



## Piedmont Office Realty Trust Reports Fourth Quarter Results

February 10, 2011

- Provides 2011 Guidance -

ATLANTA, February 10, 2011 -- 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, 2010.

### **Highlights for the Three Months and the Year Ended December 31, 2010:**

- Listed on the New York Stock Exchange in February 2010.
- Achieved funds from operations ("FFO") for the fourth quarter of \$0.39 per diluted share compared to \$0.44 per diluted share for the same quarter in 2009; and FFO for the year of \$1.59 per diluted share compared to \$1.51 per diluted share for 2009.
- Leased over 780,000 square feet in the quarter at the Company's 75 consolidated office properties, including 389,000 square feet of renewal leases and 394,000 square feet of new leases and signed over 2.1 million square feet of leases, or 10% of its portfolio, at its consolidated office properties during the year.
- Completed the acquisition of two office buildings in Minneapolis, MN, with approximately 384,000 combined square feet for \$65.6 million, bringing the total number of acquisitions completed during the year to three.
- Sold two non-strategic assets during the quarter; no other dispositions were made during the year.

Donald A. Miller, CFA, President and Chief Executive Officer, stated, "We were pleased with the amount of leasing that we completed during the quarter, and over the year as a whole, to high-quality tenants. While we remain focused on our core operations through cost control and actively addressing known forthcoming lease expirations, we have not lost sight of our strategic objectives. We are encouraged by increased activity in the market, both from a leasing and capital transactions perspective, and remain committed to selectively growing our portfolio through thoughtful acquisitions."

### **Results for the Fourth Quarter Ended December 31, 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 \$28.7 million, or \$0.17 per diluted share, for the fourth quarter of 2010, compared with net income of \$25.9 million, or \$0.16 per diluted share, for the fourth quarter of 2009. FFO totaled \$67.9 million, or \$0.39 per diluted share, for the fourth quarter of 2010 as compared to FFO of \$69.5 million, or \$0.44 per diluted share, for the fourth quarter of 2009. The fourth quarter of 2010 FFO results reflected approximately \$0.04 in dilution per share related to the issuance of 13.8 million shares of common stock during first quarter of 2010. Adjusted FFO ("AFFO") for the fourth quarter of 2010 totaled \$38.1 million, or \$0.22 per diluted share, as compared to \$47.4 million, or \$0.30 per diluted share, in the fourth quarter of 2009, with the decline due primarily to increased capital expenditures related to new leasing activity.

Revenues for the quarter ended December 31, 2010 totaled \$151.3 million, compared to \$149.4 million in the same period in 2009. Property operating expenses were \$60.4 million in the fourth quarter of 2010 compared to \$57.3 million in the fourth quarter of 2009. Same store net operating income for the quarter was \$83.0 million, 2.7% lower than the \$85.3 million for the fourth quarter of 2009, reflecting primarily the impact of rental rate roll downs on some recent new leases.

### **Results for the Year Ended December 31, 2010**

Piedmont's net income available to common stockholders was \$120.4 million, or \$0.70 per diluted share, for the twelve months ended December 31, 2010, compared with net income of \$74.7 million, or \$0.47 per diluted share, for the comparable 2009 period. Net income exclusive of impairment charges was \$130.0 million in 2010 compared to \$112.3 million in 2009. FFO for the year ended December 31, 2010, totaled \$271.6 million, or \$1.59 per diluted share, as compared to FFO of \$239.3 million, or \$1.51 per diluted share, for the year ended December 31, 2009. The 2010 FFO results reflected approximately \$0.12 in dilution per share related to the issuance of 13.8 million shares of common stock during first quarter of 2010. Core FFO, which excludes impairment charges, was \$281.3 million, or \$1.65 per diluted share, for 2010, compared to \$276.9 million, or \$1.75 per diluted share, for 2009. The 2010 Core FFO results reflected approximately \$0.12 in dilution per share related to the previously mentioned issuance of 13.8 million shares of common stock during first quarter of 2010. Adjusted FFO ("AFFO") for the year ended December 31, 2010, totaled \$215.7 million, or \$1.26 per diluted share, as compared to \$228.4 million, or \$1.44 per diluted share, for the same period in 2009.

Revenues for the year ended December 31, 2010, totaled \$588.8 million compared to \$598.5 million in the same period in 2009. Property operating expenses were \$217.9 million in 2010 compared to \$230.6 million in 2009. Same store net operating income for the year was \$347.6 million, 1.4%

lower than the \$352.6 million in 2009.

