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## DELTA REPORT

### 10-Q

PDM - PIEDMONT OFFICE REALTY TR

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 761

█ CHANGES 224

█ DELETIONS 305

█ ADDITIONS 232

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 **September 30, 2023** **March 31, 2024**

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

(State or other jurisdiction of incorporation or organization)

58-2328421

(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  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  No

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Number of shares outstanding of the Registrant's common stock, as of **October 27, 2023** **April 29, 2024**:

**123,713,423** **123,891,340** 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 our executive officers on our behalf, may from time to time make forward-looking statements in reports and other documents we file 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 our 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, financing, and operating objectives; discussions regarding future **dividends and share repurchases; dividends;** and discussions regarding potential acquisition and disposition activity and the potential impact of economic conditions on our real estate and lease portfolio, among others.

These statements are based on beliefs and assumptions of our 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 we operate, competitive conditions, and general economic conditions. These assumptions could prove inaccurate. The forward-looking statements also involve certain known and unknown 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 our ability to control or predict. Such factors include, but are not limited to, the following:

- Economic, regulatory, socio-economic (including work from home), technological (e.g. **Metaverse, artificial intelligence and machine learning, Zoom, etc**), and other changes that impact the real estate market generally, the office sector or the patterns of use of commercial office space in general, or the markets where we primarily operate or have high concentrations of **Annualized Lease Revenue; revenue;**
- The impact of competition on our efforts to renew existing leases or re-let space on terms similar to existing leases;

- Lease terminations, lease defaults, lease contractions, or changes in the financial condition of our tenants, particularly by one of our large lead tenants;
- Impairment charges on our long-lived assets or goodwill resulting therefrom;
- The success of our real estate strategies and investment objectives, including our ability to implement successful redevelopment and development strategies or identify and consummate suitable acquisitions and divestitures;
- The illiquidity of real estate investments, including economic changes, such as rising interest rates and available financing, which could impact the number of buyers/sellers of our target properties, and 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, including the potential of supply chain disruptions, and resultant increased costs and risks;
- 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 properties or our tenants; properties;
- Risks related to the occurrence of cybersecurity incidents, including cybersecurity incidents against us or any of our properties or tenants, or a deficiency in our identification, assessment or management of cybersecurity threats impacting our operations; operations and the public's reaction to reported cybersecurity incidents;
- Costs of complying with governmental laws and regulations, including environmental standards imposed on office building owners;
- 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, such as potential changes in the political environment, a reduction in federal or state funding of our governmental tenants, or 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;
- Risks associated with incurring mortgage and other indebtedness, including changing capital reserve requirements on our lenders and rapidly rising interest rates for new debt financings;
- A downgrade in our credit rating, ratings, the credit ratings of Piedmont Operating Partnership, L.P. (the "Operating Partnership") or the credit ratings of our or the Operating Partnership's unsecured debt securities, which could, among other effects, trigger an increase in the stated rate of one or more of our unsecured debt instruments;

  

- The effect of future offerings of debt or equity securities on the value of our common stock;

  

- Additional risks and costs associated with inflation and continuing increases in the rate of inflation, including the impact of a possible recession;
- Uncertainties associated with environmental and regulatory matters;
- Changes in the financial condition of our tenants directly or indirectly resulting from geopolitical developments that could negatively affect important supply chains and 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 other tax law changes which may adversely affect our stockholders;
- The future effectiveness of our internal controls and procedures;
- Actual or threatened public health epidemics or outbreaks, such as the COVID-19 pandemic, as well as governmental and private measures taken to combat such health crises; and
- Other factors, including the risk factor described in Item 1A. Risk Factors of this Quarterly Report on Form 10-Q, as well as the risk factors discussed under Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

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") 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 operations, 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 generally accepted accounting principles ("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, 2022** **December 31, 2023**. Piedmont's results of operations for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** are not necessarily indicative of the operating results expected for the full year.

<b>PIEDMONT OFFICE REALTY TRUST, INC.</b>					
<b>CONSOLIDATED BALANCE SHEETS</b>					
(in thousands, except for share and per share amounts)					
	(Unaudited)				
	September				
	30, 2023	December 31, 2022			
Assets:	Assets:				
Real estate assets, at cost:	Real estate assets, at cost:				
Real estate assets, at cost:					
Real estate assets, at cost:					
Land	Land	\$ 567,244	\$ 567,244		
Buildings and improvements, less accumulated depreciation of \$1,013,019 and \$915,010 as of September 30, 2023 and December 31, 2022, respectively		2,769,366	2,766,990		
Intangible lease assets, less accumulated amortization of \$86,197 and \$90,694 as of September 30, 2023 and December 31, 2022, respectively		91,387	114,380		
Land					
Land					
Buildings and improvements, less accumulated depreciation of \$1,064,199 and \$1,046,512 as of March 31, 2024 and December 31, 2023, respectively					

Intangible lease assets, less accumulated amortization of \$80,070 and \$88,066 as of March 31, 2024 and December 31, 2023, respectively				
Construction in progress	Construction in progress	74,579	52,010	
Total real estate assets	Total real estate assets	3,502,576	3,500,624	
Total real estate assets				
Cash and cash equivalents	Cash and cash equivalents	5,044	16,536	
Tenant receivables, net of allowance for doubtful accounts of \$0 and \$1,000 as of September 30, 2023 and December 31, 2022, respectively		8,806	4,762	
Cash and cash equivalents				
Cash and cash equivalents				
Tenant receivables				
Straight-line rent receivables	Straight-line rent receivables	181,843	172,019	
Restricted cash and escrows				
Restricted cash and escrows				
Restricted cash and escrows	Restricted cash and escrows	5,983	3,064	
Prepaid expenses and other assets	Prepaid expenses and other assets	26,156	17,152	
Goodwill	Goodwill	71,980	82,937	
Interest rate swaps	Interest rate swaps	5,841	4,183	
Deferred lease costs, less accumulated amortization of \$217,804 and \$221,731 as of September 30, 2023 and December 31, 2022, respectively		265,549	284,248	
Deferred lease costs, less accumulated amortization of \$217,570 and \$223,913 as of March 31, 2024 and December 31, 2023, respectively				
Total assets	Total assets	\$4,073,778	\$4,085,525	
Total assets				
Total assets				
<b>Liabilities:</b>	<b>Liabilities:</b>			
Unsecured debt, net of discount and unamortized debt issuance costs of \$18,556 and \$13,319 as of September 30, 2023 and December 31, 2022, respectively		\$1,853,598	\$1,786,681	
Unsecured debt, net of discount and unamortized debt issuance costs of \$15,958 and \$15,437 as of March 31, 2024 and December 31, 2023, respectively				

Unsecured debt, net of discount and unamortized debt issuance costs of \$15,958 and \$15,437 as of March 31, 2024 and December 31, 2023, respectively			
Unsecured debt, net of discount and unamortized debt issuance costs of \$15,958 and \$15,437 as of March 31, 2024 and December 31, 2023, respectively			
Secured debt	Secured debt	<b>196,721</b>	197,000
Accounts payable, accrued expenses and accrued capital expenditures	Accounts payable, accrued expenses and accrued capital expenditures	<b>120,579</b>	110,306
Dividends payable	Dividends payable	—	25,357
Deferred income	Deferred income	<b>89,990</b>	59,977
Intangible lease liabilities, less accumulated amortization of \$36,985 and \$36,423 as of September 30, 2023 and December 31, 2022, respectively		<b>45,825</b>	56,949
Intangible lease liabilities, less accumulated amortization of \$35,144 and \$35,811 as of March 31, 2024 and December 31, 2023, respectively			
<b>Total liabilities</b>			
<b>Total liabilities</b>			
Total liabilities	Total liabilities	<b>2,306,713</b>	2,236,270
<b>Commitments and Contingencies (Note 7)</b>	<b>Commitments and Contingencies (Note 7)</b>	—	—
<b>Stockholders' Equity:</b>	<b>Stockholders' Equity:</b>		
Shares-in-trust, 150,000,000 shares authorized; none outstanding as of September 30, 2023 or December 31, 2022		—	—
Preferred stock, no par value, 100,000,000 shares authorized; none outstanding as of September 30, 2023 or December 31, 2022		—	—
Common stock, \$0.01 par value, 750,000,000 shares authorized; 123,696,475 and 123,439,558 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively		<b>1,237</b>	1,234
Shares-in-trust, 150,000,000 shares authorized; none outstanding as of March 31, 2024 or December 31, 2023			
Shares-in-trust, 150,000,000 shares authorized; none outstanding as of March 31, 2024 or December 31, 2023			
Shares-in-trust, 150,000,000 shares authorized; none outstanding as of March 31, 2024 or December 31, 2023			
Preferred stock, no par value, 100,000,000 shares authorized; none outstanding as of March 31, 2024 or December 31, 2023			

Common stock, \$0.01 par value, 750,000,000 shares authorized; 123,887,808 and 123,715,298 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	
Additional paid-in capital	Additional paid-in capital <b>3,714,629</b> 3,711,005
Cumulative distributions in excess of earnings	Cumulative distributions in excess of earnings <b>(1,943,652)</b> (1,855,893)
Accumulated other comprehensive loss	Accumulated other comprehensive loss <b>(6,718)</b> (8,679)
Piedmont stockholders' equity	Piedmont stockholders' equity <b>1,765,496</b> 1,847,667
Noncontrolling interest	Noncontrolling interest <b>1,569</b> 1,588
Total stockholders' equity	Total stockholders' equity <b>1,767,065</b> 1,849,255
Total stockholders' equity	
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity <b>\$4,073,778</b> \$4,085,525

See accompanying notes

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

		Three Months Ended		Nine Months Ended			
		Three Months Ended		Nine Months Ended			
		Three Months Ended		Nine Months Ended			
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022		
<b>Revenues:</b>	<b>Revenues:</b>						
Rental and tenant reimbursement revenue	Rental and tenant reimbursement revenue	\$ 141,534	\$ 139,572	\$ 415,866	\$ 403,635		
Rental and tenant reimbursement revenue							
Rental and tenant reimbursement revenue							
Property management fee revenue	Property management fee revenue	396	303	1,340	1,280		

Other property related income	Other property related income	5,056	4,225	15,219	11,643
		146,986	144,100	432,425	416,558
<b>144,538</b>					
<b>Expenses:</b>					
Property operating costs	Property operating costs				
Property operating costs	Property operating costs	59,847	59,039	176,006	166,295
Depreciation	Depreciation	38,150	34,941	110,422	98,828
Amortization	Amortization	20,160	23,290	63,524	67,022
Goodwill impairment charge	Goodwill impairment charge	10,957	—	10,957	—
Impairment charges					
General and administrative	General and administrative	7,043	6,590	22,013	21,212
		136,157	123,860	382,922	353,357
<b>142,477</b>					
<b>Other income (expense):</b>					
Other income (expense):	Other income (expense):				
Interest expense	Interest expense				
Interest expense	Interest expense	(27,361)	(17,244)	(72,827)	(44,917)
Other income	Other income	351	335	3,794	2,302
Loss on early extinguishment of debt	Loss on early extinguishment of debt	(820)	—	(820)	—
Gain on sale of real estate assets	Gain on sale of real estate assets	—	—	—	50,674
Loss on early extinguishment of debt					
Loss on early extinguishment of debt					
		(29,822)			
		(29,822)			
		(29,822)			
		(27,830)	(16,909)	(69,853)	8,059
<b>Net loss</b>					
Net income/(loss)	Net income/(loss)	(17,001)	3,331	(20,350)	71,260
Net loss/(income) applicable to noncontrolling interest	Net loss/(income) applicable to noncontrolling interest	(1)	—	(7)	1
Net income/(loss) applicable to Piedmont	Net income/(loss) applicable to Piedmont	\$ (17,002)	\$ 3,331	\$ (20,357)	\$ 71,261
<b>Net loss</b>					
<b>Net loss</b>					
Net income applicable to noncontrolling interest	Net income applicable to noncontrolling interest				

<b>Net loss applicable to Piedmont</b>	
<b>Per share information – basic and diluted:</b>	
Net income/(loss) applicable to common stockholders	\$ <u>(0.14)</u> \$ <u>0.03</u> \$ <u>(0.16)</u> \$ <u>0.58</u>
<b>Weighted-average common shares outstanding – basic</b>	<u>123,696,475</u> <u>123,395,381</u> <u>123,639,797</u> <u>123,329,626</u>
<b>Weighted-average common shares outstanding – diluted</b>	<u>123,696,475</u> <u>123,697,455</u> <u>123,639,797</u> <u>123,630,501</u>
<b>Per share information – basic and diluted:</b>	
Net loss applicable to common stockholders	
Net loss applicable to common stockholders	
Net loss applicable to common stockholders	
<b>Weighted-average common shares outstanding – basic and diluted</b>	
<b>Weighted-average common shares outstanding – basic and diluted</b>	
<b>Weighted-average common shares outstanding – basic and diluted</b>	

See accompanying notes

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
<b>Net income/(loss) applicable to Piedmont</b>	\$ <u>(17,002)</u>	\$ <u>3,331</u>	\$ <u>(20,357)</u>	\$ <u>71,261</u>
<b>Other comprehensive income:</b>				
Effective portion of gain on derivative instruments that are designated and qualify as cash flow hedges (See <a href="#">Note 4</a> )	1,248	2,662	4,270	7,507
Plus: Reclassification of net loss/(gain) included in net income (See <a href="#">Note 4</a> )	(989)	194	(2,309)	1,453
<b>Other comprehensive income</b>	<u>259</u>	<u>2,856</u>	<u>1,961</u>	<u>8,960</u>
<b>Comprehensive income/(loss) applicable to Piedmont</b>	<u>\$ <u>(16,743)</u></u>	<u>\$ <u>6,187</u></u>	<u>\$ <u>(18,396)</u></u>	<u>\$ <u>80,221</u></u>

See accompanying notes

**PIEDMONT OFFICE REALTY TRUST, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(in thousands, except per share amounts)

