



MARKET ROTATION PLAN

August 21, 2019





SAFE HARBOR

Certain matters discussed in this press release are forward-looking statements within the meaning of the federal securities laws, such as: the planned acquisition of Bank of America Tower at Legacy Union on the terms described in this press release; 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 acquisition of Bank of America Tower at Legacy Union may not occur on the terms described in this presentation 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; anticipated G&A expense savings may not be realized; the financial condition of our customers could deteriorate; development activity by our competitors in our existing markets could result in excessive supply of properties relative to customer demand; development, acquisition, reinvestment, disposition or joint venture projects may not be completed as quickly or on as favorable terms as anticipated; we may not be able to lease or re-lease second generation space quickly or on as favorable terms as old leases; our markets may suffer declines in economic growth; we may not be able to lease our newly constructed buildings as quickly or on as favorable terms as originally anticipated; unanticipated increases in interest rates could increase our debt service costs; unanticipated increases in operating expenses could negatively impact our NOI; 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 to repay or refinance outstanding debt upon maturity; the Company could lose key executive officers; and others detailed in the Company's 2018 Annual Report on Form 10-K and subsequent SEC reports.

PLAN





GO

ROCKET PITCH



ACCRETION

- Accretive to cash flow / CAD *
- Approximately neutral to current FFO run-rate

LEVERAGE NEUTRAL

- Return our conservative debt metrics to current levels upon completion of Phase One
- Preserves “dry powder” for future growth opportunities

IMPROVES PORTFOLIO QUALITY

- Increases in-place office rents per square foot and portfolio mark-to-market
- Strengthens long-term same property cash NOI growth prospects

IMPROVES PORTFOLIO EFFICIENCY

- Reduces capital expenditures (leasing and building improvements)
- Lowers building count by 26% and lease count by 18% **

