UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT of 1934**

For the Quarterly Period Ended June 30, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT of 1934**

For the Transition Period From __________ To __________

Commission file number 001-34626

Piedmont Office Realty Trust, Inc.
(Exact name of registrant as specified in its charter)

Maryland	**58-2328421**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

5565 Glenridge Connector Ste. 450
Atlanta, Georgia 30342
(Address of principal executive offices) (Zip Code)

(770) 418-8800
(Registrant’s telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, $0.01 par value	**PDM**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No x

Number of shares outstanding of the Registrant’s
common stock, as of July 27, 2021:
124,135,427 shares

FORM 10-Q

PIEDMONT OFFICE REALTY TRUST, INC.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Form 10-Q may constitute forward-looking statements within the meaning of the federal securities laws. In addition, Piedmont Office Realty Trust, Inc. ("Piedmont," "we," "our," or "us"), or its executive officers on Piedmont's behalf, may from time to time make forward-looking statements in reports and other documents Piedmont files with the Securities and Exchange Commission or in connection with other written or oral statements made to the press, potential investors, or others. Statements regarding future events and developments and Piedmont's future performance, as well as management's expectations, beliefs, plans, estimates, or projections relating to the future, are forward-looking statements. Forward-looking statements include statements preceded by, followed by, or that include the words "may," "will," "expect," "intend," "anticipate," "estimate," "believe," "continue," or other similar words. Examples of such statements in this report include descriptions of our real estate, financings, and operating objectives; discussions regarding future dividends and share repurchases; discussions regarding the potential uses of capital and means to secure additional sources of capital; and discussions regarding the potential impact of economic conditions on our real estate and lease portfolio, among others.

These statements are based on beliefs and assumptions of Piedmont's management, which in turn are based on information available at the time the statements are made. Important assumptions relating to the forward-looking statements include, among others, assumptions regarding the demand for office space in the markets in which Piedmont operates, competitive conditions, and general economic conditions. These assumptions could prove inaccurate. The forward-looking statements also involve risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. Many of these factors are beyond Piedmont's ability to control or predict. Such factors include, but are not limited to, the following:

- Actual or threatened public health epidemics or outbreaks, such as the ongoing COVID-19 pandemic, and governmental and private measures taken to combat such health crises, which may affect our personnel, tenants, tenants' operations and ability to pay lease obligations, demand for office space, and the costs of operating our assets;
- The adequacy of our general reserve related to tenant lease-related assets established as a result of the COVID-19 pandemic, as well as the impact of any increase in this reserve or the establishment of any other reserve in the future;
- Economic, regulatory, socio-economic changes, and/or technology changes (including accounting standards) that impact the real estate market generally, or that could affect patterns of use of commercial office space;
- The impact of competition on our efforts to renew existing leases or re-let space on terms similar to existing leases;
- Changes in the economies and other conditions affecting the office sector in general and specifically the seven markets in which we primarily operate where we have high concentrations of our Annualized Lease Revenue (see definition below);
- Lease terminations, lease defaults, or changes in the financial condition of our tenants, particularly by one of our large lead tenants;
- Adverse market and economic conditions, including any resulting impairment charges on both our long-lived assets or goodwill resulting therefrom;
- The success of our real estate strategies and investment objectives, including our ability to identify and consummate suitable acquisitions and divestitures;
- The illiquidity of real estate investments, including regulatory restrictions to which real estate investment trusts ("REITs") are subject and the resulting impediment on our ability to quickly respond to adverse changes in the performance of our properties;
- The risks and uncertainties associated with our acquisition and disposition of properties, many of which risks and uncertainties may not be known at the time of acquisition or disposition;
- Development and construction delays and resultant increased costs and risks;
- Our real estate development strategies may not be successful;
- Future acts of terrorism, civil unrest, or armed hostilities in any of the major metropolitan areas in which we own properties, or future cybersecurity attacks against any of our tenants;
- Risks related to the occurrence of cyber incidents, or a deficiency in our cybersecurity, which could negatively impact our business by causing a disruption to our operations, a compromise or corruption of our confidential information, and/or damage to our business relationships;
- Costs of complying with governmental laws and regulations;
- Uninsured losses or losses in excess of our insurance coverage, and our inability to obtain adequate insurance coverage at a reasonable cost;
- Additional risks and costs associated with directly managing properties occupied by government tenants, including an increased risk of default by government tenants during periods in which state or federal governments are shut down or on furlough;
- Significant price and volume fluctuations in the public markets, including on the exchange which we listed our common stock;

- Changes in interest rates and changes in the method pursuant to which the LIBOR rates are determined and the planned phasing out of USD LIBOR after June 2023;
- High interest rates which could affect our ability to finance or refinance properties;
- The effect of future offerings of debt or equity securities or changes in market interest rates on the value of our common stock;
- Uncertainties associated with environmental and other regulatory matters;
- Potential changes in the political environment and reduction in federal and/or state funding of our governmental tenants;
- Changes in the financial condition of our tenants directly or indirectly resulting from geopolitical developments that could negatively affect international trade, the termination or threatened termination of existing international trade agreements, or the implementation of tariffs or retaliatory tariffs on imported or exported goods;
- The effect of any litigation to which we are, or may become, subject;
- Additional risks and costs associated with owning properties occupied by tenants in particular industries, such as oil and gas, hospitality, travel, co-working, etc., including risks of default during start-up and during economic downturns;
- Changes in tax laws impacting REITs and real estate in general, as well as our ability to continue to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), or otherwise adversely affect our stockholders;
- The future effectiveness of our internal controls and procedures; and
- Other factors, including the risk factors discussed under Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2020.

Management believes these forward-looking statements are reasonable; however, undue reliance should not be placed on any forward-looking statements, which are based on current expectations. Further, forward-looking statements speak only as of the date they are made, and management undertakes no obligation to update publicly any of them in light of new information or future events.

Information Regarding Disclosures Presented

Annualized Lease Revenue ("ALR"), a non-GAAP measure, is calculated by multiplying (i) current rental payments (defined as base rent plus operating expense reimbursements, if payable by the tenant on a monthly basis under the terms of a lease that has been executed, but excluding (a) rental abatements and (b) rental payments related to executed but not commenced leases for space that was covered by an existing lease), by (ii) 12. In instances in which contractual rents or operating expense reimbursements are collected on an annual, semi-annual, or quarterly basis, such amounts are multiplied by a factor of 1, 2, or 4, respectively, to calculate the annualized figure. For leases that have been executed but not commenced relating to unleased space, ALR is calculated by multiplying (i) the monthly base rental payment (excluding abatements) plus any operating expense reimbursements for the initial month of the lease term, by (ii) 12. Unless stated otherwise, this measure excludes revenues associated with development properties and properties taken out of service for redevelopment, if any.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS.

The information presented in the accompanying consolidated balance sheets and related consolidated statements of income, comprehensive income/(loss), stockholders' equity, and cash flows reflects all adjustments that are, in management's opinion, necessary for a fair and consistent presentation of financial position, results of operations, and cash flows in accordance with GAAP.

The accompanying financial statements should be read in conjunction with the notes to Piedmont's financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this report on Form 10-Q and with Piedmont's Annual Report on Form 10-K for the year ended December 31, 2020. Piedmont's results of operations for the six months ended June 30, 2021 are not necessarily indicative of the operating results expected for the full year.

PIEDMONT OFFICE REALTY TRUST, INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands, except for share and per share amounts)

	June 30, 2021	December 31, 2020
Assets:		
Real estate assets, at cost:		
Land	**$ 476,717**	$ 476,716
Buildings and improvements, less accumulated depreciation of $804,400 and $751,521 as of June 30, 2021 and December 31, 2020, respectively	**2,398,886**	2,371,521
Intangible lease assets, less accumulated amortization of $79,149 and $67,850 as of June 30, 2021 and December 31, 2020, respectively	**75,853**	90,594
Construction in progress	**67,033**	56,749
Real estate assets held for sale, net	**61,218**	60,454
Total real estate assets	**3,079,707**	3,056,034
Cash and cash equivalents	**8,122**	7,331
Tenant receivables, net of allowance for doubtful accounts of $4,965 and $4,553 as of June 30, 2021 and December 31, 2020, respectively	**6,530**	8,448
Straight-line rent receivables	**156,912**	148,797
Note receivable	**118,500**	118,500
Restricted cash and escrows	**1,578**	1,883
Prepaid expenses and other assets	**29,469**	23,277
Goodwill	**98,918**	98,918
Deferred lease costs, less accumulated amortization of $191,045 and $171,817 as of June 30, 2021 and December 31, 2020, respectively	**250,443**	272,394
Other assets held for sale, net	**8,132**	4,228
Total assets	**$ 3,758,311**	$ 3,739,810
Liabilities:		
Unsecured debt, net of discount and unamortized debt issuance costs of $9,430 and $10,932 as of June 30, 2021 and December 31, 2020, respectively	**$ 1,666,570**	$ 1,594,068
Secured debt, net of premiums and unamortized debt issuance costs of $— and $326 as of June 30, 2021 and December 31, 2020, respectively	**—**	27,936
Accounts payable, accrued expenses and accrued capital expenditures	**111,562**	111,997
Dividends payable	**—**	25,683
Deferred income	**70,594**	36,891
Intangible lease liabilities, less accumulated amortization of $32,481 and $27,344 as of June 30, 2021 and December 31, 2020, respectively	**29,761**	35,440
Interest rate swaps	**7,316**	9,834
Total liabilities	**1,885,803**	1,841,849
Commitments and Contingencies (Note 6)	**—**	—
Stockholders' Equity:		
Shares-in-trust, 150,000,000 shares authorized; none outstanding as of June 30, 2021 or December 31, 2020	**—**	—
Preferred stock, no par value, 100,000,000 shares authorized; none outstanding as of June 30, 2021 or December 31, 2020	**—**	—
Common stock, $0.01 par value, 750,000,000 shares authorized; 124,131,920 and 123,839,419 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	**1,241**	1,238
Additional paid-in capital	**3,698,656**	3,693,996
Cumulative distributions in excess of earnings	**(1,807,679)**	(1,774,856)
Accumulated other comprehensive loss	**(21,368)**	(24,100)
Piedmont stockholders' equity	**1,870,850**	1,896,278
Noncontrolling interest	**1,658**	1,683
Total stockholders' equity	**1,872,508**	1,897,961
Total liabilities and stockholders' equity	**$ 3,758,311**	$ 3,739,810

See accompanying notes

PIEDMONT OFFICE REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(in thousands, except for share and per share amounts)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Revenues:				
Rental and tenant reimbursement revenue	**$ 126,967**	$ 131,247	**$ 252,879**	$ 263,401
Property management fee revenue	**536**	622	**1,294**	1,395
Other property related income	**2,715**	2,762	**5,302**	7,006
	130,218	134,631	**259,475**	271,802
Expenses:				
Property operating costs	**51,658**	53,148	**103,082**	106,338
Depreciation	**29,998**	27,200	**58,101**	55,084
Amortization	**20,693**	24,349	**43,605**	47,980
General and administrative	**8,211**	5,937	**15,462**	14,580
	110,560	110,634	**220,250**	223,982
Other income (expense):				
Interest expense	**(12,345)**	(13,953)	**(24,925)**	(29,217)
Other income	**2,631**	349	**4,987**	498
Loss on early extinguishment of debt	**—**	(9,336)	**—**	(9,336)
Gain on sale of real estate assets	**—**	191,369	**—**	191,372
	(9,714)	168,429	**(19,938)**	153,317
Net income	**9,944**	192,426	**19,287**	201,137
Net loss/(income) applicable to noncontrolling interest	**3**	1	**4**	(1)
Net income applicable to Piedmont	**$ 9,947**	$ 192,427	**$ 19,291**	$ 201,136
Per share information – basic:				
Net income applicable to common stockholders	**$ 0.08**	$ 1.53	**$ 0.16**	$ 1.60
Per share information – diluted:				
Net income applicable to common stockholders	**$ 0.08**	$ 1.52	**$ 0.15**	$ 1.59
Weighted-average common shares outstanding – basic	**124,087,113**	125,974,762	**124,016,933**	125,917,859
Weighted-average common shares outstanding – diluted	**124,703,911**	126,500,254	**124,555,274**	126,455,538

See accompanying notes

PIEDMONT OFFICE REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS) (UNAUDITED)
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Net income applicable to Piedmont	**$ 9,947**	$ 192,427	**$ 19,291**	$ 201,136
Other comprehensive income/(loss):				
Effective portion of gain/(loss) on derivative instruments that are designated and qualify as cash flow hedges (See Note 4)	**(295)**	(2,569)	**1,266**	(24,506)
Plus/(less): Reclassification of net loss included in net income (See Note 4)	**740**	185	**1,466**	179
Other comprehensive income/(loss)	**445**	(2,384)	**2,732**	(24,327)
Comprehensive income applicable to Piedmont	**$ 10,392**	$ 190,043	**$ 22,023**	$ 176,809

See accompanying notes

PIEDMONT OFFICE REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE MONTHS ENDED JUNE 30, 2021 AND 2020
(in thousands, except per share amounts)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Accumulated Other Comprehensive Income/(Loss)	Non-controlling Interest	Total Stockholders' Equity
Balance, March 31, 2021	**124,029**	**$ 1,240**	**$ 3,697,801**	**$ (1,791,558)**	**$ (21,813)**	**$ 1,675**	**$ 1,887,345**
Costs of issuance of common stock	**—**	**—**	**(55)**	**—**	**—**	**—**	**(55)**
Dividends to common stockholders ($0.21 per share) and stockholders of subsidiaries	**—**	**—**	**—**	**(26,068)**	**—**	**(14)**	**(26,082)**
Shares issued and amortized under the 2007 Omnibus Incentive Plan, net of tax	**103**	**1**	**910**	**—**	**—**	**—**	**911**
Net loss applicable to noncontrolling interest	**—**	**—**	**—**	**—**	**—**	**(3)**	**(3)**
Net income applicable to Piedmont	**—**	**—**	**—**	**9,947**	**—**	**—**	**9,947**
Other comprehensive income	**—**	**—**	**—**	**—**	**445**	**—**	**445**
Balance, June 30, 2021	**124,132**	**$ 1,241**	**$ 3,698,656**	**$ (1,807,679)**	**$ (21,368)**	**$ 1,658**	**$ 1,872,508**

