



# Investor Presentation

November 2017

# Introduction

Piedmont Office Realty Trust, Inc. (also referred to herein as “Piedmont” or the “Company”) (NYSE: PDM) is an owner, manager, developer and operator of high-quality, Class A office properties in select sub-markets located primarily within eight major eastern U.S. office markets. The Company’s geographically-diversified portfolio is comprised of over \$5.0 billion in gross assets and approximately 19 million square feet. The Company is a fully-integrated, self-managed real estate investment trust (REIT) with local management offices in each of its major markets and is investment-grade rated by Standard & Poor’s (BBB) and Moody’s (Baa2).

We use market data and industry forecasts and projections throughout this presentation which have been obtained from publicly available industry publications. These sources are believed to be reliable, but the accuracy and completeness of the information are not guaranteed. Certain statements contained in this presentation constitute forward-looking statements which we intend to be covered by the safe-harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as applicable. Such information is subject to certain risks and uncertainties, as well as known and unknown risks, which could cause actual results to differ materially from those projected or anticipated. Therefore, such statements are not intended to be a guarantee of our performance in future periods. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “anticipate,” “believe,” “continue” or similar words or phrases that are predictions of future events or trends and which do not relate solely to historical matters. Some examples of risk factors that could cause our actual results and expectations to differ materially from those described in our forward-looking statements are detailed in our most recent Annual Report on Form 10-K and other documents we file with the Securities and Exchange Commission (“SEC”). Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation.

Unless the context indicates otherwise, the term “properties” as used in this document and the statistical information presented in this document regarding our properties includes our wholly-owned office properties and our office properties owned through consolidated joint ventures.

The information and non-GAAP financial terms contained in this presentation do not contain all of the information and definitions that may be important to you and should be read in conjunction with our Amended Annual Report on Form 10-K for the year ended December 31, 2016, including our quarterly results for the periods ended March 31, 2016, June 30, 2016, September 30, 2016, and our quarterly reports on Form 10-Q for the periods ended March 31, 2017, June 30, 2017 and September 30, 2017 and our other filings with the SEC. Other information important to you may also be found in documents that we furnish to the SEC, such as our Quarterly Supplemental Information dated as of September 30, 2017. Such documents are available at [www.sec.gov](http://www.sec.gov) and under the heading Investor Relations on our website at [www.piedmontreit.com](http://www.piedmontreit.com).

**Unless otherwise noted, all financial and statistical information contained in this presentation is as of September 30, 2017.**

# Piedmont Overview

## CORPORATE OVERVIEW

AS OF 9/30/2017  
UNLESS OTHERWISE NOTED

Ticker (NYSE)	<b>PDM</b>
Market Cap as of 11/9/2017 (billions)	<b>\$2.9</b>
Gross Assets (billions)	<b>\$5.1</b>
Ratings (Moody's/S&P)	<b>Baa2/BBB</b>
Debt (billions)	<b>\$1.7</b>
Net Debt to Gross Assets	<b>33%</b>
Net Debt to Core EBITDA	<b>5.6x</b>
Dividend/Yield	<b>\$0.84/4.4%</b>
Three-Year Total Return (11/7/14-11/9/17)	<b>17.2%</b>

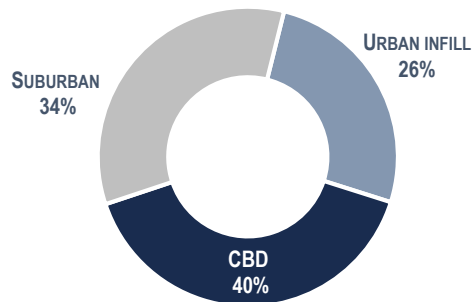
## PORTFOLIO OVERVIEW

AS OF 9/30/2017

Square Feet (millions)	<b>18.8</b>
Number of Properties	<b>66</b>
Weighted Average Lease Term	<b>6.5 years</b>
% Leased	<b>89.2%</b>
Median Building Age	<b>18 years</b>
Annualized Lease Revenue (millions)	<b>\$548.2</b>
% of ALR Energy-Star Rated	<b>83%</b>
% of ALR from Credit Tenants <sup>1</sup>	<b>63%</b>
Asset Quality (Green Street Office Sector Update, 8/23/2017)	<b>A-</b>

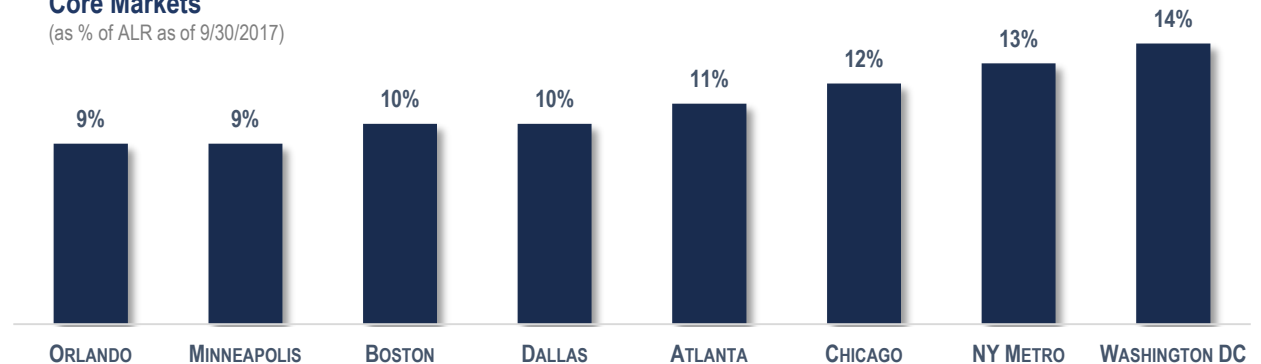
### Portfolio Location

(as % of ALR as of 9/30/2017)



