

1180 Peachtree

# STRATEGIC ACQUISITION

1180 Peachtree Street - Atlanta | Q3 2022



# Introduction

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Piedmont Office Realty Trust, Inc. (also referred to herein as “Piedmont” or the “Company”) (NYSE: PDM) is an owner, manager, developer, redeveloper and operator of high-quality, Class A office properties located primarily in the Sunbelt. Its approximately \$5 billion portfolio is currently comprised of approximately 16 million square feet as of the end of the second quarter of 2022. 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). At the end of the second quarter of 2022, 84% of the Company’s portfolio was ENERGY STAR certified and approximately 47% was LEED certified.

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 but excludes one out-of-service property as of June 30, 2022.

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 Annual Report on Form 10-K for the year ended December 31, 2021. 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 June 30, 2022. 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 June 30, 2022 and includes all in-service properties and excludes one out-of-service property.**



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# Strategic Rationale



Piedmont becomes **largest office owner on Peachtree Street in Midtown** with its second skyline defining acquisition totaling 1.3 million SF in twelve months.



Along with 999 Peachtree, projected Midtown **stabilized basis of ~\$550/SF**, a 20% discount to replacement cost of ~\$700/SF.



Below market rents generate a year one **accrual NOI yield of 6.3%**.



**Funded through assumed debt and expected asset sales**, including a 1031 Exchange with its Cambridge properties, with no expected impact to FTM FFO at leverage neutrality.



**Sunbelt ALR increases to 67%** following expected disposition activity.

# 1180 Peachtree

THE MOST RECOGNIZABLE TROPHY ASSET IN ATLANTA



**LEED  
Platinum**

*Earned by under 2% Class A  
Southeast Office Assets*

**Class AA**  
Trophy building

**41**  
Stories

**691,000**  
Square feet

**95%**  
Leased

**10'**

Full Glass Façade

**40'**

Full Glass  
White Marble Lobby

**2 Blocks**

to MARTA & Piedmont  
Park / Beltline Access

**89 Walk Score**

**20% below  
market rents**

Mark to market in place  
rent vs. market rents

**\$675/SF**

Acquisition Basis

**7+ yrs**

Weight Average  
Lease Term

**KING &  
SPALDING**

AM Law Top 25  
38% of SF through 2031





# Landmark Asset

- 41 stories, 10' floor to ceiling glass
- 10,500 SF state-of-the-art fitness center
- 12,000 SF dedicated outdoor tenant terrace with sky café
- 40' full glass white marble lobby
- Since 2017, 23% rental premium to Midtown Class A stock
- 94% historical occupancy last ten years and never below 90%
- 101,000 SF of leasing since 2020
- Unmatched tenant corporate signage
- Located at 14<sup>th</sup> & Peachtree, the heart of Midtown



Anchor Tenants



King & Spalding

ROARK  
CAPITAL GROUP



Midtown Atlanta

# Dynamic Innovation Cluster

1180 Peachtree

999 Peachtree

**#2**

Ranked submarket in the US for avg. annual rent growth since 2018

**#2**

Ranked tech job growth in the US (2021)

**#2**

Ranked population density among Southeastern submarkets

**4,000**

Estimated new Tech and Fintech jobs created since 2020

**56%**

Of population Millennials or Gen-Z (31 median age)

**\$161k**

Avg. household income

**72%**

Of population holds Bachelor Degree or higher

**4.4M**

Square feet of office absorbed since 2020

**6M**

Atlanta population; more than competing innovation markets - Austin, Nashville, & Raleigh COMBINED

**90%**

Atlanta's largest law firms practice in Midtown

**30,000**

Residential units delivered in Midtown

**7,000**

Residential units under construction

**37,500**

Student pipeline for talent – GA Tech, HBCUs (Atlanta University), GSU, Emory & SCAD

**4x**

More African Americans work in Atlanta's tech sector than San Francisco

Located at 14<sup>th</sup> & Peachtree

# Midtown's Vibrant Epicenter



■ ■ ■ ■ ■ 8-minute walk  
 ★ 1180 Peachtree  
 ★ 999 Peachtree



“Midtown’s Living Room”

- 176k square feet of experiential retail
- 93k square feet of F&B offerings



## POLITAN ROW

AT COLONY SQUARE

Food hall with 11 operators focused on creating design-forward culinary destinations

*“The most eclectic mix of food choices yet to be had under one roof.”*

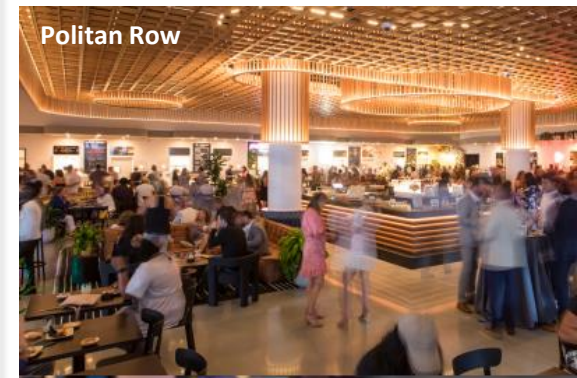
New York Times

*“One of the best food halls in America. You won’t leave hungry.”*

Vogue

Within Midtown Atlanta’s 1.2 square mile district<sup>(1)</sup>...

- 40+ public improvement projects currently in the pipeline
- 100+ restaurants offering outdoor seating
- \$47M earmarked to enhance streets, sidewalks, plazas and parks
- Over 50 new street-level businesses since 2020



Source: (1) Midtown Alliance

Sources and Uses

# Capital Plan



<u>Delayed Draw Unsecured Term Loan</u>		Uses	Millions	
Maturity	July 2023	1180 Peachtree Street	\$465	
Rate	SOFR +100bps			
Prepayable date	Any time			
		Sources	Millions	Path to Leverage Neutrality
		Unsecured term loan	\$200	Cambridge, MA 1031 Exchange
		Mortgage assumption	\$197	~\$250M of incremental non-strategic asset sales over next twelve months
		Line of credit	\$68	
<u>Assumed Secured Loan</u>				
Maturity	October 2028			
Rate	4.10%			
Prepayable date	October 2023			