UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from [ ] to [ ]

HIGHWOODS PROPERTIES, INC.
(Exact name of registrant as specified in its charter)

Maryland	**001-13100**	**56-1871668**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

HIGHWOODS REALTY LIMITED PARTNERSHIP
(Exact name of registrant as specified in its charter)

North Carolina	**000-21731**	**56-1869557**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

3100 Smoketree Court, Suite 600
Raleigh, NC 27604
(Address of principal executive offices) (Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, $.01 par value, of Highwoods Properties, Inc.	HIW	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Highwoods Properties, Inc. Yes ☒ No ☐ **Highwoods Realty Limited Partnership** Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Highwoods Properties, Inc. Yes ☒ No ☐ **Highwoods Realty Limited Partnership** Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of 'large accelerated filer,' 'accelerated filer,' 'smaller reporting company,' and 'emerging growth company' in Rule 12b-2 of the Exchange Act.

Highwoods Properties, Inc.
Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

Highwoods Realty Limited Partnership
Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Highwoods Properties, Inc. ☐ **Highwoods Realty Limited Partnership** ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Highwoods Properties, Inc. Yes ☐ No ☒ **Highwoods Realty Limited Partnership** Yes ☐ No ☒

The Company had 103,896,238 shares of Common Stock outstanding as of July 21, 2020.

EXPLANATORY NOTE

We refer to Highwoods Properties, Inc. as the "Company," Highwoods Realty Limited Partnership as the "Operating Partnership," the Company's common stock as "Common Stock" or "Common Shares," the Company's preferred stock as "Preferred Stock" or "Preferred Shares," the Operating Partnership's common partnership interests as "Common Units" and the Operating Partnership's preferred partnership interests as "Preferred Units." References to "we" and "our" mean the Company and the Operating Partnership, collectively, unless the context indicates otherwise.

The Company conducts its activities through the Operating Partnership and is its sole general partner. The partnership agreement provides that the Operating Partnership will assume and pay when due, or reimburse the Company for payment of, all costs and expenses relating to the ownership and operations of, or for the benefit of, the Operating Partnership. The partnership agreement further provides that all expenses of the Company are deemed to be incurred for the benefit of the Operating Partnership.

Certain information contained herein is presented as of July 21, 2020, the latest practicable date for financial information prior to the filing of this Quarterly Report.

This report combines the Quarterly Reports on Form 10-Q for the period ended June 30, 2020 of the Company and the Operating Partnership. We believe combining the quarterly reports into this single report results in the following benefits:

- combined reports better reflect how management and investors view the business as a single operating unit;
- combined reports enhance investors' understanding of the Company and the Operating Partnership by enabling them to view the business as a whole and in the same manner as management;
- combined reports are more efficient for the Company and the Operating Partnership and result in savings in time, effort and expense; and
- combined reports are more efficient for investors by reducing duplicative disclosure and providing a single document for their review.

To help investors understand the significant differences between the Company and the Operating Partnership, this report presents the following separate sections for each of the Company and the Operating Partnership:

- Consolidated Financial Statements;
- Note 13 to Consolidated Financial Statements - Earnings Per Share and Per Unit;
- Item 4 - Controls and Procedures; and
- Item 6 - Certifications of CEO and CFO Pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act.

HIGHWOODS PROPERTIES, INC.
HIGHWOODS REALTY LIMITED PARTNERSHIP

QUARTERLY REPORT FOR THE PERIOD ENDED JUNE 30, 2020

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PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

HIGHWOODS PROPERTIES, INC.
Consolidated Balance Sheets
(Unaudited and in thousands, except share and per share data)

	June 30, 2020	December 31, 2019
Assets:		
Real estate assets, at cost:		
Land	$ 485,501	$ 515,095
Buildings and tenant improvements	5,010,086	5,128,150
Development in-process	195,166	172,706
Land held for development	131,522	99,163
	5,822,275	5,915,114
Less-accumulated depreciation	(1,376,817)	(1,388,566)
Net real estate assets	4,445,458	4,526,548
Real estate and other assets, net, held for sale	—	20,790
Cash and cash equivalents	4,752	9,505
Restricted cash	8,955	5,237
Accounts receivable	29,876	23,370
Mortgages and notes receivable	1,440	1,501
Accrued straight-line rents receivable	249,722	234,652
Investments in and advances to unconsolidated affiliates	26,775	26,298
Deferred leasing costs, net of accumulated amortization of $151,170 and $146,125, respectively	221,905	231,347
Prepaid expenses and other assets, net of accumulated depreciation of $20,532 and $20,017, respectively	67,905	58,996
Total Assets	$ 5,056,788	$ 5,138,244
Liabilities, Noncontrolling Interests in the Operating Partnership and Equity:		
Mortgages and notes payable, net	$ 2,337,662	$ 2,543,710
Accounts payable, accrued expenses and other liabilities	275,551	286,911
Total Liabilities	2,613,213	2,830,621
Commitments and contingencies		
Noncontrolling interests in the Operating Partnership	106,103	133,216
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), 28,843 and 28,859 shares issued and outstanding, respectively	28,843	28,859
Common Stock, $.01 par value, 200,000,000 authorized shares;		
103,896,936 and 103,756,046 shares issued and outstanding, respectively	1,039	1,038
Additional paid-in capital	2,996,442	2,954,779
Distributions in excess of net income available for common stockholders	(708,903)	(831,808)
Accumulated other comprehensive loss	(1,704)	(471)
Total Stockholders' Equity	2,315,717	2,152,397
Noncontrolling interests in consolidated affiliates	21,755	22,010
Total Equity	2,337,472	2,174,407
Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity	$ 5,056,788	$ 5,138,244

See accompanying notes to consolidated financial statements.

HIGHWOODS PROPERTIES, INC.
Consolidated Statements of Income
(Unaudited and in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Rental and other revenues	$ 183,153	$ 184,070	$ 375,953	$ 356,433
Operating expenses:				
Rental property and other expenses	55,119	60,558	117,321	121,109
Depreciation and amortization	59,461	59,460	120,611	128,664
Impairments of real estate assets	1,778	531	1,778	531
General and administrative	10,084	9,560	21,014	21,941
Total operating expenses	126,442	130,109	260,724	272,245
Interest expense	19,840	20,356	41,117	39,095
Other income/(loss)	588	321	657	(3,445)
Gains on disposition of property	318	6,703	153,385	6,703
Equity in earnings of unconsolidated affiliates	1,179	765	2,142	1,429
Net income	38,956	41,394	230,296	49,780
Net (income) attributable to noncontrolling interests in the Operating Partnership	(1,017)	(1,044)	(5,977)	(1,237)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(289)	(306)	(574)	(622)
Dividends on Preferred Stock	(622)	(622)	(1,244)	(1,244)
Net income available for common stockholders	$ 37,028	$ 39,422	$ 222,501	$ 46,677
Earnings per Common Share – basic:				
Net income available for common stockholders	$ 0.36	$ 0.38	$ 2.14	$ 0.45
Weighted average Common Shares outstanding – basic	103,886	103,693	103,849	103,647
Earnings per Common Share – diluted:				
Net income available for common stockholders	$ 0.36	$ 0.38	$ 2.14	$ 0.45
Weighted average Common Shares outstanding – diluted	106,730	106,445	106,681	106,402

See accompanying notes to consolidated financial statements.

HIGHWOODS PROPERTIES, INC.
Consolidated Statements of Comprehensive Income
(Unaudited and in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Comprehensive income:				
Net income	$ 38,956	$ 41,394	$ 230,296	$ 49,780
Other comprehensive loss:				
Unrealized losses on cash flow hedges	(103)	(646)	(1,236)	(2,550)
Amortization of cash flow hedges	75	(360)	3	(875)
Total other comprehensive loss	(28)	(1,006)	(1,233)	(3,425)
Total comprehensive income	38,928	40,388	229,063	46,355
Less-comprehensive (income) attributable to noncontrolling interests	(1,306)	(1,350)	(6,551)	(1,859)
Comprehensive income attributable to common stockholders	$ 37,622	$ 39,038	$ 222,512	$ 44,496

See accompanying notes to consolidated financial statements.

HIGHWOODS PROPERTIES, INC.
Consolidated Statements of Equity
(Unaudited and in thousands, except share amounts)

	Three Months Ended June 30, 2020							
	Number of Common Shares	Common Stock	Series A Cumulative Redeemable Preferred Shares	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Non-controlling Interests in Consolidated Affiliates	Distributions in Excess of Net Income Available for Common Stockholders	Total
Balance at March 31, 2020	103,885,918	$ 1,039	$ 28,856	$ 3,000,614	$ (1,676)	$ 22,097	$ (696,070)	$ 2,354,860
Issuances of Common Stock, net of issuance costs and tax withholdings	11,018	—	—	362	—	—	—	362
Dividends on Common Stock ($0.48 per share)		—	—	—	—	—	(49,861)	(49,861)
Dividends on Preferred Stock ($21.5625 per share)		—	—	—	—	—	(622)	(622)
Adjustment of noncontrolling interests in the Operating Partnership to fair value		—	—	(5,776)	—	—	—	(5,776)
Distributions to noncontrolling interests in consolidated affiliates		—	—	—	—	(631)	—	(631)
Redemptions/repurchases of Preferred Stock		—	(13)	—	—	—	—	(13)
Share-based compensation expense, net of forfeitures	—	—	—	1,242	—	—	—	1,242
Net (income) attributable to noncontrolling interests in the Operating Partnership		—	—	—	—	—	(1,017)	(1,017)
Net (income) attributable to noncontrolling interests in consolidated affiliates		—	—	—	—	289	(289)	—
Comprehensive income:								
Net income		—	—	—	—	—	38,956	38,956
Other comprehensive loss		—	—	—	(28)	—	—	(28)
Total comprehensive income								38,928
Balance at June 30, 2020	103,896,936	$ 1,039	$ 28,843	$ 2,996,442	$ (1,704)	$ 21,755	$ (708,903)	$ 2,337,472

	Six Months Ended June 30, 2020							
	Number of Common Shares	Common Stock	Series A Cumulative Redeemable Preferred Shares	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Non-controlling Interests in Consolidated Affiliates	Distributions in Excess of Net Income Available for Common Stockholders	Total
Balance at December 31, 2019	103,756,046	$ 1,038	$ 28,859	$ 2,954,779	$ (471)	$ 22,010	$ (831,808)	$ 2,174,407
Issuances of Common Stock, net of issuance costs and tax withholdings	(2,248)	—	—	1,401	—	—	—	1,401
Dividends on Common Stock ($0.96 per share)		—	—	—	—	—	(99,596)	(99,596)
Dividends on Preferred Stock ($43.125 per share)		—	—	—	—	—	(1,244)	(1,244)
Adjustment of noncontrolling interests in the Operating Partnership to fair value		—	—	36,525	—	—	—	36,525
Distributions to noncontrolling interests in consolidated affiliates		—	—	—	—	(829)	—	(829)
Issuances of restricted stock	149,304	—	—	—	—	—	—	—
Redemptions/repurchases of Preferred Stock		—	(16)	—	—	—	—	(16)
Share-based compensation expense, net of forfeitures	(6,166)	1	—	3,737	—	—	—	3,738
Net (income) attributable to noncontrolling interests in the Operating Partnership		—	—	—	—	—	(5,977)	(5,977)
Net (income) attributable to noncontrolling interests in consolidated affiliates		—	—	—	—	574	(574)	—
Comprehensive income:								
Net income		—	—	—	—	—	230,296	230,296
Other comprehensive loss		—	—	—	(1,233)	—	—	(1,233)
Total comprehensive income								229,063
Balance at June 30, 2020	103,896,936	$ 1,039	$ 28,843	$ 2,996,442	$ (1,704)	$ 21,755	$ (708,903)	$ 2,337,472

See accompanying notes to consolidated financial statements.

HIGHWOODS PROPERTIES, INC.
Consolidated Statements of Equity - Continued
(Unaudited and in thousands, except share amounts)

	Three Months Ended June 30, 2019							
	Number of Common Shares	Common Stock	Series A Cumulative Redeemable Preferred Shares	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Non-controlling Interests in Consolidated Affiliates	Distributions in Excess of Net Income Available for Common Stockholders	Total
Balance at March 31, 2019	103,690,619	$ 1,037	$ 28,859	$ 2,956,517	$ 7,494	$ 17,584	$ (811,223)	$ 2,200,268
Issuances of Common Stock, net of issuance costs and tax withholdings	9,672	—	—	397	—	—	—	397
Conversions of Common Units to Common Stock	5,000	—	—	222	—	—	—	222
Dividends on Common Stock ($0.475 per share)		—	—	—	—	—	(49,250)	(49,250)
Dividends on Preferred Stock ($21.5625 per share)		—	—	—	—	—	(622)	(622)
Adjustment of noncontrolling interests in the Operating Partnership to fair value		—	—	14,722	—	—	—	14,722
Distributions to noncontrolling interests in consolidated affiliates		—	—	—	—	(476)	—	(476)
Contributions from noncontrolling interests in consolidated affiliates		—	—	—	—	4,987	—	4,987
Share-based compensation expense, net of forfeitures	(688)	—	—	940	—	—	—	940
Net (income) attributable to noncontrolling interests in the Operating Partnership		—	—	—	—	—	(1,044)	(1,044)
Net (income) attributable to noncontrolling interests in consolidated affiliates		—	—	—	—	306	(306)	—
Comprehensive income:								
Net income		—	—	—	—	—	41,394	41,394
Other comprehensive loss		—	—	—	(1,006)	—	—	(1,006)
Total comprehensive income								40,388
Balance at June 30, 2019	103,704,603	$ 1,037	$ 28,859	$ 2,972,798	$ 6,488	$ 22,401	$ (821,051)	$ 2,210,532

	Six Months Ended June 30, 2019							
	Number of Common Shares	Common Stock	Series A Cumulative Redeemable Preferred Shares	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Non-controlling Interests in Consolidated Affiliates	Distributions in Excess of Net Income Available for Common Stockholders	Total
Balance at December 31, 2018	103,557,065	$ 1,036	$ 28,877	$ 2,976,197	$ 9,913	$ 17,576	$ (769,303)	$ 2,264,296
Issuances of Common Stock, net of issuance costs and tax withholdings	(23,705)	—	—	(731)	—	—	—	(731)
Conversions of Common Units to Common Stock	8,000	—	—	353	—	—	—	353
Dividends on Common Stock ($0.95 per share)		—	—	—	—	—	(98,425)	(98,425)
Dividends on Preferred Stock ($43.125 per share)		—	—	—	—	—	(1,244)	(1,244)
Adjustment of noncontrolling interests in the Operating Partnership to fair value		—	—	(8,532)	—	—	—	(8,532)
Distributions to noncontrolling interests in consolidated affiliates		—	—	—	—	(784)	—	(784)
Contributions from noncontrolling interests in consolidated affiliates		—	—	—	—	4,987	—	4,987
Issuances of restricted stock	164,190	—	—	—	—	—	—	—
Redemptions/repurchases of Preferred Stock		—	(18)	—	—	—	—	(18)
Share-based compensation expense, net of forfeitures	(947)	1	—	5,511	—	—	—	5,512
Net (income) attributable to noncontrolling interests in the Operating Partnership		—	—	—	—	—	(1,237)	(1,237)
Net (income) attributable to noncontrolling interests in consolidated affiliates		—	—	—	—	622	(622)	—
Comprehensive income:								
Net income		—	—	—	—	—	49,780	49,780
Other comprehensive loss		—	—	—	(3,425)	—	—	(3,425)
Total comprehensive income								46,355
Balance at June 30, 2019	103,704,603	$ 1,037	$ 28,859	$ 2,972,798	$ 6,488	$ 22,401	$ (821,051)	$ 2,210,532

See accompanying notes to consolidated financial statements.

