(335)	(2,616)	(555)
<b>Net income</b>	<b>\$ 32,777</b>	<b>\$ 33,224</b>	<b>\$ 257,486</b>	<b>\$ 51,235</b>
Net income attributable to noncontrolling interest	(13)	(12)	(90)	(18)
<b>Net income attributable to Equity Commonwealth</b>	<b>\$ 32,764</b>	<b>\$ 33,212</b>	<b>\$ 257,396</b>	<b>\$ 51,217</b>
Preferred distributions	(1,997)	(1,997)	(5,991)	(5,991)
<b>Net income attributable to Equity Commonwealth common shareholders</b>	<b>\$ 30,767</b>	<b>\$ 31,215</b>	<b>\$ 251,405</b>	<b>\$ 45,226</b>
Weighted average common shares outstanding — basic <sup>(1)</sup>	121,845	124,089	122,504	124,068
Weighted average common shares outstanding — diluted <sup>(1)</sup>	122,851	125,175	123,389	125,194
Earnings per common share attributable to Equity Commonwealth common shareholders:				
Basic	\$ 0.25	\$ 0.25	\$ 2.05	\$ 0.36
Diluted	\$ 0.25	\$ 0.25	\$ 2.04	\$ 0.36
Distributions declared per common share	\$ 2.50	\$ —	\$ 2.50	\$ —

(1) Refer to the schedule of Common & Potential Common Shares for information regarding the components of our weighted average common shares outstanding.

**CALCULATION OF SAME PROPERTY NET OPERATING INCOME (NOI) AND SAME PROPERTY CASH BASIS NOI**

(amounts in thousands)

	For the Three Months Ended				
	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017
<b>Calculation of Same Property NOI and Same Property Cash Basis NOI:</b>					
Rental income	\$ 34,138	\$ 35,211	\$ 43,549	\$ 54,672	\$ 61,091
Tenant reimbursements and other income	12,735	13,425	15,039	16,951	16,707
Operating expenses	(20,257)	(19,521)	(24,599)	(30,674)	(32,380)
<b>NOI</b>	<b>\$ 26,616</b>	<b>\$ 29,115</b>	<b>\$ 33,989</b>	<b>\$ 40,949</b>	<b>\$ 45,418</b>
Straight line rent adjustments	(1,435)	(1,022)	(1,528)	(1,938)	(3,557)
Lease value amortization	(4)	(18)	98	295	388
Lease termination fees	(395)	(1,557)	(965)	(942)	(1,477)
<b>Cash Basis NOI</b>	<b>\$ 24,782</b>	<b>\$ 26,518</b>	<b>\$ 31,594</b>	<b>\$ 38,364</b>	<b>\$ 40,772</b>
Cash Basis NOI from non-same properties <sup>(1)</sup>	(58)	(1,856)	(7,579)	(14,905)	(18,110)
<b>Same Property Cash Basis NOI</b>	<b>\$ 24,724</b>	<b>\$ 24,662</b>	<b>\$ 24,015</b>	<b>\$ 23,459</b>	<b>\$ 22,662</b>
Non-cash rental income and lease termination fees from same properties	1,120	1,107	1,084	1,192	2,745
<b>Same Property NOI</b>	<b>\$ 25,844</b>	<b>\$ 25,769</b>	<b>\$ 25,099</b>	<b>\$ 24,651</b>	<b>\$ 25,407</b>

**Reconciliation of Same Property NOI to GAAP Operating Income:**

<b>Same Property NOI</b>	<b>\$ 25,844</b>	<b>\$ 25,769</b>	<b>\$ 25,099</b>	<b>\$ 24,651</b>	<b>\$ 25,407</b>
Non-cash rental income and lease termination fees from same properties	(1,120)	(1,107)	(1,084)	(1,192)	(2,745)
<b>Same Property Cash Basis NOI</b>	<b>\$ 24,724</b>	<b>\$ 24,662</b>	<b>\$ 24,015</b>	<b>\$ 23,459</b>	<b>\$ 22,662</b>
Cash Basis NOI from non-same properties <sup>(1)</sup>	58	1,856	7,579	14,905	18,110
<b>Cash Basis NOI</b>	<b>\$ 24,782</b>	<b>\$ 26,518</b>	<b>\$ 31,594</b>	<b>\$ 38,364</b>	<b>\$ 40,772</b>
Straight line rent adjustments	1,435	1,022	1,528	1,938	3,557
Lease value amortization	4	18	(98)	(295)	(388)
Lease termination fees	395	1,557	965	942	1,477
<b>NOI</b>	<b>\$ 26,616</b>	<b>\$ 29,115</b>	<b>\$ 33,989</b>	<b>\$ 40,949</b>	<b>\$ 45,418</b>
Depreciation and amortization	(11,287)	(13,021)	(13,903)	(18,738)	(21,133)
General and administrative	(10,905)	(11,222)	(13,339)	(12,033)	(11,689)
Loss on asset impairment	—	—	(12,087)	—	—
<b>Operating Income (Loss)</b>	<b>\$ 4,424</b>	<b>\$ 4,872</b>	<b>\$ (5,340)</b>	<b>\$ 10,178</b>	<b>\$ 12,596</b>

<b>Same Property capitalized external legal costs<sup>(2)</sup></b>	<b>\$ 14</b>	<b>\$ 53</b>	<b>\$ 100</b>	<b>\$ 213</b>	<b>\$ 142</b>
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- (1) Cash Basis NOI from non-same properties for all periods presented includes the operations of properties disposed or classified as held for sale and land parcels.
- (2) We currently capitalize external legal costs incurred when we enter into leases. Beginning in 2019, these external legal leasing costs will be expensed in our financial statements as an operating expense and will result in a reduction to our Cash Basis NOI, NOI and operating income. We do not intend to recast the comparative periods presented when we adopt the new lease accounting standards.

**CALCULATION OF SAME PROPERTY NET OPERATING INCOME (NOI) AND SAME PROPERTY CASH BASIS NOI**

(amounts in thousands)

	For the Nine Months Ended September 30,	
	2018	2017
<b>Calculation of Same Property NOI and Same Property Cash Basis NOI:</b>		
Rental income	\$ 112,898	\$ 215,648
Tenant reimbursements and other income	41,199	53,300
Operating expenses	(64,377)	(110,751)
<b>NOI</b>	<b>\$ 89,720</b>	<b>\$ 158,197</b>
Straight line rent adjustments	(3,985)	(12,487)
Lease value amortization	76	1,479
Lease termination fees	(2,917)	(4,002)
<b>Cash Basis NOI</b>	<b>\$ 82,894</b>	<b>\$ 143,187</b>
Cash Basis NOI from non-same properties <sup>(1)</sup>	(9,493)	(78,164)
<b>Same Property Cash Basis NOI</b>	<b>\$ 73,401</b>	<b>\$ 65,023</b>
Non-cash rental income and lease termination fees from same properties	3,311	10,011
<b>Same Property NOI</b>	<b>\$ 76,712</b>	<b>\$ 75,034</b>

