



Piedmont Office Realty Trust Reports Fourth Quarter and Annual Results - Provides 2012 Guidance

February 9, 2012

ATLANTA, February 9, 2012 --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, 2011.

Highlights for the Three Months and Year Ended December 31, 2011:

- Completed over 900,000 square feet of leasing during the fourth quarter closing out the largest leasing year in the Company's history with almost 4 million square feet of leasing transactions, or approximately 19% of its office portfolio;
- Achieved Funds From Operations ("FFO") of \$0.38 and \$1.57 per diluted share for the quarter and year ended December 31, 2011, respectively;
- Completed the disposition of our 96.5% ownership interest in the 50-story, 1.1 million square foot 35 W. Wacker Building in downtown Chicago for a sales price of \$387 million, which equates to \$359 per square foot for the building;
- Advanced our portfolio repositioning strategy during 2011 by selling five assets at a gain of \$122.8 million and recycling capital into seven properties in existing markets;
- Extended, paid down, replaced, or transferred five different debt instruments during the year which resulted in a \$165 million reduction in the Company's secured debt since mid-year, a \$50 million increase in unsecured borrowing capacity, and an approximate 10-month increase in the weighted average remaining maturity of our total debt.

Donald A. Miller, CFA, President and Chief Executive Officer stated, "It has been an extremely busy and successful year for Piedmont and we have worked diligently to continue to execute on our strategy - setting a new record for leasing while at the same time delivering solid transactional activity that should lay the groundwork for future growth. At the same time I believe we have stayed true to the core operating principles that have been in place since the inception of the REIT - low leverage; disciplined investing; high credit-quality tenants; well-located, Class A office space; and world-class service. With approximately 9% of our office lease portfolio expiring over the next twelve months, we still have more work to do in 2012, but I am very pleased with the visible strides that we made in 2011 towards our long-term goals."

Results for the Fourth Quarter ended December 31, 2011

Piedmont's net income available to common stockholders for the fourth quarter of 2011, which includes approximately \$0.56 per diluted share of gain on sale from the disposition of the 35 W. Wacker Building and \$0.01 per diluted share of gain on early extinguishment of debt, was \$119.0 million, or \$0.69 per diluted share, as compared with \$28.7 million, or \$0.17 per diluted share, for the fourth quarter 2010. FFO totaled \$65.9 million, or \$0.38 per diluted share, for the current quarter as compared with \$67.9 million, or \$0.39 per diluted share, for the quarter ended December 31, 2010. Excluding \$0.4 million of transaction costs associated with the Company's acquisition in the quarter and \$1.0 million of gain on early extinguishment of debt, Core FFO totaled \$65.3 million, or \$0.38 per diluted share, for the current quarter, as compared to \$68.2 million, or \$0.39 per diluted share, for the quarter ended December 31, 2010.

Revenues for the quarter ended December 31, 2011 were \$137.5 million, as compared with \$135.2 million for the same period a year ago, primarily reflecting additional rental revenues and reimbursements from properties acquired during the last twelve months offset by a \$1.1 million reduction in lease termination revenue.

Property operating expenses were \$55.5 million in the fourth quarter of 2011 compared to \$53.5 million in the fourth quarter of 2010, reflecting added operating costs from the acquisition of seven additional properties during 2011.

Adjusted FFO ("AFFO") for the fourth quarter of 2011 totaled \$44.7 million, or \$0.26 per diluted share, as compared to \$42.0 million, or \$0.24 per diluted share, in the fourth quarter of 2010.

Results for the Year Ended December 31, 2011

Piedmont's net income available to common stockholders was \$225.0 million, or \$1.30 per diluted share, for the year ended December 31, 2011, compared with net income of \$120.4 million, or \$0.70 per diluted share, for the comparable 2010 period as the 2011 period included gains from the sales of five assets which totaled \$122.8 million, or \$0.71 per diluted share.

FFO for the year ended December 31, 2011, totaled \$271.3 million, or \$1.57 per diluted share, as compared to FFO of \$281.3 million, or \$1.65 per diluted share, for the year ended December 31, 2010.

Core FFO, which excludes acquisition expenses and gain on early extinguishment of debt, was \$271.6 million, or \$1.57 per diluted share, for 2011, compared to \$281.9 million, or \$1.65 per diluted share, for 2010.

Revenues for the year ended December 31, 2011, totaled \$541.6 million compared to \$533.0 million in the same period in 2010. Property operating expenses were \$208.7 million in 2011 compared to \$196.9 million in 2010.

Adjusted FFO ("AFFO") for the year ended December 31, 2011, totaled \$202.6 million, or \$1.17 per diluted share, as compared to \$228.7 million, or \$1.34 per diluted share, for the same period in 2010, reflecting capital expenditures related to increased leasing activity.

Leasing Update

During the fourth quarter of 2011, the Company executed 939,000 square feet of office leasing throughout its markets bringing Piedmont's year to date total square footage leased to approximately 3.9 million. Of the leases signed during the quarter, 358,000 square feet, or 38%, was renewal-related and 581,000 square feet, or 62%, was with new tenants.

