



Piedmont Office Realty Trust Reports Fourth Quarter and Annual 2013 Results and 2014 Guidance

February 6, 2014

ATLANTA, February 6, 2013 --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, 2013.

Highlights for the Three Months and Year Ended December 31, 2013:

- Achieved Core Funds From Operations ("CFFO") of \$0.37 per diluted share and \$1.46 per diluted share for the quarter and year ended December 31, 2013, respectively;
- Completed 732,000 square feet of leasing during the fourth quarter, bringing total year to date leasing to approximately 3.5 million square feet;
- Expanded our footprint in the Texas market by approximately 1 million square feet during the fourth quarter by acquiring three buildings and launching the development of a fourth;
- Disposed of two non-core assets during the fourth quarter resulting in a gain of \$15.0 million, or \$0.09 per diluted share;
- Obtained a new \$300 million five year unsecured term loan during the fourth quarter which has a January 2014 draw feature to proactively address 2014 debt maturities.

Donald A. Miller, CFA, President and Chief Executive Officer said, "We had good activity during the fourth quarter. Not only did we execute well from a leasing perspective, but we also acquired three new assets in Dallas and launched the development of another in Houston, disposed of two non-core assets, and locked down some attractive long-term financing. I'm pleased we finished the year with such strong activity so that we can now focus even more of our resources on leasing currently vacant space."

Results for the Fourth Quarter ended December 31, 2013

Piedmont's net income available to common stockholders for the fourth quarter of 2013 was \$29.6 million, or \$0.18 per diluted share, as compared with \$14.4 million, or \$0.09 per diluted share, for the fourth quarter of 2012. In addition to a \$15.0 million, or \$0.09 per diluted share, gain on sale of real estate assets, the current quarter also includes \$4.5 million, or approximately \$0.03 per diluted share, in net insurance recoveries related to casualty losses incurred in prior periods, whereas the fourth quarter of the prior year included \$5.2 million, or approximately \$0.03 per diluted share, of net casualty loss related to Hurricane Sandy. In addition, the current quarter reflects \$5.6 million, or \$0.04 per diluted share, of impairment charges related to two wholly-owned assets and one equity method joint venture, and \$3.4 million, or \$0.02 per diluted share, of additional interest expense primarily associated with higher outstanding debt balances during the current quarter as a result of property acquisitions made by the Company during 2013 and shares repurchased pursuant to the Company's stock repurchase plan as further described below.

Revenues for the quarter ended December 31, 2013 were \$142.9 million, as compared with \$132.4 million for the same period a year ago, primarily reflecting increased revenue associated with the acquisition of five properties during 2013, as well as the commencement of several significant leases over the previous twelve months, offset by the loss of revenue associated with the expiration of a 330,000 square foot lease in the Company's Washington, D.C. portfolio during the first quarter of 2013.

Property operating costs were \$58.9 million for the quarter ended December 31, 2013, as compared to the prior period of \$54.0 million, primarily as a result of additional expenses associated with properties acquired during 2013 and higher recoverable property tax expense recognized at certain properties during the current quarter. General and administrative expenses were \$5.2 million for the current quarter, comparable to \$5.1 million for the quarter ended December 31, 2012.

Funds From Operations ("FFO") for the current quarter totaled \$64.0 million, or \$0.40 per diluted share, as compared with \$54.8 million, or \$0.33 per diluted share, for the quarter ended December 31, 2012. The current quarter includes \$4.5 million, or approximately \$0.03 per diluted share, in net insurance recoveries related to casualty losses incurred in prior periods, whereas the fourth quarter of the prior year included \$5.2 million, or approximately \$0.03 per diluted share, of net casualty loss related to losses incurred in our Northeast portfolio during the fourth quarter of 2012 as a result of Hurricane Sandy. In addition, the current quarter reflects a \$4.2 million, or \$0.03 per diluted share, increase in FFO associated with five properties acquired during 2013 as well as the commencement of several significant leases over the previous twelve months. Further, per share results reflect a

reduction in weighted average shares outstanding as a result of shares repurchased over the previous twelve months pursuant to the Company's stock repurchase plan. The above items were offset by \$3.4 million, or \$0.02 per diluted share, of increased interest expense primarily associated with higher outstanding debt balances during the current quarter primarily as a result of property acquisitions and share repurchases made by the Company during 2013.

