|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Piedmont Office Realty Trust, Inc.** |  |  | | |  |  | | |
| **Consolidated Balance Sheets** |  |  | | |  |  | | |
| *Unaudited (in thousands)* |  |  | | |  |  | | |
|  |  |  | | |  |  | | |
|  |  | **December 31, 2018** | | |  | **December 31, 2017** | | |
|  |  |  | | |  |  | | |
| Assets: |  |  | | |  |  | | |
| Real estate assets, at cost: |  |  | | |  |  | | |
| Land |  | $ | 507,422 |  |  | $ | 490,625 |  |
| Buildings and improvements |  | 3,077,189 | |  |  | 2,927,289 | |  |
| Buildings and improvements, accumulated depreciation |  | (772,093 | | ) |  | (683,770 | | ) |
| Intangible lease assets |  | 165,067 | |  |  | 176,950 | |  |
| Intangible lease assets, accumulated amortization |  | (87,391 | | ) |  | (99,145 | | ) |
| Construction in progress |  | 15,848 | |  |  | 11,344 | |  |
| Real estate assets held for sale, gross |  | 159,005 | |  |  | 832,001 | |  |
| Real estate assets held for sale, accumulated depreciation and amortization |  | (48,453 | | ) |  | (270,552 | | ) |
| Total real estate assets |  | **3,016,594** | |  |  | **3,384,742** | |  |
| Amounts due from unconsolidated joint ventures |  | — | |  |  | 10 | |  |
| Cash and cash equivalents |  | 4,571 | |  |  | 7,382 | |  |
| Tenant receivables, net of allowance for doubtful accounts |  | 10,800 | |  |  | 12,139 | |  |
| Straight line rent receivables |  | 162,589 | |  |  | 144,469 | |  |
| Restricted cash and escrows |  | 1,463 | |  |  | 1,373 | |  |
| Prepaid expenses and other assets |  | 25,356 | |  |  | 20,778 | |  |
| Goodwill |  | 98,918 | |  |  | 98,918 | |  |
| Interest rate swaps |  | 1,199 | |  |  | 688 | |  |
| Deferred lease costs, gross |  | 433,759 | |  |  | 425,295 | |  |
| Deferred lease costs, accumulated depreciation |  | (183,611 | | ) |  | (180,120 | | ) |
| Other assets held for sale, gross |  | 23,237 | |  |  | 104,462 | |  |
| Other assets held for sale, accumulated depreciation |  | (2,446 | | ) |  | (20,169 | | ) |
| **Total assets** |  | **$** | **3,592,429** |  |  | **$** | **3,999,967** |  |
| Liabilities: |  |  | | |  |  | | |
| Unsecured debt, net of discount and unamortized debt issuance costs |  | $ | 1,495,121 |  |  | $ | 1,535,311 |  |
| Secured debt, net of premiums and unamortized debt issuance costs |  | 190,351 | |  |  | 191,616 | |  |
| Accounts payable, accrued expenses, dividends payable, and accrued capital expenditures |  | 129,491 | |  |  | 216,653 | |  |
| Deferred income |  | 28,779 | |  |  | 29,582 | |  |
| Intangible lease liabilities, less accumulated amortization |  | 35,708 | |  |  | 38,458 | |  |
| Interest rate swaps |  | 839 | |  |  | 1,478 | |  |
| Other liabilities held for sale, net |  | — | |  |  | 380 | |  |
| **Total liabilities** |  | **1,880,289** | |  |  | **2,013,478** | |  |
| **Stockholders' equity :** |  |  | | |  |  | | |
| Common stock |  | 1,262 | |  |  | 1,424 | |  |
| Additional paid in capital |  | 3,683,186 | |  |  | 3,677,360 | |  |
| Cumulative distributions in excess of earnings |  | (1,982,542 | | ) |  | (1,702,281 | | ) |
| Other comprehensive income |  | 8,462 | |  |  | 8,164 | |  |
| **Piedmont stockholders' equity** |  | **1,710,368** | |  |  | **1,984,667** | |  |
| Non-controlling interest |  | 1,772 | |  |  | 1,822 | |  |
| **Total stockholders' equity** |  | **1,712,140** | |  |  | **1,986,489** | |  |
| **Total liabilities and stockholders' equity** |  | **$** | **3,592,429** |  |  | **$** | **3,999,967** |  |
|  |  |  | | |  |  | | |
| *Number of shares of common stock outstanding as of end of period* |  | *126,219* | |  |  | *142,359* | |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Piedmont Office Realty Trust, Inc.** |  | | |  |  | | |  |  | | |  |  | | |
