

FOR IMMEDIATE RELEASE

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Highwoods Reports Fourth Quarter and Full Year 2015 Results

\$0.82 FFO per Share for Fourth Quarter 2015

(Including \$0.01 of Land Sale Gains)

Delivered Year-End Occupancy of 93.1%

\$3.08 FFO per Share for Full Year 2015

Generated 6.2% FFO Growth

Grew Same Property Cash NOI 6.7%

Delivered \$162M, 668,000 Square Feet of Development, 97% Leased

Acquired \$449M, 1.6M Square Feet of Office

Announces Development of CentreGreen III in Raleigh

\$41M, 167,000 Square Foot Office Building

Total Development Pipeline Now \$546M, 70% Pre-Leased

Provides 2016 FFO Outlook of \$3.18 to \$3.30 per Share

Projects 4.0% to 5.0% Growth in Same Property Cash NOI

RALEIGH, NC – February 9, 2016 – Highwoods Properties, Inc. (NYSE:HIW) today reported its fourth quarter and full year 2015 financial and operating results.

Ed Fritsch, President and CEO, stated, “2015 was another strong year for Highwoods. We generated 6.2% year-over-year growth in per share FFO, achieved 6.7% growth in same property cash NOI and delivered year-end occupancy of 93.1%. Our fourth quarter operational performance was also solid, with FFO per share of \$0.82, including a penny of land sale gains. Compared to the fourth quarter of 2014, same property cash NOI was up 4.4% and same property average occupancy was up 120 basis points. We also leased over one million square feet of second generation office space at an average term of 6.9 years.

“Atop a solid fundamental performance, we are further strengthening our BBD franchise with our current \$546 million development pipeline that is 70% pre-leased, our \$427 million value-add



acquisitions of Monarch Tower and Plaza in Buckhead and SunTrust Financial Centre in CBD Tampa, and our \$660 million contract to sell our retail-centric, Country Club Plaza assets at a 4.7% blended cap rate. Selling the Plaza, which is scheduled for March 1st, will drive our leverage ratio under 40%, further simplify our business model and reduce our annual G&A spend. We will use \$430 million of the proceeds to effectively fund the Monarch and SunTrust acquisitions and will have \$220 million of dry powder to reinvest in additional BBD assets at attractive spreads and/or use for other general corporate purposes.”

Fourth Quarter 2015 Highlights

Operations:

- Earned FFO of \$0.82 per share
- Grew same property cash NOI by 4.4% year-over-year
- Increased occupancy to 93.1% at year-end, a 120 basis point increase from year-end 2014

Leasing Activity:

- Leased over one million square feet of second generation office at an average term of 6.9 years, 19% longer than the prior five-quarter average
- Grew average in-place office cash rents per square foot by 5.5% year-over-year
- Achieved GAAP rent growth of +10.6% on second generation office leases signed

Investment Activity:

- Agreed to sell substantially all of its wholly-owned Country Club Plaza (the “Plaza”) assets for \$660M

Financing Activity:

- Paid off \$112M of secured debt (6.9% weighted average interest rate) scheduled to mature in 2016, growing unencumbered NOI to 91%
- Issued 744,000 shares of common stock through its ATM program at an average gross sales price of \$43.54 per share, raising net proceeds of \$31.9M
- Ended the year with leverage of 44.9% and a debt-to-EBITDA ratio of 6.1x

Development Announcement

The Company will develop CentreGreen III, a LEED-certified, multi-customer office building in Weston, one of the Raleigh area’s BBDs. The project will encompass 167,000 square feet with structured parking. The Company’s projected investment is \$40.9 million, including the value of existing Company-owned land. Construction is scheduled to begin in the second quarter of 2016, with a targeted completion in the third quarter of 2017 and a targeted stabilization in the third quarter of 2019.

