

SUPPLEMENTAL INFORMATION

1st
Quarter
2019



 Highwoods®
PROPERTIES

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The information within refers to all Highwoods Properties' wholly-owned entities unless noted otherwise. Wholly-owned entities exclude properties recorded on our Balance Sheet that relate to joint venture investments that are consolidated under GAAP.

All financial information contained in this document is unaudited. In addition, certain matters presented in this supplemental, including estimates of net operating income, pre-leasing commitments and the cost, timing and stabilization of announced development projects, are forward-looking statements within the meaning of the federal securities laws. Although Highwoods believes that 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, general economic conditions, local real estate conditions, the timely development and lease-up of properties, and other risks listed at the end of our first quarter earnings release and detailed from time to time in the Company's SEC reports. Highwoods assumes no obligation to update or supplement forward-looking statements that become untrue due to subsequent events.

This supplemental also includes non-GAAP financial measures, such as funds from operations (FFO), earnings before interest, taxes, depreciation and amortization for real estate (EBITDAre) and net operating income (NOI). Definitions of FFO, EBITDAre and NOI and an explanation of management's view of the usefulness and risks of FFO, EBITDAre and NOI can be found towards the end of our first quarter earnings release.

For the quarter ended March 31, 2019, the Company delivered \$0.72 per share of FFO. FFO per share for the quarter was impacted by \$0.12 per share of previously-disclosed credit losses of accounts and straight-line rents receivable and write-offs of notes receivable and lease incentives associated with Laser Spine Institute. This includes non-cash items of \$0.06 per share.

The Company previously provided information on Laser Spine's lease at 5332 Avion Drive, which occupied a 176,000 square-foot, six-story building with structured parking in Tampa's Westshore submarket, a BBD (Best Business District). The building, developed by Highwoods, had been used by Laser Spine for both its company headquarters and an ambulatory surgery center. After the market closed on March 1, 2019, Laser Spine announced it would immediately discontinue its operations. This unexpected announcement affected all of its locations nationwide.

During the quarter, the Company also wrote off tenant improvements and deferred leasing costs associated with the building, which aggregated \$11.6 million, or \$0.11 per share. The write-off of tenant improvements and deferred leasing costs affected net income but not FFO. The Company also noted the sudden closure of Laser Spine is expected to reduce GAAP NOI and other income/(loss) by an aggregate of \$0.05 per share during the final three quarters of 2019.

COVER
Asurion Groundbreaking
Nashville Division



Summary (amounts in thousands, except percentages, ratios, and per share amounts)

| | <i>Three Months Ended</i> | |
|---|---------------------------|----------------|
| | <u>3/31/19</u> | <u>3/31/18</u> |
| Financial: | | |
| Revenues | \$ 172,363 | \$ 180,438 |
| Net operating income (NOI) | \$ 111,812 | \$ 121,006 |
| Same property cash NOI growth | 0.1% | 2.9% |
| Funds from operations per share | \$ 0.72 | \$ 0.85 |
| Weighted average common shares outstanding, diluted | 106,357 | 106,165 |
| Balance Sheet: | | |
| Leverage (includes preferred stock) based on gross book assets | 36.1% | 36.0% |
| Net debt-to-EBITDAre | 5.15x | 4.77x |
| Net debt plus Preferred Stock-to-EBITDAre | 5.22x | 4.83x |
| Unencumbered NOI % | 96.2% | 96.3% |
| Credit facility availability | \$ 465,000 | \$ 600,000 |
| Operations: | | |
| Quarter end occupancy | 91.2% | 92.2% |
| Office square feet leased | 723 | 857 |
| Office GAAP rent growth 1/ | 17.5% | 19.7% |
| Average office cash rental rate per square foot for in-place leases | \$ 25.79 | \$ 25.33 |

| | <i>Three Months Ended</i> | |
|-----------------------------|---------------------------|---------|
| | <u>3/31/19</u> | |
| Investment Activity: | | |
| Building acquisitions | \$ | - |
| Building dispositions | \$ | - |
| Land acquisitions | \$ | - |
| Land dispositions | \$ | - |
| Development pipeline | \$ | 634,520 |
| Pipeline pre-leased % | | 93.3% |

1/ GAAP rent growth is calculated by comparing average cash rent psf over the term (GAAP rent) of the new lease to the average cash rent psf over the term related to the previous lease in the same space. Adjustments are made if and to the extent necessary to illustrate the current and prior deal on a consistent gross lease basis.

