

FOR IMMEDIATE RELEASE

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Highwoods Reports Fourth Quarter and Full Year 2017 Results

\$0.55 Net Income per Share for Fourth Quarter 2017

\$0.84 FFO per Share for Fourth Quarter 2017

Delivered Year-End Occupancy of 92.9%

Achieved 16.8% GAAP Rent Growth on 2nd Gen Signed Office Leases

Ended Quarter with Debt-to-EBITDA Ratio of 4.7x

\$1.78 Net Income per Share for Full Year 2017

\$3.39 FFO per Share for Full Year 2017

Generated 3.3% FFO Growth

Grew Same Property Cash NOI 4.1%

Delivered \$394M, 1.2M Square Feet of Development, 85% Leased

Increases Annualized Dividend to \$1.85 per Share

Previously \$1.76 per Share, 5.1% Increase

Provides 2018 FFO Outlook of \$3.35 to \$3.47 per Share

Projects 1.0% to 2.0% Growth in Same Property Cash NOI

RALEIGH, NC – February 6, 2018 – Highwoods Properties, Inc. (NYSE: HIW) today reported its fourth quarter and full year 2017 financial and operating results.

Ed Fritsch, President and CEO, stated, “2017 was a strong year for Highwoods. We improved the quality of our portfolio with \$544 million of investment activity, including \$394 million of development deliveries and \$150 million of non-core asset sales. Plus, we continued to strengthen our balance sheet and achieved operating metrics that were at-or-above the upper-end of our original forecasted ranges.



Based on our strengthening cash flows, which will be further enhanced as our 2017 development deliveries stabilize and our current development pipeline delivers, we are increasing our quarterly cash dividend to \$0.4625 per share. This equates to an annualized dividend of \$1.85 per share, a 5.1% increase.”

Fourth Quarter 2017 Highlights

Operations:

- Earned net income of \$0.55 per share
- Earned FFO of \$0.84 per share
- Grew same property cash NOI by 2.2% year-over-year
- Increased occupancy to 92.9% at year-end, 80 basis points higher than September 30, 2017

Leasing Activity:

- Leased 1.0 million square feet of second generation office at a dollar weighted average term of 7.2 years, 20% longer than the prior five-quarter average
- Grew average in-place office cash rents per square foot by 4.3% year-over-year
- Achieved GAAP rent growth of +16.8% and cash rent growth of +2.6% on second generation office leases signed

Investment Activity:

- Sold \$45 million of non-core assets
 - \$0.26 per share of building gains (not included in FFO)
 - \$0.01 per share of land sale gains (included in FFO)

Financing Activity:

- Issued no shares of common stock through the ATM program
- Executed a recast of the Company's unsecured revolving credit facility
 - Increased overall borrowing capacity from \$475M to \$600M
 - Extended the term to January 2022, plus two unilateral six-month extension rights
 - Lowered LIBOR borrowing spread from 110 to 100 basis points
- Recast \$200M unsecured bank term loan by extending the term from January 2019 to November 2022 and reducing the LIBOR borrowing spread from 120 to 110 basis points
- Paid off \$125M of its \$350M unsecured bank term loan
- Ended the year with a debt-to-EBITDA ratio of 4.7x and a leverage ratio (including preferred stock) of 35.0%

Full Year 2017 Highlights

	Actual	Original Outlook (1)	
		Low	High
Net Income per Share	\$1.78	N/A	N/A
FFO per Share	\$3.39	\$3.27	\$3.40
Growth in Same Property Cash NOI (2)	4.1%	2.5%	3.25%
Year-End Occupancy	92.9%	92.2%	93.2%
Development Announcements	\$225M	\$120M	\$220M
Acquisitions	\$0	\$0	\$200M
Dispositions	\$150M	\$50M	\$150M
Weighted Average Diluted Shares and Units Outstanding	105.6M	104.6M	106.0M
Per Share Impact of Non-Core Building Dispositions	\$(0.02)	N/A	N/A

(1) Original outlook published on February 7, 2017.

(2) Excludes termination fees.



