

**FOR IMMEDIATE RELEASE**

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## **Highwoods Reports Fourth Quarter and Full Year 2022 Results**

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**\$0.26 Net Income per Share for Fourth Quarter 2022**

**\$0.96 FFO per Share for Fourth Quarter 2022**

*Signed 924,000 SF of 2<sup>nd</sup> Gen Leases, Including 337,000 SF of New Leases  
Delivered Year-End Occupancy of 91.1%*

**Acquired McKinney & Olive in Uptown Dallas in 50/50 Joint Venture**  
*\$197M Total Investment (at HIW Share)*

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**Provides 2023 FFO Outlook of \$3.66 to \$3.82 per Share**

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**RALEIGH, NC – February 7, 2023 – Highwoods Properties, Inc. (NYSE:HIW)** today reported its fourth quarter and full year 2022 financial and operating results.

Ted Klinck, President and Chief Executive Officer, stated, “We delivered strong financial and operating results in the fourth quarter. For the full year 2022, FFO of \$4.03 per share and core FFO of \$3.90 per share were both the highest in our history and consistent with the steady growth we’ve delivered since the onset of the pandemic. Leasing activity remained robust, with new leasing volume of 1.5 million square feet, our highest in any year since 2014. Importantly, strong leasing volume was combined with strong economics, as net effective rents on 2022 lease deals were our highest ever. This solid momentum continued into the fourth quarter, with the signing of 924,000 square feet of second gen leases, including 337,000 square feet of new leases.

As we move into the new year, higher interest rates and upward pressure on operating expenses are obviously headwinds to our 2023 FFO outlook. While reduced capital availability places a greater emphasis on balance sheet management, we have ample liquidity to fund our \$500 million development pipeline that provides opportunity for additional growth in future years. Over the long-run, we believe we are well-positioned given our focus on select BBDs in high-growth markets, our ever-improving high-quality portfolio, our strong balance sheet, cash flows that continue to strengthen, and our long-stated emphasis on diversification that is not dependent on any single market, any single customer or any single industry.”



**Fourth Quarter 2022 Highlights***Operations:*

- Reported net income of \$0.26 per share
- Earned FFO of \$0.96 per share
- Increased average in-place cash rents 3.0% per square foot year-over-year
- Ended the quarter with in-service occupancy of 91.0% in our consolidated portfolio
  - 91.1% including our share of joint venture properties

*Second Generation Leasing Activity:*

- Leased 924,000 square feet, including 337,000 square feet of new leases, in our wholly owned portfolio
- Achieved dollar-weighted average term of 5.6 years
- Delivered GAAP rent growth of +9.0% and cash rent growth of -1.9%
- Garnered net effective rents 8.8% higher than the prior five-quarter average
- Signed 312,000 square foot long-term renewal (100% of prior space) for anchor customer in 50/50 joint venture property in Richmond
  - Not included in wholly owned second generation leasing activity of 924,000 square feet

*Investment Activity:*

- Acquired McKinney & Olive in Uptown Dallas (50% joint venture interest)
  - 557,000 square foot trophy mixed-use property that is 99% leased
  - \$395 million total investment (\$197 million at HIW share)

*Development Activity:*

- Placed in service 97.4% leased Midtown West in Tampa (80% joint venture interest)
  - 152,000 square foot office property in the mixed-use Midtown Tampa development
  - \$71 million total investment (\$57 million at HIW share)
- Announced Midtown East in Tampa (50% joint venture interest)
  - 143,000 square foot office property in Midtown Tampa
  - \$83 million total investment (\$42 million at HIW share)
- Current total development pipeline is \$518 million (at HIW share) encompassing 1.6 million square feet that is 20.9% pre-leased on a dollar-weighted basis

*Financing Activity:*

- Ended the quarter with a net debt-to-Adjusted EBITDA ratio of 5.9x
- Obtained a \$200 million unsecured bank term loan that is scheduled to mature in October 2025, including a one-year extension option
- Prepaid without penalty \$250 million of unsecured notes that were scheduled to mature in January 2023, the Company's last remaining consolidated debt maturity until the fourth quarter of 2025



### Fourth Quarter 2022 Financial Results

Net income available for common stockholders ("net income") was \$27.6 million, or \$0.26 per diluted share, for the fourth quarter of 2022 and \$156.6 million, or \$1.49 per diluted share, for 2022. Net income was \$124.9 million, or \$1.19 per diluted share, for the fourth quarter of 2021 and \$310.8 million, or \$2.98 per diluted share, for 2021.

