

**Management's Prepared Remarks  
Fourth Quarter 2026 Conference Call  
February 11, 2026**

**Brendan Maiorana**

**Executive Vice President, Chief Financial Officer**

If you have not received yesterday's earnings release or supplemental, they are both available on the Investors section of our website at [highwoods.com](https://www.highwoods.com). On today's call, our review will include non-GAAP measures, such as FFO, NOI and EBITDA. The release and supplemental include a reconciliation of these non-GAAP measures to the most directly comparable GAAP financial measures.

Forward-looking statements made during today's call are subject to risks and uncertainties. These risks and uncertainties are discussed at length in our press releases as well as our SEC filings. As you know, actual events and results can differ materially from these forward-looking statements and the Company does not undertake a duty to update any forward-looking statements.

**Ted Klinck**

**President, Chief Executive Officer**

Before I talk about our fourth quarter and outlook for 2026, I'd like to begin by highlighting some of the reasons why we're upbeat about the next few years for Highwoods.

First, the fundamental backdrop across our core Sun Belt BBDs is as strong as it's been in many years. There is limited-to-no new supply across our markets and dwindling blocks of available high-quality space. New users continue to migrate to the Sun Belt and, even with mixed signals about the health of the overall economy, many existing companies in our footprint continue to grow their businesses. This dynamic has created rental rate growth – not just in face rates, but growth in net effective rents – including rent spikes in our best BBDs. Given limited development starts forecasted for the foreseeable future, well-capitalized landlords with high-quality office in BBD locations in the Sun Belt are positioned to drive meaningful growth in rents.

Second, the convergence of occupancy gains, rental rate growth and stabilization of our development pipeline should enable Highwoods to deliver outsized NOI and earnings growth the next few years. We expect to drive occupancy higher by roughly 200 basis points from the end of 2025 to the end of 2026. Plus, our development properties are projected to deliver year-over-year growth in each of the next three years. For the last few quarters, we've been emphasizing approximately \$50-60 million of NOI growth potential across eight buildings – four existing operating buildings and four developments. We'll realize some of this growth in 2026, but most will benefit our NOI trajectory in 2027 and beyond.

Third and finally, we are positioned to invest at attractive risk-adjusted returns. Future investments are also likely to drive additional growth. We've invested approximately \$800 million, or nearly \$600 million at our share, over the last 12 months. These acquisitions, which were in the strongest BBDs of Charlotte, Raleigh and Dallas, have a weighted average vintage of four years, an initial leased rate of 93.5%, WALT of 9 years, rents approximately 15% below market and projected stabilized cash yields of roughly 8%. The combination of strong fundamentals for high-quality BBD office and limited buyer pools creates an excellent opportunity for us to deploy capital at attractive risk-adjusted returns.

These items, combined with our proven track record and strong balance sheet, give us confidence that we're well-positioned to grow for the foreseeable future. Our initial 2026 FFO outlook is 5.7% higher at the midpoint than our initial 2025 outlook.



Now, turning to our fourth quarter. We had solid financial performance with FFO of \$0.90 per share, including \$0.06 of land sale gains, resulting in full year 2025 FFO of \$3.48 per share. Excluding land sale gains, full year FFO was \$0.07 per share, or 2% higher than the mid-point of our original outlook provided at the beginning of 2025. We leased 526,000 square feet of second gen space during the fourth quarter, including 221,000 square feet of new leases. In addition, we signed 95,000 square feet of first gen leases on our development pipeline. Signings on second gen space were a bit lower in the fourth quarter compared to earlier in the year. We believe that was largely just timing as, already in 2026, signings have accelerated and the long-term trend continues to be positive. Leasing economics continued to be healthy in the fourth quarter. Cash rent spreads were positive with GAAP rent spreads in the mid-teens. As we've long stated, we're most focused on net effective rents, which were strong again in the fourth quarter, and helped make full year 2025 our high-water mark. For the year, net effective rents were 20% higher than in 2024 and 19% higher than 2022, our prior peak year. This performance underscores the improving fundamentals we're seeing across our markets and BBDs.

Our \$474 million development pipeline is now 78% pre-leased, up from 72% last quarter and 56% one year ago. GlenLake Three, our 218,000 square foot office and amenity retail development in Raleigh, is 84% leased with strong prospects to bring the property to the mid-90s. At Granite Park Six, our 422,000 square foot building in the Legacy BBD of Dallas, we signed 44,000 square feet since our last earnings call and are now nearly 80% leased. We signed 51,000 square feet at 23Springs, our 642,000 square foot mixed-use development in Uptown Dallas, bringing the property to nearly 75% leased, up from 67% last quarter. At 23Springs, current rents are 40% above our pro forma underwriting. Lastly, Midtown East in Tampa, our 143,000 square foot development, is 76% leased and we have strong prospects for the remaining office space. Given the strong demand we've experienced with our current developments and demand from sizable users across many of our markets, we are starting to have conversations with prospective build-to-suit and anchor customers for new projects. We've included the potential for up to \$200 million of development announcements in our 2026 outlook.

