



Piedmont Office Realty Trust Reports Second Quarter Results

August 1, 2013

ATLANTA, August 1, 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 ended June 30, 2013.

Highlights for the three months ended June 30, 2013:

- Achieved Core Funds From Operations ("CFFO") of \$0.35 per diluted share;
- Completed 738,000 square feet of leasing;
- Increased from 85% leased as of June 30, 2012 to 86.4% leased as of June 30, 2013;
- Disposed of one opportunistic investment resulting in a gain of \$16.3 million, or \$0.10 per diluted share, for the quarter;
- Issued \$350 million of 3.40% senior notes due 2023 (the "Senior Notes");
- Repurchased approximately 1.0 million shares of its common stock during the quarter, bringing the total shares repurchased since inception of the program to 6.5 million shares at an average price of \$16.93.

Donald A. Miller, CFA, President and Chief Executive Officer stated, "The second quarter was a solid quarter for us. We successfully executed on our inaugural bond issuance at a desirable interest rate, completed a round-trip on a value-add project, recognizing a nice gain on the sale, and repurchased more shares of our stock at an attractive price, all positive contributions that lay the groundwork for future growth. Leasing remained lighter than we would have liked during the quarter, but activity has picked up noticeably headed into third quarter, which bodes well for the remainder of the year."

Results for the three months ended June 30, 2013

Piedmont's net income available to common stockholders for the second quarter of 2013 was \$35.4 million, or \$0.21 per diluted share, as compared with \$30.7 million, or \$0.18 per diluted share, for the second quarter of 2012. The current quarter results include a gain of \$16.3 million, or \$0.10 per diluted share, associated with the sale of 1200 Enclave whereas the second quarter of 2012 included \$10.0 million, or \$0.06 per diluted share, in gain on sale associated with the sale of 26200 Enterprise Way. Income from continuing operations was \$0.11 per diluted share for the three months ended June 30, 2013, as compared to \$0.12 per diluted share for the three months ended June 30, 2012, primarily reflecting increased interest expense associated with higher outstanding debt balances during the current quarter as a result of property acquisitions, and higher depreciation expense related to increased capital expenditures over the last twelve months. These increases were partially offset by insurance recoveries in the current period related to litigation settlement expense and casualty losses incurred in prior periods.

Revenues for the quarter ended June 30, 2013 were \$134.8 million, as compared with \$131.7 million for the same period a year ago, primarily reflecting increased revenue associated with the acquisition of two additional properties during the first quarter of 2013 as well as the commencement of several significant leases over the previous twelve months, offset by the loss of revenue associated with the expiration of a 330,000 square foot lease in the Company's Washington, D.C. portfolio in March.

Property operating costs were \$53.0 million for the quarter ended June 30, 2013, which was comparable to the prior period of \$52.5 million. General and administrative expense was \$6.3 million for the current quarter as compared to \$4.9 million for the quarter ended June 30, 2012, reflecting decreased legal, tax, and bad debt recoveries in the current quarter as compared to the second quarter of the prior year.

Funds From Operations ("FFO") for the current quarter totaled \$61.4 million, or \$0.37 per diluted share, as compared with \$60.3 million, or \$0.35 per diluted share, for the quarter ended June 30, 2012. The current quarter includes \$3.6 million, or approximately \$0.02 per diluted share, in insurance recoveries related to litigation settlement expense and casualty losses incurred in prior periods.

Core FFO, which excludes transaction costs associated with two acquisitions made during the first quarter and the insurance recoveries mentioned above, totaled \$57.9 million, or \$0.35 per diluted share, for the current quarter, as compared to \$60.4 million, or \$0.35 per diluted share, for the quarter ended June 30, 2012, reflecting an approximate 4.5 million reduction in weighted average shares outstanding as a result of shares repurchased over the previous twelve months pursuant to the Company's stock repurchase program.

Adjusted FFO ("AFFO") for the second quarter of 2013 totaled \$33.6 million, or \$0.20 per diluted share, as compared to \$36.2 million, or \$0.21 per diluted share, in the second quarter of 2012, reflecting the activity discussed above and a \$0.6 million increase in capital expenditures associated with re-tenanting certain properties.

Leasing Update

During the second quarter of 2013, the Company executed approximately 738,000 square feet of leasing throughout its markets. Of the leases signed

during the quarter, approximately 491,000 square feet, or 67%, was renewal-related and 247,000 square feet, or 33%, was with new tenants.

Same store net operating income (on a cash basis) for the quarter was \$71.0 million, a 1.3% decrease from the prior year amount, primarily as a result of the expiration of a 330,000 square foot lease in the Company's Washington, D.C. portfolio during March. As of June 30, 2013, the Company had approximately 0.4 million square feet of signed leases that have yet to commence for vacant spaces and an additional 1.6 million square feet of commenced leases that were in some form of abatement.

