



FOR IMMEDIATE RELEASE

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Highwoods Properties Reports Third Quarter 2014 Results

\$0.71 FFO per Share

(Excluding Acquisition and Debt Extinguishment Costs)

Leased 1.3 Million Square Feet of Office

Acquired \$92 Million of Office

Announced \$115 Million of 87.1% Pre-Leased Development

Sold \$155 Million of Non-Core Assets

Updates 2014 FFO Outlook to \$2.89 to \$2.91 per Share

Previously \$2.88 to \$2.94 per Share

RALEIGH, NC – October 28, 2014 – Highwoods Properties, Inc. (NYSE:HIW) today reported results for the three and nine months ended September 30, 2014.

Ed Fritsch, President and CEO, stated, *“It was another productive quarter for Highwoods on many fronts. Office leasing volume was strong, net effective rents again increased and capital activity was substantial. We expanded our well pre-leased development pipeline by \$115 million, completed a \$92 million value-add acquisition and sold \$155 million of non-core assets, all in sync with our continuous pursuit of owning high-quality assets in the BBDs.*

“Our expanding and highly pre-leased development pipeline is a very important component of our Company’s growth. The addition of projects in Nashville and Tampa, which total 379,000 square feet and are a combined 87% pre-leased, are solid wins. Our development pipeline is now \$349 million, 1.3 million square feet, 85% pre-leased and has a projected stabilized GAAP yield of approximately 9%.

“The acquisition of One Bank of America Plaza in CBD Raleigh was another highlight. We acquired this value-add 374,000 square foot, 17-story building at a 25% discount to replacement cost. With occupancy at 82%, we expect robust NOI upside.

“We also continue to take advantage of the strong demand for a wide spectrum of commercial real estate, selling 31 buildings, encompassing 1.4 million square feet in four markets, for \$155 million. The sale of these buildings is consistent with our strategy of pruning non-differentiating assets out of our portfolio.”

The Company noted its updated 2014 FFO per share outlook of \$2.89 to \$2.91 includes the impact of disposition activity closed since its last earnings release on July 29, 2014 (-\$0.03) and the September acquisition of One Bank of America Plaza (+\$0.02). The full-year per share outlook also includes non-core land sale gains recorded in the second quarter (+\$0.06).

During the third quarter, the Company also:

- Delivered \$0.71 per share of FFO, excluding acquisition and debt extinguishment costs
- Leased 1.3 million square feet of office
 - 940,420 square feet of second generation office with an average term of 5.3 years
- Increased office portfolio occupancy 140 basis points year-over-year (from 89.2% to 90.6%) and 40 basis points sequentially (from 90.2% to 90.6%)
- Garnered net effective rents (after capital and operating expenditures) on second generation office leases signed of \$14.14 per square foot per year, 15.2% above the prior five-quarter average of \$12.27 per square foot per year
- Increased average in-place office cash rents per square foot by 3.4% year-over-year
- Delivered GAAP rent growth of +3.5% on second generation office leases signed
- Issued 876,000 shares of common stock through its ATM program, raising net proceeds of \$36.6 million
- Paid off \$37 million of secured debt with a rate of 3.3%. The Company's unencumbered NOI increased to 81.8% at quarter-end compared to 77.1% a year ago
- Ended the quarter with leverage of 41.6%, including preferred stock, down from 42.4% at June 30, 2014

Subsequent to the end of the third quarter, the Company sold its remaining industrial building in Atlanta plus a six-acre adjacent industrial tract for \$11.4 million. In the fourth quarter, the Company will record an approximate \$1.7 million gain, all of which is from the sale of the building (not included in FFO).

Third Quarter and Nine Month Financial Results

Funds from operations available for common stockholders ("FFO") was \$65.8 million, or \$0.70 per diluted share, for the third quarter of 2014 and \$201.5 million, or \$2.16 per diluted share, for the first nine months of 2014. Excluding debt extinguishment and property acquisition costs, FFO per diluted share for the three and nine months ended September 30, 2014 would have been \$0.71 and \$2.16, respectively. FFO was \$63.2 million, or \$0.70 per diluted share, for the third quarter of 2013 and \$181.0 million, or \$2.07 per diluted share, for the first nine months of 2013. Excluding debt extinguishment and property acquisition costs, FFO per diluted share for the three and nine months ended September 30, 2013 would have been \$0.71 and \$2.09, respectively.