Fritsch noted, “*Weston is an established and highly-desirable infill location with users in need of additional space. Our 1.3 million square feet in the mixed-use Weston PUD, which includes our two recently delivered MetLife buildings, is currently 98% occupied.*”



Fourth Quarter and Full Year 2015 Financial Results

For the fourth quarter of 2015, funds from operations available for common stockholders (“FFO”) was \$80.8 million, or \$0.82 per diluted share, compared to FFO of \$70.2 million, or \$0.74 per diluted share, for the fourth quarter of 2014. For 2015, FFO was \$299.7 million, or \$3.08 per diluted share, compared to FFO of \$271.7 million, or \$2.90 per diluted share, for 2014.

For the fourth quarter of 2015, net income available for common stockholders (“net income”) was \$20.4 million, or \$0.21 per diluted share, which included \$0.01 per diluted share in land sale gains. For the fourth quarter of 2014, net income was \$21.9 million, or \$0.24 per diluted share, which included \$0.03 per diluted share in building and land sale gains. For 2015, net income was \$94.6 million, or \$1.00 per diluted share, which included \$0.18 per diluted share in building and land sale gains. For 2014, net income was \$108.5 million, or \$1.19 per diluted share, which included \$0.49 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 twelve months ended December 31, 2015 and 2014:

	Three Months Ended 12/31/2015		Three Months Ended 12/31/2014	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 119	\$ 0.001	\$ 746	\$ 0.008
Straight-Line Rental Income (1)	5,813	0.059	5,416	0.057
Capitalized Interest	1,941	0.020	2,370	0.025
Property Acquisition Costs	-	-	(319)	(0.003)
Losses on Debt Extinguishment	(23)	-	-	-
Land Sale Gains	863	0.009	644	0.007
Gains on Disposition of Depreciable Properties (2)	-	-	1,523	0.016
Our Share of Unconsolidated Affiliate Gains on Disposition of Depreciable Properties (2)	-	-	239	0.003
	Twelve Months Ended 12/31/2015		Twelve Months Ended 12/31/2014	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 1,340	\$ 0.014	\$ 2,203	\$ 0.023
Straight-Line Rental Income (1)	22,308	0.229	21,281	0.227
Capitalized Interest	6,888	0.071	5,310	0.057
Property Acquisition Costs	(1,004)	(0.010)	(470)	(0.005)
Losses on Debt Extinguishment	(243)	(0.002)	(308)	(0.003)
Our Share of Unconsolidated Affiliate Losses on Debt Extinguishment	-	-	(95)	(0.001)
Land Sale Gains	2,297	0.024	6,550	0.070
Our Share of Unconsolidated Affiliate Land Sale Gains	1,066	0.011	-	-
Gains on Disposition of Depreciable Properties (2)	9,147	0.094	38,186	0.407
Our Share of Unconsolidated Affiliates Gains on Disposition of Depreciable Properties (2)	946	0.010	1,194	0.013
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.



2016 Outlook

For 2016, the Company expects FFO per share to be in the range of \$3.18 to \$3.30. 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 2016 FFO results to differ materially from Highwoods current expectations are discussed below and are also detailed in the Company's 2015 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 Plaza sale will close on March 1, 2016 and the sale proceeds are used as follows:

Repay debt used to acquire Monarch Tower, Monarch Plaza and SunTrust Financial Centre	\$430M
Hold in escrow pending (1) reinvestment in 1031 exchanges qualifying for tax-deferred treatment, (2) repayment of additional debt <i>and/or</i> (3) other general corporate purposes	\$220M
Pay transaction expenses, closing credits to the buyer for future tenant improvements and severance costs	\$10M
Sale proceeds	\$660M

Management's outlook for 2016 includes the following assumptions:

	Low	High
Effect Assumed in FFO Outlook:		
Growth in Same Property Cash NOI from Continuing Operations (1)	4.0%	5.0%
Straight-Line Rental Income	\$22M	\$24M
G&A Expenses (2)(3)	\$36M	\$38M
Year-End Occupancy	92.5%	93.5%
Weighted Average Diluted Shares Outstanding (4)	99M	100M
Disposition of Plaza Assets	\$660M	\$660M
Acquisitions Using Escrowed Funds From Disposition of Plaza Assets	\$0M	\$220M
Effect Not Assumed in FFO Outlook:		
Other Potential Dispositions	\$100M	\$200M
Other Potential Acquisitions	\$0M	\$100M
Potential Development Announcements	\$100M	\$200M

(1) Excludes termination fees.

