

**FOR IMMEDIATE RELEASE**

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## **Highwoods Reports Fourth Quarter and Full Year 2021 Results**

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**\$1.19 Net Income per Share for Fourth Quarter 2021**

**\$1.06 FFO per Share for Fourth Quarter 2021**

*Includes \$0.09 of Land Sale Gains*

*Signed 884,000 SF of 2<sup>nd</sup> Gen Leases, Including 284,000 SF of New Leases*

*Delivered Year-End Occupancy of 91.2%*

*Grew Same Property Cash NOI by 3.2%*

*Ended Quarter with Debt-to-EBITDA Ratio of 5.4x*

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**\$2.98 Net Income per Share for Full Year 2021**

**\$3.86 FFO per Share for Full Year 2021**

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**Provides 2022 FFO Outlook of \$3.76 to \$3.92 per Share**

*Includes \$0.04 to \$0.08 Dilutive Impact from Planned Dispositions*

*Includes \$0.08 to \$0.12 of Lower FFO due to Higher*

*Anticipated Year-over-Year Net Operating Expenses*

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**RALEIGH, NC – February 8, 2022 – Highwoods Properties, Inc. (NYSE:HIW)** today reported its fourth quarter 2021 financial and operating results.

Ted Klinck, President and Chief Executive Officer, stated, “We delivered strong financial and operating results in the fourth quarter and for the full year. Fourth quarter FFO was the highest in our history, and we were above the high-end of our upwardly revised full year outlook even when excluding land sale gains. Further, leasing activity continued to improve, with 884,000 square feet of second gen leases signed in the quarter, including 284,000 square feet of new leases, which helped push occupancy to 91.2% at the end of the year.

At the beginning of the pandemic, we quickly adapted to the changing environment by lowering expenses, ensuring rent collections, shoring up lease renewals, selling non-core properties and increasing our liquidity. In 2021, we significantly improved the quality of our portfolio and our long-term outlook by acquiring over \$800 million of high quality office buildings in the BBDs of Raleigh and



*Charlotte, selling over \$380 million of non-core assets and delivering \$356 million of highly leased development, all while maintaining a fortress balance sheet.*

*As we turn to 2022, we are well-positioned for continued growth. First, our 2021 development deliveries will drive higher NOI and further strengthen our cash flows. Second, we have begun to replenish our development pipeline, having announced two projects in the past three months, and we have the potential for additional development with our well-located land bank that can support \$2.3 billion of future office. Third, our leasing volumes have improved meaningfully since the onset of the pandemic, which should result in higher occupancy going forward and provide organic growth potential from our in-service portfolio. Finally, our balance sheet is in excellent shape and we have ample liquidity to capitalize on additional investment opportunities.”*

#### **Fourth Quarter 2021 Highlights**

##### *Operations:*

- Reported net income of \$1.19 per share
- Earned FFO of \$1.06 per share
- Earned FFO of \$0.97 per share excluding land sale gains
- Increased average in-place office cash rents 5.0% per square foot year-over-year
- Grew year-over-year same property cash NOI 3.2% excluding the net impact of temporary rent deferral repayments and 1.6% including the net impact of temporary rent deferral repayments
- Ended the quarter with in-service occupancy of 91.2%

##### *Second Generation Office Leasing Activity:*

- Leased 884,000 square feet, including 284,000 square feet of new leases and 47,000 square feet of net expansion activity
- Achieved a dollar weighted average term of 4.3 years
- Delivered GAAP rent growth of 11.6% and cash rent growth of 3.2%
- Garnered net effective rents of \$16.04 per square foot, 3.5% higher than the prior five quarter average

##### *Development Activity:*

- Leased 158,000 square feet of first generation office
- Announced GlenLake III in Raleigh, a \$95 million multi-customer development that will encompass 218,000 square feet, including 205,000 square feet of office space and 13,000 square feet of retail and restaurant space
- Announced a 50/50 joint venture with Brand Properties to construct 2827 Peachtree, a \$79 million, 135,000 square foot, multi-customer office building in Buckhead, one of Atlanta's BBDs
- \$283 million, 615,000 square foot pipeline is 51% pre-leased