For the third quarter of 2014, the Company reported net income available for common stockholders ("net income") of \$51.7 million, or \$0.57 per diluted share. Net income for the third quarter of 2013 was \$53.3 million, or \$0.61 per diluted share. For the nine months ended September 30, 2014, net income was \$86.5 million, or \$0.96 per diluted share. For the nine months ended September 30, 2013, net income was \$93.2 million, or \$1.11 per diluted share.

Except as noted below, the following items were included in the determination of net income and FFO for the three and nine months ended September 30, 2014 and 2013:

| | Three Months Ended | | Three Months Ended | |
|--|--------------------|-----------|--------------------|-----------|
| | 9/30/2014 | | 9/30/2013 | |
| | (000) | Per Share | (000) | Per Share |
| Lease Termination Income, Net (1) | \$ 953 | \$ 0.010 | \$ 452 | \$ 0.005 |
| Straight-Line Rental Income (1) | 5,717 | 0.061 | 4,081 | 0.045 |
| Capitalized Interest | 1,437 | 0.015 | 804 | 0.009 |
| Property Acquisition Costs | (151) | (0.002) | (771) | (0.008) |
| Losses on Debt Extinguishment | (326) | (0.003) | (32) | - |
| Gains on Disposition of Depreciable Properties (2) | 36,279 | 0.387 | 37,946 | 0.418 |
| Our Share of Unconsolidated Affiliate Impairments of Depreciable Properties (2) | - | - | (3,487) | (0.038) |
| Gain on Acquisition of Controlling Interest in Unconsolidated Affiliate (2) | - | - | 7,451 | 0.082 |
| | | | | |
| | Nine Months Ended | | Nine Months Ended | |
| | 9/30/2014 | | 9/30/2013 | |
| | (000) | Per Share | (000) | Per Share |
| Lease Termination Income, Net (1) | \$ 1,457 | \$ 0.016 | \$ 1,640 | \$ 0.019 |
| Straight-Line Rental Income (1) | 15,865 | 0.170 | 12,398 | 0.142 |
| Capitalized Interest | 2,940 | 0.031 | 1,940 | 0.022 |
| Property Acquisition Costs | (151) | (0.002) | (1,671) | (0.019) |
| Losses on Debt Extinguishment | (308) | (0.003) | (196) | (0.002) |
| Land Sale Gains/(Losses) | 5,906 | 0.063 | (3) | - |
| Gains on Disposition of Depreciable Properties (2) | 36,663 | 0.393 | 52,353 | 0.599 |
| Our Share of Unconsolidated Affiliates Gains on Disposition of Depreciable Properties (2) | 955 | 0.010 | 431 | 0.005 |
| Impairments of Depreciable Properties (2) | (588) | (0.006) | (2,194) | (0.025) |
| Our Share of Unconsolidated Affiliate Impairments of Depreciable Properties (2) | - | - | (4,507) | (0.052) |
| Impairment of Investment in Unconsolidated Affiliate (2) | (1,353) | (0.014) | - | - |
| Gain on Acquisition of Controlling Interest in Unconsolidated Affiliate (2) | - | - | 7,451 | 0.085 |

(1) Straight-line rental write-offs related to lease terminations are reflected as a reduction of lease termination income.

(2) Not included in the determination of FFO.

Investment Activity

Year-to-date, the Company has:

- Announced \$147 million of office development
 - Current pipeline totals \$349 million and is 84.7% pre-leased
- Acquired one \$92 million Class A office property in CBD Raleigh
- Sold \$179.8 million of non-core assets for gains of \$44.8 million
 - \$0.41 per share of building gains (not included in FFO)
 - \$0.06 per share of land sale gains (included in FFO)

ATM Update

In the third quarter, the Company issued 876,000 shares of common stock, raising net proceeds of \$36.6 million. Year-to-date, the Company has issued 950,000 shares of common stock, raising net proceeds of \$39.4 million.