Corporate Information

Board of Directors

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Gene Anderson
Carlos Evans, Chair
Ed Fritsch
David Hartzell, Ph.D.
Sherry Kellett
Anne Lloyd

Corporate Officers

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Hugh Esleek
Vice President, Treasurer

Ed Fritsch
Chief Executive Officer

Ted Klinck
President, Chief Operating Officer

Carman Liuzzo
Senior Vice President, Investments

Brendan Maiorana
Senior Vice President, Finance and Investor Relations

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Vice President, Chief Information Officer

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Executive Vice President, Chief Financial Officer

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Senior Vice President, Nashville

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Vice President, Pittsburgh

Dan Woodward
Vice President, Tampa



Corporate Information

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Stock Exchange

NYSE: HIW

Investor Relations

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Information Request

To request a Supplemental Package or Annual Report or to be added to our e-mail distribution list, please contact Investor Relations.

The Company

Highwoods Properties, 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, Greensboro, Memphis, Nashville, Orlando, Pittsburgh, Raleigh, Richmond and Tampa. For more information about Highwoods Properties, please visit our website at: www.highwoods.com.

Consolidated Statements of Income (amounts in thousands, except per share amounts)

| | <i>Three Months Ended</i> | | | | |
|--|---------------------------|-----------------|----------------|----------------|----------------|
| | 3/31/19 | 12/31/18 | 9/30/18 | 6/30/18 | 3/31/18 |
| Rental and other revenues | \$ 172,363 | \$ 181,388 | \$ 179,417 | \$ 178,792 | \$ 180,438 |
| Operating expenses: | | | | | |
| Rental property and other expenses | 60,551 | 62,167 | 61,153 | 59,663 | 59,432 |
| Depreciation and amortization | 69,204 | 58,032 | 57,661 | 56,694 | 57,568 |
| Impairments of real estate assets | - | 423 | - | - | - |
| General and administrative | 12,381 | 9,137 | 9,551 | 9,540 | 11,778 |
| Total operating expenses | 142,136 | 129,759 | 128,365 | 125,897 | 128,778 |
| Interest expense | 18,739 | 17,717 | 17,437 | 17,877 | 18,391 |
| Other income/(loss) | (3,766) | 205 | 818 | 462 | 455 |
| Gains on disposition of property | - | 20,663 | 3 | 16,972 | - |
| Equity in earnings of unconsolidated affiliates | 664 | 597 | 573 | 546 | 522 |
| Net income | 8,386 | 55,377 | 35,009 | 52,998 | 34,246 |
| Net (income) attributable to noncontrolling interests in the Operating Partnership | (193) | (1,417) | (902) | (1,381) | (888) |
| Net (income) attributable to noncontrolling interests in consolidated affiliates | (316) | (289) | (324) | (308) | (286) |
| Dividends on Preferred Stock | (622) | (623) | (623) | (623) | (623) |
| Net income available for common stockholders | \$ 7,255 | \$ 53,048 | \$ 33,160 | \$ 50,686 | \$ 32,449 |
| Earnings per Common Share - basic: | | | | | |
| Net income available for common stockholders | \$ 0.07 | \$ 0.51 | \$ 0.32 | \$ 0.49 | \$ 0.31 |
| Weighted average Common Shares outstanding - basic | 103,600 | 103,530 | 103,471 | 103,428 | 103,324 |
| Earnings per Common Share - diluted: | | | | | |
| Net income available for common stockholders | \$ 0.07 | \$ 0.51 | \$ 0.32 | \$ 0.49 | \$ 0.31 |
| Weighted average Common Shares outstanding - diluted | 106,357 | 106,303 | 106,333 | 106,267 | 106,165 |

Funds from Operations and Additional Information (amounts in thousands, except per share amounts)