### Core Markets

(as % of ALR as of 9/30/2017)





# Who is Piedmont?



**ARLINGTON GATEWAY**  
Arlington, VA



**ONE BRATTLE SQUARE**  
Cambridge, MA

DIFFERENTIATED PORTFOLIO

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DISCIPLINED CAPITAL ALLOCATOR

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FINANCIAL STRENGTH AND FLEXIBILITY

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PROACTIVE OPERATIONAL MANAGEMENT

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PATHS TO GROWTH

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SUPERIOR VALUE PROPOSITION

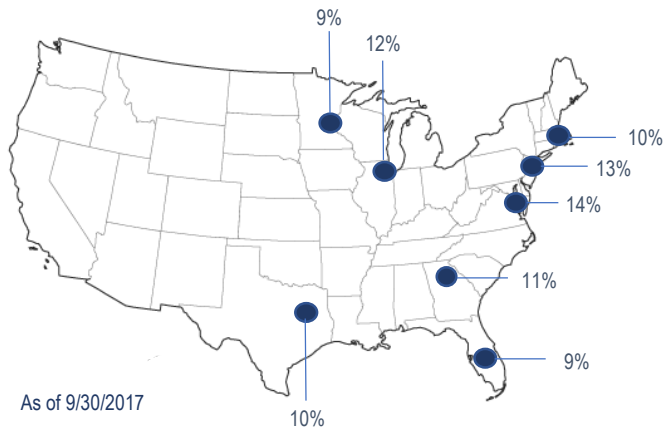
# Differentiated Portfolio

## PORTFOLIO CONCENTRATED WITHIN EIGHT OF THE NATION'S LARGEST EASTERN MARKETS

- Why These Markets:
  - Historical and projected rental rate growth
  - Barriers to entry
  - Heavy amenity base
  - Proximity to transportation hubs
  - Ideal for large, corporate users
  - Ample size and scale for liquidity
  - Fragmented/limited REIT ownership
  - Favorable business environment / supportive local government

### ALR by Target Market

~90% of ALR in top 8 Markets



### Atlanta

Northwest, Central Perimeter

### Washington, DC

District, R-B Corridor

### Boston

Cambridge, Burlington, Route 128

### Minneapolis

CBD, West/SW

### Chicago

CBD

### New York

Financial District

### Dallas

Las Colinas, Uptown, Preston Center

### Orlando

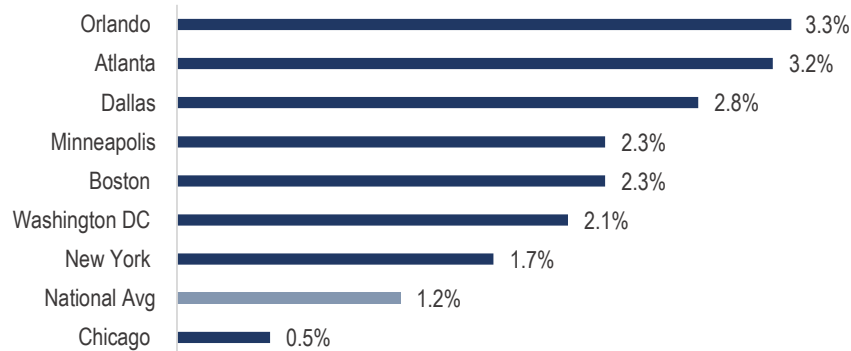
CBD, Lake Mary

# Differentiated Portfolio

## PIEDMONT'S MARKETS OFFER ATTRACTIVE FUNDAMENTALS AND FAVORABLE OUTLOOK

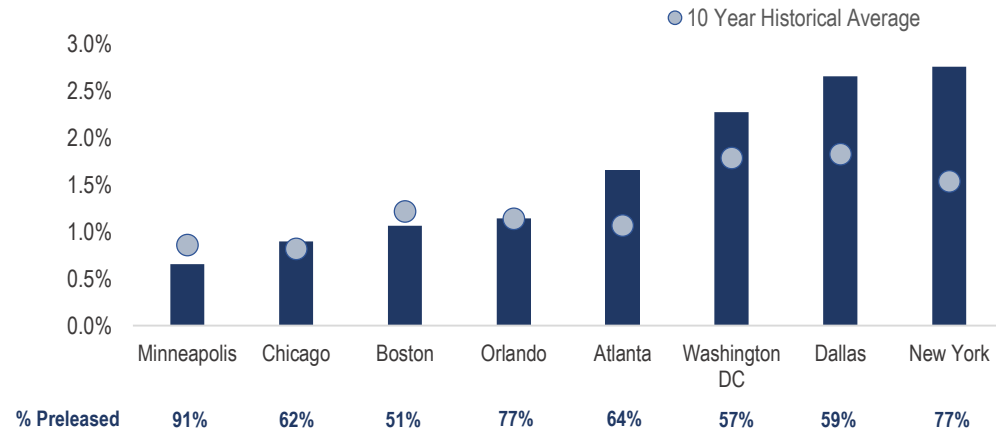
### LTM Employment Growth

JLL Office Outlook US, Q3 2017



### Construction as a % of Total Inventory

CoStar Office Statistics, Q3 2017



### Year-Over-Year Employment Growth

Baird Equity Research, September 2017

- PDM Markets - Weighted Growth: 2.1%
- Top Quartile for Market Employment Growth in Office REIT Universe

