PDM Investor Day
Corporate and Orlando Market Presentations
January 17-18, 2017

Donald Miller: Hello. Good afternoon, I am Don Miller and pleased to be welcoming you to our investor day here in Orlando. Joining us today around the room are Brent Smith our co-Chief Investment Officer, Bobby Bowers, our CFO, Eddie Guilbert, our EVP of Finance and George Wells our EVP of Southern Regional Operations including Atlanta and Orlando markets.

We have a number of things we'd like to accomplish today. The objectives, sort of, are to get away from the environment that we have so often when we're meeting with you as sort of a speed-dating culture at NAREIT or other investment banking meetings that we hold, and only able to answer questions or give you a really quick overview of what's going on within the company. I think our objective this time around is we're seven years into being a publicly traded REIT; we've never really done a thorough background review of how we think and what the corporate culture is. How do we make decisions, what framework do we use to make those decisions. And we want to try to give you a deep dive into how we go about asset selection and operating principles and the like.

So, if you'll start on page two of our presentation I want to just give you a quick corporate perspective on sort of what we're trying to accomplish as a management team for Piedmont. And that really is to provide above average risk adjusted returns to our shareholders. And we are very confident that we out perform in down turns because of our lower risk profile, and we're going to be talking about that a lot today. But we've also been very pleased that we've hung in there and actually performed in line with the broader office REIT index over the seven year period that we've been public and which has been an upwardly rising market place. So, we're very pleased that we've been able to accomplish these objectives.

As most of you know our strategy is to grow or consolidate into eight of the largest Eastern US office markets in which we participate. Brent Smith, later on during the presentation is going to be giving you a lot more detail about our strategy and execution; so I won't take that away from him. But, we wanted to make sure you understand how we go about selecting those assets and the decisions we make around getting into each of those markets. And, then finally I think, as hopefully most of you feel, we try to do this with an enormous amount of open communication with our investors and the research analysts. We try to give very transparent, conservative disclosures and as always we try to get out any bad news quickly if possible.

If you move over to page three we'll give you a quick overview of the portfolio, most of you are very familiar with this but as I mentioned we're in eight markets. We're relatively equally balanced in many of those eight markets. We'll be going into much more detail as I mentioned earlier around the market decisions of why we're in those specific markets. And as a result we kind of want to summarize it that we're 18.9 million square feet of rentable area, over 94% leased. Market cap overall is above 5 billion dollars. The equity market cap is around three. We feel like we've got best in class operating teams, we believe we have a lot of ways to prove that, but we also have a great quality portfolio that is not only two-thirds in urban in-fill and CBD locations, but is also the youngest portfolio in the entire office read sector.

So, let's move over to page four and let's talk about a series of operating principles of Piedmont that we feel strongly about. We spent a lot of time trying to define what our mission statement was when we first came public. And, George Wells who is here in the room with us was actually the originator of the idea of trying to capitalize on the fact that we felt like we have very strong stewardship culture here in the organization, I'll mention why we feel that way in a moment. And so we came up with a mission statement of "building value through stewardship". And really what that is is just a double entendre on the idea that we feel very strongly that we spend shareholders capital like we want to spend our own money. As a result, things as little as we don't fly first class unless we're personally paying for it; we have contests to save money across the platform; and we also try to maintain and manage operating expenses whether they benefits shareholder or our tenants is really indifferent to us. What is really important is that we actually show really strong stewardship on behalf of all of our constituents' capital.

As part of that obviously best in class corporate governances is an important part of our culture as well. If you notice on page four, eight of our nine directors are independent, most have vast real estate experience, very strong diversity on the board, which we think is important. You notice we've opted out of MUTA recently and did that really just as a best in class decision, not anything that was forced upon us. And, maybe most importantly as we think about corporate governance and really what's most important about corporate governance is that it allows you to maximize the value of the organization in whatever way you possibly can, whether that's ongoing cash flow or realizing the full value of the organization at some point in time. So often complexity is the most important thing that causes problems in that arena and I think everyone can agree that Piedmont is as straight forward an organization as there is out there. We have very few joint ventures and those that we have were used just to get creatively into assets that we wanted to acquire and they don't limit our flexibility whatsoever. We don't have other separate classes of stock or otherwise. And, so as a result it's been a very simple structure to understand and one which we can do whatever is right for the organization whenever we need to.

The other thing that we felt like is very important culturally that we try to carry through to interacting with our shareholder base is the transparency and integrity in our communications process. One of the things that we're proud of in hindsight, although we don't necessarily strive to do this specifically was to consistently outperform guidance. As you can see on page four we show you a chart that gives you an idea of the range of FFO guidance that we've provided for every year since we've been public. And as you'll notice in that chart we've performed at or above the upper end of the range in virtually every year that we've been public. Now, I know some people might call us 'sandbaggers' as a result and we'll take that with pride, but at the same time what we try to do is give good, conservative disclosure, good conservative projections and then do whatever we can to beat the heck out of them. And fortunately so far we've been able to do that and we sure hope that will be the case going forward.

We've also been very focused on trying to provide as much broad disclosure as we possibly could and we try to bring new ideas to the table when we came public around disclosure in our supplemental. As Eddie Guilbert, many of you know, has led the effort on this. We've tried to come up with ways to give you information that helps you better understand our organization, so we think about the fact that we provide information on our major upcoming lease expirations for the next 18 months and try to give you color commentary on whether we think those tenants are staying or going. We give you full tenant abatement schedules for our larger leases going forward, we try to give you communications around major uncommenced leases and then we also communicate our weighted average lease term remaining. And I don't know that there's very many of our peer group that does that as well.

Finally, I think the biggest communication that we give you that we feel like sometimes whether we should give such good information, yet none of our peer group provides it and that's future non-incremental tenant improvement commitments, and that can be a fairly large number for a lot of office rates obviously, but we've been consistently and historically providing that since the day we came public.

Let's move to page five if you will and let's talk about capital allocation over the course of the organizations history. One of the things that I've always felt like is that value is created at the buy. And I think many organizations in real estate feel that way, but we almost feel like it's almost impossible to replace any loss in a poorly timed sale. And as result that means we've been more patient than maybe some of you would like to see at times where we were holding onto assets where we felt like there was substantial upside in the value of the asset. And so if you think about, let's start with the acquisition side of this process. I think people would agree that we've been a very disciplined value oriented, basis-driven investor and as a result sometimes you have to bring a fair amount of creativity to the process to get there. If you look back at the acquisitions that we've made since we came publicly traded, our acquisitions have averaged a 35% discount to replacement cost. Our share repurchases have averaged over 20% discount to NAV when we're repurchasing shares.

And, so as a result we've really had to figure out ways to be creative in bringing value to the portfolio. One of the best examples of that, some people that we've forgotten about now because it's happened several years ago was the opportunity to purchase mezzanine debt on 500 West Monroe,… we purchased two tranches of that mezzanine debt. This wasn't a loan to own program but it turned out to be that way. And we ended up getting into a basis on 500 West Monroe of $230 a foot at a time when the building was slightly under 50% leased, and dropping. We now have leased that building up to well over 90% and created an enormous amount of value for the organization as a result.

More recently we've done a number of transactions that have been creative from buying another REIT from LoanStar at 200 Galleria and we also have done a bottom-up tax guarantee deal on the CNL Towers in Orlando,that you're seeing and sitting in today. And as a result we've been able to get access to great quality real estate for good value as a result of being able to be creative and disciplined.