**Reconciliation of Same Property NOI to GAAP Operating Income:**

<b>Same Property NOI</b>	<b>\$ 76,712</b>	<b>\$ 75,034</b>
Non-cash rental income and lease termination fees from same properties	(3,311)	(10,011)
<b>Same Property Cash Basis NOI</b>	<b>\$ 73,401</b>	<b>\$ 65,023</b>
Cash Basis NOI from non-same properties <sup>(1)</sup>	9,493	78,164
<b>Cash Basis NOI</b>	<b>\$ 82,894</b>	<b>\$ 143,187</b>
Straight line rent adjustments	3,985	12,487
Lease value amortization	(76)	(1,479)
Lease termination fees	2,917	4,002
<b>NOI</b>	<b>\$ 89,720</b>	<b>\$ 158,197</b>
Depreciation and amortization	(38,211)	(71,970)
General and administrative	(35,466)	(35,727)
Loss on asset impairment	(12,087)	(19,714)
<b>Operating Income</b>	<b>\$ 3,956</b>	<b>\$ 30,786</b>

<b>Same Property capitalized external legal costs<sup>(2)</sup></b>	<b>\$ 167</b>	<b>\$ 377</b>
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- (1) Cash Basis NOI from non-same properties for all periods presented includes the operations of properties disposed or classified as held for sale and land parcels.
- (2) We currently capitalize external legal costs incurred when we enter into leases. Beginning in 2019, these external legal leasing costs will be expensed in our financial statements as an operating expense and will result in a reduction to our Cash Basis NOI, NOI and operating income. We do not intend to recast the comparative periods presented when we adopt the new lease accounting standards.

## SAME PROPERTY RESULTS OF OPERATIONS

(dollars and square feet in thousands)

	As of and for the Three Months Ended September 30,			As of and for the Nine Months Ended September 30,		
	2018	2017	% Change	2018	2017	% Change
Properties	11	11		11	11	
Square Feet <sup>(1)</sup>	5,410	5,417		5,410	5,417	
% Leased	94.0%	91.1%	2.9%	94.0%	91.1%	2.9%
% Commenced	91.3%	87.5%	3.8%	91.3%	87.5%	3.8%
Rental income	\$ 30,219	\$ 27,388	10.3%	\$ 87,911	\$ 78,060	12.6%
Tenant reimbursements and other income	11,143	9,935	12.2%	31,828	30,088	5.8%
Straight line rent adjustment	1,121	1,620		3,183	8,244	
Lease value amortization	(3)	(7)		(15)	(33)	
Lease termination fees	2	1,132		143	1,800	
Total revenue	42,482	40,068	6.0%	123,050	118,159	4.1%
Operating expenses	(16,638)	(14,661)	13.5%	(46,338)	(43,125)	7.5%
<b>NOI</b>	<b>\$ 25,844</b>	<b>\$ 25,407</b>	<b>1.7%</b>	<b>\$ 76,712</b>	<b>\$ 75,034</b>	<b>2.2%</b>
<i>NOI Margin</i>	<i>60.8 %</i>	<i>63.4 %</i>		<i>62.3 %</i>	<i>63.5 %</i>	
Straight line rent adjustment	\$ (1,121)	\$ (1,620)		\$ (3,183)	\$ (8,244)	
Lease value amortization	3	7		15	33	
Lease termination fees	(2)	(1,132)		(143)	(1,800)	
<b>Cash Basis NOI</b>	<b>\$ 24,724</b>	<b>\$ 22,662</b>	<b>9.1%</b>	<b>73,401</b>	<b>65,023</b>	<b>12.9%</b>
<i>Cash Basis NOI Margin</i>	<i>59.8 %</i>	<i>60.7 %</i>		<i>61.3 %</i>	<i>60.1 %</i>	

<b>Same Property capitalized external legal costs<sup>(2)</sup></b>	<b>\$ 14</b>	<b>\$ 142</b>	<b>\$ 167</b>	<b>\$ 377</b>
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(1) The change in total square footage results from remeasurement.

(2) We currently capitalize external legal costs incurred when we enter into leases. Beginning in 2019, these external legal leasing costs will be expensed in our financial statements as an operating expense and will result in a reduction to our Cash Basis NOI, NOI and operating income. We do not intend to recast the comparative periods presented when we adopt the new lease accounting standards.

**CALCULATION OF EBITDA, EBITDAre, AND ADJUSTED EBITDAre**

(amounts in thousands)

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
<b>Net income</b>	<b>\$ 32,777</b>	<b>\$ 33,224</b>	<b>\$ 257,486</b>	<b>\$ 51,235</b>
Interest expense	5,085	11,510	21,550	41,387
Income tax expense	65	335	2,616	555
Depreciation and amortization	11,287	21,133	38,211	71,970
<b>EBITDA</b>	<b>\$ 49,214</b>	<b>\$ 66,202</b>	<b>\$ 319,863</b>	<b>\$ 165,147</b>
Loss on asset impairment	—	—	12,087	19,714
Gain on sale of properties, net	(20,877)	(25,080)	(253,025)	(44,670)
<b>EBITDAre</b>	<b>\$ 28,337</b>	<b>\$ 41,122</b>	<b>\$ 78,925</b>	<b>\$ 140,191</b>
Loss on early extinguishment of debt	—	203	6,403	266
Loss on sale of real estate mortgage receivable	2,117	—	2,117	—
Loss on sale of securities	—	—	4,987	—
<b>Adjusted EBITDAre</b>	<b>\$ 30,454</b>	<b>\$ 41,325</b>	<b>\$ 92,432</b>	<b>\$ 140,457</b>

## CALCULATION OF FUNDS FROM OPERATIONS (FFO) AND NORMALIZED FFO

(amounts in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
<b>Calculation of FFO</b>				
Net income	\$ 32,777	\$ 33,224	\$ 257,486	\$ 51,235
Real estate depreciation and amortization	10,978	20,842	37,298	71,077
Loss on asset impairment	—	—	12,087	19,714
Gain on sale of properties, net	(20,877)	(25,080)	(253,025)	(44,670)
FFO attributable to Equity Commonwealth	22,878	28,986	53,846	97,356
Preferred distributions	(1,997)	(1,997)	(5,991)	(5,991)
<b>FFO attributable to EQC common shareholders and unitholders</b>	<b>\$ 20,881</b>	<b>\$ 26,989</b>	<b>\$ 47,855</b>	<b>\$ 91,365</b>
<b>Calculation of Normalized FFO</b>				
FFO attributable to EQC common shareholders and unitholders	\$ 20,881	\$ 26,989	\$ 47,855	\$ 91,365
Lease value amortization	(4)	388	76	1,479
Straight line rent adjustments	(1,435)	(3,557)	(3,985)	(12,487)
Loss on early extinguishment of debt	—	203	6,403	266
Loss on sale of securities	—	—	4,987	—
Loss on sale of real estate mortgage receivable	2,117	—	2,117	—
Income taxes related to gains on property sales	25	—	2,498	—
<b>Normalized FFO attributable to EQC common shareholders and unitholders</b>	<b>\$ 21,584</b>	<b>\$ 24,023</b>	<b>\$ 59,951</b>	<b>\$ 80,623</b>
Weighted average common shares and units outstanding -- basic <sup>(1)</sup>	121,891	124,132	122,548	124,105
Weighted average common shares and units outstanding -- diluted <sup>(1)</sup>	122,897	125,175	123,433	125,194
FFO attributable to EQC common shareholders and unitholders per share and unit -- basic	\$ 0.17	\$ 0.22	\$ 0.39	\$ 0.74
FFO attributable to EQC common shareholders and unitholders per share and unit -- diluted	\$ 0.17	\$ 0.22	\$ 0.39	\$ 0.73
Normalized FFO attributable to EQC common shareholders and unitholders per share and unit -- basic	\$ 0.18	\$ 0.19	\$ 0.49	\$ 0.65
Normalized FFO attributable to EQC common shareholders and unitholders per share and unit -- diluted	\$ 0.18	\$ 0.19	\$ 0.49	\$ 0.64