Funds from operations available for common stockholders ("FFO") was \$103.1 million, or \$0.96 per diluted share, for the fourth quarter of 2022 and \$433.3 million, or \$4.03 per diluted share, for 2022. FFO was \$113.5 million, or \$1.06 per diluted share, for the fourth quarter of 2021 and \$413.3 million, or \$3.86 per diluted share, for 2021.

Except as noted below, the following items were included in the determination of net income and FFO for the three and twelve months ended December 31, 2022 and 2021:

	Three Months Ended 12/31/2022		Three Months Ended 12/31/2021	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 233	\$ 0.002	\$ 402	\$ 0.004
Straight-Line Rental Income (1) (2)	9,147	0.085	7,871	0.073
Capitalized Interest	1,522	0.014	990	0.009
Losses on Debt Extinguishment	-	-	(152)	(0.001)
Land Sale Gains (4)	-	-	9,731	0.091
Gains on Disposition of Depreciable Properties (3)	-	-	83,957	0.782

  

	Twelve Months Ended 12/31/2022		Twelve Months Ended 12/31/2021	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 3,433	\$ 0.032	\$ 738	\$ 0.007
Straight-Line Rental Income (1) (2)	28,668	0.267	20,358	0.190
Capitalized Interest	3,960	0.037	9,610	0.090
Losses on Debt Extinguishment	-	-	(286)	(0.003)
Land Sale Gains (4)	15,739	0.146	10,363	0.097
Gains on Disposition of Depreciable Properties (3)	47,807	0.444	163,065	1.523
Impairments of Depreciable Properties (3)	(35,000)	(0.325)	-	-
Land Impairments	(1,515)	(0.014)	-	-

- (1) Credit losses on straight-line rent receivables related to lease terminations are reflected as a reduction of lease termination income.
- (2) Includes \$0.1 million of temporary rent deferrals granted by the Company, net of repayments, during the year ended December 31, 2022, and \$3.0 million of repayments of temporary rent deferrals, net of additional temporary rent deferrals granted by the Company, during the year ended December 31, 2021.
- (3) Not included in the determination of FFO.
- (4) Net of \$0.6 million non-controlling interest on land sold in 2021 by a 50% owned consolidated joint venture.



## 2023 Outlook

For 2023, the Company expects FFO per share to be in the range of \$3.66 to \$3.82. This outlook reflects management's view of current and future market conditions, including assumptions such as rental rates, occupancy levels, operating and general and administrative expenses, weighted average diluted shares outstanding and interest rates. The Company's 2023 FFO outlook does not include any effects related to potential dispositions and acquisitions that occur after the date of this release. Factors that could cause actual results to differ materially from Highwoods current expectations are discussed below and are also detailed in the Company's 2022 Annual Report on Form 10-K and subsequent SEC reports.

Management's outlook for 2023 assumes net operating expenses will be \$7 to \$10 million higher than 2022 on a same property basis. Average occupancy in the same property pool is projected to be lower in 2023 compared to 2022 principally due to a 263,000 square foot customer that will vacate in the first quarter that has been substantially backfilled. The backfill customer's lease is not scheduled to commence until early 2024.

The outlook includes the following additional assumptions:

	Low	High
<b>Effects Assumed in FFO Outlook:</b>		
Growth in Same Property Cash NOI (1)	-1.0%	+1.0%
Straight-Line Rental Income	\$25.0M	\$28.0M
G&A Expenses	\$39.0M	\$41.0M
Year-End Occupancy	89.0%	91.0%
Weighted Average Diluted Shares and Units Outstanding (2)	107.8M	107.8M
<b>Effects Not Assumed in FFO Outlook:</b>		
Potential Dispositions	Up to \$400M	
Potential Acquisitions	None likely	
Potential Development Announcements	Up to \$100M	

(1) Excludes termination fees and temporary rent deferrals.

(2) There were 107.6 million diluted shares and units outstanding at December 31, 2022.

## Supplemental Information

The Company's fourth quarter 2022 Supplemental Information, which includes financial, leasing and operational statistics, is available in the "Investors/Financials" section of the Company's website at [www.highwoods.com](http://www.highwoods.com). You may also obtain the Supplemental Information by contacting Highwoods Investor Relations at 800-256-2963 or by e-mail to [HIW-IR@highwoods.com](mailto:HIW-IR@highwoods.com).