On the sale side though it's interesting that because we have been patient, consistent sellers and I think people don't realize how much we have sold over the seven years we've been public, we sometimes don't get credit for having transformed the portfolio as much as we have. But part of the reason we've been as patient as we have is in some cases there have been situations where we've had assets that we see a lot of value upside in the asset from a repositioning of the building, to redoing lobbies, adding parking, re-leasing the building, …whatever it might be. And as a result we've been patient enough to extract that value. One of the examples we like to use is a building we sold last year in Detroit, 150 West Jefferson, that we sold for over 80 million dollars. That's an asset that if it had any value five or six or seven years ago when Detroit was in the bottom of the barrel, it would have been De Minimis. And as a result we've created enormous amount of value by being patient enough to take that through the downturn, lease it back up and create the value that came along with that. And it's really validated some of that patience, and this isn't a one off story; there's a number of situations that are very similar across the portfolio.

And, so getting back to the fact that it's very hard to replace NAV in a poorly timed sale by going back out and putting the money back into another market place, we've felt like those have been better decisions than rushing something out to sale and taking a loss on the asset.

Finally, we feel like from a capital allocation operating principle perspective really diving deeply into markets is a very valuable capability. Like I said, Brent is going to talk about that a little bit more. But our entry and anticipation of rental rate growth in places like Burlington in Boston or Los Colinas in Dallas, or the Northwest submarket of Atlanta or right here in Orlando have been very well timed moves. And, we'll be the first to say real estate people shouldn't try to be market timers because there's so much friction and cost of sale and things like that, that makes it very hard to time markets. But we do believe that value derives from rental rates in the market place. And if you can time the acquisitions of assets to correspond with improvements and rental rates going forward that can serve you very well and I think we've been fortunate enough to be able to execute on that.

If you move over to page six we'll give you a little bit of a bigger picture view of how we look at capital allocation. And go back to sort of really when this team got put together frankly before we became publicly traded, we were a pretty big net seller back in the '04 to '07 timeframe. We became a net buyer in the 2008 to 2013 time frame when the market was down. Frankly would have loved to have been a bigger net buyer at that point in time, but obviously our share price didn't allow us to be as offensive as we would have liked to have been. And then more recently, in the last two or three years when we think the market has been stronger and maybe closer to the peak than to the trough we've been a large net seller again. And so if you look at over really that 13 year period we've been a 680 million dollar net seller of property over a fairly long period of time. Much of those proceeds we've used towards going into stock buyback program, which I'll be talking about more in a few minutes. But, not all of it and so as a result even with buyback we've been a net seller. And I think this gets back to maybe one of the most important principles in our organizations thought process and that is that we're all about trying to create growth in net asset value, not growth in size of the organization. If growth and size of the organization comes along with being able to create growth, that's wonderful. But if it doesn't we're committed to keeping our focus on growing NAV.

In fact, if you look at Green Streets long-term analysis of Piedmont going back to our 2010 IPO we've actually had a 5% average growth in NAV in their models from day one. And given that we think they do a very fine job of doing sort of a bottom up analysis from a real estate perspective, we give them a lot of credit for being very accurate in their NAV calculations. And so we felt like it was appropriate to use them as a good benchmark if you will for that growth. Like I said, they've come up with an average annual growth of 5% in NAV over a seven year period, which we're very proud of.

If you'll move now over to page seven you'll see we want to talk a little bit about our operating principles on the operations and leasing side. And what we've always tried to do on the operations leasing side is take advantage of what was an inherent competitive advantage we had when we came out of the non-trade REIT environment, which was to create strong corporate relationships and drive what we think of as a creative leasing strategies and high customer satisfaction.

Let’s step back, so seven or eight years ago when we became publicly traded we had a fair number of single tenant facilities, many of them were corporate occupied. And those relationships with those corporations were very strong. What we’ve been able to do is try to capitalize on those relationships by putting together a new business development team; Stephanie Spurlock who is here in the room with us is one of the key members of that team. That’s central to creating client relationships with the corporate real estate executives that is really unparalleled in our industry. And we constantly hear from the corporate real estate executives that we don’t have anybody else in the real estate space calling on us like we do. The new business development team’s mission is to create those relationships in a trust between us and the corporate real estate departments so that we can try to solve problems for them and create solutions that can benefit both their business needs and our own. And the best way to do that because we really don’t get another nickel of rent out of the corporation for having a good relationship with them, what we do get is insight into their thought process. But, in our ability to assess whether we can solve those problems either in our building or maybe in a building down the street that we also own. And, so we’ve worked very hard to try to figure ‘out of the box’ ways to address these opportunities that we get from building those relationships.

The other thing we try to do in the operations and leasing side is make sure that we’re keeping our assets as competitive as we possibly can, sometimes that’s through capital investment, …often it is. But sometimes it’s just making sure that you’ve got the right functional product in the market place. So for example we’ve maintained and upgraded lobbies throughout our portfolio. We’ve done the same thing with amenity basis whether its conference rooms, health clubs, food service within our buildings. In fact, in the case of parking situations, we’ve added over 1,000 parking spaces over the last six or seven years to our portfolio by just either buying additional land or taking the land that we have and either building structured parking or surface parking to make sure we have competitive parking ratios.

We manage 100% of our own properties; I think that’s been a little bit of a misnomer in the market place that for some reason there was some perception that we weren’t managing all of our properties. We do, we manage 100% of them. The one thing we do is out source our engineering functions. And that’s something that we were very proud to have been sort of a leader in the industry and we’re now seeing more and more of our competitors going in that direction. We believe that creates an enormous amount of benefits for the organization to do that, among them is consistency of delivery of service and the ability to make changes when you need to without having to terminate an existing employee. In fact, we’ve had such a successful outcome there that our Kingsley Engineering rating percentiles are in the 85% range, that’s a corporate real estate survey that gives us feedback on how we’re doing compared to our peer group. And like I said the engineering ratings are in the 85 percentile; so we feel like obviously that’s coming back and serving us very well.

The other thing that the new business development team’s capabilities have done is allowed us to get access to a number of corporate real estate executives who might be willing to do a renewal or a lease on a direct basis with our organization without necessarily using third party brokers, that’s not a stated goal of ours. But to the extent that there are tenants who are interested in potentially capturing some savings from not having a broker involved in the process then we're glad to pursue that avenue and in fact, over 25% of the leasing that we have done over a long term period of time has been without a tenant rep broker involved.

Finally on the operations side, I think we sometimes don't give ourselves enough credit for how much we do to make sure that we're running a strong operational process as we can. In fact, we are the largest US office REIT in terms of the number of buildings that are BOMA 360 designated. We also have a very high percentage of our buildings that achieve the energy star rating. Keep in mind with energy star, only the top 25% of buildings achieve energy star ratings. We have 83% of our buildings that have achieved that top 25% designation… that's a very high quality statistic. And then we've built our Leed certification in our portfolio up from virtually nothing at the time of listing to almost 40% of our portfolio at this point in time.

If you'll move on to page eight you'll see a little bit more obvious representation of the kind of relationships we have with our corporate tenants. You'll see a few dozen names here. These are names of corporations that have either their worldwide or US headquarters located currently in a Piedmont property and the relationships with the corporate real estate executives at each of these organizations is quite strong. In fact, many of these cases like US Bank Corp and Arby's and others we have very close relationships with their senior executives in the C suite, whether it be CEO or CFO. And that's something that myself and Bobby and Brent and George and everyone else really in this room is working towards trying to create because you never know where that relationship between organizations can come back to benefit both the tenant and ourselves.