(1) Our calculations of FFO and Normalized FFO attributable to EQC common shareholders **and unitholders** per share and unit - basic for the three and nine months ended September 30, 2018 include 46 and 44 LTIP/Operating Partnership Units, respectively, that are excluded from the calculation of basic earnings per common share attributable to EQC **common shareholders (only)**. Our calculations of FFO and Normalized FFO attributable to EQC common shareholders **and unitholders** per share and unit - basic for the three and nine months ended September 30, 2017 include 43 and 37 LTIP/Operating Partnership Units, respectively, that are excluded from the calculation of basic earnings per common share attributable to EQC **common shareholders (only)**. Refer to the schedule of Common & Potential Common Shares for information regarding the components of our weighted average common shares and units outstanding.

## DEBT SUMMARY

As of September 30, 2018

(dollars in thousands)

	Interest Rate	Principal Balance	Maturity Date	Open at Par Date	Due at Maturity	Years to Maturity
<b>Unsecured Debt:</b>						
<b>Unsecured Floating Rate Debt:</b>						
Revolving credit facility (LIBOR + 105 bps) <sup>(1)</sup>	3.31%	\$ —	1/28/2019	Open	\$ —	0.3
<b>Total / weighted average unsecured floating rate debt</b>	<b>3.31%</b>	<b>\$ —</b>			<b>\$ —</b>	<b>0.3</b>
<b>Unsecured Fixed Rate Debt:</b>						
5.875% Senior Unsecured Notes Due 2020	5.88%	\$ 250,000	9/15/2020	3/15/2020	\$ 250,000	2.0
<b>Total / weighted average unsecured fixed rate debt</b>	<b>5.88%</b>	<b>\$ 250,000</b>			<b>\$ 250,000</b>	<b>2.0</b>
<b>Secured Debt:</b>						
<b>Secured Fixed Rate Debt:</b>						
206 East 9th Street	5.69%	\$ 26,138	1/5/2021	7/5/2020	\$ 24,836	2.3
97 Newberry Road	5.71%	5,011	3/1/2026	N/A	—	7.4
<b>Total / weighted average secured fixed rate debt</b>	<b>5.69%</b>	<b>\$ 31,149</b>			<b>\$ 24,836</b>	<b>3.1</b>
<b>Total / weighted average</b> <sup>(2)</sup>	<b>5.86%</b>	<b>\$ 281,149</b>			<b>\$ 274,836</b>	<b>2.1</b>

(1) Represents amounts outstanding on EQC's \$750,000 revolving credit facility as of September 30, 2018. The interest rate presented is as of September 30, 2018, and equals LIBOR plus 1.05%. We also pay a 20 basis point facility fee annually. The spread over LIBOR and the facility fee vary depending upon EQC's credit rating. The revolving credit facility has a scheduled maturity date of January 28, 2019, which maturity date may be extended for up to two additional periods of six months at our option subject to satisfaction of certain conditions and the payment of an extension fee of 7.5 basis points of the aggregate amount available under the revolving credit facility.

(2) Total debt outstanding as of September 30, 2018, including net unamortized premiums, discounts, and deferred financing fees was \$279,901. Net unamortized deferred financing fees related to our revolving credit facility of \$538 are included in other assets, net on our condensed consolidated balance sheet as of September 30, 2018.

**DEBT MATURITY SCHEDULE**

(dollars in thousands)

**Scheduled Principal Payments During Period**

<b>Year</b>	<b>Unsecured Fixed Rate Debt</b>	<b>Secured Fixed Rate Debt</b>	<b>Total</b>	<b>Weighted Average Interest Rate</b>
2018	\$ —	\$ 272	\$ 272	5.7%
2019	—	1,126	1,126	5.7%
2020	250,000	1,189	251,189	5.9%
2021	—	25,463	25,463	5.7%
2022	—	663	663	5.7%
2023	—	702	702	5.7%
2024	—	743	743	5.7%
2025	—	787	787	5.7%
2026	—	204	204	5.7%
2027	—	—	—	—%
Thereafter	—	—	—	—%
<b>Total</b>	<b>\$ 250,000</b>	<b>\$ 31,149</b>	<b>\$ 281,149</b> <sup>(1)</sup>	<b>5.9%</b>

Percent 88.9% 11.1% 100.0%

(1) Total debt outstanding as of September 30, 2018, including net unamortized premiums, discounts, and deferred financing fees was \$279,901. Net unamortized deferred financing fees related to our revolving credit facility of \$538 are included in other assets, net on our condensed consolidated balance sheet as of September 30, 2018.



## LEVERAGE RATIOS, COVERAGE RATIOS AND PUBLIC DEBT COVENANTS

(dollars in thousands)

	As of and for the Three Months Ended				
	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017
<b>Leverage Ratios</b>					
Total debt / total assets	7.3 %	7.4 %	16.4 %	20.0 %	20.0 %
Total debt / total market capitalization	6.4 %	6.6 %	14.8 %	17.7 %	17.8 %
Total debt + preferred stock / total market capitalization	9.4 %	9.5 %	17.6 %	20.4 %	20.5 %
Total debt / annualized adjusted EBITDAre <sup>(1)</sup>	2.3x	2.3x	5.4x	5.7x	5.1x
Total debt + preferred stock / annualized adjusted EBITDAre <sup>(1)</sup>	3.4x	3.3x	6.4x	6.6x	5.9x
Net debt / enterprise value	(142.6)%	(126.1)%	(124.4)%	(61.7)%	(54.1)%
Net debt + preferred stock / enterprise value	(134.9)%	(118.8)%	(117.0)%	(56.4)%	(49.0)%
Net debt / annualized adjusted EBITDAre <sup>(1)</sup>	(19.6)x	(18.2)x	(17.2)x	(10.1)x	(8.4)x
Net debt + preferred stock / annualized adjusted EBITDAre <sup>(1)</sup>	(18.6)x	(17.2)x	(16.2)x	(9.2)x	(7.6)x
Secured debt / total assets	0.8 %	0.8 %	0.8 %	0.8 %	0.8 %
Variable rate debt / total debt	— %	— %	59.0 %	47.1 %	47.0 %
Variable rate debt / total assets	— %	— %	9.7 %	9.4 %	9.4 %
<b>Coverage Ratios</b>					
Adjusted EBITDAre / interest expense <sup>(1)</sup>	6.0x	4.8x	3.1x	3.5x	3.6x
Adjusted EBITDAre / interest expense + preferred distributions <sup>(1)</sup>	4.3x	3.7x	2.6x	2.9x	3.1x
<b>Public Debt Covenants</b>					
Debt / adjusted total assets <sup>(2)</sup> (maximum 60%)	6.8 %	6.8 %	15.2 %	18.2 %	18.0 %
Secured debt / adjusted total assets <sup>(2)</sup> (maximum 40%)	0.8 %	0.8 %	0.7 %	0.7 %	0.7 %
Consolidated income available for debt service / debt service (minimum 1.5x)	4.6x	4.6x	2.8x	3.3x	3.5x
Total unencumbered assets <sup>(2)</sup> / unsecured debt (minimum 150% / 200%)	1,629 %	1,624 %	681 %	553 %	567 %