HIGHWOODS PROPERTIES, INC.
Consolidated Statements of Cash Flows
(Unaudited and in thousands)

	Six Months Ended June 30,	
	2020	2019
Operating activities:		
Net income	$ 230,296	$ 49,780
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	120,611	128,664
Amortization of lease incentives and acquisition-related intangible assets and liabilities	(1,278)	868
Share-based compensation expense	3,738	5,512
Credit losses on operating lease receivables	2,333	8,144
Write-off of mortgages and notes receivable	—	4,087
Accrued interest on mortgages and notes receivable	(61)	(118)
Amortization of debt issuance costs	1,533	1,455
Amortization of cash flow hedges	3	(875)
Amortization of mortgages and notes payable fair value adjustments	852	787
Impairments of real estate assets	1,778	531
Losses on debt extinguishment	—	375
Net gains on disposition of property	(153,385)	(6,703)
Equity in earnings of unconsolidated affiliates	(2,142)	(1,429)
Distributions of earnings from unconsolidated affiliates	407	669
Settlement of cash flow hedges	—	(5,144)
Changes in operating assets and liabilities:		
Accounts receivable	(1,031)	(5,507)
Prepaid expenses and other assets	(8,320)	(3,305)
Accrued straight-line rents receivable	(21,522)	(14,273)
Accounts payable, accrued expenses and other liabilities	6,403	9,771
Net cash provided by operating activities	180,215	173,289
Investing activities:		
Investments in acquired real estate and related intangible assets, net of cash acquired	(2,363)	(12,795)
Investments in development in-process	(83,071)	(50,884)
Investments in tenant improvements and deferred leasing costs	(85,544)	(78,449)
Investments in building improvements	(30,312)	(24,113)
Net proceeds from disposition of real estate assets	334,366	31,510
Distributions of capital from unconsolidated affiliates	72	29
Investments in mortgages and notes receivable	(32)	—
Repayments of mortgages and notes receivable	154	147
Changes in other investing activities	(3,541)	(4,272)
Net cash provided by/(used in) investing activities	129,729	(138,827)
Financing activities:		
Dividends on Common Stock	(99,596)	(98,425)
Redemptions/repurchases of Preferred Stock	(16)	(18)
Dividends on Preferred Stock	(1,244)	(1,244)
Distributions to noncontrolling interests in the Operating Partnership	(2,728)	(2,598)
Distributions to noncontrolling interests in consolidated affiliates	(829)	(784)
Proceeds from the issuance of Common Stock	2,753	1,049
Costs paid for the issuance of Common Stock	(228)	—
Repurchase of shares related to tax withholdings	(1,124)	(1,780)
Borrowings on revolving credit facility	129,000	169,400
Repayments of revolving credit facility	(336,000)	(215,400)
Borrowings on mortgages and notes payable	—	349,010
Repayments of mortgages and notes payable	(967)	(225,929)
Changes in debt issuance costs and other financing activities	—	(4,379)

Net cash used in financing activities	(310,979)	(31,098)
Net increase/(decrease) in cash and cash equivalents and restricted cash	$ (1,035)	$ 3,364

See accompanying notes to consolidated financial statements.

HIGHWOODS PROPERTIES, INC.
Consolidated Statements of Cash Flows – Continued
(Unaudited and in thousands)

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net increase/(decrease) in cash and cash equivalents and restricted cash	$ (1,035)	$ 3,364
Cash and cash equivalents and restricted cash at beginning of the period	14,742	10,143
Cash and cash equivalents and restricted cash at end of the period	$ 13,707	$ 13,507

Reconciliation of cash and cash equivalents and restricted cash:

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Cash and cash equivalents at end of the period	$ 4,752	$ 4,530
Restricted cash at end of the period	8,955	8,977
Cash and cash equivalents and restricted cash at end of the period	$ 13,707	$ 13,507

Supplemental disclosure of cash flow information:

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Cash paid for interest, net of amounts capitalized	$ 38,424	$ 33,378

Supplemental disclosure of non-cash investing and financing activities:

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Unrealized losses on cash flow hedges	$ (1,236)	$ (2,550)
Conversions of Common Units to Common Stock	—	353
Changes in accrued capital expenditures (1)	(18,819)	2,027
Write-off of fully depreciated real estate assets	22,630	36,188
Write-off of fully amortized leasing costs	10,564	19,900
Write-off of fully amortized debt issuance costs	—	828
Adjustment of noncontrolling interests in the Operating Partnership to fair value	(36,525)	8,532
Contributions from noncontrolling interests in consolidated affiliates	—	4,987
Issuances of Common Units to acquire real estate assets	6,163	—
Contingent consideration in connection with the acquisition of land	1,500	—
Initial recognition of lease liabilities related to right of use assets	—	35,349

(1) Accrued capital expenditures included in accounts payable, accrued expenses and other liabilities at June 30, 2020 and 2019 were $49.1 million and $64.3 million, respectively.

See accompanying notes to consolidated financial statements.

HIGHWOODS REALTY LIMITED PARTNERSHIP
Consolidated Balance Sheets
(Unaudited and in thousands, except unit and per unit data)

	June 30, 2020	December 31, 2019
Assets:		
Real estate assets, at cost:		
Land	$ 485,501	$ 515,095
Buildings and tenant improvements	5,010,086	5,128,150
Development in-process	195,166	172,706
Land held for development	131,522	99,163
	5,822,275	5,915,114
Less-accumulated depreciation	(1,376,817)	(1,388,566)
Net real estate assets	4,445,458	4,526,548
Real estate and other assets, net, held for sale	—	20,790
Cash and cash equivalents	4,752	9,505
Restricted cash	8,955	5,237
Accounts receivable	29,876	23,370
Mortgages and notes receivable	1,440	1,501
Accrued straight-line rents receivable	249,722	234,652
Investments in and advances to unconsolidated affiliates	26,775	26,298
Deferred leasing costs, net of accumulated amortization of $151,170 and $146,125, respectively	221,905	231,347
Prepaid expenses and other assets, net of accumulated depreciation of $20,532 and $20,017, respectively	67,905	58,996
Total Assets	$ 5,056,788	$ 5,138,244
Liabilities, Redeemable Operating Partnership Units and Capital:		
Mortgages and notes payable, net	$ 2,337,662	$ 2,543,710
Accounts payable, accrued expenses and other liabilities	275,551	286,911
Total Liabilities	2,613,213	2,830,621
Commitments and contingencies		
Redeemable Operating Partnership Units:		
Common Units, 2,842,295 and 2,723,703 outstanding, respectively	106,103	133,216
Series A Preferred Units (liquidation preference $1,000 per unit), 28,843 and 28,859 units issued and outstanding, respectively	28,843	28,859
Total Redeemable Operating Partnership Units	134,946	162,075
Capital:		
Common Units:		
General partner Common Units, 1,063,304 and 1,060,709 outstanding, respectively	22,886	21,240
Limited partner Common Units, 102,424,823 and 102,286,528 outstanding, respectively	2,265,692	2,102,769
Accumulated other comprehensive loss	(1,704)	(471)
Noncontrolling interests in consolidated affiliates	21,755	22,010
Total Capital	2,308,629	2,145,548
Total Liabilities, Redeemable Operating Partnership Units and Capital	$ 5,056,788	$ 5,138,244

See accompanying notes to consolidated financial statements.

HIGHWOODS REALTY LIMITED PARTNERSHIP
Consolidated Statements of Income
(Unaudited and in thousands, except per unit amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Rental and other revenues	$ 183,153	$ 184,070	$ 375,953	$ 356,433
Operating expenses:				
Rental property and other expenses	55,119	60,558	117,321	121,109
Depreciation and amortization	59,461	59,460	120,611	128,664
Impairments of real estate assets	1,778	531	1,778	531
General and administrative	10,084	9,560	21,014	21,941
Total operating expenses	126,442	130,109	260,724	272,245
Interest expense	19,840	20,356	41,117	39,095
Other income/(loss)	588	321	657	(3,445)
Gains on disposition of property	318	6,703	153,385	6,703
Equity in earnings of unconsolidated affiliates	1,179	765	2,142	1,429
Net income	38,956	41,394	230,296	49,780
Net (income) attributable to noncontrolling interests in consolidated affiliates	(289)	(306)	(574)	(622)
Distributions on Preferred Units	(622)	(622)	(1,244)	(1,244)
Net income available for common unitholders	$ 38,045	$ 40,466	$ 228,478	$ 47,914
Earnings per Common Unit – basic:				
Net income available for common unitholders	$ 0.36	$ 0.38	$ 2.15	$ 0.45
Weighted average Common Units outstanding – basic	106,319	106,017	106,259	105,973
Earnings per Common Unit – diluted:				
Net income available for common unitholders	$ 0.36	$ 0.38	$ 2.15	$ 0.45
Weighted average Common Units outstanding – diluted	106,321	106,036	106,272	105,993

See accompanying notes to consolidated financial statements.

HIGHWOODS REALTY LIMITED PARTNERSHIP
Consolidated Statements of Comprehensive Income
(Unaudited and in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Comprehensive income:				
Net income	$ 38,956	$ 41,394	$ 230,296	$ 49,780
Other comprehensive loss:				
Unrealized losses on cash flow hedges	(103)	(646)	(1,236)	(2,550)
Amortization of cash flow hedges	75	(360)	3	(875)
Total other comprehensive loss	(28)	(1,006)	(1,233)	(3,425)
Total comprehensive income	38,928	40,388	229,063	46,355
Less-comprehensive (income) attributable to noncontrolling interests	(289)	(306)	(574)	(622)
Comprehensive income attributable to common unitholders	$ 38,639	$ 40,082	$ 228,489	$ 45,733

See accompanying notes to consolidated financial statements.

HIGHWOODS REALTY LIMITED PARTNERSHIP
Consolidated Statements of Capital
(Unaudited and in thousands)

	Three Months Ended June 30, 2020				
	Common Units				
	General Partners' Capital	Limited Partners' Capital	Accumulated Other Comprehensive Loss	Noncontrolling Interests in Consolidated Affiliates	Total
Balance at March 31, 2020	$ 23,055	$ 2,282,528	$ (1,676)	$ 22,097	$ 2,326,004
Issuances of Common Units, net of issuance costs and tax withholdings	4	358	—	—	362
Distributions on Common Units ($0.48 per unit)	(510)	(50,518)	—	—	(51,028)
Distributions on Preferred Units ($21.5625 per unit)	(6)	(616)	—	—	(622)
Share-based compensation expense, net of forfeitures	12	1,230	—	—	1,242
Distributions to noncontrolling interests in consolidated affiliates	—	—	—	(631)	(631)
Adjustment of Redeemable Common Units to fair value and contributions/distributions from/to the General Partner	(56)	(5,570)	—	—	(5,626)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(3)	(286)	—	289	—
Comprehensive income:					
Net income	390	38,566	—	—	38,956
Other comprehensive loss	—	—	(28)	—	(28)
Total comprehensive income					38,928
Balance at June 30, 2020	$ 22,886	$ 2,265,692	$ (1,704)	$ 21,755	$ 2,308,629

	Six Months Ended June 30, 2020				
	Common Units				
	General Partners' Capital	Limited Partners' Capital	Accumulated Other Comprehensive Loss	Noncontrolling Interests in Consolidated Affiliates	Total
Balance at December 31, 2019	$ 21,240	$ 2,102,769	$ (471)	$ 22,010	$ 2,145,548
Issuances of Common Units, net of issuance costs and tax withholdings	76	7,488	—	—	7,564
Distributions on Common Units ($0.96 per unit)	(1,019)	(100,912)	—	—	(101,931)
Distributions on Preferred Units ($43.125 per unit)	(12)	(1,232)	—	—	(1,244)
Share-based compensation expense, net of forfeitures	37	3,701	—	—	3,738
Distributions to noncontrolling interests in consolidated affiliates	—	—	—	(829)	(829)
Adjustment of Redeemable Common Units to fair value and contributions/distributions from/to the General Partner	267	26,453	—	—	26,720
Net (income) attributable to noncontrolling interests in consolidated affiliates	(6)	(568)	—	574	—
Comprehensive income:					
Net income	2,303	227,993	—	—	230,296
Other comprehensive loss	—	—	(1,233)	—	(1,233)
Total comprehensive income					229,063
Balance at June 30, 2020	$ 22,886	$ 2,265,692	$ (1,704)	$ 21,755	$ 2,308,629

See accompanying notes to consolidated financial statements.

HIGHWOODS REALTY LIMITED PARTNERSHIP
Consolidated Statements of Capital - Continued
(Unaudited and in thousands)

	Three Months Ended June 30, 2019				
	Common Units				
	General Partners' Capital	Limited Partners' Capital	Accumulated Other Comprehensive Income	Noncontrolling Interests in Consolidated Affiliates	Total
Balance at March 31, 2019	$ 21,463	$ 2,124,868	$ 7,494	$ 17,584	$ 2,171,409
Issuances of Common Units, net of issuance costs and tax withholdings	4	393	—	—	397
Distributions on Common Units ($0.475 per unit)	(503)	(49,850)	—	—	(50,353)
Distributions on Preferred Units ($21.5625 per unit)	(6)	(616)	—	—	(622)
Share-based compensation expense, net of forfeitures	9	931	—	—	940
Distributions to noncontrolling interests in consolidated affiliates	—	—	—	(476)	(476)
Contributions from noncontrolling interests in consolidated affiliates	—	—	—	4,987	4,987
Adjustment of Redeemable Common Units to fair value and contributions/distributions from/to the General Partner	150	14,853	—	—	15,003
Net (income) attributable to noncontrolling interests in consolidated affiliates	(3)	(303)	—	306	—
Comprehensive income:					
Net income	414	40,980	—	—	41,394
Other comprehensive loss	—	—	(1,006)	—	(1,006)
Total comprehensive income					40,388
Balance at June 30, 2019	$ 21,528	$ 2,131,256	$ 6,488	$ 22,401	$ 2,181,673

	Six Months Ended June 30, 2019				
	Common Units				
	General Partners' Capital	Limited Partners' Capital	Accumulated Other Comprehensive Income	Noncontrolling Interests in Consolidated Affiliates	Total
Balance at December 31, 2018	$ 22,078	$ 2,185,852	$ 9,913	$ 17,576	$ 2,235,419
Issuances of Common Units, net of issuance costs and tax withholdings	(7)	(724)	—	—	(731)
Distributions on Common Units ($0.95 per unit)	(1,006)	(99,628)	—	—	(100,634)
Distributions on Preferred Units ($43.125 per unit)	(12)	(1,232)	—	—	(1,244)
Share-based compensation expense, net of forfeitures	55	5,457	—	—	5,512
Distributions to noncontrolling interests in consolidated affiliates	—	—	—	(784)	(784)
Contributions from noncontrolling interests in consolidated affiliates	—	—	—	4,987	4,987
Adjustment of Redeemable Common Units to fair value and contributions/distributions from/to the General Partner	(72)	(7,135)	—	—	(7,207)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(6)	(616)	—	622	—
Comprehensive income:					
Net income	498	49,282	—	—	49,780
Other comprehensive loss	—	—	(3,425)	—	(3,425)
Total comprehensive income					46,355
Balance at June 30, 2019	$ 21,528	$ 2,131,256	$ 6,488	$ 22,401	$ 2,181,673

See accompanying notes to consolidated financial statements.

HIGHWOODS REALTY LIMITED PARTNERSHIP
Consolidated Statements of Cash Flows
(Unaudited and in thousands)

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Operating activities:		
Net income	$ 230,296	$ 49,780
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	120,611	128,664
Amortization of lease incentives and acquisition-related intangible assets and liabilities	(1,278)	868
Share-based compensation expense	3,738	5,512
Credit losses on operating lease receivables	2,333	8,144
Write-off of mortgages and notes receivable	—	4,087
Accrued interest on mortgages and notes receivable	(61)	(118)
Amortization of debt issuance costs	1,533	1,455
Amortization of cash flow hedges	3	(875)
Amortization of mortgages and notes payable fair value adjustments	852	787
Impairments of real estate assets	1,778	531
Losses on debt extinguishment	—	375
Net gains on disposition of property	(153,385)	(6,703)
Equity in earnings of unconsolidated affiliates	(2,142)	(1,429)
Distributions of earnings from unconsolidated affiliates	407	669
Settlement of cash flow hedges	—	(5,144)
Changes in operating assets and liabilities:		
Accounts receivable	(1,031)	(5,507)
Prepaid expenses and other assets	(8,320)	(3,305)
Accrued straight-line rents receivable	(21,522)	(14,273)
Accounts payable, accrued expenses and other liabilities	6,403	9,771
Net cash provided by operating activities	180,215	173,289
Investing activities:		
Investments in acquired real estate and related intangible assets, net of cash acquired	(2,363)	(12,795)
Investments in development in-process	(83,071)	(50,884)
Investments in tenant improvements and deferred leasing costs	(85,544)	(78,449)
Investments in building improvements	(30,312)	(24,113)
Net proceeds from disposition of real estate assets	334,366	31,510
Distributions of capital from unconsolidated affiliates	72	29
Investments in mortgages and notes receivable	(32)	—
Repayments of mortgages and notes receivable	154	147
Changes in other investing activities	(3,541)	(4,272)
Net cash provided by/(used in) investing activities	129,729	(138,827)
Financing activities:		
Distributions on Common Units	(101,931)	(100,634)
Redemptions/repurchases of Preferred Units	(16)	(18)
Distributions on Preferred Units	(1,244)	(1,244)
Distributions to noncontrolling interests in consolidated affiliates	(829)	(784)
Proceeds from the issuance of Common Units	2,753	1,049
Costs paid for the issuance of Common Units	(228)	—
Repurchase of units related to tax withholdings	(1,124)	(1,780)
Borrowings on revolving credit facility	129,000	169,400
Repayments of revolving credit facility	(336,000)	(215,400)
Borrowings on mortgages and notes payable	—	349,010
Repayments of mortgages and notes payable	(967)	(225,929)
Changes in debt issuance costs and other financing activities	(393)	(4,768)
Net cash used in financing activities	(310,979)	(31,098)

Net increase/(decrease) in cash and cash equivalents and restricted cash	$ (1,035)	$ 3,364

See accompanying notes to consolidated financial statements.