(2) Includes equity incentive compensation costs, which are expected to aggregate \$6.1 million in 2016 as compared to \$6.9 million in 2015. 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 \$3.6 million higher than the run rate for the subsequent three quarters because the Company's annual grants are customarily made in March.

(3) The Company is required to accrue anticipated severance costs due to its intent to close its Kansas City division office upon the sale of the Plaza assets. \$1.0 million of such costs are expected to be accrued during the first quarter of 2016 and the remaining \$1.6 million were accrued during the fourth quarter of 2015.

(4) There were 99.1 million diluted shares outstanding at December 31, 2015.



Full Year 2015 Highlights*Operations:*

	Actual	Original Outlook (1)	
		Low	High
FFO per Share	\$3.08	\$2.95	\$3.06
Growth in Same Property Cash NOI (2)	6.7%	5.5%	6.5%
Year-End Occupancy	93.1%	92.5%	93.5%

(1) Original outlook published on February 10, 2015.

(2) Excludes termination fees.

Development Announcements:

	Market	SF	Investment	Pre-Leasing	Estimated Completion	Estimated Stabilization
Riverwood 200	Atlanta	299,000	\$107.0M	66%	2Q17	2Q19
Seven Springs II	Nashville	131,000	\$38.1M	43%	2Q17	3Q18
Enterprise V	Greensboro	131,000	\$7.6M	0%	2Q16	2Q17

Development Deliveries:

	Market	SF	Investment	Leased	Completion	Stabilization
GlenLake V	Raleigh	166,000	\$37.0M	88%	1Q15	2Q17
MetLife I	Raleigh	213,500	\$53.0M	100%	1Q15	1Q15
MetLife II	Raleigh	213,500	\$57.0M	100%	2Q15	2Q15
Biologics	Raleigh	75,000	\$14.9M	100%	2Q15	2Q15

Acquisitions:

	Market	SF	Investment	Occupancy at Closing (1)
Monarch Tower/Plaza	Atlanta	896,000	\$303.0M	80%
SunTrust Financial Ct	Tampa	528,000	\$124.0M	77%
Eola Park Centre	Orlando	168,000	\$22.3M	74%

(1) Includes known near-term move-outs.

Dispositions:

- \$47M of non-core buildings, land and joint venture investments
 - \$14.2M of building gains (not included in FFO)
 - \$3.4M of land gains (included in FFO)

Balance Sheet:

- Obtained a \$350M unsecured bridge facility at an interest rate of LIBOR plus 110 basis points
- Expanded its \$225M unsecured bank term loan by \$125M, extending the maturity by one additional year to 2020 and reducing the LIBOR borrowing spread from 175 basis points to 110 basis points
- Issued 2.9M shares of common stock through its ATM program at an average gross sales price of \$43.39 per share, raising net proceeds of \$125M
- Ended the year with leverage at 44.9% and a debt-to-EBITDA ratio of 6.1x
- Grew unencumbered NOI to 91%



Supplemental Information

The Company's fourth 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, February 10th, 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
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 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" in a table included with this release.

Same property NOI: We define same property NOI as NOI for in-service properties that were wholly-owned during the entirety of the periods presented (from January 1, 2014 to December 31, 2015). The Company's same property NOI calculations are reconciled to NOI in a table included with this release.