| | <i>Three Months Ended</i> | | | | |
|--|---------------------------|------------------|------------------|------------------|------------------|
| | <u>3/31/19</u> | <u>12/31/18</u> | <u>9/30/18</u> | <u>6/30/18</u> | <u>3/31/18</u> |
| Funds from operations: | | | | | |
| Net income | \$ 8,386 | \$ 55,377 | \$ 35,009 | \$ 52,998 | \$ 34,246 |
| Net (income) attributable to noncontrolling interests in consolidated affiliates | (316) | (289) | (324) | (308) | (286) |
| Depreciation and amortization of real estate assets | 68,482 | 57,352 | 56,904 | 55,954 | 56,835 |
| (Gains) on disposition of depreciable properties | - | (20,663) | - | (16,433) | - |
| Unconsolidated affiliates: | | | | | |
| Depreciation and amortization of real estate assets | 580 | 611 | 597 | 565 | 511 |
| Funds from operations | 77,132 | 92,388 | 92,186 | 92,776 | 91,306 |
| Dividends on Preferred Stock | (622) | (623) | (623) | (623) | (623) |
| Funds from operations available for common stockholders | \$ 76,510 | \$ 91,765 | \$ 91,563 | \$ 92,153 | \$ 90,683 |
| Funds from operations available for common stockholders per share | \$ 0.72 | \$ 0.86 | \$ 0.86 | \$ 0.87 | \$ 0.85 |
| Weighted average shares outstanding | 106,357 | 106,303 | 106,333 | 106,267 | 106,165 |
| | | | | | |
| Additional information: 1/ | | | | | |
| Losses on debt extinguishment | \$ 375 | \$ - | \$ - | \$ - | \$ - |
| Straight-line rental income | (1,438) | (5,225) | (5,184) | (6,394) | (6,509) |
| Straight-line rental write-offs related to termination fees | 50 | 94 | 183 | 21 | 58 |
| Amortization of lease incentives | 2,848 | 551 | 452 | 476 | 429 |
| Depreciation of non-real estate assets | 585 | 606 | 616 | 609 | 603 |
| Ground lease straight-line rent expense | 81 | 83 | 87 | 90 | 92 |
| Share-based compensation expense | 4,572 | 857 | 1,141 | 1,173 | 4,295 |
| Amortization of debt issuance costs | 736 | 731 | 718 | 722 | 686 |
| Amortization of accumulated other comprehensive (income)/loss | (368) | (368) | (368) | (346) | (339) |
| Amortization of above/(below) market leases and other adjustments | 2,928 | (1,006) | (980) | (927) | (938) |
| | | | | | |
| Non-incremental revenue generating capital expenditures incurred: 2/ | | | | | |
| Building improvements | (6,760) | (9,149) | (9,259) | (8,121) | (11,371) |
| 2nd generation tenant improvements | (21,312) | (20,739) | (18,388) | (17,331) | (18,838) |
| 2nd generation lease commissions | (4,981) | (6,889) | (6,058) | (6,778) | (5,604) |
| | | | | | |
| Common dividends and unit distributions paid | (50,475) | (49,139) | (49,152) | (49,131) | (49,047) |

1/ Increase or (decrease) to cash flows.

2/ Excludes capital expenditures (a) incurred within 12 months prior to the disposition date for buildings sold, (b) related to first generation leases and leases with respect to vacant space in acquired buildings, (c) building improvements that are recoverable from future operating cost savings, (d) building improvements that constitute part of the total investment cost disclosed in connection with an acquisition and (e) property re-developments.

Consolidated Balance Sheets (dollars in thousands)

| | <u>3/31/19</u> | <u>12/31/18</u> |
|--|---------------------|---------------------|
| Assets: | | |
| Real estate assets, at cost: | | |
| Land | \$ 491,613 | \$ 491,441 |
| Buildings and tenant improvements | 4,728,637 | 4,676,862 |
| Development in-process | 162,076 | 165,537 |
| Land held for development | 94,312 | 128,248 |
| | <u>5,476,638</u> | <u>5,462,088</u> |
| Less-accumulated depreciation | <u>(1,324,447)</u> | <u>(1,296,562)</u> |
| Net real estate assets | 4,152,191 | 4,165,526 |
| Real estate and other assets, net, held for sale | 24,893 | - |
| Cash and cash equivalents | 4,827 | 3,769 |
| Restricted cash | 7,640 | 6,374 |
| Accounts receivable | 30,646 | 25,952 |
| Mortgages and notes receivable, net of allowance of \$36 and \$44, respectively | 1,623 | 5,599 |
| Accrued straight-line rents receivable | 219,870 | 220,088 |
| Investments in and advances to unconsolidated affiliates | 23,296 | 23,585 |
| Deferred leasing costs, net of accumulated amortization of \$149,863 and \$149,275, respectively | 194,848 | 195,273 |
| Prepaid expenses and other assets, net of accumulated depreciation of \$18,751 and \$18,074, respectively | 66,282 | 28,843 |
| Total Assets | <u>\$ 4,726,116</u> | <u>\$ 4,675,009</u> |
| Liabilities, Noncontrolling Interests in the Operating Partnership and Equity: | | |
| Mortgages and notes payable, net | \$ 2,160,594 | \$ 2,085,831 |
| Accounts payable, accrued expenses and other liabilities | <u>237,278</u> | <u>218,922</u> |
| Total Liabilities | 2,397,872 | 2,304,753 |
| Commitments and contingencies | | |
| Noncontrolling interests in the Operating Partnership | 127,976 | 105,960 |
| 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), 28,859 and 28,877 shares issued and outstanding, respectively | 28,859 | 28,877 |
| Common Stock, \$.01 par value, 200,000,000 authorized shares; 103,690,619 and 103,557,065 shares issued and outstanding, respectively | 1,037 | 1,036 |
| Additional paid-in capital | 2,956,517 | 2,976,197 |
| Distributions in excess of net income available for common stockholders | (811,223) | (769,303) |
| Accumulated other comprehensive income | 7,494 | 9,913 |
| Total Stockholders' Equity | <u>2,182,684</u> | <u>2,246,720</u> |
| Noncontrolling interests in consolidated affiliates | 17,584 | 17,576 |
| Total Equity | <u>2,200,268</u> | <u>2,264,296</u> |
| Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity | <u>\$ 4,726,116</u> | <u>\$ 4,675,009</u> |