SIMPLIFIES OPERATIONS

- Reduces G&A
- Exits industrial segment

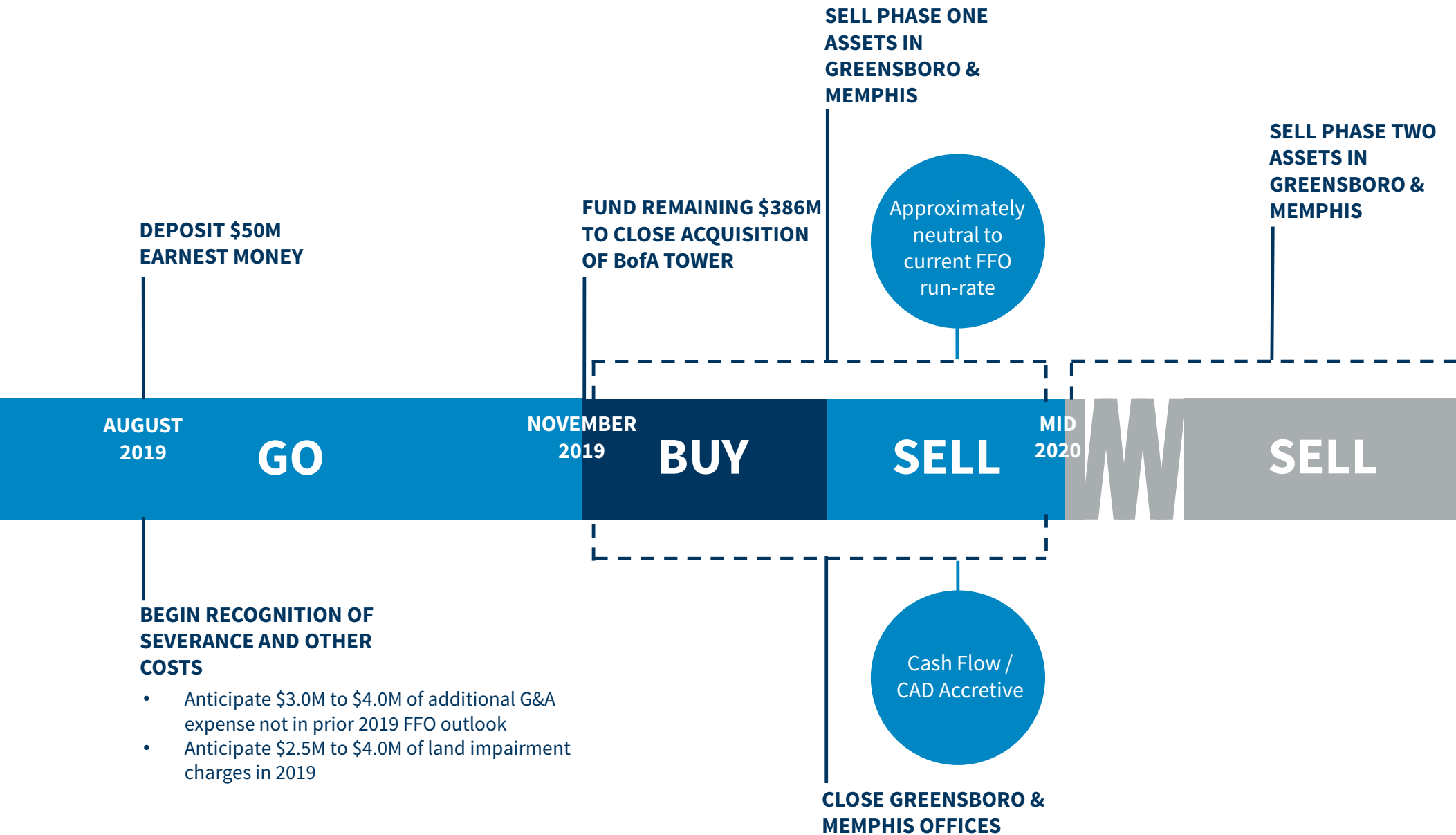
ENHANCES FUTURE GROWTH

- Opportunity for additional investments in high-growth Charlotte market
- Upside from lease-up of BofA Tower

*Includes add-back of free rent and other rent-related credits anticipated to be received as a reduction in the purchase price of BofA Tower

**Assumes full exit from Greensboro and Memphis markets

TIMELINE



FUNDING & BALANCE SHEET



FUNDING SOURCES FOR BofA TOWER ACQUISITION

NEAR-TERM

- Revolving credit facility
- Disposition proceeds
- Available cash
- Other sources

PHASE ONE

- Approximately match-funded with disposition proceeds
- Attractive pool of disposition properties
- Tax efficient via 1031 exchanges

BALANCE SHEET OUTLOOK

NEAR-TERM

- Leverage temporarily higher
- Remain within stated Debt/EBITDA comfort range of 4.5 – 5.5x on apples-to-apples basis
- Capacity to fund development pipeline and other growth

UPON COMPLETION OF PHASE ONE

- Leverage-neutral
- Preserves “dry powder” for future growth within comfort range
- Capacity to fund remaining development pipeline without need for equity issuance or future dispositions





BUY

BANK OF AMERICA TOWER

AT LEGACY UNION



STATUS	Under Contract
PLANNED CLOSING	November 2019
TOTAL INVESTMENT	\$436M
MARKET / SUBMARKET	Charlotte / Uptown CBD
DELIVERS	2019
SQUARE FEET / STORIES	841,164 / 33
FLOOR PLATES	23,000 – 29,000 SF
PARKING	3/1,000 275 owned spaces <i>Rights to 2,526 spaces in Central Parking Garage</i>
CURRENT LEASED RATE	90%
EXPANSION POTENTIAL	~40,000 SF <i>Expansion space above parking deck</i>
SUSTAINABILITY	Registered LEED Gold
AMENITIES	<ul style="list-style-type: none"> • Fitness center • Ground level retail • Conference facility <i>(including catering kitchen and lounge)</i>
HIGH-QUALITY CUSTOMERS	<ul style="list-style-type: none"> • Bank of America • Parker Poe • KPMG
LOCATION	<ul style="list-style-type: none"> • Vibrant location within Uptown CBD • Adjacent to South End district • Direct access to I-277 • Walkable to light rail