	Common Stock		Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Other Comprehensive Income/(Loss)	Non- controlling Interest	Total Stockholders' Equity
	Shares	Amount					
	123,692	\$ 1,237	\$ 3,712,688	\$ (1,911,188)	\$ (6,977)	\$ 1,574	\$ 1,797,334
<b>Balance, June 30, 2023</b>							
Dividends to common stockholders (\$0.125 per share) and stockholders of subsidiaries	—	—	—	(15,462)	—	(6)	(15,468)
Shares issued and amortized under the 2007 Omnibus Incentive Plan, net of tax	4	—	1,941	—	—	—	1,941
Net income applicable to noncontrolling interest	—	—	—	—	—	1	1
Net loss applicable to Piedmont	—	—	—	(17,002)	—	—	(17,002)
Other comprehensive income	—	—	—	—	259	—	259
<b>Balance, September 30, 2023</b>	<b>123,696</b>	<b>\$ 1,237</b>	<b>\$ 3,714,629</b>	<b>\$ (1,943,652)</b>	<b>\$ (6,718)</b>	<b>\$ 1,569</b>	<b>\$ 1,767,065</b>
	Common Stock		Additional Paid-In Capital	Cumulative Distributions in Excess of Earnings	Other Comprehensive Income/(Loss)	Non- controlling Interest	Total Stockholders' Equity
	Shares	Amount					
	123,390	\$ 1,234	\$ 3,707,833	\$ (1,882,962)	\$ (12,050)	\$ 1,608	\$ 1,815,663
Costs of issuance of common stock	—	—	(461)	—	—	—	(461)
Dividends to common stockholders (\$0.21 per share) and stockholders of subsidiaries	—	—	—	(25,913)	—	(7)	(25,920)
Shares issued and amortized under the 2007 Omnibus Incentive Plan, net of tax	5	—	1,862	—	—	—	1,862
Net income applicable to Piedmont	—	—	—	3,331	—	—	3,331
Other comprehensive income	—	—	—	—	2,856	—	2,856
<b>Balance, September 30, 2022</b>	<b>123,395</b>	<b>\$ 1,234</b>	<b>\$ 3,709,234</b>	<b>\$ (1,905,544)</b>	<b>\$ (9,194)</b>	<b>\$ 1,601</b>	<b>\$ 1,797,331</b>

	Three Months Ended	
	March 31,	
	2024	2023
<b>Net loss applicable to Piedmont</b>	<b>\$ (27,763)</b>	<b>\$ (1,367)</b>
<b>Other comprehensive income/(loss):</b>		
Effective portion of gain/(loss) on derivative instruments that are designated and qualify as cash flow hedges (See <a href="#">Note 4</a> )	2,431	(1,103)
Minus: Reclassification of net gain included in net income (See <a href="#">Note 4</a> )	(1,103)	(484)
<b>Other comprehensive income/(loss)</b>	<b>1,328</b>	<b>(1,587)</b>
<b>Comprehensive loss applicable to Piedmont</b>	<b>\$ (26,435)</b>	<b>\$ (2,954)</b>

See accompanying notes

**PIEDMONT OFFICE REALTY TRUST, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)**  
**FOR THE NINE THREE MONTHS ENDED SEPTEMBER 30, MARCH 31, 2024 AND 2023 AND 2022**  
(in thousands, except per share amounts)

	Common Stock		Cumulative Distributions in		Accumulated Other		Non-controlling Interest		Total Stockholders' Equity
	Shares	Amount	Additional Paid-In Capital	Excess of Earnings	Comprehensive Income/(Loss)	\$ (18,154)	\$ 1,629	\$ 1,787,423	
<b>Balance, December 31, 2021</b>	123,077	\$ 1,231	\$ 3,701,798	\$ (1,899,081)	\$ (18,154)	\$ 1,629	\$ 1,787,423		
Costs of issuance of common stock	—	—	(461)	—	—	—	—	(461)	
Dividends to common stockholders (\$0.63 per share) and stockholders of subsidiaries	—	—	—	(77,724)	—	(27)	(77,751)		

Shares issued and amortized under the 2007 Omnibus Incentive Plan, net of tax	318	3	7,897	—	—	—	—	7,900
Net loss applicable to noncontrolling interest	—	—	—	—	—	—	(1)	(1)
Net income applicable to Piedmont	—	—	—	71,261	—	—	—	71,261
Other comprehensive income	—	—	—	—	8,960	—	—	8,960
<b>Balance, September 30, 2022</b>	<b>123,395</b>	<b>\$ 1,234</b>	<b>\$ 3,709,234</b>	<b>\$ (1,905,544)</b>	<b>\$ (9,194)</b>	<b>\$ 1,601</b>	<b>\$ 1,797,331</b>	

	Common Stock		Cumulative Distributions in		Accumulated Other Comprehensive Income/(Loss)		Non-controlling Interest	Total Stockholders' Equity		
	Shares	Amount	Additional Paid-In Capital	Excess of Earnings	\$ (8,679)	\$ 1,588				
<b>Balance, December 31, 2022</b>	<b>123,440</b>	<b>\$ 1,234</b>	<b>\$ 3,711,005</b>	<b>\$ (1,855,893)</b>	<b>\$ (8,679)</b>	<b>\$ 1,588</b>	<b>\$ 1,849,255</b>			
Dividends to common stockholders (\$0.21 per share) and stockholders of subsidiaries	—	—	—	(25,965)	—	—	(6)	(25,971)		
Shares issued and amortized under the 2007 Omnibus Incentive Plan, net of tax	203	2	(238)	—	—	—	—	(236)		
Net income applicable to noncontrolling interest	—	—	—	—	—	—	3	3		
Net loss applicable to Piedmont	—	—	—	(1,367)	—	—	—	(1,367)		
Other comprehensive loss	—	—	—	—	(1,587)	—	—	(1,587)		
<b>Balance, March 31, 2023</b>	<b>123,643</b>	<b>\$ 1,236</b>	<b>\$ 3,710,767</b>	<b>\$ (1,883,225)</b>	<b>\$ (10,266)</b>	<b>\$ 1,585</b>	<b>\$ 1,820,097</b>			

See accompanying notes

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

	Three Months Ended		Three Months Ended	
	March 31,		March 31,	
	2024	2024	2023	2023
<b>Cash Flows from Operating Activities:</b>				
Net loss				
Net loss				
Net loss				
<b>Nine Months Ended</b>				
Adjustments to reconcile net loss to net cash provided by operating activities:				
Adjustments to reconcile net loss to net cash provided by operating activities:				
Adjustments to reconcile net loss to net cash provided by operating activities:				
<b>September 30,</b>				
Depreciation				
<b>2023      2022</b>				
<b>Cash Flows from Operating Activities:</b>				
Net income/(loss)	\$ (20,350)	\$ 71,260		
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:				
Depreciation				
Depreciation	110,422	98,828		

Amortization of debt issuance costs inclusive of settled interest rate swaps	Amortization of debt issuance costs inclusive of settled interest rate swaps	4,263	2,738
Other amortization	Other amortization	55,897	60,457
Goodwill impairment charge		10,957	—
Other amortization			
Other amortization			
Impairment charges			
Loss on early extinguishment of debt	Loss on early extinguishment of debt	287	—
Reversal of general reserve for uncollectible accounts	Reversal of general reserve for uncollectible accounts	(1,000)	(2,000)
Stock compensation expense	Stock compensation expense	6,029	6,880
Gain on sale of real estate assets		—	(50,674)
Changes in assets and liabilities:			
Changes in assets and liabilities:			
Changes in assets and liabilities:	Changes in assets and liabilities:		
Increase in tenant and straight-line rent receivables	Increase in tenant and straight-line rent receivables	(13,015)	(14,760)
Increase in tenant and straight-line rent receivables			
Increase in tenant and straight-line rent receivables			
Increase in prepaid expenses and other assets	(8,789)	(933)	
Decrease/(increase) in prepaid expenses and other assets			
Decrease/(increase) in prepaid expenses and other assets			
Decrease/(increase) in prepaid expenses and other assets			
Increase in accounts payable and accrued expenses	16,606	4,571	
Decrease in deferred income	(776)	(12,383)	
Decrease in accounts payable and accrued expenses			
Decrease in accounts payable and accrued expenses			
Decrease in accounts payable and accrued expenses			
Increase in deferred income			
Net cash provided by operating activities	Net cash provided by operating activities	160,531	163,984

Cash Flows from Investing Activities:		Cash Flows from Investing Activities:	
Acquisition of real estate assets, net of related debt assumed, and intangibles		— (270,899)	
Capitalized expenditures			
Capitalized expenditures			
Capitalized expenditures	Capitalized expenditures	(113,392)	(95,507)
Net sales proceeds from wholly-owned properties	Net sales proceeds from wholly-owned properties	—	143,596
Proceeds from notes receivable		—	118,500
Net sales proceeds from wholly-owned properties			
Net sales proceeds from wholly-owned properties			
Deferred lease costs paid			
Deferred lease costs paid			
Deferred lease costs paid	Deferred lease costs paid	(23,603)	(16,042)
Net cash used in investing activities	Net cash used in investing activities	(136,995)	(120,352)
Cash Flows from Financing Activities:		Cash Flows from Financing Activities:	
Debt issuance and other costs paid		Debt issuance and other costs paid	
Debt issuance and other costs paid		(1,720)	(194)
Debt issuance and other costs paid			
Debt issuance and other costs paid			
Proceeds from debt	Proceeds from debt	1,112,203	761,420
Repayments of debt	Repayments of debt	(1,048,125)	(693,000)
Costs of issuance of common stock		—	(311)
Value of shares withheld for payment of taxes related to employee stock compensation			
Value of shares withheld for payment of taxes related to employee stock compensation			
Value of shares withheld for payment of taxes related to employee stock compensation	Value of shares withheld for payment of taxes related to employee stock compensation	(1,681)	(3,764)
Dividends paid	Dividends paid	(92,786)	(103,799)
Net cash used in financing activities		(32,109)	(39,648)
Net (decrease)/increase in cash, cash equivalents, and restricted cash and escrows		(8,573)	3,984
Dividends paid			
Dividends paid			
Net cash (used in)/provided by financing activities			
Net increase in cash, cash equivalents, and restricted cash and escrows			

Cash, cash equivalents, and restricted cash and escrows, beginning of period	Cash, cash equivalents, and restricted cash and escrows, beginning of period	19,600	8,860
Cash, cash equivalents, and restricted cash and escrows, end of period	Cash, cash equivalents, and restricted cash and escrows, end of period	\$ 11,027	\$ 12,844

See accompanying notes

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

**SEPTEMBER 30, 2023 MARCH 31, 2024**  
**(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 major U.S. Sunbelt markets. 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 September 30, 2023 March 31, 2024, Piedmont owned 5149 in-service office properties and one two redevelopment asset, primarily located in major U.S. Sunbelt office markets, assets. As of September 30, 2023 March 31, 2024, the in-service office properties comprised approximately 16.6 million 16.0 million square feet (unaudited) and were 86.7% 87.8% leased.

**2. Summary of Significant Accounting Policies**

*Basis of Presentation and Principles of Consolidation*

The consolidated financial statements of Piedmont are 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, 2022 December 31, 2023.

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, judgments regarding the recoverability of goodwill, and the assessment of the collectability 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 operations for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, as follows (in thousands):

	Three Months Ended		Nine Months Ended		
	September	September	September	September	
	30, 2023	30, 2022	30, 2023	30, 2022	
	Three Months Ended	Three Months Ended	Three Months Ended	Three Months Ended	
	March 31, 2024		March 31, 2024		March 31, 2023
Fixed payments	Fixed payments	\$115,250	\$114,280	\$340,048	\$334,256
Variable payments	Variable payments	26,284	25,292	75,818	69,379
Total Rental and Tenant Reimbursement Revenue	Total Rental and Tenant Reimbursement Revenue	\$141,534	\$139,572	\$415,866	\$403,635

Operating leases where Piedmont is the lessee relate primarily to office space in buildings owned by third parties. Piedmont's right of use asset and corresponding lease liability was approximately \$0.1 million and \$0.2 million as of September 30, 2023 both March 31, 2024 and December 31, 2022, respectively. December 31, 2023. The right of use asset is recorded as a component of prepaid expenses and other assets, whereas the corresponding liability is presented as a component of accounts payable, accrued expenses, and accrued capital expenditures in the accompanying consolidated balance sheets. For both the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, Piedmont recognized approximately \$20,000 and \$60,000, respectively, of operating lease costs related to these office space leases. As of September 30, 2023 March 31, 2024, the remaining lease term of Piedmont's right of use asset is approximately 1 year, 8 months, and the discount rate is 3.86%.

### *Recent Accounting Pronouncements*

## Segment Expense Disclosure

The Financial Accounting Standards Board (the "FASB") has issued Accounting Standards Update ("ASU") No. 2023-07, *Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures* ("ASU 2023-07). ASU 2023-07 requires expanded disclosure of significant segment expenses which are regularly provided to the chief operating decision maker ("CODM"); all entities that have a single reportable segment must provide existing segment disclosures; disclosure of the title and position of the CODM; and entities must disclose the amounts and a qualitative description of "other segment items", representing the difference between segment revenue less segment expenses reported in segment profit or loss. ASU 2023-07 is effective for Piedmont beginning with the Form 10-K for the year ended December 31, 2024, and subsequent interim periods thereafter. Piedmont is currently evaluating the potential impact of adoption; however, Piedmont does not anticipate any material impact to its consolidated financial statements as a result of adoption of ASU 2023-07.

## Income Tax Disclosure

The FASB has issued ASU No. 2023-09, *Income Taxes (Topic 740), Improvements to Income Tax Disclosures* ("ASU 2023-09). ASU 2023-09 requires expanded disclosure of tax information, including a rate reconciliation and the amounts of annual income taxes paid (net of refunds received), segregated by federal, state, and local jurisdictions. The amendments of ASU 2023-09 also require disclosure of income from continuing operations before income tax separated by domestic and foreign income, and eliminate the requirement to disclose the nature and estimates of the range of reasonable possible changes to unrecognized tax benefits within the following twelve months of the reporting period end. ASU 2023-09 is effective for Piedmont beginning with the Form 10-K for the year ended December 31, 2025. Piedmont is currently evaluating the potential impact of adoption; however, Piedmont does not anticipate any material impact to its consolidated financial statements as a result of adoption of ASU 2023-09.

