

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Assets:		
Real estate assets, at cost:		
Land	\$ 529,941	\$ 476,716
Buildings and improvements	3,374,903	3,123,042
Buildings and improvements, accumulated depreciation	(861,206)	(751,521)
Intangible lease assets	178,157	158,444
Intangible lease assets, accumulated amortization	(83,777)	(67,850)
Construction in progress	43,406	56,749
Real estate assets held for sale, gross	80,586	76,475
Real estate assets held for sale, accumulated depreciation and amortization	(16,699)	(16,021)
Total real estate assets	3,245,311	3,056,034
Cash and cash equivalents	7,419	7,331
Tenant receivables	2,995	8,448
Straight line rent receivables	162,632	148,797
Notes receivable	118,500	118,500
Restricted cash and escrows	1,441	1,883
Prepaid expenses and other assets	20,485	23,277
Goodwill	98,918	98,918
Deferred lease costs, gross	469,671	444,211
Deferred lease costs, accumulated depreciation	(205,100)	(171,817)
Other assets held for sale, gross	9,389	5,030
Other assets held for sale, accumulated depreciation	(996)	(802)
Total assets	<u>\$ 3,930,665</u>	<u>\$ 3,739,810</u>
Liabilities:		
Unsecured debt, net of discount and unamortized debt issuance costs of \$12,210 and \$10,932, respectively	\$ 1,877,790	\$ 1,594,068
Secured debt, inclusive of premium and unamortized debt issuance costs of \$0 and \$326, respectively	—	27,936
Accounts payable, accrued expenses, and accrued capital expenditures	114,453	111,997
Dividends payable	26,048	25,683
Deferred income	80,686	36,891
Intangible lease liabilities, less accumulated amortization	39,341	35,440
Interest rate swaps	4,924	9,834
Total liabilities	2,143,242	1,841,849
Stockholders' equity:		
Common stock	1,231	1,238
Additional paid in capital	3,701,798	3,693,996
Cumulative distributions in excess of earnings	(1,899,081)	(1,774,856)
Other comprehensive income	(18,154)	(24,100)
Piedmont stockholders' equity	1,785,794	1,896,278
Noncontrolling interest	1,629	1,683
Total stockholders' equity	1,787,423	1,897,961
Total liabilities and stockholders' equity	<u>\$ 3,930,665</u>	<u>\$ 3,739,810</u>

<i>Number of shares of common stock outstanding as of end of period</i>	<i>123,077</i>	<i>123,839</i>
<i>Net debt (Unsecured and Secured debt, less Cash and cash equivalents)</i>	<i>1,870,371</i>	<i>1,614,673</i>
<i>Total Principal Amount of Debt Outstanding (Unsecured debt plus discount and unamortized debt issuance costs and Secured debt less premium and unamortized debt issuance costs)</i>	<i>1,890,000</i>	<i>1,632,610</i>

Piedmont Office Realty Trust, Inc.

Consolidated Statements of Operations

Unaudited (in thousands, except for per share data)

	Three Months Ended		Year Ended	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Revenues:				
Rental and tenant reimbursement revenue	\$ 134,313	\$ 128,272	\$ 514,619	\$ 519,953
Property management fee revenue	576	721	2,496	2,867
Other property related income	3,275	2,536	11,595	12,204
Total revenues	138,164	131,529	528,710	535,024
Expenses:				
Property operating costs	56,083	55,302	210,932	214,933
Depreciation	31,952	27,236	120,615	110,575
Amortization	22,014	22,324	85,992	93,294
Impairment loss on real estate assets	41,000	—	41,000	—
General and administrative	7,835	7,415	30,252	27,464
Total operating expenses	158,884	112,277	488,791	446,266
Other income (expense):				
Interest expense	(13,917)	(13,048)	(51,292)	(54,990)
Other income	2,882	1,770	10,206	2,587
Loss on early extinguishment of debt	—	—	—	(9,336)
Gain on sale of real estate assets	—	14,634	—	205,666
Total other income (expense)	(11,035)	3,356	(41,086)	143,927
Net income/(loss)	(31,755)	22,608	(1,167)	232,685
Net loss applicable to noncontrolling interest	5	1	14	3
Net income/ (loss) applicable to Piedmont	\$ (31,750)	\$ 22,609	\$ (1,153)	\$ 232,688
Weighted average common shares outstanding - diluted	123,742	125,544	123,978	126,104
Net income/(loss) per share applicable to common stockholders - diluted	\$ (0.26)	\$ 0.18	\$ (0.01)	\$ 1.85

