



FOR IMMEDIATE RELEASE

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Contact: Tabitha Zane
Vice President, Investor Relations
919-431-1529

Highwoods Properties Reports Fourth Quarter and Full Year 2014 Results

\$0.74 FFO per Share for Fourth Quarter 2014

*Grew Same Property Cash NOI 4.5%
Announced \$200 Million of 99% Pre-Leased Development
Acquired \$73 Million of Office
Sold \$26 Million of Non-Core Assets*

\$2.91 FFO per Share for Full Year 2014

*Includes \$0.07 of Land Sale Gains
Excludes Acquisition and Debt Extinguishment Costs*

\$707 Million of Investment Activity

*Announced \$347 Million of 92% Pre-Leased Development
Acquired \$165 Million of Office
Sold \$195 Million of Non-Core Assets*

41.7% Year-End Leverage

Raised \$104 Million of Equity

Provides 2015 FFO Outlook of \$2.95 to \$3.06 per Share

Projects 5.5% to 6.5% Growth in Same Property Cash NOI

Raleigh, NC – February 10, 2015 – Highwoods Properties, Inc. (NYSE:HIW) today reported results for the fourth quarter and full year ended December 31, 2014.

The Company also provided its 2015 funds from operations available for common shareholders (“FFO”) outlook of \$2.95 to \$3.06 per share.

Ed Fritsch, President and CEO, stated, “2014 was a solid year for Highwoods. We are benefitting from more positive economic conditions, particularly in the southeast, and our high quality, BBD-located office and land portfolio. We delivered FFO of \$2.91 per share, leased 5.5 million square feet of office, increased year-end occupancy 200 basis points to 91.9% and achieved 9% higher net effective rents on second generation leases signed compared to a year ago.

“Our investment activity was again very productive in 2014, particularly on the development front where we announced \$347 million of projects that are 92% pre-leased and are projected to garner stabilized GAAP yields of approximately 9% on average. These developments are great wins for our shareholders and will be solid cash flow generators. We also took advantage of the continued strong demand for real estate assets, selling \$195 million of non-core buildings and land. On the acquisition front, we invested \$165 million to acquire three additional value-add BBD-located office properties, which were, on average, 82% occupied at closing.

“The foundation has been built for a strong 2015. We expect strong year-over-year cash NOI growth in our same property portfolio given last year’s leasing success as well as continued growth from our value-add acquisitions. FFO will be further bolstered by \$56 million of 100% pre-leased development having delivered late last year and another \$178 million of currently 82% pre-leased development delivering over the course of this year.”

During 2014, the Company:

- Delivered FFO of \$2.91 per share, excluding acquisition and debt extinguishment costs
- Leased 5.5 million square feet of office
 - 4.5 million square feet of second generation office with an average term of 6.2 years
- Increased occupancy to 91.9% at year-end, a 200 basis point increase from year-end 2013
- Garnered net effective rents (after capital and operating expenditures) on second generation office leases signed of \$13.01 per square foot per year, 9.0% higher year-over-year
- Grew average in-place office cash rents per square foot by 3.7% year-over-year
- Announced \$347 million of 92% pre-leased development
- Delivered \$56 million of 100% pre-leased development
- Acquired \$165 million of value-add, BBD-located office buildings
- Sold \$195 million of non-core assets
- Maintained a leverage-neutral balance sheet, ending the year with leverage of 41.7%

Fourth Quarter and Full Year 2014 Financial Results

FFO was \$70.2 million, or \$0.74 per diluted share, for the fourth quarter of 2014 and \$271.7 million, or \$2.90 per diluted share, for 2014. Excluding debt extinguishment and property acquisition costs, FFO per diluted share for 2014 would have been \$2.91. FFO was \$68.9 million, or \$0.74 per diluted share, for the fourth quarter of 2013 and \$249.9 million, or \$2.81 per diluted share, for 2013. Excluding debt extinguishment and property acquisition costs, FFO per diluted share for the fourth quarter and full year 2013 would have been \$0.74 and \$2.84, respectively.

For the fourth quarter of 2014, the Company reported net income available for common stockholders (“net income”) of \$21.9 million, or \$0.24 per diluted share. For 2014, net income was \$108.5 million, or \$1.19 per diluted share.

