

Piedmont Office Realty Trust, Inc.
Consolidated Balance Sheets (Unaudited)

(in thousands)

	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Assets:		
Real estate assets, at cost:		
Land	\$ 560,604	\$ 567,244
Buildings and improvements	3,787,245	3,823,241
Buildings and improvements, accumulated depreciation	(1,064,199)	(1,046,512)
Intangible lease assets	156,804	170,654
Intangible lease assets, accumulated amortization	(80,070)	(88,066)
Construction in progress	92,091	85,966
Total real estate assets	<u>3,452,475</u>	<u>3,512,527</u>
Cash and cash equivalents	3,544	825
Tenant receivables	10,338	7,915
Straight line rent receivables	184,750	183,839
Restricted cash and escrows	4,221	3,381
Prepaid expenses and other assets	23,853	28,466
Goodwill	53,491	53,491
Interest rate swaps	4,148	3,032
Deferred lease costs	474,746	487,519
Deferred lease costs, accumulated depreciation	(217,570)	(223,913)
Total assets	<u><u>\$ 3,993,996</u></u>	<u><u>\$ 4,057,082</u></u>
Liabilities:		
Unsecured debt, net of discount and unamortized debt issuance costs of \$15,958 and \$15,437, respectively	\$ 1,875,042	\$ 1,858,717
Secured Debt	195,028	195,879
Accounts payable, accrued expenses, and accrued capital expenditures	106,638	131,516
Dividends payable	—	15,143
Deferred income	95,139	89,930
Intangible lease liabilities, less accumulated amortization	40,237	42,925
Total liabilities	<u>2,312,084</u>	<u>2,334,110</u>
Stockholders' equity:		
Common stock (123,887,808 and 123,715,298 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively)	1,239	1,237
Additional paid in capital	3,717,599	3,716,742
Cumulative distributions in excess of earnings	(2,030,389)	(1,987,147)
Other comprehensive income	(8,090)	(9,418)
Piedmont stockholders' equity	<u>1,680,359</u>	<u>1,721,414</u>
Noncontrolling interest	1,553	1,558
Total stockholders' equity	<u>1,681,912</u>	<u>1,722,972</u>
Total liabilities and stockholders' equity	<u><u>\$ 3,993,996</u></u>	<u><u>\$ 4,057,082</u></u>
<i>Total Principal Amount of Debt Outstanding (Unsecured and Secured Debt plus discounts and unamortized debt issuance costs)</i>	2,086,028	2,070,033

Piedmont Office Realty Trust, Inc.
Consolidated Statements of Operations
Unaudited (in thousands, except for per share data)

	Three Months Ended	
	3/31/2024	3/31/2023
Revenues:		
Rental and tenant reimbursement revenue	\$ 139,081	\$ 136,829
Property management fee revenue	157	507
Other property related income	5,300	5,031
Total revenues	<u>144,538</u>	<u>142,367</u>
Expenses:		
Property operating costs	59,444	57,791
Depreciation	38,869	35,797
Amortization	18,120	22,031
Impairment Charges	18,432	—
General and administrative	7,612	7,691
Total operating expenses	<u>142,477</u>	<u>123,310</u>
Other income (expense):		
Interest expense	(29,714)	(22,077)
Other income	278	1,656
Loss on early extinguishment of debt	(386)	—
Total other income (expense)	<u>(29,822)</u>	<u>(20,421)</u>
Net loss	<u>(27,761)</u>	<u>(1,364)</u>
Net income applicable to noncontrolling interest	(2)	(3)
Net loss applicable to Piedmont	<u>\$ (27,763)</u>	<u>\$ (1,367)</u>
Weighted average common shares outstanding - basic and diluted	123,800	123,550
Net loss per share applicable to common stockholders - basic and diluted	<u>\$ (0.22)</u>	<u>\$ (0.01)</u>

Piedmont Office Realty Trust, Inc.
Funds from Operations ("FFO"), Core FFO and Adjusted FFO
Unaudited (in thousands, except for per share data)

