

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

(in thousands)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Assets:		
Real estate assets, at cost:		
Land	\$ 567,244	\$ 567,244
Buildings and improvements	3,823,241	3,682,000
Buildings and improvements, accumulated depreciation	(1,046,512)	(915,010)
Intangible lease assets	170,654	205,074
Intangible lease assets, accumulated amortization	(88,066)	(90,694)
Construction in progress	85,966	52,010
Total real estate assets	<u>3,512,527</u>	<u>3,500,624</u>
Cash and cash equivalents	825	16,536
Tenant receivables	7,915	4,762
Straight line rent receivables	183,839	172,019
Restricted cash and escrows	3,381	3,064
Prepaid expenses and other assets	28,466	17,152
Goodwill	53,491	82,937
Interest rate swaps	3,032	4,183
Deferred lease costs	487,519	505,979
Deferred lease costs, accumulated depreciation	(223,913)	(221,731)
Total assets	<u><u>\$ 4,057,082</u></u>	<u><u>\$ 4,085,525</u></u>
Liabilities:		
Unsecured debt, net of discount and unamortized debt issuance costs of \$15,437 and \$13,319, respectively	\$ 1,858,717	\$ 1,786,681
Secured Debt	195,879	197,000
Accounts payable, accrued expenses, and accrued capital expenditures	131,516	110,306
Dividends payable	15,143	25,357
Deferred income	89,930	59,977
Intangible lease liabilities, less accumulated amortization	42,925	56,949
Total liabilities	<u>2,334,110</u>	<u>2,236,270</u>
Stockholders' equity:		
Common stock (123,715,298 and 123,439,558 shares outstanding as of December 31, 2023 and December 31, 2022, respectively)	1,237	1,234
Additional paid in capital	3,716,742	3,711,005
Cumulative distributions in excess of earnings	(1,987,147)	(1,855,893)
Other comprehensive income	(9,418)	(8,679)
Piedmont stockholders' equity	<u>1,721,414</u>	<u>1,847,667</u>
Noncontrolling interest	1,558	1,588
Total stockholders' equity	<u>1,722,972</u>	<u>1,849,255</u>
Total liabilities and stockholders' equity	<u><u>\$ 4,057,082</u></u>	<u><u>\$ 4,085,525</u></u>
<i>Net debt (Unsecured and Secured Debt less Cash and cash equivalents)</i>	<i>2,053,771</i>	<i>1,967,145</i>
<i>Total Principal Amount of Debt Outstanding (Unsecured and Secured Debt plus discounts and unamortized debt issuance costs)</i>	<i>2,070,033</i>	<i>1,997,000</i>

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

	Three Months Ended		Year Ended	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Revenues:				
Rental and tenant reimbursement revenue	\$ 139,447	\$ 142,106	\$ 555,313	\$ 545,741
Property management fee revenue	389	395	1,729	1,675
Other property related income	5,495	4,707	20,714	16,350
Total revenues	145,331	147,208	577,756	563,766
Expenses:				
Property operating costs	59,085	59,763	235,091	226,058
Depreciation	38,036	34,788	148,458	133,616
Amortization	24,232	23,915	87,756	90,937
Impairment Charges	18,489	25,981	29,446	25,981
General and administrative	7,177	7,915	29,190	29,127
Total operating expenses	147,019	152,362	529,941	505,719
Other income (expense):				
Interest expense	(28,431)	(20,739)	(101,258)	(65,656)
Other income	146	408	3,940	2,710
Loss on early extinguishment of debt	—	—	(820)	—
Gain on sale of real estate assets	1,946	101,055	1,946	151,729
Total other income (expense)	(26,339)	80,724	(96,192)	88,783
Net income/(loss)	(28,027)	75,570	(48,377)	146,830
Net income applicable to noncontrolling interest	(3)	(1)	(10)	—
Net income/(loss) applicable to Piedmont	\$ (28,030)	\$ 75,569	\$ (48,387)	\$ 146,830
Weighted average common shares outstanding - diluted	123,714	123,633	123,659	123,524
Net income/(loss) per share applicable to common stockholders - diluted	\$ (0.23)	\$ 0.61	\$ (0.39)	\$ 1.19

