

FOR IMMEDIATE RELEASE

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Highwoods Reports Third Quarter 2015 Results

\$0.77 FFO per Share

(Including \$0.01 per Share of Acquisition Costs)

Grew Same Property Cash NOI 6.3%

Leased 1.1 Million Square Feet of Second Generation Office

Increased Year-Over-Year Occupancy 160 Basis Points

Enhances BBD Office Focus

Acquired Monarch Tower and Monarch Plaza in Buckhead Atlanta

Acquired SunTrust Financial Centre in CBD Tampa

Listed Country Club Plaza in Kansas City for Sale

Raises 2015 FFO Outlook to \$3.05 to \$3.08 per Share

Previously \$3.00 to \$3.06 per Share

RALEIGH, NC – October 27, 2015 – Highwoods Properties, Inc. (NYSE:HIW) today reported its third quarter 2015 financial and operating results.

Ed Fritsch, President and CEO, stated, “*Atop a very active capital activity quarter, we delivered solid financial and operating results during the third quarter, with FFO per share of \$0.77 including a penny of acquisition costs. Compared to the third quarter of 2014, same property cash NOI was up 6.3% and same property average occupancy was up 130 basis points. We also leased 1.1 million square feet of second generation office space, garnering net effective rents of \$14.46 per square foot, 6.3% above our prior five-quarter average.*”

We further strengthened our BBD office franchise with the acquisitions of Monarch Tower and Monarch Plaza in Buckhead Atlanta and SunTrust Financial Centre in CBD Tampa. Like our prior acquisition activity, these BBD-located, high-rise buildings provide substantial NOI upside through lease-up, rent growth, Highwoodtizing and operating efficiencies. Our plan is to effectively fund these acquisitions by monetizing our retail-dominated Country Club Plaza assets in Kansas City at a cap rate meaningfully lower than the stabilized returns on our newly-acquired assets and return our leverage ratio to the low end of our 40% to 45% comfort zone.”



The Company noted its updated 2015 FFO per share outlook includes the projected net impact of the September 30th acquisitions of Monarch Tower, Monarch Plaza and SunTrust Financial Centre and listing for sale of substantially all of its wholly-owned Country Club Plaza assets. The net impact per share consists of:

Net operating income from acquired properties in the 4 th quarter	+\$0.068
Acquisition costs recorded in the 3 rd quarter	-0.010
Borrowing costs at LIBOR plus 110 basis points in the 4 th quarter	-0.014
Anticipated severance costs accrued in the 4 th quarter (1)	<u>-0.026</u>
Net	<u>+\$0.018</u>

- (1) Required to be accrued due to the Company's intent to close its Kansas City division office upon the sale of substantially all of its wholly-owned Country Club Plaza assets. The Company expects to close on the disposition of Country Club Plaza assets no later than early 2016.

Third Quarter Highlights

Operations:

- Earned FFO of \$0.77 per share, including one penny per share of acquisition costs and one-half penny per share land sale gain
- Grew same property cash NOI by 6.3% year-over-year
- Increased year-over-year occupancy 160 basis points (from 91.0% to 92.6%)

Leasing Activity:

- Leased 1.1 million square feet of second generation office at an average term of 4.9 years
- Garnered net effective rents on second generation leases signed of \$14.46 per square foot, 6.3% above the prior five-quarter average
- Grew average in-place office cash rents per square foot by 5.8% year-over-year
- Achieved GAAP rent growth of +9.6% and cash rent growth of -0.7% on second generation office leases signed

Investment Activity:

- Acquired Monarch Tower, a 25-story, 528,000 square foot office building, and Monarch Plaza, a 15-story, 368,000 square foot office building, in Buckhead Atlanta for a total investment of \$303 million, a 20% discount to replacement cost
- Acquired SunTrust Financial Centre, a 35-story, 528,000 square foot office building, in CBD Tampa for a total investment of \$124 million, a 40% discount to replacement cost
- Listed substantially all of its wholly-owned Country Club Plaza assets for sale
- Sold its 20% interest in a non-core joint venture building in Tampa's Rocky Point submarket, for \$6.9 million, resulting in a \$4.2 million non-FFO gain