Core FFO, which excludes the insurance recoveries and casualty loss mentioned above, as well as acquisition costs, totaled \$59.9 million, or \$0.37 per diluted share, for the current quarter, as compared to \$60.1 million, or \$0.36 per diluted share, for the quarter ended December 31, 2012, with the per share results reflecting a reduction in weighted average shares outstanding as a result of shares repurchased over the previous twelve months pursuant to the Company's stock repurchase plan.

Adjusted FFO ("AFFO") for the fourth quarter of 2013 totaled \$12.7 million, or \$0.08 per diluted share, as compared to \$31.3 million, or \$0.19 per diluted share, in the fourth quarter of 2012, primarily reflecting increased capital expenditures during the current quarter associated with several significant tenant build outs in conjunction with recent leasing activity at certain properties.

Results for the Year Ended December 31, 2013

Piedmont's net income available to common stockholders for the year ended 2013 was \$98.7 million, or \$0.60 per diluted share, as compared with \$93.2 million, or \$0.55 per diluted share, for the prior year. The current year includes \$10.6 million, or approximately \$0.06 per diluted share, in net insurance recoveries related to casualty losses incurred in prior periods, whereas the prior year included \$5.2 million, or approximately \$0.03 per diluted share, of net casualty losses related to losses incurred as a result of Hurricane Sandy. In addition, the current year reflects \$1.3 million, or \$0.01 per diluted share in litigation-related insurance recoveries, whereas the prior year reflects \$7.5 million, or \$0.05 per diluted share, in litigation settlement expense. The above changes were offset by impairment charges associated with three wholly-owned assets and one equity method joint venture of \$12.0 million, or \$0.07 per diluted share, recorded during the current year, and \$8.6 million, or \$0.05 per diluted share, of increased interest expense during the current year primarily associated with higher outstanding debt balances primarily as a result of property acquisitions made by the Company during 2013. The remaining increase in the per share results is attributable to the reduction in weighted average shares outstanding as a result of shares repurchased over the previous twelve months pursuant to the Company's stock repurchase plan.

Revenues for the year ended December 31, 2013 were \$554.5 million, as compared with \$525.0 million for the prior year, primarily reflecting increased revenues associated with the acquisition of five properties during 2013 as well as the commencement of several significant leases over the previous twelve months, offset by the loss of revenue associated with the expiration of a 330,000 square foot lease in the Company's Washington, D.C. portfolio during the first quarter of 2013.

Property operating expenses were \$223.0 million for the year ended December 31, 2013, as compared with \$208.3 million for the prior year, primarily reflecting additional expenses associated with properties acquired during 2013 and higher occupancy at certain properties during the current year. General and administrative expense of \$21.9 million for the year ended December 31, 2013 was comparable to \$20.8 million for the year ended December 31, 2012.

FFO for the current year totaled \$250.5 million, or \$1.52 per diluted share, as compared with \$230.4 million, or \$1.35 per diluted share, for the year ended December 31, 2012. The current year includes \$11.8 million, or \$0.07 per diluted share, in insurance recoveries related to casualty loss and litigation defense costs incurred in previous periods, whereas the prior year included \$12.7 million, or \$0.08 per diluted share, in litigation settlement expense and net casualty loss. In addition, the current year reflects a \$10.6 million, or \$0.06 per diluted share, increase in FFO associated with five properties acquired during 2013 as well as the commencement of several significant leases over the previous twelve months. The above items were offset by \$8.6 million, or \$0.05 per diluted share, of increased interest expense primarily associated with higher outstanding debt balances during the current quarter as a result of property acquisitions and share repurchases made by the Company during 2013. The remaining increase in the per share results is attributable to the reduction in weighted average shares outstanding as a result of shares repurchased over the previous twelve months pursuant to the Company's stock repurchase plan.