For the fourth quarter of 2013, the Company reported net income of \$29.7 million, or \$0.33 per diluted share, which included \$0.12 per diluted share in gains from the disposition of non-core assets. For 2013, net income was \$122.9 million, or \$1.44 per diluted share, which included \$0.72 per diluted share in gains from the disposition of non-core assets.

Except as noted below, the following items were included in the determination of net income and FFO for the three and twelve months ended December 31, 2014 and 2013:

	Three Months Ended 12/31/2014		Three Months Ended 12/31/2013	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 746	\$ 0.008	\$ 402	\$ 0.004
Straight-Line Rental Income (1)	5,416	0.057	5,924	0.064
Capitalized Interest	2,370	0.025	791	0.009
Property Acquisition Costs	(319)	(0.003)	(116)	(0.001)
Land Sale Gains	644	0.007	-	-
Gains on Disposition of Depreciable Properties (2)	1,523	0.016	11,439	0.123
Our Share of Unconsolidated Affiliate Gains on Disposition of Depreciable Properties (2)	239	0.003	-	-
Merchant Build Gain from Sale of Residential Development Project by 50% Owned JV, Net of Taxes	-	-	3,185	0.034
	Twelve Months Ended 12/31/2014		Twelve Months Ended 12/31/2013	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 2,203	\$ 0.023	\$ 2,042	\$ 0.023
Straight-Line Rental Income (1)	21,281	0.227	18,322	0.206
Capitalized Interest	5,310	0.057	2,731	0.031
Property Acquisition Costs	(470)	(0.005)	(1,787)	(0.020)
Land Sale Gains/(Losses)	6,550	0.070	(3)	-
Gains on Disposition of Depreciable Properties (2)	38,186	0.407	63,792	0.718
Our Share of Unconsolidated Affiliates Gains on Disposition of Depreciable Properties (2)	1,194	0.013	431	0.005
Losses on Debt Extinguishment	(308)	(0.003)	(199)	(0.002)
Our Share of Unconsolidated Affiliates Losses on Debt Extinguishment	(95)	(0.001)	(125)	(0.001)
Impairments on Depreciable Properties (2)	(588)	(0.006)	(2,194)	(0.025)
Our Share of Unconsolidated Affiliate Impairments of Depreciable Properties (2)	-	-	(4,507)	(0.051)
Impairment of Investment in Unconsolidated Affiliate (2)	(1,353)	(0.014)	-	-
Gain on Acquisition of Controlling Interest in Unconsolidated Affiliate (2)	-	-	7,451	0.084
Merchant Build Gain from Sale of Residential Development Project by 50% Owned JV, Net of Taxes	-	-	3,185	0.036

(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.

2015 Outlook

For 2015, the Company expects FFO per share to be in the range of \$2.95 to \$3.06. This outlook reflects management's view of current and future market conditions, including assumptions such as rental rates, occupancy levels, operating and general and administrative expenses, weighted average diluted shares outstanding and interest rates. This outlook does not include any effects related to potential acquisitions and dispositions that may occur after the date of this release. Factors that could cause actual 2015 FFO results to differ materially from Highwoods current expectations are discussed below and are also detailed in the Company's 2014 Annual Report on Form 10-K.

Management's outlook for 2015 includes the following assumptions:

	<u>Low</u>	<u>High</u>
Same Property Cash NOI Growth, Excluding Termination Fees	5.5%	6.5%
Straight-Line Rental Income	\$20M	\$22M
G&A Expenses (1)	\$36M	\$37M
Dispositions	\$100M	\$200M
Acquisitions	\$50M	\$300M
Development Announcements	\$100M	\$250M
Year-End Occupancy	92.5%	93.5%
Weighted Average Diluted Shares Outstanding (2)	96.7M	97.7M

(1) Includes equity incentive compensation costs, which are expected to aggregate \$6.8 million in 2015 as compared to \$6.9 million in 2014. Under GAAP, certain annual long-term equity grants must be expensed at the grant date for employees who have met the age and service eligibility requirements under the Company's long-standing retirement plan. As a result, first quarter general and administrative expenses are expected to be about \$3.0 million higher than the run rate for the subsequent three quarters because the Company's annual grants are customarily made in March.