### Number of Fortune 1000 Headquarters per 1 million of Population

Geolounge 2016 Fortune 1000 Information, US Census Bureau 2016 Population Estimates

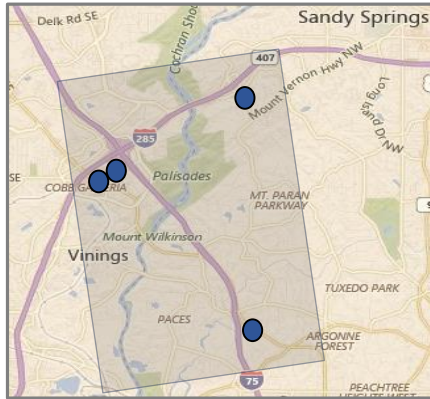




# Disciplined Capital Allocator

## ACQUISITION ACTIVITY SINCE IPO - DOMINANT POSITIONS WITHIN TARGET SUBMARKETS

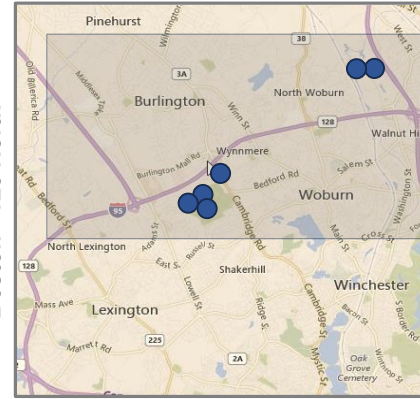
### Atlanta - Northwest



GALLERIA 200, ATLANTA, GA

Invested (# buildings, \$MM) <sup>2</sup>	4 bldgs, \$192 million
Discount to Replacement Cost <sup>3</sup>	43%
'17 Submarket Vacancy <sup>4</sup>	15.1%
'18-'19 Submarket Cl A Rent Growth <sup>5</sup>	6.2%

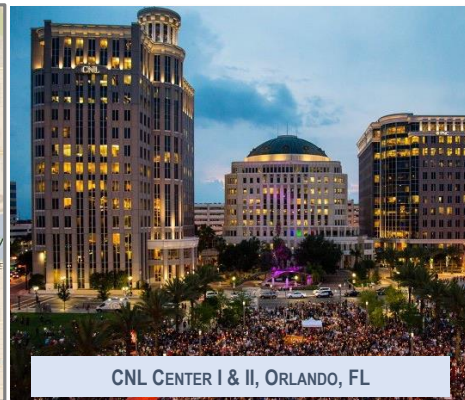
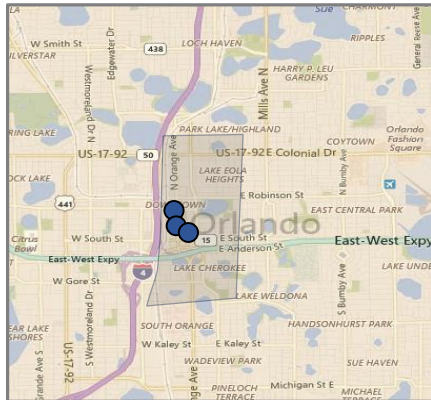
### Boston - 128 North



5 WALL STREET, BURLINGTON, MA

Invested (# buildings, \$MM) <sup>2</sup>	6 bldgs, \$280 million
Discount to Replacement Cost <sup>3</sup>	25%
'17 Submarket Vacancy <sup>4</sup>	10.4%
'18-'19 Submarket Cl A Rent Growth <sup>5</sup>	5.6%

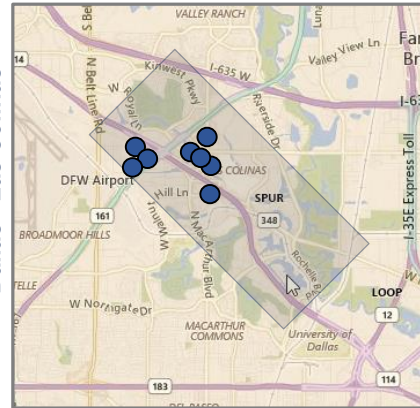
### Orlando - CBD



CNL CENTER I & II, ORLANDO, FL

Invested (# buildings, \$MM) <sup>2</sup>	3 bldgs, \$338 million
Discount to Replacement Cost <sup>3</sup>	28%
'17 Submarket Vacancy <sup>4</sup>	9.4%
'18-'19 Submarket Cl A Rent Growth <sup>5</sup>	4.8%