We have been active on the investment front, especially late in 2025 and early in 2026. We acquired \$472 million in 2025, including our \$223 million acquisition of 6Hundred at Legacy Union in the fourth quarter. 6Hundred is a 411,000 square foot, class AA office tower in Uptown Charlotte. This property was completed in 2025 and is currently 89% leased, up from 84% when we acquired the building in November. We have strong prospects to bring the building into the mid-90s%. Because the property was just delivered and is currently only mid-40s% occupied, NOI will be temporarily lower in 2026. We expect to reach stabilized yields of around 8% on both a cash and GAAP basis, with projected stabilization occurring on a GAAP basis in 2027 and cash in 2028.

In January, we acquired two buildings in the BBDs of Raleigh and Dallas for a total expected investment of \$318 million, of which our share was \$108 million plus \$13 million of preferred equity. First, we acquired The Terraces in Dallas for \$109 million in a JV with our longtime local partner, Granite Properties, in which we have an 80% interest. The Terraces is a 173,000 square foot best-in-class property that was built in 2017 and is located in Preston Center, a new BBD for Highwoods. We believe Preston Center is the most supply constrained BBD in Dallas, where rents have grown substantially over the past few years, giving us more than 30% mark-to-market upside on in-place leases. After signing a lease following our acquisition, we are now 100% leased at The Terraces. Second, we acquired Bloc83 in Raleigh, a 492,000 square foot mixed-use asset that includes two 10-story best-in-class office buildings with 27,000 square feet of ground floor amenity retail located in CBD Raleigh. We initially own a 10% interest in the joint venture that was formed to acquire Bloc83. The North Carolina Investment Authority, a new strategic investment partner for Highwoods, owns the remaining 90%. We have the option to increase our ownership in Bloc83 to 50%. On a combined basis, we expect the initial GAAP yield on Bloc83 and Terraces to be in the low-to-mid-8s% during 2026, while our initial cash yield will be around 7%, which is temporarily low due to free rent at Terraces that will burn off during 2026.



and result in stabilized cash yields in the mid-to-upper 7s on a combined basis prior to achieving rent roll ups at the Terraces.

We expect to fund our recent acquisition activity on a leverage-neutral basis primarily through the sale of non-core assets or properties where value has been maximized. We sold \$66 million of non-core buildings and land across various markets in the fourth quarter and an additional \$42 million of non-core properties in Richmond subsequent to year-end. Our 2026 FFO outlook assumes we close \$190-210 million of additional dispositions by mid-year. Upon stabilization of 6Hundred, we expect this leverage-neutral rotation of capital to be modestly accretive to our unaffected FFO run rate, while improving our long-term growth rate, strengthening our cash flows and increasing our portfolio quality.

To wrap up, we're excited about the outlook for Highwoods. First, given strong fundamentals across our markets, pricing power is shifting towards well capitalized landlords who own high-quality buildings. Second, the organic growth potential embedded in the Highwoods portfolio will be realized primarily through occupancy gains in our operating portfolio and stabilization of our development pipeline. Third, given our proven track record, we expect to continue to deploy capital at attractive risk adjusted returns that enhance our long-term growth outlook, increase our portfolio quality and strengthen our cash flows. These factors combined with our strong balance sheet and strong platform provide the foundation for sizable momentum over the next few years. I'm also confident in our outlook because of our engaged, hard-working and talented teammates, who have long driven our consistent success. I thank the entire Highwoods team for their commitment and tireless dedication.

### **Brian Leary**

#### **Executive Vice President, Chief Operating Officer**

Our Sunbelt markets delivered a strong finish to 2025, validating our BBD strategy and setting us up for another year of occupancy and rent growth in 2026. These cities are net winners with regard to inbound talent, corporate relocations and job growth, are all in the top 15 of the Urban Land Institute and PwC's "Top Markets to Watch" and widely finished the year posting positive net absorption. With office development pipelines at record lows, a best-in-class commute-worthy portfolio and a strong balance sheet, we're the beneficiaries of a market in full flight-to-quality mode, which is driving healthy lease economics across our BBD portfolio.