Same property NOI from continuing operations: We define same property NOI from continuing operations 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 December 31, 2015). NOI from the Plaza assets, which are classified as assets held for sale at December 31, 2015, is not included in same property NOI from continuing operations. The Company's same property NOI from continuing operations 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 the 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 the Company’s current expectations include, among others, the following: closing of the planned disposition of the Plaza portfolio 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 2015 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		Year Ended	
	December 31,		December 31,	
	2015	2014	2015	2014
Rental and other revenues	\$ 160,126	\$ 140,724	\$ 604,671	\$ 555,871
Operating expenses:				
Rental property and other expenses	56,627	51,452	215,941	205,884
Depreciation and amortization	56,160	45,484	201,918	180,637
Impairments of real estate assets	-	-	-	588
General and administrative	8,744	9,016	37,642	35,258
Total operating expenses	121,531	105,952	455,501	422,367
Interest expense:				
Contractual	20,462	19,935	82,245	82,287
Amortization of deferred financing costs	1,144	812	3,645	3,082
Financing obligation	-	-	162	(242)
	21,606	20,747	86,052	85,127
Other income:				
Interest and other income	488	1,018	1,969	2,739
Losses on debt extinguishment	(23)	-	(243)	(308)
	465	1,018	1,726	2,431
Income from continuing operations before disposition of investment properties and activity in unconsolidated affiliates	17,454	15,043	64,844	50,808
Gains on disposition of property	863	2,167	11,444	44,352
Gain on disposition of investment in unconsolidated affiliate	-	-	4,155	-
Equity in earnings of unconsolidated affiliates	711	941	5,078	1,827
Income from continuing operations	19,028	18,151	85,521	96,987
Discontinued operations:				
Income from discontinued operations	2,889	5,434	15,739	18,601
Net gains on disposition of discontinued operations	-	-	-	384
	2,889	5,434	15,739	18,985
Net income	21,917	23,585	101,260	115,972
Net (income) attributable to noncontrolling interests in the Operating Partnership	(622)	(729)	(2,918)	(3,542)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(316)	(314)	(1,264)	(1,466)
Dividends on Preferred Stock	(627)	(626)	(2,506)	(2,507)
Net income available for common stockholders	<u>\$ 20,352</u>	<u>\$ 21,916</u>	<u>\$ 94,572</u>	<u>\$ 108,457</u>
Earnings per Common Share - basic:				
Income from continuing operations available for common stockholders	\$ 0.18	\$ 0.18	\$ 0.84	\$ 1.00
Income from discontinued operations available for common stockholders	0.03	0.06	0.16	0.20
Net income available for common stockholders	<u>\$ 0.21</u>	<u>\$ 0.24</u>	<u>\$ 1.00</u>	<u>\$ 1.20</u>
Weighted average Common Shares outstanding - basic	<u>95,617</u>	<u>92,063</u>	<u>94,404</u>	<u>90,743</u>
Earnings per Common Share - diluted:				
Income from continuing operations available for common stockholders	\$ 0.18	\$ 0.18	\$ 0.84	\$ 0.99
Income from discontinued operations available for common stockholders	0.03	0.06	0.16	0.20
Net income available for common stockholders	<u>\$ 0.21</u>	<u>\$ 0.24</u>	<u>\$ 1.00</u>	<u>\$ 1.19</u>
Weighted average Common Shares outstanding - diluted	<u>98,607</u>	<u>95,114</u>	<u>97,406</u>	<u>93,800</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	\$ 17,549	\$ 16,650	\$ 79,308	\$ 90,069
Income from discontinued operations available for common stockholders	2,803	5,266	15,264	18,388
Net income available for common stockholders	<u>\$ 20,352</u>	<u>\$ 21,916</u>	<u>\$ 94,572</u>	<u>\$ 108,457</u>