Funds from Operations Outlook

The Company has updated its 2014 FFO outlook to \$2.89 to \$2.91 per share from \$2.88 to \$2.94 per share. This outlook reflects management's view of current and future market conditions, including assumptions with respect to rental rates, occupancy levels, operating and general and administrative expenses and interest rates, and takes into account year-to-date results, including \$0.06 per share in land sale gains recorded in the second quarter. This outlook does not include any effects related to potential acquisitions and dispositions that may occur after the date of this release as well as unusual charges or credits such as debt extinguishment and property acquisition costs. The Company's FFO outlook is based on 93.6 million diluted shares expected to be outstanding on average throughout 2014. Factors that could cause actual 2014 FFO results to differ materially from Highwoods current expectations are discussed below and are also detailed in the Company's 2013 Annual Report on Form 10-K and subsequent SEC reports.

Management's outlook for 2014 includes the following:

| | <u>Low</u> | <u>High</u> |
|---|------------|-------------|
| Year-End Occupancy | 91.8% | 92.5% |
| Same Property Cash NOI Growth, Excluding Termination Fees | 0.5% | 1.5% |
| Straight-Line Rental Income | \$20.0M | \$22.0M |
| G&A Expenses, Excluding Property Acquisition Costs | \$34.5M | \$35.5M |
| Lease Termination Income, Net | \$1.5M | \$2.5M |
| Dispositions | \$170M | \$185M |
| Acquisitions | \$92M | \$300M |
| Development Announcements | \$147M | \$250M |

Planned Dates for Financial Releases and Conference Calls in 2015

The Company has set the following dates and times it plans to release its financial results in 2015. Quarterly financial press releases will be distributed after the market closes and the conference calls will be held at 11:00 a.m. Eastern time.

| Quarter: | Release Date: | Conference Call |
|----------|---------------|-----------------|
| | Tuesday: | Wednesday: |
| Fourth | February 10 | February 11 |
| First | April 28 | April 29 |
| Second | August 4 | August 5 |
| Third | October 27 | October 28 |

Supplemental Information

A copy of the Company's third quarter 2014 Supplemental Information that includes financial, leasing and operational statistics is available in the "Investor Relations/Financial Supplementals" section of the Company's website at www.highwoods.com. You may also obtain a copy of all Supplemental Information published by the Company by contacting Highwoods Investor Relations at 919-431-1529/800-256-2963 or by e-mail to HIW-IR@highwoods.com. If you would like to receive future Supplemental Information packages by e-mail, please contact the Investor Relations department as noted above or by written request to: Investor Relations Department, Highwoods Properties, Inc., 3100 Smoketree Court, Suite 600, Raleigh, NC 27604.

Conference Call

Tomorrow, Wednesday, October 29, at 11:00 a.m. Eastern time, Highwoods will host a teleconference call to discuss the matters outlined in this press release. For US/Canada callers, dial (800) 756-3565. A live, listen-only webcast can be accessed through the Company's website at www.highwoods.com under the "Investor Relations" section.

A replay of the call will be available on the Investor Relations section of Highwoods website at www.highwoods.com.

Non-GAAP Information

FFO: We believe that FFO and FFO per share are beneficial to management and investors and are important indicators of the performance of any equity REIT. Because FFO and FFO per share calculations exclude such factors as depreciation, amortization and impairments of real estate assets and gains or losses from sales of operating real estate assets, which can vary among owners of identical assets in similar conditions based on historical cost accounting and useful life estimates, they facilitate comparisons of operating performance between periods and between other REITs. Management believes that historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered the presentation of operating results for real estate companies that use historical cost accounting to be insufficient on a stand-alone basis. As a result, management believes that the use of FFO and FFO per share, together with the required GAAP presentations, provide a more complete understanding of our performance relative to our competitors and a more informed and appropriate basis on which to make decisions involving operating, financing and investing activities.