Capitalization, Net debt-to-EBITDAre and Revenue Detail (dollars, shares and units in thousands)

| | <u>3/31/19</u> | <u>12/31/18</u> | <u>9/30/18</u> | <u>6/30/18</u> | <u>3/31/18</u> |
|---|---------------------|-----------------|----------------|----------------|----------------|
| Mortgages and Notes Payable (see pages 5 & 6): | \$ 2,160,594 | \$ 2,085,831 | \$ 2,087,421 | \$ 2,055,004 | \$ 2,112,584 |
| Preferred Stock (at liquidation value): | | | | | |
| Series A 8 5/8% Cumulative Redeemable | \$ 28,859 | \$ 28,877 | \$ 28,887 | \$ 28,887 | \$ 28,887 |
| Common Shares and Units Outstanding: | | | | | |
| Common stock outstanding | 103,691 | 103,557 | 103,488 | 103,459 | 103,422 |
| Noncontrolling interest partnership units | 2,736 | 2,739 | 2,803 | 2,806 | 2,810 |
| Total Common Shares and Units outstanding | 106,427 | 106,296 | 106,291 | 106,265 | 106,232 |
| Stock price at period end | \$ 46.78 | \$ 38.69 | \$ 47.26 | \$ 50.73 | \$ 43.82 |
| Market value of common equity | \$ 4,978,655 | \$ 4,112,592 | \$ 5,023,313 | \$ 5,390,823 | \$ 4,655,086 |
| Total capitalization | \$ 7,168,108 | \$ 6,227,300 | \$ 7,139,621 | \$ 7,474,714 | \$ 6,796,557 |
| Net debt-to-EBITDAre: | | | | | |
| Net income | \$ 8,386 | \$ 55,377 | \$ 35,009 | \$ 52,998 | \$ 34,246 |
| Interest expense | 18,739 | 17,717 | 17,437 | 17,877 | 18,391 |
| Depreciation and amortization | 69,204 | 58,032 | 57,661 | 56,694 | 57,568 |
| (Gains) on disposition of depreciable properties | - | (20,663) | - | (16,433) | - |
| Adjustments to reflect our share of EBITDAre from unconsolidated affiliates | 957 | 994 | 969 | 956 | 896 |
| EBITDAre | \$ 97,286 | \$ 111,457 | \$ 111,076 | \$ 112,092 | \$ 111,101 |
| EBITDAre (annualized) 1/ | \$ 425,303 | \$ 445,828 | \$ 444,304 | \$ 448,368 | \$ 444,404 |
| Mortgages and notes payable 2/ | \$ 2,198,842 | \$ 2,124,795 | \$ 2,126,536 | \$ 2,094,269 | \$ 2,151,656 |
| Less - cash and cash equivalents 2/ | (8,285) | (6,727) | (8,659) | (7,523) | (33,945) |
| Net debt 3/ | \$ 2,190,557 | \$ 2,118,068 | \$ 2,117,877 | \$ 2,086,746 | \$ 2,117,711 |
| Preferred Stock | 28,859 | 28,877 | 28,887 | 28,887 | 28,887 |
| Net debt plus Preferred Stock | \$ 2,219,416 | \$ 2,146,945 | \$ 2,146,764 | \$ 2,115,633 | \$ 2,146,598 |
| Net debt-to-EBITDAre 4/ | 5.15x | 4.75x | 4.77x | 4.65x | 4.77x |
| Net debt plus Preferred Stock-to-EBITDAre 5/ | 5.22x | 4.82x | 4.83x | 4.72x | 4.83x |
| Rental and other revenues: | | | | | |
| Contractual rents, net | \$ 149,065 | \$ 152,016 | \$ 149,404 | \$ 148,195 | \$ 148,679 |
| Straight-line rental income, net | 1,438 | 5,225 | 5,184 | 6,394 | 6,509 |
| Cost recoveries billed under lease arrangements, net | 15,061 | 16,076 | 15,494 | 15,233 | 14,714 |
| Lease termination fees, net 6/ | 402 | 75 | 1,418 | 8 | 666 |
| Other miscellaneous operating revenues | 6,397 | 7,996 | 7,917 | 8,962 | 9,870 |
| | \$ 172,363 | \$ 181,388 | \$ 179,417 | \$ 178,792 | \$ 180,438 |