### 3. Debt

During the **nine** three months ended **September 30, 2023** **March 31, 2024**, through its subsidiary Piedmont OP, issued \$400 million in aggregate principal amount of 9.250% senior notes due 2028 (the “\$400 Million Unsecured Senior Notes”), which mature on July 20, 2028. Upon issuance of the \$400 Million Unsecured Senior Notes, Piedmont OP received

proceeds of \$396 million, reflecting a discount of \$4 million which will be amortized as interest expense under the effective interest method over the 5-year term of the \$400 Million Unsecured Senior Notes. The \$400 Million Unsecured Senior Notes are fully and unconditionally guaranteed by Piedmont. Interest on the \$400 Million Unsecured Senior Notes is payable semi-annually on January 20 and July 20 of each year commencing January 20, 2024, and is subject to adjustment if Piedmont's corporate credit rating falls below investment grade, as defined in the credit agreement.

The net proceeds from the \$400 Million Unsecured Senior Notes were used to fund the purchase of approximately \$350 million aggregate principal amount of Piedmont OP's 4.45% senior notes due 2024 that were validly tendered and accepted for purchase in a tender offer commenced substantially concurrently with the offering of the \$400 Million Unsecured Senior Notes. In conjunction with the purchase, Piedmont recognized approximately \$0.8 million of loss on early extinguishment of debt, comprised of the pro-rata write-off of unamortized debt issuance costs, as well as fees paid. The remaining proceeds from \$400 Million Unsecured Senior Notes were used to repay a portion of the borrowings outstanding under the \$600 Million Unsecured 2022 Line of Credit.

The \$400 Million Unsecured Senior Notes are subject to certain typical covenants that, subject to certain exceptions including (a) a limitation on the ability of Piedmont and Piedmont OP to, among other things, incur additional secured and unsecured indebtedness; (b) a limitation on the ability of Piedmont and Piedmont OP to merge, consolidate, sell, lease or otherwise dispose of their properties and assets substantially as an entirety; and (c) a requirement that Piedmont maintain a pool of unencumbered assets.

During the nine months ended September 30, 2023, Piedmont fully repaid the \$350 Million Unsecured Senior Notes, using cash on hand, proceeds from the \$215 Million Unsecured 2023 Term Loan discussed below, and borrowings under the \$600 Million Unsecured 2022 Line of Credit.

During the nine months ended September 30, 2023, Piedmont entered into a new \$215 million, floating-rate, \$200 million unsecured, syndicated bank term loan facility (the "\$215 200 Million Unsecured 2023 2024 Term Loan"). The term of the \$215 \$200 Million Unsecured 2023 2024 Term Loan is one year, 3 years, with an option to extend for an additional one year for a final maturity date of January 31, 2025 January 29, 2027. Piedmont may prepay the loan in whole or in part, at any time without premium or penalty. The stated interest rate spread over Adjusted SOFR can vary from 0.85% to 1.70% based upon the then current credit rating of Piedmont. Piedmont or Piedmont OP, whichever is higher. As of September 30, 2023 March 31, 2024, the applicable interest rate spread on the loan was 1.05% 1.30%, and the effective rate was 6.45% 6.22%.

The \$215 \$200 Million Unsecured 2023 2024 Term Loan has certain financial covenants that require, among other things, the maintenance of an unencumbered interest rate coverage ratio of at least 1.75, an unencumbered leverage ratio of at least 1.60, a fixed charge coverage ratio of at least 1.50, a leverage ratio of no more than 0.60, and a secured debt ratio of no more than 0.40.

During the three months ended March 31, 2024, Piedmont repaid the outstanding balance of \$100 million on the \$200 Million Unsecured 2022 Term Loan Facility which was scheduled to mature in December 2024, using proceeds from the \$200 Million Unsecured 2024 Term Loan, mentioned above. In conjunction with this repayment, Piedmont recognized a loss of approximately \$0.4 million for unamortized financing costs due to the early extinguishment of debt. Piedmont also repaid \$190 million of the \$215 Million Unsecured 2023 Term Loan scheduled to mature on January 31, 2024 using proceeds from the \$200 Million Unsecured 2024 Term Loan and the \$600 Million Unsecured 2022 Line of Credit. The remaining \$25 million of the \$215 Million Unsecured 2023 Term Loan that was outstanding after the \$190 million pay down was extended to a maturity date of January 31, 2025.

Finally, during the nine three months ended September 30, 2023 March 31, 2024, Piedmont amended its \$250 repaid the remaining \$50.2 million floating-rate, unsecured term loan facility (the "\$250 balance of the \$400 Million Unsecured 2018 Term Loan") to Senior Notes due 2024 with proceeds from the disposition of real estate assets, including the One Lincoln Park building (see [convert the reference interest rate from LIBOR to SOFR, along with the various other related amendments necessary to affect this conversion](#) Note 8 below).

The following table summarizes the terms of Piedmont's indebtedness outstanding as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

Facility <sup>(1)</sup>	Facility <sup>(1)</sup>	Stated Rate	Effective Rate <sup>(2)</sup>	Maturity	Amount Outstanding as of		Stated Rate	Effective Rate <sup>(2)</sup>	Maturity	Amount Outstanding as of	
					September 30, 2023	December 31, 2022 Facility <sup>(1)</sup>				March 31, 2024	December 31, 2023
<u>Secured (Fixed)</u>	<u>Secured (Fixed)</u>										
\$197 Million Fixed Rate Mortgage	Mortgage	\$197 Million Fixed Rate Mortgage	4.10 % 4.10 %	10/1/2028	\$ 196,721	\$ 197,000					
\$197 Million Fixed Rate Mortgage											
\$197 Million Fixed Rate Mortgage											
Subtotal											
Subtotal											
Subtotal					196,721	197,000					

<u>Unsecured</u> <u>Unsecured (Variable and Fixed)</u> <u>Variable and Fixed)</u>						
\$350 Million Unsecured Senior Notes due 2023						
	3.40 %	3.43 %	6/01/2023	—	350,000	
	SOFR	(3)	(4)			
\$215 Million Unsecured 2023 Term Loan						
	1.05%	6.45 %	1/31/2024	<b>215,000</b>	—	
\$400 Million Unsecured Senior Notes due 2024						
\$400 Million Unsecured Senior Notes due 2024						
	\$400 Million Unsecured Senior Notes due 2024		(5)			
\$400 Million Unsecured Senior Notes due 2024	4.45 %	4.10 %	3/15/2024	<b>50,154</b>	400,000	
\$200 Million Unsecured 2022 Term Loan Facility	SOFR	(3)	(6)			
\$215 Million Unsecured 2023 Term Loan	+\$1.00%	6.43 %	12/16/2024	<b>200,000</b>	200,000	
\$250 Million Unsecured 2018 Term Loan	\$250 Million Unsecured 2018 Term Loan	SOFR				
\$600 Million Unsecured 2022 Line of Credit	+\$0.95%	4.54 %	3/31/2025	<b>250,000</b>	250,000	
\$600 Million Unsecured Senior Notes due 2028	\$600 Million Unsecured 2022 Line of Credit	SOFR	(3)	(7)		
\$400 Million Unsecured Senior Notes due 2028	+\$0.84%	6.24 %	6/30/2026	<b>157,000</b>	—	
\$200 Million Unsecured 2024 Term Loan						
\$600 Million Unsecured Senior Notes due 2028						
\$300 Million Unsecured Senior Notes due 2030	\$300 Million Unsecured Senior Notes due 2030	3.15 %	3.90 %	8/15/2030	<b>300,000</b>	300,000
\$300 Million Unsecured Senior Notes due 2032	\$300 Million Unsecured Senior Notes due 2032	2.75 %	2.78 %	4/1/2032	<b>300,000</b>	300,000
Discounts and unamortized debt issuance costs	Discounts and unamortized debt issuance costs				<b>(18,556)</b>	(13,319)
Subtotal/Weighted Average (8)	5.60 %				<b>\$1,853,598</b>	\$1,786,681
Total/Weighted Average (8)	5.46 %				<b>\$2,050,319</b>	\$1,983,681
Subtotal/Weighted Average (7)						
Total/Weighted Average (7)						

(1) All of Piedmont's outstanding debt as of **September 30, 2023** **March 31, 2024** is unsecured and interest-only until maturity, except for the \$197 Million Fixed Rate Mortgage, secured by 1180 Peachtree Street.

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

(3) On a periodic basis, Piedmont may select from multiple interest rate options, including the prime rate and various-length SOFR locks on all or a portion of the principal. The all-in interest rate associated with each SOFR interest period selection is comprised of the relevant adjusted SOFR rate (comprised of the relevant base SOFR interest rate plus a fixed adjustment of 0.10%) and is subject to an additional spread over the selected rate based on Piedmont's or Piedmont OP's current credit rating.

(4) Piedmont may extend the term for an additional year to a final extended maturity date of January 31, 2025 provided Piedmont is not then in default and upon payment of extension fees.

(5) Piedmont currently intends to repay the outstanding \$50.2 million balance on the \$400 Million Unsecured Senior Notes debt due 2024 within one year through selective property dispositions, cash on hand from operations, and/or borrowings under its existing \$600 Million Unsecured 2022 Line of Credit.

(6) Piedmont may extend the term for six additional months to a final extended maturity date of June 18, 2025, provided Piedmont is not then in default and all representations and warranties are true and correct in all material respects and upon payment of extension fees.

(7) (5) Piedmont may extend the term for up to one additional year (through two available six month extensions to a final extended maturity date of June 30, 2027) provided Piedmont is not then in default and upon payment of extension fees.

(7) (6) The term loan has a stated variable rate; however, Piedmont has entered into interest rate swap agreements which effectively fix the interest rate on \$80 million of the term loan to 5.50% through February 1, 2026, assuming no change in Piedmont's or Piedmont OP's credit rating. For the remaining variable portion of the loan, Piedmont may select from multiple interest rate options, including the prime rate and various length SOFR locks. All SOFR selections are comprised of the relevant adjusted SOFR rate (comprised of the relevant base SOFR interest rate plus a fixed adjustment of 0.10%) and is subject to an additional spread over the selected rate based on Piedmont's current credit rating. See Note 4 for disclosures of Piedmont's derivative instruments.

(7) Weighted average is based on contractual balance of outstanding debt and the stated or effectively fixed interest rates as of September 30, 2023 March 31, 2024.

Piedmont made interest payments on all debt facilities, including interest rate swap cash settlements, of approximately \$24.9 million \$46.0 million and \$18.3 million \$23.4 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and approximately \$70.0 million and \$46.9 million for the nine months ended September 30, 2023 and 2022, respectively. Also, Piedmont capitalized interest of approximately \$1.9 million \$2.8 million and \$1.1 million \$1.2 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and approximately \$4.5 million and \$3.2 million for the nine months ended September 30, 2023 and 2022, respectively. As of September 30, 2023 March 31, 2024, 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 September 30, 2023 March 31, 2024.

#### 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, specifically interest rate swap 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.

During the nine three months ended September 30, 2023 March 31, 2024, Piedmont amended its entered into two remaining LIBOR-designated interest rate swap agreements to change partially hedge the reference rate from LIBOR to SOFR to match risk of changes in the amended underlying debt terms interest-related cash flows associated with the \$200 Million Unsecured 2024 Term Loan (see Note 3 above). All of Piedmont's interest rate swap agreements are designated as effective cash flow hedges and are now designated using SOFR. The maximum length of time over which Piedmont is hedging its exposure to the variability in future cash flows for forecasted transactions is 18 22 months.

A detail of Piedmont's interest rate derivatives outstanding as of September 30, 2023 March 31, 2024 is as follows:

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

Interest rate swaps							\$250 Million Unsecured 2018 Term	2	Loan	\$ 100	3/29/2018	3/31/2025
Interest rate swaps							Interest rate swaps	3	Loan	75	12/2/2022	3/31/2025
Interest rate swaps	Interest rate swaps	3	\$250 Million Unsecured 2018 Term	75	12/2/2022	3/31/2025	Interest rate swaps	3	\$250 Million Unsecured 2018 Term	75	12/12/2022	3/31/2025
Interest rate swaps	Interest rate swaps	3	\$250 Million Unsecured 2018 Term	75	12/12/2022	3/31/2025	Interest rate swaps	2	\$200 Million Unsecured 2024 Term	80	2/1/2024	2/1/2026
Total	Total		\$ 250									

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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively, is as follows (in thousands):

Interest rate swaps	Interest rate swaps	September	December	Interest rate swaps classified as:	March 31, 2024	December 31, 2023
classified as:	classified as:	30, 2023	31, 2022			
Gross assets	Gross assets	\$ 5,841	\$ 4,183			
Gross liabilities	Gross liabilities	—	—			
Net derivative asset	Net derivative asset	\$ 5,841	\$ 4,183			

The gain/(loss) on Piedmont's interest rate derivatives, including previously settled forward swaps, that was recorded in OCI and the accompanying consolidated statements of operations as a component of interest expense for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**, respectively, is as follows (in thousands):

Interest Rate Swaps in Cash Flow Hedging Relationships	Three Months Ended				Nine Months Ended		Three Months Ended		March 31, 2024	March 31, 2023
	Interest Rate Swaps in Cash	Flow Hedging Relationships	September 2023	September 2022	September 2023	September 2022	Interest Rate Swaps in Cash Flow Hedging Relationships			
Amount of gain recognized in OCI	\$ 1,248	\$ 2,662	\$ 4,270	\$ 7,507						
Amount of previously recorded gain/(loss) reclassified from OCI into interest expense	\$ 989	\$ (194)	\$ 2,309	\$ (1,453)						
Amount of gain/(loss) recognized in OCI										

Amount of previously recorded gain reclassified from OCI into interest expense	Total amount of interest expense presented in the consolidated statements of operations	Total amount of interest expense presented in the consolidated statements of operations
Total amount of interest expense presented in the consolidated statements of operations	Total amount of interest expense presented in the consolidated statements of operations	Total amount of interest expense presented in the consolidated statements of operations
Total amount of interest expense presented in the consolidated statements of operations		
Total amount of loss on early extinguishment of debt presented in the consolidated statements of operations		
Total amount of loss on early extinguishment of debt presented in the consolidated statements of operations		

Piedmont estimates that approximately **\$3.2 million** **\$2.3 million** will be reclassified from OCI as a decrease in interest expense over the next twelve months. 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. However, as of **September 30, 2023** **March 31, 2024**, all of Piedmont's interest rate swap agreements are in an asset position. 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, 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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively (in thousands):