Reconciliation of Net income/(loss) applicable to Piedmont to Income before gains, losses, and impairments:

Net income/(loss) applicable to Piedmont	\$ (31,750)	\$ 22,609	\$ (1,153)	\$ 232,688
Plus:				
Impairment loss on real estate assets	41,000	—	41,000	—
Loss on early extinguishment of debt	—	—	—	9,336
Less:				
Gain on sale of real estate assets	—	14,634	—	205,666
Income before gains, losses, and impairments:	\$ 9,250	\$ 7,975	\$ 39,847	\$ 36,358
<i>Change Period over Period</i>	<i>16 %</i>		<i>10 %</i>	
Weighted average common shares outstanding - diluted	124,412 ⁽³⁾	125,544	124,455 ⁽³⁾	126,104
Income per share before gains, losses, and impairments -diluted	\$ 0.07	\$ 0.06	\$ 0.32	\$ 0.29

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	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
GAAP net income/(loss) applicable to common stock	\$ (31,750)	\$ 22,609	\$ (1,153)	\$ 232,688
Depreciation of real estate assets ⁽¹⁾	31,756	26,942	119,629	109,326
Amortization of lease-related costs	22,003	22,312	85,946	93,242
Impairment loss on real estate assets	41,000	—	41,000	—
Gain on sale of real estate assets	—	(14,634)	—	(205,666)
NAREIT Funds From Operations applicable to common stock*	63,009	57,229	245,422	229,590
Loss on early extinguishment of debt	—	—	—	9,336
Core Funds From Operations applicable to common stock*	63,009	57,229	245,422	238,926
Amortization of debt issuance costs, fair market adjustments on notes payable, and discounts on debt	781	653	2,857	2,833
Depreciation of non real estate assets	187	286	949	1,216
Straight-line effects of lease revenue	(1,939)	(2,223)	(10,566)	(22,601)
Stock-based compensation adjustments	2,772	2,733	7,924	7,014
Net effect of amortization of above/below-market in-place lease intangibles	(3,098)	(2,767)	(11,290)	(12,284)
Non-incremental capital expenditures ⁽²⁾	(22,313)	(19,620)	(75,162)	(77,682)
Adjusted Funds From Operations applicable to common stock*	\$ 39,399	\$ 36,291	\$ 160,134	\$ 137,422
Weighted average common shares outstanding - diluted	124,412 ⁽³⁾	125,544	124,455 ⁽³⁾	126,104
Funds From Operations per share (diluted)	\$ 0.51	\$ 0.46	\$ 1.97	\$ 1.82
Core Funds From Operations per share (diluted)	\$ 0.51	\$ 0.46	\$ 1.97	\$ 1.89
<i>Change period over period</i>	<i>11 %</i>		<i>4 %</i>	

⁽¹⁾ Excludes depreciation of non real estate assets.

⁽²⁾ 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.

