

**Management's Prepared Remarks
First Quarter 2026 Conference Call
April 29, 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**

We had an excellent quarter executing on our key initiatives. Leasing volume was strong across our in-service and development properties. This is clear from the 50 basis point increase in our leased rate on our in-service portfolio and 800 basis point increase in our leased rate on our developments. Both of these will deliver meaningful upside in NOI, cash flow and FFO over the next few years as occupancy ramps. During the quarter, we invested \$108 million in best-in-class, commute-worthy properties in BBD locations in Dallas and Raleigh through joint ventures, and sold \$42 million of non-core properties in Richmond. All of this activity improves our portfolio and further cements the foundation for pushing our growth rate and cash flows meaningfully higher and will result in long-term value creation for our shareholders.

Even with our strong performance in the quarter, we recognize the broader narrative that advances in AI could reshape the workforce and therefore affect long-term office demand. The range of potential outcomes is wide and varied, and at this point there are many unknowns. What we do know, however, is that customers and prospects haven't diminished their appetite for space and are making long-term commitments to their in-office strategies, and activity across our portfolio, our markets and our BBDs is strong.

Leasing was solid in the quarter. Our leasing pipeline remains robust, high-quality space across our BBDs is dwindling and there is little-to-no new supply expected during the foreseeable future. This flight-to-quality dynamic creates a strong backdrop for occupancy gains and rent growth, both of which we experienced in the first quarter. Additionally, creditworthy customers are willing to make long-term commitments as evidenced by our weighted average lease term on second generation lease volume of 7.5 years, more than 1-year longer than our recent average lease term. Further, demographic trends across our footprint are favorable with business relocations and expansions re-accelerating, driving healthy population and job growth. We firmly believe high-quality, commute-worthy properties in BBD locations owned by well-capitalized landlords are best positioned to capture increasing demand and improving economics.



Turning to the quarter, we delivered solid financial performance with FFO of \$0.84 per share and we maintained our outlook for the year. Our leasing performance was excellent. We signed 958,000 square feet of second generation leases, including over 300,000 square feet of new leases. We delivered GAAP rent growth of 19.4% and cash rent growth of 4.8%. Net effective rents were the second highest in Company history and 9% higher than the prior 5 quarter average. Expansions, which we include as renewals, outpaced contractions at a ratio of nearly 2 to 1. In addition, we signed 107,000 square feet of first generation leases across our development properties. Customers and prospects recognize that blocks of high-quality, BBD-located office space with well-capitalized owners are diminishing across our footprint, which gives us strong pricing power in the best submarkets.

We placed in service more than \$200 million of 87% leased development properties during the quarter. GlenLake Three, which comprises 203,000 square feet of office and 15,000 square feet of retail, is now 94% leased. Across the street, we delivered GlenLake Two Retail, which is 100% leased to Crooked Hammock Brewery. The addition of 24,000 square feet of food and beverage options elevates GlenLake's offerings and complements the nearly 1 million square feet of office we have here. This has supported our ability to push rents across this park in West Raleigh. We also placed in service Granite Park Six in Dallas' Legacy BBD. This 422,000 square foot best-in-class office property is 80% leased. We also made strong progress leasing up our two remaining development properties. 23 Springs, our 642,000 square foot development project in Uptown Dallas, continues to garner strong activity, with the leased rate now 83%, up from 75% last quarter, and 62% 12 months ago. We have strong prospects to bring our leased rate at 23 Springs into the 90s. In Tampa's Westshore BBD, our 143,000 square foot Midtown East development is now 95% leased, up from 76% last quarter and 39% 12 months ago. The office component at Midtown East is 100% leased. On a combined basis, the properties placed in service during the first quarter and in our remaining development pipeline are 86% leased, but only 48% occupied. As the leases commence, we will capture significant growth in NOI, cash flow and FFO. We are starting to receive interest from build-to-suit and sizable anchor prospects for potential new development. It's still early and it's hard to say whether any of these discussions will result in new projects, but the increased interest is encouraging and signifies the limited inventory companies face when searching for large blocks of high-quality space.

On the disposition front, we sold a non-core portfolio in Richmond for \$42 million. As reflected in our outlook, we expect to sell roughly \$200 million of additional non-core assets by the middle of this year and are marketing other assets for sale. We believe we will be able to redeploy capital from non-core asset and land sales on a leverage-neutral basis that will further strengthen our cash flows and result in higher growth. As we announced last week, we may also use non-core disposition proceeds to repurchase up to \$250 million of outstanding shares of our common stock on a leverage-neutral basis. We continue to evaluate acquisition opportunities and highly pre-leased developments, but repurchasing our shares is another capital deployment option we now have in our arsenal.