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Accumulated Other Comprehensive Income/(Loss)	Non-controlling Interest	Total Stockholders' Equity
Balance, March 31, 2020	125,921	$ 1,259	$ 3,690,821	$ (1,889,109)	$ (20,976)	$ 1,722	$ 1,783,717
Dividends to common stockholders ($0.21 per share) and stockholders of subsidiaries	—	—	—	(26,465)	—	(14)	(26,479)
Shares issued and amortized under the 2007 Omnibus Incentive Plan, net of tax	104	1	556	—	—	—	557
Net loss applicable to noncontrolling interest	—	—	—	—	—	(1)	(1)
Net income applicable to Piedmont	—	—	—	192,427	—	—	192,427
Other comprehensive loss	—	—	—	—	(2,384)	—	(2,384)
Balance, June 30, 2020	126,025	$ 1,260	$ 3,691,377	$ (1,723,147)	$ (23,360)	$ 1,707	$ 1,947,837

See accompanying notes

PIEDMONT OFFICE REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(in thousands, except per share amounts)

	Common Stock		Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Accumulated Other Comprehensive Income/(Loss)	Non-controlling Interest	Total Stockholders' Equity
	Shares	Amount					
Balance, December 31, 2020	**123,839**	**$ 1,238**	**$ 3,693,996**	**$ (1,774,856)**	**$ (24,100)**	**$ 1,683**	**$ 1,897,961**
Costs of issuance of common stock	**—**	**—**	**(55)**	**—**	**—**	**—**	**(55)**
Dividends to common stockholders ($0.42 per share) and stockholders of subsidiaries	**—**	**—**	**—**	**(52,114)**	**—**	**(21)**	**(52,135)**
Shares issued and amortized under the 2007 Omnibus Incentive Plan, net of tax	**293**	**3**	**4,715**	**—**	**—**	**—**	**4,718**
Net loss applicable to noncontrolling interest	**—**	**—**	**—**	**—**	**—**	**(4)**	**(4)**
Net income applicable to Piedmont	**—**	**—**	**—**	**19,291**	**—**	**—**	**19,291**
Other comprehensive income	**—**	**—**	**—**	**—**	**2,732**	**—**	**2,732**
Balance, June 30, 2021	**124,132**	**$ 1,241**	**$ 3,698,656**	**$ (1,807,679)**	**$ (21,368)**	**$ 1,658**	**$ 1,872,508**

	Common Stock		Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Accumulated Other Comprehensive Income/(Loss)	Non-controlling Interest	Total Stockholders' Equity
	Shares	Amount					
Balance, December 31, 2019	125,783	$ 1,258	$ 3,686,398	$ (1,871,375)	$ 967	$ 1,726	$ 1,818,974
Dividends to common stockholders ($0.42 per share), stockholders of subsidiaries, and dividends reinvested	—	—	(5)	(52,908)	—	(20)	(52,933)
Shares issued and amortized under the 2007 Omnibus Incentive Plan, net of tax	242	2	4,984	—	—	—	4,986
Net income applicable to noncontrolling interest	—	—	—	—	—	1	1
Net income applicable to Piedmont	—	—	—	201,136	—	—	201,136
Other comprehensive loss	—	—	—	—	(24,327)	—	(24,327)
Balance, June 30, 2020	126,025	$ 1,260	$ 3,691,377	$ (1,723,147)	$ (23,360)	$ 1,707	$ 1,947,837

See accompanying notes

PIEDMONT OFFICE REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Cash Flows from Operating Activities:		
Net income	**$ 19,287**	$ 201,137
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**58,101**	55,084
Amortization of debt issuance costs inclusive of settled interest rate swaps	**1,441**	530
Other amortization	**40,120**	43,435
Loss on early extinguishment of debt	**—**	349
General reserve for uncollectible accounts	**412**	4,865
Stock compensation expense	**6,451**	5,545
Gain on sale of real estate assets	**—**	(191,372)
Changes in assets and liabilities:		
Increase in tenant and straight-line rent receivables	**(6,959)**	(20,923)
Increase in prepaid expenses and other assets	**(7,122)**	(8,464)
(Decrease)/increase in accounts payable and accrued expenses	**(8,821)**	518
Decrease in deferred income	**(2,718)**	(124)
Net cash provided by operating activities	**100,192**	90,580
Cash Flows from Investing Activities:		
Acquisition of real estate assets and intangibles	**—**	(396,745)
Capitalized expenditures	**(54,706)**	(54,952)
Net sales proceeds from wholly-owned properties	**—**	350,752
Deferred lease costs paid	**(6,871)**	(23,072)
Net cash used in investing activities	**(61,577)**	(124,017)
Cash Flows from Financing Activities:		
Debt issuance and other costs paid	**(52)**	(409)
Proceeds from debt	**169,000**	840,625
Repayments of debt	**(125,610)**	(701,441)
Discount paid due to loan modification	**—**	(525)
Costs of issuance of common stock	**(29)**	—
Value of shares withheld for payment of taxes related to employee stock compensation	**(2,936)**	(2,601)
Repurchases of common stock as part of announced plan	**(685)**	—
Dividends paid and discount on dividend reinvestments	**(77,817)**	(79,360)
Net cash (used in)/provided by financing activities	**(38,129)**	56,289
Net increase in cash, cash equivalents, and restricted cash and escrows	**486**	22,852
Cash, cash equivalents, and restricted cash and escrows, beginning of period	**9,214**	15,386
Cash, cash equivalents, and restricted cash and escrows, end of period	**$ 9,700**	$ 38,238

See accompanying notes

PIEDMONT OFFICE REALTY TRUST, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021
(Unaudited)

1. Organization

Piedmont Office Realty Trust, Inc. (“Piedmont”) (NYSE: PDM) is a Maryland corporation that operates in a manner so as to qualify as a real estate investment trust (“REIT”) for federal income tax purposes and engages in the ownership, management, development, redevelopment, and operation of high-quality, Class A office properties located primarily in select sub-markets within seven major Eastern U.S. office markets, with a majority of its revenue being generated from the Sunbelt. Piedmont was incorporated in 1997 and commenced operations in 1998. Piedmont conducts business through its wholly-owned subsidiary, Piedmont Operating Partnership, L.P. (“Piedmont OP”), a Delaware limited partnership. Piedmont OP owns properties directly, through wholly-owned subsidiaries, and through various joint ventures which it controls. References to Piedmont herein shall include Piedmont and all of its subsidiaries, including Piedmont OP and its subsidiaries and joint ventures.

As of June 30, 2021, Piedmont owned 54 in-service office properties and one redevelopment asset in select sub-markets located within seven major U.S. office markets: Dallas, Atlanta, Washington, D.C., Minneapolis, Boston, Orlando, and New York. As of June 30, 2021, Piedmont's 54 in-service office properties comprised approximately 16.4 million square feet (unaudited) of primarily Class A commercial office space and were 85.9% leased.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The consolidated financial statements of Piedmont have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”), including the instructions to Form 10-Q and Article 10 of Regulation S-X, and do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the statements for the unaudited interim periods presented include all adjustments, which are of a normal and recurring nature, necessary for a fair presentation of the results for such periods. Results for these interim periods are not necessarily indicative of a full year’s results.

Piedmont’s consolidated financial statements include the accounts of Piedmont, Piedmont’s wholly-owned subsidiaries, any variable interest entity ("VIE") of which Piedmont or any of its wholly-owned subsidiaries is considered to have the power to direct the activities of the entity and the obligation to absorb losses/right to receive benefits, or any entity in which Piedmont or any of its wholly-owned subsidiaries owns a controlling interest. In determining whether Piedmont or Piedmont OP has a controlling interest, the following factors, among others, are considered: equity ownership, voting rights, protective rights of investors, and participatory rights of investors. For further information, refer to the financial statements and footnotes included in Piedmont’s Annual Report on Form 10-K for the year ended December 31, 2020.

All intercompany balances and transactions have been eliminated upon consolidation.

Further, Piedmont has formed special purpose entities to acquire and hold real estate. Each special purpose entity is a separate legal entity. Consequently, the assets of these special purpose entities are not available to all creditors of Piedmont. The assets owned by these special purpose entities are being reported on a consolidated basis with Piedmont’s assets for financial reporting purposes only.

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the accompanying consolidated financial statements and notes. The most significant of these estimates include the underlying cash flows and holding periods used in assessing impairment, judgements regarding the recoverability of goodwill, and the assessment of the collectibility of receivables. While Piedmont has made, what it believes to be, appropriate accounting estimates based on the facts and circumstances available as of the reporting date, actual results could materially differ from those estimates.

Income Taxes

Piedmont has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, and has operated as such, beginning with its taxable year ended December 31, 1998. To qualify as a REIT, Piedmont must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of its annual REIT taxable income. As a REIT, Piedmont is generally not subject to federal income taxes, subject to fulfilling, among other things, its taxable income distribution requirement. Piedmont is subject to certain taxes related to the operations of properties in certain locations, as well as operations conducted by its taxable REIT subsidiary which have been provided for in the financial statements.

Operating Leases

Piedmont recognized the following fixed and variable lease payments, which together comprised rental and tenant reimbursement revenue in the accompanying consolidated statements of income for the three and six months ended June 30, 2021 and 2020, respectively, as follows (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Fixed payments	**$ 105,209**	$ 109,714	**$ 210,379**	$ 221,210
Variable payments	**21,758**	21,533	**42,500**	42,191
Total Rental and Tenant Reimbursement Revenue	**$ 126,967**	$ 131,247	**$ 252,879**	$ 263,401

Operating leases where Piedmont is the lessee relate primarily to office space in buildings owned by third parties. For the three and six months ended June 30, 2021 and 2020, Piedmont recognized approximately $20,000 and $40,000, respectively, of operating lease costs related to these office space leases. As of June 30, 2021, the remaining lease term of Piedmont's right of use asset is approximately one year, and the discount rate is 1.06%.

Reclassifications

Certain prior period amounts presented in the accompanying consolidated balance sheets have been reclassified as of December 31, 2020 to conform to the current period financial statement presentation related to the 225 and 235 Presidential Way buildings, which was classified as held for sale as of June 30, 2021. (see Note 7).

3. Debt

The following table summarizes the terms of Piedmont's indebtedness outstanding as of June 30, 2021 and December 31, 2020 (in thousands):

				Amount Outstanding as of	
Facility [1]	**Stated Rate**	**Effective Rate** [2]	**Maturity**	**June 30, 2021**	**December 31, 2020**
Secured (Fixed)					
$35 Million Fixed-Rate Loan	5.55 %	— %	9/1/2021 [3]	$ —	$ 27,610
Net premium and unamortized debt issuance costs				—	326
Subtotal				—	27,936
Unsecured (Variable and Fixed)					
Amended and Restated $300 Million Unsecured 2011 Term Loan	LIBOR + 1.00%	1.10 %	11/30/2021 [4]	**300,000**	300,000
$500 Million Unsecured 2018 Line of Credit [5]	LIBOR + 0.90%	1.01 %	9/30/2022 [6]	**76,000**	5,000
$350 Million Unsecured Senior Notes	3.40 %	3.43 %	6/01/2023	**350,000**	350,000
$400 Million Unsecured Senior Notes	4.45 %	4.10 %	3/15/2024	**400,000**	400,000
$250 Million Unsecured 2018 Term Loan	LIBOR + 0.95%	2.05 % [7]	3/31/2025	**250,000**	250,000
$300 Million Unsecured Senior Notes	3.15 %	3.90 %	8/15/2030	**300,000**	300,000
Discounts and unamortized debt issuance costs				**(9,430)**	(10,932)
Subtotal/Weighted Average [8]	2.88 %			**1,666,570**	1,594,068
Total				**$ 1,666,570**	$ 1,622,004

(1) All of Piedmont's outstanding debt as of June 30, 2021 is interest-only until maturity.

(2) Effective rate after consideration of settled or in-place interest rate swap agreements and issuance discounts.

(3) Repaid on June 1, 2021 without penalty.

(4) Piedmont currently anticipates refinancing the Amended and Restated $300 Million Unsecured 2011 Term Loan using the proceeds from a new unsecured debt issuance later in 2021.

(5) On a periodic basis, Piedmont may select from multiple interest rate options, including the prime rate and various-length LIBOR locks on all or a portion of the principal. All LIBOR selections are subject to an additional spread over the selected rate based on Piedmont's current credit rating.

(6) Piedmont may extend the term for up to one additional year (through two available six month extensions to a final extended maturity date of September 29, 2023) provided Piedmont is not then in default and upon payment of extension fees.

(7) The facility has a stated variable rate; however, Piedmont has entered into interest rate swap agreements which effectively fix, exclusive of changes to Piedmont's credit rating, $100 million of the principal balance to 3.56% through the maturity date of the loan. For the remaining variable portion of the loan, Piedmont may periodically select from multiple interest rate options, including the prime rate and various-length LIBOR locks on all or a portion of the principal. All LIBOR selections are subject to an additional spread over the selected rate based on Piedmont's current credit rating. The rate presented is the weighted-average rate for the effectively fixed and variable portions of the debt outstanding as of June 30, 2021 (see Note 4 for more detail).

(8) Weighted average is based on contractual balance of outstanding debt and the stated or effectively fixed interest rates as of June 30, 2021.

Piedmont made interest payments on all debt facilities, including interest rate swap cash settlements, of approximately $8.8 million and $13.0 million for the three months ended June 30, 2021 and 2020, respectively, and approximately $25.3 million and $29.0 million for the six months ended June 30, 2021 and 2020, respectively. Also, Piedmont capitalized interest of approximately $0.9 million and $0.2 million for the three months ended June 30, 2021 and 2020, respectively, and approximately $1.7 million and $0.4 million for the six months ended June 30, 2021 and 2020, respectively. As of June 30, 2021, Piedmont believes it was in compliance with all financial covenants associated with its debt instruments.

See Note 5 for a description of Piedmont's estimated fair value of debt as of June 30, 2021.

4. Derivative Instruments

Risk Management Objective of Using Derivatives

In addition to operational risks which arise in the normal course of business, Piedmont is exposed to economic risks such as interest rate, liquidity, and credit risk. In certain situations, Piedmont has entered into derivative financial instruments such as interest rate swap agreements and other similar agreements to manage interest rate risk exposure arising from current or future variable rate debt transactions. Interest rate swap agreements involve the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. Piedmont's objective in using interest rate derivatives is to add stability to interest expense and to manage its exposure to interest rate movements.