⁽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 dilution is not included when calculating Net loss per diluted share applicable to Piedmont for the quarter and year ended December 31, 2021 as it 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	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Net income/(loss) applicable to Piedmont (GAAP)	\$ (31,750)	\$ 22,609	\$ (31,750)	\$ 22,609
Net loss applicable to noncontrolling interest	(5)	(1)	(5)	(1)
Interest expense	13,917	13,048	13,917	13,048
Depreciation	31,943	27,228	31,943	27,228
Amortization	22,003	22,312	22,003	22,312
Depreciation and amortization attributable to noncontrolling interests	22	20	22	20
Impairment loss on real estate assets	41,000	—	41,000	—
Gain on sale of real estate assets	—	(14,634)	—	(14,634)
EBITDAre*	77,130	70,582	77,130	70,582
Loss on early extinguishment of debt	—	—	—	—
Core EBITDA*	77,130	70,582	77,130	70,582
General & administrative expenses	7,835	7,415	7,835	7,415
Management fee revenue	(323)	(397)	(323)	(397)
Other income	(2,667)	(1,554)	(2,667)	(1,554)
Non-cash general reserve for uncollectible accounts	(965)	(278)		
Straight line effects of lease revenue	(1,939)	(2,223)		
Straight line effects of lease revenue attributable to noncontrolling interests	1	(4)		
Amortization of lease-related intangibles	(3,098)	(2,767)		
Property NOI*	75,974	70,774	81,975	76,046
Net operating income from:				
Acquisitions	(10,232)	(7,795)	(12,476)	(9,151)
Dispositions	(1)	(824)	(1)	(784)
Other investments ⁽¹⁾	203	162	261	218
Same Store NOI*	\$ 65,944	\$ 62,317	\$ 69,759	\$ 66,329
<i>Change period over period in Same Store NOI</i>	<i>5.8%</i>	<i>N/A</i>	<i>5.2 %</i>	<i>N/A</i>

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	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Net income/(loss) applicable to Piedmont (GAAP)	\$ (1,153)	\$ 232,688	\$ (1,153)	\$ 232,688
Net loss applicable to noncontrolling interest	(14)	(3)	(14)	(3)
Interest expense	51,292	54,990	51,292	54,990
Depreciation	120,578	110,542	120,578	110,542
Amortization	85,946	93,242	85,946	93,242
Depreciation and amortization attributable to noncontrolling interests	84	85	84	85
Impairment loss on real estate assets	41,000	—	41,000	—
Gain on sale of real estate assets	—	(205,666)	—	(205,666)
EBITDAre*	297,733	285,878	297,733	285,878
Loss on early extinguishment of debt	—	9,336	—	9,336
Core EBITDA*	297,733	295,214	297,733	295,214
General & administrative expenses	30,252	27,464	30,252	27,464
Management fee revenue	(1,269)	(1,495)	(1,269)	(1,495)
Other income	(9,089)	(1,724)	(9,089)	(1,724)
Non-cash general reserve for uncollectible accounts	(553)	4,553		
Straight line effects of lease revenue	(10,566)	(22,601)		
Straight line effects of lease revenue attributable to noncontrolling interests	3	(16)		
Amortization of lease-related intangibles	(11,290)	(12,284)		
Property NOI*	295,221	289,111	317,627	319,459
Net operating income from:				
Acquisitions	(34,446)	(23,115)	(41,720)	(30,397)
Dispositions	(204)	(21,049)	(205)	(22,113)
Other investments ⁽¹⁾	783	550	1,009	769
Same Store NOI*	\$ 261,354	\$ 245,497	\$ 276,711	\$ 267,718
<i>Change period over period in Same Store NOI</i>	<i>6.5 %</i>	<i>N/A</i>	<i>3.4 %</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:**

Income Before Gains, Losses, and Impairments: The Company calculates Income Before Gains, Losses, and Impairments by starting with Net Income applicable to Piedmont and adjusting for gains or losses on the sale of real estate assets, loss on early extinguishment of debt and impairment loss on real estate assets. Income Before Gains, Losses, and Impairments 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 Income Before Gains, Losses, and Impairments 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 Income Before Gains, Losses, and Impairments can help facilitate comparisons of operating performance between periods and provides a more meaningful predictor of future earnings potential. Other REITs may not define Income Before Gains, Losses, and Impairments in the same manner as the Company; therefore, the Company's computation of Income Before Gains, Losses, and Impairments may not be comparable to that of other REITs.

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 (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 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. 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 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. 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 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 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.