If you move over to page nine, that's another list of companies that are companies that were formerly located and headquartered in a Piedmont property and each of these cases the property was sold after we did a long term extension with these particular tenants. And as a result we were able to capture a lot more value out of selling the buildings than had these corporate relationships not existed in them.

The next operating principle I'd like to talk about is diversification. We actually have a portfolio concentrated in eight markets on the Eastern half of the U.S. Many of our peer group has portfolios that are equally dispersed among a variety of cities but they're able to sort of throw a blanket over their deals and have an easier elevator speech. They're a company that's based in the Northeast or they're based in the Southeast and they have a series of markets that sort of hold together from a story standpoint. We recognize that our markets are more diverse, we are okay with that. In fact, we embrace that to some degree because we think it provides a lot of benefits to the operation of the organization. We have a much lower relative risk profile as measured by standard deviation of return in our peer group. I'm going to talk more about that in a few minutes. We think that lower risk profile is primarily due to the diversified geographic markets that have very little economically to do with each other. It's not like we're in all technology markets or all Sunbelt growth markets or some other or all energy markets for example. We're in a series of markets that invariably we're going to have a couple markets that are down, and a couple markets that are up at any point in time. And so we're seeing that diversification come to benefit us from a stability standpoint.

We also have a very high average tenant credit as most of you know. And we have a very long reported average lease term. In fact, we think it's the longest in the office REIT space, although many of our peer group doesn't report that and so it's hard to compare. And then of course we also stagger out our expirations very nicely. And so all that as I mentioned has contributed to a much lower standard deviation of return than our competitive set has seen over the time frame that we've been public. And in fact, I'll show you in a moment that our standard deviation of return has been fairly close in some periods of time to the actual office REIT index itself and that's a pretty great quality to have.

Finally, diversification is not just for a defensive benefit but for an offensive benefit in that we have eight markets that we operate within. We've got boots on the ground capabilities, broker relationships, etc. And it gives you the insight into what's happening in those markets that allows you to hopefully find the time frame to get into that market timing. And the discussion we were having earlier we're able to find market opportunities available to us in anticipation of rental rate increases. And again we've been able to do that in Boston, Dallas and Atlanta and more recently in Orlando.

The last operating principle I think we'd like to address is that of development. We sort of take a little bit different approach to development I think than many of our peers. We think that development can affect a real estate company's ability to operate efficiently throughout an entire life cycle and as I've moved over now to page 11 you'll see that we really feel like the traditional development model in the REIT-platform is limited in its ability to drive incremental value over the entire cycle. Its great when development activity is actually happening, but you have to be able to carry all those costs over an entire cycle and amortize them back in to the deals that you do. So, as a result obviously land carry costs can be very expensive. Personnel overhead expenses, either you're adjusting your personnel costs substantially when development is not happening or you're carrying those people throughout the entire cycle, either one is very costly. And then there's also of course the corporate distraction of overseeing a large development platform, and construction platform throughout the entire cycle.

And so what we've tried to do is take a little different approach. We perform development only on sites that we own or control that are adjacent to existing property. And we've tried to buy existing property very close to the bottom of the market. So most of the land parcels that you see in our portfolio that are adjacent to existing sites were either picked up as part of the original acquisition of the building, or more likely, bought later in the cycle or later after we bought the building itself, when the market was down, land was fairly inexpensive and we were able to pick it up fairly cheaply. As a result we are able to maintain a very low overhead cost on developable land parcels. We perform our development with our regional management teams, George, Bob Wiburg, Tom Prescott, Joe Pangburn all have development backgrounds. All of them have done development within the Piedmont system itself. And, in some cases have had extensive development experience with other REITs. And so as a result we have those guys running our regions and their focus is not exclusively on trying to figure out how to go do development. As a result they sort of have a day job, if you will, and as a result they are not tied up with looking for or justifying the next new development opportunity, but rather focused on getting leasing and acquisitions. And then when the occasional accretive build opportunity becomes available on these adjacent parcels of land that we've acquired, they're in a position to try to take advantage of that.

The land itself is very inexpensive to maintain because it's usually, like I said, adjacent to existing buildings and so we just fold it into our property management system. And as a result the real benefit of all this is that we get a much higher ROI on the land and building construction than our peer group, because we're focused on putting development on land sites that we control, that are desirable enough for the tenant that they want it desperately and are willing to pay a premium to get access to that. It's not a commodity piece of land that you chased with the tenant …and in effect you're just acting as a fee developer. And that happens far too often in the office REIT space.

If you move over to page 12 you'll see the select development opportunities that we have and the strategic locations. This is a slide that many of you have seen before. We have more than this, but these are the sort of five or six key land sites that are in our portfolio and you can see all are in relatively high growth markets of Orlando, Dallas and Atlanta.

Finally, I mentioned earlier that we've had a fair amount of transformation since our public listing in 2010. If you move over to page 13 you'll see that we've given you what we call our measles map of 2010 where we had buildings all over the place and now we've consolidated down to largely to eight markets. We still have a handful of properties left out there that we need to move in those non-strategic markets. But I know that we've been to some degree questioned about not moving more quickly in transforming the portfolio. And I look back and think we went public in February 2010 and we were on the IPO road show, we laid out a five year plan and we said by the end of 2015 we intend to be in the following position. And in fact, we achieved virtually all of the goals that we'd set out in that original IPO. But, that doesn't mean that people didn't feel like that should have happened more quickly. So I thought I'd try to do is give you a little bit of a sense of what's happened since we went public. We've narrowed our focus tremendously. Like I said we're down to 90% of our revenue in just those eight markets. We have decreased our Chicago 27% exposure of our revenue stream now to 12%. The number of assets we have in our portfolio has declined by about 14, but interestingly the number located in our non-strategic market is declined by two-thirds or 24 properties. So we made a lot of progress in moving out those non-strategic assets.

If you look at the overall numbers we've sold right at 10 million square feet of office property in the seven years we've been public. Think about that, that's well over half of our portfolio has been sold during the seven years, about 2 billion dollars of market value. We've bought on the other hand about 8 million square feet of property which totals a little bit less than that in total value and those have been virtually all in those eight strategic markets that we have identified.

As I mentioned earlier the replacement costs is a very important quality that we manage and we look at the buildings that we bought and we averaged out around 35% discount to replacement costs across the portfolio. And maybe most importantly we sold what many perceive as the riskiest asset in our portfolio. Although it was a good performer it was one that also had a lot of single asset risk to it and that was Aon Center, which we sold for over 700 million dollars in late 2015. That was 14% of our annualized lease revenue and obviously had disproportionate impact on us positively or negatively depending on how it was performing.

Another aspect of the transformation since listing has been our improved balance sheet. Not only have we reduced our secure debt from over 80% of our debt in our portfolio down to less than 20%

now at the end of September 2016. But, many of you know that we've also been a big buyer of our own shares. I want to emphasize we bought our own shares back with those net sales proceeds that we've been realizing from the disposition of assets. And we've been able to buy them back at a very big discount to at least today's share price and certainly to what we believe and what others believe is our underlying net asset value. And so as of December 31 if you calculated our appreciationto the share price as of December 31, 2016 we've added over 200 million dollars appreciation or close to $1.30 a share, and that's something we're very proud of.