Cash Flow Hedges of Interest Rate Risk

Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for Piedmont making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The maximum length of time over which Piedmont is hedging its exposure to the variability in future cash flows for forecasted transactions is 45 months. A detail of Piedmont's interest rate derivatives outstanding as of June 30, 2021 is as follows:

Interest Rate Derivatives:	Number of Swap Agreements	Associated Debt Instrument	Total Notional Amount (in millions)	Effective Date	Maturity Date
Interest rate swaps	2	$250 Million Unsecured 2018 Term Loan	$ 100	3/29/2018	3/31/2025

Piedmont presents its interest rate derivatives on its consolidated balance sheets on a gross basis as interest rate swap assets and interest rate swap liabilities. A detail of Piedmont's interest rate derivatives on a gross and net basis as of June 30, 2021 and December 31, 2020, respectively, is as follows (in thousands):

Interest rate swaps classified as:	June 30, 2021	December 31, 2020
Gross derivative assets	**$ —**	$ —
Gross derivative liabilities	**(7,316)**	(9,834)
Net derivative liability	**$ (7,316)**	$ (9,834)

The gain/(loss) on Piedmont's interest rate derivatives, including previously settled forward swaps, that was recorded in other comprehensive income ("OCI") and the accompanying consolidated statements of income as a component of interest expense for the three and six months ended June 30, 2021 and 2020, respectively, was as follows (in thousands):

	Three Months Ended		Six Months Ended	
Interest Rate Swaps in Cash Flow Hedging Relationships	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Amount of gain/(loss) recognized in OCI	**$ (295)**	$ (2,569)	**$ 1,266**	$ (24,506)
Amount of previously recorded loss reclassified from OCI into Interest Expense	**$ (740)**	$ (185)	**$ (1,466)**	$ (179)
Total amount of interest expense presented in the consolidated statements of income	**$ (12,345)**	$ (13,953)	**$ (24,925)**	$ (29,217)

Piedmont estimates that approximately $2.9 million will be reclassified from OCI as an increase in interest expense over the next twelve months. Piedmont recognized no hedge ineffectiveness on its cash flow hedges during the three and six months ended June 30, 2021 and 2020, respectively.

Additionally, see Note 5 for fair value disclosures of Piedmont's derivative instruments.

Credit-risk-related Contingent Features

Piedmont has agreements with its derivative counterparties that contain a provision whereby if Piedmont defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then Piedmont could also be declared in default on its derivative obligations. If Piedmont were to breach any of the contractual provisions of the derivative contracts, it could be required to settle its liability obligations under the agreements at their termination value of the estimated fair values plus accrued interest, or approximately $7.5 million as of June 30, 2021. Additionally, Piedmont has rights of set-off under certain of its derivative agreements related to potential termination fees and amounts payable under the agreements, if a termination were to occur.

5. Fair Value Measurement of Financial Instruments

Piedmont considers its cash and cash equivalents, tenant receivables, notes receivable, restricted cash and escrows, accounts payable and accrued expenses, interest rate swap agreements, and debt to meet the definition of financial instruments. The following table sets forth the carrying and estimated fair value for each of Piedmont's financial instruments, as well as its level within the GAAP fair value hierarchy, as of June 30, 2021 and December 31, 2020, respectively (in thousands):

	June 30, 2021			December 31, 2020		
Financial Instrument	**Carrying Value**	**Estimated Fair Value**	**Level Within Fair Value Hierarchy**	**Carrying Value**	**Estimated Fair Value**	**Level Within Fair Value Hierarchy**
Assets:						
Cash and cash equivalents [(1)]	**$ 8,122**	**$ 8,122**	**Level 1**	$ 7,331	$ 7,331	Level 1
Tenant receivables, net [(1)]	**$ 6,530**	**$ 6,530**	**Level 1**	$ 8,448	$ 8,448	Level 1
Notes receivable	**$ 118,500**	**$ 119,666**	**Level 2**	$ 118,500	$ 118,500	Level 2
Restricted cash and escrows [(1)]	**$ 1,578**	**$ 1,578**	**Level 1**	$ 1,883	$ 1,883	Level 1
Liabilities:						
Accounts payable and accrued expenses [(1)]	**$ 8,565**	**$ 8,565**	**Level 1**	$ 45,345	$ 45,345	Level 1
Interest rate swaps	**$ 7,316**	**$ 7,316**	**Level 2**	$ 9,834	$ 9,834	Level 2
Debt, net	**$ 1,666,570**	**$ 1,741,779**	**Level 2**	$ 1,622,004	$ 1,690,377	Level 2

(1) For the periods presented, the carrying value of these financial instruments, net of applicable allowance, approximates estimated fair value due to their short-term maturity.

Piedmont's notes receivable and debt were carried at book value as of June 30, 2021 and December 31, 2020; however, Piedmont's estimate of the fair value of each of these financial instruments as of each period end is disclosed in the table above. Piedmont issued notes receivable in conjunction with the sale of properties to an unrelated third-party buyer in October 2020. As the facts and circumstances as of December 31, 2020 were substantially unchanged since the issuance of the notes receivable in October 2020, Piedmont determined that the book value of the notes approximated their estimated fair value as of December 31, 2020. Piedmont uses widely accepted valuation techniques including discounted cash flow analysis based on the contractual terms of its notes receivables and debt, including the period to maturity of each note receivable and debt facility, and uses observable market-based inputs for similar loan and debt facilities which have transacted recently in the market. Scaling adjustments are made to these inputs to make them applicable to the remaining life of Piedmont's notes receivables and outstanding debt. Consequently, the estimated fair values of the notes as of June 30, 2021 and debt as of both December 31, 2020 and June 30, 2021 are considered to be based on significant other observable inputs (Level 2). Piedmont has not changed its valuation technique for estimating the fair value of its notes receivable or debt.

Piedmont's interest rate swap agreements presented above, and as further discussed in Note 4, are classified as "Interest rate swap" liabilities in the accompanying consolidated balance sheets and were carried at estimated fair value as of June 30, 2021 and December 31, 2020. The valuation of these derivative instruments was determined using widely accepted valuation techniques including discounted cash flow analysis based on the contractual terms of the derivatives, including the period to maturity of each instrument, and uses observable market-based inputs, including interest rate curves and implied volatilities. Therefore, the estimated fair values determined are considered to be based on significant other observable inputs (Level 2). In addition, Piedmont considered both its own and the respective counterparties' risk of nonperformance in determining the estimated fair value of its derivative financial instruments by estimating the current and potential future exposure under the derivative financial instruments that both Piedmont and the counterparties were at risk for as of the valuation date. The credit risk of Piedmont and its counterparties was factored into the calculation of the estimated fair value of the interest rate swaps; however, as of June 30, 2021 and December 31, 2020, this credit valuation adjustment did not comprise a material portion of the estimated fair value. Therefore, Piedmont believes that any unobservable inputs used to determine the estimated fair values of its derivative financial instruments are not significant to the fair value measurements in their entirety, and does not consider any of its derivative financial instruments to be Level 3 liabilities.

6. Commitments and Contingencies

Commitments Under Existing Lease Agreements

As a recurring part of its business, Piedmont is typically required under its executed lease agreements to fund tenant improvements, leasing commissions, and building improvements. In addition, certain agreements contain provisions that require Piedmont to issue corporate or property guarantees to provide funding for capital improvements or other financial obligations. As of June 30, 2021, Piedmont had one individually significant unrecorded tenant allowance commitment of approximately $28.1 million for the approximately 20-year, 520,000 square foot renewal and expansion on behalf of Piedmont's largest tenant, the State of New York at the 60 Broad Street building in New York City. This commitment will be accrued and capitalized as the related expenditures are incurred.

Contingencies Related to Tenant Audits/Disputes

Certain lease agreements include provisions that grant tenants the right to engage independent auditors to audit their annual operating expense reconciliations. Such audits may result in different interpretations of language in the lease agreements from that made by Piedmont, which could result in requests for refunds of previously recognized tenant reimbursement revenues, resulting in financial loss to Piedmont. There were no reductions in rental and reimbursement revenues related to such tenant audits/disputes during the three or six months ended June 30, 2021 or 2020.

Contingencies Related to the COVID-19 Pandemic

During the year ended December 31, 2020, as a result of the COVID-19 pandemic, Piedmont entered into agreements with certain tenants that primarily deferred their rental payments until either the fourth quarter of 2020 or into 2021 with interest. As of June 30, 2021, most of these deferrals have been collected and any remaining balances have been reserved. The long-term impacts of the COVID-19 pandemic on our tenants and the global economy remain unclear and any adverse affect on certain of Piedmont's tenants could, in turn, adversely impact Piedmont's business, financial condition and results of operations.

7. Assets Held for Sale

As of June 30, 2021, the 225 and 235 Presidential Way assets in Woburn, Massachusetts, which are assigned to the Boston geographic reportable segment, met the criteria for held for sale classification. Consequently the assets of these properties as of December 31, 2020 are presented as held for sale for comparability in the accompanying consolidated balance sheets. The sale of the properties is expected to close near the end of 2021, subject to customary closing conditions.

	June 30, 2021	December 31, 2020
Real estate assets held for sale, net:		
Land	**$ 7,750**	$ 7,750
Building and improvements, less accumulated depreciation of $16,699 and $16,021 as of June 30, 2021 and December 31, 2020, respectively	**53,248**	52,704
Construction in progress	**220**	—
Total real estate assets held for sale, net	**$ 61,218**	$ 60,454
Other assets held for sale, net:		
Straight-line rent receivables	**$ 2,705**	$ 2,356
Deferred lease costs, less accumulated amortization of $996 and $802 as of June 30, 2021 and December 31, 2020, respectively	**5,427**	1,872
Total other assets held for sale, net	**$ 8,132**	$ 4,228

8. Stock Based Compensation

The Compensation Committee of Piedmont's Board of Directors has typically granted deferred stock award units to all of Piedmont's employees based upon the previous year's financial results measured against various board approved performance metrics. Most employee awards vest ratably over three years. In addition, Piedmont's independent directors receive an annual grant of deferred stock award units for services rendered and such awards vest over a one year service period.

Certain management employees' long-term equity incentive program is split equally between the deferred stock award units described above and a multi-year performance share program whereby actual awards are contingent upon Piedmont's total stockholder return ("TSR") performance relative to the TSR of a peer group of office REITs. The target incentives for these certain employees, as well as the peer group to be used for comparative purposes, are predetermined by the Board of Directors, advised by an outside compensation consultant. Any shares earned are awarded at the end of the multi-year performance period and vest upon award. The grant date fair value of the multi-year performance share awards is estimated using the Monte Carlo valuation method.

A rollforward of Piedmont's equity based award activity for the six months ended June 30, 2021 is as follows:

	Shares	Weighted-Average Grant Date Fair Value
Unvested and Potential Stock Awards as of December 31, 2020	1,009,530	$ 24.37
Deferred Stock Awards Granted	331,354	$ 17.24
Increase in Estimated Potential Share Awards based on TSR Performance	376,060	$ 25.11
Performance Stock Awards Vested	(200,674)	$ 23.52
Deferred Stock Awards Vested	(267,617)	$ 18.69
Deferred Stock Awards Forfeited	(23,564)	$ 19.59
Unvested and Potential Stock Awards as of June 30, 2021	1,225,089	$ 24.14

The following table provides additional information regarding stock award activity during the three and six months ended June 30, 2021 and 2020, respectively (in thousands, except per share amounts):

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Weighted-Average Grant Date Fair Value per share of Deferred Stock Granted During the Period	**$ 17.96**	$ 13.76	**$ 17.24**	$ 22.39
Total Grant Date Fair Value of Deferred Stock Vested During the Period	**$ 2,550**	$ 3,392	**$ 5,002**	$ 4,608
Share-based Liability Awards Paid During the Period (1)	**$ —**	$ —	**$ 3,610**	$ 4,116

(1) Reflects the value of stock earned pursuant to the 2018-20 and 2017-19 Performance Share Plans during the six months ended June 30, 2021 and 2020, respectively.

A detail of Piedmont's outstanding stock awards and programs as of June 30, 2021 is as follows:

Date of grant	Type of Award	Net Shares Granted [1]	Grant Date Fair Value	Vesting Schedule	Unvested Shares
May 3, 2019	Deferred Stock Award	256,766	$ 21.04	Of the shares granted, 25% vested on the date of grant, and 25% vested or will vest on May 3, 2020, 2021, and 2022, respectively.	83,176
May 3, 2019	Fiscal Year 2019-2021 Performance Share Program	—	$ 29.43	Shares awarded, if any, will vest immediately upon determination of award in 2022.	310,576 [2]
February 19, 2020	Deferred Stock Award	159,157	$ 24.41	Of the shares granted, 25% vested on the date of grant, and 25% vested or will vest on February 19, 2021, 2022, and 2023, respectively.	89,729
March 19, 2020	Fiscal Year 2020-2022 Performance Share Program	—	$ 25.83	Shares awarded, if any, will vest immediately upon determination of award in 2023.	291,104 [2]
February 17, 2021	Deferred Stock Award	266,469	$ 17.15	Of the shares granted, 25% vested on the date of grant, and 25% vested or will vest on February 17, 2022, 2023, and 2024, respectively.	208,216
February 18, 2021	Fiscal Year 2021-2023 Performance Share Program	—	$ 23.04	Shares awarded, if any, will vest immediately upon determination of award in 2024.	207,211 [2]
May 11, 2021	Deferred Stock Award-Board of Directors	35,077	$ 17.96	Of the shares granted, 100% will vest by May 11, 2022.	35,077
Total					1,225,089

(1) Amounts reflect the total original grant to employees and independent directors, net of shares surrendered upon vesting to satisfy required minimum tax withholding obligations through June 30, 2021.

(2) Estimated based on Piedmont's cumulative TSR for the respective performance period through June 30, 2021. Share estimates are subject to change in future periods based upon Piedmont's relative performance compared to its peer group of office REITs' TSR.

During the three months ended June 30, 2021 and 2020, Piedmont recognized approximately $3.2 million and $1.6 million, respectively, of compensation expense related to stock awards, all of which related to the amortization of unvested and potential stock awards and the fair value adjustment for liability awards. During the six months ended June 30, 2021 and 2020, Piedmont recognized approximately $6.5 million and $5.5 million, respectively, of compensation expense related to stock awards, of which $5.2 million and $4.3 million, respectively, is related to the amortization of unvested and potential stock awards and fair value adjustment for liability awards. During the six months ended June 30, 2021, 292,501 shares (net of shares surrendered upon vesting to satisfy required minimum tax withholding obligations) were issued to employees and directors. As of June 30, 2021, approximately $10.5 million of unrecognized compensation expense related to unvested and potential stock awards remained, which Piedmont will record in its consolidated statements of income over a weighted-average vesting period of approximately one year.