| **Consolidated Statements of Income** |  | | |  |  | | |  |  | | |  |  | | |
| ***Unaudited (in thousands, except for per share data)*** |  | | |  |  | | |  |  | | |  |  | | |
|  |  | | |  |  | | |  |  | | |  |  | | |
|  | **Three Months Ended** | | | | | | |  | **Year Ended** | | | | | | |
|  | **12/31/2018** | | |  | **12/31/2017** | | |  | **12/31/2018** | | |  | **12/31/2017** | | |
| **Revenues:** |  | | |  |  | | |  |  | | |  |  | | |
| Rental income | $ | 107,387 |  |  | $ | 109,726 |  |  | $ | 411,667 |  |  | $ | 455,125 |  |
| Tenant reimbursements | 24,532 | |  |  | 24,764 | |  |  | 92,743 | |  |  | 98,139 | |  |
| Property management fee revenue | 391 | |  |  | 356 | |  |  | 1,450 | |  |  | 1,735 | |  |
| Other property related income | 4,875 | |  |  | 4,598 | |  |  | 20,107 | |  |  | 19,174 | |  |
| Total revenues | 137,185 | |  |  | 139,444 | |  |  | 525,967 | |  |  | 574,173 | |  |
| **Expenses:** |  | | |  |  | | |  |  | | |  |  | | |
| Property operating costs | 55,163 | |  |  | 55,806 | |  |  | 209,338 | |  |  | 222,441 | |  |
| Depreciation | 26,844 | |  |  | 28,461 | |  |  | 107,956 | |  |  | 119,288 | |  |
| Amortization | 16,477 | |  |  | 17,515 | |  |  | 63,295 | |  |  | 75,367 | |  |
| Impairment loss on real estate assets | — | |  |  | 46,461 | |  |  | — | |  |  | 46,461 | |  |
| General and administrative | 8,226 | |  |  | 7,451 | |  |  | 29,713 | |  |  | 29,319 | |  |
| Total operating expenses | 106,710 | |  |  | 155,694 | |  |  | 410,302 | |  |  | 492,876 | |  |
| **Real estate operating income** | **30,475** | |  |  | **(16,250** | | **)** |  | **115,665** | |  |  | **81,297** | |  |
| **Other income (expense):** |  | | |  |  | | |  |  | | |  |  | | |
| Interest expense | (15,729 | | ) |  | (15,463 | | ) |  | (61,023 | | ) |  | (68,124 | | ) |
| Other income | 158 | |  |  | 429 | |  |  | 1,638 | |  |  | 657 | |  |
| Equity in income of unconsolidated joint ventures | — | |  |  | (27 | | ) |  | — | |  |  | 3,845 | |  |
| Loss on extinguishment of debt | — | |  |  | — | |  |  | (1,680 | | ) |  | — | |  |
| Gain/(loss) on sale of real estate assets | 30,505 | |  |  | (77 | | ) |  | 75,691 | |  |  | 115,874 | |  |
| Total other income/(expense) | 14,934 | |  |  | (15,138 | | ) |  | 14,626 | |  |  | 52,252 | |  |
| **Net income** | **45,409** | |  |  | **(31,388** | | **)** |  | **130,291** | |  |  | **133,549** | |  |
| Plus: Net loss applicable to noncontrolling interest | 1 | |  |  | 5 | |  |  | 5 | |  |  | 15 | |  |
| **Net income/ (loss) applicable to Piedmont** | **$** | **45,410** |  |  | **$** | **(31,383** | **)** |  | **$** | **130,296** |  |  | **$** | **133,564** |  |
| Weighted average common shares outstanding - diluted\* | 128,811 | |  |  | 144,503 | |  |  | 130,636 | |  |  | 145,380 | |  |
| **Per Share Information -- diluted:** |  | | |  |  | | |  |  | | |  |  | | |
| **Net income/ (loss) applicable to common stockholders** | **$** | **0.35** |  |  | **$** | **(0.21** | **)** |  | **$** | **1.00** |  |  | **$** | **0.92** |  |
| *\*Number of shares of common stock outstanding as of end of period* | *126,219* | |  |  | *142,359* | |  |  | *126,219* | |  |  | *142,359* | |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Piedmont Office Realty Trust, Inc.** |  | | |  |  | | |  |  | | |  |  | | |
| **Funds From Operations, Core Funds From Operations and Adjusted Funds From Operations** | | | | | | | | | | | |  |  | | |
| ***Unaudited (in thousands, except for per share data)*** |  | | |  |  | | |  |  | | |  |  | | |
|  |  | | |  |  | | |  |  | | |  |  | | |
|  | **Three Months Ended** | | | | | | |  | **Year Ended** | | | | | | |
|  | **12/31/2018** | | |  | **12/31/2017** | | |  | **12/31/2018** | | |  | **12/31/2017** | | |