If you move over to pages 15 and 16 together I think this is a kind of interesting picture of the transformation. You look at the pictures on page 15 and you see a lot pretty high quality buildings but most of them are relatively low rise. You move on to page 16 and you see the buildings that we've purchased on the other hand and they're all relatively high rise, so we like to say we have our horizontal picture of dispositions and our vertical picture of acquisitions. I say that a little glibly but the interesting aspect to that is we've moved up in quality, substantially and at the same time without trying to steal Brent's thunder later on, we've done that at an accretive rate of return. In fact, our average disposition has averaged a lower cap rate than our average acquisition, that's something we're pretty proud of, particularly given that our acquisitions have been less occupied than our dispositions. It's something that we like to tout and I don't know that we have always gotten full credit for that.

So finally, if you go back and you look at ultimately what the most important issue is and that's equity performance,… if you go back and look at our seven year history since we've been public, we've performed largely in line with the Bloomberg office rate index, and the other indices that are out there frankly. But we've out performed our competitive set peer group over that seven year period, in this case how we define our peer group is corporate office, Brandywine and Mack Cali, we normally would include Columbia Property Trust and Parkway in there as well, but they don't have comparable time periods in which to measure. So, just those first five companies are the competitive that we're comparing ourselves to. And we've outperformed them over that seven year period, but most importantly in our minds we've done it at a much lower average standard deviation of return, and what we think is a lower risk profile given the qualities I mentioned earlier about the portfolio.

In fact, if you look at it as I mentioned earlier, we have an inception date annualized standard deviation which isn't far off the entire index itself. And for those of you who are geeks like me in the CFA program, this translates to a much higher sharp ratio than our competitive peer set. So, having said all that what I'd like to do now is hand it over to Brent. Brent Smith is going to walk us through a series of things that will help to give you more understanding of both backward and forward looking strategy, where we see growth coming forward and other opportunities for us to position the portfolio.

C. Brent Smith: Yes, thanks Don. Today I'd like to discuss Piedmont's catalyst for growth, providing more insight on our operations as well as our approach to capital deployment. To begin I'd like to direct your attention to slide 18. and the left side of the page.

As many of you recall Piedmont experienced a period of high lease rollover a few years back, and we're now entered a period with limited lease expiration. As a result of the significant lease roll within the portfolio and the phenomenal work by our asset management team we've leased over 5 million square feet over the past two years. Our portfolio is now over 94% leased at the end of 2016, however I point out that our 3100 Clarendon and Enclave Place development properties will be placed into the in service portfolio at the beginning of 2017. These two properties will contain some vacancy which will reduce the 94% lease level by approximately 2 to 2.5%. Irrespective of this additional vacancy due to the substantial leasing recently completed across our portfolio, which by the way equates to more than 25% of our rentable area, we still have approximately 7% of our square footage comprised of executed leases currently not generating rental income. A set of these leases equating to almost 400,000 square feet or approximately 2% of our portfolio that have yet to commence will start cash flowing as these tenants occupy their space. This will have a direct impact on our SSNOI.

The second set of leases that are not cash flowing and comprise over a million square feet, and these tenants are in some form of cash abatement, typically given as incentive at the start of their lease. As these tenants free rent period ends we will experience meaningful cash incremental growth. And together these two groups of leases can generate an incremental 25 to 30 million dollars in cash flow. In addition, to the growth and cash flow from leases already executed, which will soon begin paying rent, we have the opportunity to drive incremental cash flow growth from new leases for vacant space and as leases roll. And with limited lease expiration in 2017 and 2018 we'll have some opportunity to capture positive mark to market, but we think the real opportunities stands in the leases expiring in 2019.

I'd like to direct you to the right side of the page 18. As you know we cater to large corporate tenants and the five sizable leases that are due to expire in 2019 present great opportunities to experience the favorable GAAP roll up on rent. Given our proactive approach to leasing, you could expect these tenants renewals will get addressed well before 2019. And we believe this provides additional catalyst to increase earnings over the next 12 to 24 months.

Now if you would please turn to page 19. As I mentioned before we have limited lease expirations for the next two years, which we believe positions us well to gain portfolio occupancy. The four assets on this page are some of the larger blocks of space we have available, and we've seen great opportunities to grow our occupancy. DC has been a strong performer for us. And in fact, we've been completing a good bit of leasing in this market already, over 250,000 square feet in the past 12 months in these two assets alone. We think One Independence and 3100 Clarendon will experience more than their fair share of leasing as this market continues to improve as a result of politically aligned Congress and White House. Dallas has been a strong performing market for us and our recent acquisition at the end of 2016 of 750 West John Carpenter Freeway, we feel is a great piece of real estate and in some marketing catering to large corporate tenants. Finally, while Houston is a difficult leasing market, our recently completed development is one of the best assets in the energy corridor and our low land base provides the stability to aggressively go after tenants by offering a highly competitive rental rate. These four high quality, well located properties contain almost 600,000 square feet that we think has the opportunity to drive occupancy growth in 2017.

Now that I've touched on the catalyst for cash flow growth I'd like to turn our focus to capital growth. As you can see we've actually not grown the size of our portfolio having roughly sold the same amount that we've acquired over the past six years. And as Don mentioned, we believe capital growth is measured by net asset value, not corporate scale. As a result we evaluate all our capital allocation decisions to a rigorous risk adjusted return framework, both on the decision to buy as well as the decision to sell assets.

On the left side of the page we've sold almost 2 billion dollars of assets over the last six years. We've entered in eight markets and as Don noted these sold assets can be generally characterized as lower quality, hard cap rate assets and yet despite this we've achieved almost 100 basis points in accretion between our buys and sells in terms of a GAAP yield. And we've improved the cash growth profile of the company with additional space to lease up having about 300 basis points difference in lease percentage between our sells and our buys.

In addition, we believe being a REIT gives us a unique opportunity to take advantage of pricing arbitrage between our stock and the underlying value of our real estate. As such, as Don noted we've been a big proponent of buying our own stock back, having deployed almost a half billion dollars into what we see as being the most favorable risk adjust return when we traded at meaningful discounts in NAV. Given this backdrop I'd like to discuss what's ahead for Piedmont. We have 300 to 350 million of non-core dispositions we plan to take place over the next 12 to 24 months. In addition we have 500 to 550 million of sizable liquid non-core properties that will be disposed of that will be market dependent based upon opportunities we see in each of those markets and for each of those assets. All of these are in non-strategic markets and proceeds from these sales will be redeployed into strategic acquisitions or our stock based on our risk adjusted framework.

Now I'd like to direct your attention to slide 21, and get more granular on our approach to growing in our strategic markets. As Don mentioned, we target large corporate users and see that as a competitive advantage, and our growth strategy is somewhat geared toward those tenants. Targeting those markets in which these tenants are growing and I direct you to the right side of the page listing out our eight markets that we intend to continue to grow and target for growth. Each of these has population and employment growth trends, government support for business and a very diversified economy. All components that we think are critical to providing favorable risk adjusted returns. Within each of these eight markets, we've gotten even more granular, focusing on certain sub markets. Again, each of these sub markets are listed on the right side of page 21, and outlined on the left side are the qualities we frankly think many corporate tenants want. But more importantly, within each of these sub markets there is qualities that allow us to continue to grow, gain scale and achieve operational efficiency.

