



## Piedmont Office Realty Trust Reports Third Quarter Results

November 10, 2010

ATLANTA, November 10, 2010 --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 September 30, 2010.

### Highlights for the Three Months Ended September 30, 2010:

- Achieved funds from operations ("FFO") of \$0.45 per diluted share compared to \$0.21 per diluted share for the same quarter in 2009 and core funds from operations ("Core FFO") of \$0.45 per diluted share, which excludes impairment charges, as compared to \$0.45 per diluted share in Core FFO for the quarter ended September 30, 2009.
- Increased same store net operating income 1.7 percent to \$90.8 million for the quarter ended September 30, 2010 as compared to \$89.4 million for the three months ended September 30, 2009.
- Leased over 600,000 square feet in the quarter, including approximately 587,000 square feet of office space at the Company's 74 consolidated office properties.
- Completed the acquisition of a newly constructed 142,427 square foot Class A office building for \$55 per square foot in Atlanta, GA.
- Subsequent to quarter end, completed the acquisition of two office buildings with approximately 384,000 combined square feet in Minneapolis, MN for \$65.6 million.

Donald A. Miller, CFA, President and Chief Executive Officer, stated, "We delivered strong third quarter operating results while also executing on our selective acquisition strategy. We continue to focus on attracting and retaining high quality tenants in long-term leases at our properties, and we signed approximately 587,000 square feet of office leases in our 74 consolidated office properties during the quarter. We believe that our high quality assets, the strength of our balance sheet, and our reputation as a reliable and well capitalized landlord give Piedmont an advantage in effectively competing for tenants. We have been patiently seeking the appropriate properties to expand our portfolio. Since the end of the second quarter, we have strategically deployed \$73.5 million in three properties, enhancing our presence in key strategic markets."

### **Results for the Third Quarter ended September 30, 2010**

*All prior period per share amounts have been retroactively restated to reflect the stockholder-approved recapitalization of our common stock. Current period per share amounts reflect the issuance of 13.8 million shares of common stock. Both the recapitalization and issuance of stock occurred during the first quarter of 2010.*

Piedmont's net income available to common stockholders was \$40.6 million, or \$0.23 per diluted share, for the third quarter of 2010, compared with a net loss of \$8.3 million or (\$0.05) per diluted share for the third quarter of 2009. The net loss in the prior year period was the result of \$37.6 million in impairment charges recognized in the third quarter of 2009. The 2010 net income results reflected approximately \$0.03 in dilution per share related to the issuance of 13.8 million shares of common stock during first quarter of 2010. FFO for the quarter totaled \$77.9 million, or \$0.45 per diluted share as compared to FFO of \$32.8 million or \$0.21 per diluted share for the quarter ended September 30, 2009. Core FFO, which excludes impairment charges, was \$0.45 per diluted share for both the current and prior year quarters ended September 30. Adjusted FFO ("AFFO") for the third quarter of 2010 totaled \$61.5 million, or \$0.36 per diluted share, as compared to \$61.4 million, or \$0.39 per diluted share, in the third quarter of 2009.

Revenues for the quarter ended September 30, 2010 totaled \$145.5 million compared to \$148.9 million in the same period a year ago. Property operating expenses of \$46.6 million in the third quarter of 2010 declined 19 percent from \$57.6 million in the third quarter of 2009. Operating revenues and expenses during the third quarter of 2010 included the previously indicated estimate of \$4.2 million of termination fee income and \$5.6 million in lower property tax expenses (net of lower tenant reimbursement revenue), respectively, which combined, contributed \$0.06 per diluted share to third quarter 2010's FFO. Same store net operating income for the quarter was \$90.8 million, 1.7 percent higher than the \$89.4 million for the third quarter ended 2009.

### **Leasing Update**

During the third quarter of 2010, the Company executed over 600,000 square feet of leasing, including approximately 587,000 square feet of office leases in its consolidated office properties, spread throughout its markets. Roughly 389,000 square feet, or 66 percent, of the office leases were renewals and 198,000 square feet, or 34 percent, were new leases or expansion leases with existing tenants. As of September 30, 2010, the Company's office portfolio was 89.0 percent leased with a weighted average lease term remaining of 5.6 years. The decrease in the leased percentage of the Company's office portfolio from 89.8 percent as of June 30, 2010 to 89.0 percent as of September 30, 2010 was primarily related to

the acquisition of a vacant 142,427 square foot building in the Atlanta market at the end of the quarter. Excluding the newly acquired building in Atlanta from consideration, the portfolio was 89.7 percent leased as of September 30, 2010. The Company is actively managing its upcoming lease expirations including several large 2011 and 2012 lease expirations.