| **GAAP net income/ (loss) applicable to common stock** | **$** | **45,410** |  |  | **$** | **(31,383** | **)** |  | **$** | **130,296** |  |  | **$** | **133,564** |  |
| Depreciation of real estate assets(1) (2) | 26,582 | |  |  | 28,242 | |  |  | 107,113 | |  |  | 118,577 | |  |
| Amortization of lease-related costs(1) | 16,462 | |  |  | 17,499 | |  |  | 63,235 | |  |  | 75,327 | |  |
| Impairment loss on real estate assets | — | |  |  | 46,461 | |  |  | — | |  |  | 46,461 | |  |
| (Gain)/loss on sale of real estate assets (1) | (30,505 | | ) |  | 77 | |  |  | (75,691 | | ) |  | (119,557 | | ) |
| **NAREIT Funds From Operations applicable to common stock\*** | **57,949** | |  |  | **60,896** | |  |  | **224,953** | |  |  | **254,372** | |  |
| Acquisition costs | — | |  |  | — | |  |  | — | |  |  | 6 | |  |
| Loss on extinguishment of debt | — | |  |  | — | |  |  | 1,680 | |  |  | — | |  |
| **Core Funds From Operations applicable to common stock\*** | **57,949** | |  |  | **60,896** | |  |  | **226,633** | |  |  | **254,378** | |  |
| Amortization of debt issuance costs, fair market adjustments on notes payable, and discount on Unsecured Senior Notes | 522 | |  |  | 604 | |  |  | 2,083 | |  |  | 2,496 | |  |
| Depreciation of non real estate assets | 255 | |  |  | 212 | |  |  | 813 | |  |  | 809 | |  |
| Straight-line effects of lease revenue (1) | (2,491 | | ) |  | (5,553 | | ) |  | (13,980 | | ) |  | (21,492 | | ) |
| Stock-based and other non-cash compensation | 3,066 | |  |  | 1,937 | |  |  | 7,528 | |  |  | 6,139 | |  |
| Net effect of amortization of below-market in-place lease intangibles (1) | (1,979 | | ) |  | (1,685 | | ) |  | (7,615 | | ) |  | (6,575 | | ) |
| Acquisition costs | — | |  |  | — | |  |  | — | |  |  | (6 | | ) |
| Non-incremental capital expenditures (3) | (16,597 | | ) |  | (13,463 | | ) |  | (44,004 | | ) |  | (35,437 | | ) |
| **Adjusted funds from operations applicable to common stock\*** | **$** | **40,725** |  |  | **$** | **42,948** |  |  | **$** | **171,458** |  |  | **$** | **200,312** |  |
| Weighted average common shares outstanding - diluted\*\* | 128,811 | |  |  | 144,503 | |  |  | 130,636 | |  |  | 145,380 | |  |
| **Funds from operations per share (diluted)** | **$** | **0.45** |  |  | **$** | **0.42** |  |  | **$** | **1.72** |  |  | **$** | **1.75** |  |
| **Core funds from operations per share (diluted)** | **$** | **0.45** |  |  | **$** | **0.42** |  |  | **$** | **1.73** |  |  | **$** | **1.75** |  |
|  |  | | |  |  | | |  |  | | |  |  | | |
| *\*\*Number of shares of common stock outstanding as of end of period* | *126,219* | |  |  | *142,359* | |  |  | *126,219* | |  |  | *142,359* | |  |

*(1) Includes adjustments for consolidated properties and for our proportionate share of amounts attributable to unconsolidated joint ventures.*

*(2) Excludes depreciation of non real estate assets.*

*(3) Capital expenditures of a recurring nature related to tenant improvements and leasing commissions that do not incrementally enhance the underlying assets' income generating capacity. Tenant improvements, leasing commissions, building capital and deferred lease incentives incurred to lease space that was vacant at acquisition, leasing costs for spaces vacant for greater than one year, leasing costs for spaces at newly acquired properties for which in-place leases expire shortly after acquisition, improvements associated with the expansion of a building and renovations that change the underlying classification of a building are excluded from this measure.*

**\*Definitions:**

|  |
| --- |
|  |