The first of which, is that each of these submarkets has significant supply of office products, liquidity and scale so that we can go after and continue to grow efficiently and have enough product to target to gain a significant scale. Most of these sub markets also lack significant reit-competition. They have favorable absorption and rent growth trends, transportation and housing that is highly favorable, growth inoffice using professionals and a significant amenity based, either on site or within the market to provide a continued attraction to users in the market place. The theme amongst these is not coincidence that there is both typically a CBD and an urban infill, suburban sub market within each of our eight target markets. We believe suburban markets are not dead, as some people may report. But actually they have the ability to provide a high density amenity base or hub within these sub markets and those are the suburban markets that are positioned to outperform. We will continue to target assets in these suburban or hub markets that are highly amenitized as well as the more CBD and urban end fill markets.

I'd like to turn your attention now to page 22 to provide a few examples of our ability to attack and grow in these sub markets. Each of these submarkets on the page, the four that we've outlined, we've entered into post IPO, with the exception of Los Calinas. And each of these markets we've put meaningful amounts of capital to work at substantial discounts to replacement costs. And what excites us about each of these four submarkets is that except for the Orlando CBD there is limited or no REIT competition. Each of these four submarkets has a great runway for cash flow growth, with low vacancy, strong and accelerating rent growth, but yet rent levels are still well below replacement cost rent. So we see a long term upside. The amenity base is growing in each of these and increasing the attraction for office using personnel. Overall we will continue to deploy our capital into similar situations that we've outlined and all of them will be in our targeted submarkets. Hopefully you've come away with an appreciation today for catalyst for our cash flow growth and how we'll grow our capital base and where that will be if we grow through acquisition. Now I'd like to turn it over to Eddie to cover 2016's results; Eddie.

Edward Guilbert: Thanks Brent. Now as we're approaching closing the books for 2016 we wanted to provide you with a recap for the year. From a real estate standpoint we sold a total of nine assets during the year, for a total of approximately 330 million dollars. We made good progress strategically. We've sold out of Austin, Texas and the Rockville, Maryland submarket in DC and we significantly decreased our exposure to both Southern California and Detroit.

Meanwhile on the acquisition side we use proceeds to increase our concentration and strategic operating markets, specifically Austin, Orlando, Atlanta and Dallas. On the development side, all of our projects are now complete. 500 Town Park, which you'll see tomorrow is complete and we completed it ahead of schedule and under budget. Operationally, 2016 was the year of strong net absorption in the portfolio. Our leased percentage increased by about 3% for the year going from 91.5% at the beginning of the year to 94.2% resulting primarily from 2 million square feet of leasing, the bulk of which was for vacant space. And our spread between lease percentage and economic lease percentage narrowed, while we do expect that gap to fluctuate over time, we believe this is the beginning of the longer term trend of it narrowing. As it relates to financial guidance our previously provided core FFO guidance range was 1.64 to 1.66 per share. We will not be revising that guide at this time. Our auditors are completing their review of the results and we will be releasing our learnings on February 8. It is worth noting though, that the guidance range represents the 4 to 6 cent increase in core FFO over 2015 results even with the sale of Aon Center and the loss of its 20 cents in core FFO contributions.

As for same store NOI our previously provided guidance was 4-5%, similar to core FFO we will not be providing additional commentary until our auditors complete their review. Our continued growth in this measure is related to new leasing activity and the associated burn off of rental payments.

Finally, we made incremental progress on our capitalization structure paying off two mortgages during the year and further reducing our secured debt as Don mentioned from 25% to 17% during the year, which when needed provides additional optionality to pursue the lowest cost debt option available to us which include public or private bond issuances, unsecured bank debt or mortgage debt. And with that I'll turn the floor over to Bob who is going to cover future expectations for Piedmont.

Robert Bowers: Thank you Eddie and good afternoon everybody. You know I hope as you listen and watch this presentation that you gain a better understanding of our business strategy and who we are as a company and what we have accomplished in these eight markets, and also at the same time I hope this afternoon you start to feel some of the excitement that we feel about the future for Piedmont. As we start to look ahead to 2017 financial expectations, I'm going to have to remind you to read the introductory comments that are a part of the presentation. We caution you that the financial estimates are based upon current information and assumptions and obviously actual results can differ from these current expectations. But if you look at page 25, I want to go over some of the general overview before we look at the numbers.

Clearly our basic assumptions are centered around Piedmont continuing to build our competitive presence within the select office submarkets that Brent and Don have discussed. Also, as Don mentioned any future development efforts that we undertake, we expect to continue to be focused upon build opportunities on parcels of land which are adjacent to our existing properties. Additionally I don't see any major changes in our philosophy toward financing and the balance sheet management. For example, we'll continue to primarily use unsecured debt for our financing needs and we're committed to maintaining our debt to gross assets ratio at or below a 40% leverage.

Now this is not to say that there won't be some changes. Our current model suggests we will continue to see some further improvement in our debt to EBITDA ratios targeting multiples between upper five times to low six times range during 2017. If you'll turn with me please to slide 26. We want you to be aware of a few things that will change with the new year. As Brent touched on, the analysts that follow Piedmont will need to update the reported occupancy statistics. Last week we reported that occupancy at the end of 2016 was over 94%. This reported occupancy dropped as Brent mentioned 2.5% on January 1st with the transfer of 700,000 square feet of property from our development and lease up classification into available in service square footage, that includes the addition of 500 Town Park in the Lake Mary sub market of Orlando that you're going to get to see tomorrow during the tour. And also 3100 Clarendon in Arlington and Enclave Place in Houston.

We do believe with the low lease expiration schedule in 2017 and the anticipated leasing during the year that we'll be back in the upper 92% of reported occupancy by year end. Regarding our overall assumptions for capital transactions we anticipate being an approximate 200 million net seller in 2017, and that we'll use these net disposition proceeds in the year to pay off a 5.8% 140 million dollar mortgage that will be eligible for pre-payment without penalty in early August.

Looking now over to slide 27, as we provide guidance for estimated financial results for 2017, as I said before we're optimistic. Specifically reviewing major annual financial benchmarks we anticipate the defined FFO and our own core FFO to be in the range of $1.70 to $1.80 per share in 2017. The primary reason for this broad range is attributable to some speculative leasing assumptions, but more importantly, the variances that can be created by the overall success and timing of our expected capital market transactions. We also expect continued growth in our same stored cash NOI and GAAP NOI over 2016 numbers. The amounts of the growth obviously will vary to the extent of our disposition activity.

Over on slide 28 we set forth the required reconciliation of our budget gap based net income estimates for 2017 reconciled to core FFO guidance. Since this slide is here for compliance, you may want to hit the pause button if you're listening to this online so that you can write down this information, those that are present here you just have the handouts that you can use.

Look over to slide number 29 we've provided some of the core assumptions used in deriving the 2017 guidance information. Major assumptions being the growth in 2017 for same store cash NOI 5-8%, GAAP NOI 5-7%. Also our G&A expense assumptions for 2017 range from 30 to 32 million dollars. And the reason for this range is primarily attributable to the variable accounting treatment for non-cash compensation expense associated with Piedmont's total shareholder return over the one year and three years periods relative to the overall total shareholder return for our peer group. If you have any questions obviously Eddie and I are available to you today, we're also available by phone and by email and we'll be happy to answer your questions that you have regarding this guidance. And if appropriate, we will make additional disclosure publically if necessary. With that, I'm going to turn it back over to Don to summarize.