The year's body of work included 3.2 million square feet signed with strong GAAP rent spreads of 16.4%, all-time-high net effective rents, significant leasing across the development pipeline and the meaningful backfill of long-communicated vacancies. In the fourth quarter, we signed 88 deals with cash rent spreads of +1.2% and weighted average lease terms of almost 6 years. Expansions outpaced contractions 2.5-to-1 for the quarter (over 3-to-1 for the year) and we ended 2025 over 89% leased. With competitive supply decreasing, construction pipelines at record lows and with our customers' conviction on having their best and brightest in the office resolute, 2025's positive leasing environment is continuing into the new year.

Across our Sun Belt BBDs, market fundamentals continue to outperform the nation, new supply is almost non-existent and inbound corporate relocations and growth marches on. Starting in Charlotte, the Queen City has not only kept its post-pandemic momentum, it found another gear according to the Bureau of Labor Statistics, finishing 2025 having generated more nominal jobs than any other metro area except New York City, which is seven times the size of Charlotte. The city's economic development office reinforced this highlight naming 2025 "the best year for business recruitment in a decade" with 15 announcements totaling 4,000 jobs and with no sign of a slowdown in 2026. This included major corporate relocations or new regional hubs for the likes of global logistics giant Maersk, Daimler Truck, PacLife, SoFi, American Express – our new customer joining recently-acquired 6Hundred at Legacy Union and the 1,200-job Global Headquarters for Scout Motors in the Uptown-adjacent neighborhood



of Plaza-Midwood. CBRE noted leasing activity in 2025 echoed the region's job productivity, reaching its highest level in more than six years, with roughly 5.2 million square feet of deals signed with 75% of the volume related to leases that were either new or expansions. Trophy and top tier Class A space in Uptown, South Park and South End are effectively full, development under construction is largely pre-leased and there is virtually no new speculative product in the pipeline. Against this backdrop, our 2.4 million square foot Charlotte portfolio, already in the mid 90s leased, is positioned to capture further rate growth as leases roll. This is evidenced in our portfolio by the pace and healthy economics of any reletting as well as the activity Ted mentioned at 6Hundred since our acquisition.

Heading west to Y'all Street, Dallas is the number one market to watch according to ULI and PwC for the second straight year. In Big D, CBRE noted 2025 net absorption neared its post-pandemic high, Class A office posted its 5th consecutive quarter of positive absorption and with the recent acquisition of The Terraces in Preston Center, we now own 1.8 million square feet with our partners at Granite across Uptown, Legacy and Preston Center, the three BBDs we initially targeted for investment when we entered Dallas four years ago and where the market's strength is largely concentrated.

To the Volunteer State where Cushman highlighted that Nashville's 2025 net absorption was 12th nationally overall with 900,000 square feet for the year and asking rents reaching all-time highs. Avison Young noted that after absorbing a wave of new construction, the pipeline has dropped to historical lows, trophy office availability declined at a nationally-leading rate and up to two million square feet, or 13%, of downtown office stock is being converted to announced hotel and residential uses. Our portfolio concentrated in downtown, Franklin and Brentwood is benefiting from this environment, with steady leasing velocity and prospects that should allow us to both fill remaining vacancy and mark rents to market. To that end, Symphony Place in downtown, Park Place West in Franklin and our Westwood South building in Brentwood all have a strong pipeline of prospects to bring these buildings to stabilized levels.

Stepping back, 2025 confirmed that our Sunbelt, BBD focused portfolio is aligned with where tenants want to be. We are overweighted in the submarkets with the greatest absorption, tightest supply and rising Class A rents. This combination gives us line of sight to further occupancy gains and mark to market economics in 2026. This underscores our confidence in our ability to unlock the durable growth that is embedded within the Highwoods platform.

## **Brendan Maiorana**

### **Executive Vice President, Chief Financial Officer**

In the fourth quarter, we reported net income of \$28.7 million, or \$0.26 per share. FFO was \$100.8 million, or \$0.90 per share, which includes \$0.06 per share of land sale gains. During the quarter, we issued \$350 million of unsecured bonds and acquired 6Hundred at Legacy Union, which as Ted described, is a just-completed trophy office building with low initial NOI as several signed leases have not yet commenced. The impact of the bond issuance and the acquisition of 6Hundred reduced FFO by \$0.01 per share. Excluding these two items and the land sale gains, our fourth quarter results were in line with the midpoint of our upwardly revised 2025 outlook provided in October.

Since our last earnings call, we've invested over \$330 million to acquire best-in-class office and amenity retail properties across the strongest BBDs in Charlotte, Dallas and Raleigh. We plan to fund these acquisitions on a leverage-neutral basis primarily through the sale of non-core assets or other properties where value has been maximized. We closed \$66 million of dispositions in the fourth quarter and another \$42 million so far this year. Our early Q4'25 ATM issuances provided about \$20 million of leverage-neutral purchasing capacity, leaving us roughly \$200 million of additional dispositions required to complete our asset rotation on a leverage-neutral basis. We plan to complete these additional dispositions by mid-year.





