



Piedmont Office Realty Trust Reports Second Quarter Results

August 9, 2011

ATLANTA, August 9, 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 June 30, 2011.

Highlights for the Three Months Ended June 30, 2011:

- Achieved Funds From Operations ("FFO") of \$0.38 per diluted share;
- Completed approximately 1.2 million square feet of leasing at the Company's 79 consolidated office properties, including 741,000 square feet of renewal leases and 439,000 square feet of new leases;
- Purchased The Dupree, a 138,000 square foot building located in Atlanta's Northwest submarket and The Medici, a 152,000 square-foot building located at 3284 Northside Parkway NW in the Piazza at Paces mixed-use development complex in Atlanta's Buckhead submarket;
- Made progress on our strategic capital allocation strategy.

Donald A. Miller, CFA, President and Chief Executive Officer stated, "We continue to make meaningful progress on the leasing front as well as on our targeted capital allocation strategy. During the second quarter of 2011, Piedmont leased nearly 1.2 million square feet of space, purchased two new buildings and made progress toward recycling capital out of non-core markets. As we seek to deploy our available capital, we maintain an active pipeline and a disciplined approach to acquiring a combination of stabilized and value-add assets. As one of the largest office REITs with a diversified portfolio and a strong balance sheet, we believe we are able to take advantage of opportunistic market conditions and capitalize on improving office fundamentals."

Results for the Second Quarter ended June 30, 2011:

Piedmont's net income available to common stockholders was \$21.0 million, or \$0.12 per diluted share, for the second quarter of 2011, compared with \$19.6 million, or \$0.11 per diluted share, for the second quarter 2010. FFO totaled \$65.1 million, or \$0.38 per diluted share, for the current quarter as compared with \$56.6 million, or \$0.33 per diluted share for the quarter ended June 30, 2010. The prior year results reflect a \$9.6 million, or \$0.05 per share, impairment charge. Excluding \$0.7 million of transaction costs associated with the Company's two acquisitions in the quarter, Core FFO totaled \$65.8 million, or \$0.38 per diluted share, for the current quarter, as compared to \$66.2 million, or \$0.38 per diluted share, for the quarter ended June 30, 2010. Adjusted FFO ("AFFO") for the second quarter of 2011 totaled \$47.0 million, or \$0.27 per diluted share, as compared to \$55.8 million, or \$0.32 per diluted share, in the second quarter of 2010, reflecting increased capital expenditures during the current quarter associated with leasing activity.

Revenues for the quarter ended June 30, 2011 totaled \$112.8 million compared to \$110.0 million in the same period a year ago. Property operating expenses were \$58.7 million in the second quarter of 2011 compared to \$55.3 million in the second quarter of 2010, with the increase in the current quarter reflecting the acquisition of seven additional properties since July 1, 2010. Same store net operating income (on a cash basis) for the quarter was \$82.4 million compared to \$85.9 million for the quarter ended June 30, 2010.

Leasing Update

During the second quarter of 2011, the Company executed approximately 1.2 million square feet of office leasing throughout its markets. Of the leases signed during the quarter, 741,000 square feet, or 63 percent, was renewal-related and 439,000 square feet, or 37 percent, was with new tenants. Leases executed year to date will increase rental rates upon commencement by 5.4 percent and 8.6 percent on a cash and accrual basis, respectively. The Company's overall office portfolio was 86.5 percent leased as of June 30, 2011, with a weighted average lease term remaining of 6.3 years. The Company's overall leased percentage decreased 330 basis points from June 30, 2010, primarily as the result of several value-add acquisitions over the past twelve months including 500 W. Monroe Street (67 percent leased), The Medici (22 percent leased), 1200 Enclave Parkway (18 percent leased), and Suwanee Gateway One (0 percent leased). On a same store basis, the Company's portfolio was 88.9 percent leased as of June 30, 2011 as compared to 89.5 percent leased as of June 30, 2010. The Company continues to actively manage 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 22 of Piedmont's quarterly supplemental reporting package.

Capital Markets and Financing Activities

As previously announced, Piedmont purchased two Class A properties in the Atlanta market during the second quarter of 2011. Piedmont acquired The Dupree, a Class-A, six-story, 137,818 square foot building located in Atlanta's Northwest submarket for approximately \$20.5 million in an off-market transaction and The Medici, a Class-A, 152,221 square foot property located within the Piazza at Paces mixed-use development complex in Atlanta's Buckhead submarket for \$13.2 million. Additionally, Piedmont also completed the sale of another of its unconsolidated (4% owned) joint ventures, 360 Interlocken Boulevard, in Broomfield, CO.

Piedmont's gross assets amounted to \$5.5 billion as of June 30, 2011. Total debt remained at approximately \$1.6 billion as of June 30, 2011, consistent with the previous quarter of 2011. The Company's total debt-to-gross assets ratio was 29.8 percent as of June 30, 2011 as compared with 26.6 percent as of December 31, 2010, reflecting the assumption of \$185.0 million of debt in conjunction with the acquisition of the 500 W. Monroe building during the previous quarter. Net debt to annualized core EBITDA ratio was 4.7 times and the Company's fixed charge coverage ratio was 4.4 times. As of June 30, 2011, Piedmont had cash and capacity on its unsecured line of credit of approximately \$203 million.

Subsequent to Quarter End

Acquisitions and Dispositions

On July 1, 2011, the Company completed the sale of its Eastpointe Corporate Center property, located in suburban Seattle at 22833 SE Black Nugget Road, Issaquah, WA for approximately \$32 million. The sale completes Piedmont's exit from the Seattle market, which Piedmont has currently designated as a non-core market in its capital allocation strategy.

On August 1, 2011, Piedmont entered into an agreement to sell its 96.5% ownership interest in 35 West Wacker Drive, an office building located in Chicago, IL, at a gross sale price that values the building at \$401 million. The sale is contingent upon satisfactory completion of due diligence and lender approvals and is anticipated to close before year end.

Dividend

On August 9, 2011, the Board of Directors of Piedmont declared dividends for the third quarter of 2011 in the amount of \$0.315 per common share outstanding to stockholders of record as of the close of business on September 1, 2011. Such dividends are to be paid on September 22, 2011.

Guidance for 2011

The Company reiterates financial guidance for full-year 2011 based on management's expectations as follows:

	Low	High
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 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 Wednesday, August 10, 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 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 375750. A replay of the conference call will be available until August 24, 2011, and can be accessed by dialing 1-877-870-5176 or 1-858-384-5517 for international participants, followed by passcode 375750. 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 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 June 30, 2011 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, Dallas, Los Angeles and Boston. As of June 30, 2011, Piedmont's 79 wholly-owned office buildings were comprised of approximately 22 million rentable square feet and were 86.5% leased. The Company is headquartered in Atlanta, GA with local management offices in each of its major markets. Investment-grade rated by Standard & Poor's and Moody's, Piedmont has maintained a low-leverage strategy while acquiring over \$5.8 billion in properties since 1998. For more information, see <http://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 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 pending acquisitions and dispositions and the Company's estimated range of 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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[Piedmont Q2 2011 Financials](#)

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