Fourth Quarter and Full Year 2017 Financial Results

For the fourth quarter of 2017, net income available for common stockholders (“net income”) was \$56.6 million, or \$0.55 per diluted share, compared to net income of \$25.4 million, or \$0.25 per diluted share, for the fourth quarter of 2016. For 2017, net income was \$182.9 million, or \$1.78 per diluted share, which included \$0.54 per share of gains on land sales and sales of depreciable properties, net of land impairment expenses. For 2016, net income was \$521.8 million, or \$5.30 per diluted share, which included \$4.26 per share of gains on land sales and sales of depreciable properties.

For the fourth quarter of 2017, funds from operations available for common stockholders (“FFO”) was \$88.7 million, or \$0.84 per diluted share, compared to FFO of \$84.6 million, or \$0.82 per diluted share, for the fourth quarter of 2016. For 2017, FFO was \$357.5 million, or \$3.39 per diluted share, compared to FFO of \$332.3 million, or \$3.28 per diluted share, for 2016.

The following items were included in the determination of net income and FFO for the three and twelve months ended December 31, 2017 and 2016:

	Three Months Ended 12/31/2017		Three Months Ended 12/31/2016	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 49	\$ -	\$ 3	\$ -
Straight-Line Rental Income (1)	7,078	0.067	5,328	0.051
Capitalized Interest	984	0.009	2,471	0.024
Losses on Debt Extinguishment	(852)	(0.008)	-	-
Land Sale Gains	987	0.009	647	0.006
Gains on Disposition of Depreciable Properties (2)	27,989	0.264	-	-
	Twelve Months Ended 12/31/2017		Twelve Months Ended 12/31/2016	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 1,501	\$ 0.014	\$ 2,311	\$ 0.023
Straight-Line Rental Income (1)	31,721	0.300	23,846	0.235
Capitalized Interest	8,757	0.083	8,202	0.081
Property Acquisition Costs	-	-	(751)	(0.007)
Losses on Debt Extinguishment	(26)	-	-	-
Land Sale Gains	987	0.009	5,892	0.058
Our Share of Unconsolidated Affiliates Land Sale Gains	-	-	170	0.002
Gains on Disposition of Depreciable Properties (2)	53,170	0.504	423,411	4.176
Our Share of Unconsolidated Affiliates Gains on Disposition of Depreciable Properties (2)	4,617	0.044	2,173	0.021
Land Impairments	(1,445)	(0.014)	-	-

(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.

2018 Outlook

For 2018, the Company expects FFO per share to be in the range of \$3.35 to \$3.47. 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. Factors that could cause actual 2018 FFO results to differ materially from Highwoods current expectations are discussed below and are also detailed in the Company’s 2017 Annual Report on Form 10-K and subsequent SEC reports.



The outlook does not include any effects related to potential acquisitions and dispositions that may occur after the date of this release, except the Company assumes the previously-announced sale of Highwoods Tower Two in Raleigh for \$31.0 million, including \$1.0 million for an adjacent two-acre land parcel, will close in the second quarter of 2018 and the sale proceeds are held in escrow pending (1) reinvestment in 1031 exchanges qualifying for tax-deferred treatment, (2) repayment of debt and/or (3) other general corporate purposes.

Management's outlook for 2018 includes the following assumptions:

	Low	High
Effect Assumed in FFO Outlook:		
Growth in Same Property Cash NOI (1)	1.0%	2.0%
Straight-Line Rental Income	\$16M	\$18M
G&A Expenses (2)	\$38.0M	\$40.0M
Year-End Occupancy	91.25%	92.75%
Weighted Average Diluted Shares and Units Outstanding (3)	106.2M	107.3M
Disposition of Highwoods Tower Two	\$31M	\$31M
Effect Not Assumed in FFO Outlook:		
Other Dispositions	\$30M	\$105M
Acquisitions	\$0M	\$200M
Development Announcements	\$100M	\$350M

(1) Excludes termination fees.

(2) Includes equity incentive compensation costs, which are expected to aggregate \$7.5 million in 2018 as compared to \$6.7 million in 2017. 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 \$3.1 million higher than the run rate for the subsequent three quarters because the Company's annual grants are customarily made in March.

(3) There were 106.2 million diluted shares and units outstanding at December 31, 2017.

