

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<b>Assets:</b>		
Real estate assets, at cost:		
Land	\$ 484,466	\$ 485,560
Buildings and improvements	3,191,767	2,943,685
Buildings and improvements, accumulated depreciation	(767,542)	(730,750)
Intangible lease assets	158,444	125,171
Intangible lease assets, accumulated amortization	(67,850)	(50,766)
Construction in progress	56,749	29,920
Real estate assets held for sale, gross	—	233,951
Real estate assets held for sale, accumulated depreciation and amortization	—	(94,261)
Total real estate assets	<b>3,056,034</b>	<b>2,942,510</b>
Cash and cash equivalents	7,331	13,545
Tenant receivables	8,448	8,226
Straight line rent receivables	151,153	132,342
Notes receivable	118,500	—
Restricted cash and escrows	1,883	1,841
Prepaid expenses and other assets	23,277	25,427
Goodwill	98,918	98,918
Deferred lease costs, gross	446,885	413,071
Deferred lease costs, accumulated depreciation	(172,619)	(147,324)
Other assets held for sale, gross	—	63,158
Other assets held for sale, accumulated depreciation	—	(34,957)
<b>Total assets</b>	<b>\$ 3,739,810</b>	<b>\$ 3,516,757</b>
<b>Liabilities:</b>		
Unsecured debt, net of discount and unamortized debt issuance costs	\$ 1,594,068	\$ 1,292,374
Secured debt, inclusive of premium and unamortized debt issuance costs	27,936	189,030
Accounts payable, accrued expenses, and accrued capital expenditures	111,997	117,496
Dividends payable	25,683	26,427
Deferred income	36,891	34,609
Intangible lease liabilities, less accumulated amortization	35,440	25,069
Interest rate swaps	9,834	5,121
Other liabilities held for sale	—	7,657
<b>Total liabilities</b>	<b>1,841,849</b>	<b>1,697,783</b>
<b>Stockholders' equity:</b>		
Common stock	1,238	1,258
Additional paid in capital	3,693,996	3,686,398
Cumulative distributions in excess of earnings	(1,774,856)	(1,871,375)
Other comprehensive income	(24,100)	967
<b>Piedmont stockholders' equity</b>	<b>1,896,278</b>	<b>1,817,248</b>
Non-controlling interest	1,683	1,726
<b>Total stockholders' equity</b>	<b>1,897,961</b>	<b>1,818,974</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,739,810</b>	<b>\$ 3,516,757</b>
<i>Number of shares of common stock outstanding as of end of period</i>	<i>123,839</i>	<i>125,783</i>

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

	Three Months Ended		Year Ended	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>Revenues:</b>				
Rental and tenant reimbursement revenue	\$ 128,272	\$ 129,692	\$ 519,953	\$ 511,905
Property management fee revenue	721	579	2,867	3,398
Other property related income	2,536	3,882	12,204	17,875
Total revenues	131,529	134,153	535,024	533,178
<b>Expenses:</b>				
Property operating costs	55,302	52,582	214,933	211,380
Depreciation	27,236	26,011	110,575	106,015
Amortization	22,324	21,000	93,294	76,666
Impairment loss on real estate assets	—	7,000	—	8,953
General and administrative	7,415	8,159	27,464	37,895
Total operating expenses	112,277	114,752	446,266	440,909
<b>Other income (expense):</b>				
Interest expense	(13,048)	(14,844)	(54,990)	(61,594)
Other income	1,770	279	2,587	1,571
Loss on early extinguishment of debt	—	—	(9,336)	—
Gain on sale of real estate assets	14,634	157,640	205,666	197,010
Total other income	3,356	143,075	143,927	136,987
<b>Net income</b>	<b>22,608</b>	<b>162,476</b>	<b>232,685</b>	<b>229,256</b>
Net loss applicable to noncontrolling interest	1	2	3	5
<b>Net income applicable to Piedmont</b>	<b>\$ 22,609</b>	<b>\$ 162,478</b>	<b>\$ 232,688</b>	<b>\$ 229,261</b>
Weighted average common shares outstanding - diluted	125,544	126,359	126,104	126,182
<b>Net income per share applicable to common stockholders - diluted</b>	<b>\$ 0.18</b>	<b>\$ 1.29</b>	<b>\$ 1.85</b>	<b>\$ 1.82</b>

**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	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>GAAP net income applicable to common stock</b>	<b>\$ 22,609</b>	<b>\$ 162,478</b>	<b>\$ 232,688</b>	<b>\$ 229,261</b>
Depreciation of real estate assets <sup>(1)</sup>	26,942	25,765	109,326	105,111
Amortization of lease-related costs	22,312	20,988	93,242	76,610
Impairment loss on real estate assets	—	7,000	—	8,953
Gain on sale of real estate assets	(14,634)	(157,640)	(205,666)	(197,010)
<b>NAREIT Funds From Operations applicable to common stock*</b>	<b>57,229</b>	<b>58,591</b>	<b>229,590</b>	<b>222,925</b>
Retirement and separation expenses associated with senior management transition in June 2019	—	—	—	3,175
Loss on early extinguishment of debt	—	—	9,336	—
<b>Core Funds From Operations applicable to common stock*</b>	<b>57,229</b>	<b>58,591</b>	<b>238,926</b>	<b>226,100</b>
Amortization of debt issuance costs, fair market adjustments on notes payable, and discounts on debt	653	527	2,833	2,101
Depreciation of non real estate assets	286	238	1,216	872
Straight-line effects of lease revenue	(2,223)	(2,974)	(22,601)	(10,411)
Stock-based compensation adjustments	2,733	3,081	7,014	5,030
Net effect of amortization of above/below-market in-place lease intangibles	(2,767)	(2,314)	(12,284)	(8,323)
Non-incremental capital expenditures <sup>(2)</sup>	(19,620)	(22,243)	(77,682) <sup>(3)</sup>	(49,653)
<b>Adjusted Funds From Operations applicable to common stock*</b>	<b>\$ 36,291</b>	<b>\$ 34,906</b>	<b>\$ 137,422</b>	<b>\$ 165,716</b>
Weighted average common shares outstanding - diluted	125,544	126,359	126,104	126,182
<b>Funds From Operations per share (diluted)</b>	<b>\$ 0.46</b>	<b>\$ 0.46</b>	<b>\$ 1.82</b>	<b>\$ 1.77</b>
<b>Core Funds From Operations per share (diluted)</b>	<b>\$ 0.46</b>	<b>\$ 0.46</b>	<b>\$ 1.89</b>	<b>\$ 1.79</b>