Before I review the impact of the recent investment activities on our 2026 outlook, I want to first highlight our asset recycling over the past 12 months. We've invested \$580 million to acquire high-quality office buildings in the strongest BBD locations in the Sun Belt and sold \$270 million of non-core properties. Upon stabilization of 6Hundred and after we sell another \$200 million of assets, this leverage-neutral rotation will be modestly accretive to our near-term FFO, strengthen our cash flow, increase our long-term growth rate, and improve our market mix and portfolio quality. This rotation has resulted in a reduction to our portfolio age by over two years to a weighted average vintage of 2007. That's not easy on a roughly 27 million square foot portfolio.

Now to our 2026 outlook. We are introducing an initial FFO range of \$3.40 to \$3.68 per share, which equates to \$3.54 at the midpoint. Since our last call in late October, we've completed a number of investment and financing transactions that will temporarily impact 2026, but not impact 2027 and thereafter. First, the acquisition of 6Hundred at Legacy Union will have a dilutive impact on 2026 by approximately \$0.07 per share given the building is 89% leased but currently only 44% occupied as several large leases won't commence until late in the year. GAAP NOI at 6Hundred is projected to be approximately \$10 million in 2026 and more than \$18 million in 2027 upon stabilization. Second, we opportunistically accelerated a bond issuance into late 2025 that we had originally planned for late 2026 or early 2027. We made this decision given the strong backdrop in the bond market and to provide us temporary liquidity to fund the acquisitions of 6Hundred, The Terraces and Bloc83 prior to completing the leverage neutral rotation of capital I described earlier. This will leave us with excess cash on the balance sheet and no borrowings on our credit facility for much of 2026, but eliminates the need for a bond issuance later this year and will enable us to repay our \$300 million March 2027 bond maturity with cash on hand and borrowings on the credit facility. This short-term excess liquidity is expected to reduce 2026 FFO by \$0.03 per share, but should not have any impact on our previously unaffected run rate for FFO for 2027 and beyond. Third, because we have another \$200 million of dispositions to go to complete our leverage-neutral rotation of capital, our leverage is temporarily elevated, which increases our projected 2026 FFO by \$0.01 per share. Said differently, if we had completed the planned additional \$200 million of dispositions in January instead of the first half of the year, our FFO outlook would be \$0.01 lower. Adding all these items together results in \$0.09 per share of temporarily lower FFO in 2026 at the midpoint of our outlook, but doesn't have any impact on our 2027 FFO or subsequent years. Finally, we've included up to \$0.16 per share of land sale gains, or \$0.08 at the midpoint of the range. The potential land sale gains all relate to parcels that are under contract and scheduled to close later in 2026. Taken together, these items, none of which were known when we reported Q3'25 results in October, have reduced the midpoint of our otherwise unaffected 2026 FFO outlook by \$0.01 per share.

Just a couple of other items to note. First, we provided our projected year-end occupancy outlook rather than average occupancy primarily due to the outsized impact of 6Hundred at Legacy Union. At the midpoint, our year-end occupancy projection of 87.5% appears consistent with what we discussed on our last call, but is actually a little stronger, as our planned asset recycling activities are projected to reduce our year-end 2026 occupancy by 25 basis points compared to our portfolio at the end of Q3'25. Second, same property cash NOI is expected to be roughly flat in 2026, but GAAP NOI is estimated to be 150 basis points higher than cash NOI. As you know, when GAAP same property NOI is higher than the corresponding cash metric, it's typically a strong indicator for future same property cash NOI growth. Finally, we expect our debt-to-EBITDA ratio to start the year elevated but steadily decline after Q1 as planned disposition proceeds are used to reduce debt and EBITDA steadily grows as we migrate throughout the year.



Lastly, as you may have noticed, we made some routine SEC filings yesterday and this morning. Under SEC rules, S-3 shelf registration statements sunset every three years. It has been three years since our last shelf filing. As a result, last evening, we filed a new S-3 with the SEC. This was a joint shelf filing by the REIT and the Operating Partnership that registers an indeterminate number of debt securities, preferred stock and common stock for future capital markets transactions. With this new shelf in place, we also needed to refresh our long-standing ATM program, which we filed via Form 424(b) this morning. As you know, keeping an ATM program in place is one of the many arrows we like to keep in our capital-raising quiver. To be clear, the FFO per share outlook that we provided in last night's release assumes no ATM issuances during 2026.