Financing Activity:

- Obtained a six-month, unsecured bridge facility (with an additional six-month extension option) for \$350 million at an interest rate of LIBOR plus 110 basis points
- From August 7th to August 20th, issued 1.2 million shares of common stock through its ATM program, raising net proceeds of \$49.7 million, and ended the quarter with leverage of 45.1%

Syniverse Renewal

Subsequent to quarter-end, the Company signed a 198,750 square foot, long-term renewal with Syniverse Technologies at Highwoods Preserve in Tampa. This was the Company's largest lease expiration in 2016. The Company noted that its 2016 office lease expirations were 8.6% of annualized revenues at September 30, 2015 factoring in this renewal.



Third Quarter and Nine Month Financial Results

For the third quarter of 2015, funds from operations available for common stockholders (“FFO”) was \$74.8 million, or \$0.77 per diluted share, compared to FFO of \$65.8 million, or \$0.70 per diluted share, for the third quarter of 2014. For the first nine months of 2015, FFO was \$218.9 million, or \$2.26 per diluted share, compared to FFO of \$201.5 million, or \$2.16 per diluted share, for the first nine months of 2014. FFO in the first nine months of 2015 and 2014 included land sale gains of \$0.03 and \$0.06 per diluted share, respectively.

For the third quarter of 2015, net income available for common stockholders (“net income”) was \$29.7 million, or \$0.31 per diluted share, which included \$0.11 per diluted share in building and land sale gains. For the third quarter of 2014, net income was \$51.7 million, or \$0.57 per diluted share, which included \$0.39 per diluted share in building gains. For the first nine months of 2015, net income was \$74.2 million, or \$0.79 per diluted share, which included \$0.17 per diluted share in building and land sale gains. For the first nine months of 2014, net income was \$86.5 million, or \$0.96 per diluted share, which included \$0.47 per diluted share in building and land sale gains.

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, 2015 and 2014:

	Three Months Ended 9/30/2015		Three Months Ended 9/30/2014	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 965	\$ 0.010	\$ 953	\$ 0.010
Straight-Line Rental Income (1)	5,688	0.058	5,717	0.061
Capitalized Interest	1,515	0.016	1,437	0.015
Property Acquisition Costs	(946)	(0.010)	(151)	(0.002)
Losses on Debt Extinguishment	-	-	(326)	(0.003)
Land Sale Gains/(Losses)	491	0.005	(41)	-
Gains on Disposition of Depreciable Properties (2)	6,521	0.067	36,279	0.387
Gain on Disposition of Investment in Unconsolidated Affiliate (2)	4,155	0.043	-	-
	Nine Months Ended 9/30/2015		Nine Months Ended 9/30/2014	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 1,221	\$ 0.013	\$ 1,457	\$ 0.016
Straight-Line Rental Income (1)	16,495	0.170	15,865	0.170
Capitalized Interest	4,947	0.051	2,940	0.031
Property Acquisition Costs	(1,004)	(0.010)	(151)	(0.002)
Losses on Debt Extinguishment	(220)	(0.002)	(308)	(0.003)
Our Share of Unconsolidated Affiliate Losses on Debt Extinguishment	-	-	(95)	(0.001)
Land Sale Gains	1,434	0.015	5,906	0.063
Our Share of Unconsolidated Affiliate Land Sale Gains	1,066	0.011	-	-
Gains on Disposition of Depreciable Properties (2)	9,147	0.094	36,663	0.393
Our Share of Unconsolidated Affiliates Gains on Disposition of Depreciable Properties (2)	946	0.010	955	0.010
Impairments of Depreciable Properties (2)	-	-	(588)	(0.006)
Impairment of Investment in Unconsolidated Affiliate (2)	-	-	(1,353)	(0.014)
Gain on Disposition of Investment in Unconsolidated Affiliate (2)	4,155	0.043	-	-

(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.