9. Supplemental Disclosures for the Statement of Consolidated Cash Flows

Certain non-cash investing and financing activities for the six months ended June 30, 2021 and 2020, (in thousands) are outlined below:

	Six Months Ended	
	June 30, 2021	June 30, 2020
Accrued capital expenditures and deferred lease costs	**$ 33,199**	$ 16,380
Change in accrued dividends and discount on dividend reinvestments	**$ (25,682)**	$ (26,427)
Change in accrued share repurchases as part of an announced plan	**$ (685)**	$ —
Accrued stock issuance costs	**$ 26**	$ —

The following table provides a reconciliation of cash, cash equivalents, and restricted cash and escrows as presented in the accompanying consolidated statements of cash flows for the six months ended June 30, 2021 and 2020, to the consolidated balance sheets for the respective period (in thousands):

	2021	2020
Cash and cash equivalents as of January 1, 2021 and 2020, respectively	**$ 7,331**	$ 13,545
Restricted cash and escrows as of January 1, 2021 and 2020, respectively	**1,883**	1,841
Cash, cash equivalents, and restricted cash and escrows, beginning of period, as presented in the accompanying consolidated statement of cash flows	**$ 9,214**	$ 15,386
Cash and cash equivalents as of June 30, 2021 and 2020, respectively	**$ 8,122**	$ 36,469
Restricted cash and escrows as of June 30, 2021 and 2020, respectively	**1,578**	1,769
Cash, cash equivalents, and restricted cash and escrows, end of period, as presented in the accompanying consolidated statement of cash flows	**$ 9,700**	$ 38,238

Amounts in restricted cash and escrows typically represent: escrow accounts required for future property repairs; escrow accounts for the payment of real estate taxes as required under certain of Piedmont's debt agreements; earnest money deposited by a buyer to secure the purchase of one of Piedmont's properties; or security or utility deposits held for tenants as a condition of their lease agreement.

10. Earnings Per Share

There are no adjustments to “Net income applicable to Piedmont” for the diluted earnings per share computations.

Net income per share-basic is calculated as net income available to common stockholders divided by the weighted average number of common shares outstanding during the period. Net income per share-diluted is calculated as net income available to common stockholders divided by the diluted weighted average number of common shares outstanding during the period, including unvested deferred stock awards. Diluted weighted average number of common shares reflects the potential dilution under the treasury stock method that would occur if the remaining unvested and potential stock awards vested and resulted in additional common shares outstanding. Unvested and potential stock awards which are determined to be anti-dilutive are not included in the calculation of diluted weighted average common shares. For the three months ended June 30, 2021 and 2020, Piedmont calculated and excluded weighted average outstanding anti-dilutive shares of approximately 20,099 and 46,663, respectively, and for the six months ended June 30, 2021 and 2020, Piedmont calculated and excluded weighted average outstanding anti-dilutive shares of 169,813 and 109,229, respectively.

The following table reconciles the denominator for the basic and diluted earnings per share computations shown on the consolidated statements of income for the three and six months ended June 30, 2021 and 2020, respectively (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Weighted-average common shares – basic	**124,087**	125,975	**124,017**	125,918
Plus: Incremental weighted-average shares from time-vested deferred and performance stock awards	**617**	525	**538**	538
Weighted-average common shares – diluted	**124,704**	126,500	**124,555**	126,456

11. Segment Information

Piedmont's President and Chief Executive Officer has been identified as Piedmont's chief operating decision maker ("CODM"), as defined by GAAP. The CODM evaluates Piedmont's portfolio and assesses the ongoing operations and performance of its properties utilizing the following geographic segments: Dallas, Atlanta, Washington, D.C., Minneapolis, Boston, Orlando, and New York. These operating segments are also Piedmont's reportable segments. As of June 30, 2021, Piedmont also owned two properties in Houston and one property in Chicago that do not meet the definition of an operating or reportable segment as the CODM does not regularly review these properties for purposes of allocating resources or assessing performance. Further, Piedmont does not maintain a significant presence or anticipate further investment in these markets. These three properties are included in "Corporate and other" below. During the periods presented, there have been no material inter segment transactions. The accounting policies of the reportable segments are the same as Piedmont's accounting policies.

Accrual-based net operating income ("NOI") by geographic segment is the primary performance measure reviewed by Piedmont's CODM to assess operating performance and consists only of revenues and expenses directly related to real estate rental operations. NOI is calculated by deducting property operating costs from lease revenues and other property related income. NOI reflects property acquisitions and dispositions, occupancy levels, rental rate increases or decreases, and the recoverability of operating expenses. Piedmont's calculation of NOI may not be directly comparable to similarly titled measures calculated by other REITs.

Asset value information and capital expenditures by segment are not reported because the CODM does not use these measures to assess performance.

The following table presents accrual-based lease revenue and other property related income included in NOI by geographic reportable segment (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Dallas	**$ 28,931**	$ 27,066	**$ 56,425**	$ 48,025
Atlanta	**23,145**	23,465	**45,849**	47,367
Washington, D.C.	**14,971**	14,866	**29,284**	30,397
Minneapolis	**15,089**	14,807	**30,354**	30,644
Boston	**15,725**	15,072	**31,234**	30,604
Orlando	**12,903**	12,695	**28,380**	26,926
New York	**13,296**	19,193	**26,484**	38,639
Total reportable segments	**124,060**	127,164	**248,010**	252,602
Corporate and other	**6,158**	7,467	**11,465**	19,200
Total Revenues	**$ 130,218**	$ 134,631	**$ 259,475**	$ 271,802

The following table presents NOI by geographic reportable segment (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Dallas	**$ 17,244**	$ 15,899	**$ 34,020**	$ 28,389
Atlanta	**14,703**	15,023	**29,598**	29,934
Washington, D.C.	**9,188**	9,306	**17,659**	19,435
Minneapolis	**8,414**	8,066	**16,467**	16,766
Boston	**11,048**	10,552	**21,771**	21,249
Orlando	**7,839**	7,995	**18,088**	16,972
New York	**7,939**	11,342	**15,133**	22,457
Total reportable segments	**76,375**	78,183	**152,736**	155,202
Corporate and other	**2,407**	3,233	**3,705**	10,016
Total NOI	**$ 78,782**	$ 81,416	**$ 156,441**	$ 165,218

A reconciliation of Net income applicable to Piedmont to NOI is presented below (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Net income applicable to Piedmont	**$ 9,947**	$ 192,427	**$ 19,291**	$ 201,136
Management fee revenue [(1)]	**(247)**	(282)	**(637)**	(677)
Depreciation and amortization	**50,691**	51,549	**101,706**	103,064
General and administrative expenses	**8,211**	5,937	**15,462**	14,580
Interest expense	**12,345**	13,953	**24,925**	29,217
Other income	**(2,162)**	(134)	**(4,302)**	(67)
Loss on extinguishment of debt	**—**	9,336	**—**	9,336
Gain on sale of real estate assets	**—**	(191,369)	**—**	(191,372)
Net (loss)/income applicable to noncontrolling interests	**(3)**	(1)	**(4)**	1
NOI	**$ 78,782**	$ 81,416	**$ 156,441**	$ 165,218

(1) Presented net of related operating expenses incurred to earn such management fee revenue. Such operating expenses are a component of property operating costs in the accompanying consolidated statements of income.

12. Subsequent Event

Third Quarter Dividend Declaration

On July 28, 2021, the Board of Directors of Piedmont declared a dividend for the third quarter of 2021 in the amount of $0.21 per common share outstanding to stockholders of record as of the close of business on August 27, 2021. Such dividend will be paid on September 17, 2021.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the accompanying consolidated financial statements and notes thereto of Piedmont Office Realty Trust, Inc. ("Piedmont," "we," "our," or "us"). See also "Cautionary Note Regarding Forward-Looking Statements" preceding Part I, as well as the consolidated financial statements and accompanying notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2020.

Given our low-leverage operating model of long-term leases to creditworthy tenants, the COVID-19 pandemic has not materially impacted our financial condition, overall liquidity position and outlook, or caused material impairments in our portfolio of operating properties; however, the pandemic related slowdown of leasing activity during 2020 has negatively impacted our occupancy levels and rental rate growth, and slowed our previously expected earnings growth. During the six months ended June 30, 2021, the vast majority of our tenant rental collections have returned to pre-pandemic levels. Although the pandemic has had an ongoing impact on a few tenants (primarily small retail tenants), the long-term impact of the pandemic on our tenants and the global economy remains unclear.

Liquidity and Capital Resources

We intend to use cash on hand, cash flows generated from the operation of our properties, net proceeds from the disposition of select properties, and proceeds from our $500 Million Unsecured 2018 Line of Credit as our primary sources of immediate liquidity. We have one debt obligation that matures over the next twelve months, a $300 million unsecured term loan, which we currently anticipate refinancing using the proceeds from a new unsecured debt issuance later this year. We have $425 million of capacity on our $500 million line of credit available as of the date of this filing. When necessary, we may seek other new secured or unsecured borrowings from third party lenders or issue securities as additional sources of capital. The nature and timing of these additional sources of capital will be highly dependent on market conditions.

Our most consistent use of capital has historically been, and we believe will continue to be, to fund capital expenditures for our existing portfolio of properties. During the six months ended June 30, 2021 and 2020 we incurred the following types of capital expenditures (in thousands):

	Six Months Ended	
	June 30, 2021	**June 30, 2020**
Capital expenditures for redevelopment/renovations	**$ 23,882**	$ 16,440
Other capital expenditures, including building and tenant improvements	**30,824**	38,512
Total capital expenditures [(1)]	**$ 54,706**	$ 54,952

(1) Of the total amounts paid, approximately $2.8 million and $0.6 million relates to soft costs such as capitalized interest, payroll, and other general and administrative expenses for the six months ended June 30, 2021 and 2020, respectively.

"Capital expenditures for redevelopment/renovations" during both the six months ended June 30, 2021 and 2020 related to building upgrades, specifically to the lobby and the addition of tenant amenities, at our 60 Broad Street building in New York City; a redevelopment project to upgrade amenities at our 200 South Orange building in Orlando, Florida; and a redevelopment master plan project to upgrade common areas, amenities, and parking, at our Galleria buildings in Atlanta, Georgia. Additionally, capital expenditures for the six months ended June 30, 2021 also included a redevelopment project to upgrade the lobby and amenities of our 25 Burlington Mall Road building in Boston, Massachusetts.

"Other capital expenditures, including building and tenant improvements" includes all other capital expenditures during the period and is typically comprised of tenant and building improvements necessary to lease, maintain, or provide enhancements to our existing portfolio of office properties.

Given that our operating model frequently results in leases for large blocks of space to credit-worthy tenants, our leasing success can result in capital outlays which can vary significantly from one reporting period to another based upon the specific leases executed. For leases executed during the six months ended June 30, 2021, we committed to spend approximately $3.57 per square foot per year of lease term for tenant improvement allowances and lease commissions (net of expired lease commitments) as compared to $5.28 (net of expired lease commitments) for the six months ended June 30, 2020. As of June 30, 2021, we had one individually significant unrecorded tenant allowance commitment outstanding of approximately $28.1 million related to the State of New York's lease at our 60 Broad Street building mentioned above.

In addition to the amounts that we have already committed to as a part of executed leases, we also anticipate continuing to incur similar market-based tenant improvement allowances and leasing commissions in conjunction with procuring future leases for our existing portfolio of properties. Both the timing and magnitude of expenditures related to future leasing activity can vary due to a number of factors and are highly dependent on the competitive market conditions of the particular office market at the time a lease is being negotiated.

There are other uses of capital that may arise as part of our typical operations. Subject to the identification and availability of attractive investment opportunities and our ability to consummate such acquisitions on satisfactory terms, acquiring new assets consistent with our investment strategy could also be a significant use of capital. We may also use capital resources to repurchase additional shares of our common stock under our stock repurchase program when we believe the stock is trading disparately from our peers and at a significant discount to net asset value. As of June 30, 2021, we had approximately $169.3 million of board-authorized capacity remaining for future stock repurchases. Finally, we may use capital to repay debt obligations when we deem it prudent to refinance various obligations.

The amount and form of payment (cash or stock issuance) of future dividends to be paid to our stockholders will continue to be largely dependent upon (i) the amount of cash generated from our operating activities; (ii) our expectations of future cash flows; (iii) our determination of near-term cash needs for debt repayments, development projects, and selective acquisitions of new properties; (iv) the timing of significant expenditures for tenant improvements, leasing commissions, building redevelopment projects, and general property capital improvements; (v) long-term dividend payout ratios for comparable companies; (vi) our ability to continue to access additional sources of capital, including potential sales of our properties; and (vii) the amount required to be distributed to maintain our status as a REIT. With the fluctuating nature of cash flows and expenditures, we may periodically borrow funds on a short-term basis to cover timing differences in cash receipts and cash disbursements.

Results of Operations

Overview

Net income applicable to common stockholders for the three months ended June 30, 2021 was $9.9 million, or $0.08 per diluted share, as compared with net income applicable to common stockholders of $192.4 million, or $1.52 per diluted share, for the three months ended June 30, 2020. The second quarter of 2020 included a $191.4 million gain on sale, and the related $9.3 million loss on early extinguishment of the $160 million mortgage, associated with the sale of 1901 Market Street in Philadelphia, Pennsylvania.

Comparison of the three months ended June 30, 2021 versus the three months ended June 30, 2020

Income from Continuing Operations

The following table sets forth selected data from our consolidated statements of income for the three months ended June 30, 2021 and 2020, respectively, as well as each balance as a percentage of total revenues for the same periods presented (dollars in millions):

	June 30, 2021	% of Revenues	June 30, 2020	% of Revenues	Variance
Revenue:					
Rental and tenant reimbursement revenue	**$ 127.0**		$ 131.2		$ (4.2)
Property management fee revenue	**0.5**		0.6		(0.1)
Other property related income	**2.7**		2.8		(0.1)
Total revenues	**130.2**	100 %	134.6	100 %	(4.4)
Expense:					
Property operating costs	**51.7**	40 %	53.1	40 %	(1.4)
Depreciation	**30.0**	23 %	27.2	20 %	2.8
Amortization	**20.7**	16 %	24.4	18 %	(3.7)
General and administrative	**8.2**	6 %	5.9	4 %	2.3
	110.6		110.6		—
Other income (expense):					
Interest expense	**(12.3)**	9 %	(14.0)	10 %	1.7
Other income	**2.6**	2 %	0.3	— %	2.3
Loss on early extinguishment of debt	**—**	— %	(9.3)	7 %	9.3
Gain on sale of real estate assets	**—**	— %	191.4	142 %	(191.4)
Net income	**$ 9.9**	8 %	$ 192.4	143 %	$ (182.5)

Revenue

Rental and tenant reimbursement revenue decreased approximately $4.2 million for the three months ended June 30, 2021, as compared to the same period in the prior year, primarily reflecting the impact of disposition activity that occurred during the last half of 2020 and the slow down in leasing activity due to the pandemic and resulting lower overall portfolio occupancy compared to the second quarter of 2020.