STACKING PLAN

AVAILABLE FOR LEASE

Floor 9
9,000 SF

Floor 5
28,000 SF

Floor 4
28,000 SF

Floor 3
11,000 SF

EXPANSION POTENTIAL



Suite 100, Floors 11-33
601,720 SF



Floors 9-10
46,052 SF

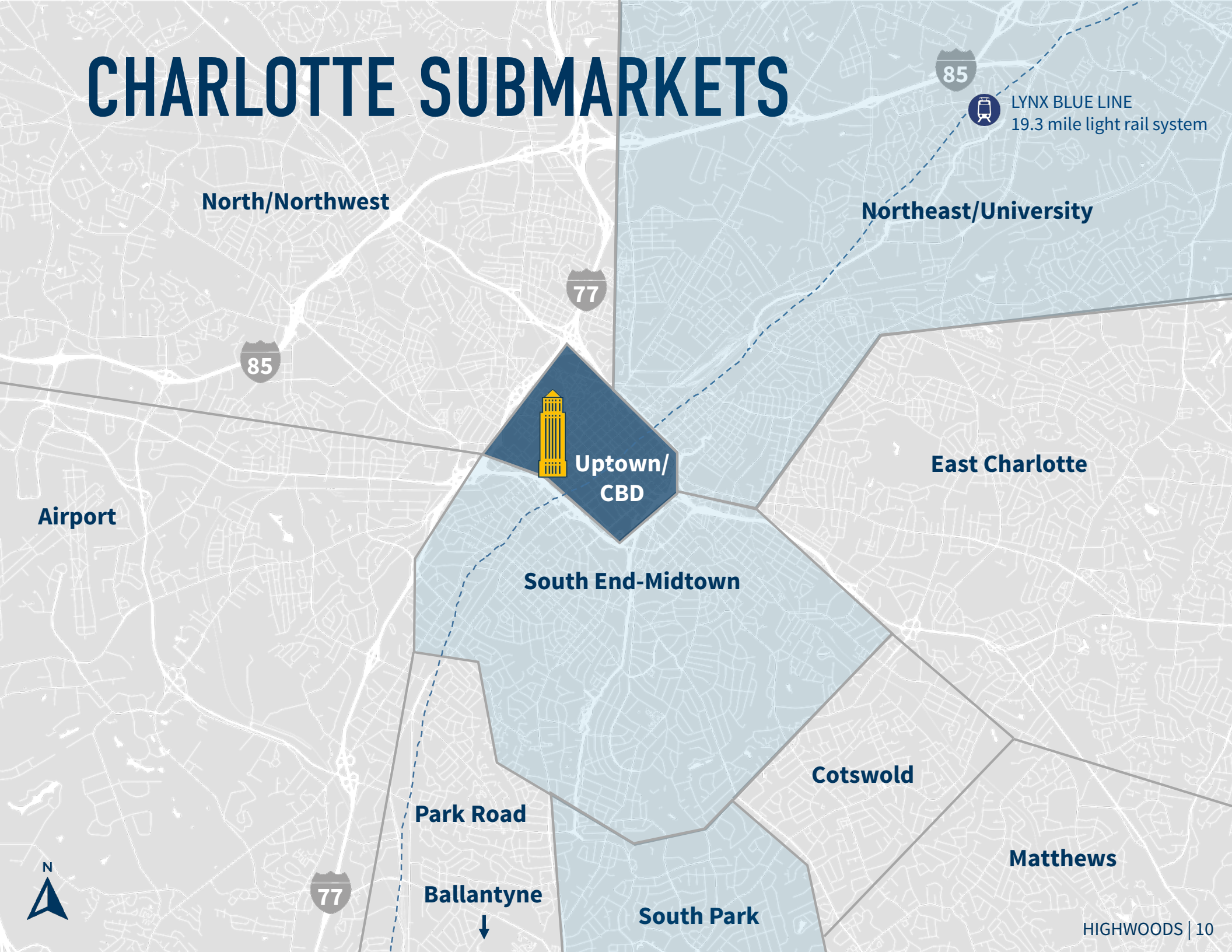


Floors 6-8
82,659 SF

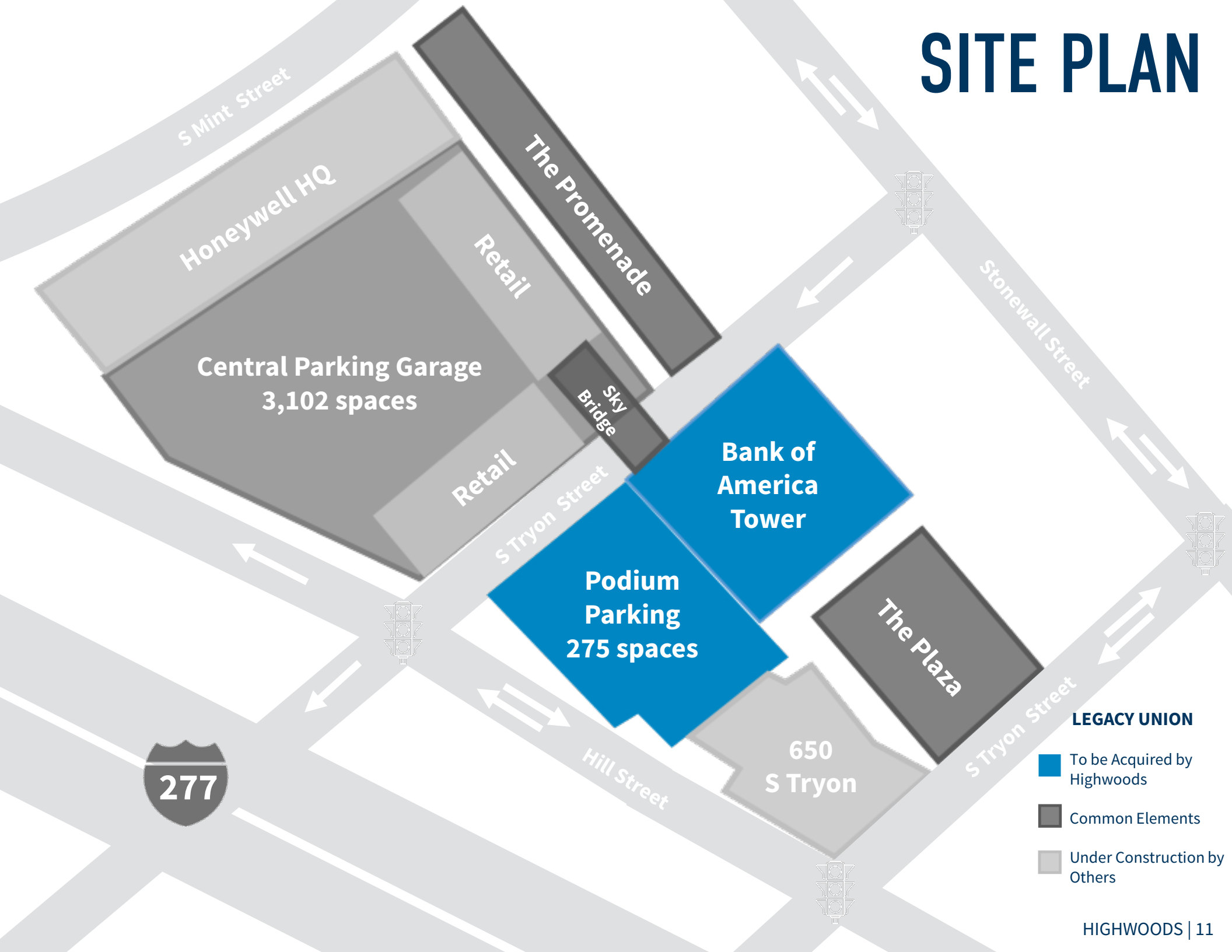


Floor 3
6,302 SF

CHARLOTTE SUBMARKETS



SITE PLAN



LEGACY UNION

- To be Acquired by Highwoods
- Common Elements
- Under Construction by Others

VIBRANT UPTOWN LOCATION

Honeywell

BARINGS

BANK OF AMERICA

DUKE ENERGY

Deloitte.

ally

REGIONS

lendingtree

Allstate
You're in good hands.