1/ EBITDAre (annualized) is EBITDAre multiplied by four. For the quarter ended 3/31/19, credit losses and write-offs of \$12.1M associated with the sudden closure of Laser Spine Institute are not annualized.

2/ Includes our share of unconsolidated affiliates.

3/ Net debt is calculated as mortgages and notes payable at quarter-end less cash and cash equivalents at quarter-end.

4/ Net debt at quarter-end divided by EBITDAre (annualized). Excluding credit losses and write-offs associated with the sudden closure of Laser Spine Institute, net debt-to-EBITDAre at 3/31/19 would have been 5.01x.

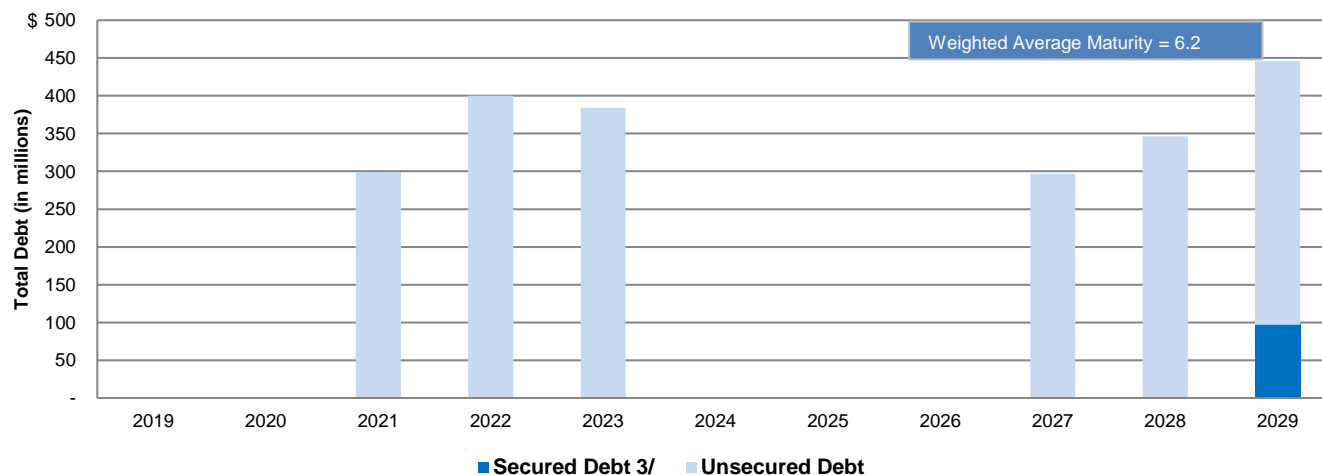
5/ Net debt plus Preferred Stock at quarter-end divided by EBITDAre (annualized). Excluding credit losses and write-offs associated with the sudden closure of Laser Spine Institute, net debt plus Preferred Stock-to-EBITDAre at 3/31/19 would have been 5.07x.

6/ Includes \$1.3 million accelerated rent payments in the third quarter of 2018 from a vacating customer at 11000 Weston in Raleigh.

Mortgages and Notes Payable Summary (dollars in thousands)