Core FFO, which excludes the casualty and litigation related expenses and recoveries mentioned above, as well as \$1.8 million in transaction costs associated with acquisitions during the year, totaled \$240.5 million, or \$1.46 per diluted share, for the current year, as compared to \$243.2 million, or \$1.43 per diluted share, for the year ended December 31, 2012 with the per share results reflecting a reduction in weighted average shares outstanding as a result of shares repurchased over the previous twelve months pursuant to the Company's stock repurchase plan.

AFFO for the year ended December 31, 2013 totaled \$117.0 million, or \$0.71 per diluted share, as compared to \$138.0 million, or \$0.81 per diluted share, for the year ended December 31, 2012, reflecting the impact of the above items as well as increased capital expenditures in the current year associated with several significant tenant build outs as a result of recent leasing activity at certain properties.

Leasing Update

During the fourth quarter of 2013, the Company executed approximately 732,000 square feet of leasing throughout its markets, bringing the total leasing volume for the year to 3.5 million square feet. Of the leases signed during the quarter, approximately 505,000 square feet, or 69%, was renewal-related and 227,000 square feet, or 31%, was with new tenants.

Same store net operating income (on a cash basis) for the quarter was \$74.8 million, a 3.4% increase from the fourth quarter of

the prior year, primarily as a result of the expiration of abatement periods on certain significant leases over the last twelve months, offset by the expiration of a 330,000 square foot lease in the Company's Washington, D.C. portfolio during the first quarter of 2013. As of December 31, 2013, the Company had approximately 1.1 million square feet of commenced leases that were in some form of abatement, as well as approximately 0.6 million square feet of executed leases for currently vacant space yet to commence.

The Company's overall portfolio was 87.2% leased and the stabilized portfolio was 89.7% leased as of December 31, 2013, with a weighted average lease term remaining of approximately 7.1 years. Details outlining Piedmont's significant upcoming lease expirations and the status of current leasing activity can be found in the Company's quarterly supplemental information package available at www.piedmontreit.com.

Capital Markets, Financing and Other Activities

During the three months ended December 31, 2013, the Company purchased three assets in the Dallas, Texas market. In Las Colinas, Piedmont purchased 6565 MacArthur Boulevard. Constructed in 1998, the 10-story, 260,000 square-foot office building is 93.5% leased and sits on a 10.3 acre site located in close proximity to Piedmont's other assets in that sub-market. Also in Las Colinas, Piedmont purchased 161 Corporate Center, a 4-story, 104,895 square-foot Class-A office building adjacent to two other Piedmont-owned properties and a development parcel. The property is currently 91% leased. Finally, in Greater Preston Center, Piedmont acquired One Lincoln Park, a 262,000 square-foot, 10-story building with an attached 6-level parking structure which is 79% occupied by a group of high-credit corporate tenants. Combined with Piedmont's recently announced development project, Enclave Place, in Houston, Texas, these acquisitions will expand the Company's presence in Texas by approximately 1 million square feet.

Piedmont sold two non-core assets during the quarter ended December 31, 2013, 350 Spectrum Loop in Colorado Springs, Colorado and 8700 Price Road, located on a ground lease in the Arizona State University Research Park in Tempe, AZ. The sales resulted in a combined gain on sale of real estate assets of \$15.0 million, or \$0.09 per diluted share, that is included the Company's results of operations for the three months ended December 31, 2013.

The Company also entered into a new \$300 million unsecured term loan with a delayed draw feature during the fourth quarter. The loan has a maturity date of January 31, 2019 and a stated variable interest rate based upon LIBOR and the credit rating of the Company. Based upon Piedmont's current credit rating, the interest rate for the new loan is LIBOR + 120 basis points. As of January 31, 2014, all \$300 million of funds were drawn to payoff a \$225.0 million secured loan, with the remaining \$75.0 million applied to reduce the balance outstanding under the Company's \$500 million unsecured line of credit. Further, the Company entered into interest rate swaps in January of 2014 to effectively fix the interest rate related to \$200 million of the \$300 million principal at 2.79%.

Finally, during the quarter, the Company purchased 3.8 million shares of its common stock, at an average price of \$16.49 per share. As of December 31, 2013, Board-approved capacity remaining for additional repurchases under the plan totaled approximately \$90 million.