HIGHWOODS REALTY LIMITED PARTNERSHIP
Consolidated Statements of Cash Flows - Continued
(Unaudited and in thousands)

	Six Months Ended June 30,	
	2020	2019
Net increase/(decrease) in cash and cash equivalents and restricted cash	$ (1,035)	$ 3,364
Cash and cash equivalents and restricted cash at beginning of the period	14,742	10,143
Cash and cash equivalents and restricted cash at end of the period	$ 13,707	$ 13,507

Reconciliation of cash and cash equivalents and restricted cash:

	Six Months Ended June 30,	
	2020	2019
Cash and cash equivalents at end of the period	$ 4,752	$ 4,530
Restricted cash at end of the period	8,955	8,977
Cash and cash equivalents and restricted cash at end of the period	$ 13,707	$ 13,507

Supplemental disclosure of cash flow information:

	Six Months Ended June 30,	
	2020	2019
Cash paid for interest, net of amounts capitalized	$ 38,424	$ 33,378

Supplemental disclosure of non-cash investing and financing activities:

	Six Months Ended June 30,	
	2020	2019
Unrealized losses on cash flow hedges	$ (1,236)	$ (2,550)
Changes in accrued capital expenditures (1)	(18,819)	2,027
Write-off of fully depreciated real estate assets	22,630	36,188
Write-off of fully amortized leasing costs	10,564	19,900
Write-off of fully amortized debt issuance costs	—	828
Adjustment of Redeemable Common Units to fair value	(33,276)	6,818
Contributions from noncontrolling interests in consolidated affiliates	—	4,987
Issuances of Common Units to acquire real estate assets	6,163	—
Contingent consideration in connection with the acquisition of land	1,500	—
Initial recognition of lease liabilities related to right of use assets	—	35,349

(1) Accrued capital expenditures included in accounts payable, accrued expenses and other liabilities at June 30, 2020 and 2019 were $49.1 million and $64.3 million, respectively.

See accompanying notes to consolidated financial statements.

HIGHWOODS PROPERTIES, INC.
HIGHWOODS REALTY LIMITED PARTNERSHIP
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2020
(tabular dollar amounts in thousands, except per share and per unit data)
(Unaudited)

1. Description of Business and Significant Accounting Policies

Description of Business

Highwoods Properties, Inc. (the “Company”) is a fully integrated real estate investment trust (“REIT”) that provides leasing, management, development, construction and other customer-related services for its properties and for third parties. The Company conducts its activities through Highwoods Realty Limited Partnership (the “Operating Partnership”). At June 30, 2020, we owned or had an interest in 28.1 million rentable square feet of in-service properties, 1.2 million rentable square feet of office properties under development and approximately 225 acres of development land.

The Company is the sole general partner of the Operating Partnership. At June 30, 2020, the Company owned all of the Preferred Units and 103.5 million, or 97.3%, of the Common Units in the Operating Partnership. Limited partners owned the remaining 2.8 million Common Units. During the six months ended June 30, 2020, the Company issued 118,592 Common Units to acquire real estate assets.

Basis of Presentation

Our Consolidated Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

The Company’s Consolidated Financial Statements include the Operating Partnership, wholly owned subsidiaries and those entities in which the Company has the controlling interest. The Operating Partnership’s Consolidated Financial Statements include wholly owned subsidiaries and those entities in which the Operating Partnership has the controlling interest. We consolidate joint venture investments, such as interests in partnerships and limited liability companies, when we control the major operating and financial policies of the investment through majority ownership, in our capacity as a general partner or managing member or through some other contractual right. We also consolidate those entities deemed to be variable interest entities in which we are determined to be the primary beneficiary. At June 30, 2020, we have involvement with, and are the primary beneficiary in, an entity that we concluded to be a variable interest entity (see Note 3). All intercompany transactions and accounts have been eliminated.

The unaudited interim consolidated financial statements and accompanying unaudited consolidated financial information, in the opinion of management, contain all adjustments (including normal recurring accruals) necessary for a fair presentation of our financial position, results of operations and cash flows. We have condensed or omitted certain notes and other information from the interim Consolidated Financial Statements presented in this Quarterly Report as permitted by SEC rules and regulations. These Consolidated Financial Statements should be read in conjunction with our 2019 Annual Report on Form 10-K.

Use of Estimates

The preparation of consolidated financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the amounts reported in our Consolidated Financial Statements and accompanying notes. Actual results could differ from those estimates.

Insurance

We are primarily self-insured for health care claims for participating employees. We have stop-loss coverage to limit our exposure to significant claims on a per claim and annual aggregate basis. We determine our liabilities for claims, including incurred but not reported losses, based on all relevant information, including actuarial estimates of claim liabilities. At June 30, 2020, a reserve of $0.5 million was recorded to cover estimated reported and unreported claims.

Recently Issued Accounting Standards

The Financial Accounting Standards Board ("FASB") issued an accounting standards update ("ASU") that changes certain disclosure requirements for fair value measurements. We adopted the ASU as of January 1, 2020 with no material effect on our Notes to Consolidated Financial Statements.

The FASB issued an ASU that provides temporary optional expedients and exceptions to the guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from LIBOR and other interbank offered rates to alternative reference rates, such as the Secured Overnight Financing Rate ("SOFR"). Entities can elect not to apply certain modification accounting requirements to contracts affected by reference rate reform, if certain criteria are met. An entity that makes this election would not have to remeasure the contracts at the modification date or reassess a previous accounting determination. Entities can also elect various optional expedients that would allow them to continue applying hedge accounting for hedging relationships affected by reference rate reform, if certain criteria are met. The ASU can be applied from March 12, 2020 through December 31, 2022. We are in the process of evaluating this ASU; however, we currently expect to avail ourselves of such optional expedients and exceptions should our modified contracts meet the required criteria.

Due to the business disruptions and challenges severely affecting the global economy caused by the COVID-19 pandemic, lessors may provide rent deferrals and other lease concessions to lessees. In April 2020, the FASB staff issued a question and answer document (the "Lease Modification Q&A") focused on the application of lease accounting guidance to lease concessions provided as a result of the COVID-19 pandemic. Under existing lease guidance, we would have to determine, on a lease by lease basis, if a lease concession was the result of a new arrangement reached with the tenant (treated within the lease modification accounting framework) or if a lease concession was under the enforceable rights and obligations within the existing lease agreement (precluded from applying the lease modification accounting framework). The Lease Modification Q&A allows us, if certain criteria have been met, to bypass the lease by lease analysis, and instead elect to either apply the lease modification accounting framework or not, with such election applied consistently to leases with similar characteristics and similar circumstances. We have elected the practical expedient and will not apply lease modification accounting on a lease by lease basis where applicable. As a result, $5.0 million of deferred rent is included in accounts receivable on our Consolidated Balance Sheets at June 30, 2020.

2. Leases

We generally lease our office properties to lessees in exchange for fixed monthly payments that cover rent, property taxes, insurance and certain cost recoveries, primarily common area maintenance. Office properties owned by us that are under lease are primarily located in Atlanta, Charlotte, Nashville, Orlando, Pittsburgh, Raleigh, Richmond and Tampa and are leased to a wide variety of lessees across many industries. Our leases are operating leases and mostly range from three to 10 years. We recognized rental and other revenues related to operating lease payments of $181.1 million and $180.7 million during the three months ended June 30, 2020 and 2019, respectively, and $370.7 million and $350.1 million during the six months ended June 30, 2020 and 2019, respectively. Included in these amounts are variable lease payments of $13.4 million and $16.4 million during the three months ended June 30, 2020 and 2019, respectively, and $29.8 million and $31.9 million during the six months ended June 30, 2020 and 2019, respectively.

3. Consolidated Variable Interest Entity

We and The Bromley Companies formed a joint venture (the "Midtown One joint venture") to construct Midtown One, a 150,000 square foot, multi-customer office building located in the mixed-use Midtown Tampa project in Tampa's Westshore submarket. Midtown One has an anticipated total investment of $71.3 million. Construction of Midtown One began in the third quarter of 2019 with a scheduled completion date in the second quarter of 2021. At closing, we agreed to contribute cash of $20.0 million, which has been fully funded, in exchange for an 80.0% interest in the Midtown One joint venture and The Bromley Companies contributed land valued at $5.0 million in exchange for the remaining 20.0% interest. We also committed to provide a $46.3 million interest-only secured construction loan to the Midtown One joint venture that is scheduled to mature on the second anniversary of completion. The loan bears interest at LIBOR plus 250 basis points. As of June 30, 2020, $6.7 million under the loan has been funded.

We determined that we have a variable interest in the Midtown One joint venture primarily because the entity was designed to pass along interest rate risk, equity price risk and operation risk to us as both a debt and an equity holder and The Bromley Companies as an equity holder. The Midtown One joint venture was further determined to be a variable interest entity as it requires additional subordinated financial support in the form of a loan because the initial equity investment provided by us and The Bromley Companies is not sufficient to finance its planned investments and operations. We, as majority owner and managing member and through our control rights as set forth in the joint venture's governance documents, were determined to be the primary beneficiary as we have both the power to direct the activities that most significantly affect the entity (primarily lease rates, property operations and capital expenditures) and significant economic exposure through our equity investment and loan commitment. As such, the Midtown One joint venture is consolidated and all intercompany transactions and accounts are eliminated. The following table sets forth the assets and liabilities of the Midtown One joint venture included on our Consolidated Balance Sheets:

		June 30, 2020
Development in-process	$	34,462
Accounts payable, accrued expenses and other liabilities	$	2,377

The assets of the Midtown One joint venture can be used only to settle obligations of the joint venture and its creditors have no recourse to our wholly owned assets.

4. Real Estate Assets

Acquisitions

During the second quarter of 2020, we acquired development land in Raleigh for a purchase price, including capitalized acquisition costs, of $2.3 million.

During the first quarter of 2020, we acquired development land in Nashville for a purchase price of $6.2 million, which consisted of the issuance of 118,592 Common Units and capitalized acquisition costs.

Dispositions

During the second quarter of 2020, we sold land in Atlanta for a sale price of $2.8 million and recorded a loss on disposition of property of $0.1 million. During the second quarter of 2020, we also recognized $0.4 million of gain related to the satisfaction of a performance obligation as part of a 2016 land sale.

During the first quarter of 2020, we sold 41 buildings and land in Greensboro and Memphis for an aggregate sale price of $338.4 million (before closing credits to buyer of $3.8 million) and recorded aggregate gains on disposition of property of $153.1 million.

Impairments

During the second quarter of 2020, we recorded an impairment of real estate assets of $1.8 million, which resulted from a change in market-based inputs and our assumptions about the use of the assets.

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5. Intangible Assets and Below Market Lease Liabilities

The following table sets forth total intangible assets and acquisition-related below market lease liabilities, net of accumulated amortization:

	June 30, 2020	December 31, 2019
Assets:		
Deferred leasing costs (including lease incentives and above market lease and in-place lease acquisition-related intangible assets)	$ 373,075	$ 377,472
Less accumulated amortization	(151,170)	(146,125)
	$ 221,905	$ 231,347
Liabilities (in accounts payable, accrued expenses and other liabilities):		
Acquisition-related below market lease liabilities	$ 65,039	$ 65,971
Less accumulated amortization	(36,164)	(34,014)
	$ 28,875	$ 31,957

The following table sets forth amortization of intangible assets and below market lease liabilities:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Amortization of deferred leasing costs and acquisition-related intangible assets (in depreciation and amortization)	$ 8,566	$ 8,759	$ 17,364	$ 19,074
Amortization of lease incentives (in rental and other revenues)	$ 429	$ 460	$ 919	$ 3,308
Amortization of acquisition-related intangible assets (in rental and other revenues)	$ 321	$ 343	$ 609	$ 700
Amortization of acquisition-related intangible assets (in rental property and other expenses)	$ 138	$ 139	$ 277	$ 276
Amortization of acquisition-related below market lease liabilities (in rental and other revenues)	$ (1,517)	$ (1,763)	$ (3,083)	$ (3,416)

The following table sets forth scheduled future amortization of intangible assets and below market lease liabilities:

	Amortization of Deferred Leasing Costs and Acquisition-Related Intangible Assets (in Depreciation and Amortization)	Amortization of Lease Incentives (in Rental and Other Revenues)	Amortization of Acquisition-Related Intangible Assets (in Rental and Other Revenues)	Amortization of Acquisition-Related Intangible Assets (in Rental Property and Other Expenses)	Amortization of Acquisition-Related Below Market Lease Liabilities (in Rental and Other Revenues)
July 1 through December 31, 2020	$ 18,951	$ 831	$ 529	$ 233	$ (2,874)
2021	33,989	1,415	767	—	(5,013)
2022	29,787	1,204	601	—	(3,982)
2023	26,329	1,121	447	—	(3,607)
2024	23,306	975	373	—	(2,939)
Thereafter	74,561	4,325	2,161	—	(10,460)
	$ 206,923	$ 9,871	$ 4,878	$ 233	$ (28,875)
Weighted average remaining amortization periods as of June 30, 2020 (in years)	8.4	9.1	9.5	0.5	8.7

6. Mortgages and Notes Payable

The following table sets forth our mortgages and notes payable:

	June 30, 2020	December 31, 2019
Secured indebtedness	$ 94,336	$ 95,303
Unsecured indebtedness	2,255,277	2,461,425
Less-unamortized debt issuance costs	(11,951)	(13,018)
Total mortgages and notes payable, net	$ 2,337,662	$ 2,543,710

At June 30, 2020, our secured mortgage loan was collateralized by real estate assets with an undepreciated book value of $147.4 million.

Our $600.0 million unsecured revolving credit facility is scheduled to mature in January 2022 and includes an accordion feature that allows for an additional $400.0 million of borrowing capacity subject to additional lender commitments. Assuming no defaults have occurred, we have an option to extend the maturity for two additional six-month periods. The interest rate at our current credit ratings is LIBOR plus 100 basis points and the annual facility fee is 20 basis points. There was $14.0 million outstanding under our revolving credit facility at June 30, 2020. There were no amounts outstanding under our revolving credit facility at July 21, 2020. At both June 30, 2020 and July 21, 2020, we had $0.1 million of outstanding letters of credit, which reduces the availability on our revolving credit facility. As a result, the unused capacity of our revolving credit facility at June 30, 2020 and July 21, 2020 was $585.9 million and $599.9 million, respectively.

We are currently in compliance with financial covenants with respect to our consolidated debt.

We have considered our short-term liquidity needs within one year from July 28, 2020 (the date of issuance of the quarterly financial statements) and the adequacy of our estimated cash flows from operating activities and other available financing sources to meet these needs. In particular, we have considered our scheduled debt maturities during such one-year period, including the $300.0 million principal amount of unsecured notes due June 15, 2021. We have concluded it is probable we will meet these short-term liquidity requirements through a combination of the following:

- available cash and cash equivalents;
- cash flows from operating activities;
- issuance of debt securities by the Operating Partnership;
- issuance of secured debt;
- bank term loans;
- borrowings under our revolving credit facility;
- issuance of equity securities by the Company or the Operating Partnership; and
- the disposition of non-core assets.

7. Derivative Financial Instruments

The counterparties under our swaps are major financial institutions. The swap agreements contain a provision whereby if we default on certain of our indebtedness and which default results in repayment of such indebtedness being, or becoming capable of being, accelerated by the lender, then we could also be declared in default on our swaps.

Our interest rate swaps have been designated as and are being accounted for as cash flow hedges with changes in fair value recorded in other comprehensive income/(loss) each reporting period. We have no collateral requirements related to our interest rate swaps.

Amounts reported in accumulated other comprehensive income/(loss) related to derivatives will be reclassified to interest expense as interest payments are made on our debt. During the period from July 1, 2020 through June 30, 2021, we estimate that $0.5 million will be reclassified as a net increase to interest expense.

The following table sets forth the fair value of our derivatives:

	June 30, 2020	December 31, 2019
Derivatives:		
Derivatives designated as cash flow hedges in accounts payable, accrued expenses and other liabilities:		
Interest rate swaps	$ 1,237	$ 154

The following table sets forth the effect of our cash flow hedges on accumulated other comprehensive income/(loss) and interest expense:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Derivatives Designated as Cash Flow Hedges:				
Amount of unrealized losses recognized in accumulated other comprehensive income/(loss) on derivatives:				
Interest rate swaps	$ (103)	$ (646)	$ (1,236)	$ (2,550)
Amount of (gains)/losses reclassified out of accumulated other comprehensive income/(loss) into interest expense:				
Interest rate swaps	$ 75	$ (360)	$ 3	$ (875)

8. Noncontrolling Interests

Noncontrolling Interests in Consolidated Affiliates

At June 30, 2020, our noncontrolling interests in consolidated affiliates relate to our joint venture partners' 50.0% interest in office properties in Richmond and 20.0% interest in an office development property in Tampa. Our joint venture partners are unrelated third parties.

Noncontrolling Interests in the Operating Partnership

The following table sets forth the Company's noncontrolling interests in the Operating Partnership:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Beginning noncontrolling interests in the Operating Partnership	$ 100,674	$ 127,976	$ 133,216	$ 105,960
Adjustment of noncontrolling interests in the Operating Partnership to fair value	5,776	(14,722)	(36,525)	8,532
Issuances of Common Units	—	—	6,163	—
Conversions of Common Units to Common Stock	—	(222)	—	(353)
Net income attributable to noncontrolling interests in the Operating Partnership	1,017	1,044	5,977	1,237
Distributions to noncontrolling interests in the Operating Partnership	(1,364)	(1,298)	(2,728)	(2,598)
Total noncontrolling interests in the Operating Partnership	$ 106,103	$ 112,778	$ 106,103	$ 112,778

The following table sets forth net income available for common stockholders and transfers from the Company's noncontrolling interests in the Operating Partnership:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income available for common stockholders	$ 37,028	$ 39,422	$ 222,501	$ 46,677
Increase in additional paid in capital from conversions of Common Units to Common Stock	—	222	—	353
Issuances of Common Units	—	—	(6,163)	—
Change from net income available for common stockholders and transfers from noncontrolling interests	$ 37,028	$ 39,644	$ 216,338	$ 47,030

9. Disclosure About Fair Value of Financial Instruments

The following summarizes the levels of inputs that we use to measure fair value.

