

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Assets:		
Real estate assets, at cost:		
Land	\$ 552,744	\$ 559,384
Buildings and improvements	3,815,948	3,788,249
Buildings and improvements, accumulated depreciation	(1,116,169)	(1,039,136)
Intangible lease assets	146,005	170,654
Intangible lease assets, accumulated amortization	(80,620)	(88,066)
Construction in progress	143,966	85,239
Real estate assets held for sale, gross	—	43,579
Real estate assets held for sale, accumulated depreciation and amortization	—	(7,376)
Total real estate assets	3,461,874	3,512,527
Cash and cash equivalents	133,624	825
Tenant receivables	6,963	7,915
Straight line rent receivables	189,904	182,856
Restricted cash and escrows	3,343	3,381
Prepaid expenses and other assets	26,455	27,559
Goodwill	53,491	53,491
Interest rate swaps	992	3,032
Deferred lease costs	468,385	485,531
Deferred lease costs, accumulated depreciation	(206,814)	(223,248)
Other assets held for sale, gross	—	3,879
Other assets held for sale, accumulated depreciation	—	(666)
Total assets	\$ 4,138,217	\$ 4,057,082
Liabilities:		
Unsecured debt, net of discount and unamortized debt issuance costs of \$21,393 and \$15,437, respectively	\$ 2,028,607	\$ 1,858,717
Secured Debt	193,300	195,879
Accounts payable, accrued expenses, and accrued capital expenditures	150,648	131,516
Dividends payable	—	15,143
Deferred income	99,294	89,930
Intangible lease liabilities, less accumulated amortization	35,165	42,925
Interest rate swaps	1,035	—
Total liabilities	2,508,049	2,334,110
Stockholders' equity:		
Common stock (123,999,948 and 123,715,298 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively)	1,240	1,237
Additional paid in capital	3,721,423	3,716,742
Cumulative distributions in excess of earnings	(2,082,716)	(1,987,147)
Other comprehensive income	(11,314)	(9,418)
Piedmont stockholders' equity	1,628,633	1,721,414
Noncontrolling interest	1,535	1,558
Total stockholders' equity	1,630,168	1,722,972
Total liabilities and stockholders' equity	\$ 4,138,217	\$ 4,057,082
<i>*Net Principal Amount of Debt Outstanding (Unsecured and Secured Debt plus discounts and unamortized debt issuance costs less Cash and cash equivalents and Restricted cash and escrows)</i>	2,106,333	2,065,827

Piedmont Office Realty Trust, Inc.

Consolidated Statements of Operations

Unaudited (in thousands, except for per share data)

	Three Months Ended		Nine Months Ended	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023
Revenues:				
Rental and tenant reimbursement revenue	\$ 132,832	\$ 141,534	\$ 408,583	\$ 415,866
Property management fee revenue	896	396	1,535	1,340
Other property related income	5,565	5,056	16,975	15,219
Total revenues	139,293	146,986	427,093	432,425
Expenses:				
Property operating costs	57,510	59,847	175,519	176,006
Depreciation	39,000	38,150	116,683	110,422
Amortization	17,067	20,160	53,284	63,524
Impairment charges	—	10,957	18,432	10,957
General and administrative	6,809	7,043	22,773	22,013
Total operating expenses	120,386	136,157	386,691	382,922
Other income (expense):				
Interest expense	(32,072)	(27,361)	(91,355)	(72,827)
Other income ⁽¹⁾	2,091	351	2,697	3,794
Loss on early extinguishment of debt	—	(820)	(386)	(820)
Loss on sale of real estate assets	(445)	—	(445)	—
Total other income (expense)	(30,426)	(27,830)	(89,489)	(69,853)
Net loss	(11,519)	(17,001)	(49,087)	(20,350)
Net income applicable to noncontrolling interest	—	(1)	(4)	(7)
Net loss applicable to Piedmont	\$ (11,519)	\$ (17,002)	\$ (49,091)	\$ (20,357)
Weighted average common shares outstanding - basic and diluted	124,000	123,696	123,918	123,640
Net loss per share applicable to common stockholders - basic and diluted	\$ (0.09)	\$ (0.14)	\$ (0.40)	\$ (0.16)

⁽¹⁾ Includes interest income (in thousands) of approximately \$1,924 and \$332 for the three months ended September 30, 2024 and 2023, respectively, and \$2,212 and \$3,290 for the nine months ended September 30, 2024 and 2023, respectively.