(2) At December 31, 2014, there were 96.0 million diluted shares outstanding.

Details on 2014 Investment and Capital Activity

Development Announcements

- Bridgestone Americas Headquarters Building
 - Nashville: CBD SoBro
 - \$200 million total investment
 - 514,000 sf, 30 stories, structured parking
 - Delivers third quarter 2017
 - 99% pre-leased
- Seven Springs West
 - Nashville: Brentwood
 - \$59 million total investment
 - 203,000 sf, seven stories, structured parking
 - Delivers third quarter 2016
 - 76% pre-leased to life insurance division of AIG
- Laser Spine Institute Headquarters and Ambulatory Surgery Center
 - Tampa: Westshore
 - \$56 million total investment
 - 176,000 sf, six stories, structured parking
 - Delivers first quarter 2016
 - 100% pre-leased
- Plaza 211
 - Kansas City: Country Club Plaza
 - \$17 million total investment
 - 28,000 sf, one story, structured parking
 - Redevelopment
 - Delivers third quarter 2015
 - 0% pre-leased

- Biologics Headquarters
 - Raleigh: Weston
 - \$15 million total investment
 - 75,000 sf, three stories, surface parking
 - Delivers third quarter 2015
 - 100% pre-leased

Development Deliveries

- International Paper Headquarters Expansion
 - Memphis: Poplar Corridor
 - \$56 million total investment
 - 241,000 sf, nine stories, structured parking
 - Delivered fourth quarter 2014
 - 100% pre-leased

Acquisitions

- One Bank of America Plaza
 - Raleigh: CBD
 - \$92 million total investment
 - 374,000 sf, 17 stories, structured parking
 - 82% occupied at closing
- Lincoln Plaza
 - Orlando: CBD
 - \$68 million total investment
 - 246,000 sf, 16 stories, structured parking
 - 82% occupied at closing, including known move-outs
- Innsbrook Center
 - Richmond: Innsbrook
 - \$4 million incremental investment
 - Represents joint venture partner's 50% share
 - 66,000 sf, four stories, surface parking
 - 83% occupied at closing

Dispositions

- \$195 million of non-core buildings and land
 - \$183 million of office
 - 2.0 million sf, 35 buildings, seven markets
 - \$39 million of building gains (not included in FFO)
 - \$7 million of land gains (included in FFO)

Balance Sheet

- Issued \$300 million of unsecured notes due June 2021 priced to yield 3.6%
- Issued 2.5 million shares of common stock for net proceeds of \$104 million
- Ended the year with leverage at 41.7%
- Grew unencumbered NOI to 83%

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	
	Tuesday	Wednesday
First	April 28	April 29
Second	August 4	August 5
Third	October 27	October 28

Supplemental Information

A copy of the Company's fourth 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 on our website or by contacting Highwoods Investor Relations at 919-431-1529/800-256-2963 or by e-mail to HIW-IR@highwoods.com.

Conference Call

Tomorrow, Wednesday, February 11, 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 also be available on the website.

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 December 31, 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, Greensboro, Kansas City, Memphis, Nashville, Orlando, Pittsburgh, Raleigh, Richmond and Tampa. 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 2014 Annual Report on Form 10-K.

