



Piedmont Office Realty Trust Reports Third Quarter Results and Announces Stock Repurchase Program

November 3, 2011

ATLANTA, November 3, 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 September 30, 2011 and the authorization of a stock repurchase program of up to \$300 million of the Company's Common Stock.

Highlights for the Three Months Ended September 30, 2011:

- Achieved Funds From Operations ("FFO") of \$0.40 per diluted share;
- Completed over 900,000 square feet of leasing at the Company's 79 consolidated office properties, including 566,000 square feet of renewal leases and 342,000 square feet of new leases bringing the Company's year to date annual leasing to approximately 3 million square feet;
- Acquired a 440,000 square foot, Class-A office complex, located at 225 and 235 Presidential Way in the Boston submarket of Woburn, MA;
- Disposed of three non-core assets resulting in gains of approximately \$26.8 million;
- Announced the pending sale of our ownership interest in the 35 W. Wacker building in downtown Chicago.

Donald A. Miller, CFA, President and Chief Executive Officer stated, "On the leasing front, we remain encouraged by the volume of leasing that Piedmont has completed in the first nine months of the year, which is very close to surpassing our previous record of 3.1 million square feet of leasing in any annual period. From a transactional perspective, we continue to advance our strategy of narrowing our property location footprint. We believe the combination of our existing portfolio of high-quality, well-located, well-leased buildings, together with our recent value-add acquisitions, makes us well-positioned to drive both earnings growth and enterprise appreciation over time. Also, the continued volatility in today's equity markets combined with a low cap rate environment currently makes an investment in our own real estate a financially appealing proposition. Because of this we are announcing a stock buy-back program that we believe will be accretive to our stockholders over time. "

Results for the Third Quarter ended September 30, 2011:

Piedmont's net income available to common stockholders for the third quarter of 2011, which includes approximately \$0.16 per diluted share of gains on sales of three assets, was \$51.0 million, or \$0.29 per diluted share, as compared with \$40.6 million, or \$0.23 per diluted share, for the third quarter 2010. FFO totaled \$68.9 million, or \$0.40 per diluted share, for the current quarter as compared with \$77.9 million, or \$0.45 per diluted share, for the quarter ended September 30, 2010. Excluding \$0.3 million of transaction costs associated with the Company's acquisition in the quarter, Core FFO totaled \$69.2 million, or \$0.40 per diluted share, for the current quarter, as compared to \$78.2 million, or \$0.45 per diluted share, for the quarter ended September 30, 2010.

Total operating revenues for the quarter ended September 30, 2011 totaled \$134.4 million, materially consistent with the same period a year ago; however, revenues for the quarter ended September 30, 2010 included approximately \$4.2 million of lease termination revenue which did not recur in the current quarter. This reduction in lease termination revenue was offset by increased rental revenues and reimbursements from properties acquired during the last twelve months.

Property operating expenses were \$51.1 million in the third quarter of 2011 compared to \$44.4 million in the third quarter of 2010, reflecting added operating costs from the acquisition of eight additional properties since October 1, 2010, including several newly constructed, lower-occupancy properties. Same store net operating income (on a cash basis) for the quarter was \$81.5 million compared to \$88.1 million for the quarter ended September 30, 2010 reflecting the one-time benefit of reduced property tax assessments in the prior year results, the effects of current year rent roll downs, and a 1% decline in occupancy.

Adjusted FFO ("AFFO") for the third quarter of 2011 totaled \$50.0 million, or \$0.29 per diluted share, as compared to \$66.8 million, or \$0.39 per diluted share, in the third quarter of 2010, reflecting increased capital expenditures associated with recent leasing activity.

Leasing Update

During the third quarter of 2011, the Company executed approximately 907,000 square feet of office leasing throughout its markets bringing Piedmont's year to date total square footage leased to approximately 3 million. Of the leases signed during the quarter, 566,000 square feet, or 62 %, was renewal-related and 342,000 square feet, or 38%, was with new tenants. Year to date

leasing activity will increase rental rates by 4.2% on an accrual basis and will decrease rental rates by 0.6% on a cash basis upon commencement. The Company's overall office portfolio was 86.4 % leased as of September 30, 2011, with a weighted average lease term remaining of 6.6 years. The Company's overall leased percentage decreased 2.6% from September 30, 2010, primarily as the result of several value-add acquisitions over the past twelve months. The stabilized portfolio was 88.8% leased as of September 30, 2011 as compared to 89.7% leased as of September 30, 2010. The Company continues to actively manage its upcoming lease expirations and a detail outlining Piedmont's current leasing activity can be found in the Company's quarterly supplemental information package.