Before turning the call over to Brian, I want to reiterate the priorities we have highlighted over the past few years that will drive long-term value creation for our shareholders. First, we will continue to drive occupancy towards stabilized levels in our operating portfolio. Second, we will deliver and stabilize our development pipeline. Third, we will improve our portfolio quality and long-term growth rate by recycling out of non-core, capex intensive assets in non-BBD locations and invest in properties with better cash flows and higher long-term growth rates. And, fourth, we will do all of this while maintaining a strong and flexible balance sheet.

We made meaningful progress on each of these priorities during the first quarter. We believe the focus on these four areas, combined with a strong fundamental backdrop in our core BBDs due to the healthy demand and limited new supply, will drive significant growth in cash flow and long-term value over the next several years.



Brian Leary
Executive Vice President, Chief Operating Officer

Our operating results continue to reflect the advantage of owning commute-worthy, amenitized assets in the best business districts of high-growth SunBelt metros. Fundamentals across our markets continue to improve as evidenced by vacancy rates and sublease space declining. Rents are up, which combined with steady concession packages, has resulted in higher net effective rents. As far as supply goes, the best of the best, and the best of the rest, are in high demand. With office construction at historic lows or nonexistent in many markets, new office inventory is in scarce supply. With demolitions outpacing deliveries nationwide, the flight-to-quality has become, in many cases, an all-out sprint-to-quality with users proactively inquiring for early extensions to lock in location and terms. A common theme across our markets is that office rents pale in comparison to the investment customers have in their people and that exceptional environments and experiences yield superior results when their people are in the office and being better together. Customers are choosing well-located, highly-amenitized Class A buildings with well-capitalized owners and customer-centric operations and they are willing to pay for it. They are moving to metros that continue to win people and companies with the highest quality-of-life and most business-friendly outlooks. This is the Highwoods portfolio. This is the Highwoods team and these are our SunBelt markets and BBDs.

Starting with Dallas, the metroplex remains one of the country's premier destinations for corporate headquarters and expansions, which shouldn't be a surprise at this point considering it is Site Selection Magazine's #1 city for headquarter relocations and is in the state Chief Executive Magazine has deemed as the best-for-business 21 consecutive years. From 2018 through 2024, Dallas landed roughly 100 headquarter relocations, with 11 more in 2025. The region continues to attract diverse firms across financial and professional services, advanced manufacturing, logistics and life sciences seeking a central location, business-friendly environment and deep labor pool. That macro story is consistent with the office fundamentals you see in the Q1 broker data. According to Cushman & Wakefield, DFW recorded 117,000 square feet of positive net absorption in the first quarter of 2026, its fifth consecutive positive quarter, with nearly 340,000 square feet of positive absorption in Class A as Class B continues to shed space. Our Dallas portfolio is in Uptown, Legacy and Preston Center, which is the tightest submarket in the region with less than 6% vacancy and home to one of our latest acquisitions, The Terraces. These BBDs are squarely in the path of demand. The mark-to-market we're realizing via second generation leasing both at McKinney & Olive and The Terraces is significant, generating GAAP rent spreads of 27%.

Turning to Charlotte, the city is increasingly recognized as a strategic hub that's being validated by headline corporate decisions. Among the 104 metros that Cushman & Wakefield tracks, Charlotte was #1 for job growth. To that end and subsequent to our most recent earnings call in February, three global financial institutions have made major new job announcements. Already with an established home in Charlotte's South Park BBD, where we have almost 800,000 square feet, JP Morgan recently announced plans for an eventual 1,000 job regional hub with 400 of those to be hired by 2028. Two new entries to the market include Capital Group's planned new home in Uptown with 600 new employees and, after a nationwide search, Sumitomo Mitsui Banking Group, one of Japan's largest banks, selected Uptown as well for a second U.S. headquarters, creating 2,000 jobs by the end of 2032 with an average salary for these 2,000 jobs projected to be over \$165,000. This macro backdrop aligns perfectly with Q1 office fundamentals. CBRE noted approximately 410,000 square feet of positive net absorption in the first quarter and total leasing volume of roughly 1.4 million square feet, up nearly 74% year over year, with about 70% of that volume in Class A buildings. In Uptown, the denominator is shrinking as millions of square feet of office space are being taken out of inventory for conversions to residential, hotel and retail uses. Strong demand for high-quality space and limited new supply are yielding a landlord-favorable environment for driving leasing fundamentals. Our Charlotte assets are



directly benefitting from this demand, which is why we're seeing strong rent roll ups and net effective rent growth in Charlotte.