##### *Investment Activity:*

- Acquired the remaining 34.5 acres of development land at Ovation in the Cool Springs district of Franklin, TN, one of Nashville's BBDs, for \$35.0 million
- Sold \$191.2 million of non-core assets encompassing 1,003,000 square feet with combined occupancy of 77.5%
  - Recorded \$0.78 per share of gains on depreciable properties (not included in FFO)
  - Recorded \$0.09 per share of land sale gains (included in FFO)

##### *Financing Activity:*

- Ended the quarter with a net debt-to-Adjusted EBITDA ratio of 5.4x
- Maintained ample liquidity with \$680 million available on the Company's \$750 million revolving credit facility
- Issued 156,900 shares of common stock through the Company's ATM program at an average gross sales price of \$46.75 per share, raising net proceeds of \$7.2 million



### Fourth Quarter 2021 Financial Results

Net income available for common stockholders ("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. Net income was \$82.1 million, or \$0.79 per diluted share, for the fourth quarter of 2020 and \$344.9 million, or \$3.32 per diluted share, for 2020.

Funds from operations available for common stockholders ("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. FFO was \$92.5 million, or \$0.87 per diluted share, for the fourth quarter of 2020 and \$382.1 million, or \$3.58 per diluted share, for 2020.

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, 2021 and 2020:

	Three Months Ended 12/31/2021		Three Months Ended 12/31/2020	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 402	\$ 0.004	\$ 102	\$ 0.001
Straight-Line Rental Income (1)	7,871	0.073	3,508	0.033
Capitalized Interest	990	0.009	2,539	0.024
Losses on Debt Extinguishment	(152)	(0.001)	(3)	-
Land Sale Gains	9,731	0.091	-	-
Gains on Disposition of Depreciable Properties (3)	83,957	0.782	52,500	0.492
Impairments of Depreciable Properties (3)	-	-	-	-
	Twelve Months Ended 12/31/2021		Twelve Months Ended 12/31/2020	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 738	\$ 0.007	\$ 514	\$ 0.005
Straight-Line Rental Income (1) (2)	20,358	0.190	37,088	0.348
Capitalized Interest	9,610	0.090	8,272	0.078
Losses on Debt Extinguishment	(286)	(0.003)	(3,674)	(0.034)
Land Sale Gains (4)	10,363	0.097	724	0.007
Gains on Disposition of Depreciable Properties (3)	163,065	1.523	215,173	2.016
Impairments of Depreciable Properties (3)	-	-	(1,778)	(0.017)

- (1) Credit losses on straight-line rent receivables related to lease terminations are reflected as a reduction of lease termination income.
- (2) Includes \$3.0 million of repayments of temporary rent deferrals, net of additional temporary rent deferrals, granted during year ended December 31, 2021, and \$3.7 million of temporary rent deferrals, net of repayments, granted during the year ended December 31, 2020.
- (3) Not included in the determination of FFO.
- (4) Net of \$0.6M non-controlling interest on land sold in 2021 by our 50% owned consolidated joint venture in Richmond.

### 2022 Outlook

For 2022, the Company expects FFO per share to be in the range of \$3.76 to \$3.92. This outlook reflects management's view of current and future market conditions, including assumptions such as asset usage due to the pandemic, rental rates, occupancy levels, operating and general and administrative expenses, weighted average diluted shares outstanding and interest rates. The Company's 2022 FFO outlook includes anticipated impacts related to the planned sale of \$150 to \$200 million of existing non-core assets projected to close by mid-year 2022 but does not include any effects related to any other 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 2021 Annual Report on Form 10-K and subsequent SEC reports.