Level 1. Quoted prices in active markets for identical assets or liabilities.

Our Level 1 asset is our investment in marketable securities that we use to pay benefits under our non-qualified deferred compensation plan. Our Level 1 liability is our non-qualified deferred compensation obligation. The Company's Level 1 noncontrolling interests in the Operating Partnership relate to the ownership of Common Units by various individuals and entities other than the Company.

Level 2. Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities.

Our Level 2 assets include the fair value of our mortgages and notes receivable. Our Level 2 liabilities include the fair value of our mortgages and notes payable and interest rate swaps.

The fair value of mortgages and notes receivable and mortgages and notes payable is estimated by the income approach utilizing contractual cash flows and market-based interest rates to approximate the price that would be paid in an orderly transaction between market participants. The fair value of interest rate swaps is determined using the market standard methodology of netting the discounted future fixed cash receipts and the discounted expected variable cash payments. The variable cash payments of interest rate swaps are based on the expectation of future interest rates (forward curves) derived from observed market interest rate curves. In addition, credit valuation adjustments are considered in the fair values to account for potential nonperformance risk, but were concluded to not be significant inputs to the calculation for the periods presented.

Level 3. Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Our Level 3 assets include any real estate assets recorded at fair value on a non-recurring basis as a result of our quarterly impairment analysis, which are valued using unobservable local and national industry market data such as comparable sales, appraisals, brokers' opinions of value and/or the terms of definitive sales contracts. Significant increases or decreases in any valuation inputs in isolation would result in a significantly lower or higher fair value measurement.

The following table sets forth our assets and liabilities and the Company's noncontrolling interests in the Operating Partnership that are measured or disclosed at fair value within the fair value hierarchy:

	Total	Level 1 Quoted Prices in Active Markets for Identical Assets or Liabilities	Level 2 Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Fair Value at June 30, 2020:				
Assets:				
Mortgages and notes receivable, at fair value (1)	$ 1,440	$ —	$ 1,440	$ —
Marketable securities of non-qualified deferred compensation plan (in prepaid expenses and other assets)	2,111	2,111	—	—
Impaired real estate assets	2,053	—	—	2,053
Total Assets	$ 5,604	$ 2,111	$ 1,440	$ 2,053
Noncontrolling Interests in the Operating Partnership	$ 106,103	$ 106,103	$ —	$ —
Liabilities:				
Mortgages and notes payable, net, at fair value (1)	$ 2,421,024	$ —	$ 2,421,024	$ —
Interest rate swaps (in accounts payable, accrued expenses and other liabilities)	1,237	—	1,237	—
Non-qualified deferred compensation obligation (in accounts payable, accrued expenses and other liabilities)	2,111	2,111	—	—
Total Liabilities	$ 2,424,372	$ 2,111	$ 2,422,261	$ —
Fair Value at December 31, 2019:				
Assets:				
Mortgages and notes receivable, at fair value (1)	$ 1,501	$ —	$ 1,501	$ —
Marketable securities of non-qualified deferred compensation plan (in prepaid expenses and other assets)	2,345	2,345	—	—
Total Assets	$ 3,846	$ 2,345	$ 1,501	$ —
Noncontrolling Interests in the Operating Partnership	$ 133,216	$ 133,216	$ —	$ —
Liabilities:				
Mortgages and notes payable, net, at fair value (1)	$ 2,615,776	$ —	$ 2,615,776	$ —
Interest rate swaps (in accounts payable, accrued expenses and other liabilities)	154	—	154	—
Non-qualified deferred compensation obligation (in accounts payable, accrued expenses and other liabilities)	2,345	2,345	—	—
Total Liabilities	$ 2,618,275	$ 2,345	$ 2,615,930	$ —

(1) Amounts are not recorded at fair value on our Consolidated Balance Sheets at June 30, 2020 and December 31, 2019.

The Level 3 impaired real estate assets measured at a fair value of $2.1 million in the second quarter of 2020 include a non-core office building. The impairment resulted from a change in our assumptions about the use of the assets and was calculated using brokers' opinions of value, letters of intent and comparable sales as observable inputs were not available.

10. Share-Based Payments

During the six months ended June 30, 2020, the Company granted 83,116 shares of time-based restricted stock and 66,188 shares of total return-based restricted stock with weighted average grant date fair values per share of $44.88 and $38.31, respectively. We recorded share-based compensation expense of $1.2 million and $0.9 million during the three months ended June 30, 2020 and 2019, respectively, and $3.7 million and $5.5 million during the six months ended June 30, 2020 and 2019, respectively. At June 30, 2020, there was $7.7 million of total unrecognized share-based compensation costs, which will be recognized over a weighted average remaining contractual term of 2.2 years.

11. Accumulated Other Comprehensive Income/(Loss)

The following table sets forth the components of accumulated other comprehensive income/(loss):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Cash flow hedges:				
Beginning balance	$ (1,676)	$ 7,494	$ (471)	$ 9,913
Unrealized losses on cash flow hedges	(103)	(646)	(1,236)	(2,550)
Amortization of cash flow hedges (1)	75	(360)	3	(875)
Total accumulated other comprehensive income/(loss)	$ (1,704)	$ 6,488	$ (1,704)	$ 6,488

(1) Amounts reclassified out of accumulated other comprehensive income/(loss) into interest expense.

12. Real Estate and Other Assets Held For Sale

The following table sets forth the assets held for sale at June 30, 2020 and December 31, 2019, which are considered non-core:

	June 30, 2020	December 31, 2019
Assets:		
Land	$ —	$ 4,815
Buildings and tenant improvements	—	29,581
Less-accumulated depreciation	—	(16,775)
Net real estate assets	—	17,621
Accrued straight-line rents receivable	—	2,073
Deferred leasing costs, net	—	1,096
Real estate and other assets, net, held for sale	$ —	$ 20,790

13. Earnings Per Share and Per Unit

The following table sets forth the computation of basic and diluted earnings per share of the Company:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Earnings per Common Share - basic:				
Numerator:				
Net income	$ 38,956	$ 41,394	$ 230,296	$ 49,780
Net (income) attributable to noncontrolling interests in the Operating Partnership	(1,017)	(1,044)	(5,977)	(1,237)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(289)	(306)	(574)	(622)
Dividends on Preferred Stock	(622)	(622)	(1,244)	(1,244)
Net income available for common stockholders	$ 37,028	$ 39,422	$ 222,501	$ 46,677
Denominator:				
Denominator for basic earnings per Common Share – weighted average shares (1)	103,886	103,693	103,849	103,647
Net income available for common stockholders	$ 0.36	$ 0.38	$ 2.14	$ 0.45
Earnings per Common Share - diluted:				
Numerator:				
Net income	$ 38,956	$ 41,394	$ 230,296	$ 49,780
Net (income) attributable to noncontrolling interests in consolidated affiliates	(289)	(306)	(574)	(622)
Dividends on Preferred Stock	(622)	(622)	(1,244)	(1,244)
Net income available for common stockholders before net (income) attributable to noncontrolling interests in the Operating Partnership	$ 38,045	$ 40,466	$ 228,478	$ 47,914
Denominator:				
Denominator for basic earnings per Common Share – weighted average shares (1)	103,886	103,693	103,849	103,647
Add:				
Stock options using the treasury method	2	19	13	20
Noncontrolling interests Common Units	2,842	2,733	2,819	2,735
Denominator for diluted earnings per Common Share – adjusted weighted average shares and assumed conversions	106,730	106,445	106,681	106,402
Net income available for common stockholders	$ 0.36	$ 0.38	$ 2.14	$ 0.45

(1) Includes all unvested restricted stock where dividends on such restricted stock are non-forfeitable.

The following table sets forth the computation of basic and diluted earnings per unit of the Operating Partnership:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Earnings per Common Unit - basic:				
Numerator:				
Net income	$ 38,956	$ 41,394	$ 230,296	$ 49,780
Net (income) attributable to noncontrolling interests in consolidated affiliates	(289)	(306)	(574)	(622)
Distributions on Preferred Units	(622)	(622)	(1,244)	(1,244)
Net income available for common unitholders	$ 38,045	$ 40,466	$ 228,478	$ 47,914
Denominator:				
Denominator for basic earnings per Common Unit – weighted average units (1)	106,319	106,017	106,259	105,973
Net income available for common unitholders	$ 0.36	$ 0.38	$ 2.15	$ 0.45
Earnings per Common Unit - diluted:				
Numerator:				
Net income	$ 38,956	$ 41,394	$ 230,296	$ 49,780
Net (income) attributable to noncontrolling interests in consolidated affiliates	(289)	(306)	(574)	(622)
Distributions on Preferred Units	(622)	(622)	(1,244)	(1,244)
Net income available for common unitholders	$ 38,045	$ 40,466	$ 228,478	$ 47,914
Denominator:				
Denominator for basic earnings per Common Unit – weighted average units (1)	106,319	106,017	106,259	105,973
Add:				
Stock options using the treasury method	2	19	13	20
Denominator for diluted earnings per Common Unit – adjusted weighted average units and assumed conversions	106,321	106,036	106,272	105,993
Net income available for common unitholders	$ 0.36	$ 0.38	$ 2.15	$ 0.45

(1) Includes all unvested restricted stock where distributions on such restricted stock are non-forfeitable.

14. Segment Information

The following tables summarize the rental and other revenues and net operating income, the primary industry property-level performance metric used by our chief operating decision maker and which is defined as rental and other revenues less rental property and other expenses, for each of our reportable segments. Our segment information for the three and six months ended June 30, 2019 has been retrospectively revised from previously reported amounts to reflect a change in our reportable segments as a result of recent dispositions.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Rental and Other Revenues:				
Office:				
Atlanta	$ 36,537	$ 37,692	$ 74,496	$ 73,995
Charlotte	9,010	—	17,943	—
Nashville	34,622	33,109	69,119	64,508
Orlando	12,304	12,995	25,326	26,927
Pittsburgh	14,676	14,994	29,624	30,309
Raleigh	31,202	30,673	63,755	59,770
Richmond	11,834	12,341	24,094	24,627
Tampa	25,358	23,497	50,602	39,068
Total Office Segment	175,543	165,301	354,959	319,204
Other	7,610	18,769	20,994	37,229
Total Rental and Other Revenues	$ 183,153	$ 184,070	$ 375,953	$ 356,433
Net Operating Income:				
Office:				
Atlanta	$ 23,901	$ 24,819	$ 49,084	$ 48,242
Charlotte	7,123	—	14,325	—
Nashville	25,132	24,208	49,885	46,526
Orlando	7,750	8,007	15,755	16,563
Pittsburgh	9,350	8,895	18,020	18,029
Raleigh	23,997	22,438	47,633	43,297
Richmond	8,508	8,610	17,199	17,162
Tampa	17,663	14,291	34,196	21,376
Total Office Segment	123,424	111,268	246,097	211,195
Other	4,610	12,244	12,535	24,129
Total Net Operating Income	128,034	123,512	258,632	235,324
Reconciliation to net income:				
Depreciation and amortization	(59,461)	(59,460)	(120,611)	(128,664)
Impairments of real estate assets	(1,778)	(531)	(1,778)	(531)
General and administrative expenses	(10,084)	(9,560)	(21,014)	(21,941)
Interest expense	(19,840)	(20,356)	(41,117)	(39,095)
Other income/(loss)	588	321	657	(3,445)
Gains on disposition of property	318	6,703	153,385	6,703
Equity in earnings of unconsolidated affiliates	1,179	765	2,142	1,429
Net income	$ 38,956	$ 41,394	$ 230,296	$ 49,780

15. Contingencies

Since early March 2020, efforts to slow the spread of the COVID-19 virus have had a significant impact on the U.S. economy. We continue to follow the policies described in Notes 1 and 2 to our Consolidated Financial Statements contained in our 2019 Annual Report on Form 10-K, including those related to impairments of real estate assets and investments in unconsolidated affiliates, leases and estimates of credit losses on operating lease receivables. While the results of our current analyses did not result in any material adjustments to amounts as of June 30, 2020 and during the three and six months ended June 30, 2020, circumstances related to the COVID-19 pandemic may result in recording impairments, lease modifications and credit losses in future periods.

16. Subsequent Events

On July 1, 2020, we sold two buildings in Memphis for an aggregate sale price of $23.3 million and expect to record aggregate gains on disposition of property of $9.3 million.

On July 28, 2020, the Company declared a cash dividend of $0.48 per share of Common Stock, which is payable on September 9, 2020 to stockholders of record as of August 17, 2020.

See also Note 15 for information regarding the potential impact of the COVID-19 pandemic in future periods. The severity and duration of the COVID-19 pandemic and the resulting economic recession and the future demand for office space over the long-term are difficult to predict and could materially and adversely impact or disrupt our financial condition, results of operations, cash flows and performance.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company is a fully integrated office real estate investment trust ("REIT") that owns, develops, acquires, leases and manages properties primarily in the best business districts (BBDs) of Atlanta, Charlotte, Nashville, Orlando, Pittsburgh, Raleigh, Richmond and Tampa. The Company conducts its activities through the Operating Partnership. The Operating Partnership is managed by the Company, its sole general partner. Additional information about us can be found on our website at www.highwoods.com. Information on our website is not part of this Quarterly Report.

You should read the following discussion and analysis in conjunction with the accompanying Consolidated Financial Statements and related notes contained elsewhere in this Quarterly Report.

Disclosure Regarding Forward-Looking Statements

Some of the information in this Quarterly Report may contain forward-looking statements. Such statements include, in particular, statements about our plans, strategies and prospects under this section. You can identify forward-looking statements by our use of forward-looking terminology such as "may," "will," "expect," "anticipate," "estimate," "continue" or other similar words. Although we believe that our plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that our plans, intentions or expectations will be achieved. When considering such forward-looking statements, you should keep in mind important factors that could cause our actual results to differ materially from those contained in any forward-looking statement. Currently, one of the most significant factors that could cause actual outcomes to differ materially from our forward-looking statements is the potential adverse effect of the COVID-19 pandemic, and federal, state, and/or local regulatory guidelines and private business actions to control it, on our financial condition, operating results and cash flows, our customers, the real estate market in which we operate, the global economy and the financial markets. The extent to which the COVID-19 pandemic impacts us and our customers will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic and the resulting economic recession and potential changes in customer behavior, among others. Additional factors, many of which may be influenced by the COVID-19 pandemic, that could cause actual outcomes or results to differ materially from those indicated in these statements include:

- the financial condition of our customers could deteriorate or further worsen;
- our assumptions regarding potential losses related to customer financial difficulties due to the COVID-19 pandemic could prove incorrect;
- counterparties under our debt instruments, particularly our revolving credit facility, may attempt to avoid their obligations thereunder, which, if successful, would reduce our available liquidity;
- we may not be able to lease or re-lease second generation space, defined as previously occupied space that becomes available for lease, quickly or on as favorable terms as old leases;
- we may not be able to lease newly constructed buildings as quickly or on as favorable terms as originally anticipated;
- we may not be able to complete development, acquisition, reinvestment, disposition or joint venture projects as quickly or on as favorable terms as anticipated;
- development activity in our existing markets could result in an excessive supply relative to customer demand;
- our markets may suffer declines in economic and/or office employment growth;
- unanticipated increases in interest rates could increase our debt service costs;
- unanticipated increases in operating expenses could negatively impact our operating results;
- 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 repay or refinance outstanding debt upon maturity; and
- the Company could lose key executive officers.

This list of risks and uncertainties, however, is not intended to be exhaustive. You should also review the other cautionary statements we make in "Business – Risk Factors" set forth in our 2019 Annual Report on Form 10-K and "Item 1A. Risk Factors" contained herein. Given these uncertainties, you should not place undue reliance on forward-looking statements. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements to reflect any future events or circumstances or to reflect the occurrence of unanticipated events.

Executive Summary

Our Strategic Plan focuses on:

- owning high-quality, differentiated office buildings in the BBDs of our core markets;
- improving the operating results of our properties through concentrated leasing, asset management, cost control and customer service efforts;
- developing and acquiring office buildings in BBDs that improve the overall quality of our portfolio and generate attractive returns over the long term for our stockholders;
- disposing of properties no longer considered to be core assets primarily due to location, age, quality and/or overall strategic fit; and
- maintaining a balance sheet with ample liquidity to meet our funding needs and growth prospects.

COVID-19

The unprecedented nationwide efforts to slow the spread of the COVID-19 virus have obviously had a significant impact on the U.S. economy.

It is still too early to predict when, if and to what extent economic activity will return to pre-COVID-19 levels. While the COVID-19 pandemic did not have a meaningful impact on our second quarter of 2020 financial results, we believe it is likely our financial results for the remainder of 2020 will be adversely impacted by the COVID-19 pandemic. Given the fluidity of the pandemic and its uncertain impact on economic activity, losses related to customer financial difficulties are difficult to predict.

