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Contact: Brendan Maiorana
Executive Vice President and Chief Financial Officer
brendan.maiorana@highwoods.com
919-872-4924

Highwoods Reports Second Quarter 2022 Results

$0.48 Net Income per Share
$1.00 FFO per Share

Signed 682,000 SF of 2nd Gen Leases Including 243,000 SF of New Leases
Achieved GAAP Rent Growth of 12.6% and Weighted Average Term of 5.5 Years
Grew Same Property Cash NOI by 1.1%

$559 Million Total Development Pipeline (at HIW Share)

Completed Not Stabilized Properties 94% Pre-Leased

Sold $101 Million of Non-Core Assets

Ended Quarter with Debt-to-EBITDAre Ratio of 5.2x

Updates FFO Outlook to $3.92 to $4.00 per Share

Previously $3.82 to $3.98 per Share

RALEIGH, NC – July 26, 2022 – Highwoods Properties, Inc. (NYSE:HIW) today reported its second quarter 2022 financial and operating results.

Ted Klinck, President and Chief Executive Officer, stated *"We had another productive and active quarter. We delivered solid FFO of $1.00 per share, 7.5% higher year-over year, as leasing momentum, particularly for new deals, remained strong and is continuing thus far in the third quarter.*

In addition to strong financial and operational results, we announced several investments that will enhance our long-term growth rate and further strengthen our cash flows. We expanded our presence in Charlotte with the agreement to acquire 650 South Tryon at Legacy Union in Uptown and the acquisition of a mixed-use development site located in the heart of Charlotte's South End. Subsequent to quarter-end, we entered the Dallas market through the formation of 50/50 joint ventures with Granite Properties to develop Granite Park Six in the Frisco/Plano BBD and 23Springs in the core of the Uptown BBD.

With the sale of $101 million of non-core assets, we delivered on our goal of returning our balance sheet metrics by mid-2022 to the same levels that existed prior to our 2021 acquisition of $683 million of office assets in the high-growth markets of Charlotte and Raleigh from Preferred Apartment Communities.

The consistency of our performance while simultaneously improving our long-term outlook and further fortifying our balance sheet demonstrates the resiliency of our portfolio, platform and strategy. With another strong quarter now in the books and healthy outlook for the remainder of the year, we are pleased to update our FFO outlook, which implies a $0.06 per share increase at the midpoint."

Second Quarter 2022 Highlights

Operations:

- Reported net income of $0.48 per share
- Earned FFO of $1.00 per share
  - Generated $0.02 per share of land sale gains
  - Recorded $0.02 per share of losses related to a single customer's lost rental revenues and non-cash credit losses of straight-line rent receivables
- Increased average in-place cash rents 6.4% per square foot year-over-year
- Ended the quarter with in-service occupancy of 90.6%
- Grew year-over-year same property cash NOI 1.1%

Second Generation Leasing Activity:

- Leased 682,000 square feet, including 243,000 square feet of new leases
- Achieved a dollar-weighted average term of 5.5 years
- Delivered GAAP rent growth of +12.6% and cash rent growth of +0.5%

Investment Activity:

- Sold $90.6 million of non-core office properties
  - FBI Field Office, a 138,000 square foot building in Tampa, for $70.4 million
  - Airpark East, the Company's last remaining buildings in Greensboro, which total 299,000 square feet, for $20.3 million
- Sold $10.1 million of non-core land, resulting in $0.02 per share of land sale gains (included in FFO)
- Announced the planned acquisition of 650 South Tryon in Charlotte for $203 million, which is scheduled to close in third quarter of 2022
- Acquired a mixed-use development parcel in Charlotte's South End BBD for $27 million that can support at least 300,000 square feet of office and 250 residential units

Financing Activity:

- Ended the quarter with a net debt-to-Adjusted EBITDA*re* ratio of 5.2x
- Executed a recast of the Company's $200 million unsecured bank term loan by extending the maturity date from November 2022 to May 2026 and lowering the borrowing rate approximately 15 basis points
- Obtained a $150 million delayed-draw unsecured bank term loan, which must be drawn by August 2022, that is scheduled to mature in May 2027
- Maintained ample liquidity with $660 million available on the Company's $750 million revolving credit facility at quarter-end