Expense

Property operating costs decreased approximately $1.4 million for the three months ended June 30, 2021, as compared to the same period in the prior year due to disposition activity subsequent to April 1, 2020 and lower real estate taxes in certain jurisdictions.

Depreciation expense increased approximately $2.8 million for the three months ended June 30, 2021 as compared to the same period in the prior year. Approximately $4.5 million of the increase was due to depreciation on additional building and tenant improvements placed in service subsequent to April 1, 2020 at our existing properties. This increase was partially offset by disposition activity subsequent to April 1, 2020.

Amortization expense decreased approximately $3.7 million for the three months ended June 30, 2021 as compared to the same period in the prior year. The decrease is primarily due to certain lease intangible assets at our existing properties becoming fully amortized as a result of the expiration of leases subsequent to April 1, 2020.

General and administrative expense increased approximately $2.3 million for the three months ended June 30, 2021 as compared to the same period in the prior year, primarily reflecting increased accruals for potential performance-based compensation.

Other Income (Expense)

Interest expense decreased approximately $1.7 million for the three months ended June 30, 2021 as compared to the same period in the prior year primarily as a result of the repayment of a $160 million mortgage in conjunction with the sale of the 1901 Market Street building in June 2020, as well as an increase in capitalized interest for redevelopment projects during the three months ended June 30, 2021.

Other income increased approximately $2.3 million for the three months ended June 30, 2021 as compared to the same period in the prior year. The variance is attributable to interest income recognized on notes receivable due from the purchaser of our New Jersey Portfolio in October 2020. The notes receivable mature in October 2023 and are secured by the 200 and 400 Bridgewater Crossing properties.

The loss on early extinguishment of debt during the three months ended June 30, 2020 was associated with the early repayment of the $160 Million Fixed-Rate Loan which was collateralized by the 1901 Market Street building. The property was sold during the three months ended June 30, 2020. The loss, which modestly reduces the significant gain on sale, was comprised of a prepayment penalty and unamortized debt issuance costs and discounts associated with the loan.

Gain on sale of real estate assets during the three months ended June 30, 2020 includes a gain of approximately $191.4 million recognized on the sale of the 1901 Market Street building.

Results of Operations

Comparison of the six months ended June 30, 2021 versus the six months ended June 30, 2020

The following table sets forth selected data from our consolidated statements of income for the six months ended June 30, 2021 and 2020, respectively, as well as each balance as a percentage of total revenues for the same period presented (dollars in millions):

	June 30, 2021	% of Revenues	June 30, 2020	% of Revenues	Variance
Revenue:					
Rental and tenant reimbursement revenue	$ **252.9**		$ 263.4		$ (10.5)
Property management fee revenue	**1.3**		1.4		(0.1)
Other property related income	**5.3**		7.0		(1.7)
Total revenues	**259.5**	100 %	271.8	100 %	(12.3)
Expense:					
Property operating costs	**103.1**	40 %	106.4	39 %	(3.3)
Depreciation	**58.1**	22 %	55.1	20 %	3.0
Amortization	**43.6**	17 %	48.0	18 %	(4.4)
General and administrative	**15.4**	6 %	14.6	5 %	0.8
	220.2		224.1		(3.9)
Other income (expense):					
Interest expense	**(24.9)**	10 %	(29.2)	11 %	4.3
Other income	**4.9**	2 %	0.5	— %	4.4
Loss on early extinguishment of debt	**—**	— %	(9.3)	3 %	9.3
Gain on sale of real estate assets	**—**	— %	191.4	70 %	(191.4)
Net income	$ **19.3**	7 %	$ 201.1	74 %	$ (181.8)

Revenue

Rental and tenant reimbursement revenue decreased approximately $10.5 million for the six months ended June 30, 2021 as compared to the same period in the prior year, primarily reflecting the impacts of disposition activity that occurred during the last half of 2020 and slower leasing activity in 2020 during the pandemic which lowered overall portfolio occupancy during the first six months of 2021 as compared to the first six months of 2020.

Other property related income decreased approximately $1.7 million for the six months ended June 30, 2021 as compared to the same period in the prior year primarily due to lower transient parking utilization at our buildings during the six months ended June 30, 2021 as compared to the same period in the prior year as result of the COVID-19 pandemic.

Expense

Property operating costs decreased approximately $3.3 million for the six months ended June 30, 2021 as compared to the same period in the prior year. The variance was primarily due to lower janitorial costs and other property operating costs as a result of reduced building utilization across our portfolio as a result of the COVID-19 pandemic.

Depreciation expense increased approximately $3.0 million for the six months ended June 30, 2021 as compared to the same period in the prior year. The increase was primarily due to additional building and tenant improvements placed in service subsequent to January 1, 2020, partially offset by a net decrease in depreciation associated with capital disposition activity subsequent to January 1, 2020.

Amortization expense decreased approximately $4.4 million for the six months ended June 30, 2021 as compared to the same period in the prior year. Amortization expense decreased primarily due to certain lease intangible assets at our existing properties becoming fully amortized as a result of the expiration of leases subsequent to January 1, 2020.

General and administrative expenses increased approximately $0.8 million for the six months ended June 30, 2021 as compared to the same period in the prior year, primarily reflecting increased accruals for potential performance-based compensation.

Other Income (Expense)

Interest expense decreased approximately $4.3 million for the six months ended June 30, 2021 as compared to the same period in the prior year primarily as a result of the repayment of a $160 million mortgage in conjunction with the sale of the 1901 Market Street building in June 2020, as well as an increase in capitalized interest for redevelopment projects during the six months ended June 30, 2021.

Other income increased approximately $4.4 million for the six months ended June 30, 2021 as compared to the same period in the prior year. The variance is attributable to interest income recognized on notes receivable due from the purchaser of our New Jersey Portfolio in October 2020. The notes receivable mature in October 2023 and are secured by the 200 and 400 Bridgewater Crossing properties.

The loss on early extinguishment of debt during the six months ended June 30, 2020 was associated with the early repayment of the $160 Million Fixed-Rate Loan which was collateralized by the 1901 Market Street building. The property was sold during the six months ended June 30, 2020. The loss, which modestly reduces the significant gain on sale, was comprised of a prepayment penalty and unamortized debt issuance costs and discounts associated with the loan.

Gain on sale of real estate assets during the six months ended June 30, 2020 includes a gain of approximately $191.4 million recognized on the sale of the 1901 Market Street building.

Issuer and Guarantor Financial Information

Piedmont, through its wholly-owned subsidiary Piedmont Operating Partnership, LP ("Piedmont OP" or the "Issuer"), has issued senior unsecured notes payable of $350 million, $400 million, and $300 million, that mature in 2023, 2024, and 2030, respectively (collectively, the "Notes"). The Notes are senior unsecured obligations of Piedmont OP and rank equally in right of payment with all of Piedmont OP's other existing and future senior unsecured indebtedness and would be effectively subordinated in right of payment to any of Piedmont OP's future mortgage or other secured indebtedness (to the extent of the value of the collateral securing such indebtedness) and to all existing and future indebtedness and other liabilities of Piedmont OP's subsidiaries, whether secured or unsecured.

The Notes are fully and unconditionally guaranteed by Piedmont Office Realty Trust, Inc. (the "Guarantor"), the parent entity that consolidates Piedmont OP and all other subsidiaries. By execution of the guarantee, the Guarantor guarantees to each holder of the Notes that the principal and interest on the Notes will be paid in full when due, whether at the maturity dates of the respective loans, or upon acceleration, upon redemption, or otherwise, and interest on overdue principal and interest on any overdue interest, if any, on the Notes and all other obligations of the Issuer to the holders of the Notes will be promptly paid in full. The Guarantor's guarantee of the Notes is its senior unsecured obligation and ranks equally in right of payment with all of the Guarantor's other existing and future senior unsecured indebtedness and guarantees. The Guarantor's guarantee of the Notes is effectively subordinated in right of payment to any future mortgage or other secured indebtedness or secured guarantees of the Guarantor (to the extent of the value of the collateral securing such indebtedness and guarantees); and all existing and future indebtedness and other liabilities, whether secured or unsecured, of the Guarantor's subsidiaries.

In the event of the bankruptcy, liquidation, reorganization or other winding up of Piedmont OP or the Guarantor, assets that secure any of their respective secured indebtedness and other secured obligations will be available to pay their respective obligations under the Notes or the guarantee, as applicable, and their other respective unsecured indebtedness and other unsecured obligations only after all of their respective indebtedness and other obligations secured by those assets have been repaid in full.

The non-Guarantors are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Notes, or to make any funds available therefore, whether by dividends, loans, distributions or other payments.

Pursuant to Rule 13-01 of Regulation S-X, *Guarantors and Issuers of Guaranteed Securities Registered or Being Registered*, the following tables present summarized financial information for Piedmont OP as Issuer and Piedmont Office Realty Trust, Inc. as Guarantor on a combined basis after elimination of (i) intercompany transactions and balances among the Issuer and the Guarantor and (ii) equity in earnings from and investments in any subsidiary that is a non-Guarantor (in thousands):

Combined Balances of Piedmont OP and Piedmont Office Realty Trust, Inc. as Issuer and Guarantor, respectively	**As of June 30, 2021**	**As of December 31, 2020**
Due from non-guarantor subsidiary	**$ 900**	$ 810
Total assets	**$ 347,520**	$ 347,757
Total liabilities	**$ 1,699,749**	$ 1,654,009
		For the Six Months Ended June 30, 2021
Total revenues		**$ 23,031**
Net loss		**$ (21,834)**

Net Operating Income by Geographic Segment

Our President and Chief Executive Officer has been identified as our chief operating decision maker ("CODM"), as defined by GAAP. Our CODM evaluates Piedmont's portfolio and assesses the ongoing operations and performance of its properties utilizing the following geographic segments: Dallas, Atlanta, Washington, D.C., Minneapolis, Boston, Orlando, and New York. These operating segments are also our reportable segments. As of June 30, 2021, we also owned two properties in Houston and one property in Chicago that do not meet the definition of an operating or reportable segment as the CODM does not regularly review these properties for purposes of allocating resources or assessing performance. Further, we do not maintain a significant presence or anticipate further investment in these markets. These three properties are included in "Corporate and other" below. See Note 11 to the accompanying consolidated financial statements for additional information and a reconciliation of Net income applicable to Piedmont to accrual-based net operating income ("NOI").

The following table presents NOI by geographic segment (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Dallas	**$ 17,244**	$ 15,899	**$ 34,020**	$ 28,389
Atlanta	**14,703**	15,023	**29,598**	29,934
Washington, D.C.	**9,188**	9,306	**17,659**	19,435
Minneapolis	**8,414**	8,066	**16,467**	16,766
Boston	**11,048**	10,552	**21,771**	21,249
Orlando	**7,839**	7,995	**18,088**	16,972
New York	**7,939**	11,342	**15,133**	22,457
Total reportable segments	**76,375**	78,183	**152,736**	155,202
Corporate and other	**2,407**	3,233	**3,705**	10,016
Total NOI	**$ 78,782**	$ 81,416	**$ 156,441**	$ 165,218

Comparison of the Six Months Ended June 30, 2021 Versus the Six Months Ended June 30, 2020

Dallas

NOI increased primarily as a result of the purchase of the Dallas Galleria Office Towers in February 2020.

Washington, D.C.

NOI decreased largely due to the write-off of certain lease-related assets at our 3100 Clarendon Boulevard building, as well as the timing of lease terminations and re-leasing of space at our 4250 N. Fairfax Drive building.

Orlando.

NOI increased primarily due to lease termination income recognized at our 200 South Orange Avenue building during first quarter 2021.

New York

NOI decreased primarily due to the sale of the New Jersey Portfolio in October 2020.

Corporate and other

NOI decreased primarily as a result of the sale of 1901 Market Street building in Philadelphia, Pennsylvania in June 2020.

Funds From Operations ("FFO"), Core Funds From Operations ("Core FFO"), and Adjusted Funds From Operations (“AFFO”)

Net income calculated in accordance with GAAP is the starting point for calculating FFO, Core FFO, and AFFO. These metrics are non-GAAP financial measures and should not be viewed as an alternative measurement of our operating performance to net income. Management believes that accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered the presentation of operating results for real estate companies that use historical cost accounting alone to be insufficient. As a result, we believe that the additive use of FFO, Core FFO, and AFFO, together with the required GAAP presentation, provides a more complete understanding of our performance relative to our competitors and a more informed and appropriate basis on which to make decisions involving operating, financing, and investing activities.

We calculate FFO in accordance with the current National Association of Real Estate Investment Trusts ("NAREIT") definition. NAREIT currently defines FFO as Net income (calculated in accordance with GAAP), excluding depreciation and amortization related to real estate, gains and losses from the sale of certain real estate assets, gains and losses from change in control, and impairment write-downs of certain real estate assets and investment in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity. Other REITs may not define FFO in accordance with the NAREIT definition, or may interpret the current NAREIT definition differently than we do; therefore, our computation of FFO may not be comparable to the computation made by other REITs.

We calculate Core FFO by starting with FFO, as defined by NAREIT, and adjusting for gains or losses on the extinguishment of swaps and/or debt and any significant non-recurring or infrequent items. Core FFO is a non-GAAP financial measure and should not be viewed as an alternative to net income calculated in accordance with GAAP as a measurement of our operating performance. We believe that Core FFO is helpful to investors as a supplemental performance measure because it excludes the effects of certain infrequent or non-recurring items which can create significant earnings volatility, but which do not directly relate to our core recurring business operations. As a result, we believe that Core FFO can help facilitate comparisons of operating performance between periods and provides a more meaningful predictor of future earnings potential. Other REITs may not define Core FFO in the same manner as us; therefore, our computation of Core FFO may not be comparable to the computation made by other REITs.