FFO and FFO per share are non-GAAP financial measures and therefore do not represent net income or net income per share as defined by GAAP. Net income and net income per share as defined by GAAP are the most relevant measures in determining our operating performance because FFO and FFO per share include adjustments that investors may deem subjective, such as adding back expenses such as depreciation, amortization and impairment. Furthermore, FFO per share does not depict the amount that accrues directly to the stockholders' benefit. Accordingly, FFO and FFO per share should never be considered as alternatives to net income or net income per share as indicators of our operating performance.

Our presentation of FFO is consistent with FFO as defined by NAREIT, which is calculated as follows:

- Net income/(loss) computed in accordance with GAAP;
- Less net income attributable to noncontrolling interests in consolidated affiliates;
- Plus depreciation and amortization of depreciable operating properties;
- Less gains, or plus losses, from sales of depreciable operating properties and acquisition of controlling interest in unconsolidated affiliate, plus impairments on depreciable operating properties and excluding items that are classified as extraordinary items under GAAP;
- Plus or minus our share of adjustments, including depreciation and amortization of depreciable operating properties, for unconsolidated partnerships and joint ventures (to reflect funds from operations on the same basis); and
- Plus or minus adjustments for depreciation and amortization and gains/(losses) on sales of depreciable operating properties, plus impairments on depreciable operating properties, and noncontrolling interests in consolidated affiliates related to discontinued operations.

In calculating FFO, the Company includes net income attributable to noncontrolling interests in its operating partnership, which we believe is consistent with standard industry practice for REITs that operate through an UPREIT structure. We believe that it is important to present FFO on an as-converted basis since all of the operating partnership units not owned by the Company are redeemable on a one-for-one basis for shares of the Company's common stock. In calculating FFO available for common stockholders and FFO per diluted share, the Company further deducts dividends on preferred stock. The Company's FFO calculations are reconciled to net income in a table included with this release.

Net operating income from continuing operations ("NOI"): We define NOI as "Rental and other revenues" from continuing operations less "Rental property and other expenses" from continuing operations. We define cash NOI as NOI less straight-line rent and lease termination fees. Management believes that NOI and cash NOI are useful supplemental measures of the Company's property operating performance because they provide performance measures of the revenues and expenses directly involved in owning real estate assets and a perspective not immediately apparent from net income or FFO. Other REITs may use different methodologies to calculate NOI and accordingly the Company's NOI may not be comparable to other REITs. The Company's NOI calculations are reconciled to "Income from continuing operations before disposition of investment properties and activity in unconsolidated affiliates" and to "Rental and other revenues" and "Rental property and other expenses" in a table included with this release.

Same property NOI from continuing operations: We define same property NOI as NOI for in-service properties included in continuing operations that were wholly-owned during the entirety of the periods presented (from January 1, 2013 to September 30, 2014). The Company's same property NOI calculations are reconciled to NOI in a table included with this release.

About Highwoods Properties

Highwoods Properties, headquartered in Raleigh, North Carolina, is a publicly traded (NYSE:HIW) real estate investment trust ("REIT") and a member of the S&P MidCap 400 Index. The Company is a fully-integrated office REIT that owns, develops, acquires, leases and manages properties primarily in the best business districts (BBDs) of Atlanta, Kansas City, Memphis, Nashville, Orlando, Pittsburgh, Raleigh, Richmond, Tampa and the Triad. For more information about Highwoods Properties, please visit our website at www.highwoods.com.

Certain matters discussed in this press release, such as expected financial and operational results and the related assumptions underlying our expected results, are forward-looking statements within the meaning of the federal securities laws. These statements are distinguished by use of the words "will", "expect", "intend" and words of similar meaning. Although Highwoods believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved. Factors that could cause actual results to differ materially from Highwoods' current expectations include, among others, the following: the financial condition of our customers could deteriorate; development activity by our competitors in our existing markets could result in excessive supply of properties relative to customer demand; development, acquisition, reinvestment, disposition or joint venture projects may not be completed as quickly or on as favorable terms as anticipated; we may not be able to lease or re-lease second generation space quickly or on as favorable terms as old leases; our markets may suffer declines in economic growth; we may not be able to lease our newly constructed buildings as quickly or on as favorable terms as originally anticipated; unanticipated increases in interest rates could increase our debt service costs; unanticipated increases in operating expenses could negatively impact our NOI; we may not be able to meet our liquidity requirements or obtain capital on favorable terms to fund our working capital needs and growth initiatives or to repay or refinance outstanding debt upon maturity; the Company could lose key executive officers; and others detailed in the Company's 2013 Annual Report on Form 10-K and subsequent SEC reports.

