



Piedmont Office Realty Trust Reports Fourth Quarter and Annual 2012 Results and 2013 Guidance

February 7, 2013

ATLANTA, February 7, 2013 --Piedmont Office Realty Trust, Inc. ("Piedmont" or the "Company") (NYSE:PDM), an owner of primarily Class A properties located predominantly in the ten largest U.S. office markets, today announced its results for the quarter and year ended December 31, 2012.

Highlights for the Three Months and Year Ended December 31, 2012:

- Completed 898,000 square feet of leasing during the fourth quarter bringing total year to date leasing to approximately 3.4 million square feet;
- Achieved Core Funds From Operations ("CFFO") of \$0.36 per diluted share and \$1.43 per diluted share for the quarter and year ended December 31, 2012, respectively;
- Continued to advance our portfolio repositioning strategy during 2012 by selling seven assets at a gain of \$27.6 million, allowing us to exit two additional markets and dispose of our last two industrial assets;
- Repurchased 0.5 million shares of our common stock at an average price of \$17.48 per share during the quarter, bringing the total shares repurchased since commencing the program in December 2011 to 5.5 million shares at an average price of \$16.83;
- Paid off \$185 million in secured debt and replaced our expiring unsecured line of credit with a comparable \$500 million line;
- Expanded the capability and experience of our executive team with the addition of two officers;
- Received a favorable motion for summary judgment and a motion to dismiss in two class action lawsuits.

Donald A. Miller, CFA, President and Chief Executive Officer stated, "I am pleased with what we have accomplished this past year. We made strides in many different areas that I believe will all be beneficial to the Company as we move into 2013 and beyond. Although 2012 was a big year of lease expirations, our occupancy percentage actually increased as we successfully completed a large number of renewals and new leases. We also made progress in continuing to pare down the number of markets we operate in, while realizing meaningful gains for our stockholders. We were able to redeploy some of the proceeds from those asset sales into repurchases of our common stock on favorable terms. In addition, our balance sheet is in great shape, we've expanded our management team and tentatively settled two lawsuits. All of those items taken together make us well positioned to move forward."

Results for the Fourth Quarter ended December 31, 2012

Piedmont's net income available to common stockholders for the fourth quarter of 2012, was \$14.4 million, or \$0.09 per diluted share, as compared with \$119.0 million, or \$0.69 per diluted share, for the fourth quarter of 2011. The prior year included \$5.6 million, or \$0.03 per diluted share, in operating income associated with eight properties that were sold during or subsequent to the fourth quarter of 2011. The largest of these sold properties, the 35 W. Wacker Drive building, was sold during the fourth quarter of 2011 and resulted in the recognition of a \$96.1 million, or \$0.55 per diluted share, gain on sale during the fourth quarter of 2011. In addition, the current quarter's results include approximately \$5.2 million, or \$0.03 per diluted share, in net casualty loss associated with losses incurred at certain of the Company's assets as a result of Hurricane Sandy.

Revenues for the quarter ended December 31, 2012 were \$136.1 million, as compared with \$135.6 million for the same period a year ago, primarily reflecting increased revenues associated with the commencement of several significant leases during the year ended 2012, offset by a reduction in reimbursement income associated with increased vacancy and abatement periods at certain properties.

Property operating costs were \$55.1 million for the quarter ended December 31, 2012 which was comparable to the prior period. General and administrative expense decreased \$1.1 million to \$5.1 million due to lower compensation expense recorded during the current quarter.

FFO for the current quarter, which includes the \$0.03 per diluted share casualty loss mentioned above, totaled \$54.8 million, or \$0.33 per diluted share, as compared with \$65.9 million, or \$0.38 per diluted share, for the quarter ended December 31, 2011. The prior quarter included \$0.03 per diluted share in FFO contribution associated with eight properties that were sold during or subsequent to the fourth quarter of 2011.

Core FFO, which excludes the casualty loss mentioned above, as well as \$53,000 in transaction costs associated with a land acquisition during the quarter, totaled \$60.1 million, or \$0.36 per diluted share, for the current quarter, as compared to \$65.3 million, or \$0.38 per diluted share, for the quarter ended December 31, 2011. The prior quarter included \$0.03 per diluted share in Core FFO contribution associated with eight properties that were sold during or subsequent to the fourth quarter of 2011.