	Three Months Ended	
	3/31/2024	3/31/2023
GAAP net loss applicable to common stock	\$ (27,763)	\$ (1,367)
Depreciation of real estate assets ⁽¹⁾	38,586	35,690
Amortization of lease-related costs	18,112	22,021
Impairment charges	18,432	—
NAREIT FFO applicable to common stock*	47,367	56,344
Loss on early extinguishment of debt	386	—
Core FFO applicable to common stock*	47,753	56,344
Amortization of debt issuance costs and discounts on debt	1,208	1,239
Depreciation of non real estate assets	272	97
Straight-line effects of lease revenue	(2,255)	(3,187)
Stock-based compensation adjustments	1,026	183
Amortization of lease-related intangibles	(2,656)	(3,412)
Non-incremental capital expenditures ⁽²⁾	(20,607)	(14,472)
Adjusted FFO applicable to common stock*	\$ 24,741	\$ 36,792
Weighted average common shares outstanding - diluted ⁽³⁾	123,954	123,690
NAREIT FFO per share (diluted)	\$ 0.38	\$ 0.46
Core FFO per share (diluted)	\$ 0.39	\$ 0.46

⁽¹⁾Excludes depreciation of non real estate assets.

⁽²⁾Capital expenditures of a recurring nature related to tenant improvements, leasing commissions and building capital 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 either enhance the rental rates of a building or change the property's underlying classification, such as from a Class B to a Class A property, are excluded from this measure.

⁽³⁾Includes potential dilution under the treasury stock method that would occur if our remaining unvested and potential stock awards vested and resulted in additional common shares outstanding. Such shares were not included when calculating net loss per diluted share applicable to Piedmont for the three months ended March 31, 2024 and 2023 as they would reduce the loss per share presented.

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	
	3/31/2024	3/31/2023	3/31/2024	3/31/2023
Net loss applicable to Piedmont (GAAP)	\$ (27,763)	\$ (1,367)	\$ (27,763)	\$ (1,367)
Net income applicable to noncontrolling interest	2	3	2	3
Interest expense	29,714	22,077	29,714	22,077
Depreciation	38,857	35,787	38,857	35,787
Amortization	18,112	22,021	18,112	22,021
Depreciation and amortization attributable to noncontrolling interests	20	20	20	20
Impairment charges	18,432	—	18,432	—
EBITDAre*	77,374	78,541	77,374	78,541
Loss on early extinguishment of debt	386	—	386	—
Core EBITDA*	77,760	78,541	77,760	78,541
General and administrative expenses	7,612	7,691	7,612	7,691
Management fee revenue	5	(293)	5	(293)
Other income	(171)	(1,440)	(171)	(1,440)
Reversal of non-cash general reserve for uncollectible accounts	—	(400)	—	(400)
Straight-line effects of lease revenue	(2,255)	(3,187)	(2,255)	(3,187)
Straight-line effects of lease revenue attributable to noncontrolling interests	—	(4)	—	(4)
Amortization of lease-related intangibles	(2,656)	(3,412)	(2,656)	(3,412)
Property NOI*	80,295	77,496	85,206	84,499
Net operating (income)/loss from:				
Acquisitions	—	—	—	—
Dispositions	(1,140)	(562)	(1,464)	(913)
Other investments ⁽¹⁾	415	(1,213)	318	(1,259)
Same Store NOI*	\$ 79,570	\$ 75,721	\$ 84,060	\$ 82,327
<i>Change period over period in Same Store NOI</i>	<i>5.1 %</i>	<i>N/A</i>	<i>2.1 %</i>	<i>N/A</i>

⁽¹⁾Other investments consist of our investments in 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 222 South Orange Avenue in Orlando, FL, and 9320 Excelsior Boulevard in Hopkins, MN are included in this line item.

***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/(loss) (calculated in accordance with GAAP), excluding depreciation and amortization related to real estate, gains and losses from the sale of certain real estate assets, gains and losses from change in control, and impairment write-downs of certain real estate assets, goodwill, and investment in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity, along with appropriate adjustments to those reconciling items for joint ventures, if any. 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 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 infrequent or non-recurring 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 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 joint ventures, if any. 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.

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/(loss) (computed in accordance with GAAP) adjusted for gains or losses from sales of property, impairment charges, depreciation on real estate assets, amortization on real estate assets, interest expense and taxes, along with the same adjustments for 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/(loss) (computed in accordance with GAAP) before interest, taxes, depreciation and amortization and removing any impairment charges, 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.

Average Net Debt to Core EBITDA: Calculated using the sum of Core EBITDA for the trailing twelve month period and the average daily principal balance of debt outstanding for the trailing twelve months less the average balance of cash and escrow deposits and restricted cash during the trailing twelve month period.

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 non-cash general reserve for uncollectible accounts, 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 land assets. The Company may present this measure on an accrual basis or a cash basis. 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.