Capital Markets and Financing Activities

As previously announced, during the third quarter Piedmont purchased a 440,130 square foot, Class-A office complex, located at 225 and 235 Presidential Way in the Boston submarket of Woburn, MA. The complex is comprised of two, five-story buildings and two, three-story parking structures, constructed in 2000 and 2001. Together, the buildings are 100% leased to investment grade-rated Raytheon Company (NYSE:RTN) through 2019. Subsequent to quarter end, the Company also entered into a contract to purchase 400 TownPark, a 175,674 square foot, five-story office building in Lake Mary, FL for \$23.9 million.

As part of the process of recycling capital out of non-core assets, Piedmont completed the sale of another joint venture property, 47300 Kato Road in Fremont, CA, as well as wholly-owned properties Eastpointe Corporate Center in suburban Seattle, WA, and 5000 Corporate Court in Holtsville, NY, during the quarter ended September 30, 2011. The Company continues to work with the buyer of its 96.5% ownership interest in 35 West Wacker Drive, an office building located in Chicago, IL and management anticipates the closing of the sale to occur by year end, pending final lender approval of the buyer's assumption of the related debt.

Piedmont's gross assets amounted to \$5.6 billion as of September 30, 2011. Total debt, including notes payable held for sale, was approximately \$1.7 billion as of September 30, 2011, materially consistent with June 30, 2011. The Company's total debt-to-gross assets ratio was 29.9% as of September 30, 2011 as compared with 26.6% 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 first quarter of 2011. Net debt to annualized core EBITDA ratio was 4.6 times and the Company's fixed charge coverage ratio was 4.9 times. As of September 30, 2011, Piedmont had cash and capacity on its unsecured line of credit of approximately \$163 million.

Subsequent to Quarter End

Dividend

On November 2, 2011, the Board of Directors of Piedmont declared dividends for the fourth quarter of 2011 in the amount of \$0.315 per common share outstanding to stockholders of record as of the close of business on December 1, 2011. Such dividends are to be paid on December 22, 2011.

Stock Repurchase Program

On November 2, 2011, the Board of Directors of Piedmont authorized the repurchase of up to \$300 million of the Company's Common Stock over the next two years. The Company may repurchase the shares from time to time, in accordance with applicable securities laws, in the open market or in privately negotiated transactions. Repurchases will depend upon market conditions and other factors, and repurchases may be commenced or suspended from time to time in the Company's discretion, without prior notice.

Guidance for 2011

Based on management's expectations, the Company has adjusted financial guidance to the upper end of previously published estimates for full-year 2011 as follows:

Low High

Core FFO \$264 - \$269 Million

Core FFO per diluted share \$1.53 - \$1.56

These estimates reflect management's view of current market conditions and incorporate certain economic and operational assumptions and projections. 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 Friday, November 4, 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 1-877-407-3982 for participants in the United States and 1-201-493-6780 for international participants. The conference identification number is 380070. A replay of the conference call will be available until November 18, 2011, and can be accessed by dialing 1-877-870-5176 or 1-858-384-5517 for international participants, followed by pass code 380070. 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 2011 performance, discuss recent events, and conduct a question-and-answer period.

Supplemental Information

Quarterly Supplemental Information as of and for the period ended September 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 September 30, 2011, Piedmont's 79 wholly-owned office buildings were comprised of approximately 22 million rentable square feet and were 86.4% 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 \$5.9 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 ability of the Company's portfolio to drive both earnings growth and asset appreciation over time; the results of and accretiveness of the Company's stock repurchase program; 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.

Research Analysts/ Institutional Investors Contact:

Eddie Guilbert
770-418-8592
research.analysts@piedmontreit.com

Shareholder Services/Transfer Agent Services Contact:

The Bank of New York Mellon
866-354-3485
Investor.services@piedmontreit.com

[Piedmont Q3 2011 Financials](#)

HUG#1560914