While all buildings and parking facilities have remained open for business, the usage of the Company's assets has continued to remain significantly lower than pre-pandemic levels. The Company assumes usage will gradually increase throughout 2022. As a result, the Company's 2022 outlook assumes:

- Parking and parking-related revenues will be \$0 to \$2 million higher than 2021 on a same property basis.
- Net operating expenses will be \$8 to \$12 million higher than 2021 on a same property basis.

Management's outlook for 2022 includes the following additional assumptions:

	Low	High
<b>Effects Assumed in FFO Outlook:</b>		
Growth in Same Property Cash NOI (1)	0.0%	2.0%
Straight-Line Rental Income	\$25.0M	\$28.0M
G&A Expenses	\$40.0M	\$42.0M
Year-End Occupancy	90.5%	92.5%
Weighted Average Diluted Shares and Units Outstanding (2)	107.4M	108.4M
Planned Dispositions	\$150M	\$200M
Anticipated Per Share Impact of Planned Dispositions	(\$0.04)	(\$0.08)
<b>Effects Not Assumed in FFO Outlook:</b>		
Other Potential Dispositions	\$0M	\$200M
Potential Acquisitions	\$0M	\$200M
Potential Development Announcements	\$100M	\$250M

(1) Excludes termination fees and temporary rent deferrals.

(2) There were 107.4 million diluted shares and units outstanding at December 31, 2021.

### Supplemental Information

The Company's fourth quarter 2021 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 9<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 2022

The Company has set the following dates for the release of its 2022 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 26	April 27
Second	July 26	July 27
Third	October 25	October 26



**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, 2020 to December 31, 2021). 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 EBITDAre and accordingly the Company's Adjusted EBITDAre may not be comparable to other REITs. The Company's Adjusted EBITDAre 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, Nashville, Orlando, Pittsburgh, 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 planned sales of non-core assets and expected pricing and impact with respect to such sales, including the tax impact of such sales; the expected financial and operational results and the related assumptions underlying our expected results, including but not limited to potential losses related to customer difficulties, anticipated building usage and expected economic activity due to COVID-19; the continuing ability to borrow under the Company's revolving credit facility; 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.

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, including the following: buyers may not be available and pricing may not be adequate with respect to planned dispositions of non-core assets; comparable sales data on which we based our expectations with respect to the sales price of non-core assets may not reflect current market trends; the extent to which the ongoing COVID-19 pandemic impacts our financial condition, results of operations and cash flows depends on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic and its impact on the U.S. economy and potential changes in customer behavior that could adversely affect the use of and demand for office space; the financial condition of our customers could deteriorate or further worsen, which could be further exacerbated by the COVID-19 pandemic; 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; 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 2021 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</b>		<b>Year Ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Rental and other revenues</b>	\$ 203,205	\$ 179,904	\$ 768,007	\$ 736,900
<b>Operating expenses:</b>				
Rental property and other expenses	63,454	57,612	236,436	231,825
Depreciation and amortization	69,832	60,671	259,255	241,585
Impairments of real estate assets	-	-	-	1,778
General and administrative	10,144	10,862	40,553	41,031
Total operating expenses	<u>143,430</u>	<u>129,145</u>	<u>536,244</u>	<u>516,219</u>
<b>Interest expense</b>	25,098	19,959	85,853	80,962
<b>Other income</b>	326	947	1,394	(1,707)
<b>Gains on disposition of property</b>	93,688	52,500	174,059	215,897
<b>Equity in earnings of unconsolidated affiliates</b>	<u>333</u>	<u>1,040</u>	<u>1,947</u>	<u>4,005</u>
<b>Net income</b>	129,024	85,287	323,310	357,914
Net (income) attributable to noncontrolling interests in the Operating Partnership	(3,237)	(2,254)	(8,321)	(9,338)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(243)	(302)	(1,712)	(1,174)
Dividends on Preferred Stock	<u>(622)</u>	<u>(622)</u>	<u>(2,486)</u>	<u>(2,488)</u>
<b>Net income available for common stockholders</b>	<u>\$ 124,922</u>	<u>\$ 82,109</u>	<u>\$ 310,791</u>	<u>\$ 344,914</u>
<b>Earnings per Common Share - basic:</b>				
Net income available for common stockholders	<u>\$ 1.19</u>	<u>\$ 0.79</u>	<u>\$ 2.98</u>	<u>\$ 3.32</u>
Weighted average Common Shares outstanding - basic	<u>104,575</u>	<u>103,909</u>	<u>104,232</u>	<u>103,876</u>
<b>Earnings per Common Share - diluted:</b>				
Net income available for common stockholders	<u>\$ 1.19</u>	<u>\$ 0.79</u>	<u>\$ 2.98</u>	<u>\$ 3.32</u>
Weighted average Common Shares outstanding - diluted	<u>107,328</u>	<u>106,752</u>	<u>107,061</u>	<u>106,714</u>



