Highwoods Announces Investment Activity

Acquires Bloc83 in CBD Raleigh in
Joint Venture with the North Carolina Investment Authority
$21.0M Total Investment (at HIW 10% Share)
492,000 Square Feet, 97% Leased

Acquires The Terraces in Preston Center BBD in Dallas in
Joint Venture with Granite Properties
$87.4M Total Investment (at HIW 80% Share)
173,000 Square Feet, 98% Leased

Acquisitions to be Funded Primarily Through
Sales of Non-Core Assets
Expect Leverage-Neutral Rotation of Capital by Mid-2026

Plan Expected to Strengthen Long-Term Growth Trajectory
Immediately Accretive to Cash Flows
Neutral to Current FFO Run Rate; Accretive over Long-Term

RALEIGH, N.C., Jan. 12, 2026 (GLOBE NEWSWIRE) -- **Highwoods Properties, Inc. (NYSE:HIW)** has acquired Bloc83, a two-building, 492,000 square foot mixed-use asset in CBD Raleigh, in a joint venture with the North Carolina Investment Authority and The Terraces, a 173,000 square foot office building in the Preston Center BBD of Dallas, in a joint venture with Granite Properties.

Ted Klinck, President and CEO, stated, "We are excited to expand our presence in Dallas and Raleigh with the addition of two best-in-class properties at attractive risk-adjusted yields with good long-term growth potential. The acquisition of The Terraces deepens our relationship with our partner in Dallas, Granite, and marks our entry into Preston Center, a BBD we identified for future expansion when we entered Dallas in 2022. Preston Center is the most supply-constrained BBD in the Dallas market with a healthy outlook for long-term rent growth. With in-place rents approximately 30% below market, there is significant NOI upside at The Terraces as leases roll during the next few years. Our Dallas portfolio is now projected to be approximately 7% of our total NOI upon stabilization of our development properties, which would make it our 5th largest market.

“Bloc83 is a property we have followed closely since it was first developed. Located in Raleigh’s CBD and just a few blocks from our corporate headquarters, Bloc83 is an excellent strategic fit within our portfolio. The property is 97% leased, 17% higher than the downtown competitive set. We now own 2.0 million square feet in CBD Raleigh, which gives us flexibility to accommodate the evolving space needs of our existing customers and prospects. Additionally, we have expanded our roster of strategic investment partners with the formation of a new joint venture with the North Carolina Investment Authority.

“Our plan is to effectively match-fund our purchase of these best-in-class assets in the high-growth markets of Dallas and Raleigh by selling a select portfolio of non-core assets or properties where we believe value has been maximized. Importantly, once completed, our plan is expected to be roughly leverage-neutral, accretive to cash flows and neutral to our near-term FFO run-rate, while improving the quality of our portfolio and providing higher growth in cash flows and FFO over time.”

Acquisition of Bloc83

Bloc83 is a 492,000 square foot mixed-use asset that includes two 10-story best-in-class office buildings with 27,000 square feet of ground floor amenity retail located in CBD Raleigh. The building includes a rooftop terrace, customer lounge, fitness center, and interactive sports room with a golf simulator, among other on-site customer amenities. Bloc83, which delivered between 2019 and 2021, was 97% leased on a combined basis at December 31, 2025 with a weighted average lease term of 6.5 years.

The Company initially owns a 10% interest in the joint venture that was formed to acquire Bloc83. The North Carolina Investment Authority, a new strategic investment partner for Highwoods, owns the remaining 90% interest. The Company retains the option to increase its ownership interest to 50%. The joint venture’s total investment (at 100%) is expected to be $210.5 million, which includes $3.3 million of planned near-term building improvements and $0.5 million of transaction costs.

Acquisition of The Terraces

The Terraces is a 12-story best-in-class office building encompassing 173,00 square feet located in the heart of Dallas’ Preston Center, a new BBD for Highwoods. The Terraces, which delivered in 2017, was 98% leased at December 31, 2025 with a weighted average lease term of 7.0 years. Rents are approximately 30% below market, which provides significant long-term upside potential.

The Company owns an 80% interest in the joint venture that was formed to acquire The Terraces. Granite, the Company’s longtime partner in Dallas, owns the remaining 20% interest. The Company also contributed to the joint venture $12.9 million (net of the Company’s 80% interest) of preferred equity. The joint venture’s total investment (at 100%) is expected to be $109.3 million, which includes $2.5 million of planned near-term building improvements and $0.5 million of transaction costs.

2026 NOI Outlook

During 2026, the Company's combined investment in The Terraces and Bloc83 joint ventures is expected to generate GAAP net operating income of $9.0 million and cash net operating income of $7.5 million. In addition, the Company expects to generate approximately $0.8 million of income during 2026 from its net preferred equity investment in The Terraces joint venture.

Funding Plan

The Company's plan is to ultimately fund these acquisitions, and the $223.1 million acquisition of 6Hundred at Legacy Union in Charlotte that closed during the fourth quarter of 2025, primarily by accelerating the sale of a select portfolio of non-core assets or properties where we believe value has been maximized. The Company expects to complete this leverage-neutral rotation of capital by mid-2026.

During the fourth quarter of 2025, the Company sold in a series of transactions non-core assets for combined gross proceeds of $65.9 million. The sold assets consist of: (1) a 42-year old office building encompassing 27,000 square feet at Century Center in Atlanta; (2) a 49-year old office building encompassing 57,000 square feet in Tampa's Westshore BBD; (3) a 2.1-acre surface parking lot in CBD Orlando and a 0.7-acre surface parking lot in CBD Raleigh; (4) a 25-year old office building encompassing 35,000 square feet in the Research Triangle Park submarket of Raleigh; and (5) the Company's 50% interest in a joint venture that owns three office buildings encompassing 354,000 square feet in the Innsbrook BBD of Richmond. Additionally, the Company expects to close on the sale of three additional non-core buildings for a combined purchase price of $42.2 million in the next 45 days.

Presentation

A presentation highlighting the planned acquisition and planned acceleration of non-core dispositions can be accessed through the link below and in the Investors section of the Company's website at **www.highwoods.com**.

Highwoods Strategic Investments

About Highwoods

Highwoods Properties, Inc., headquartered in Raleigh, is a publicly-traded (NYSE:HIW), fully-integrated office real estate investment trust ("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. Our vision is to be a leader in the evolution of commercial real estate for the benefit of our customers, our communities and those who invest with us. Our mission is to create environments and experiences that inspire our teammates and our customers to achieve more together. We are in the work-placemaking business and believe that by creating exceptional environments and experiences, we can deliver greater value to our customers, their teammates and, in turn, our shareholders. 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: closing of the planned acquisition may not occur on the terms described in this press release or at all; 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: 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 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; increases in interest rates could increase our debt service costs; 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 2024 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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