Development Activity:

- Current total development pipeline is $559 million (at HIW share) encompassing 1.7 million square feet that is 32.7% pre-leased on a dollar-weighted basis
  - $95 million (at HIW share) of completed, not stabilized development is 93.6% pre-leased

Subsequent to Quarter-End Investment Activity:

- Entered the Dallas market through the formation of 50/50 joint ventures with Granite Properties:

  - Granite Park Six, a multi-customer office development comprising 422,000 square feet in the vibrant Frisco/Plano BBD, with an anticipated total investment of $200 million (at 100%)
  - 23Springs, a mixed-use development encompassing 626,000 square feet of multi-customer office and 16,000 square feet of retail in the heart of the dynamic Uptown Dallas BBD, with an anticipated total investment of $460 million (at 100%)
- Announced plan to fund the Company's entry into Dallas, including its share of Granite Park Six and 23Springs, by selling its assets in Pittsburgh over the next few years

Second Quarter 2022 Financial Results
Net income available for common stockholders ("net income") was $50.5 million, or $0.48 per diluted share, for the second quarter of 2022. Net income was $59.3 million, or $0.57 per diluted share, for the second quarter of 2021. Funds from operations available for common stockholders ("FFO") was $108.1 million, or $1.00 per diluted share, for the second quarter of 2022. FFO was $99.5 million, or $0.93 per share, in the second quarter of 2021.

Net income was $90.8 million, or $0.86 per diluted share, for the six months ended June 30, 2022. Net income was $113.8 million, or $1.09 per diluted share, for the six months ended June 30, 2021. FFO was $218.5 million, or $2.03 per diluted share, for the six months ended June 30, 2022. FFO was $197.0 million, or $1.84 per share, for the six months ended June 30, 2021.

Except as noted below, the following items were included in the determination of net income and FFO for the six months ended June 30, 2022 and 2021:

	Three Months Ended 6/30/2022		Three Months Ended 6/30/2021	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	$ 562	$ 0.005	$ 59	$ 0.001
Straight-Line Rental Income (1) (2)	4,879	0.045	3,660	0.034
Capitalized Interest	691	0.006	2,901	0.027
Losses on Debt Extinguishment	-	-	(58)	(0.001)
Land Sale Gains	2,237	0.021	-	-
Gains on Disposition of Depreciable Properties (3)	47,807	0.444	22,862	0.214
Impairments of Depreciable Properties (3)	(35,000)	(0.325)	-	-

	Six Months Ended 6/30/2022		Six Months Ended 6/30/2021	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	$ 2,034	$ 0.019	$ 226	$ 0.002
Straight-Line Rental Income (1) (2)	11,594	0.108	6,750	0.063
Capitalized Interest	1,403	0.013	5,625	0.053
Losses on Debt Extinguishment	-	-	(134)	(0.001)
Land Sale Gains	6,337	0.059	-	-
Gains on Disposition of Depreciable Properties (3)	47,807	0.444	41,799	0.391
Impairments of Depreciable Properties (3)	(35,000)	(0.325)	-	-

(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 and $0.9 million of repayments of temporary rent deferrals, net of additional temporary rent deferrals granted by the Company, during the three months ended June 30, 2022 and 2021, respectively, and $0.2 million and $2.1 million of repayments of temporary rent deferrals, net of additional temporary rent deferrals granted by the Company, during the six months ended June 30, 2022 and 2021, respectively.
(3) Not included in the determination of FFO.

2022 Outlook

The Company updated its full year 2022 FFO outlook to $3.92 to $4.00 per share, which compares to the prior range of $3.82 to $3.98 per share provided on April 26, 2022. 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 and weighted average diluted shares outstanding. The Company's updated FFO outlook includes anticipated impacts related to the planned acquisition of 650 South Tryon projected to close later in the third quarter but does not include any effects related to any other potential dispositions or 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.