Tables Follow

Highwoods Properties, Inc.
Consolidated Statements of Income
(Unaudited and in thousands, except per share amounts)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------------|------------------------------------|------------|
| | 2014 | 2013 | 2014 | 2013 |
| Rental and other revenues | \$ 152,629 | \$ 144,827 | \$ 453,804 | \$ 407,822 |
| Operating expenses: | | | | |
| Rental property and other expenses | 57,383 | 54,102 | 169,048 | 148,013 |
| Depreciation and amortization | 48,287 | 47,338 | 146,895 | 128,050 |
| Impairments of real estate assets | - | - | 588 | - |
| General and administrative | 7,526 | 8,969 | 26,973 | 27,948 |
| Total operating expenses | 113,196 | 110,409 | 343,504 | 304,011 |
| Interest expense: | | | | |
| Contractual | 20,962 | 22,683 | 62,352 | 67,879 |
| Amortization of deferred financing costs | 819 | 963 | 2,270 | 2,860 |
| Financing obligations | 567 | 26 | 301 | 87 |
| | 22,348 | 23,672 | 64,923 | 70,826 |
| Other income: | | | | |
| Interest and other income | 1,054 | 1,582 | 3,863 | 4,982 |
| Losses on debt extinguishment | (326) | (32) | (308) | (196) |
| | 728 | 1,550 | 3,555 | 4,786 |
| Income from continuing operations before disposition of investment properties and activity in unconsolidated affiliates | 17,813 | 12,296 | 48,932 | 37,771 |
| Gains/(losses) on disposition of property | 36,238 | 34 | 42,185 | (3) |
| Gain on acquisition of controlling interest in unconsolidated affiliate | - | 7,451 | - | 7,451 |
| Equity in earnings/(losses) of unconsolidated affiliates | 248 | (3,173) | 886 | (1,824) |
| Income from continuing operations | 54,299 | 16,608 | 92,003 | 43,395 |
| Discontinued operations: | | | | |
| Income from discontinued operations | - | 1,514 | - | 5,853 |
| Impairments of real estate assets | - | - | - | (2,194) |
| Net gains on disposition of discontinued operations | - | 37,946 | 384 | 52,353 |
| | - | 39,460 | 384 | 56,012 |
| Net income | 54,299 | 56,068 | 92,387 | 99,407 |
| Net (income) attributable to noncontrolling interests in the Operating Partnership | (1,673) | (1,889) | (2,813) | (3,713) |
| Net (income) attributable to noncontrolling interests in consolidated affiliates | (291) | (203) | (1,152) | (593) |
| Dividends on Preferred Stock | (627) | (627) | (1,881) | (1,881) |
| Net income available for common stockholders | \$ 51,708 | \$ 53,349 | \$ 86,541 | \$ 93,220 |
| Earnings per Common Share - basic: | | | | |
| Income from continuing operations available for common stockholders | \$ 0.57 | \$ 0.17 | \$ 0.96 | \$ 0.47 |
| Income from discontinued operations available for common stockholders | - | 0.44 | - | 0.64 |
| Net income available for common stockholders | \$ 0.57 | \$ 0.61 | \$ 0.96 | \$ 1.11 |
| Weighted average Common Shares outstanding - basic | 90,668 | 87,467 | 90,299 | 83,793 |
| Earnings per Common Share - diluted: | | | | |
| Income from continuing operations available for common stockholders | \$ 0.57 | \$ 0.17 | \$ 0.96 | \$ 0.47 |
| Income from discontinued operations available for common stockholders | - | 0.44 | - | 0.64 |
| Net income available for common stockholders | \$ 0.57 | \$ 0.61 | \$ 0.96 | \$ 1.11 |
| Weighted average Common Shares outstanding - diluted | 93,723 | 90,769 | 93,358 | 87,443 |
| Dividends declared per Common Share | \$ 0.425 | \$ 0.425 | \$ 1.275 | \$ 1.275 |
| Net income available for common stockholders: | | | | |
| Income from continuing operations available for common stockholders | \$ 51,708 | \$ 15,290 | \$ 86,169 | \$ 39,321 |
| Income from discontinued operations available for common stockholders | - | 38,059 | 372 | 53,899 |
| Net income available for common stockholders | \$ 51,708 | \$ 53,349 | \$ 86,541 | \$ 93,220 |