### Dallas - Las Colinas

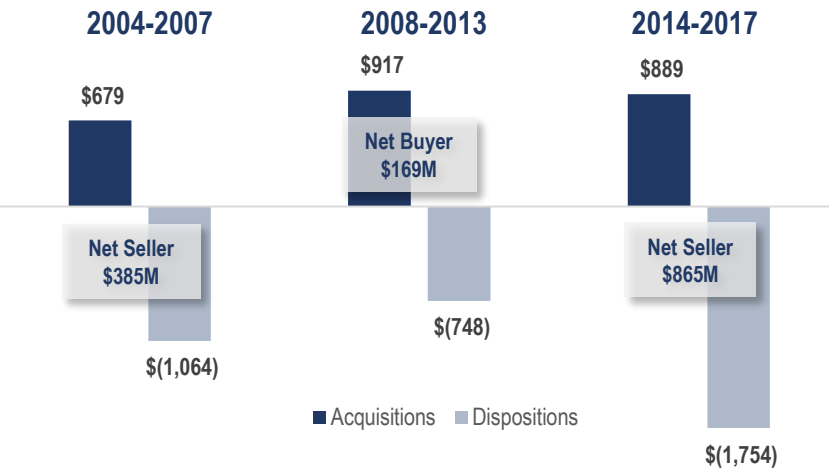


750 WEST JOHN CARPENTER, IRVING, TX

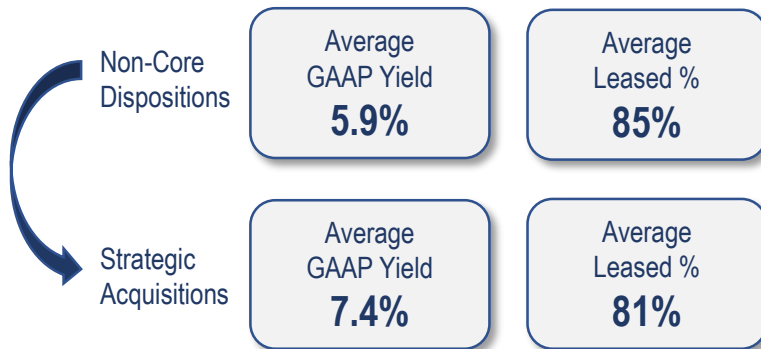
Invested (# buildings, \$MM) <sup>2</sup>	3 bldgs, \$114 million
Discount to Replacement Cost <sup>3</sup>	37%
'17 Submarket Vacancy <sup>4</sup>	14.3%
'18-'19 Submarket Cl A Rent Growth <sup>5</sup>	3.3%

# Disciplined Capital Allocator

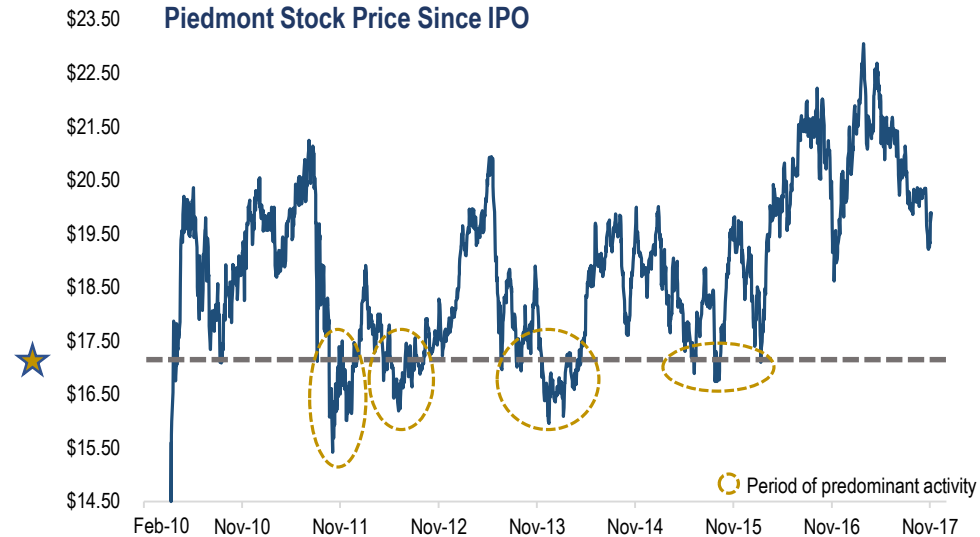
SINCE 2014, PIEDMONT HAS SOLD \$1.8 BILLION OF NON-CORE HOLDINGS, EXITING MULTIPLE MARKETS



## Capital Recycling Since 2014



PIEDMONT HAS CREATED VALUE THROUGH THE OPPORTUNISTIC ACQUISITION OF ~\$500M OF ITS STOCK



*"Management has smartly bought back stock (with sales proceeds) multiple times this cycle..."*

