

Highwoods Announces Charlotte Market Expansion

Agrees to Acquire 650 South Tryon at Legacy Union in CBD

\$203M Total Investment, 367,000 Square Feet

Adjacent to Highwoods-Owned Bank of America Tower at Legacy Union

Closing Scheduled for 3rd Quarter

Agrees to Acquire Mixed-Use Development Site in South End

\$27M Purchase Price

Planned for Approximately 300,000 Square Feet of Office and

250 Apartment Units

Closing Scheduled for 2nd Quarter

RALEIGH, N.C., May 09, 2022 (GLOBE NEWSWIRE) -- **Highwoods Properties, Inc. (NYSE:HIW)** announces two planned acquisitions that will further strengthen its Best Business District (“BBD”) presence and development prospects in the Charlotte market.

First, the Company has agreed to acquire 650 South Tryon at Legacy Union in Charlotte’s Uptown CBD submarket for a total expected investment of \$203 million, including \$3.9 million of anticipated leasing capital expenditures to bring the property to stabilization. 650 South Tryon, which delivered in late 2020 and is currently 78% leased, is a trophy, LEED gold-certified office building encompassing 367,000 square feet. 650 South Tryon is immediately adjacent and connected to Highwoods-owned Bank of America Tower at Legacy Union, a trophy, LEED gold-certified office building encompassing 841,000 square feet that delivered in 2019.

The Company’s total investment is net of \$5.1 million of free rent and other rent-related credits anticipated to be received from the seller at closing. The Company noted that under GAAP, such credits are recorded as a reduction in the investment cost rather than as rental income. The Company estimates annual GAAP and cash net operating income to be approximately \$11.2 million and \$10.8 million, respectively, upon stabilization, which is projected to occur during 2024.

The acquisition of 650 South Tryon, which is subject to customary closing conditions, is scheduled to close in the third quarter. The Company is posting earnest money deposits in the amount of \$22.5 million that are non-refundable except in limited circumstances.

Second, the Company has agreed to acquire a mixed-use development site located at 1426 South Tryon Street in

the heart of Charlotte's dynamic South End submarket for \$27 million. 1426 South Tryon is tentatively planned for a mixed-use development consisting of approximately 300,000 square feet of future office and 250 apartment units. The site's existing low-rise building totaling 24,000 square feet is 57% leased to customers on short-term leases.

The acquisition of 1426 South Tryon, which is also subject to customary closing conditions, is scheduled to close in the second quarter. The Company has posted earnest money deposits in the amount of \$6.1 million that are non-refundable except in limited circumstances.

Ted Klinck, President and CEO, stated, "Less than three years ago, we announced our plan to enter the dynamic Charlotte market, which had been at the top of our list for future market expansion. With the acquisition of 650 South Tryon at Legacy Union, our high-quality Charlotte portfolio, which encompasses nearly 2.0 million square feet in two BBDs, Uptown and SouthPark, will account for more than 10% of our overall NOI. Plus, with a very well-located mixed-use development site in the heart of the South End BBD, we are now poised to use our proven development expertise to capitalize on further growth in Charlotte."

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.

Forward-Looking Statements

Certain matters discussed in this press release are forward-looking statements within the meaning of the federal securities laws, such as: the planned acquisitions on the terms described in this press release; 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. These statements are distinguished by use of the words "will," "expect," "intend," "plan," "anticipate" and words of similar meaning. Although Highwoods believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved.

Factors that could cause actual results to differ materially from Highwoods' current expectations include, among others, the following: closing of the planned acquisitions 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 the planned dispositions of non-core assets; comparable sales data on which we based our expectations with respect to the sales price of the 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.

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