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		Nine Months Ended	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023
GAAP net loss applicable to common stock	\$ (11,519)	\$ (17,002)	\$ (49,091)	\$ (20,357)
Depreciation of real estate assets ⁽¹⁾	38,642	37,790	115,699	109,680
Amortization of lease-related costs	17,059	20,151	53,260	63,495
Impairment charges	—	10,957	18,432	10,957
Loss on sale of real estate assets	445	—	445	—
NAREIT FFO applicable to common stock*	44,627	51,896	138,745	163,775
Loss on early extinguishment of debt	—	820	386	820
Core FFO applicable to common stock*	44,627	52,716	139,131	164,595
Amortization of debt issuance costs and discounts on debt	1,332	1,410	3,679	3,961
Depreciation of non real estate assets	347	350	950	711
Straight-line effects of lease revenue	(1,993)	(418)	(6,332)	(6,360)
Stock-based compensation adjustments	2,153	2,070	5,240	4,348
Amortization of lease-related intangibles	(2,463)	(4,479)	(7,668)	(11,010)
Non-incremental capital expenditures ⁽²⁾	(14,934)	(11,710)	(53,432)	(35,070)
Adjusted FFO applicable to common stock*	\$ 29,069	\$ 39,939	\$ 81,568	\$ 121,175
Weighted average common shares outstanding - diluted ⁽³⁾	125,675	123,781	125,087	123,689
NAREIT FFO per share (diluted)	\$ 0.36	\$ 0.42	\$ 1.11	\$ 1.32
Core FFO per share (diluted)	\$ 0.36	\$ 0.43	\$ 1.11	\$ 1.33

⁽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 and nine months ended September 30, 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	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023
Net loss applicable to Piedmont (GAAP)	\$ (11,519)	\$ (17,002)	\$ (11,519)	\$ (17,002)
Net income applicable to noncontrolling interest	—	1	—	1
Interest expense	32,072	27,361	32,072	27,361
Depreciation	38,988	38,140	38,988	38,140
Amortization	17,059	20,151	17,059	20,151
Depreciation and amortization attributable to noncontrolling interests	20	20	20	20
Impairment charges	—	10,957	—	10,957
Loss on sale of real estate assets	445	—	445	—
EBITDAre*	77,065	79,628	77,065	79,628
Loss on early extinguishment of debt	—	820	—	820
Core EBITDA*	77,065	80,448	77,065	80,448
General and administrative expenses	6,809	7,043	6,809	7,043
Management fee revenue	(714)	(210)	(714)	(210)
Other income	(1,983)	(207)	(1,983)	(207)
Reversal of non-cash general reserve for uncollectible accounts	—	(600)	—	(600)
Straight-line effects of lease revenue	(1,993)	(418)	(1,993)	(418)
Straight-line effects of lease revenue attributable to noncontrolling interests	1	(2)	1	(2)
Amortization of lease-related intangibles	(2,463)	(4,479)	(2,463)	(4,479)
Property NOI*	76,722	81,575	81,177	87,074
Net operating income from:				
Acquisitions	—	—	—	—
Dispositions	(141)	(849)	(136)	(855)
Other investments ⁽¹⁾	816	(2,733)	687	(2,778)
Same Store NOI*	\$ 77,397	\$ 77,993	\$ 81,728	\$ 83,441
<i>Change period over period in Same Store NOI</i>	<i>(0.8)%</i>	<i>N/A</i>	<i>(2.1)%</i>	<i>N/A</i>

⁽¹⁾Other investments consist of active, out-of-service or recently completed redevelopment projects, and land. The operating results of 222 South Orange Avenue in Orlando, FL, as well as Meridian and 9320 Excelsior Boulevard in suburban Minneapolis, MN, are currently 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	
	Nine Months Ended		Nine Months Ended	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023
Net loss applicable to Piedmont (GAAP)	\$ (49,091)	\$ (20,357)	\$ (49,091)	\$ (20,357)
Net income applicable to noncontrolling interest	4	7	4	7
Interest expense	91,355	72,827	91,355	72,827
Depreciation	116,649	110,391	116,649	110,391
Amortization	53,260	63,495	53,260	63,495
Depreciation and amortization attributable to noncontrolling interests	59	60	59	60
Impairment charges	18,432	10,957	18,432	10,957
Loss on sale of real estate assets	445	—	445	—
EBITDAre*	231,113	237,380	231,113	237,380
Loss on early extinguishment of debt	386	820	386	820
Core EBITDA*	231,499	238,200	231,499	238,200
General and administrative expenses	22,773	22,013	22,773	22,013
Management fee revenue	(965)	(756)	(965)	(756)
Other income	(2,374)	(3,218)	(2,374)	(3,218)
Reversal of non-cash general reserve for uncollectible accounts	—	(1,000)	—	—
Straight-line effects of lease revenue	(6,332)	(6,360)	—	—
Straight-line effects of lease revenue attributable to noncontrolling interests	—	(7)	—	—
Amortization of lease-related intangibles	(7,668)	(11,010)	—	—
Property NOI*	236,933	237,862	250,933	256,239
Net operating (income)/loss from:				
Acquisitions	—	—	—	—
Dispositions	(1,748)	(2,353)	(2,033)	(3,158)
Other investments ⁽¹⁾	(837)	(8,349)	(1,131)	(8,388)
Same Store NOI*	\$ 234,348	\$ 227,160	\$ 247,769	\$ 244,693
<i>Change period over period in Same Store NOI</i>	<i>3.2 %</i>	<i>N/A</i>	<i>1.3 %</i>	<i>N/A</i>

⁽¹⁾Other investments consist of active, out-of-service or recently completed redevelopment projects, and land. The operating results of 222 South Orange Avenue in Orlando, FL, as well as Meridian and 9320 Excelsior Boulevard in suburban Minneapolis, MN, are currently 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.