This outlook reflects management's view of current and future market conditions, including assumptions such as potential losses related to customer financial difficulties and asset usage due to the COVID-19 pandemic, rental rates, occupancy levels, operating and general and administrative expenses, weighted average diluted shares outstanding and interest rates. Factors that could cause actual results to differ materially from our current expectations are set forth under "Disclosure Regarding Forward-Looking Statements."

While all buildings and parking facilities have remained open for business, the usage of our assets in the second quarter of 2020 was significantly lower than normal due to the COVID-19 pandemic. As a result, parking and parking-related revenues were lower than normal during this period. In addition, our operating expenses, net of expense recoveries, were lower during this period due to reduced electricity, janitorial and other variable expenses. Until usage returns to normal, we expect that reduced usage will continue to result in reduced parking revenues, which will be only partially offset by reduced operating expenses. Usage of our assets for the remainder of 2020, however, depends on the duration of the COVID-19 pandemic, which is difficult to estimate.

Given the COVID-19 pandemic, we have been experiencing and expect to continue to experience slower than originally anticipated speculative new leasing, which we expect will be partially offset by higher renewal activity. This would reduce our anticipated rental revenues. Because construction activities have generally been classified as essential activities throughout our markets during the COVID-19 pandemic, we do not currently expect meaningful delays in customers taking occupancy under recently-signed leases.

We assume we will incur losses due to customers that default on their leases, file bankruptcy and/or otherwise experience significant financial difficulty as a result of the COVID-19 pandemic (including $1.2 million recorded in the first six months of 2020), consisting of credit losses of straight-line rent receivables and lower rent payments. Given the fluidity of the pandemic and its uncertain impact on economic activity, we cannot estimate such losses during the remainder of 2020. Generally, in cases where an otherwise viable, creditworthy customer has been able to demonstrate disruption due to the complete or partial shutdown of its business operations, we have agreed and/or may agree to defer, but not abate, the payment of rent for a limited period of time. In other cases, we have agreed and/or may agree to abate rent for a limited period of time as consideration for a lease term extension.

The extent of any losses will depend on whether or not the collectability of future rents from customers experiencing financial difficulty is deemed to be probable under GAAP. Through July 21, 2020, we have collected 99% of our contractually required rents for the month of July and are not currently aware of any customer-specific facts or circumstances that indicate a likelihood of any material losses at this point during the third quarter of 2020. To date, we have agreed to grant temporary rent deferrals that represent 1.2% of our annualized rental revenues. In most cases, these deferrals represent approximately two months of a customer's rent and is expected to be repaid to us prior to the end of 2021.

For a discussion of the impact of the COVID-19 pandemic on our liquidity and balance sheet, see "Liquidity and Capital Resources" below.

Revenues

Our operating results depend heavily on successfully leasing and operating the office space in our portfolio. Economic growth and office employment levels in our core markets are important factors, among others, in predicting our future operating results.

The key components affecting our rental and other revenues are average occupancy, rental rates, cost recovery income, new developments placed in service, acquisitions and dispositions. Average occupancy generally increases during times of improving economic growth, as our ability to lease space outpaces vacancies that occur upon the expirations of existing leases. Average occupancy generally declines during times of slower or negative economic growth, when new vacancies tend to outpace our ability to lease space. Asset acquisitions, dispositions and new developments placed in service directly impact our rental revenues and could impact our average occupancy, depending upon the occupancy rate of the properties that are acquired, sold or placed in service. A further indicator of the predictability of future revenues is the expected lease expirations of our portfolio. As a result, in addition to seeking to increase our average occupancy by leasing current vacant space, we also concentrate our leasing efforts on renewing existing leases prior to expiration. For more information regarding our lease expirations, see "Properties - Lease Expirations" in our 2019 Annual Report on Form 10-K. Occupancy in our office portfolio decreased from 92.0% at December 31, 2019 to 91.1% at June 30, 2020. Without the fluidity of the COVID-19 pandemic and its uncertain impact on economic activity, we would expect average occupancy for our office portfolio to be approximately 90% for the remainder of 2020. However, average occupancy will be lower, perhaps significantly lower, if the COVID-19 pandemic causes vacancies and move-outs due to customers that default on their leases, file bankruptcy and/or otherwise experience significant financial difficulty.

Whether or not our rental revenue tracks average occupancy proportionally depends upon whether GAAP rents under signed new and renewal leases are higher or lower than the GAAP rents under expiring leases. Annualized rental revenues from second generation leases expiring during any particular year are typically less than 15% of our total annual rental revenues. The following table sets forth information regarding second generation office leases signed during the second quarter of 2020 (we define second generation office leases as leases with new customers and renewals of existing customers in office space that has been previously occupied under our ownership and leases with respect to vacant space in acquired buildings):

	New	Renewal	All Office
Leased space (in rentable square feet)	91,007	730,250	821,257
Average term (in years - rentable square foot weighted)	5.1	8.6	8.2
Base rents (per rentable square foot) (1)	$ 30.02	$ 29.69	$ 29.73
Rent concessions (per rentable square foot) (1)	(1.01)	(0.87)	(0.88)
GAAP rents (per rentable square foot) (1)	$ 29.01	$ 28.82	$ 28.85
Tenant improvements (per rentable square foot) (1)	$ 3.32	$ 1.25	$ 1.48
Leasing commissions (per rentable square foot) (1)	$ 0.89	$ 0.65	$ 0.67

(1) Weighted average per rentable square foot on an annual basis over the lease term.

Annual combined GAAP rents for new and renewal leases signed in the second quarter were $28.85 per rentable square foot, 13.6% higher compared to previous leases in the same office spaces.

We strive to maintain a diverse, stable and creditworthy customer base. We have an internal guideline whereby customers that account for more than 3% of our revenues are periodically reviewed with the Company's Board of Directors. As of June 30, 2020, no customer accounted for more than 3% of our cash revenues other than the Federal Government and Bank of America, which accounted for 4.9% and 3.9%, respectively, of our cash revenues on an annualized basis. Upon stabilization of the MetLife

III development project in Raleigh, it is expected that MetLife will account for approximately 3.3% of our revenues based on annualized cash revenues for June 2020.

Expenses

Our expenses primarily consist of rental property expenses, depreciation and amortization, general and administrative expenses and interest expense. From time to time, expenses also include impairments of real estate assets. Rental property expenses are expenses associated with our ownership and operation of rental properties and include expenses that vary somewhat proportionately to occupancy levels, such as janitorial services and utilities, and expenses that do not vary based on occupancy, such as property taxes and insurance. Depreciation and amortization is a non-cash expense associated with the ownership of real property and generally remains relatively consistent each year, unless we buy, place in service or sell assets, since our properties and related building and tenant improvement assets are depreciated on a straight-line basis over fixed lives. General and administrative expenses consist primarily of management and employee salaries and benefits, corporate overhead and short and long-term incentive compensation.

Net Operating Income

Whether or not we record increasing net operating income ("NOI") in our same property portfolio typically depends upon our ability to garner higher rental revenues, whether from higher average occupancy, higher GAAP rents per rentable square foot or higher cost recovery income, that exceed any corresponding growth in operating expenses. Same property NOI was $3.4 million, or 3.1%, higher in the second quarter of 2020 as compared to 2019 due to a decrease of $3.8 million in same property expenses offset by a decrease of $0.4 million in same property revenues. Without the fluidity of the COVID-19 pandemic and its uncertain impact on economic activity, we would expect same property NOI to be higher for the remainder of 2020 as compared to 2019 as higher rental revenues, mostly because higher average GAAP rents per rentable square foot, would be expected to more than offset an anticipated increase in same property operating expenses, particularly higher property taxes. However, same property NOI will be negatively impacted if the COVID-19 pandemic causes losses related to customer difficulties or slower than originally anticipated speculative new leasing. As a result, we cannot estimate whether same property NOI for the remainder of 2020 will be higher or lower as compared to 2019.

In addition to the effect of same property NOI, whether or not NOI increases typically depends upon whether the NOI from our acquired properties and development properties placed in service exceeds the NOI from property dispositions. NOI was $4.5 million, or 3.7%, higher in the second quarter of 2020 as compared to 2019 due to acquisitions, higher same property NOI and development properties placed in service, partly offset by NOI lost from property dispositions. We expect NOI to be lower for the remainder of 2020 as compared to 2019 due to NOI lost from property dispositions, partly offset by acquisitions and development properties placed in service. Like with same property NOI, NOI will be further negatively impacted if the COVID-19 pandemic causes losses related to customer difficulties or slower than originally anticipated speculative new leasing.

Cash Flows

In calculating net cash related to operating activities, depreciation and amortization, which are non-cash expenses, are added back to net income. We have historically generated a positive amount of cash from operating activities. From period to period, cash flow from operations depends primarily upon changes in our net income, as discussed more fully below under "Results of Operations," changes in receivables and payables and net additions or decreases in our overall portfolio.

Net cash related to investing activities generally relates to capitalized costs incurred for leasing and major building improvements and our acquisition, development, disposition and joint venture activity. During periods of significant net acquisition and/or development activity, our cash used in such investing activities will generally exceed cash provided by investing activities, which typically consists of cash received upon the sale of properties and distributions from our joint ventures.

Net cash related to financing activities generally relates to distributions, incurrence and repayment of debt, and issuances, repurchases or redemptions of Common Stock, Common Units and Preferred Stock. We use a significant amount of our cash to fund distributions. Whether or not we have increases in the outstanding balances of debt during a period depends generally upon the net effect of our acquisition, disposition, development and joint venture activity. We generally use our revolving credit facility for daily working capital purposes, which means that during any given period, in order to minimize interest expense, we may record significant repayments and borrowings under our revolving credit facility.

For a discussion regarding dividends and distributions, see "Liquidity and Capital Resources - Dividends and Distributions."

Liquidity and Capital Resources

We continue to maintain a conservative and flexible balance sheet. We believe we have ample liquidity. As of July 21, 2020, we had approximately $6 million of existing cash and zero drawn on our $600 million revolving credit facility, which is scheduled to mature in January 2022. Assuming we are in compliance with our covenants, we have an option to extend the maturity for two additional six-month periods. At June 30, 2020, our leverage ratio, as measured by the ratio of our mortgages and notes payable and outstanding preferred stock to the undepreciated book value of our assets, was 36.8% and there were 106.7 million diluted shares of Common Stock outstanding.

Rental and other revenues are our principal source of funds to meet our short-term liquidity requirements. Other sources of funds for short-term liquidity needs include available working capital and borrowings under our revolving credit facility, which had $599.9 million of availability at July 21, 2020. Our short-term liquidity requirements primarily consist of operating expenses, interest and principal amortization on our debt, distributions and capital expenditures, including building improvement costs, tenant improvement costs and lease commissions. Building improvements are capital costs to maintain or enhance existing buildings not typically related to a specific customer. Tenant improvements are the costs required to customize space for the specific needs of customers. We anticipate that our available cash and cash equivalents and cash provided by operating activities and planned financing activities, including borrowings under our revolving credit facility, will be adequate to meet our short-term liquidity requirements. We use our revolving credit facility for working capital purposes and for the short-term funding of our development and acquisition activity and, in certain instances, the repayment of other debt. Continued ability to borrow under the revolving credit facility allows us to quickly capitalize on strategic opportunities at short-term interest rates.

Subject to potential losses in the remainder of 2020 related to customer financial difficulties due to the COVID-19 pandemic, we generally believe existing cash and rental and other revenues will continue to be sufficient to fund short-term liquidity needs such as funding operating and general and administrative expenses, paying interest expense, maintaining our existing quarterly dividend and funding existing portfolio capital expenditures, including building improvement costs, tenant improvement costs and lease commissions. For the full year of 2020, such existing portfolio capital expenditures are expected to be approximately $15 million to $25 million lower as compared to 2019.

Our long-term liquidity uses generally consist of the retirement or refinancing of debt upon maturity, funding of building improvements, new building developments and land infrastructure projects and funding acquisitions of buildings and development land. Our expected future capital expenditures for started and/or committed new development projects were approximately $201 million at June 30, 2020. Additionally, we may, from time to time, retire outstanding equity and/or debt securities through redemptions, open market repurchases, privately negotiated acquisitions or otherwise.

We expect to meet our long-term liquidity needs through a combination of:

- cash flow from operating activities;
- bank term loans and borrowings under our revolving credit facility;
- the issuance of unsecured debt;
- the issuance of secured debt;
- the issuance of equity securities by the Company or the Operating Partnership; and
- the disposition of non-core assets.

We have no debt scheduled to mature during the remainder of 2020 or 2021 except for $300 million principal amount of 3.20% (3.363% effective rate) notes due June 2021. During the remainder of 2020, we forecast funding approximately $89 million of our $503 million development pipeline, which was approximately 60% funded as of June 30, 2020. We generally believe we will be able to satisfy these obligations with existing cash, borrowings under our revolving credit facility, new bank term loans, issuance of other unsecured debt, mortgage debt and/or proceeds from the sale of additional non-core assets.

Investment Activity

As noted above, a key tenet of our strategic plan is to continuously upgrade the quality of our office portfolio through acquisitions, dispositions and development. We generally seek to acquire and develop office buildings that improve the average quality of our overall portfolio and deliver consistent and sustainable value for our stockholders over the long-term. Whether or not an asset acquisition or new development results in higher per share net income or funds from operations ("FFO") in any given period depends upon a number of factors, including whether the NOI for any such period exceeds the actual cost of capital used to finance the acquisition or development. Additionally, given the length of construction cycles, development projects are not placed in service until, in some cases, several years after commencement. Sales of non-core assets could result in lower per share net income or FFO in any given period in the event the resulting use of proceeds does not exceed the capitalization rate on the sold properties.

Results of Operations

Three Months Ended June 30, 2020 and 2019

Rental and Other Revenues

Rental and other revenues were $0.9 million, or 0.5%, lower in the second quarter of 2020 as compared to 2019 primarily due to property dispositions and lower same property revenues, which decreased rental and other revenues by $10.7 million and $0.4 million, respectively. Same property rental and other revenues were lower primarily due to lower cost recovery income and lower parking income as a result of reduced usage of our assets because of the COVID-19 pandemic, partly offset by higher average GAAP rents per rentable square foot. These decreases were partly offset by acquisitions and development properties placed in service, which increased rental and other revenues by $9.1 million and $1.6 million, respectively. We expect rental and other revenues to be lower for the remainder of 2020 as compared to 2019 due to lost revenue from property dispositions and lower parking income as a result of reduced usage of our assets because of the COVID-19 pandemic, partly offset by acquisitions, development properties placed in service and higher same property revenues. Rental and other revenues, particularly same property revenues, could be adversely affected, perhaps significantly, in the event customers default on their leases, file bankruptcy and/or otherwise experience significant financial difficulty or slower than originally anticipated speculative new leasing as a result of the COVID-19 pandemic.

Operating Expenses

Rental property and other expenses were $5.4 million, or 9.0%, lower in the second quarter of 2020 as compared to 2019 primarily due to lower same property operating expenses and property dispositions, which decreased operating expenses by $3.8 million and $3.5 million, respectively. Same property operating expenses were lower primarily due to lower utilities, repairs and maintenance and contract services as a result of reduced usage of our assets because of the COVID-19 pandemic, partly offset by higher property taxes. These decreases were partly offset by acquisitions and development properties placed in service, which increased operating expenses by $1.9 million and $0.4 million, respectively. We expect rental property and other expenses to be lower for the remainder of 2020 as compared to 2019 due to lower operating expenses from property dispositions, partly offset by acquisitions, higher same property operating expenses (net of lower operating expenses as a result of reduced usage of our assets because of the COVID-19 pandemic) and development properties placed in service.

Depreciation and amortization was unchanged in the second quarter of 2020 as compared to 2019 due to acquisitions and development properties placed in service offset by property dispositions. We expect depreciation and amortization to be higher for the remainder of 2020 as compared to 2019 for similar reasons.

We recorded impairments of real estate assets of $1.8 million and $0.5 million in the second quarter of 2020 and 2019, respectively. These impairments resulted from changes in market-based inputs and our assumptions about the use of the assets.

General and administrative expenses were $0.5 million, or 5.5%, higher in the second quarter of 2020 as compared to 2019 primarily due to higher incentive compensation and gains on deferred compensation plan investments in 2020 (which is fully offset by a corresponding increase in deferred compensation that is recorded in other income/(loss)), partly offset by lower salaries and benefits associated with the closure of our Greensboro and Memphis offices. We expect general and administrative expenses to be lower for the remainder of 2020 as compared to 2019 due to lower severance costs, salaries and benefits associated with the closure of our Greensboro and Memphis offices and lower executive retirement and consulting costs, partly offset by higher long-term equity incentive compensation.

Interest Expense

Interest expense was $0.5 million, or 2.5%, lower in the second quarter of 2020 as compared to 2019 primarily due to higher capitalized interest and lower average interest rates, partly offset by higher average debt balances. We expect interest expense to be lower for the remainder of 2020 as compared to 2019 for similar reasons.

Other Income/(Loss)

Other income was $0.3 million higher in the second quarter of 2020 as compared to 2019 primarily due to gains on deferred compensation plan investments in 2020, which is fully offset by a corresponding increase in the deferred compensation expense that is recorded in general and administrative expenses.