<sup>(1)</sup>Excludes depreciation of non real estate assets.

<sup>(2)</sup>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.

<sup>(3)</sup>Includes the leasing commission for the approximately 20-year, 520,000-square-foot renewal and expansion of the State of New York's lease at our 60 Broad Street building in New York City that was executed during the fourth quarter of 2019.

**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	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>Net income applicable to Piedmont (GAAP)</b>	<b>\$ 22,609</b>	<b>\$ 162,478</b>	<b>\$ 22,609</b>	<b>\$ 162,478</b>
Net loss applicable to non-controlling interest	(1)	(2)	(1)	(2)
Interest expense	13,048	14,844	13,048	14,844
Depreciation	27,228	26,003	27,228	26,003
Amortization	22,312	20,988	22,312	20,988
Depreciation and amortization attributable to noncontrolling interests	20	21	20	21
Impairment loss on real estate assets	—	7,000	—	7,000
(Gain)/Loss on sale of real estate assets	(14,634)	(157,640)	(14,634)	(157,640)
<b>EBITDAre and Core EBITDA*</b>	<b>70,582</b>	<b>73,692</b>	<b>70,582</b>	<b>73,692</b>
General & administrative expenses	7,415	8,159	7,415	8,159
Management fee revenue	(397)	(292)	(397)	(292)
Other income	(1,554)	(64)	(1,554)	(64)
Non-cash general reserve for uncollectible accounts	(278)	—		
Straight line effects of lease revenue	(2,223)	(2,974)		
Straight line effects of lease revenue attributable to noncontrolling interests	(4)	(3)		
Amortization of lease-related intangibles	(2,767)	(2,314)		
<b>Property NOI*</b>	<b>70,774</b>	<b>76,204</b>	<b>76,046</b>	<b>81,495</b>
Net operating income from:				
Acquisitions	(12,492)	(4,538)	(14,439)	(5,987)
Dispositions	(824)	(10,521)	(784)	(11,493)
Other investments <sup>(1)</sup>	40	(23)	(21)	17
<b>Same Store NOI*</b>	<b>\$ 57,498</b>	<b>\$ 61,122</b>	<b>\$ 60,802</b>	<b>\$ 64,032</b>
<i>Change period over period in Same Store NOI</i>	<i>(5.9)%</i>	<i>N/A</i>	<i>(5.0)%</i>	<i>N/A</i>

<sup>(1)</sup>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 Two Pierce Place in Itasca, IL are included in this line item.

**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	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>Net income applicable to Piedmont (GAAP)</b>	<b>\$ 232,688</b>	<b>\$ 229,261</b>	<b>\$232,688</b>	<b>\$ 229,261</b>
Net income applicable to noncontrolling interest	(3)	(5)	(3)	(5)
Interest expense	54,990	61,594	54,990	61,594
Depreciation	110,542	105,985	110,542	105,985
Amortization	93,242	76,610	93,242	76,610
Depreciation and amortization attributable to noncontrolling interests	85	87	85	87
Impairment loss on real estate assets	—	8,953	—	8,953
Gain on sale of real estate assets	(205,666)	(197,010)	(205,666)	(197,010)
<b>EBITDAre*</b>	<b>285,878</b>	<b>285,475</b>	<b>285,878</b>	<b>285,475</b>
Loss on early extinguishment of debt	9,336	—	9,336	—
Retirement and separation expenses associated with senior management transition	—	3,175	—	3,175
<b>Core EBITDA*</b>	<b>295,214</b>	<b>288,650</b>	<b>295,214</b>	<b>288,650</b>
General & administrative expenses	27,464	34,720	27,464	34,720
Management fee revenue	(1,495)	(2,518)	(1,495)	(2,518)
Other income	(1,724)	(228)	(1,724)	(228)
Non-cash general reserve for uncollectible accounts	4,553	—		
Straight line effects of lease revenue	(22,601)	(10,411)		
Straight line effects of lease revenue attributable to noncontrolling interests	(16)	(9)		
Amortization of lease-related intangibles	(12,284)	(8,323)		
<b>Property NOI*</b>	<b>289,111</b>	<b>301,881</b>	<b>319,459</b>	<b>320,624</b>
Net operating income from:				
Acquisitions	(40,696)	(8,229)	(52,448)	(10,769)
Dispositions	(21,049)	(61,423)	(22,113)	(63,730)
Other investments <sup>(1)</sup>	(248)	(1,204)	(340)	(1,142)
<b>Same Store NOI *</b>	<b>\$ 227,118</b>	<b>\$ 231,025</b>	<b>\$244,558</b>	<b>\$ 244,983</b>
<i>Change period over period in Same Store NOI</i>	<i>(1.7)%</i>	<i>N/A</i>	<i>(0.2)%</i>	<i>N/A</i>

<sup>(1)</sup>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 Two Pierce Place in Itasca, IL 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 (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.

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.

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 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.