Donald Miller: So before we turn it to George Wells to give you a bit of an overview of Orlando and our entrance into that market, I want to just sort of summarize what we hope you heard today. I think everyone understands we have a very high quality portfolio located in a variety of flex submarkets that we've targeted, and hopefully Brent clarified for you a little further why we've chosen those particular markets. But we also still believe we have very compelling growth opportunities. Bobby has outlined now our 2017 guidance, which we're very pleased about. We hope we've reinforced with you the capabilities of being a first class operator with proven leasing prowess particularly given the amount of leasing that we've done and I think we've proven also to be a very effective manager of the balance sheet to create value for investors. But ultimately having said that we've done all these things and our stock still appears to be a very good value in the marketplace. And, so in our appendix and this package we've put together I think it's on page 36 or so there's a series of valuation metrics that we show relative to our peer group that we still show as being very compelling, whether it's risk comparisons on the long average lease term for us versus our peer group to lower standard deviation versus our peer group, or just valuation metrics like lower multiples on FFO and otherwise we think we've got a really compelling story from a stock valuation perspective as well. We hope that you've heard that story, feel better about our strategy and excited about the prospects for the company going forward.

Before I finally turn it over to George to talk about Orlando, I want to give you a quick overview of sort of I'll call it the inside baseball of how we go about our business because I think it leads into George's explanation around what we're doing in Orlando. You know a lot of people sort of question how do you go into a market or what do you do to go into a market. And it's obviously extremely different than you guys on the buy side deal with. You're choosing companies or markets that companies operate within to select and you can make that transaction happen that day, we have a very long lead time, sometimes if not months, years of looking at a market to try to get into it. And as we have studied a number of these markets that we've gone into you'll notice that as Brent mentioned earlier there's a large list of items that are attracting us to a market place whether it's job growth or corporate representation or limited low cost capital competitors in the market place, places where we have capabilities and relationships. But probably the most critical one of all is relationships. And in fact, each of these four markets that we've been putting money into more recently, I have stories around relationships at the most senior levels of Piedmont that have created these opportunities for ourselves.

Whether it's Arlington and Boston where we've identified that market as one that we really thought was perfectly compatible to what we were trying to accomplish. But getting in there and getting that first product to be able to build off of was very hard to do. Well fortunately, somebody with a very strong relationship of ours was selling a property several years ago that was a core of that market, one of the best properties in that market and we worked on them for years to try to figure out how to buy that from them, whether it was a trade of another asset of ours to them or otherwise. Finally, they decided to bring it to market and given our relationship and our interest over the course of time in that asset, they agreed to give us sort of a last look if you will at that property when it came out for sale. And so we were able to buy that property not at anything below what was full market value, but on an asset that we really desire to bring into our portfolio we were able to transact on something that would have been much more uncertain if we were just another bidder at the table.

Similarly Orlando and leading into George's presentation, we didn't have a presence in Orlando although a number of us did operate in that market for many, many years in prior life. You're going to meet tomorrow Tom Green. Tom was the head of Colonial's office market division in Florida for many years and he was the brains and developer behind the Colonial Town Park office project in which our properties are located in Lake Mary. Tom has been a long term relationship of mine and in our firms and he came to us with an idea to buy the last building Colonial still owned down in Orlando after he had left the firm. And it was a substantially unleased, and it was their last asset so it was something that they desired to get rid of. And we bought that asset from them I think back in 2011 or 2012 for an attractive price, given that it was relatively unleased. But the longer term view there was that there was a lot of land around that asset that we felt like we could acquire over the course of time to build out the remainder of that office park. And given how attractive that location is, and again George is going to talk a lot more about that tomorrow, the idea was that we could potentially build a real presence in what was a very supply constrained infill market, believe it or not, for a suburban Orlando location. We were able to execute on that, we were able to buy the land later at a relatively attractive time in the market place after Colonial had sold to mid-America and mid-America couldn't rezone that land to multi-family. We were able to pick it up as office land at a very attractive price, to us at least.

But having said that, we built that presence in Lake Mary and we said you know what, there's another opportunity in this market place and that's in downtown Orlando. The best projects in downtown Orlando weren't controlled by our competitors, and they were controlled by people we had relationships with and so we saw great dynamics happening in downtown Orlando. So, we went and made a play to try to acquire the premier office building in downtown Orlando, Sun Trust Center. We were fortunate enough to be able to do that, again from a relationship that we had here in Atlanta. A company in Atlanta owned it and was desirous of selling it and we sort of pre-empted the marketplace to acquire that asset. And then a relationship similarly with the CNL folks who are desirous of selling the CNL Towers and needed a tax efficient process for doing that. And we were as a REIT, able to provide that tax efficient solution to them and acquire those assets for an attractive price last year. So, having said that the theme of all of these things as you can see is about relationships. If you don't have those relationships in the market place it's very hard to take advantage of opportunities that fit your strategy. So, having said that now I'm going to turn it over to George and let him give you a lot more detail about both downtown Orlando and then of course tomorrow Lake Mary and what's happening there as well, so George?

George Wells: Thank you Don, would you guys each open up the deck to the Orlando marketplace? There is a lot going on in Orlando, more than fun and sun. In fact, the population here in Orlando has grown by 2.5 times faster than national average here in this city for the past 10 years and is projected to grow even faster than that over the next five. There is a massive amount of infrastructure spending that's been going on and you will hear a little bit more later on from the economic development council when they talk about planes, cars and trains. Orlando has the 14th busiest airport in the nation, which is really higher in its weight class compared to the size of the overall economy. It has a significant high flying for Youngtown and coming through with 15 universities in the area. In fact, University of Central Florida is the second largest in the country with nearly 68,000 students coming through that program. And all of this rests on a very solid foundation of fiscally responsible governments, all the way from Florida to the two counties that surround Orlando as well as Orlando of having a double AA credit rating or better. So, we view this as a very attractive investment market and has a compelling growth story.

If you switch to the next page you'll see that Orlando has been the leader in job creation. Over the past 15 years while it's been more volatile than national average, overall it has exceeded that the national average. In fact, the past 12 months Orlando has generated 4.0% growth rate, which is more than twice the national average. In fact, that growth rate for the previous 12 months was ranked as the number one city in all of major markets in the US. We all have been to Orlando, we've been there for our kids, we've been for the attractions, there's also very large convention business there. And so, there's probably the thought a lot of job growth is associated with that. It is true the convention business is the second largest behind Vegas, but when we pull all that back and just focus on the office job growth that's even very positive. For the past 25 years it's been 3.3% compared to the national average 1.2% and we think that's a really great story.

Let's go to the next slide, take a look at the office market. Orlando's office market is comprised of about 29 million square feet, which is spread over five major markets. It has not quite gotten back to the peak that we had in 2006 in terms of overall market conditions, but it's certainly trending in that direction. Right now overall we're sitting in a 13% vacancy rate and virtually nothing under construction. The two sub markets that we participate in, which is Lake Mary and CBD are actually doing slightly better than the overall market.