EY

WALKABLE ATTRACTIONS

88

WALK SCORE

5 miles



77



1 MILE



KNIGHTS

ROMARE BEARDEN PARK

MINT MUSEUM



277



14 miles

DISCOVERY PLACE SCIENCE

LEVINE MUSEUM OF THE NEW SOUTH



LYNX BLUE LINE

LYNX BLUE LINE

WITHIN 1 MILE



12,000
RESIDENTS



220
RESTAURANTS



40
BARS



CHARLOTTE FACTOIDS

19 MILES
OF LIGHT RAIL
WITH 26 STATIONS

Source: State of Center City Charlotte 2019

#1 STATE WITH
FASTEST GROWING
LARGE ECONOMY

Source: CBRE

#1 MILLENNIAL
MOVING
DESTINATION CITY

Source: CBRE

#6 BUSIEST AIRPORT
IN THE U.S.

Source: cltairport.com

#4 

HOTTEST HOUSING MARKET IN THE U.S.

Source: CBRE

COST OF LIVING
94.8

AS A PERCENTAGE OF THE NATIONAL AVERAGE

Source: 2018 Charlotte Business Alliance Research

TALENT POOL
NEARBY COLLEGES & UNIVERSITIES



DAVIDSON

QUEENS
UNIVERSITY
of
CHARLOTTE



CLEMSON
UNIVERSITY



UNIVERSITY OF
SOUTH CAROLINA

MARKET ACCOLADES

#1 TOTAL TECH
JOB GROWTH
IN THE U.S.
(2013-2018)

Source: CBRE

TOP QUARTILE
FORECASTED OFFICE-USING
JOB GROWTH

PROFESSIONAL SERVICES
EMPLOYMENT
80%
GROWTH SINCE 2001

Source: Bureau of Labor Statistics

26 CONSECUTIVE
QUARTERS OF RENT
GROWTH

Source: CBRE

#6 FORECASTED
REVENUE GROWTH

OUT OF TOP 50 U.S. MARKETS RANKED
BY GREEN STREET ADVISORS

#3 LOWEST OFFICE
VACANCY RATE

Source: CBRE

8
FORTUNE 500
HEADQUARTERS

Truist

Bank of America



Honeywell



UPTOWN / SOUTH END-MIDTOWN

COMPETITIVE SET	RSF	% LEASED	YEAR BUILT
Hearst Tower	970,002	99%	2002
Bank of America Tower	841,164	90%	2019
Ally Center	742,000	84%	2021
Fifth Third Center	697,817	92%	1997
300 South Tryon	638,459	74%	2017
615 South College	375,731	88%	2017
The RailYard	326,253	96%	2019
500 E. Morehead	187,000	98%	2017
TOTAL	4,778,426	90%	

Uptown

\$34.85

Average Asking
Rate/SF

17M

Inventory (SF)

6.7%

Vacancy

507K

Net Absorption
Last 4 QTR (SF)

2.0M

SF Under
Development

South End-Midtown

\$34.31

Average Asking
Rate/SF

2.2M

Inventory (SF)

7.2%

Vacancy

107K

Net Absorption
Last 4 QTR (SF)