## Leasing Update

During the fourth quarter of 2010, the Company executed leases for 783,000 square feet, all of which were office leases, spread throughout its markets. Of the leases signed in the quarter, 389,000 square feet, or 50 percent, was renewal-related and 394,000 square feet was new or expansion-related with existing tenants. As of December 31, 2010, the Company's office portfolio was 89.2 percent leased with a weighted average lease term remaining of 5.8 years. The Company's leased percentage increased 20 basis points from the end of the third quarter, but decreased 90 basis points year over year. That year over year decrease was primarily related to the acquisition of a vacant 142,000 square foot building in the Atlanta market at the end of the third quarter. Excluding the newly-acquired building in Atlanta from consideration, the portfolio was 89.9 percent leased as of December 31, 2010. The Company is actively managing its upcoming lease expirations, including several large 2011 and 2012 lease expirations.

A detailed presentation of the Company's leasing activity can be found on pages 6 and 21 of its quarterly supplemental reporting package. Additional information on the quarterly supplemental reporting package can be found below.

## Dividend

During the quarter ended December 31, 2010, the Company paid a quarterly dividend in the amount of \$0.315 per share for all classes of common stock, bringing total dividends paid for the year ended December 31, 2010, to \$1.26 per share.

## Balance Sheet and Capital Markets Activities

As of December 31, 2010, Piedmont's total gross assets were \$5.3 billion with total debt of \$1.4 billion. The Company's total debt-to-gross assets ratio at the end of the fourth quarter of 2010 was 26.6 percent and the quarter's net debt (total debt less cash and cash equivalents) to annualized core EBITDA ratio was 3.9 times. The Company's fixed charge coverage ratio was 4.9 times. As of December 31, 2010, Piedmont had cash and capacity on its unsecured credit line of approximately \$540 million. The Company has a \$250 million unsecured term loan maturing in 2011.

On November 7, 2010, all of Piedmont's 39.7 million shares of Class B-2 common stock converted on a one-for-one basis into the Company's Class A common stock. On January 30, 2011, the final tranche of Piedmont's Class B common stock converted on a one-for-one basis into the Company's Class A common stock; therefore, all of the Company's outstanding shares of common stock are now Class A common shares and traded on the New York Stock Exchange.

## Acquisitions and Dispositions

As previously communicated, 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 constructed in 1997 and 1998, are primarily leased through 2023 to U.S. Bank, an existing tenant within the Piedmont portfolio. The two buildings combined are approximately 96 percent leased.

During the fourth quarter of 2010, Piedmont completed two dispositions: the sale of 111 Sylvan Avenue in Englewood Cliffs, NJ for \$55 million; and the sale of a joint venture property, of which Piedmont's proportionate share was approximately 4 percent, for \$5.3 million.

## Guidance for 2011

The Company introduced its financial guidance for full-year 2011 based upon management's expectations as follows:

	<b>Low</b>	<b>High</b>	
Net Income	\$106	-- 118	Million
Add: Depreciation & Amortization	\$150	-- 156	Million
Core FFO	\$256	-- 269	Million
Core FFO per diluted share	\$1.48	-- 1.56	

These estimates reflect management's view of current market conditions and incorporate certain economic and operational assumptions and projections. These estimates exclude any significant acquisitions or dispositions which would result in a change in the Company's 2011 outlook and guidance. Actual results could differ from these estimates. Note that individual quarters may fluctuate on both a cash basis and an accrual basis due to 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, Net income exclusive of impairment charges, 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 11, 2011 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 365345. 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 February 25, 2010, and can be accessed by dialing (877) 870-5176, or (858) 384-5517 for international participants, followed by passcode 365345. 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 2010 performance, discuss recent events, and conduct a question-and-answer period.

## Supplemental Information

Quarterly Supplemental Information as of and for the three and twelve months ended December 31, 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 \$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 Company's leasing and transactional activity prospects; and the Company's estimated range of Net Income, Depreciation and Amortization, Core FFO and Core FFO per diluted share for the year ending December 31, 2011.

The following are some of the factors that could cause our actual results and expectations to differ materially from those described in our forward-looking statements: our ability to successfully identify and consummate suitable acquisitions; current adverse market and economic conditions; lease terminations or lease defaults, particularly by one of our large lead tenants; the impact of competition on our 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 we operate; 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 our assets, including, but not limited to, receivables, real estate assets and other intangible assets; the success of our 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; our 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 and 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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## [PDM Q4 2010 Press Release Attachments](#)

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