So let me focus on the CBD; turn to slide four. Downtown Orlando continues to be the cultural and financial center for the city. This picture right here I think eloquently displays that more than any others we have in here. This picture was taken from the view of the performing arts center, which was just completed a couple of years ago. It overlooks the central part of Orlando , which has a brand new public meeting space, which just opened in 2014, and it looks directly into City Hall. There was a fabulous civic event that was here that night, but more importantly you can also see the financial impact here in terms of having our assets that are shouldering City Hall in CNL 1 and CNL 2.

Let me talk some more about other investments that are happening in downtown Orlando. If you turn to the next slide on slide five there are a fair number of not only infrastructure improvements, but also entertainment venue improvements that have been going on, or are done and with more to come. Let me start with infrastructure. I-4 is going through a 2.3 billion dollar major improvement, it's about 20 miles long, it's starting down in the attraction center and is going all the way through downtown. Right next to I-4 you've got the SunRail, you can see the dots right there along I-4 and it's a 31 mile track, it just opened up in 2014. Several hundreds of million dollars have gone into that particular structure. And the nice part about it is you can see there is a stop right at the doorstep of our property.

Let me go all the way to the West side and kind of talk about all the entertainment venues. At the Citrus Bowl, 200 million dollars has already been spent. It was done in 2014 to improve the competitiveness of that particular venue. In fact, one of the things they've been trying to go after is a race or game but just don't do bowl games anymore. They will be doing the Pro Bowl here in the next two weeks. Just a few months back the NFL; they did a pre-season NFL game between the Atlanta Falcons and the Dolphins. And so there's a lot of new opportunities for the bowl to pursue. Right next to it in purple is one of the newest MLS soccer expansion teams, they've been playing in the Citrus Bowl for the past year. In fact, I think it's had the best attendance of any of the teams across the country and this new stadium is almost done and will be open the Fall of 2017. So this 110 million dollars was mostly spent.

If we go a little further East from there you'll see the magic that basketball program has been playing at the arena since 2010 and now they're embarking on 200 million dollar expansion right across the street from it. Not so much for another arena, but they're going to be adding an office for operations, they're going to add a multi-family development, a small hotel toservice events that are occurring there from concerts and so on, as well as the retail base there. It will be more focused around sports and entertainment. Just North of that is University of Central Florida, it was recently approved at the State level to expand the university which is west of the city's downtown. It will kind of be an anchor for new technology whether it's for media, graphic design. This has been approved, this will start soon, we're hoping to open up in the fall of 2019 where they're going to have 7,000 students coming through here. And that's really going to kick off the Creative Village (ph) which is right above it with 70 acres where you're going to see a mixed development of housing for students, housing for residents, market based housing. Although I will say this one is a little bit further down the line in terms of additional expenditures.

Now heading back east all the way to the edge I've kind of mentioned already the Dr. Phillips Center which is the performing arts center, phase one is already in place since 2014, 350 million dollars and phase two is likely to start here in the next few months and be open in 2019. What does this all mean? You can see in the middle of page here that our assets are right in the middle of all this activity downtown. We are in a preferred part of the city and one of the nice things about it is, next to our office buildings are two very large parking garages, around 3,000 spaces and while we under wrote about 2.7 million dollars in pro forma net income from the garage, we far exceeded that in 2017 at 3.5 million dollars. In fact, we expect that for 2016, and we do expect that, or more for 2017, particularly because some of these venues like the new soccer stadium that haven't even built a garage to support that. And we believe that a lot of folks will continue to come to the historical entertainment district, which is right next to SunTrust Center and sun rail and will come there before any of these events occur to take advantage of the restaurants in the area and then walk to these venues. So, we're really excited about our position and what's happening with downtown Orlando.

If you turn to the next page. We're not quite the 24 hour city that others will be in the Northeast, but we're an 18 hour city. There is a growing influence and mixed uses that are occurring downtown. You can see from the picture that a lot of different colors here, all we're trying to demonstrate here is a lot of mixed uses. Let me kind of start with CNL 1, just across the street you can see a park and we mentioned Dr. Phillips Center already, and between CNL 1 and CNL 2 is City Hall, seat of government. Across the street from CNL 2 you've got the only four start hotel in Orlando, the Grand Bohemian, some of you will be staying in. And then going further north to our other investment is the Sun Trust Center and that is adjacent, that building is at the corner of Orange and Church Street, which is an historic entertainment district and continues to be the historic meeting part for all of Orlando. In fact, there's a fair amount of restaurants, there are some meeting rooms, ball rooms and you can see that depicted next to Sun Trust Center in that purple shaded area. And right next to the purple shaded area and Sun Trust is the fifth tallest building that was built 10 years ago, it is 450 unit multi-family development which runs from studios to three bedroom apartments so there's a lot of great stuff happening here and we think that our assets are really in the best location in Orlando.

What's the state of the market; let's go to the next page. You can see here that overall vacancy has been trending down. You can also see the blue bar that rental rates have been going up. We really still have not come back to the peak of 2006. In fact, if you look at rental rates that are depicted here, we're still probably 12-13% off the peak, which was at $30.00 a foot. Yet if you look to where new construction has to come into play, which is closer to $37.00 to $38.00 a foot, then the discount is even larger, so with no development under way we think that we've got a real nice tail wind that's going to push us to greater rental rates down the road.

Turing to the next page, this is just a real quick snapshot of the trophy assets that we own. We're very proud of these three. Overall it's 1.3 million square feet in a prime location. We're very happy the basis and as Don mentioned earlier you make the money on the buy. We bought them at a collective basis of 265 a foot, and that includes having a substantial portion of income associated with the garage. So when you compare that with the replacement costs today, of call it 375-380 you're still looking at a 30% discount to new construction. And yet we have the best assets downtown.

How we position with our competition, turn to page nine. We've highlighted the three assets that we own, but let me kind of bring you to the left side of the page, the primary competition. These five buildings are really located in the heart of downtown, in the core, and these five generally have the highest rental rates in the market place except for one Citrus Center and they're quoting something in the mid to high 20's. The other attribute that shows a preferred market is the parking income for each of these garages outpaces the income that's being generated from the secondary competition and the occupancy as well has been much better than the secondary competition. Let's look at the secondary competition and why that is the case. If you look East of downtown you can see there's buildings around the lake label six, seven and 11, and that's a little bit off the beaten path, those assets are asking from a rental rate perspective between $23 and $28 a foot. And if you go further north presence further north of here, [ ] buildings that are labeled nine and 10 and those rates, again are asking $23 and $28. And, I've even heard on occasion parking has not been all that strong either.

So, what is the take away from all of this? And I think the bottom line is that we have the trophy assets, we have a dominant position in those assets and in a preferred sub market and there's no reason that we can't continue to outperform our competition. Any questions?

Donald Miller: Okay. Well welcome again this morning to the discussion around Lake Mary. I know those of you who are here in the room experienced the fun bus ride up from downtown Orlando this morning. And we're – I'm going to turn it back over to George Wells to give you an overview of the Lake Mary market. We also have Tom Green here who I mentioned his name yesterday. Tom is one of the partners in Providence, a development firm that we've been working with down here and has been very critical to our success in developing the 500 Town Park asset as well as acquiring some of the assets down here. And so Tom will be available for local color and flavor as well, so at this point I'm going to turn it over to George and he's going to give you an overview of Lake Mary, and then of course for those of you in the room we're going to be walking through and touring 500 Town Park after this presentation; so go ahead George. Thank you.