327K

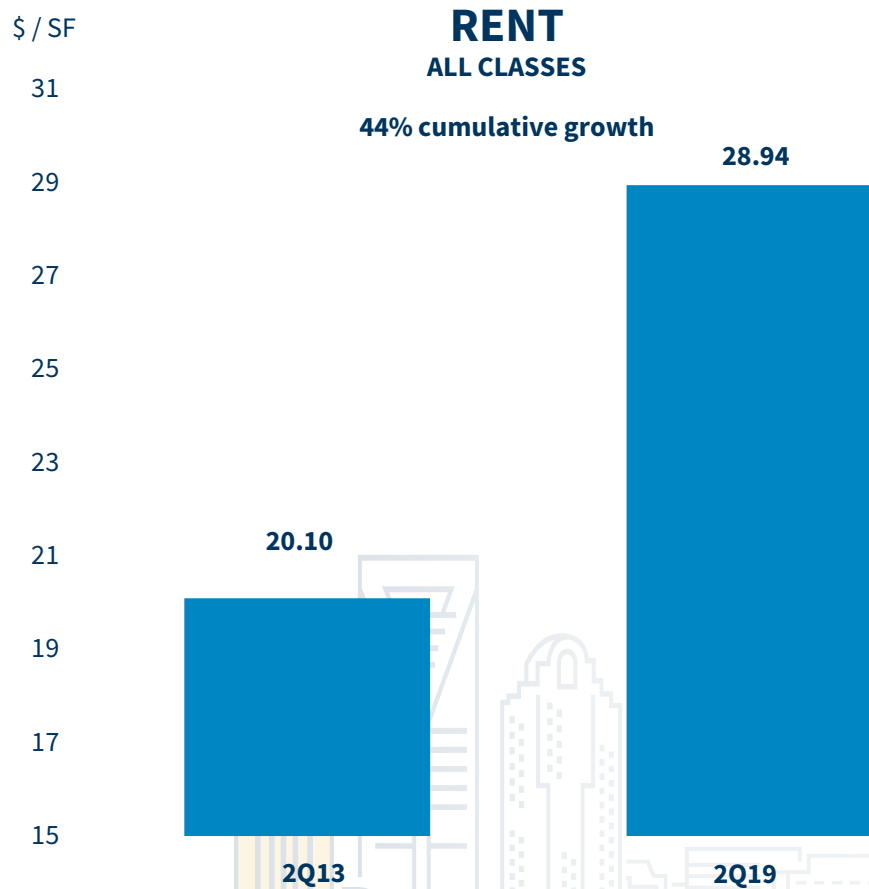
SF Under
Development

Source: CBRE 2Q 2019

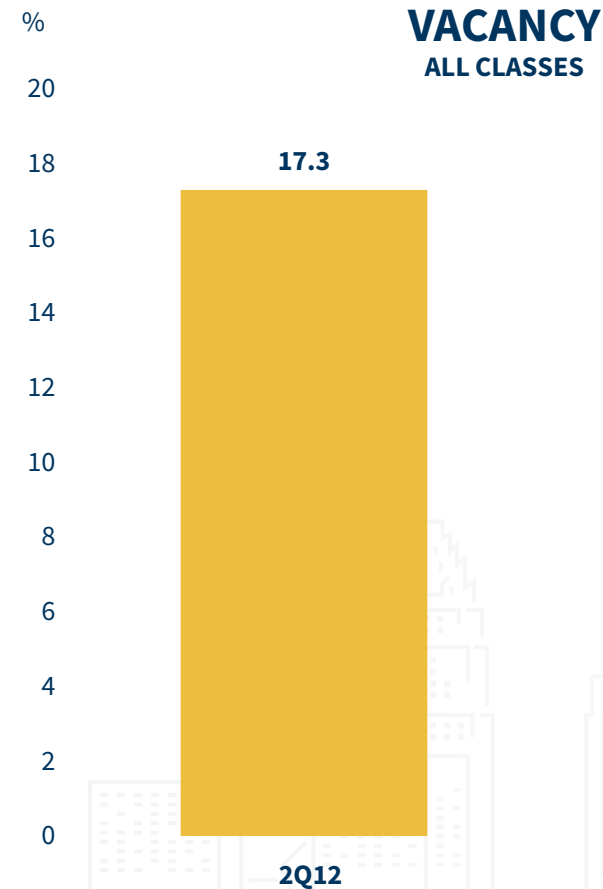
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CHARLOTTE