Highwoods Properties, Inc.
Consolidated Balance Sheets
(Unaudited and in thousands, except share and per share data)

| | September 30, 2014 | December 31, 2013 |
|--|-------------------------------|------------------------------|
| Assets: | | |
| Real estate assets, at cost: | | |
| Land | \$ 386,333 | \$ 393,602 |
| Buildings and tenant improvements | 3,756,655 | 3,748,869 |
| Development in process | 184,238 | 44,621 |
| Land held for development | 89,010 | 110,374 |
| | 4,416,236 | 4,297,466 |
| Less-accumulated depreciation | (1,013,071) | (985,244) |
| Net real estate assets | 3,403,165 | 3,312,222 |
| Real estate and other assets, net, held for sale | 1,032 | - |
| Cash and cash equivalents | 11,600 | 10,184 |
| Restricted cash | 10,633 | 14,169 |
| Accounts receivable, net of allowance of \$1,408 and \$1,648, respectively | 29,970 | 26,430 |
| Mortgages and notes receivable, net of allowance of \$255 and \$302, respectively | 10,501 | 26,409 |
| Accrued straight-line rents receivable, net of allowance of \$601 and \$1,063, respectively | 136,578 | 126,014 |
| Investments in unconsolidated affiliates | 30,248 | 29,901 |
| Deferred financing and leasing costs, net of accumulated amortization of \$108,878 and \$92,220, respectively | 218,725 | 222,211 |
| Prepaid expenses and other assets, net of accumulated amortization of \$13,913 and \$12,905, respectively | 42,635 | 39,561 |
| Total Assets | \$ 3,895,087 | \$ 3,807,101 |
| Liabilities, Noncontrolling Interests in the Operating Partnership and Equity: | | |
| Mortgages and notes payable | \$ 2,013,824 | \$ 1,956,299 |
| Accounts payable, accrued expenses and other liabilities | 229,996 | 218,962 |
| Financing obligations | 23,519 | 26,664 |
| Total Liabilities | 2,267,339 | 2,201,925 |
| Commitments and contingencies | | |
| Noncontrolling interests in the Operating Partnership | 114,248 | 106,480 |
| Equity: | | |
| Preferred Stock, \$.01 par value, 50,000,000 authorized shares; 8.625% Series A Cumulative Redeemable Preferred Shares (liquidation preference \$1,000 per share), 29,077 shares issued and outstanding | 29,077 | 29,077 |
| Common Stock, \$.01 par value, 200,000,000 authorized shares; 91,270,024 and 89,920,915 shares issued and outstanding, respectively | 913 | 899 |
| Additional paid-in capital | 2,413,662 | 2,370,368 |
| Distributions in excess of net income available for common stockholders | (948,929) | (920,433) |
| Accumulated other comprehensive loss | (2,831) | (2,611) |
| Total Stockholders' Equity | 1,491,892 | 1,477,300 |
| Noncontrolling interests in consolidated affiliates | 21,608 | 21,396 |
| Total Equity | 1,513,500 | 1,498,696 |
| Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity | \$ 3,895,087 | \$ 3,807,101 |