Financial Instrument	Financial Instrument	September 30, 2023				December 31, 2022				March 31, 2024				December 31, 2023	
		Level		Level		Level		Level		Level		Level			
		Within	Fair	Within	Fair	Within	Fair	Within	Fair	Within	Fair	Within	Fair		
<b>Assets:</b>	<b>Assets:</b>														
Cash and cash equivalents <sup>(1)</sup>	Cash and cash equivalents <sup>(1)</sup>	\$ 5,044	\$ 5,044	Level 1	\$ 16,536	\$ 16,536	Level 1								
Cash and cash equivalents															
(1)															

Cash and cash equivalents											
(1)	Tenant receivables, net (1)								\$ 3,544	\$ 3,544	Level 1
Tenant receivables, net (1)	\$ 8,806	\$ 8,806	Level 1	\$ 4,762	\$ 4,762	Level 1	net (1)	\$ 10,338	\$ 10,338	Level 1	Level 1
Restricted cash and escrows (1)											
Restricted cash and escrows (1)	\$ 5,983	\$ 5,983	Level 1	\$ 3,064	\$ 3,064	Level 1	\$ 4,221	\$ 4,221		Level 1	\$ 3
Interest rate swaps	Interest rate swaps	\$ 5,841	\$ 5,841	Level 2	\$ 4,183	\$ 4,183	Level 2	\$ 4,148	\$ 4,148	Level 2	Level 2
<b>Liabilities:</b>	<b>Liabilities:</b>										
Accounts payable and accrued expenses (1)	Accounts payable and accrued expenses (1)	\$ 15,224	\$ 15,224	Level 1	\$ 63,225	\$ 63,225	Level 1				
Accounts payable and accrued expenses (1)								\$ 13,903	\$ 13,903	Level 1	\$ 49
Debt, net	Debt, net	\$ 2,050,319	\$ 1,868,624	Level 2	\$ 1,983,681	\$ 1,825,723	Level 2				
Debt, net								\$ 2,070,070	\$ 1,970,703	Level 2	\$ 2,054

(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 debt was carried at book value as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**; however, Piedmont's estimate of its fair value is disclosed in the table above. Piedmont uses widely accepted valuation techniques including discounted cash flow analysis based on the contractual terms of the debt facilities, including the period to maturity of each instrument, and uses observable market-based inputs for similar debt facilities which have transacted recently in the market. Therefore, the estimated fair values determined are considered to be based on significant other observable inputs (Level 2). Scaling adjustments are made to these inputs to make them applicable to the remaining life of Piedmont's outstanding debt. Piedmont has not changed its valuation technique for estimating the fair value of its debt.

Piedmont's interest rate swap agreements presented above, and as further discussed in [Note 4](#), are classified as "Interest rate swaps" in the accompanying consolidated balance sheets and were carried at estimated fair value as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**. 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 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 **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, 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 derivatives to be Level 3 financial instruments.

## 6. Goodwill Impairment Charge

During the three months ended **September 30, 2023** **March 31, 2024**, management shortened the intended hold period for the 750 West John Carpenter Freeway building located in Irving, Texas and in doing so, determined that the carrying value would not be recovered from the undiscounted future operating cash flows associated with the asset and its eventual disposition. As a result, Piedmont considered recognizing an impairment charge of approximately \$17.5 million calculated based on the decline in its stock price to be an indicator difference between the carrying value of the asset and performed an interim impairment assessment of its goodwill balance. This assessment involved comparing the estimated fair value of each of its reporting units (see [Note 11](#)) to the reporting unit's carrying value, inclusive of the goodwill balance allocated to the reporting unit.

Estimation of the fair value of each reporting unit involved the projection of discounted future cash flows using certain assumptions that are subjective in nature, including assumptions regarding future market rental rates and the number of months it may take to re-lease a property subsequent to the expiration of current lease agreements, as well as

future property operating expenses, among other factors. Based on its analysis, Piedmont determined that the only reporting unit where the carrying value exceeded the value. The estimated fair value (inclusive) was determined based on a negotiated potential selling price with an unrelated, third-party.

Additionally during the three months ended March 31, 2024, Piedmont recognized an impairment loss of approximately \$0.9 million in conjunction with the sale of One Lincoln Park located in Dallas, Texas. The offer to purchase, contractual negotiations, due diligence, and completion of the assigned goodwill balance) as of September 30, 2023 was the Minneapolis reporting unit. Consequently, Piedmont recorded an approximately \$11.0 million goodwill impairment charge equal to the goodwill balance that had been assigned to the Minneapolis reporting unit in the accompanying consolidated statement of operations.

The fair value measurements used in the evaluation described above are considered to be Level 3 valuations within the fair value hierarchy as defined by GAAP as the measurements involve projections of discounted future cash flows, which are derived from unobservable assumptions, the most subjective of which are capitalization rates and discount rates. All occurred during three months ended March 31, 2024 (see [Note 8](#) for each respective reporting unit. The range of discount rates and the capitalization rate used in the analysis for the Minneapolis reporting unit were 8.50% to 9.25% and 8.50% to 9.00%, respectively. [Further details](#)).

## 7. 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. [Such](#) As of March 31, 2024, Piedmont had one individually significant tenant allowance commitment greater than \$10 million. [These](#) commitments are accrued and will be capitalized as the related expenditures are incurred. In addition to the amounts that Piedmont has already committed to as a part of executed leases, Piedmont also anticipates continuing to incur similar market-based tenant improvement allowances and leasing commissions in conjunction with procuring future leases for its 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 size of the leased square footage and the competitive market conditions of the particular office market at the time a lease is being negotiated.

### *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 reductions during the three and nine months ended [September 30, 2023](#) [March 31, 2024](#) or [2022](#), [2023](#).

## 8. Property Dispositions

During the three months ended March 31, 2024, Piedmont sold the One Lincoln Park building located in Dallas, Texas, to an unrelated, third-party owner/user for net sale proceeds of approximately \$53.3 million which were used to repay the balance of the \$400 Million Unsecured Senior Notes due 2024.

## 9. Stock Based Compensation

[Annually](#), [On an annual basis](#), the Compensation Committee of Piedmont's Board of Directors has granted deferred stock award units to certain employees at its discretion. Employee awards typically vest ratably over three or four 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](#) [allocated](#) 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 employees, as well as the peer group to be used for comparative purposes, are predetermined by the board of directors, [advised](#) [based on advice given](#) by an outside compensation consultant. The number of shares earned, if any, are determined at the end of the multi-year performance period (or upon termination) and vest immediately. In the event that a participant's employment is terminated prior to the end of the multi-year period, in certain circumstances the participant may be entitled to a pro-rated award based on Piedmont's TSR relative performance as of the termination date. The grant date fair value of the multi-year performance share awards is estimated using the Monte Carlo valuation method and is recognized ratably over the performance period.

A [rollforward](#) [roll forward](#) of Piedmont's equity based award activity for the [nine](#) [three](#) months ended [September 30, 2023](#) [March 31, 2024](#) is as follows:

	Shares	Weighted-Average Date Fair Value
Unvested and Potential Stock Awards as of December 31, 2022	729,424	\$ 19.21

	Shares	Shares	Weighted-Average Grant Date Fair Value
Unvested and Potential Stock Awards as of December 31, 2023			
Deferred Stock Awards Granted	Deferred Stock Awards Granted	987,094	\$ 9.60
Performance Stock Awards Granted	Performance Stock Awards Granted	424,922	\$ 12.37
Change in Estimated Potential Share Awards based on TSR Performance	Change in Estimated Potential Share Awards based on TSR Performance	(548,754)	\$ 14.33
Performance Stock Awards Vested		(90,064)	\$ 25.83
Deferred Stock Awards Vested			
Deferred Stock Awards Vested			
Deferred Stock Awards Vested	Deferred Stock Awards Vested	(334,020)	\$ 15.17
Deferred Stock Awards Forfeited	Deferred Stock Awards Forfeited	(16,884)	\$ 11.26
Unvested and Potential Stock Awards as of September 30, 2023		1,151,718	\$ 11.50
Unvested and Potential Stock Awards as of March 31, 2024			

The following table provides additional information regarding stock award activity during the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively (in thousands, except per share amounts):

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Weighted-Average Grant Date Fair Value per share of Deferred Stock Granted During the Period	\$ —	\$ —	\$ 9.60	\$ 16.54
Total Grant Date Fair Value of Deferred Stock Vested During the Period	\$ 200	\$ 200	\$ 5,066	\$ 5,106
Share-based Liability Awards Paid During the Period <sup>(1)</sup>	\$ —	\$ —	\$ —	\$ 5,481

<sup>(1)</sup> Reflects the value of stock earned pursuant to the 2019-21 Performance Share Plan paid out during the nine months ended September 30, 2022.

	Three Months Ended	
	March 31, 2024	March 31, 2023
Weighted-Average Grant Date Fair Value per share of Deferred Stock Granted During the Period	\$ 6.55	\$ 10.03
Total Grant Date Fair Value of Deferred Stock Vested During the Period	\$ 3,801	\$ 4,073

A detail of Piedmont's outstanding stock awards and programs as of **September 30, 2023** **March 31, 2024** is as follows:

Date of grant	Date of grant	Type of Award	Net Shares Granted <sup>(1)</sup>	Grant		
				Date Fair Value <sup>(2)</sup>	Vesting Schedule	Unvested Shares
May 3, 2019	May 3, 2019	Deferred Stock Award	26,385	\$21.04	Of the shares granted, 20% vested or will vest on July 1, 2020, 2021, 2022, 2023 and 2024 respectively.	9,505
February 17, 2021	February 17, 2021	Stock Award	212,739	\$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.	57,229
February 18, 2021	February 18, 2021	Program	—	\$23.04	Shares awarded, if any, will vest immediately upon determination of award in 2024.	—
May 3, 2019	May 3, 2019	Deferred Stock Award	172,523	\$16.85	Of the shares granted, 25% vested on the date of grant, and 25% vested or will vest on February 10, 2023, 2024, and 2025, respectively.	111,516
February 10, 2022	February 10, 2022	Stock Award	172,523	\$17.77	Shares awarded, if any, will vest immediately upon determination of award in 2025.	116,111
February 17, 2022	February 17, 2022	Program	—	\$17.77	Of the shares granted, 25% vested on the date of grant, and 25% vested or will vest on February 17, 2024, 2025, and 2026, respectively.	—

				2022-2024 Performance Share Program	Shares awarded, if any, will vest immediately upon determination of award — \$17.77 in 2025.	(3) 113,920
February 17, 2022						
February 13, 2023						
February 13, 2023						
				Of the shares granted, 25% vested on the date of grant, and 25% vested or will vest on February 13, 2024, 2025, and 2026,		
February 13, 2023	February 13, 2023	Deferred Stock Award	398,024	\$10.55	326,430	(3) Shares awarded, if any, will vest immediately upon determination of award — \$17.77 in 2025.
				2023-2025 Performance Share Program	— \$12.37	—
February 23, 2023	February 23, 2023	Deferred Stock Award	418,725	\$ 9.47	409,167	Of the shares granted, 25% will vest on February 23, 2024, 2025, 2026, and 2027
				2023-2025 Performance Share Program	— \$12.37	Shares awarded, if any, will vest immediately upon determination of award — \$12.37 in 2026.
February 23, 2023						(3) 226,625
February 23, 2023						
				Of the shares granted, 100% will vest on the earlier of the 2024 Annual Meeting or May 10, 2024.		
May 10, 2023	May 10, 2023	Deferred Stock Award	Board of Directors	121,760	\$ 6.57	121,760
May 10, 2023						
May 10, 2023						
February 20, 2024						
February 20, 2024						
February 20, 2024						
February 20, 2024						
February 20, 2024						
				2024-2026 Performance Share Program	Shares awarded, if any, will vest immediately upon determination of award — \$ 7.64 in 2027.	(3) 641,985
February 20, 2024						
Total	Total			1,151,718		

(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 September 30, 2023 March 31, 2024.

(2) Reflects a special, one-time deferred stock award to Piedmont's Chief Executive Officer effective on July 1, 2019, the date of his promotion to the position, which vests in ratable installments over a five year period beginning **July 1, 2020** on the anniversary of the grant date.

(3) Estimated based on Piedmont's cumulative TSR for the respective performance period through **September 30, 2023** **March 31, 2024**. Share estimates are subject to change in future periods based upon Piedmont's relative TSR performance compared to its peer group of office REITs.

During the three months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**, Piedmont recognized approximately **\$2.1 million** **\$1.9 million** and **\$2.0 million** **\$1.8 million**, respectively, of compensation expense related to stock awards, all of which related to the amortization of unvested and potential stock awards and fair value adjustment for liability awards. During the **nine** **three** months ended **September 30, 2023** and **2022**, Piedmont recognized approximately **\$6.0 million** and **\$6.9 million** **March 31, 2024**, respectively, of compensation expense related to stock awards, of which **\$6.0 million** and **\$5.8 million**, respectively, is related to the amortization of unvested and potential stock awards and fair value adjustment for liability awards. During the **nine** months ended **September 30, 2023**, **256,917** **172,510** shares (net of shares surrendered upon vesting to satisfy required minimum tax withholding obligations) were issued to employees and independent directors. As of **September 30, 2023** **March 31, 2024**, approximately **\$14.0 million** **\$17.9 million** of unrecognized compensation cost related to unvested and potential stock awards remained, which Piedmont will record in its consolidated statements of operations over a weighted-average vesting period of approximately **1.3** **1.8** years.