Adjusted FFO ("AFFO") for the fourth quarter of 2012 totaled \$31.3 million, or \$0.19 per diluted share, as compared to \$44.7 million, or \$0.26 per diluted share, in the fourth quarter of 2011.

Results for the Year Ended December 31, 2012

Piedmont's net income available to common stockholders for the year ended 2012 was \$93.2 million, or \$0.55 per diluted share, as compared with \$225.0 million, or \$1.30 per diluted share, for the prior year. The prior year included \$140.0 million, or \$0.81 per diluted share, in operating income and gain on sales associated with ten properties that were sold subsequent to January 1, 2011, whereas the current year only included \$29.4 million, or \$0.17 per diluted share, of such income. Additionally, the current year's results include approximately \$12.7 million, or \$0.07 per diluted share, in net casualty losses and litigation settlement expense, whereas the prior year's results include approximately \$9.1 million, or \$0.05 per diluted share, in non-recurring income associated with the foreclosure and consolidation of the 500 W. Monroe building and higher lease termination income.

Revenues for the year ended December 31, 2012 were \$536.4 million, as compared with \$533.5 million for the prior year, primarily reflecting increased revenues associated with the commencement of several significant leases during the year ended 2012, offset by a reduction in reimbursement income associated with vacancies or rent abatements at certain properties and a \$3.7 million reduction in lease termination income.

Property operating expenses were \$212.9 million for the year ended December 31, 2012, as compared with \$207.2 million for the prior year, primarily reflecting increased property tax expense as the prior year results included certain one time refunds due to successful appeals. General and administrative expense decreased \$4.3 million from \$25.1 million for the year ended December 31, 2011 to \$20.8 million for the year ended December 31, 2012, primarily due to decreased legal expense and decreased compensation expense recorded in the current year.

FFO for the current year totaled \$230.4 million, or \$1.35 per diluted share, which includes the \$0.07 per diluted share in casualty losses and litigation settlement expense mentioned above, as compared with \$271.3 million, or \$1.57 per diluted share, for the year ended December 31, 2011. Additionally, the prior year included \$0.16 per diluted share more in FFO contribution associated with ten properties that were sold subsequent to January 1, 2011, as well as approximately \$0.04 per diluted share in non-recurring FFO contribution associated with the foreclosure and consolidation of the 500 W. Monroe building and higher lease termination income.

Core FFO, which excludes the casualty and litigation settlement expenses mentioned above, as well as \$141,000 in transaction costs associated with two land acquisitions during the year, totaled \$243.2 million, or \$1.43 per diluted share, for the current year, as compared to \$271.6 million, or \$1.57 per diluted share, for the year ended December 31, 2011. The prior year included \$0.16 per diluted share more in Core FFO contribution associated with ten properties that were sold subsequent to January 1, 2011 as well as approximately \$0.04 in non-recurring Core FFO contribution associated with the foreclosure and consolidation of the 500 W. Monroe building and higher lease termination income.

AFFO for the year ended December 31, 2012 totaled \$138.0 million, or \$0.81 per diluted share, as compared to \$202.6 million, or \$1.17 per diluted share, for the year ended December 31, 2011, reflecting the impact of the above items as well as increased capital expenditures associated with the commencement of certain large leases during the current year.

Leasing Update

During the fourth quarter of 2012, the Company executed approximately 898,000 square feet of leasing throughout its markets bringing Piedmont's year to date total square footage leased to approximately 3.4 million. Of the leases signed during the quarter, 616,000 square feet, or 69%, was renewal-related and 282,000 square feet, or 31%, was with new tenants.

Same store net operating income (on a cash basis) for the quarter was \$70.9 million compared to \$69.4 million for the quarter ended December 31, 2011, reflecting the positive effect of recent leasing activity. As of December 31, 2012, the Company had 858,000 square feet of signed leases that have yet to commence for vacant spaces and an additional 1.8 million square feet of commenced leases that were in some form of abatement.