We calculate AFFO by starting with Core FFO and adjusting for non-incremental capital expenditures and non-cash items including: non-real estate depreciation, straight-lined rent and fair value lease adjustments, non-cash components of interest expense and compensation expense. AFFO is a non-GAAP financial measure and should not be viewed as an alternative to net income calculated in accordance with GAAP as a measurement of our operating performance. We believe that AFFO is helpful to investors as a meaningful supplemental comparative performance measure of our ability to make incremental capital investments in new properties or enhancements to existing properties that improve revenue growth potential. Other REITs may not define AFFO in the same manner as us; therefore, our computation of AFFO may not be comparable to the computation of other REITs.

Reconciliations of net income to FFO, Core FFO, and AFFO are presented below (in thousands except per share amounts):

	Three Months Ended				Six Months Ended			
	June 30, 2021	Per Share[1]	June 30, 2020	Per Share[1]	June 30, 2021	Per Share[1]	June 30, 2020	Per Share[1]
GAAP net income applicable to common stock	**$ 9,947**	**$ 0.08**	$ 192,427	$ 1.52	**$ 19,291**	**$ 0.15**	$ 201,136	$ 1.59
Depreciation of real estate assets	**29,725**	**0.24**	26,873	0.21	**57,537**	**0.47**	54,424	0.43
Amortization of lease-related costs	**20,681**	**0.16**	24,336	0.19	**43,581**	**0.35**	47,954	0.38
Gain on sale of real estate assets	**—**	**—**	(191,369)	(1.51)	**—**	**—**	(191,372)	(1.51)
NAREIT Funds From Operations applicable to common stock	**$ 60,353**	**$ 0.48**	$ 52,267	$ 0.41	**$ 120,409**	**$ 0.97**	$ 112,142	$ 0.89
Adjustments:								
Loss on early extinguishment of debt	**—**	**—**	9,336	0.08	**—**	**—**	9,336	0.07
Core Funds From Operations applicable to common stock	**$ 60,353**	**$ 0.48**	$ 61,603	$ 0.49	**$ 120,409**	**$ 0.97**	$ 121,478	$ 0.96
Adjustments:								
Amortization of debt issuance costs, fair market value adjustments on notes payable, and discounts on debt	**573**		672		**1,227**		1,249	
Depreciation of non real estate assets	**264**		319		**546**		644	
Straight-line effects of lease revenue	**(2,402)**		(7,278)		**(6,505)**		(14,063)	
Stock-based compensation adjustments	**2,404**		645		**3,515**		2,945	
Net effect of amortization of above and below-market in-place lease intangibles	**(2,669)**		(3,304)		**(5,461)**		(6,277)	
Non-incremental capital expenditures [2]	**(16,862)**		(7,689)		**(34,209)**		(42,451)	
Adjusted Funds From Operations applicable to common stock	**$ 41,661**		$ 44,968		**$ 79,522**		$ 63,525	
Weighted-average shares outstanding – diluted	**124,704**		126,500		**124,555**		126,456	

(1) Based on weighted average shares outstanding – diluted.

(2) We define non-incremental capital expenditures as capital expenditures of a recurring nature related to tenant improvements, leasing commissions, and building capital that do not incrementally enhance the underlying assets' income generating capacity. Tenant improvements, leasing commissions, building capital and deferred lease incentives incurred to lease space that was vacant at acquisition, leasing costs for spaces vacant for greater than one year, leasing costs for spaces at newly acquired properties for which in-place leases expire shortly after acquisition, improvements associated with the expansion of a building, and renovations that either enhance the rental rates of a building or change the property's underlying classification, such as from a Class B to a Class A property, are excluded from this measure. Non-incremental capital expenditures incurred during the six months ended June 30, 2020 includes a $16 million leasing commission for the approximately 20-year, 520,000-square-foot renewal and expansion of the State of New York's lease at our 60 Broad Street building in New York City that was executed during the fourth quarter of 2019.

Property and Same Store Net Operating Income

Property Net Operating Income ("Property NOI") is a non-GAAP measure which we use to assess our operating results. We calculate Property NOI beginning with Net income (calculated in accordance with GAAP) before interest, income-related federal, state, and local taxes, depreciation and amortization and removing any impairment losses, gains or losses from sales of property and other significant infrequent items that create volatility within our earnings and make it difficult to determine the earnings generated by our core ongoing business. Furthermore, we remove general and administrative expenses, income associated with property management performed by us for other organizations, and other income or expense items such as interest income from loan investments or costs from the pursuit of non-consummated transactions. For Property NOI (cash basis), the effects of straight-lined rents and fair value lease revenue are also eliminated; while such effects are not adjusted in calculating Property NOI (accrual basis). Property NOI is a non-GAAP financial measure and should not be viewed as an alternative to net income calculated in accordance with GAAP as a measurement of our operating performance. We believe that Property NOI, on either a cash or accrual basis, is helpful to investors as a supplemental comparative performance measure of income generated by our properties alone without our administrative overhead. Other REITs may not define Property NOI in the same manner as we do; therefore, our computation of Property NOI may not be comparable to that of other REITs.

We calculate Same Store Net Operating Income ("Same Store NOI") as Property NOI attributable to the properties (excluding undeveloped land parcels) that were (i) owned by us during the entire span of the current and prior year reporting periods; (ii) that were not being developed or redeveloped during those periods; and (iii) for which no operating expenses were capitalized during those periods. For Same Store NOI (cash basis), the effects of straight-lined rents and fair value lease revenue are also eliminated. Same Store NOI, on either a cash or accrual basis, is a non-GAAP financial measure and should not be viewed as an alternative to net income calculated in accordance with GAAP as a measurement of our operating performance. We believe that Same Store NOI is helpful to investors as a supplemental comparative performance measure of the income generated from the same group of properties from one period to the next. Other REITs may not define Same Store NOI in the same manner as we do; therefore, our computation of Same Store NOI may not be comparable to that of other REITs.

The following table sets forth a reconciliation from net income calculated in accordance with GAAP to EBITDAre, Core EBITDA, Property NOI, and Same Store NOI, on both a cash and accrual basis, for the three months ended June 30, 2021 and 2020, respectively (in thousands):

	Cash Basis		Accrual Basis	
	Three Months Ended		Three Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Net income applicable to Piedmont (GAAP basis)	**$ 9,947**	$ 192,427	**$ 9,947**	$ 192,427
Net loss applicable to noncontrolling interest	**(3)**	(1)	**(3)**	(1)
Interest expense	**12,345**	13,953	**12,345**	13,953
Depreciation	**29,989**	27,192	**29,989**	27,192
Amortization	**20,681**	24,336	**20,681**	24,336
Depreciation and amortization attributable to noncontrolling interests	**21**	21	**21**	21
Gain on sale of real estate assets	**—**	(191,369)	**—**	(191,369)
EBITDAre[1]	**$ 72,980**	$ 66,559	**$ 72,980**	$ 66,559
Loss on early extinguishment of debt	**—**	9,336	**—**	9,336
Core EBITDA[2]	**$ 72,980**	$ 75,895	**$ 72,980**	$ 75,895
General & administrative expenses	**8,211**	5,937	**8,211**	5,937
Management fee revenue [3]	**(247)**	(282)	**(247)**	(282)
Other income	**(2,162)**	(134)	**(2,162)**	(134)
Non-cash general reserve for uncollectible accounts	**—**	4,865		
Straight-line rent effects of lease revenue	**(2,402)**	(7,278)		
Straight line effects of lease revenue attributable to noncontrolling interests	**—**	(3)		
Amortization of lease-related intangibles	**(2,669)**	(3,304)		
Property NOI	**$ 73,711**	$ 75,696	**$ 78,782**	$ 81,416
Net operating income from:				
Acquisitions [4]	**(8,761)**	(5,740)	**(10,412)**	(8,012)
Dispositions [5]	**(258)**	(8,186)	**(258)**	(8,777)
Other investments [6]	**182**	134	**238**	680
Same Store NOI	**$ 64,874**	$ 61,904	**$ 68,350**	$ 65,307
Change period over period in Same Store NOI	***4.8 %***	*N/A*	***4.7 %***	*N/A*

(1) We calculate Earnings Before Interest, Taxes, Depreciation, and Amortization- Real Estate ("EBITDAre") in accordance with the current NAREIT definition. NAREIT currently defines EBITDAre as net income (computed in accordance with GAAP) adjusted for gains or losses from sales of property, impairment losses, depreciation on real estate assets, amortization on real estate assets, interest expense and taxes, along with the same adjustments for joint ventures. Some of the adjustments mentioned can vary among owners of identical assets in similar conditions based on historical cost accounting and useful-life estimates. EBITDAre is a non-GAAP financial measure and should not be viewed as an alternative to net income calculated in accordance with GAAP as a measurement of our operating performance. We believe that EBITDAre is helpful to investors as a supplemental performance measure because it provides a metric for understanding our results from ongoing operations without taking into account the effects of non-cash expenses (such as depreciation and amortization) and capitalization and capital structure expenses (such as interest expense and taxes). We also believe that EBITDAre can help facilitate comparisons of operating performance between periods and with other REITs. However, other REITs may not define EBITDAre in accordance with the NAREIT definition, or may interpret the current NAREIT definition differently than us; therefore, our computation of EBITDAre may not be comparable to that of such

other REITs.

(2) We calculate Core Earnings Before Interest, Taxes, Depreciation, and Amortization ("Core EBITDA") as net income (computed in accordance with GAAP) before interest, taxes, depreciation and amortization and incrementally removing any impairment losses, gains or losses from sales of property and other significant infrequent items that create volatility within our earnings and make it difficult to determine the earnings generated by our core ongoing business. Core EBITDA is a non-GAAP financial measure and should not be viewed as an alternative to net income calculated in accordance with GAAP as a measurement of our operating performance. We believe that Core EBITDA is helpful to investors as a supplemental performance measure because it provides a metric for understanding the performance of our results from ongoing operations without taking into account the effects of non-cash expenses (such as depreciation and amortization), as well as items that are not part of normal day-to-day operations of our business. Other REITs may not define Core EBITDA in the same manner as us; therefore, our computation of Core EBITDA may not be comparable to that of other REITs.

(3) Presented net of related operating expenses incurred to earn such management fee revenue.

(4) Acquisitions consist of One Galleria Tower, Two Galleria Tower and Three Galleria Tower in Dallas, Texas, purchased on February 12, 2020.

(5) Dispositions consist of 1901 Market Street in Philadelphia, Pennsylvania, sold on June 25, 2020, and the New Jersey property portfolio sold on October 28, 2020.

(6) Other investments consist of active redevelopment and development projects, land, and recently completed redevelopment and development projects for which some portion of operating expenses were capitalized during the current and/or prior year reporting periods. The operating results from 222 South Orange Avenue in Orlando, Florida are included in this line item.

The following table sets forth a reconciliation of net income calculated in accordance with GAAP to EBITDAre, Core EBITDA, Property NOI, and Same Store NOI, on both a cash and accrual basis, for the six months ended June 30, 2021 and 2020 (in thousands):

	Cash Basis		Accrual Basis	
	Six Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Net income applicable to Piedmont (GAAP basis)	**$ 19,291**	$ 201,136	**$ 19,291**	$ 201,136
Net (loss)/income applicable to noncontrolling interest	**(4)**	1	**(4)**	1
Interest expense	**24,925**	29,217	**24,925**	29,217
Depreciation	**58,083**	55,068	**58,083**	55,068
Amortization	**43,581**	47,954	**43,581**	47,954
Depreciation and amortization attributable to noncontrolling interests	**42**	42	**42**	42
Gain on sale of real estate assets	**—**	(191,372)	**—**	(191,372)
EBITDAre[1]	**$ 145,918**	$ 142,046	**$ 145,918**	$ 142,046
Loss on early extinguishment of debt	**—**	9,336	**—**	9,336
Core EBITDA[2]	**$ 145,918**	$ 151,382	**$ 145,918**	$ 151,382
General & administrative expenses	**15,462**	14,580	**15,462**	14,580
Management fee revenue [3]	**(637)**	(677)	**(637)**	(677)
Other income	**(4,302)**	(67)	**(4,302)**	(67)
Non-cash general reserve for uncollectible accounts	**412**	4,865		
Straight-line rent effects of lease revenue	**(6,505)**	(14,063)		
Straight line effects of lease revenue attributable to noncontrolling interests	**1**	(6)		
Amortization of lease-related intangibles	**(5,461)**	(6,277)		
Property NOI	**$ 144,888**	$ 149,737	**$ 156,441**	$ 165,218
Net operating (income)/loss from:				
Acquisitions [4]	**(16,202)**	(9,279)	**(19,624)**	(12,741)
Dispositions [5]	**155**	(16,887)	**155**	(18,138)
Other investments [6]	**326**	238	**438**	838
Same Store NOI	**$ 129,167**	$ 123,809	**$ 137,410**	$ 135,177
Change period over period in Same Store NOI	***4.3 %***	*N/A*	***1.7 %***	*N/A*

(1) We calculate EBITDAre in accordance with the current NAREIT definition. NAREIT currently defines EBITDAre as net income (computed in accordance with GAAP) adjusted for gains or losses from sales of property, impairment losses, depreciation on real estate assets, amortization on real estate assets, interest expense and taxes, along with the same adjustments for joint ventures. Some of the adjustments mentioned can vary among owners of identical assets in similar conditions based on historical cost accounting and useful-life estimates. EBITDAre is a non-GAAP financial measure and should not be viewed as an alternative to net income calculated in accordance with GAAP as a measurement of our operating performance. We believe that EBITDAre is helpful to investors as a supplemental performance measure because it provides a metric for understanding our results from ongoing operations without taking into account the effects of non-cash expenses (such as depreciation and amortization) and capitalization and capital structure expenses (such as interest expense and taxes). We also believe that EBITDAre can help facilitate comparisons of operating performance between periods and with other REITs. However, other REITs may not define EBITDAre in accordance with the NAREIT definition, or may interpret the current NAREIT definition differently than us; therefore, our computation of EBITDAre may not be comparable to that of such other REITs.