Upon commencement, replacement leases executed in 2011 for expiring or recently expired leases will increase rental rates by 3.6% on an accrual basis and will decrease rental rates by 1.7% on a cash basis. Further commenting specifically on the financial impact of the Company's recent leasing activity, Mr. Miller said, "In most markets, the conditions remain tenant-friendly. As a result, we have offered significant concession packages on certain large transactions; however, we are securing long-term leases with high-credit-quality tenants which we believe creates higher enterprise value." Same store net operating income (on a cash basis) for the quarter was \$70.0 million compared to \$76.6 million for the quarter ended December 31, 2010 reflecting the short-term effects of this leasing activity and a 0.8% decline in occupancy.

The Company's overall office portfolio was 86.5% leased as of December 31, 2011, with a weighted average lease term remaining of 6.4 years. Despite the sale of the 100% leased 35 W. Wacker Building and a value-add acquisition during the quarter, the Company's overall leased percentage for the quarter remained stable. The stabilized portfolio was 89.1% leased as of December 31, 2011 as compared to 89.9% leased as of December 31, 2010. 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.

Capital Markets, Financing and Other Activities

As previously announced, during the fourth quarter Piedmont completed the disposition of its 96.5% interest in 35 W. Wacker Drive in Chicago, IL for approximately \$387.0 million, a price that equates to a value of approximately \$401 million, or \$359 per square foot, for 100% of the property. The purchase price included the buyer's assumption of a \$120 million, 5.1% fixed rate note secured by the 35 W. Wacker Building. Also during the fourth quarter, the Company purchased 400 TownPark, a 175,674 square foot, five-story Class A office building in the Orlando sub-market of Lake Mary, FL for approximately \$23.9 million.

In addition to the buyer's assumption of the 35 W. Wacker debt mentioned above, during the fourth quarter of 2011, Piedmont also paid off a \$45.0 million mezzanine loan participation. Subsequent to year end, Piedmont paid off a \$140 million mortgage loan, which represented the last remaining debt secured by Piedmont's 500 W. Monroe Building in downtown Chicago. The mezzanine loan participation was settled at a discount resulting in a \$1.0 million gain on early extinguishment of debt which is reflected in the Company's results of operations for the quarter ended December 31, 2011. Finally, as previously announced, during the quarter the Company obtained a \$300 million unsecured term loan and related interest rate swaps, which, combined, effectively fix the interest rate at 2.69% for the entire five year term of the loan, assuming no change in the Company's credit rating.

Piedmont's gross assets amounted to \$5.4 billion as of December 31, 2011. Total debt was approximately \$1.5 billion as of December 31, 2011 as compared to \$1.4 billion as of December 31, 2010. The Company's total debt-to-gross assets ratio was 27.5% as of December 31, 2011 as compared with 26.6% as of December 31, 2010. Net debt to annualized core EBITDA ratio was 4.0 times and the Company's fixed charge coverage ratio was 4.7 times. As of December 31, 2011, Piedmont had cash and capacity on its unsecured line of credit of approximately \$614.3 million.

During the quarter ended December 31, 2011, the Company paid a quarterly dividend in the amount of \$0.315 per share, bringing total dividends paid for the year ended December 31, 2011, to \$1.26 per share. The Company anticipates announcing its first quarter 2012 dividend following its next regularly scheduled quarterly board meeting later this month.

With respect to Piedmont's ongoing securities litigation regarding its internalization transaction described in its most recent quarterly filings with the SEC, during the fourth quarter the Company was notified that a trial has been scheduled for the first quarter of 2012. Piedmont believes that the remaining allegation contained in the complaint is without merit and intends to continue to vigorously defend this action; however, a jury trial is imminent and it is not possible to predict the outcome of that trial, or potential subsequent appeals. The plaintiff has claimed financial damages of approximately \$159 million plus pre-judgment interest. There are a number of defendants in this case and the allocation of damages, if any, between the Company and any other defendants (including any indemnification rights or obligations of Piedmont with respect to the other defendants) is indeterminable at this time. Additionally, up to \$15 million of such potential damages may be recoverable by the Company under our insurance policies.

Guidance for 2012

Based on management's expectations, the Company introduced its financial guidance for full-year 2012 as follows:

	Low	High
Core FFO	\$234 - \$250 Million	
Core FFO per diluted share	\$1.35 - \$1.45	

These estimates reflect the effect of the disposition in December of the 100% leased 35 W. Wacker building in Chicago and 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, February 10, 2012 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 386588. A replay of the conference call will be available until February 24, 2012, and can be accessed by dialing 1-877-870-5176 or 1-858-384-5517 for international participants, followed by pass code 386588. 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 and annual 2011 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, 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 December 31, 2011, Piedmont's 79 wholly-owned office buildings were comprised of approximately 21 million rentable square feet. 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 transacting \$5.9 billion and \$1.6 billion in property acquisitions and dispositions, respectively, during its fourteen 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 the ability of the Company's repositioning strategy to drive growth over time; whether the concession packages granted to certain tenants will result in higher enterprise value; whether the Company will incur financial losses associated with its ongoing securities litigation; and the Company's estimated range of Core FFO and Core FFO per diluted share for the year ending December 31, 2012.

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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