In Raleigh, the long term story of in-migration and organic growth remains intact. Recent Census estimates show the Raleigh metro as one of the ten fastest growing in the country between 2024 and 2025 and, statewide, North Carolina ranked first in domestic net migration and third in overall population gain for the same period, adding an estimated 146,000 residents. CBRE's tech report noted that the Raleigh area also produces nearly 5,000 tech graduates annually, reinforcing a sustainable pipeline of skilled workers. Office fundamentals reflect that strength in the best business districts and our team was busy for the quarter signing over 200,000 square feet of second generation space. Our two new developments at GlenLake, which offer a mix of uses and are 95% leased, and Bloc 83, our recent mixed-use joint venture acquisition which is 97% leased in Raleigh's CBD, are directly aligned with where both in-migration and corporate demand are strongest.

Finishing in Nashville, where strong population growth and a diversified economy continue to attract brand name employers, just last month, Starbucks announced a \$100 million plan to open a Southeast Corporate office in downtown Nashville for 2,000 employees, with some relocating from Seattle and the balance, new hires in Nashville. Office data for the first quarter shows that demand is focused on newer or newly amenitized Class A nodes and our 287,000 square feet of quarterly leasing with a weighted average lease term of 9.8 years and cash and GAAP spreads of 9.4% and 26.5%, respectively, bears witness to this data.

Across our footprint, we're aligning capital with the metros and submarkets that continue to win people, jobs and corporate investment. We're making sure our portfolio and people are prepared to deliver commute-worthy experiences to our customers and their teams. Our success this quarter supports this strategy and we're confident it will continue to serve us well.

Brendan Maiorana **Executive Vice President, Chief Financial Officer**

In the first quarter, we delivered net income of \$31.3 million, or \$0.29 per share, and FFO of \$94.0 million, or \$0.84 per share. The quarter included a \$17 million property sale gain from our disposition in Richmond that was included in net income but not included in FFO. During the quarter, we received a term fee at an unconsolidated joint venture for a net \$2.2 million, or \$0.02 per share, from a customer moving from McKinney & Olive to 23Springs and we sold our interest in a third party brokerage services firm resulting in a \$1.4 million gain. These two items were included in FFO and were factored into our original FFO outlook. Otherwise, there were no unusual items in the quarter.

You may have noticed some minor changes to our supplemental package we released yesterday that we believe will make it easier to derive our share of joint venture NOI. We also broke out Dallas as its own market now that we have three in-service properties in Dallas, which will increase to four upon stabilization of 23Springs. Our "Other" markets now primarily consist of our non-core Pittsburgh and Richmond portfolios.

We are pleased with our first quarter financial results, which demonstrate the resiliency of our operations and cash flows. Even more consequential was this quarter's leasing activity, on both the in-service portfolio and development pipeline, which positions us to increase occupancy and deliver NOI growth during the remainder of 2026 and beyond. Our leased rate is 89.7%, up from 89.2% one quarter ago. The spread between our leased and occupied rates of 470 basis points is three times our normal historical spread, a strong indicator for future occupancy gains. We reiterated our year-end occupancy outlook of 86.5% to 88.5%, which implies a 250 basis point increase at the mid-point over the remaining three quarters of the year.



Our balance sheet remains in good shape. We had over \$650 million of available liquidity at the end of the quarter and, subsequent to quarter-end, we closed a \$100 million secured mortgage at Granite Park Six, resulting in over \$50 million of capital to Highwoods. We expect to close one or more additional financings at joint ventures during the remainder of the year, which will repatriate capital back to Highwoods and improve our liquidity and unencumbered Debt/EBITDA ratio. Based on our current expectations of NOI growth and assuming \$200 million of non-core asset sales, we expect to end the year with Debt/EBITDA in the low-to-mid 6s with additional reductions likely in future periods as NOI grows.

We have only \$40 million of remaining capital needed to complete our share of the development properties. These properties, combined with the developments placed in service this quarter, will deliver over \$20 million of annual NOI growth compared to the Q1'26 run rate.

As Ted mentioned, we have maintained our 2026 FFO outlook of \$3.40 to \$3.68 per share. It's still early in the year and while we're off to a strong start with our leasing activity, most of these leases will have a financial benefit to 2027 and thereafter. Before we turn the call over for questions, there are a couple of items to note. First, I mentioned the term fee and gain on sale we recorded in the first quarter. We do expect some additional term fees in the remainder of the year, as is typical, but these are expected to be lower in subsequent quarters. We also expect some additional "Other Income" items in the second half of the year. In total, these items are expected to be around \$0.06 to \$0.07 for full year 2026, which is approximately \$0.05 lower than 2025. Second, capitalized interest is expected to be lower for the foreseeable future as we will no longer capitalize interest expense at 23Springs or Midtown East. There is significant embedded NOI growth at these properties due to leases that are signed but won't be fully online before the middle of 2027. Third, as is typical, G&A was higher in Q1 due to the expensing of annual equity grants. G&A is expected to be lower for the remaining quarters of the year. Given these factors and our expectation of steadily increasing occupancy during the final three quarters of 2026, we expect FFO to increase in the second half of the year.