Outlook

The Company has updated its 2015 FFO outlook from \$3.00 to \$3.06 per share to \$3.05 to \$3.08 per share. 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 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 and subsequent SEC reports.

Management's outlook for 2015 includes the following assumptions:

	Low	High
Same Property Cash NOI Growth, Excluding Termination Fees	6.5%	6.8%
Straight-Line Rental Income	\$22M	\$23M
G&A Expenses (1)	\$40.5M	\$41.5M
Dispositions	\$39M	\$39M
Acquisitions	\$449M	\$449M
Development Announcements	\$200M	\$250M
Year-End Occupancy (2)	92.8%	93.3%
Weighted Average Diluted Shares Outstanding (3)	97.3M	97.5M

- (1) Includes \$0.9 million of acquisition costs recorded during the third quarter and \$2.5 million of anticipated severance costs required to be accrued in the fourth quarter.
- (2) Reduced both the low and high end of year-end projected occupancy by 20 basis points due to the impact of value-add acquisitions closed subsequent to August 4th earnings release.
- (3) There were 98.3 million diluted shares outstanding at September 30, 2015.

This outlook does not include any effects related to the planned disposition of substantially all of the Company's wholly-owned Country Club Plaza assets, except for anticipated severance costs required to be accrued in the fourth quarter due to the Company's intent to close its Kansas City division office upon such sale. The Company expects to close on the disposition of Country Club Plaza assets no later than early 2016.

Supplemental Information

The Company's third quarter 2015 Supplemental Information, which 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 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, October 28, 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 "Investor Relations" section.



Planned Dates for Financial Releases and Conference Calls in 2016

The Company has set the following dates for the release of its financial results in 2016. 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
Fourth	February 9	February 10
First	April 26	April 27
Second	August 2	August 3
Third	October 25	October 26

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, 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, 2014 to September 30, 2015). The Company's same property NOI calculations are reconciled to NOI in a table included with this release.

During the second quarter of 2015, as a result of a third party partner's irrevocable exercise of a buy-sell provision in the partnership agreement governing SF Harborview Plaza, LP, such partner's right to put its 80.0% equity interest back to us became no longer exercisable. Our investment in this joint venture then qualified for the equity method of accounting. Accordingly, we adjusted the balance sheets and beginning retained earnings for all prior periods presented in the accompanying financial information to retrospectively apply the equity method of accounting.

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, Kansas City, 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 substantially all of the Company's wholly-owned Country Club Plaza assets and expected pricing and impact with respect to such sale, including the tax impact of such sale; anticipated total investment, projected leasing activity, estimated replacement cost and expected net operating income of acquired properties and properties to be developed; and expected future leverage of the Company. 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 Highwoods' current expectations include, among others, the following: buyers may not be available and pricing may not be adequate with respect to the planned disposition of Country Club Plaza assets; comparable sales data on which we based our expectations with respect to the sale price of Country Club Plaza assets may not reflect current market trends; 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 and subsequent SEC reports.