(2) We calculate Core EBITDA as net income (computed in accordance with GAAP) before interest, taxes, depreciation and amortization and incrementally removing any impairment losses, gains or losses from sales of property and other significant infrequent items that create volatility within our earnings and make it difficult to determine the earnings generated by our core ongoing business. Core EBITDA is a non-GAAP financial measure and should not be viewed as an alternative to net income calculated in accordance with GAAP as a measurement of our operating performance. We believe that Core EBITDA is helpful to investors as a supplemental performance measure because it provides a metric for understanding the performance of our results from ongoing operations without taking into account the effects of non-cash expenses (such as depreciation and amortization), as well as items that are not part of normal day-to-day operations of our business. Other REITs may not define Core EBITDA in the same manner as us; therefore, our computation of Core EBITDA may not be comparable to that of other REITs.

(3) Presented net of related operating expenses incurred to earn such management fee revenue.

(4) Acquisitions consist of One Galleria Tower, Two Galleria Tower and Three Galleria Tower in Dallas, Texas, purchased on February 12, 2020.

(5) Dispositions consist of 1901 Market Street in Philadelphia, Pennsylvania, sold on June 25, 2020, and the New Jersey property portfolio sold on October 28, 2020.

(6) Other investments consist of active redevelopment and development projects, land, and recently completed redevelopment and development projects for which some portion of operating expenses were capitalized during the current and/or prior year reporting periods. The operating results from 222 South Orange Avenue in Orlando, Florida are included in this line item.

Overview

Our portfolio is a geographically diverse group of properties concentrated primarily in select sub-markets within seven major Eastern U.S. office markets, with a majority of our ALR being generated from the Sunbelt. We typically lease space to large, credit-worthy corporate or governmental tenants on a long-term basis. As of June 30, 2021, our average lease is approximately 15,000 square feet with six years of lease term remaining. Consequently, leased percentage, as well as rent roll ups and roll downs, which we experience as a result of re-leasing, can fluctuate widely between buildings and between tenants, depending on when a particular lease is scheduled to commence or expire.

Leased Percentage

Our portfolio was 85.9% leased as of June 30, 2021, as compared to approximately 86.8% leased as of December 31, 2020. After signing a five-year renewal for approximately 300,000 square feet with the City of New York at 60 Broad Street in New York in June 2021, we have only one lease greater than 1% of our Annualized Lease Revenue ("ALR") expiring during the eighteen month period following June 30, 2021. This lease at our 750 West John Carpenter Freeway asset represents 1.2% of our ALR, and is scheduled to expire in the fourth quarter of 2022. To the extent new leases for currently vacant space outweigh or fall short of scheduled expirations, such leases would increase or decrease our overall leased percentage, respectively. However, as the economy has continued to recover from the impacts of the COVID-19 pandemic over the last few months, leasing activity across our portfolio has improved.

Impact of Downtime, Abatement Periods, and Rental Rate Changes

Commencement of new leases typically occurs 6-18 months after the lease execution date, after refurbishment of the space is completed. The downtime between a lease expiration and the new lease's commencement can negatively impact Property NOI and Same Store NOI comparisons (both accrual and cash basis). In addition, office leases, both new and renewal, often contain upfront rental and/or operating expense abatement periods which delay the cash flow benefits of the lease even after the new lease or renewal has commenced and will continue to negatively impact Property NOI and Same Store NOI on a cash basis until such abatements expire. As of June 30, 2021, we had over 600,000 square feet of executed leases for vacant space yet to commence or under rental abatement.

If we are unable to replace expiring leases with new or renewal leases at rental rates equal to or greater than the expiring rates, rental rate roll downs could occur and negatively impact Property NOI and Same Store NOI comparisons. As mentioned above, our geographically diverse portfolio and the magnitude of some of our tenant's leased space can result in rent roll ups and roll downs that can fluctuate widely on a building-by-building and a quarter-to-quarter basis. During the three months ended June 30, 2021, we experienced a 27.4% roll up in accrual rents on leases executed during the quarter for space vacant one year or less, and a 18.2% roll up on cash rents due primarily to the renewal of the New York City lease mentioned above. During the six months ended June 30, 2021, we experienced a 17.3% roll up in accrual rents on leases executed during the quarter for space vacant one year or less, and a 7.7% roll up on cash rents.

Same Store NOI increased by 4.8% on a cash basis, and 4.7% on an accrual basis for the three months ended June 30, 2021 as compared to the same period in the prior year. Additionally, Same Store NOI increased 4.3% on a cash basis, and 1.7% on an accrual basis for the six months ended June 30, 2021. During the six months ended June 30, 2021 as compared to the prior year, the increase in cash basis Same Store NOI was primarily attributable to the burn off of significant abatements at Enclave Place in Houston, Texas, Galleria 400 in Atlanta, and Arlington Gateway in Washington, D.C., along with a higher amount of termination income in 2021 primarily associated with the WeWork termination in Orlando, partially offset by a reduction in transient parking revenue as a result of the COVID-19 pandemic and decreased portfolio occupancy. The increase in accrual basis Same Store NOI during the six months ended June 30, 2021 as compared to the prior year was primarily attributable to the renewal of the New York City lease at 60 Broad Street mentioned previously. Property NOI and Same Store NOI comparisons for any given period fluctuate as a result of the mix of net leasing activity in individual properties during the respective period.

Election as a REIT

We have elected to be taxed as a REIT under the Code and have operated as such beginning with our taxable year ended December 31, 1998. To qualify as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of our adjusted REIT taxable income, computed without regard to the dividends-paid deduction and by excluding net capital gains attributable to our stockholders, as defined by the Code. As a REIT, we generally will not be subject to federal income tax on income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we may be subject to federal income taxes on our taxable income for that year and for the four years following the year during which qualification is lost and/or penalties, unless the IRS grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distribution to our stockholders. However, we believe that we are organized and operate in such a manner as to qualify for treatment as a REIT and intend to continue to operate in the foreseeable future in such a manner that we will remain qualified as a REIT for federal income tax purposes. We have elected to treat one of our wholly-owned subsidiaries as a taxable REIT subsidiary. This subsidiary performs non-customary services for tenants of buildings that we own and real estate and non-real estate related-services; however, any earnings related to such services performed by our taxable REIT subsidiary are subject to federal and state income taxes. In addition, for us to continue to qualify as a REIT, our investments in taxable REIT subsidiaries cannot exceed 20% of the value of our total assets.

Inflation

We are exposed to inflation risk, as income from long-term leases is the primary source of our cash flows from operations. There are provisions in the majority of our tenant leases that are intended to protect us from, and mitigate the risk of, the impact of inflation. These provisions include rent steps, reimbursement billings for operating expense pass-through charges, real estate tax, and insurance reimbursements on a per square-foot basis, or in some cases, annual reimbursement of operating expenses above certain per square-foot allowances. However, due to the long-term nature of the leases, the leases may not readjust their reimbursement rates frequently enough to fully cover inflation.

Off-Balance Sheet Arrangements

We are not dependent on off-balance sheet financing arrangements for liquidity. As of June 30, 2021, we had no off-balance sheet arrangements.

Application of Critical Accounting Policies

Our accounting policies have been established to conform with GAAP. The preparation of financial statements in conformity with GAAP requires management to use judgement in the application of accounting policies, including making estimates and assumptions. These judgements affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. If our judgement or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied, thus, resulting in a different presentation of the financial statements. Additionally, other companies may utilize different estimates that may impact comparability of our results of operations to those of companies in similar businesses. Refer to our Annual Report on Form 10-K for the year ended December 31, 2020 for a discussion of our critical accounting policies. There have been no material changes to these policies during the six months ended June 30, 2021.

Contractual Obligations

There were no material changes in our contractual obligations during the six months ended June 30, 2021. For further information, see our annual disclosures related to contractual obligations in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2020.

Commitments and Contingencies

We are subject to certain commitments and contingencies with regard to certain transactions. Refer to Note 6 to our consolidated financial statements for further explanation. Examples of such commitments and contingencies include:

- Commitments Under Existing Lease Agreements;
- Contingencies Related to Tenant Audits/Disputes; and
- Contingencies Related to the COVID-19 Pandemic.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our future income, cash flows, and estimated fair values of our financial instruments depend in part upon prevailing market interest rates. Market risk is the exposure to loss resulting from changes in interest rates, foreign currency, exchange rates, commodity prices, and equity prices. Our potential for exposure to market risk includes interest rate fluctuations in connection with borrowings under our $500 Million Unsecured 2018 Line of Credit, our Amended and Restated $300 Million Unsecured 2011 Term Loan, and the $250 Million Unsecured 2018 Term Loan. As a result, the primary market risk to which we believe we are exposed is interest rate risk. Many factors, including governmental monetary and tax policies, domestic and international economic and political considerations, and other factors that are beyond our control contribute to interest rate risk, including changes in the method pursuant to which the LIBOR rates are determined. Furthermore, the United Kingdom Financial Conduct Authority, which regulates LIBOR, has announced that USD LIBOR will no longer by published after June 30, 2023. Piedmont has completed an initial evaluation of its credit agreements which reference LIBOR and determined that each of these agreements already contain "fallback" language allowing for the establishment of an alternate rate of interest that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the U.S. at that time by Piedmont and the respective agent, as defined in the respective agreements. Piedmont will continue to evaluate its contracts as it approaches the end date for LIBOR.

Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flow primarily through a low-to-moderate level of overall borrowings, as well as managing the variability in rate fluctuations on our outstanding debt. As such, all of our debt other than the $500 Million Unsecured 2018 Line of Credit, the Amended and Restated $300 Million Unsecured 2011 Term Loan, and $150 million of our $250 Million Unsecured 2018 Term Loan is currently based on fixed or effectively-fixed interest rates to hedge against volatility in the credit markets. We do not enter into derivative or interest rate transactions for speculative purposes, as such all of our debt and derivative instruments were entered into for other than trading purposes.

The estimated fair value of our debt was approximately $1.7 billion as of June 30, 2021 and December 31, 2020. Our interest rate swap agreements in place as of June 30, 2021 and December 31, 2020 carried a notional amount totaling $100 million with a weighted-average fixed interest rate (not including the corporate credit spread) of 2.61%.

As of June 30, 2021, our total outstanding debt subject to fixed, or effectively fixed, interest rates totaling approximately $1.2 billion has an average effective interest rate of approximately 3.71% per annum with expirations ranging from 2022 to 2030. A change in the market interest rate impacts the net financial instrument position of our fixed-rate debt portfolio but has no impact on interest incurred or cash flows for that portfolio.

As of June 30, 2021, we had $76 million outstanding on our $500 Million Unsecured 2018 Line of Credit. Our $500 Million Unsecured 2018 Line of Credit currently has a stated rate of LIBOR plus 0.90% per annum (based on our current corporate credit rating), resulting in a total interest rate of 1.01%. The current stated interest rate spread on $150 million of the $250 Million Unsecured 2018 Term Loan that is not effectively fixed through interest rate swaps is LIBOR plus 0.95% (based on our current corporate credit rating), which, as of June 30, 2021, resulted in a total interest rate on $150 million of the $250 Million Unsecured 2018 Term Loan of 1.05%. The current stated interest rate spread on the Amended and Restated $300 Million Unsecured 2011 Term Loan is LIBOR plus 1.00% (based on our current corporate credit rating), which, as of June 30, 2021, resulted in an interest rate of 1.10%. To the extent that we borrow additional funds in the future under the $500 Million Unsecured 2018 Line of Credit or potential future variable-rate lines of credit, we would have exposure to increases in interest rates, which would potentially increase our cost of debt. Additionally, a 1.0% increase in variable interest rates on our existing outstanding borrowings as of June 30, 2021 would increase interest expense approximately $5.3 million on a per annum basis.

ITEM 4. CONTROLS AND PROCEDURES

Management’s Conclusions Regarding the Effectiveness of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of management, including the Principal Executive Officer and the Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the “Exchange Act”) as of the end of the quarterly period covered by this report. Based upon that evaluation, the Principal Executive Officer and the Principal Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report in providing a reasonable level of assurance that information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in applicable SEC rules and forms, including providing a reasonable level of assurance that information required to be disclosed by us in the reports we file under the Exchange Act is accumulated and communicated to our management, including the Principal Executive Officer and the Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not subject to any material pending legal proceedings. However, we are subject to routine litigation arising in the ordinary course of owning and operating real estate assets. Our management expects that these ordinary routine legal proceedings will be covered by insurance and does not expect these legal proceedings to have a material adverse effect on our financial condition, results of operations, or liquidity. Additionally, management is not aware of any legal proceedings against Piedmont contemplated by governmental authorities.

ITEM 1A. RISK FACTORS

There have been no known material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) There were no unregistered sales of equity securities during the second quarter of 2021.

(b) Not applicable.

(c) There were no repurchases of shares of our common stock during the second quarter of 2021. As of June 30, 2021, approximately $169.3 million remains available under our stock repurchase program to make share repurchases through February 2022, at the discretion of management.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description of Document
3.1	Third Articles of Amendment and Restatement of Piedmont Office Realty Trust, Inc. (the “Company”) (incorporated by reference to Exhibit 3.1 to the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2009, filed on March 16, 2010)
3.2	Articles of Amendment of the Company effective June 30, 2011 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on July 6, 2011)
3.3	Articles Supplementary of the Company effective June 30, 2011 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on July 6, 2011)
3.4	Articles Supplementary to the Third Articles of Amendment and Restatement of the Company, as supplemented and amended (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on November 14, 2016)
3.5	Articles of Amendment to the Third Articles of Amendment and Restatement of the Company, as supplemented and amended (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 23, 2018)
3.6	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K, filed on March 19, 2019)
10.1	Piedmont Office Realty Trust, Inc. Second Amended and Restated 2007 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on May 12. 2021)
10.2	Amendment No. 4 to Piedmont Office Realty Trust, Inc.'s Long-Term Incentive Program effective March 19, 2020
22.1	Subsidiary Issuer of Guaranteed Securities (incorporated by reference to Exhibit 22.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2020, filed on February 17, 2021)
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	PIEDMONT OFFICE REALTY TRUST, INC. (Registrant)
Dated: July 28, 2021	By: /s/ Robert E. Bowers **Robert E. Bowers** **Chief Financial Officer and Executive Vice President** **(Principal Financial Officer and Duly Authorized Officer)**

Exhibit 10.2

PIEDMONT OFFICE REALTY TRUST, INC.