The Company's overall portfolio increased from 85.0% leased a year ago to 86.4% leased as of June 30, 2013, with a weighted average lease term remaining of approximately 7.0 years. The stabilized portfolio was 89.3% leased as of June 30, 2013 as compared to 88.1% leased as of June 30, 2012. 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, Piedmont disposed of 1200 Enclave Parkway during the three months ended June 30, 2013, for approximately \$48.8 million, or \$326 per square foot, resulting in a gain of \$16.3 million, or \$0.10 per diluted share. Piedmont acquired this property in early 2011 for \$18.5 million. The 150,000 square foot building was constructed in 1999 and was approximately 18% leased when acquired. During 2012, the Company completed two leases with Schlumberger Technology Corporation which effectively leased 97% of the building to a credit-worthy tenant through 2024. The sale was completed on May 1, 2013.

Also as previously announced, during the quarter ended June 30, 2013, Piedmont's operating partnership, Piedmont Operating Partnership, LP, issued and subsequently registered \$350 million of 3.40% Senior Notes due 2023. The Senior Notes are fully and unconditionally guaranteed on a senior unsecured basis by the Company. The net proceeds from the offering were used during quarter to repay draws under the Company's \$500 million line of credit incurred primarily as a result of two property acquisitions made in the first quarter of 2013.

Additionally, during the quarter, the Company purchased 1.0 million shares of its common stock at an average price of \$17.42 per share, bringing the total stock repurchased through June 30, 2013 under the Company's \$300 million stock repurchase program to 6.5 million shares at an average purchase price of \$16.93 per share.

Piedmont's gross assets amounted to \$5.5 billion as of June 30, 2013. Total debt was approximately \$1.7 billion as of June 30, 2013 as compared to \$1.4 billion as of December 31, 2012. The Company's total debt-to-gross assets ratio was 31.0% as of June 30, 2013 as compared with 27.2% as of December 31, 2012. Net debt to annualized core EBITDA ratio was 5.6 x and the Company's fixed charge coverage ratio was 4.2 x. As of June 30, 2013, Piedmont had cash and capacity on its unsecured line of credit of approximately \$418.1 million.

Subsequent to Quarter End

Dividend

On July 31, 2013, the Board of Directors of Piedmont declared a dividend for the third quarter of 2013 in the amount of \$0.20 per common share outstanding to stockholders of record as of the close of business on August 30, 2013. Such dividends are to be paid on September 20, 2013.

Guidance for 2013

Based on management's expectations, the Company narrowed its financial guidance for full-year 2013 to the upper end of its previously published range as follows:

	Low	High
Net Income	\$80	88 Million
Add: Depreciation and Amortization	\$165	170 Million
Deduct: Estimated Insurance Recoveries	\$10	15 Million
Core FFO	\$235	243 Million
Core FFO per diluted share	\$1.40	\$1.45

These estimates reflect management's view of current market conditions and incorporate certain economic and operational assumptions and projections such as the move out of two governmental tenants 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 estimated dispositions and acquisitions approximating \$300 million and \$400 million, respectively, 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, August 2, 2013 at 10:00 A.M. Eastern daylight time ("EDT"). 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) 438-5491 for participants in the United States and Canada and (719)457-2648 for international participants. The passcode is 3123963. A replay of the conference call will be available from 1:00 pm EDT on August 2, 2013 until 1:00 pm EDT on August 16, 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 3123963. 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 2013 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, 2013 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 June 30, 2013, Piedmont's 74 wholly-owned office buildings were comprised of nearly 21 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 fifteen 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 the impact that the Company's current quarter achievements will have on future growth, the Company's expected leasing pipeline and estimated range of Net Income, Depreciation and Amortization, Insurance Recoveries, 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: market and economic conditions remain challenging and the demand for office space, rental rates and property values may continue to lag the general economic recovery causing the Company's business, results of operations, cash flows, financial condition and access to capital to be adversely affected or otherwise impact performance, including the potential recognition of impairment charges; the success of the Company's real estate strategies and investment objectives, including the Company's ability to identify and consummate suitable acquisitions; 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 on terms similar to existing leases; changes in the economies and other conditions of the office market in general and of the specific markets in which the Company operates, particularly in Chicago, Washington, D.C., and the New York metropolitan area; economic and regulatory changes, including accounting standards, that impact the real estate market generally; additional risks and costs associated with directly managing properties occupied by government tenants; adverse market and economic conditions may continue to adversely affect the Company and could cause the Company to recognize impairment charges or otherwise impact the Company's performance; availability of financing and the Company's lending banks' ability to honor existing line of credit commitments; costs of complying with governmental laws and regulations; uncertainties associated with environmental and other regulatory matters; potential changes in political environment and reduction in federal and/or state funding of the Company's governmental tenants; the Company may be subject to litigation, which could have a material adverse effect on the Company's financial condition; the Company's ability to continue to qualify as a real estate investment trust 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, 2012, 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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