## Conference Call

Tomorrow, Wednesday, February 8<sup>th</sup>, at 11:00 a.m. Eastern time, Highwoods will host a teleconference call to discuss the matters highlighted in this release. For US/Canada callers, dial (800) 756-3565. A live, listen-only webcast and a subsequent replay can be accessed through the Company's website at [www.highwoods.com](http://www.highwoods.com) under the "Investors" section.



### Planned Dates for Financial Releases and Conference Calls in 2023

The Company has set the following dates for the release of its 2023 financial results. Quarterly financial releases will be distributed after the market closes and conference calls will be held at 11:00 a.m. Eastern time.

Quarter	Tuesday Release	Wednesday Call
First	April 25	April 26
Second	July 25	July 26
Third	October 24	October 25

### Non-GAAP Information

FFO: We believe that FFO and FFO per share are beneficial to management and investors and are important indicators of the performance of any equity REIT. Because FFO and FFO per share calculations exclude such factors as depreciation, amortization and impairments of real estate assets and gains or losses from sales of operating real estate assets, which can vary among owners of identical assets in similar conditions based on historical cost accounting and useful life estimates, they facilitate comparisons of operating performance between periods and between other REITs. Management believes that historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, management believes that the use of FFO and FFO per share, together with the required GAAP presentations, provide a more complete understanding of our performance relative to our competitors and a more informed and appropriate basis on which to make decisions involving operating, financing and investing activities.

FFO and FFO per share are non-GAAP financial measures and therefore do not represent net income or net income per share as defined by GAAP. Net income and net income per share as defined by GAAP are the most relevant measures in determining our operating performance because FFO and FFO per share include adjustments that investors may deem subjective, such as adding back expenses such as depreciation, amortization and impairment. Furthermore, FFO per share does not depict the amount that accrues directly to the stockholders' benefit. Accordingly, FFO and FFO per share should never be considered as alternatives to net income or net income per share as indicators of our operating performance.

Our presentation of FFO is consistent with FFO as defined by NAREIT, which is calculated as follows:

- Net income/(loss) computed in accordance with GAAP;
- Less net income attributable to noncontrolling interests in consolidated affiliates;
- Plus depreciation and amortization of depreciable operating properties;
- Less gains, or plus losses, from sales of depreciable operating properties, 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 its operating partnership, which we believe is consistent with standard industry practice for REITs that operate through an UPREIT structure. We believe that it is important to present FFO on an as-converted



basis since all of the operating partnership units not owned by the Company are redeemable on a one-for-one basis for shares of the Company's common stock. In calculating FFO available for common stockholders and FFO per diluted share, the Company further deducts dividends on preferred stock. The Company's FFO calculations are reconciled to net income in a table included with this release.

**Net operating income ("NOI"):** We define NOI as "Rental and other revenues" less "Rental property and other expenses". We define cash NOI as NOI less lease termination fees, straight-line rental income, amortization of lease incentives and amortization of acquired above and below market leases. Management believes that NOI and cash NOI are useful supplemental measures of the Company's property operating performance because they provide performance measures of the revenues and expenses directly involved in owning real estate assets and a perspective not immediately apparent from net income or FFO. Other REITs may use different methodologies to calculate NOI and accordingly the Company's NOI may not be comparable to other REITs. The Company's NOI calculations are reconciled to net income in a table included with this release.

**Same property NOI:** We define same property NOI as NOI for in-service properties that were wholly-owned during the entirety of the periods presented (from January 1, 2021 to December 31, 2022). The Company's same property NOI calculations are reconciled to NOI in a table included with this release.

**Earnings before interest, taxes, depreciation and amortization for real estate ("EBITDAre"):** Our presentation of EBITDAre is consistent with EBITDAre as defined by NAREIT, which is calculated as follows:

- Net income/(loss) computed in accordance with GAAP;
- Plus interest expense;
- Plus income tax expense;
- Plus depreciation and amortization;
- Less gains, or plus losses, from sales of depreciable operating properties, plus impairments on depreciable operating properties; and
- Plus or minus our share of the same adjustments for unconsolidated joint venture investments.