Supplemental Information

The Company's fourth quarter 2017 Supplemental Information, which includes financial, leasing and operational statistics, is available in the "Investors/Financials" section of the Company's website at www.highwoods.com. You may also obtain the Supplemental Information by contacting Highwoods Investor Relations at 800-256-2963 or by e-mail to HIW-IR@highwoods.com.

Conference Call

Tomorrow, Wednesday, February 7th, at 11:00 a.m. Eastern time, Highwoods will host a teleconference call to discuss the matters highlighted in this release. For US/Canada callers, dial (800) 756-3565. A live, listen-only webcast and a subsequent replay can be accessed through the Company's website at www.highwoods.com under the "Investors" section.

Planned Dates for Financial Releases and Conference Calls in 2018

The Company has set the following dates for the release of its 2018 financial results. Quarterly financial releases will be distributed after the market closes and conference calls will be held at 11:00 a.m. Eastern time.

Quarter	Tuesday Release	Wednesday Call
First	April 24	April 25
Second	July 24	July 25
Third	October 23	October 24



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, 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, 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 joint venture investments (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 ("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 lease termination fees, straight-line rental income, amortization of lease incentives and amortization of acquired above and below market leases. 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" in a table included with this release.

Same property NOI: 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, 2016 to December 31, 2017). The Company's same property NOI calculations are reconciled to NOI in a table included with this release.

Earnings before interest, taxes, depreciation and amortization ("EBITDA"): We define EBITDA as net income adjusted for interest expense, depreciation and amortization, equity in earnings of unconsolidated affiliates, impairments, income from discontinued operations, gains or losses on property dispositions and gains or losses on early extinguishment of debt. Management believes EBITDA is an appropriate supplemental measure to use in ratios that evaluate the Company's liquidity and financial condition and ability to service its long-term debt obligations. Other REITs may use different methodologies to calculate EBITDA and accordingly the Company's EBITDA may not be comparable to other REITs. The Company's EBITDA calculations are reconciled to net income in a table included with this release.

About Highwoods

Highwoods Properties, Inc., headquartered in Raleigh, 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, Memphis, Nashville, Orlando, Pittsburgh, Raleigh, Richmond and Tampa. For more information about Highwoods, please visit our website at www.highwoods.com.