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	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
GAAP net income/(loss) applicable to common stock	\$ (28,030)	\$ 75,569	\$ (48,387)	\$ 146,830
Depreciation of real estate assets ⁽¹⁾	37,889	34,587	147,569	132,849
Amortization of lease-related costs	24,222	23,905	87,717	90,891
Impairment charges	18,489	25,981	29,446	25,981
Gain on sale of real estate assets	(1,946)	(101,055)	(1,946)	(151,729)
NAREIT Funds From Operations applicable to common stock*	50,624	58,987	214,399	244,822
Severance costs associated with management reorganization	—	2,248	—	2,248
Loss on early extinguishment of debt	—	—	820	—
Core Funds From Operations applicable to common stock*	50,624	61,235	215,219	247,070
Amortization of debt issuance costs and discounts on debt	1,481	926	5,442	3,389
Depreciation of non real estate assets	136	191	847	728
Straight-line effects of lease revenue	(908)	(2,356)	(7,268)	(11,230)
Stock-based compensation adjustments	1,989	1,717	6,337	4,833
Amortization of lease-related intangibles	(2,869)	(3,713)	(13,879)	(13,426)
Non-incremental capital expenditures ⁽²⁾	(18,620)	(10,918)	(53,690)	(53,324)
Adjusted Funds From Operations applicable to common stock*	\$ 31,833	\$ 47,082	\$ 153,008	\$ 178,040
Weighted average common shares outstanding - diluted	123,846 ⁽³⁾	123,633	123,702 ⁽³⁾	123,524
NAREIT Funds From Operations per share (diluted)	\$ 0.41	\$ 0.48	\$ 1.73	\$ 1.98
Core Funds From Operations per share (diluted)	\$ 0.41	\$ 0.50	\$ 1.74	\$ 2.00

⁽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 are not included when calculating net loss per diluted share applicable to Piedmont for the three months and year ended December 31, 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	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Net income/(loss) applicable to Piedmont (GAAP)	\$ (28,030)	\$ 75,569	\$ (28,030)	\$ 75,569
Net income applicable to noncontrolling interest	3	1	3	1
Interest expense	28,431	20,739	28,431	20,739
Depreciation	38,025	34,778	38,025	34,778
Amortization	24,223	23,905	24,223	23,905
Depreciation and amortization attributable to noncontrolling interests	20	20	20	20
Impairment charges	18,489	25,981	18,489	25,981
Gain on sale of real estate assets	(1,946)	(101,055)	(1,946)	(101,055)
EBITDAre*	79,215	79,938	79,215	79,938
Severance costs associated with management reorganization	—	2,248	—	2,248
Core EBITDA *	79,215	82,186	79,215	82,186
General and administrative expenses	7,177	5,668	7,177	5,668
Management fee revenue	(247)	(261)	(247)	(261)
Other income	(38)	(193)	(38)	(193)
Reversal of non-cash general reserve for uncollectible accounts	—	(1,000)	—	(1,000)
Straight-line effects of lease revenue	(908)	(2,356)	(908)	(2,356)
Straight-line effects of lease revenue attributable to noncontrolling interests	(3)	(4)	(3)	(4)
Amortization of lease-related intangibles	(2,869)	(3,713)	(2,869)	(3,713)
Property NOI*	82,327	80,327	86,107	87,400
Net operating (income)/loss from:				
Acquisitions	(6,123)	(5,313)	(7,784)	(7,553)
Dispositions	(37)	(2,343)	(37)	(2,389)
Other investments ⁽¹⁾	241	224	143	123
Same Store NOI*	\$ 76,408	\$ 72,895	\$ 78,429	\$ 77,581
<i>Change period over period in Same Store NOI</i>	<i>4.8%</i>	<i>N/A</i>	<i>1.1 %</i>	<i>N/A</i>

⁽¹⁾Other investments consist of our investments in active, out-of-service redevelopment and development projects, land, and recently completed redevelopment and development projects. The operating results of 222 South Orange Avenue in Orlando, FL, 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	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Net income/(loss) applicable to Piedmont (GAAP)	\$ (48,387)	\$ 146,830	\$ (48,387)	\$ 146,830
Net income applicable to noncontrolling interest	10	—	10	—
Interest expense	101,258	65,656	101,258	65,656
Depreciation	148,417	133,577	148,417	133,577
Amortization	87,717	90,891	87,717	90,891
Depreciation and amortization attributable to noncontrolling interests	80	85	80	85
Impairment charges	29,446	25,981	29,446	25,981
Gain on sale of real estate assets	(1,946)	(151,729)	(1,946)	(151,729)
EBITDAre*	316,595	311,291	316,595	311,291
Severance costs associated with management reorganization	—	2,248	—	2,248
Loss on early extinguishment of debt	820	—	820	—
Core EBITDA*	317,415	313,539	317,415	313,539
General and administrative expenses	29,190	26,879	29,190	26,879
Management fee revenue	(1,004)	(1,004)	(1,004)	(1,004)
Other income	(3,256)	(1,847)	(3,256)	(1,847)
Reversal of non-cash general reserve for uncollectible accounts	(1,000)	(3,000)		
Straight-line effects of lease revenue	(7,268)	(11,230)		
Straight-line effects of lease revenue attributable to noncontrolling interests	(10)	(10)		
Amortization of lease-related intangibles	(13,879)	(13,426)		
Property NOI*	320,188	309,901	342,345	337,567
Net operating (income)/loss from:				
Acquisitions	(22,907)	(8,180)	(30,167)	(11,717)
Dispositions	65	(10,714)	65	(10,826)
Other investments ⁽¹⁾	790	763	387	651
Same Store NOI*	\$ 298,136	\$ 291,770	\$ 312,630	\$ 315,675
<i>Change period over period in Same Store NOI</i>	<i>2.2 %</i>	<i>N/A</i>	<i>(1.0)%</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, 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.

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.