



## Piedmont Office Realty Trust Reports Second Quarter Results

August 1, 2012

ATLANTA, August 1, 2012 --Piedmont Office Realty Trust, Inc. ("Piedmont" or the "Company") (NYSE:PDM), an owner of Class A commercial office properties located predominantly in the ten largest U.S. office markets, today announced its results for the quarter ended June 30, 2012.

### Highlights for the Three Months Ended June 30, 2012:

- Achieved Funds From Operations ("FFO") of \$0.35 for the quarter;
- Continued to advance its portfolio refinement strategy by selling 26200 Enterprise Way in Lake Forest, CA at a gain of \$10.0 million, or \$0.06 per diluted share, and acquiring a two acre development site in Atlanta, GA;
- Completed approximately 600,000 square feet of total leasing during the quarter;
- Repurchased approximately 2.6 million shares of its common stock at an average price of \$16.66 per share pursuant to the Company's previously announced stock repurchase program.

Donald A. Miller, CFA, President and Chief Executive Officer stated, "I am pleased with our results this quarter from both a financial and operational perspective. We achieved our internal expectations due to careful management of our expenses and made significant progress on the leasing front, including laying the groundwork which we believe will lead us to close some critical lease transactions during third quarter of 2012. I expect that leasing momentum, plus the commencement of several significant leases during the third quarter, will translate into improved leasing and occupancy metrics as we move into the second half of the year."

### Results for the Quarter ended June 30, 2012

Piedmont's net income available to common stockholders for the second quarter of 2012, which includes the gain mentioned above, was \$30.7 million, or \$0.18 per diluted share, as compared with \$21.0 million, or \$0.12 per diluted share, for the second quarter of 2011. FFO was \$60.3 million, or \$0.35 per diluted share, for the quarter ended June 30, 2012 as compared to \$65.1 million, or \$0.38 per diluted share, for the quarter ended June 30, 2011, reflecting an anticipated \$0.03 per quarter decrease in FFO contribution as a result of the sale of 35 W. Wacker during the fourth quarter of 2011, as well as downtime before certain major leases commence in the second half of 2012.

Adjusted FFO ("AFFO") for the second quarter of 2012 totaled \$36.2 million, or \$0.21 per diluted share, as compared to \$50.6 million, or \$0.29 per diluted share, in the second quarter of 2011, reflecting the anticipated decrease noted above and increased capital expenditures during the current quarter as compared to the previous period associated with significant leasing activity, particularly at US Bancorp Center in Minneapolis, Aon Center in Chicago, and 200 Bridgewater in northern New Jersey.

Total revenues for the quarter ended June 30, 2012 were \$133.7 million, as compared with \$135.6 million for the same period a year ago, primarily reflecting additional rental revenues from properties acquired during the last twelve months offset by a \$3.6 million reduction in tenant reimbursements and a \$1.3 million reduction in lease termination revenue.

Property operating costs were \$53.7 million in the second quarter of 2012 compared to \$53.0 million in the second quarter of 2011, reflecting added operating costs from the acquisition of five properties over the last twelve months. General and administrative expense decreased \$2.5 million as compared to the prior year's second quarter primarily due to lower legal expense, lower costs associated with our deferred stock compensation plan, lower bad debt expense, and the recognition of a tax benefit associated with the refund of a prior period franchise tax in the current period.

The current quarter's other expense when compared to the same quarter a year ago decreased approximately \$2.6 million, primarily reflecting reduced interest expense as a result of the payoff of \$230 million in secured notes over the past eight months.

### Leasing Update

During the second quarter of 2012, the Company executed approximately 595,000 total square feet of leasing throughout its portfolio. Of the leases signed during the quarter, approximately 234,000 square feet, was renewal-related and 362,000 square feet, or 61%, was with new tenants. The same store stabilized portfolio was 87.9% leased as of June 30, 2012 as compared to 88.5% leased a year earlier, primarily reflecting negative net absorption associated with several recent large lease expirations. The Company's overall office portfolio, including value add properties, was 85.0% leased as of June 30, 2012, with a weighted average lease term remaining of 6.5 years. Details outlining Piedmont's upcoming lease expirations and the status of current leasing activity can be found in the Company's quarterly supplemental information package.

### Capital Markets, Financing and Other Activities

As previously announced, during the second quarter Piedmont completed the disposition of 26200 Enterprise Way, a two-story, approximately 145,000-square-foot office/flex building in Lake Forest, CA for \$28.2 million, exclusive of closing costs. The disposition furthers the Company's

portfolio refinement strategy, and resulted in a gain of \$10.0 million, or \$0.06 per diluted share, which is included in Piedmont's statement of operations for the quarter.

Additionally, believing that its common stock is trading at a discount to current net asset value, the Company repurchased approximately 2.6 million shares of its common stock during the quarter at an average price of \$16.66 per share pursuant to its stock repurchase plan announced during fourth quarter 2011.

Piedmont is nearing completion of a new \$500 unsecured million line of credit. The facility is anticipated to become fully executed in August of 2012 and will be a replacement for Piedmont's current \$500 million line that is due to mature on August 30, 2012.

Piedmont's gross assets amounted to \$5.2 billion as of June 30, 2012. Total debt was approximately \$1.4 billion as of June 30, 2012 as compared to \$1.5 billion as of December 31, 2011. The Company's total debt-to-gross assets ratio was 26.7% as of June 30, 2012 as compared with 27.5% as of December 31, 2011, reflecting the payoff of two secured notes payable during 2012, including one for \$45 million during the second quarter. As of June 30, 2012, Piedmont had cash and capacity on its unsecured line of credit of approximately \$390.5 million.