| Balances Outstanding: | 3/31/19 | 12/31/18 | 9/30/18 | 6/30/18 | 3/31/18 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Secured: | | | | | |
| Conventional fixed rate | \$ 96,717 | \$ 97,179 | \$ 97,636 | \$ 98,089 | \$ 98,537 |
| Unsecured - Fixed: | | | | | |
| Fixed rate bonds and notes | 1,540,211 | 1,190,816 | 1,190,439 | 1,190,062 | 1,389,685 |
| Bank term loan | - | 225,000 | 225,000 | 225,000 | 225,000 |
| Bank term loan 1/ | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Unsecured - fixed total | 1,590,211 | 1,465,816 | 1,465,439 | 1,465,062 | 1,664,685 |
| Unsecured - Floating: | | | | | |
| Bank term loan | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Bank term loan | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| Bank term loan | - | - | - | 10,000 | 10,000 |
| Credit facility 2/ | 135,000 | 182,000 | 184,000 | 142,000 | - |
| Unsecured - floating total | 485,000 | 532,000 | 534,000 | 502,000 | 360,000 |
| Unsecured total | 2,075,211 | 1,997,816 | 1,999,439 | 1,967,062 | 2,024,685 |
| Total | \$ 2,171,928 | \$ 2,094,995 | \$ 2,097,075 | \$ 2,065,151 | \$ 2,123,222 |
| Total Net of Debt Issuance Costs | \$ 2,160,594 | \$ 2,085,831 | \$ 2,087,421 | \$ 2,055,004 | \$ 2,112,584 |
| End of Period Weighted Average Interest Rates: | | | | | |
| Secured: | | | | | |
| Conventional fixed rate | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| Unsecured - Fixed: | | | | | |
| Fixed rate bonds | 3.89% | 3.75% | 3.75% | 3.75% | 4.29% |
| Bank term loan | - | 2.78% | 2.78% | 2.78% | 2.78% |
| Bank term loan 1/ | 2.79% | 2.79% | 2.79% | 2.79% | 2.79% |
| Unsecured - fixed total | 3.86% | 3.57% | 3.57% | 3.57% | 4.04% |
| Unsecured - Floating: | | | | | |
| Bank term loan | 3.60% | 3.61% | 3.31% | 3.18% | 2.95% |
| Bank term loan | 3.59% | 3.45% | 3.21% | 3.09% | 2.77% |
| Bank term loan | - | - | - | 3.08% | 2.76% |
| Credit facility 2/ | 3.48% | 3.46% | 3.15% | 3.07% | - |
| Unsecured - floating total | 3.56% | 3.51% | 3.23% | 3.12% | 2.87% |
| Unsecured total | 3.79% | 3.55% | 3.48% | 3.45% | 3.83% |
| Weighted Average | 3.80% | 3.57% | 3.50% | 3.48% | 3.84% |

Maturity Schedule



1/ The interest rate on this loan is based on one-month LIBOR plus a spread based on the company's credit rating. Swap agreements effectively fix one-month LIBOR until January 2022.

2/ Maturity date assumes exercise of two six-month extension options.

3/ Excludes annual principal amortization.

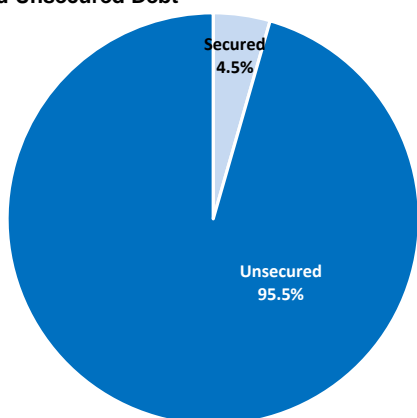
Mortgages and Notes Payable Detail (dollars in thousands)

| <u>Secured Loans</u> | | | | Undepreciated Book Value of Real Estate & Related Assets Secured |
|---|---------------------------|--------------------------|-------------------------------------|---|
| <u>Lender</u> | <u>Effective Rate</u> | <u>Maturity Date</u> | <u>Loan Balance 3/31/19</u> | |
| Allianz Life Insurance Company | 4.00% | May-29 | \$ 96,717 | \$ 146,362 |
| Unsecured Bonds | | | | |
| Bonds 1/ | 4.38% | Apr-29 | 349,018 | |
| Bonds 2/ | 4.06% | Mar-28 | 346,311 | |
| Bonds | 3.36% | Jun-21 | 299,044 | |
| Bonds 3/ | 3.78% | Mar-27 | 296,834 | |
| Bonds | 3.75% | Jan-23 | 249,004 | |
| | <u>3.89%</u> | | <u>1,540,211</u> | |
| Unsecured Loans | | | | |
| Bank term loan 4/ | 3.60% | Nov-22 | 200,000 | |
| Bank term loan 4/ | 3.59% | Jan-22 | 150,000 | |
| Credit facility 4/ 5/ | 3.48% | Jan-23 | 135,000 | |
| Bank term loan 6/ | 2.79% | Jan-22 | 50,000 | |
| | <u>3.49%</u> | | <u>535,000</u> | |
| Total Debt | <u>3.80%</u> | | <u>\$ 2,171,928</u> | |
| Total Net of Debt Issuance Costs | | | <u>\$ 2,160,594</u> | |