*GreenStreet Advisors, PDM Company Snapshot August 23, 2017*



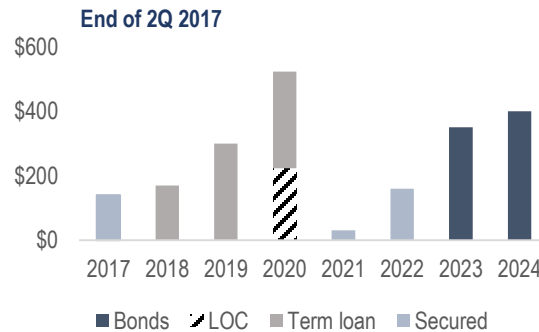
# Financial Strength and Flexibility

## WELL-LADDERED MATURITY SCHEDULE WITH ACCESS TO DEBT AND EQUITY MARKETS



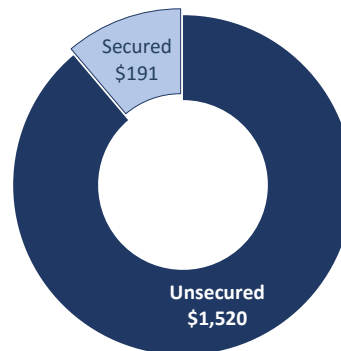
**500 WEST MONROE**  
Chicago, IL

### Debt Maturity Schedule - Using Sale Proceeds to Reduce Debt



### Debt Composition

As of 9/30/2017



### Ratings

As of 9/30/2017

Moody's  
**Baa2**

S&P  
**BBB**

### Metrics

As of 9/30/2017

Net Debt /  
Gross Assets  
**33%**

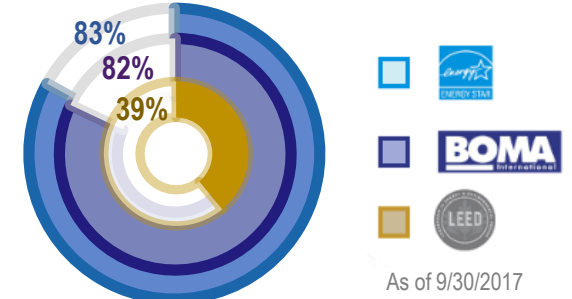
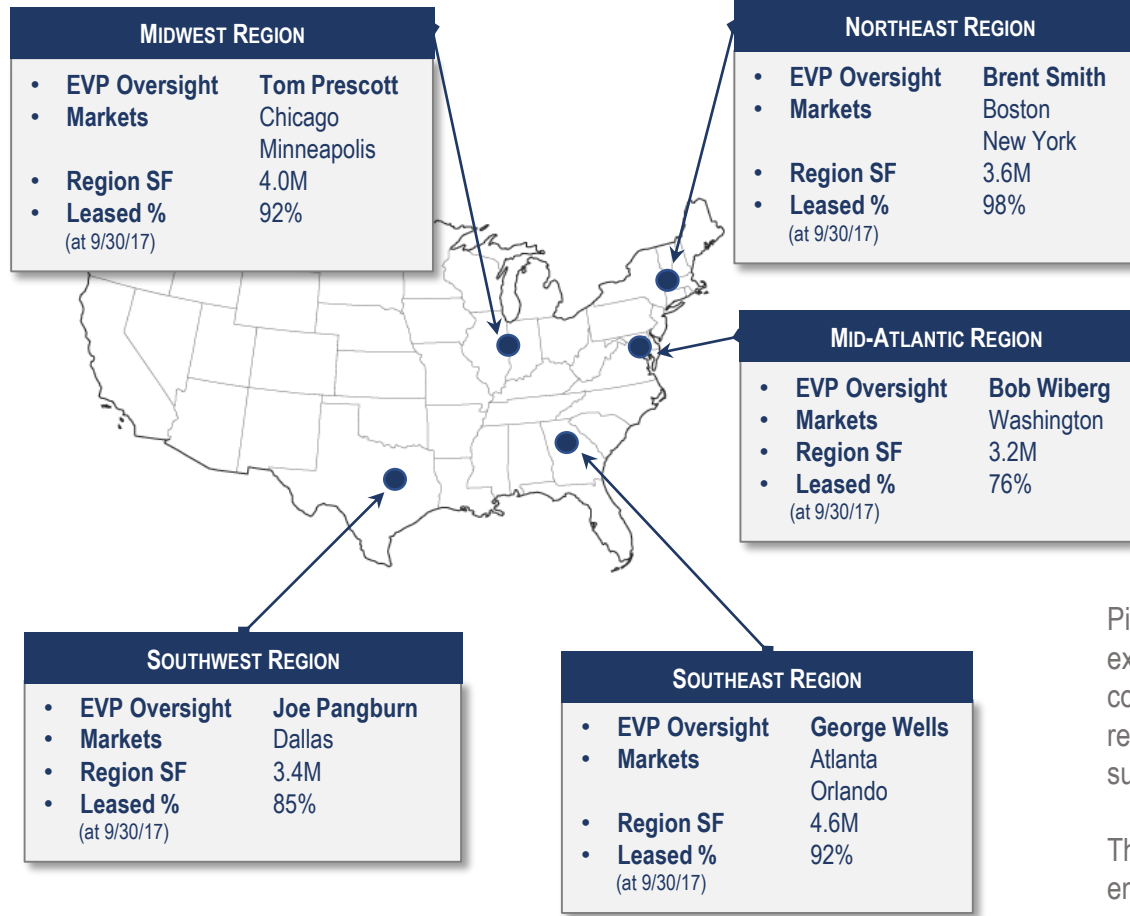
Net Debt /  
Core EBITDA  
**5.6x**

Fixed Charge  
Coverage Ratio  
**4.7x**

Weighted Avg  
Interest Rate  
**3.47%**

# Proactive Operational Management

## PIEDMONT MAINTAINS FIVE REGIONAL OFFICE LOCATIONS TO OPTIMIZE EFFICIENCY AND TENANT-CENTRIC FOCUS



Piedmont leverages industry partnerships including BOMA, ENERGY STAR, and U.S. Green Building Council, to advance the energy and sustainability performance of its assets.

Piedmont values operational excellence and is committed to continual improvement in resource efficiency and sustainability.

Throughout 2017, Piedmont's energy-saving initiatives are expected to result in savings of over 5.2 million kWh.