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

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets:</b>		
Real estate assets, at cost:		
Land	\$ 549,228	\$ 466,872
Buildings and tenant improvements	5,718,169	4,981,637
Development in-process	6,890	259,681
Land held for development	215,257	131,474
	<u>6,489,544</u>	<u>5,839,664</u>
Less-accumulated depreciation	(1,457,511)	(1,418,379)
Net real estate assets	5,032,033	4,421,285
Real estate and other assets, net, held for sale	3,518	11,360
Cash and cash equivalents	23,152	109,322
Restricted cash	8,046	79,922
Accounts receivable	14,002	27,488
Mortgages and notes receivable	1,227	1,341
Accrued straight-line rents receivable	268,324	259,381
Investments in and advances to unconsolidated affiliates	7,383	27,104
Deferred leasing costs, net of accumulated amortization of \$143,111 and \$151,698, respectively	258,902	209,329
Prepaid expenses and other assets, net of accumulated depreciation of \$21,408 and \$21,154, respectively	78,551	62,885
Total Assets	<u>\$ 5,695,138</u>	<u>\$ 5,209,417</u>
<b>Liabilities, Noncontrolling Interests in the Operating Partnership and Equity:</b>		
Mortgages and notes payable, net	\$ 2,788,915	\$ 2,470,021
Accounts payable, accrued expenses and other liabilities	294,976	268,727
Total Liabilities	<u>3,083,891</u>	<u>2,738,748</u>
Commitments and contingencies		
Noncontrolling interests in the Operating Partnership	111,689	112,499
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 and 28,826 shares issued and outstanding, respectively	28,821	28,826
Common Stock, \$.01 par value, 200,000,000 authorized shares;		
104,892,780 and 103,921,546 shares issued and outstanding, respectively	1,049	1,039
Additional paid-in capital	3,027,861	2,993,946
Distributions in excess of net income available for common stockholders	(579,616)	(686,225)
Accumulated other comprehensive loss	(973)	(1,462)
Total Stockholders' Equity	<u>2,477,142</u>	<u>2,336,124</u>
Noncontrolling interests in consolidated affiliates	22,416	22,046
Total Equity	<u>2,499,558</u>	<u>2,358,170</u>
Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity	<u>\$ 5,695,138</u>	<u>\$ 5,209,417</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>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Funds from operations:</b>				
Net income	\$ 129,024	\$ 85,287	\$ 323,310	\$ 357,914
Net (income) attributable to noncontrolling interests in consolidated affiliates	(243)	(302)	(1,712)	(1,174)
Depreciation and amortization of real estate assets	69,144	59,998	256,488	238,816
Impairments of depreciable properties	-	-	-	1,778
(Gains) on disposition of depreciable properties	(83,957)	(52,500)	(163,065)	(215,173)
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	194	592	778	2,395
<b>Funds from operations</b>	<b>114,162</b>	<b>93,075</b>	<b>415,799</b>	<b>384,556</b>
Dividends on Preferred Stock	(622)	(622)	(2,486)	(2,488)
<b>Funds from operations available for common stockholders</b>	<b>\$ 113,540</b>	<b>\$ 92,453</b>	<b>\$ 413,313</b>	<b>\$ 382,068</b>
<b>Funds from operations available for common stockholders per share</b>	<b>\$ 1.06</b>	<b>\$ 0.87</b>	<b>\$ 3.86</b>	<b>\$ 3.58</b>
<b>Weighted average shares outstanding <sup>(1)</sup></b>	<b>107,328</b>	<b>106,752</b>	<b>107,061</b>	<b>106,714</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</b>		<b>Year Ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Net income</b>	\$ 129,024	\$ 85,287	\$ 323,310	\$ 357,914
Equity in earnings of unconsolidated affiliates	(333)	(1,040)	(1,947)	(4,005)
Gains on disposition of property	(93,688)	(52,500)	(174,059)	(215,897)
Other income	(326)	(947)	(1,394)	1,707
Interest expense	25,098	19,959	85,853	80,962
General and administrative expenses	10,144	10,862	40,553	41,031
Impairments of real estate assets	-	-	-	1,778
Depreciation and amortization	69,832	60,671	259,255	241,585
<b>Net operating income</b>	139,751	122,292	531,571	505,075
Non same property and other net operating income	(23,661)	(8,286)	(64,185)	(43,099)
<b>Same property net operating income</b>	<u>\$ 116,090</u>	<u>\$ 114,006</u>	<u>\$ 467,386</u>	<u>\$ 461,976</u>
Same property net operating income	\$ 116,090	\$ 114,006	\$ 467,386	\$ 461,976
Lease termination fees, straight-line rent and other non-cash adjustments (1)	(4,107)	(3,799)	(13,666)	(38,146)
<b>Same property cash net operating income</b>	<u>\$ 111,983</u>	<u>\$ 110,207</u>	<u>\$ 453,720</u>	<u>\$ 423,830</u>