Highwoods Properties, Inc.
Funds from Operations
(Unaudited and in thousands, except per share amounts)

| | Three Months Ended | | Nine Months Ended | |
|--|---------------------------|------------------|--------------------------|-------------------|
| | September 30, | | September 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| Funds from operations: | | | | |
| Net income | \$ 54,299 | \$ 56,068 | \$ 92,387 | \$ 99,407 |
| Net (income) attributable to noncontrolling interests in consolidated affiliates | (291) | (203) | (1,152) | (593) |
| Depreciation and amortization of real estate assets | 47,612 | 46,775 | 144,805 | 126,337 |
| Impairments of depreciable properties | - | - | 588 | - |
| (Gains) on disposition of depreciable properties | (36,279) | - | (36,279) | - |
| (Gain) on acquisition of controlling interest in unconsolidated affiliate | - | (7,451) | - | (7,451) |
| Unconsolidated affiliates: | | | | |
| Depreciation and amortization of real estate assets | 1,085 | 1,628 | 3,039 | 5,735 |
| Impairments of depreciable properties | - | 3,487 | - | 4,507 |
| Impairment of investment in unconsolidated affiliate | - | - | 1,353 | - |
| (Gains) on disposition of depreciable properties | - | - | (955) | (431) |
| Discontinued operations: | | | | |
| Depreciation and amortization of real estate assets | - | 1,451 | - | 5,506 |
| Impairments of depreciable properties | - | - | - | 2,194 |
| (Gains) on disposition of depreciable properties | - | (37,946) | (384) | (52,353) |
| Funds from operations | 66,426 | 63,809 | 203,402 | 182,858 |
| Dividends on Preferred Stock | (627) | (627) | (1,881) | (1,881) |
| Funds from operations available for common stockholders | \$ 65,799 | \$ 63,182 | \$ 201,521 | \$ 180,977 |
| Funds from operations available for common stockholders per share | \$ 0.70 | \$ 0.70 | \$ 2.16 | \$ 2.07 |
| Weighted average shares outstanding | 93,723 | 90,769 | 93,358 | 87,443 |

Highwoods Properties, Inc.
Net Operating Income Reconciliation
(Unaudited and in thousands)

| | Three Months Ended | | Nine Months Ended | |
|--|---------------------------|------------------|--------------------------|-------------------|
| | September 30, | | September 30, | |
| | 2014 | 2013 | 2014 | 2013 |
| Income from continuing operations before disposition of investment properties and activity in unconsolidated affiliates | \$ 17,813 | \$ 12,296 | \$ 48,932 | \$ 37,771 |
| Other income | (728) | (1,550) | (3,555) | (4,786) |
| Interest expense | 22,348 | 23,672 | 64,923 | 70,826 |
| General and administrative expenses | 7,526 | 8,969 | 26,973 | 27,948 |
| Impairments of real estate assets | - | - | 588 | - |
| Depreciation and amortization | 48,287 | 47,338 | 146,895 | 128,050 |
| Net operating income from continuing operations | 95,246 | 90,725 | 284,756 | 259,809 |
| Less - non same property and other net operating income | (17,317) | (13,104) | (53,084) | (23,963) |
| Total same property net operating income from continuing operations | \$ 77,929 | \$ 77,621 | \$ 231,672 | \$ 235,846 |
| Rental and other revenues | \$ 152,629 | \$ 144,827 | \$ 453,804 | \$ 407,822 |
| Rental property and other expenses | 57,383 | 54,102 | 169,048 | 148,013 |
| Total net operating income from continuing operations | 95,246 | 90,725 | 284,756 | 259,809 |
| Less - non same property and other net operating income | (17,317) | (13,104) | (53,084) | (23,963) |
| Total same property net operating income from continuing operations | \$ 77,929 | \$ 77,621 | \$ 231,672 | \$ 235,846 |
| Total same property net operating income from continuing operations | \$ 77,929 | \$ 77,621 | \$ 231,672 | \$ 235,846 |
| Less - straight-line rent and lease termination fees | (3,254) | (2,676) | (8,117) | (10,374) |
| Same property cash net operating income from continuing operations | \$ 74,675 | \$ 74,945 | \$ 223,555 | \$ 225,472 |