(1) Refer to the calculation of EBITDA, EBITDAre and Adjusted EBITDAre for a reconciliation of these measures to Net income.

(2) Adjusted total assets and total unencumbered assets includes original cost of real estate assets plus capital improvements, both calculated in accordance with GAAP, and excludes depreciation and amortization, accounts receivable, other intangible assets and impairment write downs, if any.

## ACQUISITIONS AND DISPOSITIONS

(dollars in thousands)

### Acquisitions

None

### Dispositions

Property/Portfolio	City	State	No. of Properties	Sq. Feet <sup>(1)</sup>	% Leased <sup>(1)</sup>	Gross Sales Price	Net Book Value <sup>(1)</sup>	Annualized Rental Revenue <sup>(1)</sup>
1600 Market Street	Philadelphia	PA	1	825,968	84.7%	\$ 160,000	\$ 76,066	\$ 19,219
600 West Chicago Avenue <sup>(2)</sup>	Chicago	IL	1	1,561,477	99.2%	510,000	343,111	53,193
5073, 5075, & 5085 S. Syracuse Street	Denver	CO	1	248,493	100.0%	115,186	52,323	7,601
<b>Total Q1 Dispositions</b>			<b>3</b>	<b>2,635,938</b>	<b>94.7%</b>	<b>\$ 785,186</b>	<b>\$ 471,500</b>	<b>\$ 80,013</b>
1601 Dry Creek Drive	Longmont	CO	1	552,865	100.0%	\$ 68,500	\$ 24,786	\$ 9,115
<b>Total Q2 Dispositions</b>			<b>1</b>	<b>552,865</b>	<b>100.0%</b>	<b>\$ 68,500</b>	<b>\$ 24,786</b>	<b>\$ 9,115</b>
777 East Eisenhower Parkway	Ann Arbor	MI	1	290,530	39.8%	\$ 29,500	\$ 21,652	\$ 2,989
8750 Bryn Mawr Avenue <sup>(3)</sup>	Chicago	IL	1	636,078	95.5%	141,000	91,873	17,041
<b>Total Q3 Dispositions</b>			<b>2</b>	<b>926,608</b>	<b>78.0%</b>	<b>\$ 170,500</b>	<b>\$ 113,525</b>	<b>\$ 20,030</b>
<b>Total Disposed Year-to-Date</b>			<b>6</b>	<b>4,115,411</b>	<b>91.7%</b>	<b>\$ 1,024,186</b>	<b>\$ 609,811</b>	<b>\$ 109,158</b>

The dispositions above resulted in a gain on sale of properties of \$20.9 million and \$253.0 million for the three and nine months ended September 30, 2018, respectively.

(1) As of the quarter-ended preceding each sale.

(2) Proceeds from the sale of 600 West Chicago Avenue were approximately \$488 million after credits for capital, contractual lease costs, and rent abatement.

(3) Proceeds from the sale of 8750 Bryn Mawr Avenue were approximately \$120 million after credits for capital, contractual lease costs, and rent abatement.

**PROPERTY DETAIL**

**As of September 30, 2018**

**(sorted by annualized rental revenue, dollars in thousands)**

**Same Property Portfolio<sup>(1)</sup>**

Property	City, State	Type	No. of Buildings	Square Feet	% Leased	% Comm-enced	Annualized Rental Revenue	Undepreciated Book Value	Net Book Value	Year Acquired	Weighted Average Year Built or Substantially Renovated <sup>(2)</sup>
1 1735 Market Street	Philadelphia, PA	Office	1	1,286,936	91.0%	83.4%	\$ 36,998	\$ 327,779	\$194,248	1998	1990
2 1225 Seventeenth Street	Denver, CO	Office	1	695,372	88.4%	86.4%	23,788	159,719	125,943	2009	1982
3 333 108th Avenue NE	Bellevue, WA	Office	1	435,406	99.3%	99.3%	21,748	153,527	121,300	2009	2008
4 Bridgepoint Square	Austin, TX	Office	5	440,007	91.6%	91.3%	14,436	96,533	52,060	1997	1995
5 Research Park	Austin, TX	Flex	4	1,110,007	98.0%	98.0%	12,040	104,199	67,033	1998	1976
6 109 Brookline Avenue	Boston, MA	Office	1	285,556	94.6%	94.6%	11,117	47,650	26,137	1995	1915
7 1250 H Street, NW	Washington, D.C.	Office	1	196,490	89.7%	84.9%	8,924	74,471	41,758	1998	1992
8 600 108th Avenue NE	Bellevue, WA	Office	1	254,510	94.5%	93.9%	8,740	52,167	35,272	2004	2012
9 Georgetown-Green and Harris Buildings	Washington, D.C.	Office	2	240,475	100.0%	100.0%	6,803	60,023	51,846	2009	2006
10 206 East 9th Street	Austin, TX	Office	1	175,510	92.0%	78.3%	5,721	50,680	43,959	2012	1984
11 97 Newberry Road	East Windsor, CT	Industrial	1	289,386	100.0%	100.0%	1,923	11,403	7,741	2006	1989
<b>Total Same Properties</b>			<b>19</b>	<b>5,409,655</b>	<b>94.0%</b>	<b>91.3%</b>	<b>\$152,238</b>	<b>\$1,138,151</b>	<b>\$767,297</b>	<b>2002</b>	<b>1986</b>

Same Property NOI & Cash Basis NOI Composition	Q3 2018		Q3 2018 Cash Basis NOI	
	NOI	% of NOI	NOI	% of Cash Basis NOI
<b>Top 5 Properties</b>	<b>\$17,984</b>	<b>69.6%</b>	<b>\$16,540</b>	<b>66.9%</b>
<b>All other properties (6 properties)</b>	<b>7,860</b>	<b>30.4%</b>	<b>8,184</b>	<b>33.1%</b>
<b>Total (11 properties)</b>	<b>\$25,844</b>	<b>100.0%</b>	<b>\$24,724</b>	<b>100.0%</b>

(1) Excludes properties disposed prior to October 1, 2018.

