
Section 1: 8-K (8-K)

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 1, 2016

HIGHWOODS PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction
of incorporation or organization)

001-13100

(Commission
File Number)

56-1871668

(I.R.S. Employer
Identification Number)

HIGHWOODS REALTY LIMITED PARTNERSHIP

(Exact name of registrant as specified in its charter)

North Carolina

(State or other jurisdiction
of incorporation or organization)

000-21731

(Commission
File Number)

56-1869557

(I.R.S. Employer
Identification Number)

3100 Smoketree Court, Suite 600
Raleigh, North Carolina 27604
(Address of principal executive offices, zip code)

Registrants' telephone number, including area code: (919) 872-4924

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrants under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



Item 2.01. Completion of Acquisition or Disposition of Assets.

On March 1, 2016, we sold substantially all of our wholly-owned Country Club Plaza (the "Plaza") assets in Kansas City for \$660 million. The buyer is a joint venture between affiliates of Taubman Centers, Inc. (NYSE:TCO) and The Macerich Company (NYSE:MAC). The Plaza assets consist of 804,000 square feet of retail space and 468,000 square feet of office space. The parties entered into a series of definitive agreements, dated as of December 21, 2015, relating to the sale of the Plaza assets.

The sale proceeds were used as follows (in thousands):

Pay off unsecured bridge facility	\$ 350,000
Pay down unsecured revolving credit facility	70,000
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	230,000
Pay transaction expenses, including closing credits to the buyer for future tenant improvements	10,000
Sale proceeds	<u>\$ 660,000</u>

Item 9.01. Financial Statements and Exhibits.

(b) Pro Forma Financial Information

See Exhibit 99.1 which contains an Unaudited Pro Forma Consolidated Balance Sheet as of December 31, 2015. Such pro forma financial information is incorporated by reference herein. Operating results for the Plaza assets were reclassified as discontinued operations in the Consolidated Statements of Income for the years ended December 31, 2015, 2014 and 2013 in our 2015 Annual Report on Form 10-K. As such, Unaudited Pro Forma Consolidated Statements of Income for these periods are not presented in Exhibit 99.1 as the effect of this disposition on income from continuing operations was reflected in our 2015 Annual Report on Form 10-K.

(d) Exhibits

No. Description

10.17 Form of Agreement for Purchase and Sale of Real Estate, dated as of December 21, 2015, by and between Highwoods Realty Limited Partnership, Highwoods Services, Inc., Country Club Plaza KC Partners LLC, The Macerich Partnership, L.P. and The Taubman Realty Group Limited Partnership (filed as part of the Company's Annual Report on Form 10-K for the year ended December 31, 2015)

99.1 Unaudited Pro Forma Consolidated Balance Sheet as of December 31, 2015 including notes thereto

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HIGHWOODS PROPERTIES, INC.

By: _____ /s/ Jeffrey D. Miller

Jeffrey D. Miller

Senior Vice President, General Counsel and Secretary

HIGHWOODS REALTY LIMITED PARTNERSHIP

By: Highwoods Properties, Inc., its general partner

By: _____ /s/ Jeffrey D. Miller

Jeffrey D. Miller

Senior Vice President, General Counsel and Secretary

Dated: March 1, 2016

[\(Back To Top\)](#)

Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1

The accompanying Unaudited Pro Forma Consolidated Balance Sheet as of December 31, 2015 presents the sale of the Plaza assets as if the disposition occurred on December 31, 2015. We sold the Plaza assets on March 1, 2016.

This Unaudited Pro Forma Consolidated Balance Sheet should be read in conjunction with (i) our audited Consolidated Financial Statements as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 included in our 2015 Annual Report on Form 10-K, (ii) our Current Report on Form 8-K dated January 4, 2016 and (iii) the Notes to Unaudited Pro Forma Consolidated Balance Sheet included in this Current Report on Form 8-K. In management's opinion, adjustments necessary to reflect the effects of the disposition have been made based on management's best estimate.

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

	December 31, 2015		
	(A)	(B)	Pro Forma
	Historical	Sale of Plaza Assets	
Assets:			
Real estate assets, at cost:			
Land	\$ 443,705	\$ —	\$ 443,705
Buildings and tenant improvements	4,063,328	—	4,063,328
Development in-process	194,050	—	194,050
Land held for development	68,244	—	68,244
	<u>4,769,327</u>	<u>—</u>	<u>4,769,327</u>
Less-accumulated depreciation	(1,007,104)	—	(1,007,104)
Net real estate assets	3,762,223	—	3,762,223
Real estate and other assets, net, held for sale	240,948	(240,948)	—
Cash and cash equivalents	5,036	—	5,036
Restricted cash	16,769	230,000	246,769
Accounts receivable, net of allowance of \$928 and \$1,314, respectively	29,077	—	29,077
Mortgages and notes receivable, net of allowance of \$287 and \$275, respectively	2,096	—	2,096
Accrued straight-line rents receivable, net of allowance of \$257 and \$316, respectively	150,392	—	150,392
Investments in and advances to unconsolidated affiliates	20,676	—	20,676
Deferred financing and leasing costs, net of accumulated amortization of \$123,723 and \$108,122, respectively	241,663	—	241,663
Prepaid expenses and other assets, net of accumulated amortization of \$15,648 and \$13,887, respectively	24,552	—	24,552
Total Assets	<u>\$ 4,493,432</u>	<u>\$ (10,948)</u>	<u>\$ 4,482,484</u>
Liabilities, Noncontrolling Interests in the Operating Partnership and Equity:			
Mortgages and notes payable	\$ 2,499,614	\$ (420,000)	\$ 2,079,614
Accounts payable, accrued expenses and other liabilities	233,988	—	233,988
Liabilities held for sale	14,119	(14,119)	—
Total Liabilities	<u>2,747,721</u>	<u>(434,119)</u>	<u>2,313,602</u>
Commitments and contingencies			
Noncontrolling interests in the Operating Partnership	126,429	—	126,429
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	—	29,050
Common Stock, \$.01 par value, 200,000,000 authorized shares;			
96,091,932 and 92,907,310 shares issued and outstanding, respectively	961	—	961
Additional paid-in capital	2,598,242	—	2,598,242
Distributions in excess of net income available for common stockholders	(1,023,135)	423,171	(599,964)
Accumulated other comprehensive loss	(3,811)	—	(3,811)
Total Stockholders' Equity	<u>1,601,307</u>	<u>423,171</u>	<u>2,024,478</u>
Noncontrolling interests in consolidated affiliates	17,975	—	17,975
Total Equity	<u>1,619,282</u>	<u>423,171</u>	<u>2,042,453</u>
Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity	<u>\$ 4,493,432</u>	<u>\$ (10,948)</u>	<u>\$ 4,482,484</u>

Highwoods Properties, Inc.
Notes to Unaudited Pro Forma Consolidated Balance Sheet

December 31, 2015

(A) Represents our Consolidated Balance Sheet as of December 31, 2015 as filed in our 2015 Annual Report on Form 10-K.

(B) Represents the adjustments to reflect the sale of the Plaza assets, which includes (i) the sale of assets and liabilities with net book values of approximately \$240.9 million and \$14.1 million, respectively, resulting in estimated gains of \$423.2 million, (ii) repayment of our \$350.0 million six-month unsecured bridge facility, (iii) repayment of \$70.0 million of borrowings on our revolving credit facility and (iv) net proceeds of approximately \$230.0 million, which were placed in escrow accounts held by a qualified intermediary pending reinvestment in 1031 exchanges qualifying for tax-deferred treatment, repayment of additional debt and/or other general corporate purposes.

[\(Back To Top\)](#)