Tables Follow



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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Rental and other revenues	\$ 163,736	\$ 152,629	\$ 482,182	\$ 453,804
Operating expenses:				
Rental property and other expenses	59,758	57,383	174,549	169,048
Depreciation and amortization	54,652	48,287	156,200	146,895
Impairments of real estate assets	-	-	-	588
General and administrative	9,182	7,526	29,511	26,973
Total operating expenses	<u>123,592</u>	<u>113,196</u>	<u>360,260</u>	<u>343,504</u>
Interest expense:				
Contractual	20,484	20,962	61,783	62,352
Amortization of deferred financing costs	873	819	2,501	2,270
Financing obligation	155	567	653	301
	<u>21,512</u>	<u>22,348</u>	<u>64,937</u>	<u>64,923</u>
Other income:				
Interest and other income	1,038	1,054	3,475	3,863
Losses on debt extinguishment	-	(326)	(220)	(308)
	<u>1,038</u>	<u>728</u>	<u>3,255</u>	<u>3,555</u>
Income from continuing operations before disposition of investment properties and activity in unconsolidated affiliates	19,670	17,813	60,240	48,932
Gains on disposition of property	7,012	36,238	10,581	42,185
Gain on disposition of investment in unconsolidated affiliate	4,155	-	4,155	-
Equity in earnings of unconsolidated affiliates	780	248	4,367	886
Income from continuing operations	<u>31,617</u>	<u>54,299</u>	<u>79,343</u>	<u>92,003</u>
Discontinued operations:				
Net gains on disposition of discontinued operations	-	-	-	384
	<u>-</u>	<u>-</u>	<u>-</u>	<u>384</u>
Net income	31,617	54,299	79,343	92,387
Net (income) attributable to noncontrolling interests in the Operating Partnership	(918)	(1,673)	(2,296)	(2,813)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(324)	(291)	(948)	(1,152)
Dividends on Preferred Stock	(626)	(627)	(1,879)	(1,881)
Net income available for common stockholders	<u>\$ 29,749</u>	<u>\$ 51,708</u>	<u>\$ 74,220</u>	<u>\$ 86,541</u>
Earnings per Common Share - basic:				
Income from continuing operations available for common stockholders	\$ 0.31	\$ 0.57	\$ 0.79	\$ 0.96
Income from discontinued operations available for common stockholders	-	-	-	-
Net income available for common stockholders	<u>\$ 0.31</u>	<u>\$ 0.57</u>	<u>\$ 0.79</u>	<u>\$ 0.96</u>
Weighted average Common Shares outstanding - basic	<u>94,693</u>	<u>90,668</u>	<u>93,996</u>	<u>90,299</u>
Earnings per Common Share - diluted:				
Income from continuing operations available for common stockholders	\$ 0.31	\$ 0.57	\$ 0.79	\$ 0.96
Income from discontinued operations available for common stockholders	-	-	-	-
Net income available for common stockholders	<u>\$ 0.31</u>	<u>\$ 0.57</u>	<u>\$ 0.79</u>	<u>\$ 0.96</u>
Weighted average Common Shares outstanding - diluted	<u>97,661</u>	<u>93,723</u>	<u>97,003</u>	<u>93,358</u>
Dividends declared per Common Share	<u>\$ 0.425</u>	<u>\$ 0.425</u>	<u>\$ 1.275</u>	<u>\$ 1.275</u>
Net income available for common stockholders:				
Income from continuing operations available for common stockholders	\$ 29,749	\$ 51,708	\$ 74,220	\$ 86,169
Income from discontinued operations available for common stockholders	-	-	-	372
Net income available for common stockholders	<u>\$ 29,749</u>	<u>\$ 51,708</u>	<u>\$ 74,220</u>	<u>\$ 86,541</u>

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

	September 30, 2015	December 31, 2014
		(as revised)
Assets:		
Real estate assets, at cost:		
Land	\$ 460,111	\$ 384,301
Buildings and tenant improvements	4,336,244	3,807,315
Development in process	157,100	205,971
Land held for development	71,997	79,355
	5,025,452	4,476,942
Less-accumulated depreciation	(1,096,129)	(1,024,936)
Net real estate assets	3,929,323	3,452,006
Real estate and other assets, net, held for sale	2,629	1,038
Cash and cash equivalents	5,184	8,832
Restricted cash	19,310	14,595
Accounts receivable, net of allowance of \$1,835 and \$1,314, respectively	27,576	48,557
Mortgages and notes receivable, net of allowance of \$362 and \$275, respectively	2,132	13,116
Accrued straight-line rents receivable, net of allowance of \$993 and \$600, respectively	156,481	142,037
Investments in and advances to unconsolidated affiliates	20,674	50,685
Deferred financing and leasing costs, net of accumulated amortization of \$123,463 and \$112,804, respectively	255,849	228,768
Prepaid expenses and other assets, net of accumulated amortization of \$15,697 and \$14,259, respectively	43,537	39,489
Total Assets	\$ 4,462,695	\$ 3,999,123
Liabilities, Noncontrolling Interests in the Operating Partnership and Equity:		
Mortgages and notes payable	\$ 2,478,753	\$ 2,071,389
Accounts payable, accrued expenses and other liabilities	245,953	237,633
Financing obligation	7,402	8,962
Total Liabilities	2,732,108	2,317,984
Commitments and contingencies		
Noncontrolling interests in the Operating Partnership	112,768	130,048
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), 29,050 and 29,060 shares issued and outstanding, respectively	29,050	29,060
Common Stock, \$.01 par value, 200,000,000 authorized shares; 95,329,758 and 92,907,310 shares issued and outstanding, respectively	953	929
Additional paid-in capital	2,579,318	2,464,275
Distributions in excess of net income available for common stockholders	(1,002,879)	(957,370)
Accumulated other comprehensive loss	(6,610)	(3,912)
Total Stockholders' Equity	1,599,832	1,532,982
Noncontrolling interests in consolidated affiliates	17,987	18,109
Total Equity	1,617,819	1,551,091
Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity	\$ 4,462,695	\$ 3,999,123