(2) Weighted based on square feet.

## LEASING SUMMARY

(dollars and square feet in thousands, except per square foot data)

	As of and for the Three Months Ended				
	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017
Properties <sup>(1)</sup>	11	13	13	16	20
Total square feet <sup>(1)(2)</sup>	5,410	6,341	6,344	8,706	11,031
Percentage leased	94.0 %	89.8%	88.6%	91.9%	88.3%
Percentage commenced	91.3 %	87.7%	83.5%	89.2%	85.5%
<b>Total Leases</b>					
Square feet	563	292	117	248	273
Lease term (years)	14.4	9.4	7.8	11.5	7.5
Starting cash rent	\$ 47.36	\$ 39.44	\$ 36.29	\$ 33.36	\$ 33.49
Percent change in cash rent <sup>(3)</sup>	(1.2)%	10.4%	2.8%	6.8%	2.3%
Percent change in GAAP rent <sup>(3)</sup>	11.0 %	23.6%	10.8%	19.0%	7.8%
Total TI & LC per square foot <sup>(4)</sup>	\$ 118.03	\$ 59.54	\$ 59.23	\$ 36.91	\$ 40.37
Total TI & LC per sq. ft. per year of lease term <sup>(4)</sup>	\$ 8.22	\$ 6.36	\$ 7.56	\$ 3.20	\$ 5.35
<b>Renewal Leases</b>					
Square feet	1	103	71	171	81
Lease term (years)	5.0	5.2	7.2	13.4	4.0
Starting cash rent	\$ 67.85	\$ 39.01	\$ 36.93	\$ 33.06	\$ 35.52
Percent change in cash rent <sup>(3)</sup>	0.0 %	12.0%	1.7%	6.2%	3.7%
Percent change in GAAP rent <sup>(3)</sup>	17.0 %	20.2%	9.5%	20.7%	10.9%
Total TI & LC per square foot <sup>(4)</sup>	\$ 2.50	\$ 40.07	\$ 55.07	\$ 33.67	\$ 18.00
Total TI & LC per sq. ft. per year of lease term <sup>(4)</sup>	\$ 0.50	\$ 7.75	\$ 7.61	\$ 2.52	\$ 4.51
<b>New Leases</b>					
Square feet	562	189	46	77	192
Lease term (years)	14.4	11.6	8.7	7.5	9.0
Starting cash rent	\$ 47.32	\$ 39.67	\$ 35.34	\$ 34.02	\$ 32.63
Percent change in cash rent <sup>(3)</sup>	(1.2)%	9.6%	6.7%	9.0%	1.5%
Percent change in GAAP rent <sup>(3)</sup>	11.0 %	25.5%	15.3%	13.4%	6.4%
Total TI & LC per square foot <sup>(4)</sup>	\$ 118.28	\$ 70.12	\$ 65.55	\$ 44.06	\$ 49.75
Total TI & LC per sq. ft. per year of lease term <sup>(4)</sup>	\$ 8.23	\$ 6.03	\$ 7.49	\$ 5.88	\$ 5.51

The above leasing summary is based on leases executed during the periods indicated, and excludes leasing activity for assets during the quarter in which the asset was sold or classified as held for sale.

- (1) Excludes properties classified as held for sale and land parcels.
- (2) Changes in total square footage result from property dispositions, reclassifications, and remeasurement.
- (3) Percent change in GAAP and cash rent is a comparison of current rent, including tenant expense reimbursements, if any, to the rent, including tenant expense reimbursements, if any, last received for the same space on a GAAP and cash basis, respectively. Cash rent is calculated before deducting any initial period free rent. New leasing in suites vacant longer than 2 years was excluded from the calculation.
- (4) Includes tenant improvements (TI) and leasing commissions (LC).

## SAME PROPERTY LEASING SUMMARY

(dollars and square feet in thousands, except per square foot data)

	As of and for the Three Months Ended				
	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017
Properties	11	11	11	11	11
Total square feet <sup>(1)</sup>	5,410	5,415	5,417	5,417	5,417
Percentage leased	94.0 %	91.8%	90.5%	91.1%	91.1%
Percentage commenced	91.3 %	89.9%	86.7%	87.1%	87.5%
<b>Total Leases</b>					
Square feet	563	189	51	203	171
Lease term (years)	14.4	5.6	8.0	12.2	6.9
Starting cash rent	\$ 47.36	\$ 42.47	\$ 39.61	\$ 34.56	\$ 38.48
Percent change in cash rent <sup>(2)</sup>	(1.2)%	15.3%	4.0%	9.2%	8.1%
Percent change in GAAP rent <sup>(2)</sup>	11.0 %	24.8%	10.4%	22.9%	12.7%
Total TI & LC per square foot <sup>(3)</sup>	\$ 118.03	\$ 47.97	\$ 58.42	\$ 34.02	\$ 44.09
Total TI & LC per sq. ft. per year of lease term <sup>(3)</sup>	\$ 8.22	\$ 8.63	\$ 7.32	\$ 2.78	\$ 6.43
<b>Renewal Leases</b>					
Square feet	1	91	34	159	46
Lease term (years)	5.0	5.2	9.4	14.0	4.1
Starting cash rent	\$ 67.85	\$ 40.78	\$ 40.27	\$ 33.63	\$ 43.65
Percent change in cash rent <sup>(2)</sup>	0.0 %	15.6%	1.3%	7.2%	5.7%
Percent change in GAAP rent <sup>(2)</sup>	17.0 %	23.5%	7.0%	22.1%	9.5%
Total TI & LC per square foot <sup>(3)</sup>	\$ 2.50	\$ 43.92	\$ 70.44	\$ 34.55	\$ 21.18
Total TI & LC per sq. ft. per year of lease term <sup>(3)</sup>	\$ 0.50	\$ 8.45	\$ 7.52	\$ 2.47	\$ 5.21
<b>New Leases</b>					
Square feet	562	98	17	44	125
Lease term (years)	14.4	5.9	5.3	6.0	7.9
Starting cash rent	\$ 47.32	\$ 44.04	\$ 38.31	\$ 37.91	\$ 36.57
Percent change in cash rent <sup>(2)</sup>	(1.2)%	14.9%	10.2%	26.8%	9.2%
Percent change in GAAP rent <sup>(2)</sup>	11.0 %	26.0%	18.3%	28.9%	14.3%
Total TI & LC per square foot <sup>(3)</sup>	\$ 118.28	\$ 51.74	\$ 34.90	\$ 32.14	\$ 52.57
Total TI & LC per sq. ft. per year of lease term <sup>(3)</sup>	\$ 8.23	\$ 8.78	\$ 6.61	\$ 5.34	\$ 6.67

The above leasing summary is based on leases executed during the periods indicated.

- (1) Changes in total square footage result from remeasurement.
- (2) Percent change in GAAP and cash rent is a comparison of current rent, including tenant expense reimbursements, if any, to the rent, including tenant expense reimbursements, if any, last received for the same space on a GAAP and cash basis, respectively. Cash rent is calculated before deducting any initial period free rent. New leasing in suites vacant longer than 2 years was excluded from the calculation.
- (3) Includes tenant improvements (TI) and leasing commissions (LC).