#### 9.10. Supplemental Disclosures for the Statement of Consolidated Cash Flows

Certain non-cash investing and financing activities for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** (in thousands) are outlined below:

		Nine Months Ended		Three Months Ended	
		September 30, 2023	September 30, 2022	March 31, 2024	March 31, 2023
Tenant improvements funded by tenants	Tenant improvements funded by tenants	\$ 30,790	\$ 2,928		
Accrued capital expenditures and deferred lease costs	Accrued capital expenditures and deferred lease costs	\$ 17,458	\$ 18,424		
Change in accrued dividends	Change in accrued dividends	\$(25,358)	\$(26,048)		
Change in accrued deferred financing costs	Change in accrued deferred financing costs	\$ (32)	\$ 71		
Accrued stock issuance costs	Accrued stock issuance costs	\$ —	\$ 150		
Change in accrued deferred financing costs	Change in accrued deferred financing costs				
Change in accrued deferred financing costs	Change in accrued deferred financing costs				

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 **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**, to the consolidated balance sheets for the respective period (in thousands):

2023	2022	2024	2024	2023

Cash and cash equivalents, beginning of period	Cash and cash equivalents, beginning of period	\$ 16,536	\$ 7,419
Restricted cash and escrows, beginning of period	Restricted cash and escrows, beginning of period	3,064	1,441
Total cash, cash equivalents, and restricted cash and escrows as presented in the accompanying consolidated statement of cash flows, beginning of period	Total cash, cash equivalents, and restricted cash and escrows as presented in the accompanying consolidated statement of cash flows, beginning of period	\$ 19,600	\$ 8,860
Total cash, cash equivalents, and restricted cash and escrows as presented in the accompanying consolidated statement of cash flows, beginning of period			
Total cash, cash equivalents, and restricted cash and escrows as presented in the accompanying consolidated statement of cash flows, beginning of period			
Cash and cash equivalents, end of period	Cash and cash equivalents, end of period	\$ 5,044	\$ 10,653
Restricted cash and escrows, end of period	Restricted cash and escrows, end of period	5,983	2,191
Total cash, cash equivalents, and restricted cash and escrows as presented in the accompanying consolidated statement of cash flows, end of period	Total cash, cash equivalents, and restricted cash and escrows as presented in the accompanying consolidated statement of cash flows, end of period	\$ 11,027	\$ 12,844
Total cash, cash equivalents, and restricted cash and escrows as presented in the accompanying consolidated statement of cash flows, end of period			

Total cash, cash equivalents, and restricted cash and escrows as presented in the accompanying consolidated statement of cash flows, end of period

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.

#### 10.11. Earnings Per Share

There are no adjustments to "Net income/(loss) applicable to Piedmont" As Piedmont recognized a net loss for the diluted earnings per share computations.

Net income/(loss) per share-basic is calculated as net income/(loss) available to common stockholders divided by the weighted average number of common shares outstanding during the period. Net income/(loss) per share-diluted is calculated as net income/(loss) 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 both the three months ended September 30, 2023 March 31, 2024 and 2022, Piedmont calculated and excluded weighted average outstanding anti-dilutive 2023, earnings per share is computed using basic weighted-average common shares of approximately 1,388,320 and 194,330, respectively, and for the nine months ended September 30, 2023 and 2022, Piedmont calculated and excluded weighted average outstanding anti-dilutive shares of 1,216,637 and 346,695, respectively. outstanding.

The following table reconciles the denominator for the basic and diluted earnings per share computations shown on the consolidated statements of operations for the three and nine months ended September 30, 2023 and 2022, respectively (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	123,696	123,395	123,640	123,330
Weighted-average common shares – basic	123,696	123,395	123,640	123,330
Plus: Incremental weighted-average shares from time-vested deferred and performance stock awards	—	302	—	301
Weighted-average common shares – diluted	123,696	123,697	123,640	123,631

#### 11.12. 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: Atlanta, Dallas, Orlando, Northern Virginia/Washington, D.C./Northern Virginia, Minneapolis, New York, and Boston. These operating segments are also Piedmont's reportable segments. As of September 30, 2023 March 31, 2024, Piedmont also owned two properties in Houston 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 this market. These two properties are the primary contributors to accrual-based net operating income ("NOI") included in "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		Nine Months Ended	
	September	September	September	September
	30, 2023	30, 2022	30, 2023	30, 2022
	Three Months Ended	Three Months Ended	Three Months Ended	Three Months Ended
Atlanta	March 31, 2024	Atlanta	\$ 40,433	\$ 34,026
			\$ 119,860	\$ 92,558
			March 31, 2024	March 31, 2023

Dallas	Dallas	28,619	28,379	84,680	81,881
Orlando	Orlando	15,234	15,131	46,112	43,513
Washington, D.C./Northern					
Virginia		15,251	15,608	45,029	46,980
Northern					
Virginia/Washington, D.C.					
Minneapolis	Minneapolis	16,700	15,470	47,125	45,987
New York	New York	13,940	14,525	40,674	42,461
Boston	Boston	10,875	14,735	31,642	44,797
Total reportable segments	Total reportable segments	141,052	137,874	415,122	398,177
Other	Other	5,934	6,226	17,303	18,381
<b>Total Revenues</b>	<b>Revenues</b>	<b>\$146,986</b>	<b>\$144,100</b>	<b>\$432,425</b>	<b>\$416,558</b>

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

		Three Months Ended		Nine Months Ended		March 31, 2024	March 31, 2023			
		September	September	September	September					
		30, 2023	30, 2022	30, 2023	30, 2022					
Three Months Ended										
Three Months Ended										
Three Months Ended										
Atlanta	Atlanta	\$25,965	\$21,627	\$ 77,247	\$ 58,354					
Dallas	Dallas	16,334	15,325	47,313	47,189					
Orlando	Orlando	8,895	8,865	27,446	26,206					
Washington, D.C./Northern										
Virginia		9,183	9,712	27,156	29,851					
Northern										
Virginia/Washington, D.C.										
Minneapolis	Minneapolis	9,166	8,072	25,622	23,950					
New York	New York	7,565	7,959	22,286	23,901					
Boston	Boston	6,422	9,646	19,213	29,922					
Total reportable segments	Total reportable segments	83,530	81,206	246,283	239,373					
Other	Other	3,544	3,893	9,956	10,794					
<b>Total NOI</b>	<b>Total NOI</b>	<b>\$87,074</b>	<b>\$85,099</b>	<b>\$256,239</b>	<b>\$250,167</b>					

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

	Three Months Ended		Nine Months Ended		
	September	September	September	September	
	30, 2023	30, 2022	30, 2023	30, 2022	
<b>Net income/(loss) applicable to Piedmont</b>	<b>\$(17,002)</b>	<b>\$ 3,331</b>	<b>\$(20,357)</b>	<b>\$ 71,261</b>	

		Three Months Ended				
		Three Months Ended				
		Three Months Ended				
					March 31, 2024	March 31, 2023
<b>Net loss applicable to Piedmont</b>					March 31, 2024	March 31, 2023
Management fee revenue <sup>(1)</sup>	Management fee revenue <sup>(1)</sup>	(210)	(177)	(756)	(743)	
Depreciation and amortization	Depreciation and amortization	58,311	58,230	173,946	165,850	
Goodwill impairment charge	Goodwill impairment charge	10,957	—	10,957	—	
Depreciation and amortization						
Depreciation and amortization						
Impairment charges						
General and administrative expenses						
General and administrative expenses						
General and administrative expenses	General and administrative expenses	7,043	6,590	22,013	21,212	
Interest expense	Interest expense	27,361	17,244	72,827	44,917	
Other income	Other income	(207)	(119)	(3,218)	(1,655)	
Loss on early extinguishment of debt	Loss on early extinguishment of debt	820	—	820	—	
Gain on sale of real estate assets						
Net income/(loss) applicable to noncontrolling interest	—	—	—	—	(50,674)	
<b>NOI</b>	<b>\$ 87,074</b>	<b>\$85,099</b>	<b>\$256,239</b>	<b>\$250,167</b>		
Net income applicable to noncontrolling interest						
Net income applicable to noncontrolling interest						
Net income applicable to noncontrolling interest						
<b>Total NOI</b>						

<sup>(1)</sup> 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 operations.

#### **12.13. Subsequent Event**

##### **Fourth Quarter Dividend Declaration**

On **October 25, 2023** **April 24, 2024**, the board of directors of Piedmont declared a dividend for the **fourth** **second** quarter of **2023** **2024** in the amount of \$0.125 per common share outstanding to stockholders of record as of the close of business on **November 24, 2023** **May 24, 2024**. Such dividend will be paid on **January 2, 2024** **June 14, 2024**.

## 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, 2022** **December 31, 2023**.

### Liquidity and Capital Resources

We intend to use cash on hand, cash flows generated from the operation of our properties, net proceeds from the potential disposition of select properties, and borrowings under our \$600 Million Unsecured 2022 Line of Credit as our primary sources of immediate liquidity. Our next scheduled debt maturity is **maturities are the remaining \$25 million of our \$215 million** **Unsecured 2023 Term Loan in January** and our \$250 Million Unsecured 2018 Term Loan due during the first quarter of 2024; however, we 2025. We currently anticipate exercising repaying these amounts using any, or a combination of, the one year extension option on that facility (see [Note 3](#) to our accompanying consolidated financial statements) to extend the maturity date to January of 2025. Our only other debt maturity over the next twelve months is the remaining \$50.2 million of our \$400 Million Unsecured Senior Notes due 2024, which we anticipate repaying upon maturity in March of 2024 using cash on hand and borrowings under following: our \$600 Million Unsecured 2022 Line of Credit. Our \$600 Million Unsecured 2022 Line Credit, net proceeds from the disposition of Credit had \$443 million select properties, and other new secured or unsecured borrowings from third party lenders or the public debt market. The nature and timing of availability as any additional sources of September 30, 2023. capital will be highly dependent on market conditions. We believe that we have sufficient liquidity to meet our obligations for the foreseeable future.

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 **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** we incurred the following types of capital expenditures (in thousands):

	Three Months Ended		Three Months Ended	
	March 31, 2024		March 31, 2024	
	Nine Months Ended		March 31, 2023	
	September 30, 2023	September 30, 2022		
Capital expenditures for redevelopment/renovations				
Capital expenditures for redevelopment/renovations				
Capital expenditures for redevelopment/renovations	\$ 40,634	\$ 47,172		
Other capital expenditures, including building and tenant improvements	72,758	48,335		
Other capital expenditures, including building and tenant improvements				
Other capital expenditures, including building and tenant improvements				
Total capital expenditures	<u>\$113,392</u>	<u>\$95,507</u>		
(1)				

(1) Of the total amounts paid, approximately **\$7.1 million** **\$4.0 million** and **\$5.2 million** **\$2.0 million** relates to soft costs such as capitalized interest, payroll, and other property operating costs for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**, respectively.

"Capital expenditures for redevelopment/renovations" during both the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** related to building upgrades, primarily to the lobbies and the addition of tenant amenities at certain of our buildings, including: 60 Broad Street building in New York City, our City; Galleria Tower buildings Towers in Dallas, Texas, as well as our Texas; 222 South Orange Avenue in Orlando, Florida; and Galleria buildings, 1155 Perimeter Center West, on the Park and 999 Peachtree Street in Atlanta, Georgia, among others. others, most of which are anticipated to be completed during 2024.

"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, including energy efficient equipment, to our existing portfolio of office properties.

We currently do not anticipate incurring any unusually large or material capital expenditures within any given year in order to meet recognized sustainable development standards, and achieve our environmental impact goals.

Given that our operating model frequently results in leases for multiple blocks of space to credit-worthy tenants, our leasing success can result in capital outlays which vary from one reporting period to another based upon the specific leases executed. For leases executed during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, we committed to spend approximately **\$6.20** **\$5.13** per square foot per year of lease term for tenant improvement allowances and lease commissions (net of expired lease commitments) as compared to **\$4.93** **\$6.18** (net of expired lease commitments) for the **nine** **three** months ended **September 30, 2022** **March 31, 2023**. As of March 31, 2024, we had one individually significant unrecorded tenant allowance commitment greater than \$10 million.

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 size of the leased square footage, length of the lease term, and the competitive market conditions of the particular office market at the time a lease is being negotiated, in addition to the impact of inflation and rising costs of construction.

Although repayment of debt is currently our priority, there are other uses of capital that may arise from time to time as part of our operations. Subject to the identification and availability of attractive a few, select 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. Additionally, we have approximately \$150.5 million of board-authorized share repurchase capacity remaining under our share repurchase program which could be used for share repurchases through February 2024.

We may also use capital resources to pay dividends to our stockholders. Given the significant increase in interest expense during the nine months ended September 30, 2023 (see **Results of Operations** below), we reduced our annual dividend from \$0.84 per share to \$0.50 per share beginning with the third quarter of 2023. This reduction will reduce the cash used to pay the dividend by approximately \$40 million on an annual basis. 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, including to pay dividends to our stockholders.

## Results of Operations

### Overview

Net loss applicable to common stockholders for the three months ended **September 30, 2023** **March 31, 2024** was approximately \$17.0 million \$27.8 million, or \$0.14 \$0.22 per diluted share, as compared with net income loss applicable to common stockholders of \$3.3 million \$1.4 million, or \$0.03 \$0.01 per diluted share, for the three months ended September 30, 2022. The decrease in net income reflects: (i) a \$10.1 million increase in **March 31, 2023**, with the first quarter of 2024 including an \$18.4 million impairment charge (\$0.15 per share) primarily related to shortening the projected hold period for one property during the quarter, as well as approximately \$7.6 million, or \$0.06 per share, of increased interest expense driven by increased interest rates on our debt during the third quarter of 2023 as compared to 2022; (ii) an \$11.0 million non-cash impairment charge related to the reduction in our carrying value of goodwill during the third first quarter of 2023; and (iii) a \$0.8 million loss on early extinguishment of debt related to refinancing activity completed during the quarter (see [Note 3](#) to our accompanying consolidated financial statements). These decreases were partially offset by continued growth in Property Net Operating Income as compared to the third quarter of 2022, 2023.