## Dividend

On August 1, 2012, the Board of Directors of Piedmont declared a dividend for the third quarter of 2012 in the amount of \$0.20 per common share outstanding to stockholders of record as of the close of business on August 31, 2012. Such dividends are to be paid on September 21, 2012.

## Guidance for 2012

Based on management's expectations, the Company affirmed its financial guidance for full-year 2012 as follows:

	Low	High
Core FFO	\$234 - \$250 Million	
Core FFO per diluted share	\$1.35 - \$1.45	

These estimates reflect the effect of the disposition in December 2011 of the 100% leased 35 W. Wacker building in Chicago and management's view of current market conditions and certain economic and operational assumptions and projections. Actual results could differ from these estimates. Note that individual quarters may fluctuate on both a cash basis and an accrual basis due to the timing of repairs and maintenance, capital expenditures, capital markets activities and one-time revenue or expense events. In addition, the Company's guidance is based on information available to management as of the date of this release.

## Non-GAAP Financial Measures

This release contains certain supplemental non-GAAP financial measures such as FFO, AFFO, Core FFO, Same store net operating income, and Core EBITDA. See below for definitions and reconciliations of these metrics to their most comparable GAAP metric.

## Conference Call Information

Piedmont has scheduled a conference call and an audio webcast for Thursday, August 2, 2012 at 10:00 A.M. Eastern Daylight Time. The live audio webcast of the call may be accessed on the Company's website at [www.piedmontreit.com](http://www.piedmontreit.com) in the Investor Relations section. Dial-in numbers are 1-877-407-3982 for participants in the United States and 1-201-493-6780 for international participants. The conference identification number is 396608. A replay of the conference call will be available until August 16, 2012, and can be accessed by dialing 1-877-870-5176 or 1-858-384-5517 for international participants, followed by pass code 396608. A webcast replay will also be available after the conference call in the Investor Relations section of the Company's website. During the audio webcast and conference call, the Company's management team will review second quarter 2012 performance, discuss recent events, and conduct a question-and-answer period.

## Supplemental Information

Quarterly Supplemental Information as of and for the period ended June 30, 2012 can be accessed on the Company's website under the Investor Relations section at [www.piedmontreit.com](http://www.piedmontreit.com).

## About Piedmont Office Realty Trust

Piedmont Office Realty Trust, Inc. (NYSE:PDM) is a fully-integrated and self-managed real estate investment trust (REIT) specializing in high-quality, Class A office properties located primarily in the ten largest U.S. office markets, including Chicago, Washington, D.C., New York, Dallas, Los Angeles and Boston. As of June 30, 2012, Piedmont's 74 wholly-owned office buildings were comprised of over 20 million rentable square feet. The Company is headquartered in Atlanta, GA with local management offices in each of its major markets. Investment-grade rated by Standard & Poor's and Moody's, Piedmont has maintained a low-leverage strategy while transacting \$5.9 billion and \$1.7 billion in property acquisitions and dispositions, respectively, during its fourteen year operating history. For more information, see [www.piedmontreit.com](http://www.piedmontreit.com).

## Forward Looking Statements

Certain statements contained in this press release constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company intends for all such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in Section 27A of the Securities Act and Section 21E of the Exchange Act, as applicable. Such information is subject to certain risks and uncertainties, as well as known and unknown risks, which could cause actual results to differ materially from those projected or anticipated. Therefore, such statements are not intended to be a guarantee of the Company's performance in future periods. Such forward-looking statements can generally be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "believe," "continue" or similar words or phrases that are predictions of future events or trends and which do not relate solely to historical matters. Examples of such statements in this press release include the Company's anticipated leasing volumes for the remainder of 2012 and such volume's impact on future leasing and occupancy metrics, the Company's estimated range of Core FFO and Core FFO per diluted share for the year ending December 31, 2012, and the expected completion of a new \$500

million line of credit.

The following are some of the factors that could cause the Company's actual results and its expectations to differ materially from those described in the Company's forward-looking statements: the Company's ability to successfully identify and consummate suitable acquisitions; the demand for office space, rental rates and property values may continue to lag the general economic recovery; our \$500 million Unsecured Facility matures in August 2012 and a failure to renew this facility would cause our business, results of operation, cash flows, financial condition and access to capital to be adversely affected; lease terminations or lease defaults, particularly by one of the Company's large lead tenants; the impact of competition on the Company's efforts to renew existing leases or re-let space; changes in the economies and other conditions of the office market in general and of the specific markets in which the Company operates; economic and regulatory changes; additional risks and costs associated with directly managing properties occupied by government tenants; adverse market and economic conditions and related impairments to the Company's assets, including, but not limited to, receivables, real estate assets and other intangible assets; availability of financing including the Company's ability to renew its \$500 Million Unsecured Facility; costs of complying with governmental laws and regulations; uncertainties associated with environmental and other regulatory matters; potential changes in the political environment and reduction in federal and/or state funding of our government tenants; we are and may continue to be subject to litigation; the Company's ability to continue to qualify as a REIT under the Internal Revenue Code; and other factors detailed in the Company's most recent Annual Report on Form 10-K for the period ended December 31, 2011, and other documents the Company files with the Securities and Exchange Commission.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. The Company cannot guarantee the accuracy of any such forward-looking statements contained in this press release, and the Company does not intend to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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