Certain matters discussed in this press release are forward-looking statements within the meaning of the federal securities laws, such as the following: the expected financial and operational results and the related assumptions underlying our expected results; the planned sale of Highwoods Tower Two in Raleigh and expected pricing and impact with respect to such sale, including the tax impact of such sale; and anticipated total investment, projected leasing activity, estimated replacement cost and expected net operating income of acquired properties and properties to be developed. These statements are distinguished by use of the words "will", "expect", "intend" and words of similar meaning. Although Highwoods believes 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 the Company's current expectations include, among others, the following: closing of the planned disposition of Highwoods Tower Two in Raleigh may not occur on the terms described in this press release or at all; 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 2017 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 December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Rental and other revenues	\$ 175,861	\$ 167,646	\$ 702,737	\$ 665,634
Operating expenses:				
Rental property and other expenses	59,404	57,370	236,888	231,085
Depreciation and amortization	58,898	58,406	227,832	220,140
Impairments of real estate assets	-	-	1,445	-
General and administrative	9,861	8,826	39,648	38,153
Total operating expenses	<u>128,163</u>	<u>124,602</u>	<u>505,813</u>	<u>489,378</u>
Interest expense:				
Contractual	17,176	17,031	65,939	73,142
Amortization of debt issuance costs	721	861	3,166	3,506
	<u>17,897</u>	<u>17,892</u>	<u>69,105</u>	<u>76,648</u>
Other income/(loss):				
Interest and other income	503	454	2,309	2,338
Losses on debt extinguishment	(852)	-	(26)	-
	<u>(349)</u>	<u>454</u>	<u>2,283</u>	<u>2,338</u>
Income from continuing operations before disposition of investment properties and activity in unconsolidated affiliates	29,452	25,606	130,102	101,946
Gains on disposition of property	28,976	647	54,157	14,807
Equity in earnings of unconsolidated affiliates	647	783	7,404	5,793
Income from continuing operations	<u>59,075</u>	<u>27,036</u>	<u>191,663</u>	<u>122,546</u>
Discontinued operations:				
Income from discontinued operations	-	-	-	4,097
Net gains on disposition of discontinued operations	-	-	-	414,496
	<u>-</u>	<u>-</u>	<u>-</u>	<u>418,593</u>
Net income	59,075	27,036	191,663	541,139
Net (income) attributable to noncontrolling interests in the Operating Partnership	(1,557)	(720)	(5,059)	(15,596)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(325)	(312)	(1,239)	(1,253)
Dividends on Preferred Stock	(623)	(624)	(2,492)	(2,501)
Net income available for common stockholders	<u>\$ 56,570</u>	<u>\$ 25,380</u>	<u>\$ 182,873</u>	<u>\$ 521,789</u>
Earnings per Common Share - basic:				
Income from continuing operations available for common stockholders	\$ 0.55	\$ 0.25	\$ 1.78	\$ 1.17
Income from discontinued operations available for common stockholders	-	-	-	4.13
Net income available for common stockholders	<u>\$ 0.55</u>	<u>\$ 0.25</u>	<u>\$ 1.78</u>	<u>\$ 5.30</u>
Weighted average Common Shares outstanding - basic	<u>103,254</u>	<u>100,733</u>	<u>102,682</u>	<u>98,439</u>
Earnings per Common Share - diluted:				
Income from continuing operations available for common stockholders	\$ 0.55	\$ 0.25	\$ 1.78	\$ 1.17
Income from discontinued operations available for common stockholders	-	-	-	4.13
Net income available for common stockholders	<u>\$ 0.55</u>	<u>\$ 0.25</u>	<u>\$ 1.78</u>	<u>\$ 5.30</u>
Weighted average Common Shares outstanding - diluted	<u>106,163</u>	<u>103,640</u>	<u>105,594</u>	<u>101,398</u>
Dividends declared per Common Share	<u>\$ 0.440</u>	<u>\$ 1.225</u>	<u>\$ 1.76</u>	<u>\$ 2.50</u>
Net income available for common stockholders:				
Income from continuing operations available for common stockholders	\$ 56,570	\$ 25,380	\$ 182,873	\$ 115,461
Income from discontinued operations available for common stockholders	-	-	-	406,328
Net income available for common stockholders	<u>\$ 56,570</u>	<u>\$ 25,380</u>	<u>\$ 182,873</u>	<u>\$ 521,789</u>

Highwoods Properties, Inc.
Consolidated Balance Sheets

(Unaudited and in thousands, except share and per share data)

	December 31,	
	2017	2016
Assets:		
Real estate assets, at cost:		
Land	\$ 485,956	\$ 474,375
Buildings and tenant improvements	4,590,490	4,313,373
Development in-process	88,452	279,602
Land held for development	74,765	77,355
	5,239,663	5,144,705
Less-accumulated depreciation	(1,202,424)	(1,134,103)
Net real estate assets	4,037,239	4,010,602
Real estate and other assets, net, held for sale	14,118	-
Cash and cash equivalents	3,272	49,490
Restricted cash	85,061	29,141
Accounts receivable, net of allowance of \$753 and \$624, respectively	24,397	17,372
Mortgages and notes receivable, net of allowance of \$72 and \$105, respectively	6,425	8,833
Accrued straight-line rents receivable, net of allowance of \$819 and \$692, respectively	200,131	172,829
Investments in and advances to unconsolidated affiliates	23,897	18,846
Deferred leasing costs, net of accumulated amortization of \$143,512 and \$140,081, respectively	200,679	213,500
Prepaid expenses and other assets, net of accumulated amortization of \$19,092 and \$19,904, respectively	28,572	40,437
Total Assets	\$ 4,623,791	\$ 4,561,050
Liabilities, Noncontrolling Interests in the Operating Partnership and Equity:		
Mortgages and notes payable, net	\$ 2,014,333	\$ 1,948,047
Accounts payable, accrued expenses and other liabilities	228,215	313,885
Total Liabilities	2,242,548	2,261,932
Commitments and contingencies		
Noncontrolling interests in the Operating Partnership	144,009	144,802
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), 28,892 and 28,920 shares issued and outstanding, respectively	28,892	28,920
Common Stock, \$.01 par value, 200,000,000 authorized shares; 103,266,875 and 101,665,554 shares issued and outstanding, respectively	1,033	1,017
Additional paid-in capital	2,929,399	2,850,881
Distributions in excess of net income available for common stockholders	(747,344)	(749,412)
Accumulated other comprehensive income	7,838	4,949
Total Stockholders' Equity	2,219,818	2,136,355
Noncontrolling interests in consolidated affiliates	17,416	17,961
Total Equity	2,237,234	2,154,316
Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity	\$ 4,623,791	\$ 4,561,050