**CAPITAL SUMMARY**  
**EXPENDITURES & SAME PROPERTY LEASING COMMITMENTS**

(dollars and square feet in thousands)

CAPITAL SUMMARY EXPENDITURES	Three Months Ended				
	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017
Tenant improvements	\$ 11,490	\$ 13,773	\$ 10,907	\$ 6,410	\$ 3,015
Leasing costs	11,699	4,909	2,842	3,408	3,070
Building improvements <sup>(1)</sup>	2,223	2,936	1,951	5,311	8,469
<b>Total capital expenditures</b>	<b>\$ 25,412</b>	<b>\$ 21,618</b>	<b>\$ 15,700</b>	<b>\$ 15,129</b>	<b>\$ 14,554</b>

Average square feet during period <sup>(2)</sup>	5,876	6,619	8,214	10,282	12,722
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Building improvements per average total sq. ft. during period	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017
	\$ 0.38	\$ 0.44	\$ 0.24	\$ 0.52	\$ 0.67

CAPITAL SUMMARY SAME PROPERTY LEASING COMMITMENTS	Three Months Ended September 30, 2018		
	New Leases	Renewal Leases	Total
Square feet leased during the period	562	1	563
Total TI & LC <sup>(3)</sup>	\$ 66,473	\$ 3	\$ 66,476
Total TI & LC per square foot <sup>(3)</sup>	\$ 118.28	\$ 2.50	\$ 118.03
Weighted average lease term by square foot (years)	14.4	5.0	14.4
Total TI & LC per sq. ft. per year of lease term <sup>(3)</sup>	\$ 8.23	\$ 0.50	\$ 8.22

(1) Tenant-funded capital expenditures are excluded.

(2) Average square feet during each period includes properties held for sale at the end of each period.

(3) Includes tenant improvements (TI) and leasing commissions (LC).

**TENANTS REPRESENTING 1.5% OR MORE OF ANNUALIZED RENTAL REVENUE**

**As of September 30, 2018**

**(square feet in thousands)**

<b>Tenant</b>	<b>Square Feet (1)</b>	<b>% of Total Sq. Ft. (1)</b>	<b>% of Annualized Rental Revenue</b>	<b>Weighted Average Remaining Lease Term</b>
1 Expedia, Inc. (2)	427	8.4%	13.9%	1.3
2 Flex Ltd.	1,051	20.7%	7.2%	11.3
3 Ballard Spahr LLP	219	4.3%	5.6%	11.4
4 Georgetown University (3)	240	4.7%	4.5%	1.0
5 Beth Israel Deaconess Medical Center, Inc.	117	2.3%	2.5%	4.8
6 Dana-Farber Cancer Institute, Inc.	77	1.5%	2.3%	6.2
7 BT Americas, Inc.	59	1.2%	2.0%	0.8
8 Equinor Energy Services, Inc. (4)	89	1.7%	1.8%	4.8
9 Aberdeen Asset Management, Inc	58	1.1%	1.7%	1.0
10 KPMG, LLP	66	1.3%	1.7%	4.4
11 Public Financial Management, Inc.	62	1.2%	1.6%	12.7
12 Sunoco, Inc. (5)	71	1.4%	1.5%	2.0
<b>Total</b>	<b>2,536</b>	<b>49.8%</b>	<b>46.3%</b>	<b>7.1</b>

- (1) Square footage as of September 30, 2018 includes space subject to leases that have commenced, space being fitted out for occupancy pursuant to existing leases, and space which is leased but is not occupied or is being offered for sublease by tenants.
- (2) During the third quarter of 2018, an affiliate of Amazon.com, Inc. entered into a new 16-year lease for 429,012 square feet, including all of the Expedia, Inc. space. The lease commences in 2020.
- (3) Georgetown University's leased space includes 111,600 square feet that are sublet to another tenant. During the fourth quarter of 2017, the other tenant committed to lease this space through September 30, 2037. The lease commences in 2019.
- (4) Formerly known as Statoil Oil & Gas LP.
- (5) 67,063 square feet of Sunoco's leased space has been backfilled by other tenants with a weighted-average expiration in mid-2026. The backfilling leases commence in 2020.

## SAME PROPERTY LEASE EXPIRATION SCHEDULE

As of September 30, 2018

(dollars and sq. ft. in thousands)

Year	Number of Tenants Expiring	Leased Sq. Ft. Expiring <sup>(1)</sup>	% of Leased Sq. Ft. Expiring	Cumulative % of Leased Sq. Ft. Expiring	Annualized Rental Revenue Expiring <sup>(2)</sup>	% of Annualized Rental Revenue Expiring	Cumulative % of Annualized Rental Revenue Expiring
2018	10	54	1.1%	1.1%	\$ 3,029	2.0%	2.0%
2019	47	510	10.0%	11.1%	18,554	12.2%	14.2%
2020	26	403	7.9%	19.0%	9,257	6.1%	20.3%
2021	35	251	4.9%	23.9%	10,892	7.2%	27.5%
2022	26	353	6.9%	30.8%	13,550	8.9%	36.4%
2023	32	398	7.8%	38.6%	16,278	10.7%	47.1%
2024	11	238	4.7%	43.3%	4,598	3.0%	50.1%
2025	9	162	3.2%	46.5%	5,022	3.3%	53.4%
2026	8	125	2.5%	49.0%	4,332	2.8%	56.2%
2027	8	154	3.0%	52.0%	6,129	4.0%	60.2%
Thereafter	26	2,440	48.0%	100.0%	60,597	39.8%	100.0%
<b>Total</b>	<b>238</b>	<b>5,088</b>	<b>100.0%</b>		<b>\$ 152,238</b>	<b>100.0%</b>	
Weighted average remaining lease term (in years)		<u>8.2</u>			<u>7.9</u>		

(1) Square footage as of September 30, 2018 includes space subject to leases that have commenced, space being fitted out for occupancy pursuant to existing leases, and space which is leased but is not occupied or is being offered for sublease by tenants. The year expiring corresponds to the latest-expiring signed lease for a given suite. Thus, backfilled suites expire in the year stipulated by the new lease.

(2) Excludes the Annualized Rental Revenue of space that is leased but not commenced.