| ***Funds From Operations ("FFO")****: The Company calculates FFO in accordance with the current National Association of Real Estate Investment Trusts (“NAREIT”) definition. NAREIT currently defines FFO as net income (computed in accordance with GAAP), excluding gains or losses from sales of property and impairment losses, adding back depreciation and amortization on real estate assets, and after the same adjustments for unconsolidated partnerships and joint ventures. These adjustments can vary among owners of identical assets in similar conditions based on historical cost accounting and useful-life estimates. FFO is a non-GAAP financial measure and should not be viewed as an alternative to net income calculated in accordance with GAAP as a measurement of the Company’s operating performance. The Company believes that FFO is helpful to investors as a supplemental performance measure because it excludes the effects of depreciation, amortization and gains or losses from sales of real estate, all of which are based on historical costs, which implicitly assumes that the value of real estate diminishes predictably over time. The Company also believes that FFO can help facilitate comparisons of operating performance between periods and with other REITs. However, other REITs may not define FFO in accordance with the NAREIT definition, or may interpret the current NAREIT definition differently than the Company; therefore, the Company’s computation of FFO may not be comparable to that of such other REITs.* |
|  |
| ***Core Funds From Operations ("Core FFO")****: The Company calculates Core FFO by starting with FFO, as defined by NAREIT, and adjusting for gains or losses on the extinguishment of swaps and/or debt, acquisition-related expenses (that are not capitalized) and any significant non-recurring items. Core FFO is a non-GAAP financial measure and should not be viewed as an alternative to net income calculated in accordance with GAAP as a measurement of the Company’s operating performance. The Company believes that Core FFO is helpful to investors as a supplemental performance measure because it excludes the effects of certain items which can create significant earnings volatility, but which do not directly relate to the Company’s core business operations. As a result, the Company believes that Core FFO can help facilitate comparisons of operating performance between periods and provides a more meaningful predictor of future earnings potential. Other REITs may not define Core FFO in the same manner as the Company; therefore, the Company’s computation of Core FFO may not be comparable to that of other REITs.* |
|  |
| ***Adjusted Funds From Operations ("AFFO")****: The Company calculates AFFO by starting with Core FFO and adjusting for non-incremental capital expenditures and acquisition-related costs (that are not capitalized) and then adding back non-cash items including: non-real estate depreciation, straight-lined rents and fair value lease adjustments, non-cash components of interest expense and compensation expense, and by making similar adjustments for unconsolidated partnerships and joint ventures. AFFO is a non-GAAP financial measure and should not be viewed as an alternative to net income calculated in accordance with GAAP as a measurement of the Company’s operating performance. The Company believes that AFFO is helpful to investors as a meaningful supplemental comparative performance measure of our ability to make incremental capital investments. Other REITs may not define AFFO in the same manner as the Company; therefore, the Company’s computation of AFFO may not be comparable to that of other REITs.* |
|  |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Piedmont Office Realty Trust, Inc.** |  | |  |  | |  |  | |  |  | |
| **EBITDAre, Core EBITDA, Property Net Operating Income (Cash and Accrual), Same Store Net Operating Income (Cash and Accrual)** |  | |  |  | |  |  | |  |  | |
| ***Unaudited (in thousands)*** |  | |  |  | |  |  | |  |  | |