Comparison of the three months ended **September 30, 2023** **March 31, 2024** versus the three months ended **September 30, 2022**

### Income from Continuing Operations **March 31, 2023**

The following table sets forth selected data from our consolidated statements of operations for the three months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively, as well as each balance as a percentage of total revenues for the same periods period presented (dollars in millions):

Revenue:	March 31, 2024		March 31, 2024		March 31, 2023		Variance
	September		September		% of Revenues	% of Revenues	
	30, 2023	% of Revenues	30, 2022	% of Revenues	Variance		
<b>Revenue:</b>							
Rental and tenant reimbursement revenue							
Rental and tenant reimbursement revenue							
Rental and tenant reimbursement revenue							
Rental and tenant reimbursement revenue	\$ 141.5		\$ 139.5		\$ 2.0		

Property management fee revenue	Property management fee revenue	0.4	0.3	0.1
Other property related income	Other property related income	5.0	4.2	0.8
Total revenues	Total revenues	146.9	100 %	144.0 100 % 2.9
<b>Expense:</b>	<b>Expense:</b>			
Property operating costs	Property operating costs	59.8	41 %	59.0 41 % 0.8
Property operating costs	Property operating costs			
Depreciation	Depreciation	38.1	26 %	34.9 24 % 3.2
Amortization	Amortization	20.2	14 %	23.3 16 % (3.1)
Goodwill impairment charge	Goodwill impairment charge	11.0	7 %	— — % 11.0
Impairment charges	Impairment charges			
General and administrative	General and administrative	7.0	4 %	6.6 5 % 0.4
		136.1		123.8 12.3
		142.5		
<b>Other income (expense):</b>	<b>Other income (expense):</b>			
Interest expense	Interest expense			
Interest expense	Interest expense	(27.4)	19 %	(17.2) 12 % (10.2)
Other income	Other income	0.4	— %	0.3 — % 0.1
Loss on early extinguishment of debt	Loss on early extinguishment of debt	(0.8)	1 %	— — % (0.8)
<b>Net income/(loss)</b>	<b>Net income/(loss)</b>	<b>\$ (17.0)</b>	<b>(12) %</b>	<b>\$ 3.3 2 % \$ (20.3)</b>
Loss on early extinguishment of debt	Loss on early extinguishment of debt			
Loss on early extinguishment of debt	Loss on early extinguishment of debt			
<b>Net loss</b>	<b>Net loss</b>			
<b>Net loss</b>	<b>Net loss</b>			

## Revenue

Rental and tenant reimbursement revenue increased approximately \$2.0 million \$2.3 million for the three months ended September 30, 2023, March 31, 2024 as compared to the same period in the prior year. The increase was primarily due to capital recycling activity completed during 2022 the roll up of rental rates, lease commencements, and higher tenant reimbursements as a result of higher increased recoverable operating expenses during the current period as tenant utilization and the overall leased percentage of our buildings continued to increase portfolio increased during 2023 as compared to the prior period; twelve months ended March 31, 2024.

Other property related income increased approximately \$0.8 million \$0.3 million for the three months ended September 30, 2023 March 31, 2024 as compared to the same period in the prior year primarily due to higher transient parking at our buildings during the current period, as compared to the prior period. Additionally, parking revenue associated with the acquisition of 1180 Peachtree Street during the third quarter of 2022 also contributed to the increase.

## Expense

Property operating costs increased approximately \$0.8 million \$1.7 million for the three months ended September 30, 2023, March 31, 2024 as compared to the same period in the prior year. The variance was primarily due to higher recoverable operating expenses such as janitorial, security, repairs and utilities resulting from higher maintenance and other

general expenses as tenant utilization and the overall leased percentage of our portfolio increased during the current period, as well as capital recycling activity completed during 2022. Lower real estate taxes in certain jurisdictions, including favorable tax appeals at certain assets, partially offset these increases, twelve months ended March 31, 2024.

Depreciation expense increased approximately \$3.2 million for the three months ended September 30, 2023 as compared to the same period in the prior year. The increase was primarily due to additional building and tenant improvements acquired and/or placed in service during the twelve months ended September 30, 2023.

Amortization expense decreased approximately \$3.1 million for the three months ended September 30, 2023 March 31, 2024 as compared to the same period in the prior year. The decrease was primarily due to amortization expense associated with certain lease intangible assets at our existing properties becoming fully amortized during the twelve months ended September 30, 2023. The decrease was partially offset by additional amortization associated with the acquisition of 1180 Peachtree Street, purchased in August 2022.

During the three months ended September 30, 2023, we reduced the carrying amount of goodwill resulting in the recognition of a non-cash impairment charge of approximately \$11.0 million. See [Note 6](#) to our accompanying consolidated financial statements for further details.

#### Other Income (Expense)

Interest expense increased approximately \$10.2 million for the three months ended September 30, 2023, as compared to the same period in the prior year, primarily driven by increased interest rates during the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. The increase was partially offset by a \$0.8 million increase in capitalized interest associated with various redevelopment projects in progress during the three months ended September 30, 2023.

The \$0.8 million loss on early extinguishment of debt for the three months ended September 30, 2023 is comprised of the pro-rata write-off of unamortized debt issuance costs and discounts associated with the early repurchase of approximately \$350 million aggregate principal amount of the \$400 Million Unsecured Senior Notes due 2024, as well as fees paid, during the quarter ended September 30, 2023 (see [Note 3](#) to our accompanying consolidated financial statements).

#### Comparison of the nine months ended September 30, 2023 versus the nine months ended September 30, 2022

The following table sets forth selected data from our consolidated statements of operations for the nine months ended September 30, 2023 and 2022, respectively, as well as each balance as a percentage of total revenues for the same period presented (dollars in millions):

	September 30,		September 30,		Variance
	2023	% of Revenues	2022	% of Revenues	
<b>Revenue:</b>					
Rental and tenant reimbursement revenue	\$ 415.8		\$ 403.6		\$ 12.2
Property management fee revenue	1.3		1.3		—
Other property related income	15.2		11.6		3.6
<b>Total revenues</b>	<b>432.3</b>	100 %	<b>416.5</b>	100 %	<b>15.8</b>
<b>Expense:</b>					
Property operating costs	176.0	41 %	166.3	40 %	9.7
Depreciation	110.4	25 %	98.8	24 %	11.6
Amortization	63.5	15 %	67.0	16 %	(3.5)
Goodwill impairment charge	11.0	3 %	—	— %	11.0
General and administrative	22.0	5 %	21.2	5 %	0.8
	<b>382.9</b>		<b>353.3</b>		<b>29.6</b>
<b>Other income (expense):</b>					
Interest expense	(72.8)	16 %	(44.9)	11 %	(27.9)
Other income	3.8	— %	2.3	1 %	1.5
Loss on early extinguishment of debt	(0.8)	— %	—	— %	(0.8)
Gain on sale of real estate assets	—	— %	50.7	12 %	(50.7)
<b>Net income/(loss)</b>	<b>\$ (20.4)</b>	(5)%	<b>\$ 71.3</b>	17 %	<b>\$ (91.7)</b>

#### Revenue

Rental and tenant reimbursement revenue increased approximately \$12.2 million for the nine months ended September 30, 2023 as compared to the same period in the prior year. The increase was primarily due to capital recycling activity completed during 2022 and higher tenant reimbursements as a result of higher recoverable operating expenses during the current period as tenant utilization of our buildings continued to increase during 2023 as compared to the prior period.

Other property related income increased approximately \$3.6 million for the nine months ended September 30, 2023 as compared to the same period in the prior year primarily due to higher transient parking at our buildings during the current period, as compared to the prior period. Additionally, parking revenue associated with the 1180 Peachtree Street building acquired during the third quarter of 2022 also contributed to the increase.

#### Expense

Property operating costs increased approximately \$9.7 million for the nine months ended September 30, 2023 as compared to the same period in the prior year. The variance was primarily due to higher recoverable operating expenses such as janitorial, security, and utilities resulting from higher tenant utilization during the current period, and capital recycling activity completed during 2022.

Depreciation expense increased approximately \$11.6 million for the nine months ended September 30, 2023 as compared to the same period in the prior year. The increase was primarily due to additional building and tenant improvements acquired and/or placed in service subsequent to January 1, 2022, as well as the acquisition of 1180 Peachtree Street mentioned above, January 1, 2023.

Amortization expense decreased approximately \$3.5 million \$3.9 million for the nine three months ended September 30, 2023 March 31, 2024 as compared to the same period in the prior year. The decrease in amortization expense associated with certain lease intangible assets at our existing properties becoming fully amortized subsequent to January 1, 2022 was largely offset by additional amortization associated with the acquisition of 1180 Peachtree Street mentioned above, January 1, 2023.

During the nine three months ended September 30, 2023 March 31, 2024, we reduced the carrying amount of goodwill resulting in the recognition of a non-cash impairment charge of approximately \$11.0 million. \$18.4 million primarily related to shortening the projected hold period for one property during the quarter. See [Note 6](#) to our accompanying consolidated financial statements for further details.

#### Other Income (Expense)

Interest expense increased approximately \$27.9 million \$7.6 million for the nine three months ended September 30, 2023 March 31, 2024 as compared to the same period in the prior year primarily driven by increased interest rates on floating-rate debt during the nine twelve months ended September 30, 2023 as compared to the nine months ended September 30, 2022, March 31, 2024 as well as the refinancing of maturing debt at higher average debt balance outstanding rates during the current period. This increase was partially offset by a \$1.3 million increase in capitalized interest associated with various redevelopment projects in progress during the nine months ended September 30, 2023, latter half of 2023 and first quarter of 2024.

Other income increased decreased approximately \$1.5 million \$1.4 million for the nine three months ended September 30, 2023 March 31, 2024 as compared to the same period in the prior year due to interest income earned on lower average invested cash invested prior balances during the first quarter of 2024 as compared to the repayment first quarter of the \$350 Million Unsecured Senior Notes in June 2023; consequently, we do not expect such interest income to recur in future periods. 2023.

The \$0.4 million loss on early extinguishment of debt for the nine three months ended September 30, 2023 March 31, 2024 is comprised of the pro-rata write-off of unamortized debt issuance costs and discounts associated with the early repurchase of approximately \$350 million aggregate principal amount payoff of the \$400 \$100 million remaining balance on the \$200 Million Unsecured Senior Notes due 2024, as well as fees paid, during the quarter ended September 30, 2023 (see [Note 3](#) 2022 Term Loan Facility which was scheduled to our accompanying consolidated financial statements).

The \$50.7 million gain on sale of real estate assets during the nine months ended September 30, 2022 primarily consisted of the gain recognized on the sale of the 225 & 235 Presidential Way buildings, which closed mature in January of 2022.

December 2024.

#### Issuer and Guarantor Financial Information

As of September 30, 2023 March 31, 2024, Piedmont, through its wholly-owned subsidiary Piedmont OP, had four three separate issuances totaling approximately \$1.1 billion \$1.2 billion of senior unsecured notes payable outstanding that mature in 2024, 2028, 2030 and 2032 (see [Note 3](#) to our accompanying consolidated financial statements for additional details regarding each of these issuances) (collectively, the "Notes"). The Notes are senior unsecured obligations of Piedmont OP, 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, the parent entity that consolidates Piedmont OP and all other subsidiaries. In particular, Piedmont 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; interest on overdue principal and interest on any overdue interest, if any, on the Notes will also be paid in full when due; and all other obligations of the Issuer to the holders of the Notes will be promptly paid in full. Piedmont's guarantee of the Notes is its senior unsecured obligation and ranks equally in right of payment with all of Piedmont's other existing and future senior unsecured indebtedness and guarantees. Piedmont's guarantee of the Notes is effectively subordinated in right of payment to any future

mortgage or other secured indebtedness or secured guarantees of Piedmont (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 Piedmont's subsidiaries.

In the event of the bankruptcy, liquidation, reorganization or other winding up of Piedmont OP or Piedmont, 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.

All non-guarantor subsidiaries 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 as guarantor on a combined basis after elimination of (i) intercompany transactions and balances among Piedmont OP and Piedmont 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, Inc. as Issuer and Guarantor, respectively	Combined Balances of Piedmont OP and Piedmont, Inc. as Issuer and Guarantor, respectively	As of September 30, 2023	As of December 31, 2022	As of March 31, 2024	As of December 31, 2023
Due from non-guarantor subsidiary	Due from non-guarantor subsidiary	\$ 900	\$ 900		
Due from non-guarantor subsidiary					
Due from non-guarantor subsidiary					
Total assets	Total assets	\$ 312,479	\$ 325,884		
Total liabilities	Total liabilities	\$1,890,513	\$1,845,551		
	For the Nine Months Ended September 30, 2023				
	For the Three Months Ended March 31, 2024				
	For the Three Months Ended March 31, 2024				
	For the Three Months Ended March 31, 2024				
Total revenues	Total revenues	\$ 36,842			
Net loss	Net loss	\$ (72,634)			

#### Net Operating Income by Geographic Segment

Our President and Chief Executive Officer is our chief operating decision maker ("CODM"), who is our President and Chief Executive Officer, evaluates our portfolio and assesses the ongoing operations and performance of our properties utilizing the following geographic segments: Atlanta, Dallas, Orlando, Northern Virginia/Washington, D.C./Northern Virginia, Minneapolis, New York, and Boston. These operating segments are also our reportable segments. Additionally, as of September 30, 2023 March 31, 2024, we owned two properties in Houston that did 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, and Piedmont does we do not maintain a significant presence or anticipate further investment in these markets. this market. These two

properties are included in "Other" below. See [Note 11](#) [12](#) to the accompanying consolidated financial statements for additional information and a reconciliation of Net income/(loss) applicable to Piedmont to **accrual-based net operating income** **Net Operating Income** ("NOI").

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

	Three Months Ended		Nine Months Ended			
	September	September	September	September		
	30, 2023	30, 2022	30, 2023	30, 2022		
	Three Months Ended					
Three Months Ended						
Three Months Ended						
				March 31, 2024		
				March 31, 2023		
Atlanta	Atlanta	\$ 25,965	\$ 21,627	\$ 77,247	\$ 58,354	
Dallas	Dallas	16,334	15,325	47,313	47,189	
Orlando	Orlando	8,895	8,865	27,446	26,206	
Washington, D.C./Northern Virginia		9,183	9,712	27,156	29,851	
Northern Virginia/Washington, D.C.						
Minneapolis	Minneapolis	9,166	8,072	25,622	23,950	
New York	New York	7,565	7,959	22,286	23,901	
Boston	Boston	6,422	9,646	19,213	29,922	
Total reportable segments	Total reportable segments	83,530	81,206	246,283	239,373	
Other	Other	3,544	3,893	9,956	10,794	
<b>Total NOI</b>	<b>Total NOI</b>	<b>\$87,074</b>	<b>\$85,099</b>	<b>\$256,239</b>	<b>\$250,167</b>	

Comparison of the **Nine Three Months Ended September 30, 2023** **March 31, 2024** Versus the **Nine Three Months Ended September 30, 2022** **March 31, 2023**

#### Atlanta

NOI increased primarily due to several leases commencing at our Galleria on the acquisition of 1180 Peachtree Street Park project during the third quarter of 2022, three months ended March 31, 2024 as compared to the same period in the prior year.

#### Washington, D.C.

NOI decreased due to the early termination of certain leases at Arlington Gateway in late 2022.

#### Boston/Minneapolis

NOI decreased primarily due to the disposition expiration of the 225 and 235 Presidential Way assets in January 2022 lease associated with the sole tenant at 9320 Excelsior Boulevard, and the disposition property's designation as a redevelopment asset during the first quarter of 2024.