Gains on Disposition of Property

Gains on disposition of property were $6.4 million lower in the second quarter of 2020 as compared to 2019 due to the net effect of the disposition activity in such periods.

Equity in Earnings of Unconsolidated Affiliates

Equity in earnings of unconsolidated affiliates was $0.4 million, or 54.1%, higher in the second quarter of 2020 as compared to 2019 primarily due to higher average occupancy. We generally expect equity in earnings of unconsolidated affiliates to be higher for the remainder of 2020 as compared to 2019 for the same reason. However, equity in earnings of unconsolidated affiliates could be adversely affected, perhaps significantly, in the event customers of our unconsolidated affiliates default on their leases, file bankruptcy and/or otherwise experience significant financial difficulty as a result of the COVID-19 pandemic.

Earnings Per Common Share - Diluted

Diluted earnings per common share was $0.02 lower in the second quarter of 2020 as compared to 2019 due to a decrease in net income for the reasons discussed above.

Six Months Ended June 30, 2020 and 2019

Laser Spine Institute

In the first quarter of 2019, we provided information on Laser Spine Institute, which occupied a 176,000 square-foot, six-story building with structured parking in Tampa's Westshore submarket, a BBD. The building, developed by us, had been used by Laser Spine Institute for both its company headquarters and an ambulatory surgery center. After the market closed on March 1, 2019, Laser Spine Institute announced it would immediately discontinue its operations. This unexpected announcement affected all of its locations nationwide. As a result of this sudden closure, in the first quarter of 2019, we incurred $5.6 million of credit losses on operating lease receivables and write-offs of $2.3 million of lease incentives, $4.1 million of notes receivable and $11.6 million of tenant improvements and deferred leasing costs.

Rental and Other Revenues

Rental and other revenues were $19.5 million, or 5.5%, higher in the first six months of 2020 as compared to 2019 primarily due to acquisitions, higher same property revenues and development properties placed in service, which increased rental and other revenues by $18.1 million, $12.8 million and $5.9 million, respectively. Same property rental and other revenues were higher primarily due to higher average GAAP rents per rentable square foot and no credit losses and write-offs associated with Laser Spine Institute, partly offset by lower cost recovery income and lower parking income as a result of reduced usage of our assets because of the COVID-19 pandemic. These increases were partly offset by lost revenue of $16.7 million from property dispositions.

Operating Expenses

Rental property and other expenses were $3.8 million, or 3.1%, lower in the first six months of 2020 as compared to 2019 primarily due to property dispositions and lower same property operating expenses, which decreased operating expenses by $5.2 million and $2.7 million, respectively. Same property operating expenses were lower primarily due to lower utilities, repairs and maintenance and contract services as a result of reduced usage of our assets because of the COVID-19 pandemic, partly offset by higher property taxes. These decreases were partly offset by acquisitions and development properties placed in service, which increased operating expenses by $3.7 million and $1.3 million, respectively.

Depreciation and amortization was $8.1 million, or 6.3%, lower in the first six months of 2020 as compared to 2019 primarily due to accelerated depreciation and amortization of tenant improvements and deferred leasing costs associated with Laser Spine Institute in 2019 and property dispositions, partly offset by acquisitions and development properties placed in service.

We recorded impairments of real estate assets of $1.8 million and $0.5 million in the first six months of 2020 and 2019, respectively. These impairments resulted from changes in market-based inputs and our assumptions about the use of the assets.

General and administrative expenses were $0.9 million, or 4.2%, lower in the first six months of 2020 as compared to 2019 primarily due to lower long-term equity incentive compensation, partly offset by higher severance costs associated with the closure of our Greensboro and Memphis offices.

Interest Expense

Interest expense was $2.0 million, or 5.2%, higher in the first six months of 2020 as compared to 2019 primarily due to higher average debt balances, partly offset by lower average interest rates and higher capitalized interest.

Other Income/(Loss)

Other income was $0.7 million in the first six months of 2020 as compared to a loss of $3.4 million in 2019 primarily due to the write-off of notes receivable associated with Laser Spine Institute in 2019.

Gains on Disposition of Property

Gains on disposition of property were $146.7 million higher in the first six months of 2020 as compared to 2019 primarily due to the completion of the first phase of our market rotation plan of exiting the Greensboro and Memphis markets in 2020.

Equity in Earnings of Unconsolidated Affiliates

Equity in earnings of unconsolidated affiliates was $0.7 million, or 49.9%, higher in the first six months of 2020 as compared to 2019 primarily due to higher average occupancy.

Earnings Per Common Share - Diluted

Diluted earnings per common share was $1.69 higher in the first six months of 2020 as compared to 2019 due to an increase in net income for the reasons discussed above.

Liquidity and Capital Resources

Statements of Cash Flows

We report and analyze our cash flows based on operating activities, investing activities and financing activities. The following table sets forth the changes in the Company's cash flows (in thousands):

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Change
Net Cash Provided By Operating Activities	$ 180,215	$ 173,289	$ 6,926
Net Cash Provided by/(Used In) Investing Activities	129,729	(138,827)	268,556
Net Cash Used In Financing Activities	(310,979)	(31,098)	(279,881)
Total Cash Flows	$ (1,035)	$ 3,364	$ (4,399)

The increase in net cash provided by operating activities in the first six months of 2020 as compared to 2019 was primarily due to higher net cash from the operations of acquisitions, development properties placed in service and same properties and the settlement of cash flow hedges in 2019, partly offset by property dispositions. Without the fluidity of the COVID-19 pandemic and its uncertain impact on economic activity, we would expect net cash related to operating activities to be higher for the remainder of 2020 as compared to 2019 due to acquisitions and development properties placed in service and the settlement of cash flow hedges in 2019, partly offset by property dispositions. However, net cash related to operating activities will be negatively impacted if the COVID-19 pandemic causes losses related to customer difficulties or slower than originally anticipated speculative new leasing. As a result, we cannot estimate whether net cash related to operating activities for the remainder of 2020 will be higher or lower as compared to 2019.

The change in cash provided by/(used in) investing activities in the first six months of 2020 as compared to 2019 was primarily due to net proceeds from disposition activity in 2020 and higher acquisition activity in 2019, partly offset by higher investments in development in-process in 2020. We expect uses of cash for investing activities for the remainder of 2020 to be primarily driven by whether or not we acquire and commence development of additional office buildings in the BBDs of our markets. Additionally, as of June 30, 2020, we have approximately $201 million left to fund of our previously-announced development activity in 2020 and future years. We expect these uses of cash for investing activities will be partly offset by proceeds from property dispositions for the remainder of 2020.

The increase in net cash used in financing activities in the first six months of 2020 as compared to 2019 was primarily due to higher net debt borrowings in 2019. Assuming the net effect of our acquisition, disposition and development activity in 2020 results in an increase to our assets, we would expect outstanding debt and/or Common Stock balances to increase.

Capitalization

The following table sets forth the Company's capitalization (in thousands, except per share amounts):

	June 30, 2020	December 31, 2019
Mortgages and notes payable, net, at recorded book value	$ 2,337,662	$ 2,543,710
Preferred Stock, at liquidation value	$ 28,843	$ 28,859
Common Stock outstanding	103,897	103,756
Common Units outstanding (not owned by the Company)	2,842	2,724
Per share stock price at period end	$ 37.33	$ 48.91
Market value of Common Stock and Common Units	$ 3,984,567	$ 5,207,937
Total capitalization	$ 6,351,072	$ 7,780,506

At June 30, 2020, our mortgages and notes payable and outstanding preferred stock represented 37.3% of our total capitalization and 36.8% of the undepreciated book value of our assets. See also "Executive Summary - Liquidity and Capital Resources."

Our mortgages and notes payable as of June 30, 2020 consisted of $94.3 million of secured indebtedness with an interest rate of 4.0% and $2,255.3 million of unsecured indebtedness with a weighted average interest rate of 3.45%. The secured indebtedness was collateralized by real estate assets with an undepreciated book value of $147.4 million. As of June 30, 2020, $264.0 million of our debt does not bear interest at fixed rates or is not protected by interest rate hedge contracts.

Investment Activity

In the normal course of business, we regularly evaluate potential acquisitions. As a result, from time to time, we may have one or more potential acquisitions under consideration that are in varying stages of evaluation, negotiation or due diligence, including potential acquisitions that are subject to non-binding letters of intent or enforceable contracts. Consummation of any transaction is subject to a number of contingencies, including the satisfaction of customary closing conditions. No assurances can be provided that we will acquire any properties in the future. See "Item 1A. Risk Factors - Recent and future acquisitions and development properties may fail to perform in accordance with our expectations and may require renovation and development costs exceeding our estimates" in our 2019 Annual Report on Form 10-K.

During the second quarter of 2020, we acquired development land in Raleigh for a purchase price, including capitalized acquisition costs, of $2.3 million.

On July 1, 2020, we sold two buildings in Memphis for an aggregate sale price of $23.3 million and expect to record aggregate gains on disposition of property of $9.3 million.

During the second quarter of 2020, we sold land in Atlanta for a sale price of $2.8 million and recorded a loss on disposition of property of $0.1 million. During the second quarter of 2020, we also recognized $0.4 million of gain related to the satisfaction of a performance obligation as part of a 2016 land sale.

During the second quarter of 2020, we recorded an impairment of real estate assets of $1.8 million, which resulted from a change in market-based inputs and our assumptions about the use of the assets.

As of June 30, 2020, we were developing 0.9 million rentable square feet of office properties. The following table summarizes these announced and in-process office developments:

Property	Market	Rentable Square Feet	Anticipated Total Investment (1)	Investment As Of June 30, 2020 (1)	Pre Leased %	Estimated Completion	Estimated Stabilization
			($ in thousands)				
GlenLake Seven (2)	Raleigh	125,700	$ 43,881	$ 30,738	100.0%	1Q 21	1Q 21
Virginia Springs II	Nashville	111,000	37,900	20,059	—	4Q 20	3Q 22
Midtown One (3)	Tampa	150,000	71,300	34,462	—	2Q 21	4Q 22
Asurion	Nashville	552,800	285,000	153,563	98.3	4Q 21	1Q 22
		939,500	**$ 438,081**	**$ 238,822**	**71.2%**		

(1) Includes deferred lease commissions which are classified in deferred leasing costs on our Consolidated Balance Sheets.

(2) Recorded on our Consolidated Balance Sheets in land and buildings and tenant improvements, not development in-process.

(3) We own an 80.0% interest in this consolidated joint venture.

Financing Activity

During the first quarter of 2020, we entered into separate equity distribution agreements with each of Wells Fargo Securities, LLC, BofA Securities, Inc., BTIG, LLC, Capital One Securities, Inc., Fifth Third Securities, Inc., Jefferies LLC, J.P. Morgan Securities LLC, Regions Securities LLC and SunTrust Robinson Humphrey, Inc. Under the terms of the equity distribution agreements, the Company may offer and sell up to $300.0 million in aggregate gross sales price of shares of Common Stock from time to time through such firms, acting as agents of the Company or as principals. Sales of the shares, if any, may be made by means of ordinary brokers' transactions on the New York Stock Exchange ("NYSE") or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices or as otherwise agreed with any of such firms. The Company did not issue any shares of Common Stock under these agreements during the second quarter of 2020.

Our $600.0 million unsecured revolving credit facility is scheduled to mature in January 2022 and includes an accordion feature that allows for an additional $400.0 million of borrowing capacity subject to additional lender commitments. Assuming no defaults have occurred, we have an option to extend the maturity for two additional six-month periods. The interest rate at our current credit ratings is LIBOR plus 100 basis points and the annual facility fee is 20 basis points. The interest rate and facility fee are based on the higher of the publicly announced ratings from Moody's Investors Service or Standard & Poor's Ratings Services. There was $14.0 million outstanding under our revolving credit facility at June 30, 2020. There were no amounts outstanding under our revolving credit facility at July 21, 2020. At both June 30, 2020 and July 21, 2020, we had $0.1 million of outstanding letters of credit, which reduces the availability on our revolving credit facility. As a result, the unused capacity of our revolving credit facility at June 30, 2020 and July 21, 2020 was $585.9 million and $599.9 million, respectively.

We are currently in compliance with financial covenants and other requirements with respect to our consolidated debt. Although we expect to remain in compliance with these covenants and ratios for at least the next year, depending upon our future operating performance, property and financing transactions and general economic conditions, we cannot assure you that we will continue to be in compliance.

Our revolving credit facility and bank term loans require us to comply with customary operating covenants and various financial requirements. Upon an event of default on the revolving credit facility, the lenders having at least 51.0% of the total commitments under the revolving credit facility can accelerate all borrowings then outstanding, and we could be prohibited from borrowing any further amounts under our revolving credit facility, which would adversely affect our ability to fund our operations. In addition, certain of our unsecured debt agreements contain cross-default provisions giving the unsecured lenders the right to declare a default if we are in default under more than $30.0 million with respect to other loans in some circumstances.

The indenture that governs the Operating Partnership's outstanding notes requires us to comply with customary operating covenants and various financial ratios. The trustee or the holders of at least 25.0% in principal amount of any series of notes can accelerate the principal amount of such series upon written notice of a default that remains uncured after 60 days.

We may not be able to repay, refinance or extend any or all of our debt at maturity or upon any acceleration. If any refinancing is done at higher interest rates, the increased interest expense could adversely affect our cash flow and ability to pay distributions. Any such refinancing could also impose tighter financial ratios and other covenants that restrict our ability to take actions that could otherwise be in our best interest, such as funding new development activity, making opportunistic acquisitions, repurchasing our securities or paying distributions.

Dividends and Distributions

To maintain its qualification as a REIT, the Company must pay dividends to stockholders that are at least 90.0% of its annual REIT taxable income, excluding net capital gains. The partnership agreement requires the Operating Partnership to distribute at least enough cash for the Company to be able to pay such dividends. The Company's REIT taxable income, as determined by the federal tax laws, does not equal its net income under accounting principles generally accepted in the United States of America ("GAAP"). In addition, although capital gains are not required to be distributed to maintain REIT status, capital gains, if any, are subject to federal and state income tax unless such gains are distributed to stockholders.

Cash dividends and distributions reduce the amount of cash that would otherwise be available for other business purposes, including funding debt maturities, reducing debt or future growth initiatives. The amount of future distributions that will be made is at the discretion of the Company's Board of Directors. For a discussion of the factors that will affect such cash flows and, accordingly, influence the decisions of the Company's Board of Directors regarding dividends and distributions, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Dividends and Distributions" in our 2019 Annual Report on Form 10-K.

During the second quarter of 2020, the Company declared and paid a cash dividend of $0.48 per share of Common Stock.

On July 28, 2020, the Company declared a cash dividend of $0.48 per share of Common Stock, which is payable on September 9, 2020 to stockholders of record as of August 17, 2020.

Current and Future Cash Needs

We anticipate that our available cash and cash equivalents, cash flows from operating activities and other available financing sources, including the issuance of debt securities by the Operating Partnership, the issuance of secured debt, bank term loans, borrowings under our revolving credit facility, the issuance of equity securities by the Company or the Operating Partnership and the disposition of non-core assets, will be adequate to meet our short-term liquidity requirements, including the $300.0 million principal amount of unsecured notes due June 15, 2021.

We had $4.8 million of cash and cash equivalents as of June 30, 2020. The unused capacity of our revolving credit facility at June 30, 2020 and July 21, 2020 was $585.9 million and $599.9 million, respectively, excluding an accordion feature that allows for an additional $400.0 million of borrowing capacity subject to additional lender commitments.

We have a currently effective automatic shelf registration statement on Form S-3 with the SEC pursuant to which, at any time and from time to time, in one or more offerings on an as-needed basis, the Company may sell an indefinite amount of common stock, preferred stock and depositary shares and the Operating Partnership may sell an indefinite amount of debt securities, subject to our ability to effect offerings on satisfactory terms based on prevailing market conditions.

The Company from time to time enters into equity distribution agreements with a variety of firms pursuant to which the Company may offer and sell shares of common stock from time to time through such firms, acting as agents of the Company or as principals. Sales of the shares, if any, may be made by means of ordinary brokers' transactions on the NYSE or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices or as otherwise agreed with any of such firms (which may include block trades).

During the remainder of 2020, we also expect to sell an additional $72 million to $127 million of properties no longer considered to be core assets due to location, age, quality and/or overall strategic fit. We can make no assurance, however, that we will sell any non-core assets or, if we do, what the timing or terms of any such sale will be.

See also "Executive Summary - Liquidity and Capital Resources."

Critical Accounting Estimates

There were no changes made by management to the critical accounting policies in the six months ended June 30, 2020. For a description of our critical accounting estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates" in our 2019 Annual Report on Form 10-K.

Non-GAAP Information

The Company believes that FFO, FFO available for common stockholders and FFO available for common stockholders per share are beneficial to management and investors and are important indicators of the performance of any equity REIT. Because these FFO 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 the use of FFO, FFO available for common stockholders and FFO available for common stockholders per share, together with the required GAAP presentations, provides a more complete understanding of the Company's performance relative to its competitors and a more informed and appropriate basis on which to make decisions involving operating, financing and investing activities.