|  |  | |  |  | |  |  | |  |  | |
|  | **Cash Basis** | | | | |  | **Accrual Basis** | | | | |
|  | **Three Months Ended** | | | | |  | **Three Months Ended** | | | | |
|  | **12/31/2018** | |  | **12/31/2017** | |  | **12/31/2018** | |  | **12/31/2017** | |
|  |  | |  |  | |  |  | |  |  | |
| **GAAP net income/ (loss) applicable to common stock** | **45,410** |  |  | (31,383 | ) |  | **45,410** |  |  | (31,383 | ) |
| Net loss applicable to noncontrolling interest | **(1** | **)** |  | (5 | ) |  | **(1** | **)** |  | (5 | ) |
| Interest expense | **15,729** |  |  | 15,463 |  |  | **15,729** |  |  | 15,463 |  |
| Depreciation (1) | **26,837** |  |  | 28,454 |  |  | **26,837** |  |  | 28,454 |  |
| Amortization (1) | **16,462** |  |  | 17,499 |  |  | **16,462** |  |  | 17,499 |  |
| Impairment loss on real estate assets | **—** |  |  | 46,461 |  |  | **—** |  |  | 46,461 |  |
| (Gain)/loss on sale of real estate assets (1) | **(30,505** | **)** |  | 77 |  |  | **(30,505** | **)** |  | 77 |  |
| **EBITDAre** | **73,932** |  |  | 76,566 |  |  | **73,932** |  |  | 76,566 |  |
| Net loss from casualty events | **—** |  |  | (57 | ) |  | **—** |  |  | (57 | ) |
| **Core EBITDA\*** | **73,932** |  |  | 76,509 |  |  | **73,932** |  |  | 76,509 |  |
| General & administrative expenses (1) | **8,226** |  |  | 7,466 |  |  | **8,226** |  |  | 7,466 |  |
| Management fee revenue | **(181** | **)** |  | (161 | ) |  | **(181** | **)** |  | (161 | ) |
| Other income/ (expense) (1) | **57** |  |  | (156 | ) |  | **57** |  |  | (156 | ) |
| Straight line effects of lease revenue (1) | **(2,491** | **)** |  | (5,553 | ) |  |  | |  |  | |
| Amortization of lease-related intangibles (1) | **(1,979** | **)** |  | (1,685 | ) |  |  | |  |  | |
| **Property NOI\*** | **77,564** |  |  | 76,420 |  |  | **82,034** |  |  | 83,658 |  |
| Net operating income from: |  | |  |  | |  |  | |  |  | |
| Acquisitions | **(2,178** | **)** |  | (23 | ) |  | **(2,569** | **)** |  | (27 | ) |
| Dispositions | **(4,774** | **)** |  | (9,859 | ) |  | **(3,567** | **)** |  | (9,827 | ) |
| Other investments(2) | **(633** | **)** |  | (2,442 | ) |  | **(711** | **)** |  | (2,339 | ) |
| **Same Store NOI \*** | **69,979** |  |  | 64,096 |  |  | **75,187** |  |  | 71,465 |  |
| *Change period over period in Same Store NOI* | *9.2* | *%* |  | *N/A* | |  | *5.2* | *%* |  | *N/A* | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **Piedmont Office Realty Trust, Inc.** |  | | |  |  | | |  |  | | |  |  | | |
| **EBITDAre, Core EBITDA, Property Net Operating Income (Cash and Accrual), Same Store Net Operating Income (Cash and Accrual)** | | | | | | | | |  | | |  |  | | |
| ***Unaudited (in thousands)*** |  | | |  |  | | |  |  | | |  |  | | |
|  |  | | |  |  | | |  |  | | |  |  | | |
|  | **Cash Basis** | | | | | | |  | **Accrual Basis** | | | | | | |
|  | **Year Ended** | | | | | | |  | **Year Ended** | | | | | | |
|  | **12/31/2018** | | |  | **12/31/2017** | | |  | **12/31/2018** | | |  | **12/31/2017** | | |
|  |  | | |  |  | | |  |  | | |  |  | | |
| **GAAP net income applicable to common stock** | **$** | **130,296** |  |  | **$** | **133,564** |  |  | **$** | **130,296** |  |  | **$** | **133,564** |  |
| Net loss applicable to noncontrolling interest | (5 | | ) |  | (15 | | ) |  | (5 | | ) |  | (15 | | ) |
| Interest expense | 61,023 | |  |  | 68,124 | |  |  | 61,023 | |  |  | 68,124 | |  |
| Depreciation (1) | 107,927 | |  |  | 119,386 | |  |  | 107,927 | |  |  | 119,386 | |  |
| Amortization (1) | 63,235 | |  |  | 75,327 | |  |  | 63,235 | |  |  | 75,327 | |  |
| Impairment loss on real estate assets | — | |  |  | 46,461 | |  |  | — | |  |  | 46,461 | |  |
| Gain on sale of real estate assets (1) | (75,691 | | ) |  | (119,557 | | ) |  | (75,691 | | ) |  | (119,557 | | ) |