The Company's overall portfolio was 87.5% leased as of December 31, 2012, with a weighted average lease term remaining of approximately 6.9 years, a 6 month increase from a year ago. The stabilized portfolio was 90.5% leased as of December 31, 2012 as compared to 89.1% leased as of December 31, 2011. Details outlining Piedmont's significant 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 year ended December 31, 2012, Piedmont completed the disposition of seven assets resulting in a total gain of \$27.6 million. During the quarter, the Company purchased 0.5 million shares of its common stock at an average purchase price of \$17.48 per share, bringing the total stock repurchased under the Company's \$300 million stock repurchase program to 5.5 million shares at an average purchase price of \$16.83 per share.

Piedmont's gross assets amounted to \$5.2 billion as of December 31, 2012. Total debt was approximately \$1.4 billion as of December 31, 2012 as compared to \$1.5 billion as of December 31, 2011. The Company's total debt-to-gross assets ratio was 27.2% as of December 31, 2012 as compared with 27.5% as of December 31, 2011. Net debt to annualized core EBITDA ratio was 4.6 times and the Company's fixed charge coverage ratio was 4.7 times. As of December 31, 2012, Piedmont had cash and capacity on its unsecured line of credit of approximately \$364.5 million.

During the quarter ended December 31, 2012, the Company paid a quarterly dividend in the amount of \$0.20 per share, bringing total dividends paid for the year ended December 31, 2012, to \$0.80 per share. The Company anticipates announcing its first quarter 2013 dividend following its next regularly scheduled quarterly board meeting later this month.

Guidance for 2013

Based on management's expectations, the Company introduced its financial guidance for full-year 2013 as follows:

| | Low | High |
|--|-------|-------------|
| Net Income | \$80 | 98 Million |
| Add: Depreciation and Amortization | \$155 | 160 Million |
| Deduct: Estimated Insurance Recoveries | \$10 | 15 Million |
| Core FFO | \$225 | 243 Million |

Core FFO per diluted share \$1.35 - \$1.45

These estimates reflect management's view of current market conditions and incorporate certain economic and operational assumptions and projections such as the anticipated move out of a significant governmental tenant and the decrease in net operations as a result of the sale of seven assets during 2012. This annual guidance includes the continued repositioning of the portfolio with dispositions approximating \$300 million and acquisitions estimated to be \$400 million during 2013. Actual results could differ from these estimates. Note that individual quarters may fluctuate on both a cash basis and an accrual basis due to lease commencements and expirations, 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 Friday, February 8, 2013 at 10:00 A.M. Eastern Time. The live audio webcast of the call may be accessed on the Company's website at www.piedmontreit.com in the Investor Relations section. Dial-in numbers are (888)572-7025 for participants in the United States and Canada and (719)325-2484 for international participants. The passcode is 2941607. A replay of the conference call will be available from 2:00 pm EST on February 8, 2013 until 2:00 pm EST on February 22, 2013, and can be accessed by dialing (888)203-1112 for participants in the United States and Canada and (719)457-0820 for international participants, followed by passcode 2941607. 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 fourth quarter and annual 2012 performance, discuss recent events and 2013 guidance, and conduct a question-and-answer period.

Supplemental Information

Quarterly Supplemental Information as of and for the period ended December 31, 2012 can be accessed on the Company's website under the Investor Relations section at 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, Los Angeles, Boston, and Dallas. As of December 31, 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. Piedmont is investment-grade rated by Standard & Poor's and Moody's and has maintained a low-leverage strategy while acquiring and disposing of properties during its fourteen year operating history. For more information, see 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 our use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "believe," "continue" or similar words or phrases that are predictions of future events or trends and which do not relate solely to historical matters. Examples of such statements in this press release include whether the Company's 2012 accomplishments will be beneficial to the Company in future years and the Company's estimated range of Core FFO and Core FFO per diluted share for the year ending December 31, 2013.

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; current adverse market and economic conditions; 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; the success of the Company's real estate strategies and investment objectives; availability of financing; costs of complying with governmental laws and regulations; uncertainties associated with environmental and other regulatory matters; the Company's ability to continue to qualify as a REIT under the Internal Revenue Code; the impact of outstanding or potential litigation; 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.

Research Analysts/ Institutional Investors Contact:

Eddie Guilbert

770-418-8592

research_analysts@piedmontreit.com

Shareholder Services/Transfer Agent Services Contact:

Computershare, Inc.
866-354-3485
investor.services@piedmontreit.com

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