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

	Low	High
Growth in Same Property Cash NOI (1)	0.5%	2.0%
Straight-Line Rental Income	$24.5M	$26.5M
G&A Expenses	$41.0M	$43.0M
Year-End Occupancy	91.0%	92.0%
Weighted Average Diluted Shares and Units Outstanding (2)	107.6M	107.6M
Dispositions	$110M	$200M
Acquisitions	$203M	$300M
Development Announcements	$370M	$450M

(1) Excludes termination fees and net impact of temporary rent deferrals.
(2) There were 107.7 million diluted shares and units outstanding at June 30, 2022.

Supplemental Information

The Company's second 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. 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.

Conference Call

Tomorrow, Wednesday, July 27th, 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 under the "Investors" section.

Planned Date for Financial Release for Third Quarter of 2022

The Company has set the following date for the releases of its third quarter 2022 financial results. The quarterly financial release will be distributed after the market closes and the conference call will be held at 11:00 a.m. Eastern time.

Quarter	Tuesday Release	Wednesday Call
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, 2021 to June 30, 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 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, Dallas, Nashville, Orlando, Pittsburgh, Raleigh, Richmond and Tampa. For more information about Highwoods, please visit our website at 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 acquisition of 650 South Tryon; 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: closing of the planned acquisition of 650 South Tryon may not occur on the terms described in this press release or at all; 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)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Rental and other revenues	$ 203,841	$ 185,502	$ 410,219	$ 369,307
Operating expenses:				
Rental property and other expenses	62,369	56,226	123,791	112,415
Depreciation and amortization	69,742	61,949	139,409	122,876
Impairments of real estate assets	35,000	-	35,000	-
General and administrative	9,591	10,107	23,147	20,059
Total operating expenses	176,702	128,282	321,347	255,350
Interest expense	25,027	19,001	49,420	38,769
Other income	120	332	483	644
Gains on disposition of property	50,044	22,862	54,144	41,799
Equity in earnings of unconsolidated affiliates	326	431	626	1,068
Net income	52,602	61,844	94,705	118,699
Net (income) attributable to noncontrolling interests in the Operating Partnership	(1,203)	(1,624)	(2,168)	(3,117)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(266)	(294)	(523)	(575)
Dividends on Preferred Stock	(622)	(621)	(1,243)	(1,243)
Net income available for common stockholders	$ 50,511	$ 59,305	$ 90,771	$ 113,764
Earnings per Common Share - basic:				
Net income available for common stockholders	$ 0.48	$ 0.57	$ 0.86	$ 1.09
Weighted average Common Shares outstanding - basic	105,163	104,106	105,049	104,035
Earnings per Common Share - diluted:				
Net income available for common stockholders	$ 0.48	$ 0.57	$ 0.86	$ 1.09
Weighted average Common Shares outstanding - diluted	107,654	106,964	107,554	106,887

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

	June 30, 2022	December 31, 2021
Assets:		
Real estate assets, at cost:		
Land	$ 532,215	$ 549,228
Buildings and tenant improvements	5,676,352	5,718,169
Development in-process	19,088	6,890
Land held for development	238,159	215,257
	6,465,814	6,489,544
Less-accumulated depreciation	(1,522,363)	(1,457,511)
Net real estate assets	4,943,451	5,032,033
Real estate and other assets, net, held for sale	-	3,518
Cash and cash equivalents	25,045	23,152
Restricted cash	46,623	8,046
Accounts receivable	17,938	14,002
Mortgages and notes receivable	1,153	1,227
Accrued straight-line rents receivable	277,086	268,324
Investments in and advances to unconsolidated affiliates	14,457	7,383
Deferred leasing costs, net of accumulated amortization of $155,594 and $143,111, respectively	243,624	258,902
Prepaid expenses and other assets, net of accumulated depreciation of $19,968 and $21,408, respectively	112,937	78,551
Total Assets	$ 5,682,314	$ 5,695,138
Liabilities, Noncontrolling Interests in the Operating Partnership and Equity:		
Mortgages and notes payable, net	$ 2,804,314	$ 2,788,915
Accounts payable, accrued expenses and other liabilities	271,716	294,976
Total Liabilities	3,076,030	3,083,891
Commitments and contingencies		
Noncontrolling interests in the Operating Partnership	84,583	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;		
105,184,854 and 104,892,780 shares issued and outstanding, respectively	1,052	1,049
Additional paid-in capital	3,065,208	3,027,861
Distributions in excess of net income available for common stockholders	(593,846)	(579,616)
Accumulated other comprehensive loss	(1,062)	(973)
Total Stockholders' Equity	2,500,173	2,477,142
Noncontrolling interests in consolidated affiliates	21,528	22,416
Total Equity	2,521,701	2,499,558
Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity	$ 5,682,314	$ 5,695,138