## ORGANIC NOI GROWTH POTENTIAL



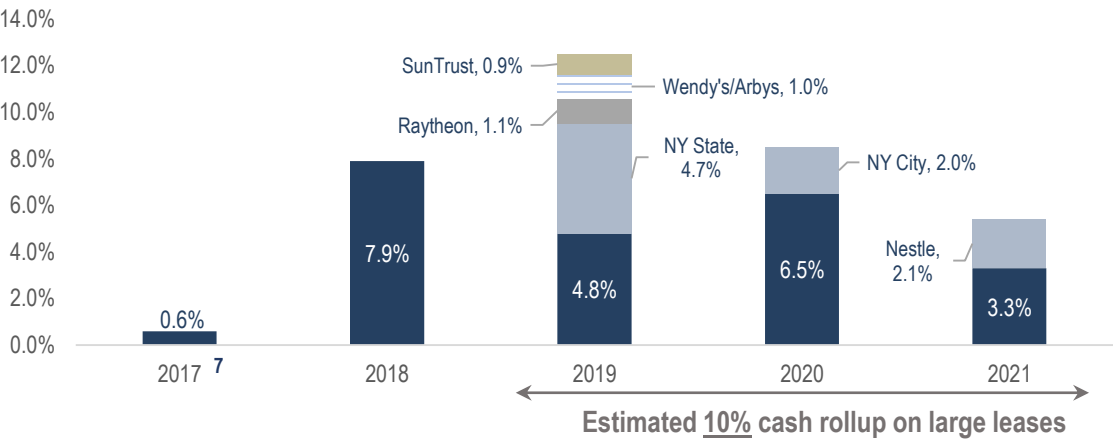
**3100 CLARENDON BOULEVARD**  
Arlington, VA



**5 & 15 WAYSIDE**  
Burlington, MA

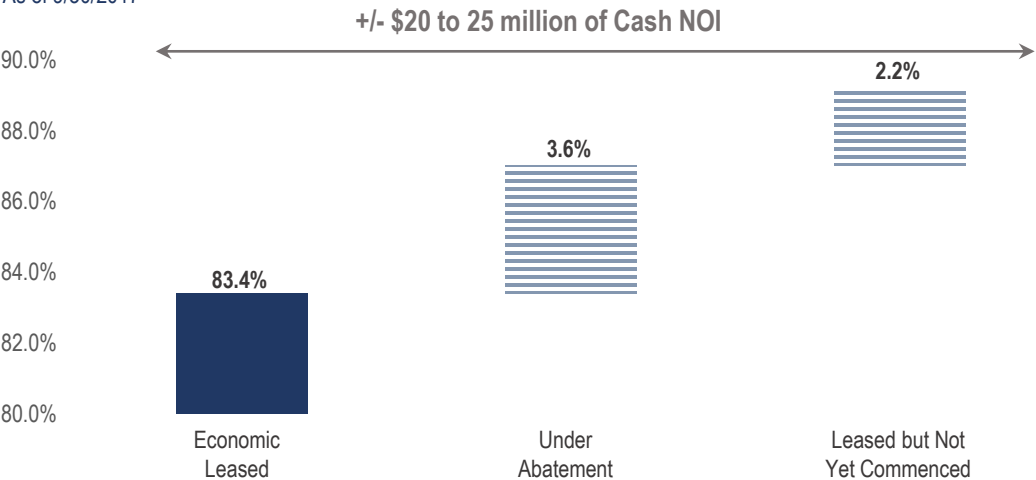
### Capitalizing on Future Expirations (% of ALR <sup>6</sup>)

As of 9/30/2017



### Realizing Contractual Cash Flow

As of 9/30/2017





# Paths to Growth

## SELECTIVE DEVELOPMENT TO EXPAND POSITIONS

As of 9/30/2017

Strategically-Located Land Holdings for Future Development (minimum 70% pre-lease); All Land Holdings are Adjacent to Existing Core Locations



**1,000,000 SF**

Lake Mary, FL  
Adjacent to 400 & 500 TownPark

Land Basis: \$6.1M  
Submarket Class A Direct Vacancy: 8.3% (Lake Mary)



**250,000 SF**

Atlanta, GA  
Adjacent to Glenridge Highlands One & Two

Land Basis: \$1.9M  
Submarket Class A Direct Vacancy: 13.4% (Central Perimeter)



**250,000 SF**

Atlanta, GA  
Adjacent to The Medici

Land Basis: \$2.7M  
Submarket Class A Direct Vacancy: 15.9% (West Buckhead)



**500,000 SF**

Irving, TX  
Adjacent to 6011, 6021 & 6031 Connection Drive

Land Basis: \$2.8M  
Submarket Class A Direct Vacancy: 14.6%  
(Las Colinas)



**400,000 SF**

Irving, TX  
Adjacent to 750 West John Carpenter Freeway

Land Basis: \$1.0M  
Submarket Class A Direct Vacancy: 14.6%  
(Las Colinas)

## STRONG BALANCE SHEET WITH CAPACITY FOR EXPANSION

Data as of 9/30/2017

### LOW LEVERAGE

PDM

**5.6x**

Debt/EBITDA

**33.0%**

Net Debt/Gross Assets

Office Average

**6.4x**

Debt/EBITDA

**36.4%**

Net Debt/Gross Assets

### ABILITY TO GROW FOR COMPELLING OPPORTUNITIES

**Over \$500 MM**

Liquidity

### SIMPLE CAPITAL STRUCTURE

- No complicated joint ventures
- Approximately 93% of portfolio NOI is unencumbered
- 90% fixed rate debt
- Predominately public and bank debt