STRONG OFFICE FUNDAMENTALS



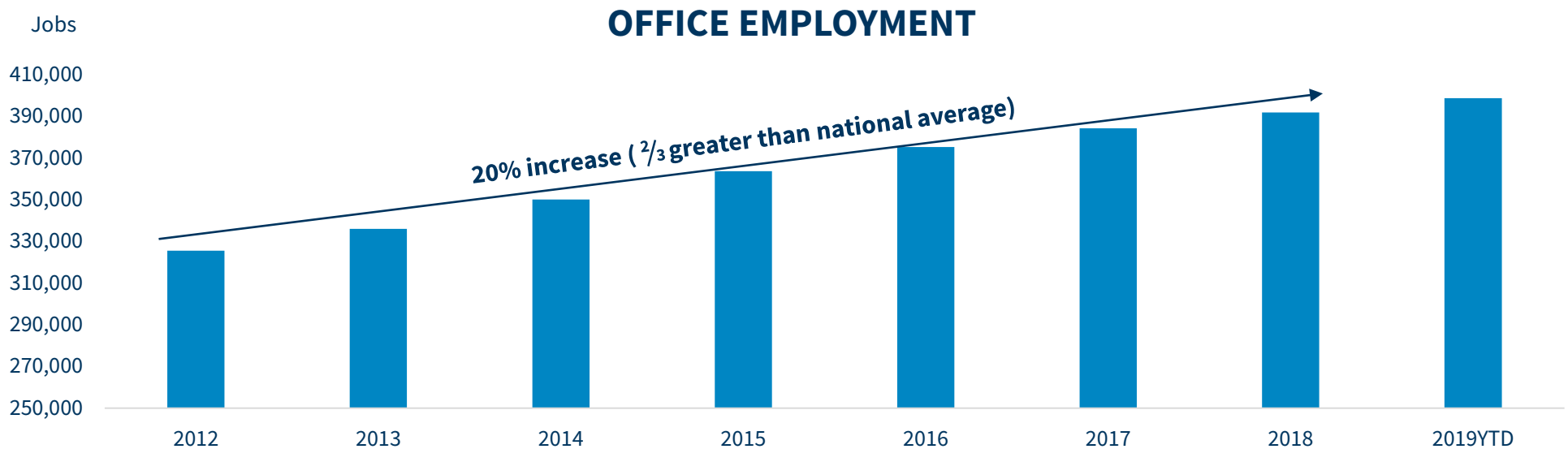
26 CONSECUTIVE QUARTERS OF RENT GROWTH



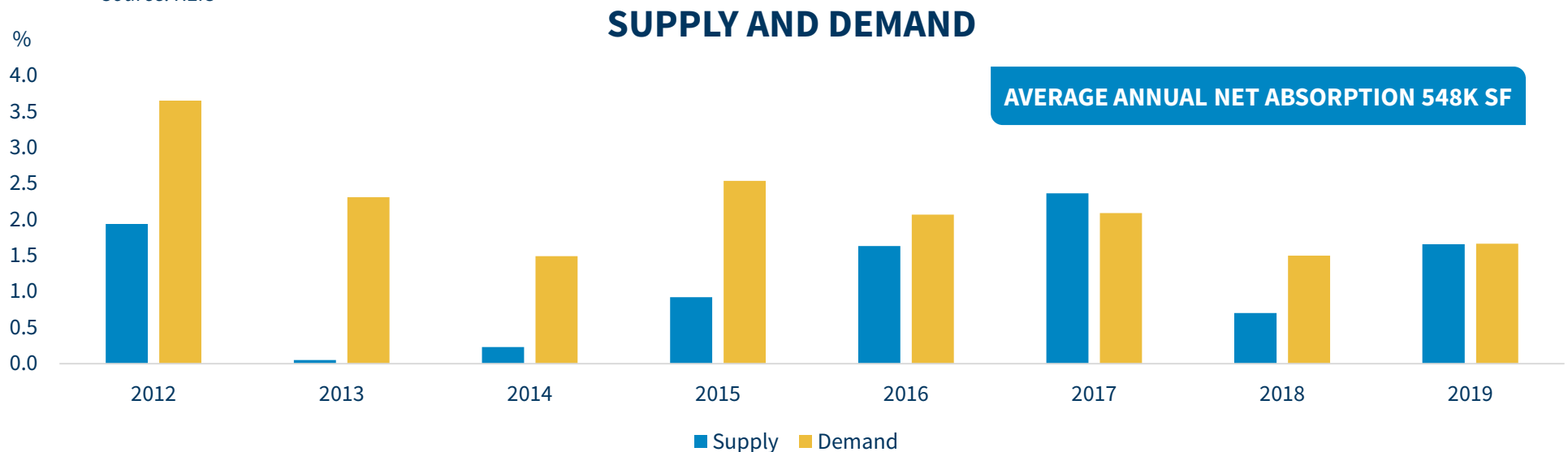
Source: CBRE

CHARLOTTE

STRONG OFFICE FUNDAMENTALS



Source: REIS



Source: Green Street Advisors; REIS



SELL



SELL

DISPOSITION PROPERTIES



HIGH QUALITY

- History of strong occupancy and healthy rents
- Well-maintained by institutional owner
- BBD locations