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

	December 31,	
	2015	2014
		(as revised)
Assets:		
Real estate assets, at cost:		
Land	\$ 443,705	\$ 367,895
Buildings and tenant improvements	4,063,328	3,493,992
Development in-process	194,050	201,409
Land held for development	68,244	78,266
	4,769,327	4,141,562
Less-accumulated depreciation	(1,007,104)	(893,517)
Net real estate assets	3,762,223	3,248,045
Real estate and other assets, net, held for sale	240,948	236,815
Cash and cash equivalents	5,036	8,832
Restricted cash	16,769	14,595
Accounts receivable, net of allowance of \$928 and \$1,314, respectively	29,077	48,557
Mortgages and notes receivable, net of allowance of \$287 and \$275, respectively	2,096	13,116
Accrued straight-line rents receivable, net of allowance of \$257 and \$316, respectively	150,392	130,394
Investments in and advances to unconsolidated affiliates	20,676	50,685
Deferred financing and leasing costs, net of accumulated amortization of \$123,723 and \$108,122, respectively	241,663	222,448
Prepaid expenses and other assets, net of accumulated amortization of \$15,648 and \$13,887, respectively	24,552	25,636
Total Assets	\$ 4,493,432	\$ 3,999,123
Liabilities, Noncontrolling Interests in the Operating Partnership and Equity:		
Mortgages and notes payable	\$ 2,499,614	\$ 2,071,389
Accounts payable, accrued expenses and other liabilities	233,988	231,482
Liabilities held for sale	14,119	15,113
Total Liabilities	2,747,721	2,317,984
Commitments and contingencies		
Noncontrolling interests in the Operating Partnership	126,429	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; 96,091,932 and 92,907,310 shares issued and outstanding, respectively	961	929
Additional paid-in capital	2,598,242	2,464,275
Distributions in excess of net income available for common stockholders	(1,023,135)	(957,370)
Accumulated other comprehensive loss	(3,811)	(3,912)
Total Stockholders' Equity	1,601,307	1,532,982
Noncontrolling interests in consolidated affiliates	17,975	18,109
Total Equity	1,619,282	1,551,091
Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity	\$ 4,493,432	\$ 3,999,123

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

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2015	2014	2015	2014
Funds from operations:				
Net income	\$ 21,917	\$ 23,585	\$ 101,260	\$ 115,972
Net (income) attributable to noncontrolling interests in consolidated affiliates	(316)	(314)	(1,264)	(1,466)
Depreciation and amortization of real estate assets	55,476	44,867	199,449	178,041
Impairments of depreciable properties	-	-	-	588
(Gains) on disposition of depreciable properties	-	(1,523)	(9,147)	(37,802)
(Gain) on disposition of investment in unconsolidated affiliate	-	-	(4,155)	-
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	791	875	3,203	3,914
Impairment of investment in unconsolidated affiliate	-	-	-	1,353
(Gains) on disposition of depreciable properties	-	(239)	(946)	(1,194)
Discontinued operations:				
Depreciation and amortization of real estate assets	3,543	3,593	13,820	15,224
(Gains) on disposition of depreciable properties	-	-	-	(384)
Funds from operations	81,411	70,844	302,220	274,246
Dividends on Preferred Stock	(627)	(626)	(2,506)	(2,507)
Funds from operations available for common stockholders	\$ 80,784	\$ 70,218	\$ 299,714	\$ 271,739
Funds from operations available for common stockholders per share	\$ 0.82	\$ 0.74	\$ 3.08	\$ 2.90
Weighted average shares outstanding	98,607	95,114	97,406	93,800

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

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2015	2014	2015	2014
Income from continuing operations before disposition of investment properties and activity in unconsolidated affiliates	\$ 17,454	\$ 15,043	\$ 64,844	\$ 50,808
Other income	(465)	(1,018)	(1,726)	(2,431)
Interest expense	21,606	20,747	86,052	85,127
General and administrative expenses	8,744	9,016	37,642	35,258
Impairments of real estate assets	-	-	-	588
Depreciation and amortization	56,160	45,484	201,918	180,637
Net operating income from continuing operations	103,499	89,272	388,730	349,987
Less - non same property and other net operating income	(15,225)	(4,658)	(38,560)	(19,282)
Same property net operating income from continuing operations	88,274	84,614	350,170	330,705
Net operating income from the Plaza assets	7,700	8,906	30,046	31,260
Same property net operating income	\$ 95,974	\$ 93,520	\$ 380,216	\$ 361,965
Same property net operating income from continuing operations	\$ 88,274	\$ 84,614	\$ 350,170	\$ 330,705
Less - straight-line rent and lease termination fees	(3,309)	(4,244)	(15,513)	(19,806)
Same property cash net operating income from continuing operations	84,965	80,370	334,657	310,899
Net operating income from the Plaza assets	7,700	8,906	30,046	31,260
Less - straight-line rent and lease termination fees from the Plaza assets	(219)	(709)	(616)	(868)
Same property cash net operating income	\$ 92,446	\$ 88,567	\$ 364,087	\$ 341,291