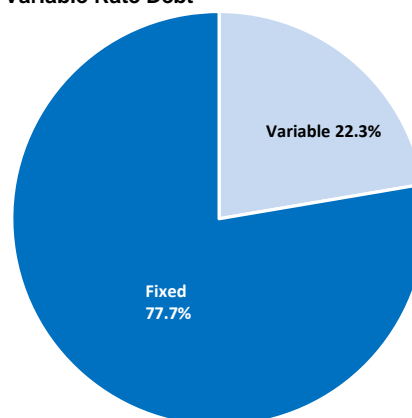
| <u>Bond Covenants as of March 31, 2019</u> | |
|---|--------|
| Overall indebtedness (<60%) | 38.7% |
| Secured indebtedness (<40%) | 1.7% |
| Income available for debt service (>1.5x) | 5.96x |
| Total unencumbered assets to unsecured debt (>150%) | 262.3% |

| <u>Agency</u> | <u>Rating</u> | <u>Outlook</u> | <u>Affirmed</u> |
|---------------|---------------|----------------|-----------------|
| S&P | BBB | Stable | 7/5/18 |
| Moody's | Baa2 | Stable | 12/17/18 |

Secured and Unsecured Debt



Fixed and Variable Rate Debt



1/ Rate includes the impact of the swaps that were settled for (\$5.1) million upon issuance of the bonds.

2/ Rate includes the impact of the swaps that were settled for \$7.2 million upon issuance of the bonds.

3/ Rate includes the impact of the swaps that were settled for \$7.3 million upon issuance of the bonds.

4/ Floating rate loans based on one-month LIBOR.

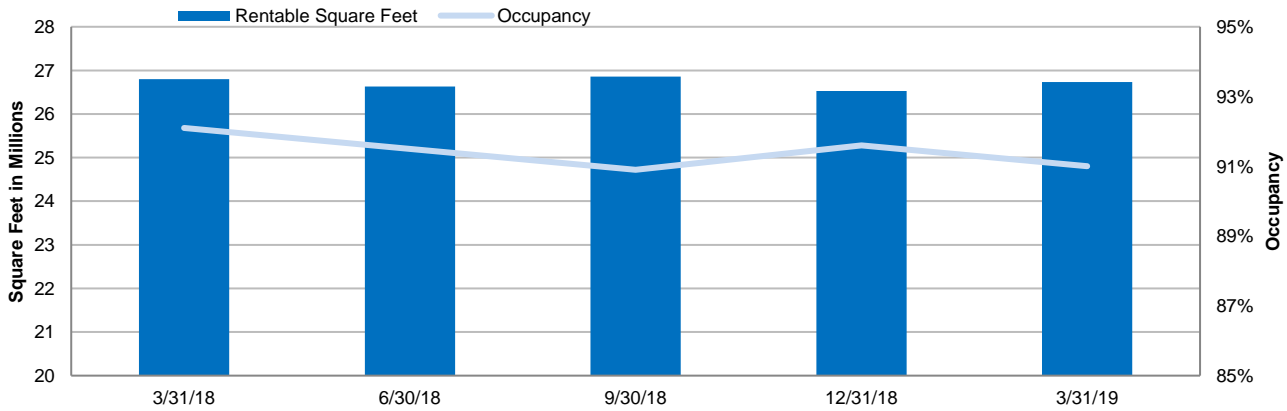
5/ Maturity date assumes exercise of two six-month extension options.

6/ This loan maturing January 2022 is swapped to an effective fixed rate of 2.79%, including the current spread based on the company's credit rating.