**DISPOSED PROPERTY DETAIL <sup>(1)</sup>**

(dollars in thousands)

<b>Property</b>	<b>City and State</b>		<b>No. of Bldgs.</b>	<b>Sq. Feet</b>	<b>% Leased</b>	<b>Annualized Rental Revenue</b>	<b>Undepreciated Book Value</b>	<b>Net Book Value</b>	<b>Year Acquired</b>	<b>Weighted Average Year Built or Substantially Renovated <sup>(2)</sup></b>
1 1600 Market Street	Philadelphia	PA	1	825,968	84.7%	\$ 19,219	\$ 138,130	\$ 76,066	1998	1983
2 600 West Chicago Avenue	Chicago	IL	2	1,561,477	99.2%	53,193	401,062	343,111	2011	2001
3 5073, 5075, & 5085 S. Syracuse Street	Denver	CO	1	248,493	100.0%	7,601	63,610	52,323	2010	2007
<b>Total Q1 2018 Dispositions</b>			<b>4</b>	<b>2,635,938</b>	<b>94.7%</b>	<b>\$ 80,013</b>	<b>\$ 602,802</b>	<b>\$471,500</b>	<b>2007</b>	<b>1996</b>
4 1601 Dry Creek Drive	Longmont	CO	1	552,865	100.0%	\$ 9,115	\$ 35,479	\$ 24,786	2004	1982
<b>Total Q2 2018 Dispositions</b>			<b>1</b>	<b>552,865</b>	<b>100.0%</b>	<b>\$ 9,115</b>	<b>\$ 35,479</b>	<b>\$ 24,786</b>	<b>2004</b>	<b>1982</b>
5 777 East Eisenhower Parkway	Ann Arbor	MI	1	290,530	39.8%	\$ 2,989	\$ 27,969	\$ 21,652	2010	2006
6 8750 Bryn Mawr Avenue	Chicago	IL	2	636,078	95.5%	17,041	111,243	91,873	2010	2005
<b>Total Q3 2018 Dispositions</b>			<b>3</b>	<b>926,608</b>	<b>78.0%</b>	<b>\$ 20,030</b>	<b>\$ 139,212</b>	<b>\$113,525</b>	<b>2010</b>	<b>2005</b>
<b>Total Disposed Year-to-Date</b>			<b>8</b>	<b>4,115,411</b>	<b>91.7%</b>	<b>\$109,158</b>	<b>\$ 777,493</b>	<b>\$609,811</b>	<b>2007</b>	<b>1996</b>

(1) Statistics for disposed properties are presented as of the quarter-ended preceding each sale.

(2) Weighted based on square feet.

## COMMON & POTENTIAL COMMON SHARES

(share amounts in thousands)

Weighted Average Share Calculation - GAAP EPS	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Weighted average common shares outstanding - basic <sup>(1)</sup>	121,845	124,089	122,504	124,068
Weighted average dilutive RSUs and LTIP Units <sup>(2)</sup>	1,006	1,086	885	1,126
Weighted average common shares outstanding - diluted <sup>(1)</sup>	122,851	125,175	123,389	125,194

Weighted Average Share and Unit Calculation - FFO and Normalized FFO per share and unit	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Weighted average EQC common shares outstanding <sup>(1)</sup>	121,845	124,089	122,504	124,068
Weighted average Operating Partnership Units outstanding <sup>(3)</sup>	1	—	1	—
Weighted average time-based LTIP Units <sup>(2)(3)</sup>	45	43	43	37
Weighted average common shares and units outstanding - basic <sup>(1)</sup>	121,891	124,132	122,548	124,105
Weighted average dilutive RSUs and market-based LTIP Units <sup>(2)</sup>	1,006	1,043	885	1,089
Weighted average common shares and units outstanding - diluted <sup>(1)</sup>	122,897	125,175	123,433	125,194

Rollforward of Share Count to September 30, 2018	Series D Preferred Shares	EQC Common Shares <sup>(4)</sup>
Outstanding on December 31, 2017	4,915	124,218
Repurchase of common shares	—	(2,970)
Issuance of restricted shares and shares earned from RSUs, net <sup>(5)</sup>	—	235
<b>Outstanding on September 30, 2018</b>	<b>4,915</b>	<b>121,483</b>
Common shares issuable from RSUs, Operating Partnership Units, and LTIP Units as measured on September 30, 2018 <sup>(2)</sup>		1,414
Potential common shares as measured on September 30, 2018 <sup>(6)</sup>		122,897

(1) Weighted average common shares outstanding for the three months ended September 30, 2018 and 2017 includes 362 and 0 unvested, earned RSUs, respectively. Weighted average common shares outstanding for the nine months ended September 30, 2018 and 2017 includes 344 and 0 unvested, earned RSUs, respectively.

(2) We have granted RSUs and LTIP Units to certain employees, officers, and trustees. RSUs and LTIP Units contain service and market-based vesting components.

(3) Our calculations of FFO and Normalized FFO attributable to EQC common shareholders **and unitholders** per share and unit - basic include time-based LTIP Units and Operating Partnership Units that are excluded from the calculation of basic earnings per common share attributable to EQC **common shareholders (only)**.

(4) EQC common shares include unvested restricted shares and unvested earned RSUs.

(5) This amount is net of forfeitures and shares surrendered to satisfy statutory tax withholding obligations.

(6) Potential common shares as measured on September 30, 2018, exclude 4,915 series D preferred shares outstanding that were convertible into 2,363 common shares.

## DEFINITIONS

### **Annualized Rental Revenue**

Annualized Rental Revenue is annualized contractual rents from our tenants pursuant to leases which have commenced as of September 30, 2018, plus estimated recurring expense reimbursements; includes triple net lease rents and excludes lease value amortization, straight line rent adjustments, abated (“free”) rent periods and parking revenue. We calculate Annualized Rental Revenue by aggregating the recurring billings outlined above for the most recent month during the quarter reported, adding abated rent, and multiplying the sum by 12 to provide an estimation of near-term potentially-recurring revenues. The Annualized Rental Revenue of disposed properties is presented for the quarter-ended preceding each disposition.

Annualized Rental Revenue is a forward-looking non-GAAP measure. Annualized Rental Revenue cannot be reconciled to a comparable GAAP measure without unreasonable efforts, primarily due to the fact that it is calculated from the billings of tenants in the most recent month at the most recent rental rates during the quarter reported, whereas historical GAAP measures include billings from a potentially different group of tenants over multiple months at potentially different rental rates.

### **Building Improvements**

Building improvements are expenditures to replace obsolete building components or extend the useful life of existing assets.

### **Consolidated Income Available for Debt Service**

Consolidated income available for debt service is earnings from operations excluding interest expense, depreciation and amortization, taxes, and certain items that we view as nonrecurring or impacting comparability from period to period, determined together with debt service on a pro forma basis for the four consecutive fiscal quarters most recently ended.

### **Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), EBITDAre, and Adjusted EBITDAre**

We calculate EBITDA as net income (loss) excluding interest expense, income tax expense, and depreciation and amortization.

We calculate EBITDAre in accordance with standards established by the National Association of Real Estate Investment Trusts (NAREIT). NAREIT defines EBITDAre as net income (loss), calculated in accordance with GAAP, plus interest expense, plus income tax expense, plus depreciation and amortization, plus (minus) losses and gains on the disposition of depreciated property, plus impairment write-downs of depreciated property and investments in unconsolidated joint ventures, plus adjustments to reflect the entity’s share of EBITDAre of unconsolidated joint ventures. Our calculation of Adjusted EBITDAre differs from our calculations of EBITDA and EBITDAre because we exclude certain items that we view as nonrecurring or impacting comparability from period to period. EBITDA, EBITDAre, and Adjusted EBITDAre are supplemental non-GAAP financial measures.