LONG-TERM INCENTIVE PROGRAM

(Amendment No. 4 Effective March 19, 2020)

The Compensation Committee (the "Committee") of the Board of Piedmont Office Realty Trust, Inc. (the "Company") previously established this Long-Term Incentive Program (the "LTIP") under the Piedmont Office Realty Trust, Inc. 2007 Omnibus Incentive Plan (the "Plan") as previously amended on April 28, 2015, April 27, 2016, and May 2, 2017. The Committee now desires to further amend and restate the LTIP in its entirety, effective as of March 19, 2020. The LTIP is intended to allow the Company to make certain Awards under the Plan in furtherance of the purposes of the Plan. Capitalized terms that are not defined herein shall have the same meanings given to such terms in the Plan.

1. Definitions. For the purposes of the LTIP, the following terms shall have the meanings set forth below:

(a) "Average Price" means, with respect to the beginning of a Performance Cycle, the average of the Closing Stock Price for the last 10 trading days preceding the start of the applicable Performance Cycle and the first 10 trading days of the applicable Performance Cycle, and with respect to the end of an Performance Cycle, the average of the Closing Stock Price for the last 10 trading days preceding the end of the applicable Performance Cycle and the first 10 trading days after the end of the applicable Performance Cycle. Notwithstanding the forgoing, in the event a Participant terminates employment during a Performance Cycle in accordance with Section 5, Average Price on the date of the Participant's termination of employment means the average of the Closing Stock Price for the last 10 trading days preceding the date of the Participant's termination of employment and the first 10 trading days following the date of Participant's termination of employment.

(b) "Cause" means, unless otherwise specified in the Participant's employment agreement, any of the following: (i) any material act or material omission by the Participant which constitutes intentional misconduct in connection with the Company's business or a willful violation of law in connection with the Company's business; (ii) an act of fraud, conversion, misappropriation or embezzlement by the Participant with respect to the Company's assets or business or conviction of, indictment for (or its procedural equivalent) or entering a guilty plea or plea of no contest with respect to a felony, or the equivalent thereof, or any crime involving any moral turpitude with respect to which imprisonment is a common punishment; (iii) any act of dishonesty committed by the Participant in connection with the Company’s business; (iv) the willful neglect of material duties of, or gross misconduct by, the Participant; (v) the use of illegal drugs or excessive use of alcohol that the Board determines in good faith to materially interfere with the performance of the Participant’s duties to the Company; and (vi) any other failure (other than any failure resulting from incapacity due to physical or mental illness) by the Participant to perform his material and reasonable duties and responsibilities as an employee, director or consultant of the Company.

(c) “Closing Stock Price” means, with respect to Stock, the closing sales price per share on the applicable date quoted on the NYSE, or if there are no sales on such date, for the last preceding date on which there were sales of Stock, as determined by the Committee. With respect to the stock of a company in the Peer Group, “Closing Stock Price” means, (i) the closing sales price per share on the applicable date as quoted or reported on such national securities exchange or NASDAQ, or if there are no sales on such date, for the preceding date on which there were sales of stock, as determined by the Committee.

(d) “Disability” means physical or mental incapacity whereby a Participant is unable with or without reasonable accommodation for a period of six (6) consecutive months or for an aggregate of nine (9) months in any twenty-four (24) consecutive month period to perform the essential functions of such Participant’s duties.

(e) “Good Reason” means, unless otherwise specified in the Participant’s employment agreement, any of the following: (i) the failure of the Company to pay or cause to be paid the Participant’s base salary or annual bonus when due; (ii) a material diminution in the Participant’s status, including, title, position, duties, authority or responsibility; (iii) a material adverse change in the criteria to be applied by the Company with respect to the Participant’s target annual bonus as compared to the prior fiscal year (unless Executive has consented to such criteria); (iv) the relocation of the Company’s executive offices to a location outside of the Atlanta, Georgia metropolitan area without the consent of the Participant; (v) the failure to provide the Participant with incentive awards that are reasonably and generally comparable to awards granted to other executive officers (other than the CEO) of the Company; or (vi) the occurrence of a Change of Control (as defined in the Plan). Notwithstanding the foregoing, (1) Good Reason (A) shall not be deemed to exist unless the Participant gives to the Company a written notice identifying the event or condition purportedly giving rise to Good Reason within 90 days after the time at which Executive first becomes aware of the event or condition and (B) shall not be deemed to exist at any time after the Board has determined that there exists an event or condition which could serve as the basis of a termination of the Participant’s employment for Cause so long as the Board gives notice to the Participant of such determination within thirty (30) days of such determination and such notice is given within 120 days after the time at which the Board first becomes aware of the event or conditions constituting Cause; and (2) if there exists an event or condition that constitutes Good Reason, the Company shall have 30 days from the date notice of Good Reason is given to cure such event or condition and, if the Company does so, such event or condition shall not constitute Good Reason hereunder; and if the Company does not cure such event or condition within such 30-day period, the Participant shall have ten (10) business days thereafter to give the Company notice of termination of employment on account thereof (specifying a termination date no later than ten (10) days from the date of such notice of termination).

(f) "Grant Date" shall mean the date that the LTIP plan is approved by the Compensation Committee of the Board of Directors of the Company.

(g) "LTIP Award" means an Award of performance shares under the LTIP.

(h) "Participant" means an employee, consultant, or Non-Employee Director of the Company, as selected by the Committee in its discretion.

(i) "Peer Group" means the peer group of REIT companies selected by the Committee.

(j) "Peer Group Percentile Ranking" means a comparison of the Company's TSR to the TSR of other companies in the Peer Group, expressed on a percentile basis.

(k) [Not Used.]

(l) "Performance Level" means the Threshold, Target or Maximum Performance Level specified in Section 3(a).

(m) "Performance Cycle" means the three-year period beginning on January 1 of the calendar year with respect to which a LTIP Award is granted. The first Performance Cycle shall commence on January 1, 2011, and end on December 31, 2013.

(n) "Retirement" means a termination of employment with the Company or a Subsidiary after a Participant attains age 62, other than for Cause.

(o) "Target Amount" means the number of shares of the Stock with respect to which the LTIP Award relates assuming achievement of the Target Performance Level. The Target Amount shall be determined by dividing the dollar value established by the Committee with respect to a Participant's LTIP Award by the closing price of the Stock on the Grant Date.

(p) "Total Shareholder Return," or "TSR," means the Average Price at the end of a Performance Cycle, minus the Average Price at the beginning of a Performance Cycle, plus any dividends paid during the Performance Cycle, all divided by the Average Price at the beginning of the Performance Cycle; provided, however, that if a Participant terminates employment during a Performance Cycle in accordance with Section 5, TSR means the Average Price on the date of the Participant's termination of employment, minus the Average Price at the beginning of Performance Cycle, plus any dividends paid during the Performance Cycle until the date of the Participant's termination of employment, all divided by the Average Price at the beginning of the Performance Cycle. If, during a Performance Cycle a Peer Group company (i) is acquired by or merged into another entity, and in either case is not the surviving entity following such merger or acquisition, or (ii) ceases to be a publicly-traded REIT as the result of a transaction to go private, the calculation of the Peer Group company's TSR shall be determined by the Compensation Committee. If, during a Performance Cycle, a Peer Group company declares bankruptcy or is delisted from the securities exchange on which it is traded, such Peer Group company's TSR shall be set at -100%.

2. Grant of LTIP Awards. Subject to the terms and provisions of the Plan and the LTIP, each year the Committee may grant LTIP Awards to such Participants in such amount and pursuant to such terms and conditions (to the extent consistent with the LTIP and the Plan) as the Committee may determine and as set forth in the applicable LTIP Award agreement. LTIP Awards are generally granted to Participants with respect to successive overlapping Performance Cycles. Not later than 120 days after the commencement of each Performance Cycle or as otherwise required by the Plan, the Committee shall establish in writing the LTIP Awards for such Performance Cycle, which shall include the applicable Target Amount, the Performance Levels, and the Peer Group.

3. LTIP Award Payouts.

(a) Determination of Payout. An LTIP Award granted to a Participant shall specify the Target Amount that can be earned under such LTIP Award for the applicable Performance Cycle. The percentage of the Target Amount earned by a Participant for a Performance Cycle will be determined by the Committee based upon the Company's Total Shareholder Return ("TSR") relative to the TSR of the companies in the Peer Group. Based upon the Company's Peer Group Percentile Ranking, a Participant will earn a percentage of the Target Amount as set forth in the following chart:

Performance Level	Peer Group Percentile Ranking	Percentage of Target Amount Payable
Maximum	75th percentile or above	200%
Target	Median	100%
Threshold	25th percentile	50%
Below Threshold	below 25th percentile	0%

If the Peer Group Percentile Ranking is between the Threshold and Target Performance Levels or between the Target and Maximum Performance Levels, the percentage of Target Amount earned shall be determined by linear interpolation.

(b) [Not Used.]

(c) Calculation of Performance and Target Amount Earned. Following the end of each Performance Cycle the Committee shall determine the Company's TSR, the Peer Group Percentile Ranking, and the percentage of the Target Amount earned under Section 3(a).Notwithstanding the foregoing, if the Peer Group Percentile Ranking is below the Threshold Level, but the Company's calculated TSR is 10% or greater, then 50% of the Target Amount will be deemed earned.

4. Settlement of LTIP Awards. Subject to Section 5 hereof, the percentage (if any) of each Participant's LTIP Award that is earned with respect to a Performance Cycle as provided in Section 3 hereof shall be paid by the Company in the calendar year after the end of such Performance Cycle. Payments hereunder may be made in cash, Stock, or a combination thereof in accordance with the Plan, as determined by the Committee in its sole discretion.

5. Termination of Employment. Except as otherwise provided in this Section 5, a Participant shall not be entitled to any payment under an LTIP Award with respect to a Performance Cycle ending after his or her termination of employment. In the event of a Participant's termination of employment during a Performance Cycle due to (a) termination by the Company without Cause or by the Participant for Good Reason, (b) the Participant's death or Disability, (c) the expiration of the Participant's employment agreement due to non-renewal by the Company, (d)retirement or (e) a Change of Control (as defined in the Plan), such Participant will be entitled to payment of a portion of his or her LTIP Award for such Performance Cycle based on the Company's TSR relative to the TSR of the companies in the Peer Group determined as of the date of the Participant's termination of employment. The percentage of the Target Amount earned pursuant to Section 3 will then be multiplied by a fraction, the numerator of which equals the number of days during such Performance Cycle that such Participant was actively employed by

the Company, and the denominator of which equals 1095 days, or total days in the Performance Cycle. Such payment will be paid by the Company 90 days after such Participant's termination of employment occurs.

6. 409A Compliance. The Company intends that payments under the LTIP comply with or be exempt from Section 409A of the Code and the regulations and guidance promulgated thereunder (collectively "Code Section 409A"), and the Company shall have complete discretion to interpret and construe the LTIP and any associated documents in any manner that establishes an exemption from (or compliance with) the requirements of Code Section 409A. If any provision of the LTIP does not accurately reflect its intended establishment of an exemption from (or compliance with) Code Section 409A, as demonstrated by consistent interpretations or other evidence of intent, such provision shall be considered ambiguous as to its exemption from (or compliance with) Code Section 409A and shall be interpreted by the Company in a manner consistent with such intent, as determined in the discretion of the Company. A termination of employment shall not be deemed to have occurred for purposes of any provision of the LTIP providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Code Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A, and, for purposes of any such provision of the LTIP, references to a "termination," "termination of employment" or like terms shall mean "such a separation from service." The determination of whether and when a separation from service has occurred for proposes of the LTIP shall be made in accordance with the presumptions set forth in Section 1.409A-1(h) of the Treasury Regulations. Any provision of the LTIP to the contrary notwithstanding, if the Company determines that the Participant is a "specified employee," within the meaning of Code Section 409A, then to the extent that any payment under the LTIP on account of Participant's separation from service would be considered nonqualified deferred compensation under Code Section 409A, such payment shall be delayed and paid at the date which is the earlier of (i) six (6) months and one day after the Participant's separation from service and (ii) the date of Participant's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments delayed pursuant to this Section 6 shall be paid in a lump-sum. The Company makes no representation or warranty and shall have no liability to any participant or any other person if any provisions of the LTIP are determined to constitute deferred compensation subject to Code Section 409A, but do not satisfy an exemption from, or the conditions of, Code Section 409A.

7. Miscellaneous. The Board may, at any time and with or without prior notice, amend, alter, suspend or terminate the LTIP in accordance with Section 17 of the Plan. For the avoidance of doubt, prior to the time the Committee grants any LTIP Awards with respect to a particular Performance Cycle, the Committee shall have complete discretion to award or not award LTIP Awards with respect to such Performance Cycle. All provisions of the LTIP are subject to the terms and conditions set forth in the Plan, which are hereby incorporated herein by reference. To the extent the terms of the LTIP are inconsistent with or modify, amend of supplement any provisions of the Plan, to the extent permitted under the Plan, the LTIP will be deemed to be a determination by the

Committee to so modify, amend or supplement the Plan and the terms of the LTIP will have precedence over the Plan.

Adopted by the Committee on this _19th_____day of _March_______ 2020.

EXHIBIT 31.1
PRINCIPAL EXECUTIVE OFFICER CERTIFICATION
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, C. Brent Smith, certify that:

1. I have reviewed this Form 10-Q for the quarter ended June 30, 2021 of Piedmont Office Realty Trust, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: July 28, 2021

By: /s/ C. Brent Smith
C. Brent Smith
Principal Executive Officer

EXHIBIT 31.2
PRINCIPAL FINANCIAL OFFICER CERTIFICATION
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert E. Bowers, certify that:

1. I have reviewed this Form 10-Q for the quarter ended June 30, 2021 of Piedmont Office Realty Trust, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 28, 2021

By: /s/ Robert E. Bowers
Robert E. Bowers
Principal Financial Officer

EXHIBIT 32.1
CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)

In connection with the Report of Piedmont Office Realty Trust, Inc. (the “Registrant”) on Form 10-Q for the quarter ended June 30, 2021, as filed with the Securities and Exchange Commission (the “Report”), the undersigned, C. Brent Smith, Chief Executive Officer of the Registrant, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

By: /s/ C. Brent Smith

C. Brent Smith
Chief Executive Officer
July 28, 2021

EXHIBIT 32.2
CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (18 U.S.C. 1350)

In connection with the Report of Piedmont Office Realty Trust, Inc. (the “Registrant”) on Form 10-Q for the quarter ended June 30, 2021, as filed with the Securities and Exchange Commission (the “Report”), the undersigned, Robert E. Bowers, Chief Financial Officer of the Registrant, hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

By: /s/ Robert E. Bowers

Robert E. Bowers
Chief Financial Officer
July 28, 2021