Piedmont's gross assets amounted to \$5.7 billion as of December 31, 2013. Total debt was approximately \$2.0 billion as of December 31, 2013 as compared to \$1.4 billion as of December 31, 2012 primarily as a result of property acquisitions and stock repurchases made by the Company during 2013. The Company's total debt-to-gross assets ratio was 35.0% as of December 31, 2013 as compared with 27.2% as of December 31, 2012. As of December 31, 2013, Piedmont had cash and capacity on its unsecured line of credit of approximately \$129.8 million.

Subsequent to Quarter End

On January 31, 2014, Piedmont entered into a binding contract to sell 11107 and 11109 Sunset Hills Road in Reston, VA, for \$22.6 million. The sale is anticipated to close during the first quarter of 2014.

On February 5, 2014, the board of directors of Piedmont declared dividends for the first quarter 2014 in the amount of \$0.20 per share on its common stock to stockholders of record as of the close of business on February 28, 2014. Such dividends are to be paid on March 21, 2014.

Guidance for 2014

Based on management's expectations, the Company is introducing guidance for full-year 2014 as follows:

<i>(in millions, except per share data)</i>	<u>Low</u>	<u>High</u>
Net Income	\$43	\$59
Add: Depreciation, Amortization, and Other	180	181
Core FFO	\$223	\$240
Core FFO per diluted share	\$1.40	\$1.50

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 lease commencements and expirations, 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 web cast for Friday, February 7, 2014 at 10:00 A.M. Eastern time ("ET"). The live audio web cast of the call may be accessed on the Company's website at www.piedmontreit.com in the Investor Relations section. Dial-in numbers are (877) 407-0778 for participants in the United States and Canada and (201)689-8565 for international participants. A replay of the conference call will be available through February 21, 2014, and may be accessed by dialing (877)660-6853 for participants in the United States and Canada and (201)612-7415 for international participants, followed by conference identification code 13574598. A web cast replay will also be available after the conference call in the Investor Relations section of the Company's website. During the audio web cast and conference call, the Company's management team will review fourth quarter and annual 2013 performance, discuss recent events and conduct a question-and-answer period.

Supplemental Information

Quarterly Supplemental Information as of and for the period ended December 31, 2013 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, Boston, Los Angeles and Dallas. As of December 31, 2013, Piedmont's 78 wholly-owned office buildings were comprised of over 21 million rentable square feet. The Company is headquartered in Atlanta, GA, with local management offices in each of its major markets. Piedmont is investment-grade rated by Standard & Poor's and Moody's and has maintained a low-leverage strategy while acquiring and disposing of properties during its fifteen year operating history. For more information, see 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 estimated range of Net Income, Depreciation and Amortization, Insurance Recoveries, Core FFO and Core FFO per diluted share for the year ending December 31, 2014.

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: market and economic conditions remain challenging and the demand for office space, rental rates and property values may continue to lag the general economic recovery causing the Company's business, results of operations, cash flows, financial condition and access to capital to be adversely affected or otherwise impact performance, including the potential recognition of impairment charges; the success of the Company's real estate strategies and investment objectives, including the Company's ability to identify and consummate suitable acquisitions; 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 on terms similar to existing leases; changes in the economies and other conditions of the office market in general and of the specific markets in which the Company operates, particularly in Chicago, Washington, D.C., and the New York metropolitan area; economic and regulatory changes, including accounting standards, that impact the real estate market generally; additional risks and costs associated with directly managing properties occupied by government tenants; adverse market and economic conditions may continue to adversely affect the Company and could cause the Company to recognize impairment charges or otherwise impact the Company's performance; availability of financing and the Company's lending banks' ability to honor existing line of credit commitments; costs of complying with governmental laws and regulations; uncertainties associated with environmental and other regulatory matters; potential changes in political environment and reduction in federal and/or state funding of the Company's governmental tenants; the Company may be subject to litigation, which could have a material adverse effect on the Company's financial condition; the Company's ability to continue to qualify as a real estate investment trust under the Internal Revenue Code; and other factors detailed in the Company's most recent Annual Report on Form 10-K for the period ended December 31, 2012, 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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