| **EBITDAre** | **286,785** | |  |  | **323,290** | |  |  | **286,785** | |  |  | **323,290** | |  |
| Loss on extinguishment of debt | 1,680 | |  |  | — | |  |  | 1,680 | |  |  | — | |  |
| Acquisition costs | — | |  |  | 6 | |  |  | — | |  |  | 6 | |  |
| Net loss from casualty events | — | |  |  | — | |  |  | — | |  |  | — | |  |
| **Core EBITDA\*** | **288,465** | |  |  | **323,296** | |  |  | **288,465** | |  |  | **323,296** | |  |
| General & administrative expenses (1) | 29,713 | |  |  | 29,374 | |  |  | 29,713 | |  |  | 29,374 | |  |
| Management fee revenue | (712 | | ) |  | (922 | | ) |  | (712 | | ) |  | (922 | | ) |
| Other (income)/expense (1) | (418 | | ) |  | (303 | | ) |  | (418 | | ) |  | (303 | | ) |
| Straight line effects of lease revenue (1) | (13,980 | | ) |  | (21,492 | | ) |  |  | | |  |  | | |
| Amortization of lease-related intangibles (1) | (7,615 | | ) |  | (6,575 | | ) |  |  | | |  |  | | |
| **Property NOI\*** | **295,453** | |  |  | **323,378** | |  |  | **317,048** | |  |  | **351,445** | |  |
| Net operating income from: |  | | |  |  | | |  |  | | |  |  | | |
| Acquisitions | (4,718 | | ) |  | (23 | | ) |  | (5,993 | | ) |  | (27 | | ) |
| Dispositions | (13,841 | | ) |  | (58,177 | | ) |  | (11,396 | | ) |  | (54,650 | | ) |
| Other investments(2) | (3,730 | | ) |  | (8,718 | | ) |  | (4,021 | | ) |  | (9,418 | | ) |
| **Same Store NOI \*** | **$** | **273,164** |  |  | **$** | **256,460** |  |  | **$** | **295,638** |  |  | **$** | **287,350** |  |
| *Change period over period in Same Store NOI* | *6.5* | | *%* |  | *N/A* | | |  | *2.9* | | *%* |  | *N/A* | | |

*(1) Includes amounts attributable to consolidated properties and our proportionate share of amounts attributable to unconsolidated joint ventures.*

*(2)Other investments consist of our investments in unconsolidated joint ventures, active redevelopment and development projects, land, and recently completed redevelopment and development projects for which some portion of operating expenses were capitalized during the current or prior reporting periods. The operating results from 500 TownPark in Lake Mary, Florida, and Two Pierce Place in Itasca, IL are included in this line item.*

**\*Definitions:**

*EBITDAre: The Company calculates EBITDAre in accordance with the current National Association of Real Estate Investment Trusts (“NAREIT”) definition. NAREIT currently defines EBITDAre as net income (computed in accordance with GAAP) adjusted for gains or losses from sales of property, impairment losses, depreciation on real estate assets, amortization on real estate assets, interest expense and taxes, along with the same adjustments for unconsolidated partnerships and joint ventures. Some of the adjustments mentioned can vary among owners of identical assets in similar conditions based on historical cost accounting and useful-life estimates. EBITDAre is a non-GAAP financial measure and should not be viewed as an alternative to net income calculated in accordance with GAAP as a measurement of the Company’s operating performance. The Company believes that EBITDAre is helpful to investors as a supplemental performance measure because it provides a metric for understanding the Company’s results from ongoing operations without taking into account the effects of non-cash expenses (such as depreciation and amortization) and capitalization and capital structure expenses (such as interest expense and taxes). The Company also believes that EBITDAre can help facilitate comparisons of operating performance between periods and with other REITs. However, other REITs may not define EBITDAre in accordance with the NAREIT definition, or may interpret the current NAREIT definition differently than the Company; therefore, the Company’s computation of EBITDAre may not be comparable to that of such other REITs.*