Management believes EBITDAre is an appropriate supplemental measure to use in ratios that evaluate the Company's liquidity and financial condition and ability to service its long-term debt obligations. Other REITs may use different methodologies to calculate EBITDAre and accordingly the Company's EBITDAre may not be comparable to other REITs. The Company's EBITDAre calculations are reconciled to net income in a table included with this release.

**Adjusted earnings before interest, taxes, depreciation and amortization for real estate ("Adjusted EBITDAre")** is calculated as follows:

- EBITDAre as defined by NAREIT;
- Less gains, or plus losses, on debt extinguishment;
- Less gains, or plus losses, from sales of non-depreciable properties, plus impairments on non-depreciable properties;
- Plus or minus proforma NOI adjustments assuming any acquisitions, dispositions and developments placed in service within the current period had occurred as of the first day of such period; and
- Plus or minus our share of the same adjustments for unconsolidated joint venture investments.

Management believes Adjusted EBITDAre is an appropriate supplemental measure to use in ratios that evaluate the Company's liquidity and financial condition and ability to service its long-term debt





obligations. Other REITs may use different methodologies to calculate Adjusted EBITDA and accordingly the Company's Adjusted EBITDA may not be comparable to other REITs. The Company's Adjusted EBITDA calculations are reconciled to net income in a table included with this release.

### **About Highwoods**

Highwoods Properties, Inc., headquartered in Raleigh, is a publicly-traded (NYSE:HIW) real estate investment trust ("REIT") and a member of the S&P MidCap 400 Index. The Company is a fully-integrated office REIT that owns, develops, acquires, leases and manages properties primarily in the best business districts (BBDs) of Atlanta, Charlotte, Dallas, Nashville, Orlando, Raleigh, Richmond and Tampa. For more information about Highwoods, please visit our website at [www.highwoods.com](http://www.highwoods.com).

### **Forward-Looking Statements**

Some of the information in this press release may contain forward-looking statements. Such statements include, in particular, statements about our plans, strategies and prospects such as the following: the expected financial and operational results and the related assumptions underlying our expected results; the planned sales of non-core assets and expected pricing and impact with respect to such sales, including the tax impact of such sales; the anticipated total investment, projected leasing activity, estimated replacement cost and expected net operating income of acquired properties and properties to be developed; and expected future leverage of the Company. 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.

Factors that could cause our actual results to differ materially from Highwoods' current expectations include, among others, the following: the financial condition of our customers could deteriorate; our assumptions regarding potential losses related to customer financial difficulties 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; natural disasters and climate change could have an adverse impact on our cash flow and 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 "Risk Factors" set forth in our 2022 Annual Report on Form 10-K. 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.

**Tables Follow**



**Highwoods Properties, Inc.**  
**Consolidated Statements of Income**  
(Unaudited and in thousands, except per share amounts)

	<b>Three Months Ended December 31,</b>		<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Rental and other revenues</b>	\$ 211,713	\$ 203,205	\$ 828,929	\$ 768,007
<b>Operating expenses:</b>				
Rental property and other expenses	69,681	63,454	259,806	236,436
Depreciation and amortization	75,144	69,832	287,610	259,255
Impairments of real estate assets	-	-	36,515	-
General and administrative	9,533	10,144	42,266	40,553
Total operating expenses	<u>154,358</u>	<u>143,430</u>	<u>626,197</u>	<u>536,244</u>
<b>Interest expense</b>	29,573	25,098	105,385	85,853
<b>Other income</b>	909	326	1,530	1,394
<b>Gains on disposition of property</b>	-	93,688	63,546	174,059
<b>Equity in earnings of unconsolidated affiliates</b>	<u>452</u>	<u>333</u>	<u>1,535</u>	<u>1,947</u>
<b>Net income</b>	29,143	129,024	163,958	323,310
Net (income) attributable to noncontrolling interests in the Operating Partnership	(621)	(3,237)	(3,670)	(8,321)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(350)	(243)	(1,230)	(1,712)
Dividends on Preferred Stock	(622)	(622)	(2,486)	(2,486)
<b>Net income available for common stockholders</b>	<u>\$ 27,550</u>	<u>\$ 124,922</u>	<u>\$ 156,572</u>	<u>\$ 310,791</u>
<b>Earnings per Common Share - basic:</b>				
Net income available for common stockholders	<u>\$ 0.26</u>	<u>\$ 1.19</u>	<u>\$ 1.49</u>	<u>\$ 2.98</u>
Weighted average Common Shares outstanding - basic	<u>105,198</u>	<u>104,575</u>	<u>105,120</u>	<u>104,232</u>
<b>Earnings per Common Share - diluted:</b>				
Net income available for common stockholders	<u>\$ 0.26</u>	<u>\$ 1.19</u>	<u>\$ 1.49</u>	<u>\$ 2.98</u>
Weighted average Common Shares outstanding - diluted	<u>107,561</u>	<u>107,328</u>	<u>107,567</u>	<u>107,061</u>