### DEBT MATURITY SCHEDULE

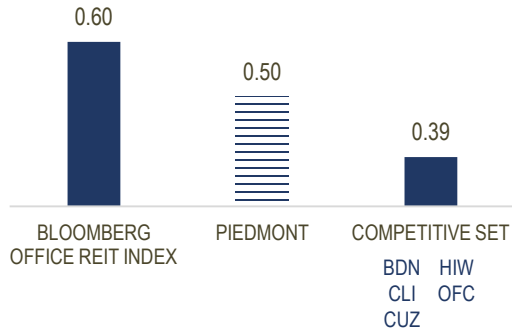


# Superior Value Proposition

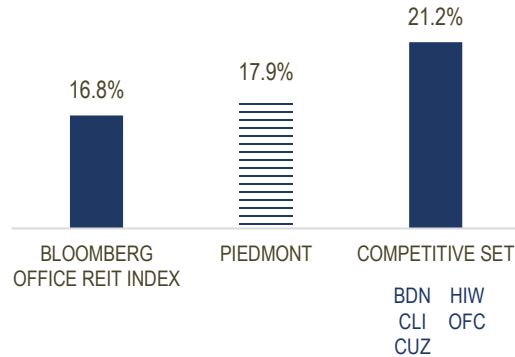
## ATTRACTIVE RISK-ADJUSTED RETURNS

PIEDMONT INCEPTION THROUGH OCTOBER 31, 2017

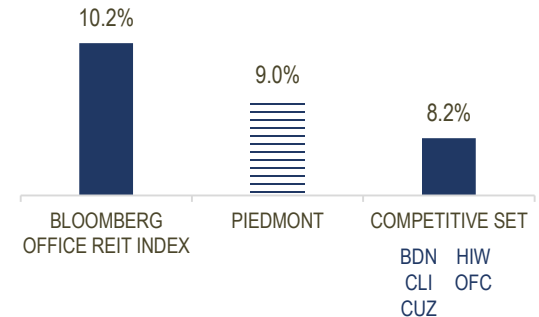
Sharpe Ratio <sup>8</sup>



Annual Standard Deviation

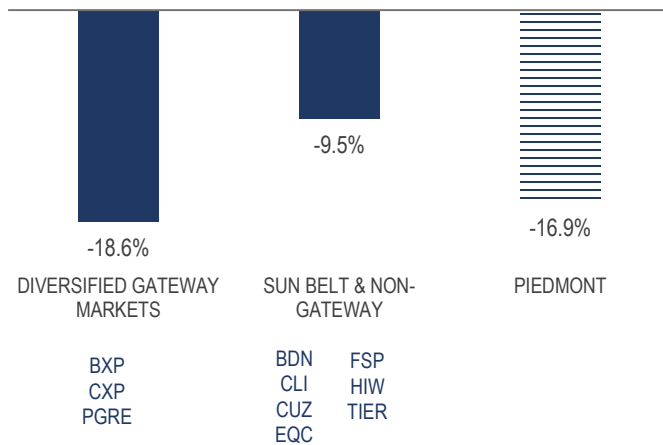


Annualized Total Return

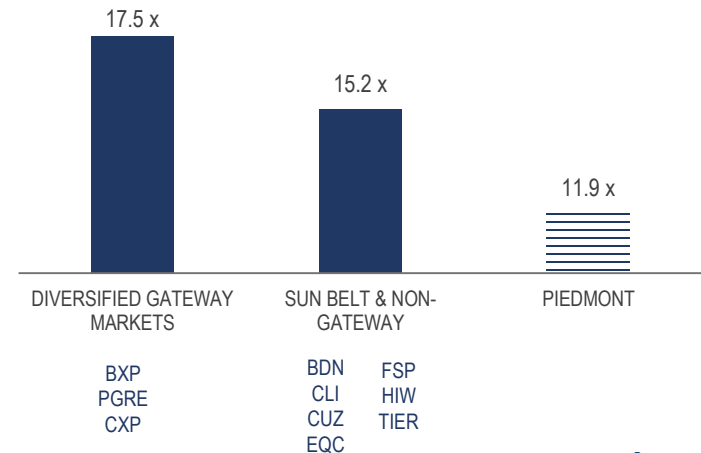


## UNDERVALUED WITHIN THE OFFICE REIT SECTOR

Price / NAV <sup>9</sup>

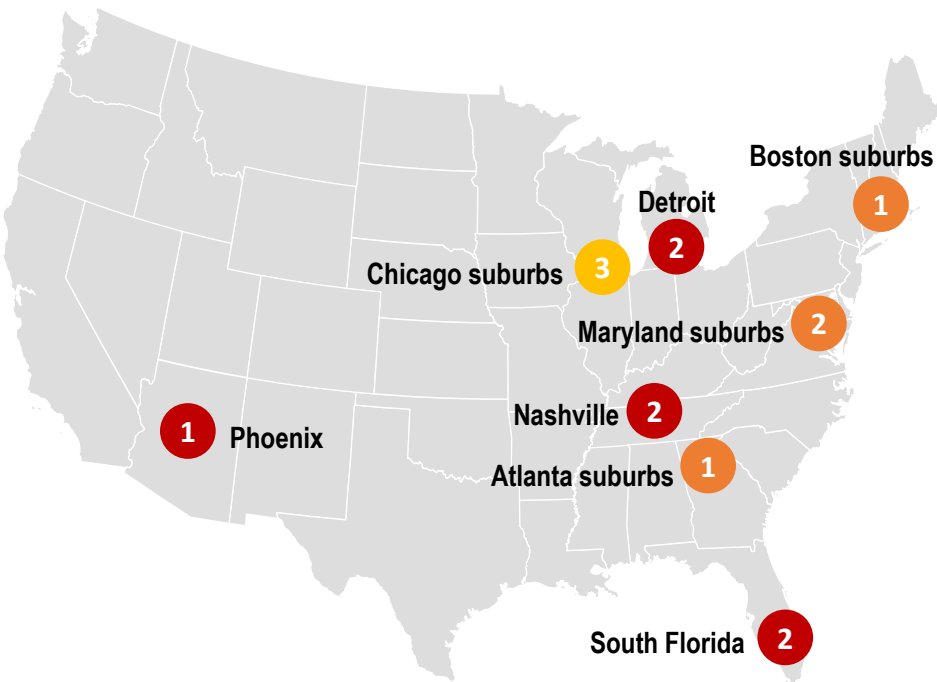


Price / 2018 Consensus FFO <sup>10</sup>





# Portfolio Sale Update



- # Market exited; number of properties sold
- # Market exposure reduced; submarket exited; number of properties sold
- # Market exposure reduced; number of properties sold

## SUMMARY OF TRANSACTIONS

**2.6 MM Square Feet / 14 Assets / 76% Leased**

**\$426 MM to \$435 MM (\$165 to \$168 per SF)  
of Gross Sale Proceeds at approx. book value <sup>(1)</sup>**  
~ 6.1% to 6.2% in-place GAAP NOI cap rate <sup>(1)</sup>

**Exit four markets and three submarkets**

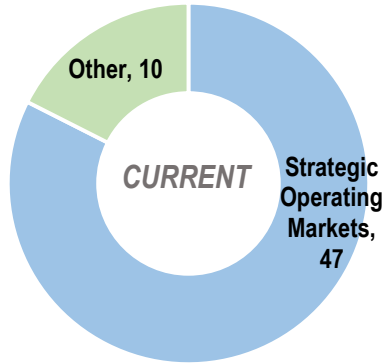
**Anticipated closing in January 2018**

~ \$420 million to \$430 million in net proceeds  
anticipated to be used to reduce debt

Notes: (1) The minimum gross purchase price of the contemplated transactions is \$426 million. The Company has the opportunity to receive \$435 million in total gross proceeds from the contemplated transactions if certain leasing contracts are completed within six months of closing.

# Portfolio Sale Update

## ENHANCED FOCUS

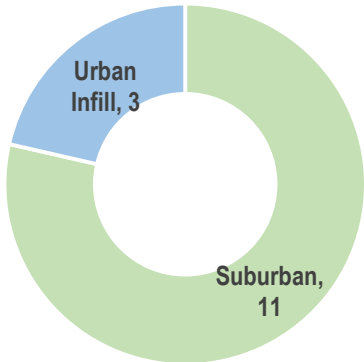


57 Projects



43 Projects <sup>(1)</sup>

## PROPERTIES UNDER CONTRACT <sup>(3)</sup>



## OPERATIONAL METRICS <sup>(2)</sup>

**89% to 91%**  
Leased

**18.8 to 16.3**  
Million Square Feet

## DEBT METRICS <sup>(2)</sup>

**5.6x to 4.7x**  
Debt/EBITDA

**33% to 27%**  
Net Debt/Gross Assets

## REMAINING AMMUNITION

**\$650 MM**  
Room to peer avg.  
Debt/GAV

## WHAT'S IN SCOPE

Strategic Acquisitions  
Selective Development  
PDM Stock

## PRO FORMA DEBT MATURITY SCHEDULE



Notes:

(1) Represents the projected composition of the Company's portfolio after the completion of the contemplated transactions.

(2) The first figure presented in each box is the relevant metric for the Company as of 9/30/17. The second figure presented in each box represents the metric as of 9/30/17 along with pro forma adjustments for the contemplated transactions.

(3) Information presented is for the assets expected to be sold in the contemplated transactions.

# Appendix - Footnotes

- 1 Includes Annualized Lease Revenue attributable to tenants with an investment grade credit rating and tenants that do not have a credit rating but have well-established businesses, such as Independence Blue Cross, Towers Watson, Brother International, and RaceTrac Petroleum.
- 2 Represents the number of buildings acquired in the submarket since IPO.
- 3 Aggregated basis for acquired buildings since IPO as compared to the Company's estimate of aggregated replacement cost.
- 4 Submarket vacancy rate for 2017 per CoStar Submarket Analysis, 11/8/2017.
- 5 Cumulative submarket Class A rent growth for 2018 and 2019 per CoStar Submarket Analysis, 11/8/2017.
- 6 Annualized rental income associated with newly executed leases for currently unoccupied space is incorporated herein only at the expiration date for the current lease. Annualized rental income associated with such new leases is removed from the expiry year of the current lease and added to the expiry year of the new lease.
- 7 Includes leases with an expiration date of September 30, 2017, comprised of 6,000 square feet and Annualized Lease Revenue of \$0.1 million.
- 8 Sharpe Ratio is the average return earned in excess of the risk-free rate per unit of volatility. The relevant performance period is from February 10, 2010 (Piedmont's IPO) through October 31, 2017.
- 9 Based on closing stock prices as of November 8, 2017. NAV per Green Street Advisors Weekly REIT Pricing Review, November 3, 2017. For companies not covered by Green Street Advisors (CXP, FSP & TIER), consensus NAV was sourced from FactSet on November 8, 2017.
- 10 Based on closing stock prices as of November 8, 2017. Consensus 2018 FFO sourced from FactSet on November 8, 2017.