George Wells: Thank you Don. I'm going to start off by saying I'm stealing one of Brent's words huburb. We've discovered that Lake Mary is one of those areas where there's been a variety of uses blending together with a lot more density coming together, which has really created this huburb, which by the way is one of the few locations in the city that has this type of phenomenon. And it's part of the reason why Lake Mary has become the clear cut winner for the corporate relocation business.

If we turn to slide 12 you can get a perspective of where Lake Mary is relative to the other markets that have competed in the past for relocation business, which is Lake Mary and Lake Mary has been just doing so well in terms of advancing its attractiveness. And part of that is hey, listen, it's got the newest stock which is really addressing a lot of the features that corporate users are looking for today, which is greater density, more efficient floor plays, bigger floors, greater restroom capacity, parking capacity as well. And so, you're seeing a lot more of that in the Lake Mary market. Superior amenities, when Maitland first kicked off it was a mad rush to put office buildings up in the 80's and then everyone wondered where do we go, where do we shop. Lake Mary is not like that. There are really two interchanges that book end the market and along those interchanges there's been a phenomenal amount of growth from shopping to banking to restaurants. And so it really is tops in the county; the school system in Lake Mary, in fact its tops in Seminole County. It has the highest graduation rates in all of Florida. In fact, Newsweek has rated it number four in the country in terms of the amount of time and investment that's going into stem curriculum. From a housing perspective this area has got a very wide variety of uses from multi-family studio, one bedroom to normal single family homes, all the way up to the executive and golf communities.

And lastly, this sub market is really the nexus of I-4 and the Beltway and so you're going to have superior accessibility to all the market without going through the secondary roads. But hey, don't take it from me go to page 13 and you'll see all the corporate users who have spoken. There's over

15 names on this page here that have become citizens of Lake Mary, a lot of well-known names. In fact, there's four of these that are highlighted in orange where they have made this their US corporate headquarters.

Now, look not all this has happened in one year and not all this has happened 15 years ago. This has all been happening over a period of time. In fact there's been some significant big wins here in the past few years. Verizon 2013 brings in 750 jobs, great, 200,000 square foot build to suit. Deloitte in 2015 announced 1,800 jobs and most recently in the last year 2016 CNA stepped up and did not come from outside Orlando, actually came from Maitland up to our market because they wanted to be in this mixed use environment. In fact, we were the beneficiary, Piedmont, in landing them to a build to suit development that we have in the sub market. But the days of having abundant amount of land and a number of sites are really declining.

Turn to the next page. I wanted to give everybody an opportunity to look at an aerial. I can kind of show you how things are laid out. You can see the two interchanges that book end our office market here and all around that you can see how dense it is, whether you're seeing some water features, whether you're seeing communities built around those, you're seeing two or three golf courses in the community. It's a very dense environment. There's really only one area where a significant land presence that could be used for office development and it's in between the two, which means you'd have to navigate through some very congested secondary roads to get to it. Whereas if you look at our site on the north side of this you can see it highlighted in green, we're right there adjacent to all the highway infrastructure. So we feel really good about our position. How do we stand with our competition, if you go to page 15 you can see that there are basically four dots on this map and those would be four office parks that generally make up the class A office space up in the sub market, and we have our positions in town park, which is the northern most of these four parks and again, adjacent to I-4, the 417 interchange and the future 429. Also, Town Park is the only master plan mixed use park in the area.

And so when you combine the location, the quality and the mixed use component to this, this is the most sought after office space in Lake Mary, and it shows. If you look at the chart in the bottom right hand corner, we've got the highest rate in the sub market, in some cases by far. And while the chart right now only shows an 87% occupancy level, there are two deals that are about to be inked very shortly, not ours, but our competition that's going to take the overall park to 97%. So, we really feel pretty comfortable about our position here and but let's go ahead and take another closer look at the state of the market, which is on the next page.

Page 16, and so the market fundamentals here are not quite what they were in 2006, yet they have been improving gradually and today's rate is around $22 a foot overall average, which is down from the peak of $25 a foot, 15% spread. But if you look at new construction rates, which have to be in the upper 20's, $28, $29, $30 a foot for it to make sense, then you can see that spread being more like 25%. So, when you look at all of this in terms of very small amount of development, I think there's 100,000 square foot spec development that's rumored to come to market. But in terms of where – if absorption continues this way with minimal supply coming to market, we feel pretty good once again, [ ] are there to push rental rates up further for our portfolio.

Let's take a look at what do we own in Lake Mary. So, go to page 17 and I think Don mentioned this earlier. We bought a building in here back in 2011, that's 400 Town Park and we bought that for a significant discount, it was mostly just 23% leased. And we have it leased today at 100% getting top of the market rent. The middle picture here which is 500 Town Park, I alluded to this already, it is our CNA development. We actually are delivering this development one month sooner than what we projected. We're also delivering it slightly under our budget, so those are two good stories to tell there. 79% pre-leased to CNA and we look forward to taking you over to take a look at it a little later on. The third asset we have is the 19 acres of land, which is adjacent to the 400 and 500 Town Park. On that 19 acres we originally bought - it was agriculturally zoned. We went through the process to get a fair amount of density and now we have a PD designation, and I'll go into some more what those entitlements are in just a moment. But, hey these three assets - let me show you how they fall in the Town Park.

If you flip to the next page on 18 this is the premier office park because of the extensive amenities and accessibility. If you look at this you've got a 185 acres that is just wedged right up against I-4 interstate on the East as well as the future 429 on the North end. You've got multiple access points, which by the way you can't say that with every park around here. You've got eight access points into our park, two on the south end and six along the western side boundary of the site. We got 1,000,000 square feet, class A space, 200,000 square feet of retail, an abundance of restaurants, retail shops here all within walking distance. And in between the retail and the office you also have 80 luxury residential units and really nearby noted as point two on this page, is the Hampton Hotel, which by the way many times the rates there for overnight stays even exceed the Westin, which is just across the street. So, we think this is just an enviable office environment, which is very amenity rich. And our future development is going to take a lot of these winning elements and take them up another notch.

So, let's go to page 19 and this is a concept view for what we can do on this site. We have entitlements for up to 800,000 square feet of office. We can put up to 250 keys of hotel rooms and we also can add about 100,000 square feet of retail. And what we'll do with retail is obviously we would start a lot of that on the front end and we'd smatter some of that along the corridor as we get towards the office and the hotel. This particular development is one of those growth opportunities that Brent had mentioned before, and so we are aggressively out there marketing for build to suit opportunities. In fact, as you can see right next door to it is the CNA, so when we are pitching this to prospects, and we have been pitching this to several prospects over the past 18 months. We pitched this concept plan. Now that being said, it's very malleable so that if a corporate user wishes to design it in a different way, we certainly can do that. But the point is it's going to be a very dense multi-use development, which continues to be more of what we already have in Town Park.

One of the cool things we do want to add to this, which is something you're not seeing in every market today in Orlando and you're seeing them in other sub markets in the Southeast. If you go to page 20, that is creating a centrally located plaza. This kind of green space, this is kind of cool. When you try to create this green space, you want to make it as interactive as possible and so you want to book end it with some retail space, a lot of movement to the court. If you have a hotel adjacent to it, it will get a lot of nighttime activity. And you have the office that overlooks that, it will give the corporate user the feel that hey, this is a nice corporate campus setting, and it's not something that's going to be subsidizing on their own as it's going to be economically successful based on all the uses that are coming through here. So, we think we will be creating a very cool environment for the next corporate user that comes to town. Any questions?