FFO, FFO available for common stockholders and FFO available for common stockholders 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 the Company's operating performance because these FFO measures include adjustments that investors may deem subjective, such as adding back expenses such as depreciation, amortization and impairments. Furthermore, FFO available for common stockholders per share does not depict the amount that accrues directly to the stockholders' benefit. Accordingly, FFO, FFO available for common stockholders and FFO available for common stockholders per share should never be considered as alternatives to net income, net income available for common stockholders, or net income available for common stockholders per share as indicators of the Company's operating performance.

The Company's presentation of FFO is consistent with FFO as defined by the National Association of Real Estate Investment Trusts, 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 the Operating Partnership, which the Company believes is consistent with standard industry practice for REITs that operate through an UPREIT structure. The Company believes that it is important to present FFO on an as-converted basis since all of the Common Units not owned by the Company are redeemable on a one-for-one basis for shares of its Common Stock.

The following table sets forth the Company's FFO, FFO available for common stockholders and FFO available for common stockholders per share (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Funds from operations:				
Net income	$ 38,956	$ 41,394	$ 230,296	$ 49,780
Net (income) attributable to noncontrolling interests in consolidated affiliates	(289)	(306)	(574)	(622)
Depreciation and amortization of real estate assets	58,764	58,720	119,196	127,202
Impairments of depreciable properties	1,778	—	1,778	—
(Gains) on disposition of depreciable properties	—	(6,703)	(152,661)	(6,703)
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	581	622	1,150	1,202
Funds from operations	99,790	93,727	199,185	170,859
Dividends on Preferred Stock	(622)	(622)	(1,244)	(1,244)
Funds from operations available for common stockholders	$ 99,168	$ 93,105	$ 197,941	$ 169,615
Funds from operations available for common stockholders per share	$ 0.93	$ 0.87	$ 1.86	$ 1.59
Weighted average shares outstanding (1)	106,730	106,445	106,681	106,402

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

In addition, the Company believes NOI and same property NOI are useful supplemental measures of the Company's property operating performance because such metrics provide a performance measure of the revenues and expenses directly involved in owning real estate assets and a perspective not immediately apparent from net income or FFO. The Company defines NOI as rental and other revenues less rental property and other expenses. The Company defines cash NOI as NOI less lease termination fees, straight-line rent, amortization of lease incentives and amortization of acquired above and below market leases. Other REITs may use different methodologies to calculate NOI, same property NOI and cash NOI.

As of June 30, 2020, our same property portfolio consisted of 171 in-service properties encompassing 25.3 million rentable square feet that were wholly owned during the entirety of the periods presented (from January 1, 2019 to June 30, 2020). As of December 31, 2019, our same property portfolio consisted of 207 in-service properties encompassing 28.3 million rentable square feet that were wholly owned during the entirety of the periods presented (from January 1, 2018 to December 31, 2019). The change in our same property portfolio was due to the addition of four newly developed properties encompassing 0.4 million rentable square feet placed in service during 2018. These additions were offset by the removal of 40 properties encompassing 3.5 million rentable square feet that were sold during 2020.

Rental and other revenues related to properties not in our same property portfolio were $17.5 million and $18.0 million for the three months ended June 30, 2020 and 2019, respectively, and $40.5 million and $33.8 million for the six months ended June 30, 2020 and 2019, respectively. Rental property and other expenses related to properties not in our same property portfolio were $3.7 million and $5.3 million for the three months ended June 30, 2020 and 2019, respectively, and $9.7 million and $10.9 million for the six months ended June 30, 2020 and 2019, respectively.

The following table sets forth the Company's NOI, same property NOI and same property cash NOI (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income	$ 38,956	$ 41,394	$ 230,296	$ 49,780
Equity in earnings of unconsolidated affiliates	(1,179)	(765)	(2,142)	(1,429)
Gains on disposition of property	(318)	(6,703)	(153,385)	(6,703)
Other (income)/loss	(588)	(321)	(657)	3,445
Interest expense	19,840	20,356	41,117	39,095
General and administrative expenses	10,084	9,560	21,014	21,941
Impairments of real estate assets	1,778	531	1,778	531
Depreciation and amortization	59,461	59,460	120,611	128,664
Net operating income	128,034	123,512	258,632	235,324
Non same property and other net operating income	(13,831)	(12,698)	(30,769)	(22,974)
Same property net operating income	$ 114,203	$ 110,814	$ 227,863	$ 212,350
Same property net operating income	$ 114,203	$ 110,814	$ 227,863	$ 212,350
Lease termination fees, straight-line rent and other non-cash adjustments (1)	(12,091)	(6,704)	(19,798)	(6,395)
Same property cash net operating income	$ 102,112	$ 104,110	$ 208,065	$ 205,955

(1) Includes $4.5 million of temporary rent deferrals granted by the Company during the three and six months ended June 30, 2020.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The effects of potential changes in interest rates are discussed below. Our market risk discussion includes “forward-looking statements” and represents an estimate of possible changes in fair value or future earnings that would occur assuming hypothetical future movements in interest rates. Actual future results may differ materially from those presented. See “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources” and the Notes to Consolidated Financial Statements for a description of our accounting policies and other information related to these financial instruments.

We borrow funds at a combination of fixed and variable rates. Borrowings under our revolving credit facility and bank term loans bear interest at variable rates. Our long-term debt, which consists of secured and unsecured long-term financings, typically bears interest at fixed rates. Our interest rate risk management objectives are to limit generally the impact of interest rate changes on earnings and cash flows and lower our overall borrowing costs. To achieve these objectives, from time to time we enter into interest rate hedge contracts such as collars, swaps, caps and treasury lock agreements in order to mitigate our interest rate risk with respect to existing and prospective debt instruments. We generally do not hold or issue these derivative contracts for trading or speculative purposes.

At June 30, 2020, we had $2,035.6 million principal amount of fixed rate debt outstanding, a $0.1 million decrease as compared to December 31, 2019, excluding debt with a variable rate that is effectively fixed by related interest rate hedge contracts. The estimated aggregate fair market value of this debt was $2,122.1 million. If interest rates had been 100 basis points higher, the aggregate fair market value of our fixed rate debt would have been $119.4 million lower. If interest rates had been 100 basis points lower, the aggregate fair market value of our fixed rate debt would have been $129.5 million higher.

At June 30, 2020, we had $264.0 million of variable rate debt outstanding, a $207.0 million decrease as compared to December 31, 2019, not protected by interest rate hedge contracts. If the weighted average interest rate on this variable rate debt had been 100 basis points higher or lower, the annual interest expense at June 30, 2020 would increase or decrease by $2.6 million.

At June 30, 2020, we had $50.0 million of variable rate debt outstanding with $50.0 million of related floating-to-fixed interest rate swaps. These swaps effectively fix the underlying one-month LIBOR rate at a weighted average rate of 1.693%. If the underlying LIBOR interest rates increase or decrease by 100 basis points, the aggregate fair market value of the swaps at June 30, 2020 would increase by $0.7 million or decrease by $0.8 million, respectively.

We are exposed to certain losses in the event of nonperformance by the counterparties, which are major financial institutions, under the swaps. We regularly evaluate the financial condition of our counterparties using publicly available information. Based on this review, we currently expect the counterparties to perform fully under the swaps. However, if a counterparty defaults on its obligations under a swap, we could be required to pay the full rates on the applicable debt, even if such rates were in excess of the rate in the contract.

ITEM 4. CONTROLS AND PROCEDURES

SEC rules require us to maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our annual and periodic reports filed with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management to allow for timely decisions regarding required disclosure. The Company's CEO and CFO have concluded that the disclosure controls and procedures of the Company and the Operating Partnership were each effective at the end of the period covered by this Quarterly Report.

SEC rules also require us to establish and maintain internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. There were no changes in internal control over financial reporting during the three months ended June 30, 2020 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. There were also no changes in internal control over financial reporting during the three months ended June 30, 2020 that materially affected, or are reasonably likely to materially affect, the Operating Partnership's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1A. RISK FACTORS

For a discussion of our potential risks and uncertainties, see the information below and under the heading "Business - Risk Factors" set forth in our 2019 Annual Report on Form 10-K.

The COVID-19 pandemic and the resulting economic recession could materially and adversely impact or disrupt our financial condition, results of operations, cash flows and performance. The COVID-19 pandemic has had, and another pandemic in the future could have, repercussions across regional and global economies and financial markets. The spread of COVID-19 in many countries, including the United States, has significantly adversely impacted global economic activity, including causing a worldwide economic recession, and has contributed to significant volatility and negative pressure in financial markets. The global impact of the pandemic has been rapidly evolving and many countries, including the United States, continue to react by instituting stay-at-home orders, restricting many business and travel activities, mandating the complete closures of certain business and schools and taking other actions to mitigate the spread of the virus, most of which have a negative effect on economic activity. Furthermore, many private businesses, including some of our customers, have recommended certain of their employees to continue to work from home or are rotating employees in and out of the office to encourage social distancing in the workplace.

We cannot predict when, if and to what extent these restrictions and other actions will end and when, if and to what extent economic activity will return to pre-COVID-19 levels. The COVID-19 pandemic is negatively impacting almost every industry directly or indirectly, including industries in which we and our customers operate. A number of our customers have requested rent relief during this pandemic. In addition, many of our employees are currently working remotely. An extended period of work-from-home arrangements involving our employees could strain our business continuity plans, introduce operational risk, including but not limited to cybersecurity risks, and impair our ability to manage our business.

The COVID-19 pandemic, or a future pandemic, could also have material and adverse effects on our ability to successfully operate and on our financial condition, results of operations and cash flows due to, among other factors:

- a complete or partial closure of, or other operational issues at, one or more of our properties resulting from government or customer action;
- the reduced economic activity could severely impact our customers' businesses, financial condition and liquidity and may cause one or more of our customers to be unable to meet their obligations to us in full, or at all, or to otherwise seek modifications of such obligations;
- the reduced economic activity could result in a prolonged and severe recession, which could negatively impact our prospects for leasing additional space and/or renewing leases with existing customers;
- difficulty accessing debt and equity capital on attractive terms, or at all, impacts to our credit ratings, and a severe disruption and instability in the global financial markets or deteriorations in credit and financing conditions may affect our access to capital necessary to fund business operations, including funding our development pipeline, or address maturing liabilities on a timely basis, and may also affect our customers' ability to fund their business operations and meet their obligations to us;
- the financial impact of the COVID-19 pandemic could negatively impact our future compliance with financial covenants of our revolving credit facility and other debt agreements and result in a default and potentially an acceleration of indebtedness, which non-compliance could negatively impact our ability to make additional borrowings under our revolving credit facility and pay dividends, among other things;
- weaker economic conditions due to the pandemic could require us to recognize future impairment losses;
- a deterioration in our or our customers' ability to operate in affected areas or delays in the supply of products or services to us or our customers from vendors that are needed for our or our customers' operations could adversely affect our operations and those of our customers;
- potential changes in customer behavior, such as the continued social acceptance, desirability and perceived economic benefits of work-from-home arrangements, could materially and negatively impact the future demand for office space over the long-term; and

- the potential negative impact on the health of our employees, particularly if a significant number of them are impacted, could result in a deterioration in our ability to ensure business continuity during this disruption.

The extent to which the COVID-19 pandemic impacts our operations and those of our customers will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic and the resulting economic recession, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic, social and behavioral effects of the pandemic and containment measures, among others. Financial difficulties experienced by our customers, including the potential for bankruptcies or other early terminations of their leases, could reduce our cash flows, which could impact our ability to continue paying dividends to our stockholders at expected levels or at all.

The rapid development and fluidity of this situation precludes any prediction as to the full adverse impact of the COVID-19 pandemic. Nevertheless, the COVID-19 pandemic presents material uncertainty and risk with respect to our financial condition, results of operations, cash flows and performance. Moreover, many risk factors set forth in the 2019 Annual Report should be interpreted as heightened risks as a result of the impact of the COVID-19 pandemic.

ITEM 6. EXHIBITS

Exhibit Number	Description
10	Highwoods Properties, Inc. 2020 Employee Stock Purchase Plan
31.1	Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act for the Company
31.2	Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act for the Company
31.3	Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act for the Operating Partnership
31.4	Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act for the Operating Partnership
32.1	Certification of CEO Pursuant to Section 906 of the Sarbanes-Oxley Act for the Company
32.2	Certification of CFO Pursuant to Section 906 of the Sarbanes-Oxley Act for the Company
32.3	Certification of CEO Pursuant to Section 906 of the Sarbanes-Oxley Act for the Operating Partnership
32.4	Certification of CFO Pursuant to Section 906 of the Sarbanes-Oxley Act for the Operating Partnership
101.INS	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Extension Labels Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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/ Mark F. Mulhern

Mark F. Mulhern

Executive Vice President and Chief Financial Officer

Highwoods Realty Limited Partnership

By: Highwoods Properties, Inc., its sole general partner

By: /s/ Mark F. Mulhern

Mark F. Mulhern

Executive Vice President and Chief Financial Officer

Date: July 28, 2020

Exhibit 10

HIGHWOODS PROPERTIES, INC.
2020 EMPLOYEE STOCK PURCHASE PLAN

Highwoods Properties, Inc. (the "Company") hereby establishes this 2020 Employee Stock Purchase Plan (the "Plan"), to be effective upon approval by the holders of a majority of the outstanding shares of Common Stock voting at a duly authorized meeting of the Company's stockholders, granting Eligible Employees of the Company and its Subsidiaries the opportunity to purchase Common Stock of the Company.

WHEREAS, the Company's stockholders approved the Company's Amended and Restated Employee Stock Purchase Plan, as amended (the "2010 Plan"), at a duly held annual meeting of stockholders on May 13, 2010; and

WHEREAS, the 2010 Plan will expire by its terms on May 13, 2020.

NOW, THEREFORE, the Company hereby establishes the Plan, the terms of which are as follows:

SECTION 1
PURPOSE

The purpose of this Plan is to give Eligible Employees of the Company and its Subsidiaries, an opportunity to acquire shares of the Company's Common Stock in order to increase their proprietary interest in the Company's success, to encourage them to remain in the employ of the Company, and to continue to promote the Company's best interests and enhance its long-term performance.

SECTION 2
DEFINITIONS

Wherever used herein, the following words and phrases shall have the meanings stated below unless a different meaning is plainly required by the context:

(a) "Administrator" means EQ Shareowner Services or such other third party administrator appointed by the Committee to maintain the records of the Plan and conduct such other duties as may be further described herein.

(b) "Available Shares" means the aggregate number of shares of Common Stock which may be purchased by Eligible Employees under the Plan, as described in Section 5.

(c) "Board" means the Board of Directors of the Company.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means the Compensation and Governance Committee of the Board to which the Board may delegate its powers with respect to administration of the Plan pursuant to Section 6 hereof.

(f) "Common Stock" means shares of the common stock of the Company, $.01 par value. Common stock hereunder includes both treasury stock and stock of original issue.

(g) "Company" means Highwoods Properties, Inc., a Maryland corporation.

(h) "Compensation" means an Eligible Employee's regular base pay at the rate in effect on the applicable Offering Date and any annual bonus, overtime payment or sales commission, excluding any pre-tax contribution to any medical or retirement plans qualified under Section 125 or 401(k) of the Code.

(i) "Eligible Employee" means any individual who on any Offering Date is employed by the Company or a Subsidiary on a regular full-time basis. A person shall be considered employed on a regular full-time basis if he or she is customarily employed by the Company or a Subsidiary at least 20 hours per week and is customarily employed for more than five months per calendar year. "Eligible Employee" shall not include any person who would own, immediately after the Option was granted, stock possessing five percent or more of the total combined voting power or value of any class of stock of the Company, or any Subsidiary. For purposes of this subsection 2(i), stock ownership of an individual shall be determined under Section 424(d) of the Code, and stock that the individual may purchase under outstanding Options shall be treated as stock owned by the individual.

(j) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(k) "Exercise Date" means any March 31, June 30, September 30 and December 31 during the term of the Plan.

(l) "Fair Market Value" of Common Stock as of any date means the average of the closing or last prices of the Common Stock on the New York Stock Exchange or other comparable reporting system for the five consecutive trading days immediately preceding such applicable date.

(m) "Offering Date" means any January 1, April 1, July 1 and October 1 during the term of the Plan.

(n) "Offering Period" means the period commencing on an Offering Date hereunder and ending on the next following Exercise Date.

(o) "Option" means an option granted hereunder which will entitle an Eligible Employee to purchase shares of Common Stock.

(p) "Option Price" means 85% of the Fair Market Value per share of Common Stock on the applicable Exercise Date.

(q) "Plan" means this Highwoods Properties, Inc. 2020 Employee Stock Purchase Plan as set forth herein and as subsequently amended.

(r) "Purchase Account" means the book entry account maintained by the Company or Administrator to record the funds withheld from each Eligible Employee's payroll for the purchase of Common Stock, to record the shares of Common Stock credited to each Eligible Employee under the Plan and to record dividends credited to an Eligible Employee for use in the Plan pursuant to Section 12.

(s) "Subsidiary" or "Subsidiaries" means the corporation or corporations meeting the requirements of Section 424(f) of the Code.