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

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Assets:</b>		
Real estate assets, at cost:		
Land	\$ 548,720	\$ 549,228
Buildings and tenant improvements	5,909,754	5,718,169
Development in-process	46,735	6,890
Land held for development	231,218	215,257
	6,736,427	6,489,544
Less-accumulated depreciation	(1,609,502)	(1,457,511)
Net real estate assets	5,126,925	5,032,033
Real estate and other assets, net, held for sale	-	3,518
Cash and cash equivalents	21,357	23,152
Restricted cash	4,748	8,046
Accounts receivable	25,481	14,002
Mortgages and notes receivable	1,051	1,227
Accrued straight-line rents receivable	293,674	268,324
Investments in and advances to unconsolidated affiliates	269,221	7,383
Deferred leasing costs, net of accumulated amortization of \$163,751 and \$143,111, respectively	252,828	258,902
Prepaid expenses and other assets, net of accumulated depreciation of \$21,660 and \$21,408, respectively	68,091	78,551
Total Assets	<u>\$ 6,063,376</u>	<u>\$ 5,695,138</u>
<b>Liabilities, Noncontrolling Interests in the Operating Partnership and Equity:</b>		
Mortgages and notes payable, net	\$ 3,197,215	\$ 2,788,915
Accounts payable, accrued expenses and other liabilities	301,184	294,976
Total Liabilities	3,498,399	3,083,891
Commitments and contingencies		
Noncontrolling interests in the Operating Partnership	65,977	111,689
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), 28,821 shares issued and outstanding	28,821	28,821
Common Stock, \$.01 par value, 200,000,000 authorized shares; 105,210,858 and 104,892,780 shares issued and outstanding, respectively	1,052	1,049
Additional paid-in capital	3,081,330	3,027,861
Distributions in excess of net income available for common stockholders	(633,227)	(579,616)
Accumulated other comprehensive loss	(1,211)	(973)
Total Stockholders' Equity	2,476,765	2,477,142
Noncontrolling interests in consolidated affiliates	22,235	22,416
Total Equity	2,499,000	2,499,558
Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity	<u>\$ 6,063,376</u>	<u>\$ 5,695,138</u>

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

	<b>Three Months Ended December 31,</b>		<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Funds from operations:</b>				
Net income	\$ 29,143	\$ 129,024	\$ 163,958	\$ 323,310
Net (income) attributable to noncontrolling interests in consolidated affiliates	(350)	(243)	(1,230)	(1,712)
Depreciation and amortization of real estate assets	74,361	69,144	284,723	256,488
Impairments of depreciable properties	-	-	35,000	-
(Gains) on disposition of depreciable properties	-	(83,957)	(47,807)	(163,065)
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	612	194	1,160	778
<b>Funds from operations</b>	<b>103,766</b>	<b>114,162</b>	<b>435,804</b>	<b>415,799</b>
Dividends on Preferred Stock	(622)	(622)	(2,486)	(2,486)
<b>Funds from operations available for common stockholders</b>	<b>\$ 103,144</b>	<b>\$ 113,540</b>	<b>\$ 433,318</b>	<b>\$ 413,313</b>
<b>Funds from operations available for common stockholders per share</b>	<b>\$ 0.96</b>	<b>\$ 1.06</b>	<b>\$ 4.03</b>	<b>\$ 3.86</b>
<b>Weighted average shares outstanding <sup>(1)</sup></b>	<b>107,561</b>	<b>107,328</b>	<b>107,567</b>	<b>107,061</b>