## **Dividend**

During the quarter ended September 30, 2010, the Company paid a quarterly dividend in the amount of \$0.315 per share for all classes of common stock.

## **Balance Sheet and Capital Markets Activities**

As of September 30, 2010, Piedmont's total gross real estate assets were \$4.6 billion with total debt of \$1.4 billion. The Company's total debt-to-gross assets ratio at the end of the quarter was 26.6 percent and the quarter's net debt (total debt less cash and cash equivalents) to annualized core EBITDA ratio was 3.5 times. The Company's fixed charge coverage ratio was 5.5 times. As of September 30, 2010, Piedmont had cash and capacity on its unsecured credit line of approximately \$554 million and no debt maturities in 2010. As previously announced, Piedmont has entered into a binding purchase and sale agreement to sell its 111 Sylvan Avenue property in New Jersey for \$55.0 million and the transaction is expected to close in December 2010.

## **Acquisitions**

Piedmont acquired one Class A office building during the quarter in the Atlanta market. The acquired property is Suwanee Gateway One, a five-story, 142,427 square foot building located in the I-85 corridor of northeastern metropolitan Atlanta. The Company acquired the building for approximately \$7.9 million, or \$55 per square foot. The building was constructed to meet LEED Silver standards and is available for lease.

## **Subsequent to Quarter End**

### Acquisitions and Dispositions

The Company purchased, for \$65.6 million, two Class A eight-story office buildings (the "Meridian Crossings Buildings") containing approximately 384,000 combined rentable square feet and located in the Minneapolis, MN market. The Meridian Crossings Buildings, which were completed in 1997 and 1998, are primarily leased through 2023 to U.S. Bancorp, an existing tenant within the Piedmont portfolio. The two buildings combined are approximately 96 percent leased.

Piedmont, along with its joint venture partners, completed the sale of a property, 14400 Hertz Quail Springs Parkway in Oklahoma City, Oklahoma for \$5.3 million, of which Piedmont's proportionate share was approximately 4 percent.

### Share Conversion

On November 7, 2010, all of Piedmont's 39.7 million shares of Class B-2 common stock converted to Class A common stock. The final tranche of Class B common stock is scheduled to convert to Class A common stock on January 30, 2011.

### Dividend

On November 9, 2010, the Board of Directors of Piedmont declared dividends for the fourth quarter of 2010 in the amount of \$0.315 per share on all classes of outstanding common shares of Piedmont to stockholders of record as of the close of business on December 1, 2010. Such dividends are to be paid on December 15, 2010.

## **Guidance for 2010**

The Company is adjusting its financial guidance for full-year 2010 to the upper end of its previously announced range based upon management's expectations as follows:

	<b>Low</b>	<b>High</b>
Core FFO in millions (excludes impairment charges)	\$ 275	--\$282
Core FFO per diluted share (excludes impairment charges)	\$1.61	--\$1.65

Note that individual quarters may fluctuate on both a cash basis and an accrual basis due to timing of repairs and maintenance, capital expenditures 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, November 11, 2010 at 10:00 A.M. Eastern Time. Dial-in numbers are (877) 407-9039 for participants in the United States and (201) 689-8470 for international participants. The conference identification number is 358815. 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. A replay of the conference call will be available until Thursday, November 25, 2010, and can be accessed by dialing (877) 870-5176, or (858) 384-5517 for international participants, followed by passcode 358815. 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 third quarter 2010 performance, discuss recent events, and conduct a question-and-answer period.

### **Supplemental Information**

Quarterly Supplemental Information as of and for the three and nine months ended September 30, 2010 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. is a fully-integrated and self-managed real estate investment trust ("REIT") specializing in the acquisition, ownership, management, development and disposition of primarily high-quality Class A office buildings located predominantly in large U.S. office markets and leased principally to high-credit-quality tenants. Since its first acquisition in 1998, the Company has acquired approximately \$5.5 billion of office and industrial properties. Rated as an investment-grade company by Standard & Poor's and Moody's, Piedmont has maintained a low-leverage strategy while acquiring its properties.

### **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"). We intend 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 our 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 quality of the Company's assets; the strength of the Company's balance sheet; anticipated leasing portfolio and lease renewal activities; the consummation of the transaction to sell 111 Sylvan Avenue building; the Company's leasing prospects; and the Company's estimated range of Core FFO and Core FFO per diluted share for the year ending December 31, 2010.

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 our most recent Annual Report on Form 10-K, our Quarterly Report on Form 10-Q as of and for the period ended September 30, 2010, and other documents we file 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. We cannot guarantee the accuracy of any such forward-looking statements contained in this press release, and we do 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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