We consider EBITDA, EBITDAre and Adjusted EBITDAre to be appropriate measures of our operating performance, along with net income (loss), net income (loss) attributable to EQC common shareholders, operating income (loss) and cash flow from operating activities. We believe that EBITDA, EBITDAre, and Adjusted EBITDAre provide useful information to investors because by excluding the effects of certain historical amounts, such as interest, depreciation and amortization expense, EBITDA, EBITDAre, and Adjusted EBITDAre may facilitate a comparison of current operating performance with our past operating performance. EBITDA, EBITDAre and Adjusted EBITDAre do not represent cash generated by operating activities in accordance with GAAP and should not be considered alternatives to net income (loss), net income (loss) attributable to EQC common shareholders, operating income (loss) or cash flow from operating activities, determined in accordance with GAAP, or as indicators of our financial performance or liquidity, nor are these measures necessarily indicative of sufficient cash flow to fund all of our needs. These measures should be considered in conjunction with net income (loss), net income (loss) attributable to EQC common shareholders, operating income (loss) and cash flow from operating activities as presented in our condensed consolidated statements of operations, condensed consolidated statements of comprehensive income (loss) and condensed consolidated statements of cash flows. Other REITs and real estate companies may calculate EBITDA, EBITDAre and Adjusted EBITDAre differently than we do.

### **Annualized Adjusted EBITDAre**

Annualized Adjusted EBITDAre is Adjusted EBITDAre for the three months ended September 30, 2018 multiplied by four.

### **Enterprise Value**

Enterprise value is net debt plus the market value of our preferred shares plus the market value of our common shares.

### **Funds from Operations (FFO) and Normalized FFO**

We compute FFO in accordance with standards established by NAREIT. NAREIT defines FFO as net income (loss), calculated in accordance with GAAP, excluding real estate depreciation and amortization, gains (or losses) from sales of depreciable property, impairment of depreciable real estate, and our portion of these items related to equity investees and noncontrolling interests. Our calculation of Normalized FFO differs from NAREIT’s definition of FFO because we exclude certain items that we view as nonrecurring or impacting comparability from period to period. FFO and Normalized FFO are supplemental non-GAAP financial measures. We consider FFO and Normalized FFO to be appropriate measures of operating performance for a REIT, along with net income (loss), net income (loss) attributable to EQC common shareholders, operating income (loss) and cash flow from operating activities.

## DEFINITIONS

We believe that FFO and Normalized FFO provide useful information to investors because by excluding the effects of certain historical amounts, such as depreciation expense, FFO and Normalized FFO may facilitate a comparison of our operating performance between periods and with other REITs. FFO and Normalized FFO do not represent cash generated by operating activities in accordance with GAAP and should not be considered as alternatives to net income (loss), net income (loss) attributable to EQC common shareholders, operating income (loss) or cash flow from operating activities, determined in accordance with GAAP, or as indicators of our financial performance or liquidity, nor are these measures necessarily indicative of sufficient cash flow to fund all of our needs. These measures should be considered in conjunction with net income (loss), net income (loss) attributable to EQC common shareholders, operating income (loss) and cash flow from operating activities as presented in our condensed consolidated statements of operations, condensed consolidated statements of comprehensive income and condensed consolidated statements of cash flows. Other REITs and real estate companies may calculate FFO and Normalized FFO differently than we do.

### Leasing Costs

Leasing costs primarily consist of leasing commissions (LCs) and related legal expenses.

### LTIP Units

LTIP Units are a class of beneficial interests in EQC Operating Trust (the Operating Trust) that may be issued to employees, officers, or trustees of the Operating Trust, EQC, or their subsidiaries.

### Net Debt

Net debt is total debt minus cash and cash equivalents.

### Net Operating Income (NOI), Same Property NOI, Cash Basis NOI, and Same Property Cash Basis NOI

NOI is income from our real estate operations including lease termination fees received from tenants less our property operating expenses. NOI excludes amortization of capitalized tenant improvement costs and leasing commissions and corporate level expenses. Cash Basis NOI is NOI excluding the effects of straight line rent adjustments, lease value amortization, and lease termination fees. The quarter-to-date same property versions of these measures include the results of properties continuously owned from July 1, 2017 through September 30, 2018. The year-to-date same property versions of these measures include the results of properties continuously owned from January 1, 2017 through September 30, 2018. Land parcels and properties classified as held for sale within our condensed consolidated balance sheets are excluded from the same property versions of these measures.

We consider these supplemental non-GAAP financial measures to be appropriate supplemental measures to net income (loss) because they help to understand the operations of our properties. We use these measures internally to evaluate property level performance, and we believe that they provide useful information to investors regarding our results of operations because they reflect only those income and expense items that are incurred at the property level and may facilitate comparisons of our operating performance between periods and with other REITs. Cash Basis NOI is among the factors considered with respect to acquisition, disposition and financing decisions. These measures do not represent cash generated by operating activities in accordance with GAAP and should not be considered as an alternative to net income (loss), net income (loss) attributable to EQC common shareholders, operating income (loss) or cash flow from operating activities, determined in accordance with GAAP, or as indicators of our financial performance or liquidity, nor are these measures necessarily indicative of sufficient cash flow to fund all of our needs. These measures should be considered in conjunction with net income (loss), net income (loss) attributable to EQC common shareholders, operating income (loss) and cash flow from operating activities as presented in our condensed consolidated statements of operations, condensed consolidated statements of comprehensive income and condensed consolidated statements of cash flows. Other REITs and real estate companies may calculate these measures differently than we do.

### Net Book Value

Net book value represents the carrying value of real estate properties after depreciation and amortization, purchase price allocations, and impairment write-downs, if any.

### NOI Margin

NOI Margin is NOI (or the same property or cash basis derivations of NOI defined above) divided by the total revenues used to calculate NOI (or its derivation).

### Operating Partnership Units

Operating Partnership Units are beneficial interests in the Operating Trust.

### Percentage Commenced

Percentage commenced includes space subject to leases that have commenced, whether or not the tenant is in a free rent period.

## DEFINITIONS

### **Percentage Leased**

Percentage leased includes space subject to leases that have commenced, space being fitted out for occupancy pursuant to existing leases, and space which is leased but not occupied or is being offered for sublease by tenants.

### **Same Properties**

Our quarter-to-date same property portfolio is comprised of those properties continuously owned from July 1, 2017 through September 30, 2018. Our year-to-date same property portfolio is comprised of those properties continuously owned from January 1, 2017 through September 30, 2018. Land parcels and properties classified as held for sale within our condensed consolidated balance sheets are excluded.

### **Tenant Improvements**

Tenant improvements are capital expenditures to improve tenant spaces.

### **Total Debt**

Total debt is the aggregate balance of the following line items on our condensed consolidated balance sheets: revolving credit facility, senior unsecured debt, net, and mortgage notes payable, net.

### **Undepreciated Book Value**

Undepreciated book value represents the carrying value of real estate properties after purchase price allocations, impairment write-downs, and currency adjustments, if any.