*Core EBITDA: The Company calculates Core EBITDA as net income (computed in accordance with GAAP) before interest, taxes, depreciation and amortization and incrementally removing any impairment losses, gains or losses from sales of property and other significant infrequent items that create volatility within our earnings and make it difficult to determine the earnings generated by our core ongoing business. Core EBITDA is a non-GAAP financial measure and should not be viewed as an alternative to net income calculated in accordance with GAAP as a measurement of the Company’s operating performance. The Company believes that Core EBITDA is helpful to investors as a supplemental performance measure because it provides a metric for understanding the performance of the Company’s results from ongoing operations without taking into account the effects of non-cash expenses (such as depreciation and amortization), as well as items that are not part of normal day-to-day operations of the Company’s business. Other REITs may not define Core EBITDA in the same manner as the Company; therefore, the Company’s computation of Core EBITDA may not be comparable to that of other REITs.*

*Property Net Operating Income ("Property NOI"): The Company calculates Property NOI by starting with Core EBITDA and adjusting for general and administrative expense, income associated with property management performed by Piedmont for other organizations and other income or expense items for the Company, such as interest income from loan investments or costs from the pursuit of non-consummated transactions. The Company may present this measure on an accrual basis or a cash basis. When presented on a cash basis, the effects of straight lined rents and fair value lease revenue are also eliminated. Property NOI is a non-GAAP financial measure and should not be viewed as an alternative to net income calculated in accordance with GAAP as a measurement of the Company’s operating performance. The Company believes that Property NOI is helpful to investors as a supplemental comparative performance measure of income generated by its properties alone without the administrative overhead of the Company. Other REITs may not define Property NOI in the same manner as the Company; therefore, the Company’s computation of Property NOI may not be comparable to that of other REITs.*

*Same Store Net Operating Income ("Same Store NOI"): The Company calculates Same Store NOI as Property NOI attributable to the properties for which the following criteria were met during the entire span of the current and prior year reporting periods: (i) they were owned, (ii) they were not under development / redevelopment, and (iii) none of the operating expenses for which were capitalized. Same Store NOI also excludes amounts attributable to unconsolidated joint venture and land assets. The Company may present this measure on an accrual basis or a cash basis. When presented on a cash basis, the effects of straight lined rents and fair value lease revenue are also eliminated. Same Store NOI is a non-GAAP financial measure and should not be viewed as an alternative to net income calculated in accordance with GAAP as a measurement of the Company’s operating performance. The Company believes that Same Store NOI is helpful to investors as a supplemental comparative performance measure of the income generated from the same group of properties from one period to the next. Other REITs may not define Same Store NOI in the same manner as the Company; therefore, the Company’s computation of Same Store NOI may not be comparable to that of other REITs.*