(1) Includes \$2.9 million of repayments of temporary rent deferrals, net of additional temporary rent deferrals, granted by the Company during the year ended December 31, 2021, and \$3.6 million of temporary rent deferrals, net of repayments, granted by the Company during the year ended December 31, 2020.

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

	<b>Three Months Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Net debt-to-Adjusted EBITDAre:</b>		
Net income	\$ 129,024	\$ 85,287
Interest expense	25,098	19,959
Depreciation and amortization	69,832	60,671
(Gains) on disposition of depreciable properties	(83,957)	(52,500)
Adjustments to reflect our share of EBITDAre from unconsolidated affiliates	467	925
<b>EBITDAre</b>	<b>\$ 140,464</b>	<b>\$ 114,342</b>
Losses on debt extinguishment	152	3
(Gains) on disposition of non-depreciable properties	(9,731)	-
Proforma NOI adjustments for property changes within period	(1,553)	(661)
<b>Adjusted EBITDAre <sup>(1)</sup></b>	<b>\$ 129,332</b>	<b>\$ 113,684</b>
 <b>Adjusted EBITDAre (annualized) <sup>(1) (2)</sup></b>	 <b>\$ 517,328</b>	 <b>\$ 460,034</b>
 Mortgages and notes payable <sup>(3)</sup>	 \$ 2,813,320	 \$ 2,497,853
Less - cash and cash equivalents and 1031 restricted cash <sup>(3)</sup>	(26,920)	(182,308)
<b>Net debt <sup>(4)</sup></b>	<b>\$ 2,786,400</b>	<b>\$ 2,315,545</b>
Preferred Stock	28,821	28,826
<b>Net debt plus Preferred Stock</b>	<b>\$ 2,815,221</b>	<b>\$ 2,344,371</b>
 <b>Net debt-to-Adjusted EBITDAre <sup>(5)</sup></b>	 <b>5.39x</b>	 <b>5.03x</b>
<b>Net debt plus Preferred Stock-to-Adjusted EBITDAre <sup>(6)</sup></b>	<b>5.44x</b>	<b>5.10x</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 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).