#### Boston

NOI increased due to Microsoft's expansion at our 5 & 15 Wayside Road building as compared to the One Brattle Square and 1414 Massachusetts assets (the Cambridge Portfolio) same quarterly period in December 2022, the prior year.

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

Net income/(loss) 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/(loss). 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/(loss) (calculated in accordance with GAAP), excluding depreciation and amortization related to real estate, gains and losses from the sale of certain real estate assets, gains and losses from change in control, and impairment write-downs of certain real estate assets, **goodwill**, and investment in entities when the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity, along with appropriate adjustments to those reconciling items for joint ventures, if any. 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 **early** 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/(loss) 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 then adding back non-cash items including: non-real estate depreciation, straight-lined rents and fair value lease adjustments, non-cash components of interest expense and compensation expense, and by making similar adjustments for joint ventures, if any. AFFO is a non-GAAP financial measure and should not be viewed as an alternative to net income/(loss) 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/(loss)** applicable to common stock to FFO, Core FFO, and AFFO are presented below (in thousands except per share amounts):

	Three Months Ended				Nine Months Ended				
	September		September		September		September		
	30, 2023	Per Share <sup>(1)</sup>	30, 2022	Per Share <sup>(1)</sup>	30, 2023	Per Share <sup>(1)</sup>	30, 2022	Per Share <sup>(1)</sup>	
<b>GAAP net income/(loss)</b> applicable to common stock	<b>\$(17,002)</b>	<b>\$(0.14)</b>	<b>\$ 3,331</b>	<b>\$ 0.03</b>	<b>\$(20,357)</b>	<b>\$(0.16)</b>	<b>\$ 71,261</b>	<b>\$ 0.58</b>	
<b>GAAP net loss applicable to common stock</b>									
<b>GAAP net loss applicable to common stock</b>									
<b>GAAP net loss applicable to common stock</b>									
Depreciation of real estate assets									
Depreciation of real estate assets									
Depreciation of real estate assets	<b>37,790</b>	<b>0.31</b>	<b>34,743</b>	<b>0.28</b>	<b>109,680</b>	<b>0.88</b>	<b>98,262</b>	<b>0.79</b>	
Amortization of lease-related costs	Amortization of lease-related costs	<b>20,151</b>	<b>0.16</b>	<b>23,278</b>	<b>0.19</b>	<b>63,495</b>	<b>0.51</b>	<b>66,986</b>	<b>0.54</b>
Goodwill impairment charge		<b>10,957</b>	<b>0.09</b>	—	—	<b>10,957</b>	<b>0.09</b>	—	—
Gain on sale of real estate assets		—	—	—	—	—	—	<b>(50,674)</b>	<b>(0.41)</b>
Amortization of lease-related costs									
Amortization of lease-related costs									
Impairment charges									
Impairment charges									
Impairment charges									
<b>NAREIT Funds</b>	<b>NAREIT Funds</b>								
From Operations applicable to common stock	From Operations applicable to common stock	<b>common stock \$ 51,896</b>	<b>\$ 0.42</b>	<b>\$ 61,352</b>	<b>\$ 0.50</b>	<b>\$ 163,775</b>	<b>\$ 1.32</b>	<b>\$ 185,835</b>	<b>\$ 1.50</b>

<b>NAREIT Funds From Operations applicable to common stock</b>						
<b>NAREIT Funds From Operations applicable to common stock</b>						
Adjustments:						
Adjustments:						
Adjustments:	Adjustments:					
Loss on early extinguishment of debt	Loss on early extinguishment of debt	820	0.01	—	820	0.01
Loss on early extinguishment of debt						
Loss on early extinguishment of debt						
<b>Core Funds From Operations applicable to common stock</b>						
<b>Core Funds From Operations applicable to common stock</b>						
Core Funds From Operations applicable to common stock	Core Funds From Operations applicable to common stock	52,716	\$ 0.43	61,352	\$ 0.50	164,595
Core Funds From Operations applicable to common stock	Core Funds From Operations applicable to common stock					
Core Funds From Operations applicable to common stock	Core Funds From Operations applicable to common stock	52,716	\$ 0.43	61,352	\$ 0.50	164,595
Adjustments:	Adjustments:					
Adjustments:						
Adjustments:						
Amortization of debt issuance costs and discounts on debt	Amortization of debt issuance costs and discounts on debt					
Amortization of debt issuance costs and discounts on debt	Amortization of debt issuance costs and discounts on debt					
Amortization of debt issuance costs and discounts on debt	Amortization of debt issuance costs and discounts on debt	1,410		922		3,961
Depreciation of non real estate assets	Depreciation of non real estate assets	350		189		711
Depreciation of non real estate assets	Depreciation of non real estate assets					
Depreciation of non real estate assets	Depreciation of non real estate assets					
Straight-line effects of lease revenue	Straight-line effects of lease revenue					
Straight-line effects of lease revenue	Straight-line effects of lease revenue					
Straight-line effects of lease revenue	Straight-line effects of lease revenue					
Straight-line effects of lease revenue	Straight-line effects of lease revenue	(418)		(3,268)		(6,360)
Straight-line effects of lease revenue	Straight-line effects of lease revenue					
Stock-based compensation adjustments	Stock-based compensation adjustments	2,070		1,950		4,348
Stock-based compensation adjustments	Stock-based compensation adjustments					
Stock-based compensation adjustments	Stock-based compensation adjustments					
Amortization of lease-related intangibles						

Amortization of lease-related intangibles					
Amortization of lease-related intangibles	Amortization of lease-related intangibles	(4,479)	(3,542)	(11,010)	(9,713)
Non-incremental capital expenditures <sup>(2)</sup>		(11,710)	(14,121)	(35,070)	(42,406)
Non-incremental capital expenditures <sup>(1)</sup>					
Non-incremental capital expenditures <sup>(1)</sup>					
Non-incremental capital expenditures <sup>(1)</sup>					
<b>Adjusted Funds From Operations applicable to common stock</b>					
<b>Adjusted Funds From Operations applicable to common stock</b>					
Adjusted Funds From Operations applicable to common stock	Adjusted Funds From Operations applicable to common stock	\$ 39,939	\$ 43,482	\$ 121,175	\$ 130,958
Weighted-average shares outstanding – diluted	Weighted-average shares outstanding – diluted	<sup>(3)</sup>	<sup>(3)</sup>	<sup>(3)</sup>	
Weighted-average shares outstanding – diluted	Weighted-average shares outstanding – diluted	<u>123,781</u>	<u>123,697</u>	<u>123,689</u>	<u>123,631</u>
Weighted-average shares outstanding – diluted					<sup>(2)</sup>
				<b>123,954</b>	<b>123,690</b>
<b>NAREIT Funds</b>					
<b>From Operations per share (diluted)</b>					
Core Funds From Operations per share (diluted)					
Core Funds From Operations per share (diluted)					
Core Funds From Operations per share (diluted)					

<sup>(1)</sup> Based on weighted average shares outstanding – diluted.

<sup>(2)</sup> 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.

<sup>(3)</sup> <sup>(2)</sup> Includes potential dilution under the treasury stock method that would occur if our remaining unvested and potential stock awards vested and resulted in additional common shares outstanding. Such shares are not included when calculating net loss per **diluted** share applicable to Piedmont for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2023, respectively**, as they would reduce the loss per share presented.

#### 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/(loss) loss** (calculated in accordance with GAAP) before adjusting for interest, depreciation and amortization and removing any impairments and 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. For Property NOI (cash basis), the effects of the reversal of the non-cash general reserve for uncollectible accounts, 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/(loss) 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; and (ii) that were not out of service for development or redevelopment during those periods. 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/(loss) 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/loss** 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 **September 30, 2023** **March 31, 2024** and 2022, respectively **2023** (in thousands):

	Cash Basis				Accrual Basis			
	Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended	
	September 30, 2023	September 30, 2022						
<b>Net income/(loss) applicable to Piedmont (GAAP basis)</b>	\$ (17,002)	\$ 3,331	\$ (17,002)	\$ 3,331	\$ (17,002)	\$ 3,331	\$ (17,002)	\$ 3,331
Net income/(loss) applicable to noncontrolling interest	1	—	1	—	1	—	1	—
Interest expense	27,361	17,244	27,361	17,244	27,361	17,244	27,361	17,244
Depreciation	38,140	34,931	38,140	34,931	38,140	34,931	38,140	34,931
Amortization	20,151	23,278	20,151	23,278	20,151	23,278	20,151	23,278
Depreciation and amortization attributable to noncontrolling interests	20	21	20	21	20	21	20	21
Goodwill impairment charge	10,957	—	10,957	—	10,957	—	10,957	—
<b>EBITDAre<sup>(1)</sup></b>	\$ 79,628	\$ 78,805	\$ 79,628	\$ 78,805	\$ 79,628	\$ 78,805	\$ 79,628	\$ 78,805
Loss on early extinguishment of debt	820	—	820	—	820	—	820	—
<b>Core EBITDA<sup>(2)</sup></b>	80,448	78,805	80,448	78,805	80,448	78,805	80,448	78,805
General & administrative expenses	7,043	6,590	7,043	6,590	7,043	6,590	7,043	6,590
Management fee revenue <sup>(3)</sup>	(210)	(177)	(210)	(177)	(210)	(177)	(210)	(177)
Other income	(207)	(119)	(207)	(119)	(207)	(119)	(207)	(119)
Reversal of non-cash general reserve for uncollectible accounts	(600)	(1,000)	(600)	(1,000)	(600)	(1,000)	(600)	(1,000)
Straight-line rent effects of lease revenue	(418)	(3,268)	(418)	(3,268)	(418)	(3,268)	(418)	(3,268)
Straight line effects of lease revenue attributable to noncontrolling interests	(2)	(4)	(2)	(4)	(2)	(4)	(2)	(4)
Amortization of lease-related intangibles	(4,479)	(3,542)	(4,479)	(3,542)	(4,479)	(3,542)	(4,479)	(3,542)
<b>Property NOI</b>	81,575	77,285	87,074	85,099	87,074	85,099	87,074	85,099
Net operating income from:								
Acquisitions <sup>(4)</sup>	(5,941)	(2,867)	(7,404)	(4,164)	(7,404)	(4,164)	(7,404)	(4,164)
Dispositions <sup>(5)</sup>	28	(2,587)	28	(2,579)	28	(2,579)	28	(2,579)
Other investments <sup>(6)</sup>	212	211	111	150	111	150	111	150
<b>Same Store NOI</b>	\$ 75,874	\$ 72,042	\$ 79,809	\$ 78,506	\$ 79,809	\$ 78,506	\$ 79,809	\$ 78,506
<i>Change period over period in Same Store NOI</i>	<i>5.3 %</i>	<i>N/A</i>	<i>1.7 %</i>	<i>N/A</i>	<i>1.7 %</i>	<i>N/A</i>	<i>1.7 %</i>	<i>N/A</i>

<sup>(1)</sup> 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. 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 EBITDA 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 EBITDA can help facilitate comparisons of operating performance between periods and with other REITs. However, other REITs may not define EBITDA in accordance with the NAREIT definition, or may interpret the current NAREIT definition differently than us; therefore, our computation of EBITDA 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 include 1180 Peachtree Street in Atlanta, Georgia purchased during the third quarter of 2022.

(5) Dispositions include One Brattle Square and 1414 Massachusetts Avenue in Cambridge, Massachusetts, sold in the fourth quarter of 2022.

(6) Other investments include active out-of-service redevelopment and development projects, land, and recently completed redevelopment and development projects. 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/(loss) calculated in accordance with GAAP to EBITDA, Core EBITDA, Property NOI, and Same Store NOI, on both a cash and accrual basis, for the nine months ended September 30, 2023 and 2022 (in thousands):

	Cash Basis				Cash Basis				Accrual Basis										
	Three Months Ended				Three Months Ended				March 31, 2024	March 31, 2023									
	March 31, 2024		March 31, 2023		March 31, 2024		March 31, 2023												
	Cash Basis				Cash Basis				Accrual Basis										
Net loss applicable to Piedmont (GAAP)																			
Net loss applicable to Piedmont (GAAP)																			
Net loss applicable to Piedmont (GAAP)																			
	Nine Months Ended				Nine Months Ended														
	September 30, 2023		September 30, 2022		September 30, 2023		September 30, 2022												
Net income/(loss) applicable to Piedmont (GAAP)	\$ (20,357)	\$ 71,261	\$ (20,357)	\$ 71,261															
Net income/(loss) applicable to noncontrolling interest	7	(1)	7	(1)															
Net income applicable to noncontrolling interest																			
Net income applicable to noncontrolling interest																			
Net income applicable to noncontrolling interest																			
Interest expense	Interest expense	72,827	44,917	72,827	44,917														
Depreciation	Depreciation	110,391	98,799	110,391	98,799														
Amortization	Amortization	63,495	66,986	63,495	66,986														

Depreciation and amortization attributable to noncontrolling interests	Depreciation and amortization attributable to noncontrolling interests	60	65	60	65
Goodwill impairment charge	10,957	—	10,957	—	—
Impairment charges					
Impairment charges					
Impairment charges					
Gain on sale of real estate assets	—	(50,674)	—	(50,674)	—
<b>EBITDA<sub>(1)</sub></b>					
<b>EBITDA<sub>(1)</sub></b>					
<b>EBITDA<sub>(1)</sub></b>	<b>EBITDA<sub>(1)</sub></b>	<b>\$237,380</b>	<b>\$231,353</b>	<b>\$237,380</b>	<b>\$231,353</b>
Loss on early extinguishment of debt	Loss on early extinguishment of debt	820	—	820	—
<b>Core EBITDA<sub>(2)</sub></b>	<b>Core EBITDA<sub>(2)</sub></b>	<b>238,200</b>	<b>231,353</b>	<b>238,200</b>	<b>231,353</b>
<b>Core EBITDA<sub>(2)</sub></b>					
<b>Core EBITDA<sub>(2)</sub></b>					
General & administrative expenses	General & administrative expenses	22,013	21,212	22,013	21,212
Management fee revenue <sup>(3)</sup>	Management fee revenue <sup>(3)</sup>	(756)	(743)	(756)	(743)
Other income	Other income	(3,218)	(1,655)	(3,218)	(1,655)
Reversal of non-cash general reserve for uncollectible accounts	Reversal of non-cash general reserve for uncollectible accounts	(1,000)	(2,000)		
Straight-line effects of lease revenue	Straight-line effects of lease revenue	(6,360)	(8,874)		
Straight-line effects of lease revenue					
Straight-line effects of lease revenue					
Straight line effects of lease revenue attributable to noncontrolling interests	Straight line effects of lease revenue attributable to noncontrolling interests	(7)	(6)		
Straight line effects of lease revenue attributable to noncontrolling interests					
Straight line effects of lease revenue attributable to noncontrolling interests					
Amortization of lease-related intangibles	Amortization of lease-related intangibles				
Amortization of lease-related intangibles	Amortization of lease-related intangibles				
Amortization of lease-related intangibles	Amortization of lease-related intangibles	(11,010)	(9,713)		
<b>Property NOI</b>	<b>Property NOI</b>	<b>237,862</b>	<b>229,574</b>	<b>256,239</b>	<b>250,167</b>
<b>Property NOI</b>					

Property NOI					
Net operating (income)/loss from:	Net operating (income)/loss from:				
Acquisitions (4)	(16,784)	(2,867)	(22,384)	(4,164)	
Dispositions (5)	102	(8,372)	102	(8,437)	
Other investments (6)	548	539	244	528	
Net operating (income)/loss from:					
Net operating (income)/loss from:					
Acquisitions					
Acquisitions					
Acquisitions					
Dispositions (4)					
Other investments (5)					
<b>Same Store NOI</b>					
<b>Same Store NOI</b>					
Same Store NOI	Same Store NOI	\$221,728	\$218,874	\$234,201	\$238,094
Change period over period in Same Store NOI	Change period over period in Same Store NOI	1.3 %	N/A	(1.6)%	N/A
Change period over period in Same Store NOI					
Change period over period in Same Store NOI					
		5.1 %		N/A	
				2.1 %	
				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/(loss) (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/(loss) Net loss (computed in accordance with GAAP) before interest, 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. 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 include 1180 Peachtree Street in Atlanta, Georgia purchased during the third quarter of 2022.

