

## Piedmont Office Realty Trust Reports First Quarter Results

May 5, 2011

ATLANTA, May 5, 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 ended March 31, 2011.

### Highlights for the Three Months Ended March 31, 2011:

- Achieved funds from operations ("FFO") of \$0.41 per diluted share;
- Completed approximately 843,000 square feet of leasing at the Company's 77 consolidated office properties, including 616,000 square feet of renewal leases and 227,000 square feet of new leases;
- Purchased a 150,000 square-foot building located at 1200 Enclave Parkway in the prestigious Energy Corridor of Houston, TX and acquired through foreclosure a 46-story, 962,000-square-foot, Class A office building located at 500 West Monroe Street in Chicago, IL;
- Completed the largest lease negotiation in the Company's history - a 597,253 square-foot, 15-year renewal with the National Aeronautics and Space Administration ("NASA") at Two Independence Square in Washington, D.C.; and
- Converted the final tranche of Class B common stock to Class A common stock on January 30, 2011 so that all shares of the Company's common stock are now traded on the New York Stock Exchange.
- Donald A. Miller, CFA, President and Chief Executive Officer, stated, "The first quarter of 2011 evidenced growing leasing momentum and transactional activity for Piedmont as we executed almost 850,000 square feet of leases, including the largest-ever single tenant lease negotiation in Piedmont's history, acquired two Class A buildings with potential for accretion in our opportunistic markets and laid the groundwork for recycling opportunities in some of our non-core markets. Our leverage remains low and we are poised to continue to deploy capital as appropriate over the next several quarters."

### **Results for the First Quarter ended March 31, 2011:**

Despite over \$0.01 in dilution as a result of the 13.8 million shares issued in our February 2010 public offering, Piedmont's net income available to common stockholders was \$34.0 million, or \$0.20 per diluted share, for the first quarter of 2011, compared with \$31.5 million, or \$0.19 per diluted share, for the first quarter 2010. FFO totaled \$71.3 million, or \$0.41 per diluted share, for the current quarter, as compared to \$69.2 million, or \$0.42 per diluted share, for the quarter ended March 31, 2010. Adjusted FFO ("AFFO") for the first quarter of 2011 totaled \$52.0 million, or \$0.30 per diluted share, as compared to \$60.3 million, or \$0.36 per diluted share, in the first quarter of 2010.

Revenues for the quarter ended March 31, 2011 totaled \$146.6 million compared to \$146.8 million in the same period a year ago. Property operating expenses were \$55.0 million in the first quarter of 2011 compared to \$55.4 million in the first quarter of 2010. Same store net operating income (on a cash basis) for the quarter was \$88.3 million compared to \$89.5 million for the quarter ended March 31, 2010.

### **Leasing Update**

During the first quarter of 2011, the Company executed 843,000 square feet of office leasing throughout its markets. Of the leases signed during the quarter, 616,000 square feet or 73 percent was renewal related and 227,000 square feet or 27 percent was with new tenants. Our portfolio was 89.2 percent leased on a same store basis as of March 31, 2011 as compared to 89.3 percent leased as of March 31, 2010, reflecting stability in our same store portfolio. The Company's overall office portfolio was 87.3 percent leased as of March 31, 2011, with a weighted average lease term remaining of 6.2 years. The Company's overall leased percentage decreased 190 basis points from December 31, 2010, primarily as the result of the recent acquisitions of 1200 Enclave Parkway in Houston (18 percent leased) and 500 West Monroe Street in Chicago (67 percent leased). 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 Piedmont's quarterly supplemental reporting package.

### **Capital Markets and Financing Activities**

As previously communicated, Piedmont added two Class A properties to its portfolio during the first quarter. On March 30, 2011, Piedmont purchased a 150,000 square-foot building located at 1200 Enclave Parkway in the Energy Corridor of Houston, TX and, on March 31, 2011, Piedmont acquired, through a UCC foreclosure auction, the equity ownership of a 46-story, approximately

962,000-square-foot, Class A office building located at 500 West Monroe Street in Chicago, IL.

As a result of the above acquisitions, Piedmont's gross assets increased to \$5.5 billion as of March 31, 2011. Total debt increased to \$1.6 billion as of March 31, 2011 as a result of \$183.6 million of debt recorded during the quarter in conjunction with the consolidation of the 500 West Monroe Street Building. Consequently, the Company's total debt-to-gross assets ratio was 29.2 percent as of March 31, 2011 as compared with 26.6 percent as of December 31, 2010. Net debt to annualized core EBITDA ratio was 4.3 times and the Company's fixed charge coverage ratio was 5.2 times. As of March 31, 2011, Piedmont had cash and capacity on its unsecured line of credit of approximately \$505 million.

## **Subsequent to Quarter End**

### Acquisitions and Dispositions

On April 21, 2011, the Company entered into a binding contract to sell its office property known as Eastpointe Corporate Center, located in suburban Seattle, for approximately \$32 million with an anticipated closing date of July 1, 2011.

On April 29, 2011, the Company purchased, for \$20.45 million, a 14 year-old, Class A, six-story office building containing approximately 138,000 rentable square feet located in Atlanta, GA. This building, the Dupree Building, was obtained through an off-market transaction and is 83% leased.

### Dividend

On May 4, 2011, the Board of Directors of Piedmont declared a dividend for the second quarter of 2011 in the amount of \$0.315 per common share outstanding to stockholders of record as of the close of business on June 1, 2011. The dividend is expected to be paid on June 22, 2011.

## **Guidance for 2011**

The Company reiterates financial guidance for full-year 2011 based on 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 future acquisitions and dispositions which could result in a change in the Company's 2011 outlook and guidance when they are consummated. 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, 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, May 6, 2011 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](http://www.piedmontreit.com) in the Investor Relations section. Dial-in numbers are 1-877-407-4018 for participants in the United States and 1-201-689-8471 for international participants. The conference identification number is 370839. A replay of the conference call will be available until May 20, 2011, and can be accessed by dialing 1-877-870-5176 or 1-858-384-5517 for international participants, followed by passcode 370839. 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 first quarter 2011 performance, discuss recent events, and conduct a question-and-answer period.

## **Supplemental Information**

Quarterly Supplemental Information as of and for the three months ended March 31, 2011 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 \$5.8 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"). 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 Company's leasing and transaction momentum and prospects; the Company's accretive and capital recycling opportunities; the Company's ability to deploy capital in the coming quarters; the Company's ability to consummate the disposition of Eastpointe Corporate Center and 360 Interlocken Boulevard; 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 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, 2010, 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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[Q1 2011 Earnings - Attachments](#)

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