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Funds from operations:				
Net income	\$ 31,617	\$ 54,299	\$ 79,343	\$ 92,387
Net (income) attributable to noncontrolling interests in consolidated affiliates	(324)	(291)	(948)	(1,152)
Depreciation and amortization of real estate assets	53,978	47,612	154,250	144,805
Impairments of depreciable properties	-	-	-	588
(Gains) on disposition of depreciable properties	(6,521)	(36,279)	(9,147)	(36,279)
(Gain) on disposition of investment in unconsolidated affiliate	(4,155)	-	(4,155)	-
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	835	1,085	2,412	3,039
Impairment of investment in unconsolidated affiliate	-	-	-	1,353
(Gains) on disposition of depreciable properties	-	-	(946)	(955)
Discontinued operations:				
(Gains) on disposition of depreciable properties	-	-	-	(384)
Funds from operations	<u>75,430</u>	<u>66,426</u>	<u>220,809</u>	<u>203,402</u>
Dividends on Preferred Stock	(626)	(627)	(1,879)	(1,881)
Funds from operations available for common stockholders	<u>\$ 74,804</u>	<u>\$ 65,799</u>	<u>\$ 218,930</u>	<u>\$ 201,521</u>
Funds from operations available for common stockholders per share	<u>\$ 0.77</u>	<u>\$ 0.70</u>	<u>\$ 2.26</u>	<u>\$ 2.16</u>
Weighted average shares outstanding	<u>97,661</u>	<u>93,723</u>	<u>97,003</u>	<u>93,358</u>

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Income from continuing operations before disposition of investment properties and activity in unconsolidated affiliates	\$ 19,670	\$ 17,813	\$ 60,240	\$ 48,932
Other income	(1,038)	(728)	(3,255)	(3,555)
Interest expense	21,512	22,348	64,937	64,923
General and administrative expenses	9,182	7,526	29,511	26,973
Impairments of real estate assets	-	-	-	588
Depreciation and amortization	54,652	48,287	156,200	146,895
Net operating income from continuing operations	103,978	95,246	307,633	284,756
Less - non same property and other net operating income	(8,379)	(5,052)	(23,392)	(16,312)
Total same property net operating income from continuing operations	\$ 95,599	\$ 90,194	\$ 284,241	\$ 268,444
Rental and other revenues	\$ 163,736	\$ 152,629	\$ 482,182	\$ 453,804
Rental property and other expenses	59,758	57,383	174,549	169,048
Total net operating income from continuing operations	103,978	95,246	307,633	284,756
Less - non same property and other net operating income	(8,379)	(5,052)	(23,392)	(16,312)
Total same property net operating income from continuing operations	\$ 95,599	\$ 90,194	\$ 284,241	\$ 268,444
Total same property net operating income from continuing operations	\$ 95,599	\$ 90,194	\$ 284,241	\$ 268,444
Less - straight-line rent and lease termination fees	(5,456)	(5,423)	(12,600)	(15,721)
Same property cash net operating income from continuing operations	\$ 90,143	\$ 84,771	\$ 271,641	\$ 252,723