(5) Dispositions include Two Pierce Place One Lincoln Park in Itasca, Illinois and 225 and 235 Presidential Way in Woburn, Massachusetts, Dallas, Texas, sold during the first quarter of 2022, and One Brattle Square and 1414 Massachusetts Avenue in Cambridge, Massachusetts, sold in the fourth quarter of 2022, 2024.

(6) Other investments include properties out of service for redevelopment or 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, and 9320 Excelsior Boulevard in suburban Minneapolis, Minnesota are included in this line item.

## Overview

Our portfolio consists of office properties located within identified growth submarkets in large metropolitan cities concentrated primarily in the Sunbelt. We typically lease space to creditworthy corporate or governmental tenants on a long-term basis. As of September 30, 2023 March 31, 2024, our average lease was approximately 15,000 square feet with

approximately six years of lease term remaining. 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 The leased percentage of our portfolio occupancy increased to 86.7% 87.8% leased as of September 30, 2023 March 31, 2024, as compared to 86.2% 87.1% leased as of June 30, 2023 December 31, 2023. During the three months ended September 30, 2023 March 31, 2024, we completed approximately 302,000 500,000 square feet of leasing, including approximately 170,000 328,000 of new tenant leases which increased our leased percentage. Additionally, scheduled Scheduled lease expirations for the portfolio as a whole for the rest of 2023 2024 represent approximately 2% 7.3% of our ALR, some portion of which may renew. To the extent the square footage from new leases for currently vacant space exceeds or falls short of the square footage associated with non-renewing expirations, such leases would increase or decrease our overall leased percentage, respectively. Both the sale of One Lincoln Park building (mentioned above) and the designation of 9320 Excelsior Boulevard (also mentioned above) as a redevelopment asset impacted our leased percentage as of March 31, 2024.

#### Impact of Downtime, Abatement Periods, and Rental Rate Changes

Commencement of a lease associated with a new tenant in the property 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 for both new and renewing tenants often contain upfront rental and/or operating expense abatement periods which delay the cash flow benefits of the lease even after the new or renewed lease has commenced, negatively impacting Property NOI and Same Store NOI on a cash basis until such abatements expire. As of September 30, 2023 March 31, 2024, we had approximately 1.1 1.3 million square feet of executed leases for vacant space yet to commence or under rental abatement, representing approximately \$36 \$42 million of future additional annual cash revenue rents.

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 diverse portfolio and the magnitude of some of our tenants' leased spaces 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 September 30, 2023 March 31, 2024, we experienced a 11.7% an 8.0% and 10.3% roll up in cash and accrual rents, respectively, on executed leases related to space vacant one year or less. During the nine months ended September 30, 2023, we experienced a 9.8% and 13.5% 18.6% roll up in cash and accrual rents, respectively, on executed leases related to space vacant one year or less.

During the three months ended September 30, 2023 March 31, 2024, Same Store NOI increased by 5.3% 5.1% and 1.7% 2.1% on a cash and accrual basis, respectively, as compared to the same period in the prior year primarily due to rental rate roll-ups, as well as new leases commencing or leases with expiring rental or operating expense abatements beginning to outweigh leases that expired during the first nine months of 2023, subsequent to April 1, 2023. 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/(loss) 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 ("TRS"). Our TRS performs non-custodial services for tenants of buildings that we own, including real estate and non-real estate related-services. Any earnings related to such services performed by our TRS are subject to federal and state income taxes. In addition, for us to continue to qualify as a REIT, our investments in TRS 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 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.

#### Application of Critical Accounting Estimates

Our accounting policies have been established to conform with GAAP. The preparation of financial statements in conformity with GAAP requires management to use judgment in the application of accounting policies, including making estimates and assumptions. These judgments 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 judgment 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, 2022 December 31, 2023 for a discussion of our critical accounting policies and estimates. There have been no material changes to these policies during the nine three months ended September 30, 2023 March 31, 2024.

## Commitments and Contingencies

We are subject to certain commitments and contingencies with regard to certain transactions. Refer to [Note 7](#) to our consolidated financial statements for further explanation.

### 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. As of **September 30, 2023** **March 31, 2024**, our potential for exposure to market risk includes interest rate fluctuations in connection with borrowings under our \$600 Million Unsecured 2022 Line of Credit, \$120 million of the \$200 Million **2022** **2024** Unsecured Term Loan, Facility, and the \$25 million remaining balance on our \$215 Million Unsecured 2023 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 SOFR rates are determined.

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 as of **September 30, 2023** **March 31, 2024**, other than those variable rate facilities mentioned above, 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 purposes other than trading purposes.

The estimated fair value of our debt was approximately \$1.9 billion and \$1.8 billion \$2.0 billion as of September 30, 2023 both March 31, 2024 and December 31, 2022, respectively. December 31, 2023. Our interest rate swap agreements in place as of September 30, 2023 March 31, 2024 carried a notional amount totaling \$330 million with a weighted-average fixed interest rate of 3.64%, and December 31, 2022 our interest swap agreements as of December 31, 2023 carried a notional amount totaling \$250 million with a weighted-average fixed interest rate of 4.54% 3.49%.

As of **September 30, 2023** **March 31, 2024**, our total outstanding debt subject to fixed, or effectively fixed, interest rates totaling approximately \$1.5 billion \$1.7 billion has an average effective interest rate of approximately 5.10% 5.66% per annum with expirations ranging from 2024 2025 to 2032. 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 **September 30, 2023** **March 31, 2024**, our total outstanding debt subject to variable interest rates totaling approximately \$361 million has an average effective interest rate of approximately 6.55% per annum with expirations ranging from 2025 to 2027. As of March 31, 2024, we had \$157 million \$216 million outstanding on our \$600 Million Unsecured 2022 Line of Credit. Our \$600 Million Unsecured 2022 Line of Credit currently has a stated rate of Adjusted SOFR plus 0.84% 1.04% per annum (based on our current corporate credit rating), resulting in a total interest rate of 6.24% 6.45%. Our The current stated interest rate spread on \$120 million of the \$200 Million Unsecured **2022** **2024** Term Loan Facility that is not effectively fixed through interest rate swaps through January 2026 is Adjusted SOFR plus 1.30% per annum (based on our current corporate credit rating), which, as of March 31, 2024, results in a total interest rate of 6.71%. The current stated interest rate on the remaining \$25 million of the \$215 Million Unsecured 2023 Term Loan has a stated rate of Adjusted SOFR plus 1.00% 1.30% per annum (based on our current corporate credit rating), resulting in a total interest rate of 6.43%. Our \$215 Million Unsecured 2023 Term Loan has a stated rate of Adjusted SOFR plus 1.05% per annum (based on our current corporate credit rating), resulting in a total interest rate of 6.45% 6.71%. To the extent that we borrow additional funds in the future under the \$600 Million Unsecured 2022 Line of Credit or potential future variable-rate debt facilities, 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 September 30, 2023 March 31, 2024 would increase interest expense approximately \$5.7 million \$3.6 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 **September 30, 2023** **March 31, 2024** 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

The failure of any bank in which we deposit our funds could reduce the amount of cash we have available to pay distributions and make additional investments.

The Federal Deposit Insurance Corporation only insures amounts up to \$250,000 per depositor. We have cash and cash equivalents and restricted cash deposited in certain financial institutions in excess of federally insured levels. Recently, we have seen the abrupt failure of more than one regional bank. Although we hold cash primarily in the top ten banks in the United States and we did not experience any loss related to the recent bank failures, if any of the banking institutions in which we deposit funds ultimately fails, we may lose amounts of our deposits over federally insured levels. The loss of our deposits could reduce the amount of cash we have available to distribute, to pay down maturing debt, or to invest, and could result in a decline in the value of our stockholders' investment.

There have been no other known material changes other than as described above, from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

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

- (a) There were no unregistered sales of equity securities during the third first quarter of 2023, 2024.
- (b) Not applicable.
- (c) There were no repurchases of shares of our common stock during the third quarter of 2023. As of September 30, 2023, approximately \$150.5 million remains available under our stock repurchase program to make share repurchases through February 2024, at the discretion of management. None.

### 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	3.1.1	<a href="#">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).</a>
3.2	3.1.2	<a href="#">Articles of</a> ... ...

[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** 3.1.3

[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** 3.1.4

[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** 3.1.5

[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** 3.2 [Amended and Restated Bylaws of the Company \(incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on March 19, 2019\).](#)

**4.1** 10.1.1\*

[Supplemental Indenture, dated as Form of July 20, 2023, by Employee Deferred Stock Award Agreement for Second Amended and among Piedmont Operating Partnership, LP, Piedmont Office Realty Trust, Inc. and](#)

[U.S. Bank](#)  
[Trust Restated 2007](#)  
[Omnibus Incentive](#)  
[Plan of the Company](#)  
[National Association](#)  
[as trustee effective](#)  
[February 20, 2024](#)  
[\(incorporated by](#)  
[reference to Exhibit](#)  
[4.2 10.9.11 to the](#)  
[Company's Annual](#)  
[Report on Form 10-K](#)  
[filed on February 20,](#)  
[2024\)](#)

10.1.2\* [Form of Employee Officer Deferred Stock Award Agreement for Second Amended and Restated 2007 Omnibus Incentive Plan of the Company effective February 20, 2024 \(incorporated by reference to Exhibit 10.9.12 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed on February 20, 2024\)](#)

10.1.3\* [Form of Director Deferred Stock Award Agreement for Second Amended and Restated 2007 Omnibus Incentive Plan of the Company effective February 20, 2024 \(incorporated by reference to Exhibit 10.9.13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed on February 20, 2024\)](#)

10.1.4\* [Form of Performance Share Award Agreement for Second Amended and Restated 2007 Omnibus Incentive Plan of the Company effective February 20, 2024 \(incorporated by reference to Exhibit 10.9.14 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed on February 20, 2024\)](#)

10.2.1 [Waiver, Agent Resignation, Extension, and Amendment No. 1 to Term Loan Agreement dated as of January 31, 2023 \(incorporated by reference to Exhibit 10.20.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed on February 20, 2024\)](#)

10.3.1 [Term Loan Agreement, dated as of January 30, 2024, by and among the Operating Partnership, as Borrower, the Company, as Parent, Truist Securities, Inc., as Joint Lead Arranger and Sole Book Manager, JP Morgan Chase Bank, N.A. and TD Bank, N.A., as Joint Lead Arrangers, Truist Bank as Administrative Agent, JP Morgan Chase Bank, N.A. and TD Bank, N.A., as Co-Syndication Agents, and Wells Fargo Bank, N.A., as Documentation Agent, and the other financial institutions signatory thereto and their assignees, as Lenders \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 20, 2023\)](#)

4.2 [Form of 9.250% Senior Notes due 2028 \(incorporated by reference and included in Exhibit 4.2 to the Company's Current Report on Form 8-K, filed July 20, 2023\) January 30, 2024\)](#)

22.1 [Subsidiary Issuer of Guaranteed Securities](#)

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).

\* Identifies each management contract or compensatory plan required to be filed.

#### 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: **October April 30, 2023** 2024

By: /s/ Robert E. Bowers

**Robert E. Bowers**

**Chief Financial Officer and Executive Vice President**

**(Principal Financial Officer and Duly Authorized Officer)**

**4439**

**Exhibit 22.1**

#### Subsidiary Issuer of Guaranteed Securities

Piedmont Operating Partnership, LP ("Piedmont OP"), a wholly-owned subsidiary of the registrant, Piedmont Office Realty Trust, Inc., is the issuer of (i) \$400 million aggregate principal amount of 4.45% Senior Notes due 2024, of which \$50.2 million aggregate principal amount remains outstanding following a tender offer completed in July 2023, (ii) \$300 million aggregate principal amount of 3.15% Senior Notes due 2030, (iii) \$300 million aggregate principal amount of 2.75% Senior Notes due 2032, and (iv) \$400 million (iii) \$600 million aggregate principal amount of 9.250% Senior Notes due 2028 (collectively, the "Senior Notes"). The Senior Notes are fully and unconditionally guaranteed by the registrant, who consolidates Piedmont OP and all other subsidiaries.

#### 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 **September 30, 2023** **March 31, 2024** 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: **October 30, 2023** **April 30, 2024**

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 **September 30, 2023** **March 31, 2024** 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: **October 30, 2023** **April 30, 2024**

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 **September 30, 2023** **March 31, 2024**, 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**  
**October April 30, 2023 2024**

**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 **September 30, 2023** **March 31, 2024**, 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**  
**October April 30, 2023 2024**

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