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

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

	<b>Three Months Ended December 31,</b>		<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Net income</b>	\$ 29,143	\$ 129,024	\$ 163,958	\$ 323,310
Equity in earnings of unconsolidated affiliates	(452)	(333)	(1,535)	(1,947)
Gains on disposition of property	-	(93,688)	(63,546)	(174,059)
Other income	(909)	(326)	(1,530)	(1,394)
Interest expense	29,573	25,098	105,385	85,853
General and administrative expenses	9,533	10,144	42,266	40,553
Impairments of real estate assets	-	-	36,515	-
Depreciation and amortization	75,144	69,832	287,610	259,255
<b>Net operating income</b>	<u>142,032</u>	<u>139,751</u>	<u>569,123</u>	<u>531,571</u>
Non same property and other net operating income	<u>(23,776)</u>	<u>(21,862)</u>	<u>(90,675)</u>	<u>(57,155)</u>
<b>Same property net operating income</b>	<u>\$ 118,256</u>	<u>\$ 117,889</u>	<u>\$ 478,448</u>	<u>\$ 474,416</u>
Same property net operating income	\$ 118,256	\$ 117,889	\$ 478,448	\$ 474,416
Lease termination fees, straight-line rent and other non-cash adjustments (1)	<u>(4,207)</u>	<u>(3,560)</u>	<u>(16,159)</u>	<u>(13,851)</u>
<b>Same property cash net operating income</b>	<u>\$ 114,049</u>	<u>\$ 114,329</u>	<u>\$ 462,289</u>	<u>\$ 460,565</u>

(1) Includes \$0.1 and \$3.0 million of repayments of temporary rent deferrals, net of additional temporary rent deferrals granted by the Company, during the years ended December 31, 2022 and December 31, 2021, respectively.

**Highwoods Properties, Inc.**  
**Net Debt-to-Adjusted EBITDAre**  
*(Unaudited and in thousands, except ratios)*

	<b>Three Months Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Net debt-to-Adjusted EBITDAre:</b>		
Net income	\$ 29,143	\$ 129,024
Interest expense	29,573	25,098
Depreciation and amortization	75,144	69,832
(Gains) on disposition of depreciable properties	-	(83,957)
Adjustments to reflect our share of EBITDAre from unconsolidated affiliates	1,055	467
<b>EBITDAre</b>	<b>\$ 134,915</b>	<b>\$ 140,464</b>
Losses on debt extinguishment	-	152
(Gains) on disposition of non-depreciable properties	-	(9,731)
Proforma NOI adjustments for property changes within period	-	(1,553)
Adjustments to reflect our share of Adjusted EBITDAre from unconsolidated affiliates	2,529	-
<b>Adjusted EBITDAre <sup>(1)</sup></b>	<b>\$ 137,444</b>	<b>\$ 129,332</b>
<b>Adjusted EBITDAre (annualized) <sup>(1) (2)</sup></b>	<b>\$ 548,345</b>	<b>\$ 517,328</b>
Mortgages and notes payable <sup>(3)</sup>	\$ 3,294,796	\$ 2,813,320
Less - cash and cash equivalents, preferred investments and other <sup>(3)</sup>	(67,345)	(26,920)
<b>Net debt <sup>(4)</sup></b>	<b>\$ 3,227,451</b>	<b>\$ 2,786,400</b>
Preferred Stock	28,821	28,821
<b>Net debt plus Preferred Stock</b>	<b>\$ 3,256,272</b>	<b>\$ 2,815,221</b>
<b>Net debt-to-Adjusted EBITDAre <sup>(5)</sup></b>	<b>5.89x</b>	<b>5.39x</b>
<b>Net debt plus Preferred Stock-to-Adjusted EBITDAre <sup>(6)</sup></b>	<b>5.94x</b>	<b>5.44x</b>

(1) Adjusted EBITDAre is calculated as EBITDAre adjusted for gains or losses on debt extinguishment and land sales, land impairments, proforma NOI adjustments for property changes within period and our share of the same adjustments for unconsolidated affiliates. "Proforma NOI adjustments for property changes within period" means proforma NOI adjustments assuming any acquisitions, dispositions and developments placed in service within the current period had occurred as of the first day of such period.

(2) Adjusted EBITDAre (annualized) is Adjusted EBITDAre multiplied by four. Certain period specific items are not annualized.

(3) Includes our share of unconsolidated affiliates.

(4) Net debt is calculated as mortgages and notes payable at quarter-end less cash and cash equivalents, preferred investments and 1031 restricted cash at quarter-end.

(5) Net debt at quarter-end divided by Adjusted EBITDAre (annualized).

(6) Net debt plus Preferred Stock at quarter-end divided by Adjusted EBITDAre (annualized).