ATTRACTIVE PROPERTIES

- Greensboro industrial portfolio
- International Paper HQ (long-term lease, recent build-to-suit)
- Greensboro MOB portfolio
- Memphis assets concentrated along Poplar Corridor

GREENSBORO

- Office
 - 1.2M SF
 - 94.7% occupancy
 - 18 properties
- Industrial
 - 2.7M SF
 - 93.8% occupancy
 - 6 parks
- 5.2% of annualized revenue

TOP 3 CUSTOMERS



MEMPHIS

- Office
 - 1.7M SF
 - 91.2% occupancy
 - 11 properties
- 5.8% of annualized revenue

TOP 3 CUSTOMERS



GREENSBORO

Knollwood
250,000 SF



1501 Highwoods Blvd.
97,000 SF



Airpark Industrial
359,000 SF



Church Street Medical
149,000 SF



Green Valley
195,000 SF



MEMPHIS

Triad Centre
388,000 SF



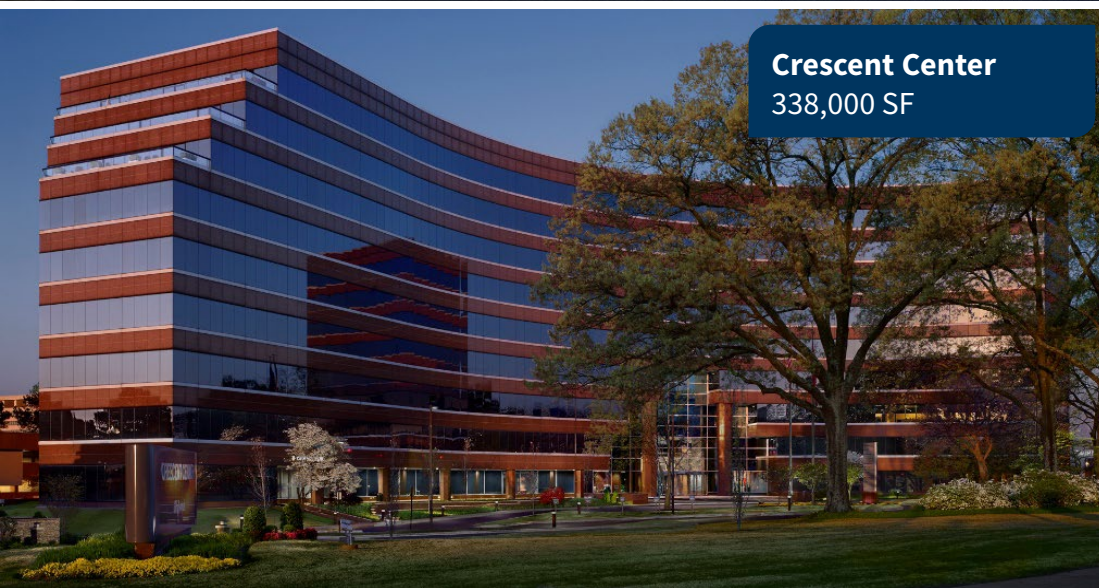
International Place IV
248,000 SF



International Place II
212,000 SF



Crescent Center
338,000 SF



IMPROVED PORTFOLIO QUALITY

REDUCED COMPLEXITY

G&A SAVINGS

MATCH FUNDED

ACCRETION

**FUTURE
GROWTH**

LEVERAGE-NEUTRAL

SIMPLIFICATION

NEW MARKET

TAX EFFICIENT

CASH FLOW

The logo for Highwoods Properties. It features a stylized icon of three vertical bars with a tree-like pattern on the left. To the right of the icon, the word "Highwoods" is written in a large, black, serif font, followed by a registered trademark symbol (®). Below "Highwoods", the word "PROPERTIES" is written in a smaller, black, sans-serif font, with each letter separated by a small space.

Highwoods® P R O P E R T I E S