Tables Follow

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

	Three Months Ended December 31,		Year Ended December 31,	
	2014	2013	2014	2013
Rental and other revenues	\$ 154,664	\$ 148,988	\$ 608,468	\$ 556,810
Operating expenses:				
Rental property and other expenses	56,456	55,331	225,504	203,344
Depreciation and amortization	49,128	48,907	196,023	176,957
Impairments of real estate assets	-	-	588	-
General and administrative	9,250	9,245	36,223	37,193
Total operating expenses	<u>114,834</u>	<u>113,483</u>	<u>458,338</u>	<u>417,494</u>
Interest expense:				
Contractual	19,935	20,959	82,287	88,838
Amortization of deferred financing costs	812	942	3,082	3,802
Financing obligations	182	(24)	483	63
	<u>20,929</u>	<u>21,877</u>	<u>85,852</u>	<u>92,703</u>
Other income:				
Interest and other income	1,576	1,615	5,439	6,597
Losses on debt extinguishment	-	(3)	(308)	(199)
	<u>1,576</u>	<u>1,612</u>	<u>5,131</u>	<u>6,398</u>
Income from continuing operations before disposition of investment properties and activity in unconsolidated affiliates	20,477	15,240	69,409	53,011
Gains/(losses) on disposition of property	2,167	-	44,352	(3)
Gain on acquisition of controlling interest in unconsolidated affiliate	-	-	-	7,451
Equity in earnings of unconsolidated affiliates	941	4,088	1,827	2,264
Income from continuing operations	<u>23,585</u>	<u>19,328</u>	<u>115,588</u>	<u>62,723</u>
Discontinued operations:				
Income from discontinued operations	-	923	-	6,776
Impairments of real estate assets	-	-	-	(2,194)
Net gains on disposition of discontinued operations	-	11,439	384	63,792
	<u>-</u>	<u>12,362</u>	<u>384</u>	<u>68,374</u>
Net income	23,585	31,690	115,972	131,097
Net (income) attributable to noncontrolling interests in the Operating Partnership	(729)	(978)	(3,542)	(4,691)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(314)	(356)	(1,466)	(949)
Dividends on Preferred Stock	(626)	(627)	(2,507)	(2,508)
Net income available for common stockholders	<u>\$ 21,916</u>	<u>\$ 29,729</u>	<u>\$ 108,457</u>	<u>\$ 122,949</u>
Earnings per Common Share - basic:				
Income from continuing operations available for common stockholders	\$ 0.24	\$ 0.20	\$ 1.20	\$ 0.67
Income from discontinued operations available for common stockholders	-	0.13	-	0.77
Net income available for common stockholders	<u>\$ 0.24</u>	<u>\$ 0.33</u>	<u>\$ 1.20</u>	<u>\$ 1.44</u>
Weighted average Common Shares outstanding - basic	<u>92,063</u>	<u>89,913</u>	<u>90,743</u>	<u>85,335</u>
Earnings per Common Share - diluted:				
Income from continuing operations available for common stockholders	\$ 0.24	\$ 0.20	\$ 1.19	\$ 0.67
Income from discontinued operations available for common stockholders	-	0.13	-	0.77
Net income available for common stockholders	<u>\$ 0.24</u>	<u>\$ 0.33</u>	<u>\$ 1.19</u>	<u>\$ 1.44</u>
Weighted average Common Shares outstanding - diluted	<u>95,114</u>	<u>92,971</u>	<u>93,800</u>	<u>88,836</u>
Dividends declared per Common Share	<u>\$ 0.425</u>	<u>\$ 0.425</u>	<u>\$ 1.70</u>	<u>\$ 1.70</u>
Net income available for common stockholders:				
Income from continuing operations available for common stockholders	\$ 21,916	\$ 17,760	\$ 108,085	\$ 57,081
Income from discontinued operations available for common stockholders	-	11,969	372	65,868
Net income available for common stockholders	<u>\$ 21,916</u>	<u>\$ 29,729</u>	<u>\$ 108,457</u>	<u>\$ 122,949</u>

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

	December 31,	
	2014	2013
Assets:		
Real estate assets, at cost:		
Land	\$ 388,807	\$ 393,602
Buildings and tenant improvements	3,840,379	3,748,869
Development in process	205,971	44,621
Land held for development	79,355	110,374
	4,514,512	4,297,466
Less-accumulated depreciation	(1,033,106)	(985,244)
Net real estate assets	3,481,406	3,312,222
Real estate and other assets, net, held for sale	1,038	-
Cash and cash equivalents	8,832	10,184
Restricted cash	14,595	14,169
Accounts receivable, net of allowance of \$1,314 and \$1,648, respectively	48,557	26,430
Mortgages and notes receivable, net of allowance of \$275 and \$302, respectively	13,116	26,409
Accrued straight-line rents receivable, net of allowance of \$600 and \$1,063, respectively	142,037	126,014
Investments in and advances to unconsolidated affiliates	27,071	29,901
Deferred financing and leasing costs, net of accumulated amortization of \$112,804 and \$92,220, respectively	228,768	222,211
Prepaid expenses and other assets, net of accumulated amortization of \$14,259 and \$12,905, respectively	39,489	39,561
Total Assets	\$ 4,004,909	\$ 3,807,101
Liabilities, Noncontrolling Interests in the Operating Partnership and Equity:		
Mortgages and notes payable	\$ 2,071,389	\$ 1,956,299
Accounts payable, accrued expenses and other liabilities	237,633	218,962
Financing obligations	23,519	26,664
Total Liabilities	2,332,541	2,201,925
Commitments and contingencies		
Noncontrolling interests in the Operating Partnership	130,048	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), 29,060 and 29,077 shares issued and outstanding, respectively	29,060	29,077
Common Stock, \$.01 par value, 200,000,000 authorized shares; 92,907,310 and 89,920,915 shares issued and outstanding, respectively	929	899
Additional paid-in capital	2,464,275	2,370,368
Distributions in excess of net income available for common stockholders	(966,141)	(920,433)
Accumulated other comprehensive loss	(3,912)	(2,611)
Total Stockholders' Equity	1,524,211	1,477,300
Noncontrolling interests in consolidated affiliates	18,109	21,396
Total Equity	1,542,320	1,498,696
Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity	\$ 4,004,909	\$ 3,807,101