SECTION 3
BASIS OF PARTICIPATION AND GRANTING OF OPTIONS

(a) Each Eligible Employee on any Offering Date, subject to earlier termination of the Plan pursuant to subsection 14(c) hereof, ending with the last Offering Date on which shares of Common Stock are available for grant within the limitation set forth in Section 5, is granted an Option hereunder which will entitle him or her to purchase, at the Option Price per share applicable to such Offering Date, the largest number of shares of Common Stock, including any fraction of a share (computed to at least three decimal places), that may be purchased with the cash balance of the Eligible Employee's Purchase Account.

(b) If the number of shares of Common Stock for which Options are granted pursuant to subsection 3(a) exceeds the applicable number set forth in Section 5, then the Options granted under the applicable paragraph to all Eligible Employees shall, in a nondiscriminatory manner which shall be consistent with subsection 14(c), be reduced in proportion to their respective Compensation, and the balance of the Purchase Account of each Eligible Employee shall be returned without interest to each Eligible Employee as soon as practicable.

(c) Payment for Common Stock purchased under the Option shall be made only by payroll deductions over a designated Offering Period and, in accordance with Section 12, the reinvestment of dividends paid in a designated Offering Period on shares credited to the Eligible Employee's Purchase Account.

(d) Each Option under the Plan shall be granted on the condition that (i) a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the Common Stock subject to such Option has become effective and a copy of the Prospectus has been delivered to the Eligible Employee and (ii) the shares of Common Stock issuable hereunder have been approved for listing by the New York Stock Exchange.

SECTION 4
PURCHASE ACCOUNT

Each Eligible Employee shall notify the Company, on such forms as shall be provided by the Company, at least 10 business days before the applicable Offering Date, of the percentage (in whole numbers) of Compensation which the Eligible Employee wishes to have withheld ratably from the Eligible Employee's Compensation during the Offering Period, which percentage may not be less than 1%, or more than 25%.

Each Eligible Employee shall authorize the Company and its Subsidiaries to withhold from the Eligible Employee's after-tax compensation, beginning as soon as practicable following the making of the election described in this Section 4 and continuing throughout the duration of the Offering Period unless terminated sooner under Section 7. All withheld amounts may be used by the Company for general corporate purposes. The Company or Administrator shall maintain a record of each Eligible Employee's funds in the Eligible Employee's Purchase Account. Such funds so accumulated within said

Purchase Account may be returned to an Eligible Employee or beneficiary without interest or applied toward the purchase of Common Stock only pursuant to the provisions contained in this Plan.

SECTION 5
MAXIMUM LIMITATIONS

The aggregate number of shares of Common Stock available for grant as Options pursuant to this Plan shall not exceed the sum of 500,000, subject to adjustment pursuant to Section 10 hereof. Shares of Common Stock granted pursuant to the Plan may be either authorized but unissued shares or shares now or hereafter held in the treasury of the Company. In the event that any Option granted pursuant to subsection 3(a) expires or is terminated, surrendered or canceled without being exercised, in whole or in part, for any reason, the number of shares of Common Stock theretofore subject to such Option shall again be available for grant as an Option pursuant to subsection 3(a) and shall not reduce the aggregate number of shares of Common Stock available for grant as such Options as set forth in the first sentence of this Section.

SECTION 6
ADMINISTRATION

The Plan shall be administered by the Board, which, to the extent it shall determine, may delegate its powers with respect to the administration of the Plan (except its powers under subsection 14(c)) to the Committee. If the Board chooses to appoint a Committee, references hereinafter to the Board (except in subsection 14(c)) shall be deemed to refer to the Committee. Subject to the express provisions of the Plan, the Board may interpret the Plan, prescribe, amend and rescind rules and regulations relating to it, correct any defect or omission or reconcile any inconsistency in the Plan, determine the terms and provisions of the Options granted hereunder, determine and change the Offering Periods, Offering Dates and Exercise Dates (except as otherwise limited herein) and make all other determinations necessary or advisable for the administration of the Plan. The determinations of the Board on all matters regarding the Plan shall be conclusive. A member of the Board shall only be liable for any action taken or determination made in bad faith.

SECTION 7
TERMS OF OPTIONS

(a) Each Option shall, unless sooner expired pursuant to subsection 7(b) or (c), be exercised on the Exercise Date for the applicable Offering Period. Each Option not exercised during an Offering Period shall expire on the Exercise Date for the applicable Offering Period.

(b) An Eligible Employee may at any time at least 10 business days before an Exercise Date (or such other date as may be selected by the Committee) terminate the Option in its entirety by written notice of such termination delivered in the manner set forth in subsection 14(i). Such termination shall become effective upon receipt of such notice by the Company. As soon as practical following such notice, all funds then in the Eligible Employee's Purchase Account shall be returned to the Eligible Employee without interest. Subsequent cash dividends paid on shares held in the Eligible Employee’s Purchase Account will be paid to the Eligible Employee and not retained in such Purchase Account. Such Eligible Employee may again elect to participate in payroll deductions under the Plan on the next Offering Date pursuant to Sections 3 and 4, when, in accordance with Section 12, cash dividends paid on shares held in the Eligible Employee’s Purchase Account will again be credited to such Purchase Account for use pursuant to Section 3(a).

(c) An Option shall expire on the first to occur of the Exercise Date for the applicable Offering Period and the date that the employment of the Eligible Employee with the Company and its Subsidiaries terminates (as determined by the Board) for any reason, including death or permanent disability (as determined by the Company’s long term disability plan). In the event that the Option expires because of termination of employment, all funds and shares then on deposit in the Eligible Employee's Purchase Account shall be returned without interest to the Eligible Employee (or his or her estate or the beneficiary designated pursuant to Section 9(b)) and the Eligible Employee's Purchase Account closed.

SECTION 8
MANNER OF EXERCISE OF OPTIONS AND PAYMENT FOR COMMON STOCK

(a) Except as provided in subsection 7(b) or (c), each Eligible Employee's Option shall be exercised automatically on the Exercise Date of each Offering Period, and the maximum number of shares of Common Stock, including fractional shares, will be purchased by the Administrator for each Eligible Employee with the entire proceeds of each Eligible Employee's Purchase Account. The Common Stock purchased under this Section 8 may be either treasury stock or stock of original issue, in the discretion and at the direction of the Company.

(b) Upon the written request of an Eligible Employee following any Offering Period, the Administrator shall deliver (or cause to be delivered) to such Eligible Employee: (i) a certificate for up to all of the whole shares purchased under subsection 8(a) and then retained in the Eligible Employee’s Purchase Account (as adjusted pursuant to Section 10), and (ii) the cash value of any fraction of a share (based on the Fair Market Value of the common Stock as of the date such request is delivered) remaining in such Purchase Account requested to be withdrawn. Shares to be delivered to an Eligible Employee under the Plan will be registered in the name of the Eligible Employee or, at the election of the Eligible Employee, in the name of the Eligible Employee and his or her spouse as joint tenants with rights of survivorship. Any remaining shares in such Eligible Employee's Purchase Account will continue to be credited to such Eligible Employee's Purchase Account and cash dividends paid thereon will be credited to such Purchase Account without interest in accordance with Section 12.

(c) Subsection 8(b) notwithstanding, an Eligible Employee may not withdraw any share purchased under this Plan until the date that is twelve months from the Exercise Date on which such share was purchased, except pursuant to subsection 7(c) upon the Eligible Employee’s death, permanent disability or other termination of employment.

(d) Subject to Section 12, an Eligible Employee may not make additional cash payments into such Eligible Employee's Purchase Account.

SECTION 9
PROHIBITION OF TRANSFER AND DESIGNATION OF BENEFICIARY

(a) No Option may be transferred, assigned, pledged, or hypothecated (whether by operation of law or otherwise), and no Option shall be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of an Option, or levy of attachment or similar process upon the Option not specifically permitted herein shall be null and void and without effect. An Option may be exercised only by the Eligible Employee during his or her lifetime.

(b) Each Eligible Employee may file a written designation of beneficiary who is to receive any stock or cash held in the Eligible Employee's Purchase Account in the event that such Eligible Employee dies.

SECTION 10
ADJUSTMENT PROVISIONS

The aggregate number of shares of Common Stock with respect to which Options may be granted, the aggregate number of shares of Common Stock subject to each outstanding Option, the Option Price per share of each Option and the number of shares in each Purchase Account may all be appropriately adjusted as the Board may determine for any increase or decrease in the number of shares of issued Common Stock resulting from a subdivision or consolidation of shares, whether through reorganization, recapitalization, stock split-up, stock distribution or combination of shares, or the payment of a share dividend or other increase or decrease in the number of such shares outstanding effected without receipt of consideration by the Company. Adjustments under this Section 10 shall be made according to the sole discretion of the Board, and its decision shall be binding and conclusive.

SECTION 11
DISSOLUTION, MERGER AND CONSOLIDATION

In the event of (i) the adoption of a plan of merger, consolidation, share exchange or similar transaction of the Company with any other corporation as a result of which the holders of the Common Stock of the Company in the aggregate would receive less than 50% of the voting capital stock of the surviving or resulting corporation; (ii) the approval by the Board of an agreement providing for the sale or transfer (other than as security for obligations of the Company) by the Company of a majority of the stock of a significant subsidiary of the Company or substantially all of the assets of the Company or of a significant subsidiary of the Company; (iii) the acquisition of more than 20% of the Company's voting capital stock by any person within the meaning of Section 13(d)(3) of the Exchange Act, other than a person, or group including a person, who beneficially owned, as of the most recent Offering Date, more than 5% of the Company's securities, in the absence of a prior expression of approval of the Board; (iv) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board cease for any reason to constitute at least a majority thereof unless the election, or the nomination for election by the Company's stockholders, of each new director was approved by the vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period; or (v) any other change in control of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A under the Exchange Act, then any Option granted hereunder during the then-current Option Period shall remain exercisable until the Exercise Date of the then-current Option Period, subject to all of the terms hereof not inconsistent with this Section 11.

Anything contained herein to the contrary notwithstanding, upon the dissolution or liquidation of the Company or the consummation of a merger or consolidation in which the stockholders of the Company receive less than 50% of the voting capital stock of the surviving or resulting corporation, each Option granted under the Plan shall terminate, but the Eligible Employee shall have the right, following the adoption of a plan of dissolution or liquidation or a plan of merger or consolidation and in any event prior to such dissolution, liquidation, merger or consolidation, to exercise his Option to purchase Common Stock on the Exercise Date of the then-current Offering Period, subject to all of the other terms hereof not inconsistent with this Section 11.

The grant of an Option pursuant to this Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, or to merge or consolidate, or to dissolve, liquidate or sell, or transfer all or any part of the business or assets.

SECTION 12
DIVIDENDS AND INTEREST

(a) During any period in which an Eligible Employee is participating in the Plan through payroll deductions, but only during such period, cash dividends paid on shares (including any fraction of a share) held in an Eligible Employee's Purchase Account will be credited to such Eligible Employee's Purchase Account and used in addition to such payroll deductions to purchase shares of Common Stock on the Exercise Date. Adjustments made pursuant to Section 10 will be credited to the Purchase Account of the Eligible Employee. Dividends paid in property other than cash or shares of Common Stock will be distributed to an Eligible Employee as soon as practicable. No dividends will be earned on a share in an Eligible Employee's Purchase Account until the dividend payment for the first dividend record date that follows the purchase date of such share.

(b) No interest will accrue on or be payable with respect to cash dividends held in an Eligible Employee's Purchase Account.

SECTION 13
LIMITATION ON OPTIONS

Notwithstanding any other provisions of the Plan:

(a) All Eligible Employees shall have the same rights and privileges under the Plan, except that the amount of Common Stock which may be purchased under Options granted pursuant to Section 3, shall bear a uniform relationship to the Compensation of Eligible Employees. All rules and determinations of the Board in the administration of the Plan shall be uniformly and consistently applied to all persons in similar circumstances.

(b) The term of said Plan shall be for a period of 10 years commencing on the effective date and ending on the 10^{th} anniversary of such effective date unless terminated earlier by the exhaustion of the Available Shares pursuant to Section 3 or 5 or as provided in subsection 14(c).

(c) As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent that, at the time of any such exercise, the shares are being purchased only for an investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such representation is required by any applicable provisions of law.

SECTION 14
MISCELLANEOUS

(a) Legal and Other Requirements. The obligations of the Company to sell and deliver Common Stock under the Plan shall be subject to all applicable foreign or domestic laws, regulations, rules and approvals, including, but not by way of limitation, the effectiveness of a registration statement under the Securities Act and the requirements of any stock exchange upon which the shares of Common Stock may be listed if deemed necessary or appropriate by the Company. Certificates for shares of Common Stock issued hereunder may include a restricted legend as the Board shall deem appropriate.

(b) No Obligation to Exercise Options. The granting of an Option shall impose no obligation upon an Eligible Employee to exercise such Option unless such Eligible Employee affirmatively elects to purchase Common Stock through payroll withholding as described in Section 4.

(c) Termination and Amendment of Plan. The Board may from time to time alter, amend or suspend the Plan or any Option granted hereunder or may at any time terminate the Plan, except that it may not materially and adversely affect any outstanding Option without the consent of the holder thereof.

(d) Application of Funds. The proceeds received by the Company from the sale of Common Stock pursuant to Options will be used for general corporate purposes.

(e) Withholding Taxes. Upon the exercise of any Option under the Plan, the Company shall have the right to require the Eligible Employee to remit to the Company an amount sufficient to satisfy all federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for shares of Common Stock.

(f) Right to Terminate Employment. Nothing in the Plan or any agreement entered into pursuant to the Plan shall confer upon any Eligible Employee the right to continue in the employment of the Company or any Subsidiary or affect any right which the Company or any Subsidiary may have to terminate the employment of such Eligible Employee.

(g) Rights as a Stockholder. No Eligible Employee shall have any right as a stockholder with respect to shares covered by an Option unless and until such Option has been exercised.

(h) Leaves of Absence and Disability. The Board shall be entitled to make such rules, regulations and determinations as it deems appropriate under the Plan in respect of any leave of absence taken by or disability of any Eligible Employee. Without limiting the generality of the foregoing, the Board shall be entitled to determine (i) whether or not any such leave of absence shall constitute a termination of employment within the meaning of the Plan, and (ii) the impact, if any, of any such leave of absence on Options under the Plan theretofore granted to any Eligible Employee who takes such leave of absence.

(i) Notices. Every direction, revocation or notice authorized or required by the Plan shall be deemed delivered on the date it is personally delivered, or the date that is three business days after it is sent by registered or certified mail, postage prepaid, to the Company's Director of Human Resources, at the Company's principal office at 3100 Smoketree Court, Suite 600, Raleigh, NC 27604; and shall be deemed delivered to an Eligible Employee (i) on the date it is personally delivered to him or her or

(ii) three business days after it is sent by registered or certified mail, postage prepaid, addressed to him or her at the last address shown for him or her on the records of the Company or of any Subsidiary.

(j) Applicable Law. All questions pertaining to the validity, construction and administration of the Plan and Options granted hereunder shall be determined in conformity with the laws of the state of Maryland.

Exhibit 31.1

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT**

I, Theodore J. Klinck, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Highwoods Properties, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of the Registrant's Board of Directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: July 28, 2020

/s/ Theodore J. Klinck

Theodore J. Klinck
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT

I, Mark F. Mulhern, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Highwoods Properties, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of the Registrant's Board of Directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: July 28, 2020

/s/ Mark F. Mulhern

Mark F. Mulhern
Executive Vice President and Chief Financial Officer

Exhibit 31.3

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT

I, Theodore J. Klinck, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Highwoods Realty Limited Partnership;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of the Registrant's Board of Directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: July 28, 2020

/s/ Theodore J. Klinck

Theodore J. Klinck
President and Chief Executive Officer of the General Partner

Exhibit 31.4

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT

I, Mark F. Mulhern, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Highwoods Realty Limited Partnership;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of the Registrant's Board of Directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: July 28, 2020

/s/ Mark F. Mulhern

Mark F. Mulhern
Executive Vice President and Chief Financial Officer of the General Partner

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT

In connection with the Quarterly Report of Highwoods Properties, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Theodore J. Klinck, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Theodore J. Klinck

Theodore J. Klinck
President and Chief Executive Officer

July 28, 2020

Exhibit 32.2

**CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT**

In connection with the Quarterly Report of Highwoods Properties, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Mark F. Mulhern, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mark F. Mulhern

Mark F. Mulhern
Executive Vice President and Chief Financial Officer

July 28, 2020

Exhibit 32.3

CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT

In connection with the Quarterly Report of Highwoods Realty Limited Partnership (the “Operating Partnership”) on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Theodore J. Klinck, President and Chief Executive Officer of Highwoods Properties, Inc., general partner of the Operating Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

/s/ Theodore J. Klinck

Theodore J. Klinck
President and Chief Executive Officer of the General Partner
July 28, 2020

Exhibit 32.4

CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT

In connection with the Quarterly Report of Highwoods Realty Limited Partnership (the “Operating Partnership”) on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Mark F. Mulhern, Executive Vice President and Chief Financial Officer of Highwoods Properties, Inc., general partner of the Operating Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

/s/ Mark F. Mulhern

Mark F. Mulhern
Executive Vice President and Chief Financial Officer of the General Partner
July 28, 2020