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Funds from operations:				
Net income	$ 52,602	$ 61,844	$ 94,705	$ 118,699
Net (income) attributable to noncontrolling interests in consolidated affiliates	(266)	(294)	(523)	(575)
Depreciation and amortization of real estate assets	69,047	61,293	138,039	121,521
Impairments of depreciable properties	35,000	-	35,000	-
(Gains) on disposition of depreciable properties	(47,807)	(22,862)	(47,807)	(41,799)
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	184	181	367	399
Funds from operations	108,760	100,162	219,781	198,245
Dividends on Preferred Stock	(622)	(621)	(1,243)	(1,243)
Funds from operations available for common stockholders	$ 108,138	$ 99,541	$ 218,538	$ 197,002
Funds from operations available for common stockholders per share	$ 1.00	$ 0.93	$ 2.03	$ 1.84
Weighted average shares outstanding (1)	107,654	106,964	107,544	106,887

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income	$ 52,602	$ 61,844	$ 94,705	$ 118,699
Equity in earnings of unconsolidated affiliates	(326)	(431)	(626)	(1,068)
Gains on disposition of property	(50,044)	(22,862)	(54,144)	(41,799)
Other income	(120)	(332)	(483)	(644)
Interest expense	25,027	19,001	49,420	38,769
General and administrative expenses	9,591	10,107	23,147	20,059
Impairments of real estate assets	35,000	-	35,000	-
Depreciation and amortization	69,742	61,949	139,409	122,876
Net operating income	141,472	129,276	286,428	256,892
Non same property and other net operating income	(22,074)	(9,445)	(44,881)	(18,368)
Same property net operating income	$ 119,398	$ 119,831	$ 241,547	$ 238,524
Same property net operating income	$ 119,398	$ 119,831	$ 241,547	$ 238,524
Lease termination fees, straight-line rent and other non-cash adjustments (1)	(2,780)	(3,588)	(6,551)	(7,482)
Same property cash net operating income	$ 116,618	$ 116,243	$ 234,996	$ 231,042

(1) Includes $0.1 million and $0.9 million of repayments of temporary rent deferrals, net of additional temporary rent deferrals granted by the Company, during the three months ended June 30, 2022 and 2021, respectively, and $0.2 million and $2.1 of repayments of temporary rent deferrals, net of additional temporary rent deferrals granted by the Company, during the six months ended June 30, 2022 and 2021, respectively.

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

	Three Months Ended June 30,	
	2022	**2021**
Net debt-to-Adjusted EBITDAre:		
Net income	$ 52,602	$ 61,844
Interest expense	25,027	19,001
Depreciation and amortization	69,742	61,949
(Gains) on disposition of depreciable properties	(47,807)	(22,862)
Impairments of depreciable properties	35,000	-
Adjustments to reflect our share of EBITDAre from unconsolidated affiliates	453	492
EBITDAre	$ 135,017	$ 120,424
Losses on debt extinguishment	-	58
(Gains) on disposition of non-depreciable properties	(2,237)	-
Proforma NOI adjustments for property changes within period	(1,053)	(556)
Adjusted EBITDAre (1)	$ 131,727	$ 119,926
Adjusted EBITDAre (annualized) (1) (2)	$ 530,058	$ 475,653
Mortgages and notes payable (3)	$ 2,828,355	$ 2,503,387
Less - cash and cash equivalents and 1031 restricted cash (3)	(75,339)	(50,948)
Net debt (4)	$ 2,753,016	$ 2,452,439
Preferred Stock	28,821	28,821
Net debt plus Preferred Stock	$ 2,781,837	$ 2,481,260
Net debt-to-Adjusted EBITDAre (5)	5.19x	5.16x
Net debt plus Preferred Stock-to-Adjusted EBITDAre (6)	5.25x	5.22x

(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).