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

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2014	2013	2014	2013
Funds from operations:				
Net income	\$ 23,585	\$ 31,690	\$ 115,972	\$ 131,097
Net (income) attributable to noncontrolling interests in consolidated affiliates	(314)	(356)	(1,466)	(949)
Depreciation and amortization of real estate assets	48,460	48,346	193,265	174,683
Impairments of depreciable properties	-	-	588	-
(Gains) on disposition of depreciable properties	(1,523)	-	(37,802)	-
(Gain) on acquisition of controlling interest in unconsolidated affiliate	-	-	-	(7,451)
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	875	1,061	3,914	6,796
Impairments of depreciable properties	-	-	-	4,507
Impairment of investment in unconsolidated affiliate	-	-	1,353	-
(Gains) on disposition of depreciable properties	(239)	-	(1,194)	(431)
Discontinued operations:				
Depreciation and amortization of real estate assets	-	247	-	5,753
Impairments of depreciable properties	-	-	-	2,194
(Gains) on disposition of depreciable properties	-	(11,439)	(384)	(63,792)
Funds from operations	70,844	69,549	274,246	252,407
Dividends on Preferred Stock	(626)	(627)	(2,507)	(2,508)
Funds from operations available for common stockholders	\$ 70,218	\$ 68,922	\$ 271,739	\$ 249,899
Funds from operations available for common stockholders per share	\$ 0.74	\$ 0.74	\$ 2.90	\$ 2.81
Weighted average shares outstanding	95,114	92,971	93,800	88,836

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

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2014	2013	2014	2013
Income from continuing operations before disposition of investment properties and activity in unconsolidated affiliates	\$ 20,477	\$ 15,240	\$ 69,409	\$ 53,011
Other income	(1,576)	(1,612)	(5,131)	(6,398)
Interest expense	20,929	21,877	85,852	92,703
General and administrative expenses	9,250	9,245	36,223	37,193
Impairments of real estate assets	-	-	588	-
Depreciation and amortization	49,128	48,907	196,023	176,957
Net operating income from continuing operations	98,208	93,657	382,964	353,466
Less - non same property and other net operating income	(17,975)	(16,981)	(72,121)	(42,005)
Total same property net operating income from continuing operations	\$ 80,233	\$ 76,676	\$ 310,843	\$ 311,461
Rental and other revenues	\$ 154,664	\$ 148,988	\$ 608,468	\$ 556,810
Rental property and other expenses	56,456	55,331	225,504	203,344
Total net operating income from continuing operations	98,208	93,657	382,964	353,466
Less - non same property and other net operating income	(17,975)	(16,981)	(72,121)	(42,005)
Total same property net operating income from continuing operations	\$ 80,233	\$ 76,676	\$ 310,843	\$ 311,461
Total same property net operating income from continuing operations	\$ 80,233	\$ 76,676	\$ 310,843	\$ 311,461
Less - straight-line rent and lease termination fees	(3,111)	(2,893)	(11,148)	(13,161)
Same property cash net operating income from continuing operations	\$ 77,122	\$ 73,783	\$ 299,695	\$ 298,300