Highwoods Properties, Inc.
Funds from Operations

(Unaudited and in thousands, except per share amounts)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Funds from operations:				
Net income	\$ 59,075	\$ 27,036	\$ 191,663	\$ 541,139
Net (income) attributable to noncontrolling interests in consolidated affiliates	(325)	(312)	(1,239)	(1,253)
Depreciation and amortization of real estate assets	58,190	57,753	225,052	217,533
(Gains) on disposition of depreciable properties	(27,989)	-	(53,170)	(8,915)
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	375	751	2,298	2,978
(Gains) on disposition of depreciable properties	-	-	(4,617)	(2,173)
Discontinued operations:				
(Gains) on disposition of depreciable properties	-	-	-	(414,496)
Funds from operations	89,326	85,228	359,987	334,813
Dividends on Preferred Stock	(623)	(624)	(2,492)	(2,501)
Funds from operations available for common stockholders	\$ 88,703	\$ 84,604	\$ 357,495	\$ 332,312
Funds from operations available for common stockholders per share	\$ 0.84	\$ 0.82	\$ 3.39	\$ 3.28
Weighted average shares outstanding (1)	106,163	103,640	105,594	101,398

(1) Includes assumed conversion of all potentially dilutive Common Stock equivalents.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Income from continuing operations before disposition of investment properties and activity in unconsolidated affiliates	\$ 29,452	\$ 25,606	\$ 130,102	\$ 101,946
Other (income)/loss	349	(454)	(2,283)	(2,338)
Interest expense	17,897	17,892	69,105	76,648
General and administrative expenses	9,861	8,826	39,648	38,153
Impairments of real estate assets	-	-	1,445	-
Depreciation and amortization	58,898	58,406	227,832	220,140
Net operating income from continuing operations	<u>116,457</u>	<u>110,276</u>	<u>465,849</u>	<u>434,549</u>
Less - non same property and other net operating income	(12,382)	(6,661)	(46,301)	(23,723)
Same property net operating income from continuing operations	<u>\$ 104,075</u>	<u>\$ 103,615</u>	<u>\$ 419,548</u>	<u>\$ 410,826</u>
Same property net operating income from continuing operations	\$ 104,075	\$ 103,615	\$ 419,548	\$ 410,826
Less - lease termination fees, straight-line rent and other non-cash adjustments	(2,290)	(4,031)	(13,148)	(20,438)
Same property cash net operating income from continuing operations	<u>\$ 101,785</u>	<u>\$ 99,584</u>	<u>\$ 406,400</u>	<u>\$ 390,388</u>

Highwoods Properties, Inc.
Debt-to-EBITDA
(Unaudited and in thousands, except ratios)

	Three Months Ended December 31,	
	2017	2016
Debt-to-EBITDA:		
Net income	\$ 59,075	\$ 27,036
Interest expense	17,897	17,892
Depreciation and amortization	58,898	58,406
Equity in earnings of unconsolidated affiliates	(647)	(783)
Losses on debt extinguishment	852	-
Gains on disposition of property	(28,976)	(647)
EBITDA	\$ 107,099	\$ 101,904
 Annualized EBITDA (1)	 \$ 428,396	 \$ 407,616
 Mortgages and notes payable, net (Debt)	 \$ 2,014,333	 \$ 1,948,047
Preferred stock	28,892	28,920
Debt plus preferred stock	\$ 2,043,225	\$ 1,976,967
 Debt-to-EBITDA (2)	 4.70x	 4.78x
Debt plus preferred stock-to-EBITDA (3)	4.77x	4.85x

(1) Annualized EBITDA is EBITDA multiplied by four.

(2) Debt at quarter-end divided by annualized EBITDA.

(3) Debt plus preferred stock at quarter-end divided by annualized EBITDA.