Portfolio Summary

| | <u>3/31/19</u> | <u>12/31/18</u> | <u>9/30/18</u> | <u>6/30/18</u> | <u>3/31/18</u> |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total In-Service | | | | | |
| Rentable Square Feet | | | | | |
| Office | 26,736,000 | 26,531,000 | 26,855,000 | 26,633,000 | 26,799,000 |
| Industrial | 2,672,000 | 2,672,000 | 2,544,000 | 2,544,000 | 2,544,000 |
| Retail | 59,000 | 59,000 | 59,000 | 59,000 | 59,000 |
| Total | <u>29,467,000</u> | <u>29,262,000</u> | <u>29,458,000</u> | <u>29,236,000</u> | <u>29,402,000</u> |
| Occupancy | | | | | |
| Office | 91.0% | 91.6% | 90.9% | 91.5% | 92.1% |
| Industrial | 93.9% | 95.0% | 95.5% | 95.4% | 92.8% |
| Retail | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Total | <u>91.2%</u> | <u>91.9%</u> | <u>91.3%</u> | <u>91.8%</u> | <u>92.2%</u> |
| Same Property: | | | | | |
| Rentable Square Feet | | | | | |
| Office | 26,308,000 | 26,308,000 | 26,308,000 | 26,308,000 | 26,308,000 |
| Industrial | 2,544,000 | 2,544,000 | 2,544,000 | 2,544,000 | 2,544,000 |
| Retail | 59,000 | 59,000 | 59,000 | 59,000 | 59,000 |
| Total | <u>28,911,000</u> | <u>28,911,000</u> | <u>28,911,000</u> | <u>28,911,000</u> | <u>28,911,000</u> |
| Occupancy | | | | | |
| Office | 91.0% | 91.7% | 91.0% | 91.5% | 92.1% |
| Industrial | 93.5% | 94.8% | 95.5% | 95.4% | 92.8% |
| Retail | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Total | <u>91.2%</u> | <u>92.0%</u> | <u>91.4%</u> | <u>91.9%</u> | <u>92.2%</u> |

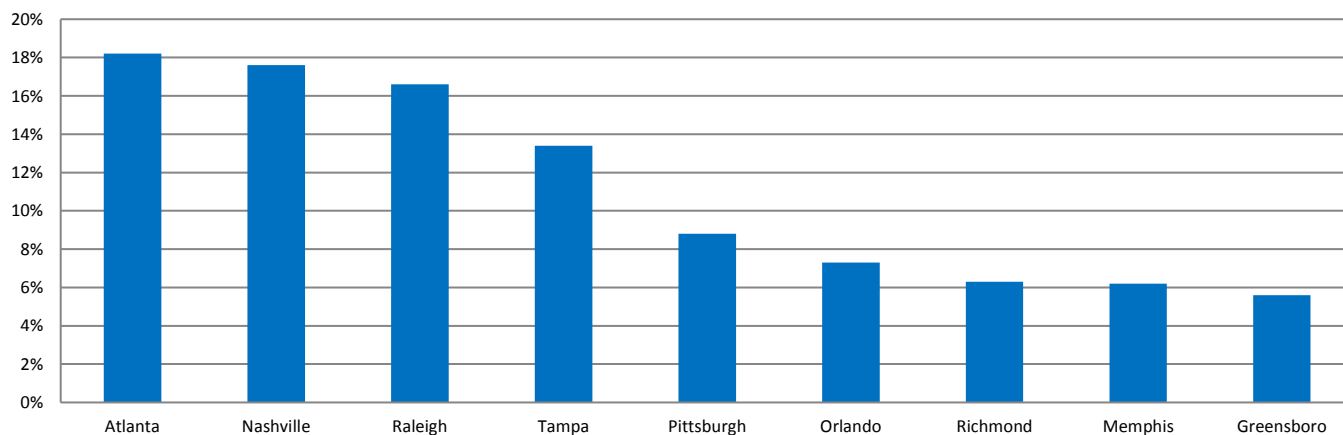
Rentable Square Feet and Occupancy Trend: *Total In-Service Office Only*



Portfolio Summary

| <u>Market</u> | <u>Rentable Square Feet</u> | <u>Occupancy</u> | <u>Percentage of Annualized Cash Revenue 1/</u> | | | |
|---------------|-----------------------------|------------------|---|-------------------|---------------|---------------|
| | | | <u>Office</u> | <u>Industrial</u> | <u>Retail</u> | <u>Total</u> |
| Atlanta | 5,114,000 | 88.4% | 18.2% | - | - | 18.2% |
| Nashville | 4,344,000 | 92.9% | 17.4% | - | 0.2% | 17.6% |
| Raleigh | 4,747,000 | 89.2% | 16.6% | - | - | 16.6% |
| Tampa | 3,620,000 | 90.0% | 13.4% | - | - | 13.4% |
| Pittsburgh | 2,150,000 | 94.6% | 8.8% | - | - | 8.8% |
| Orlando | 1,977,000 | 89.4% | 7.3% | - | - | 7.3% |
| Richmond | 2,036,000 | 93.7% | 6.3% | - | - | 6.3% |
| Memphis | 1,656,000 | 92.5% | 6.1% | - | 0.1% | 6.2% |
| Greensboro | 3,823,000 | 94.1% | 3.5% | 2.1% | - | 5.6% |
| Total | 29,467,000 | 91.2% | 97.6% | 2.1% | 0.3% | 100.0% |

Annualized Cash Revenue by Market 1/

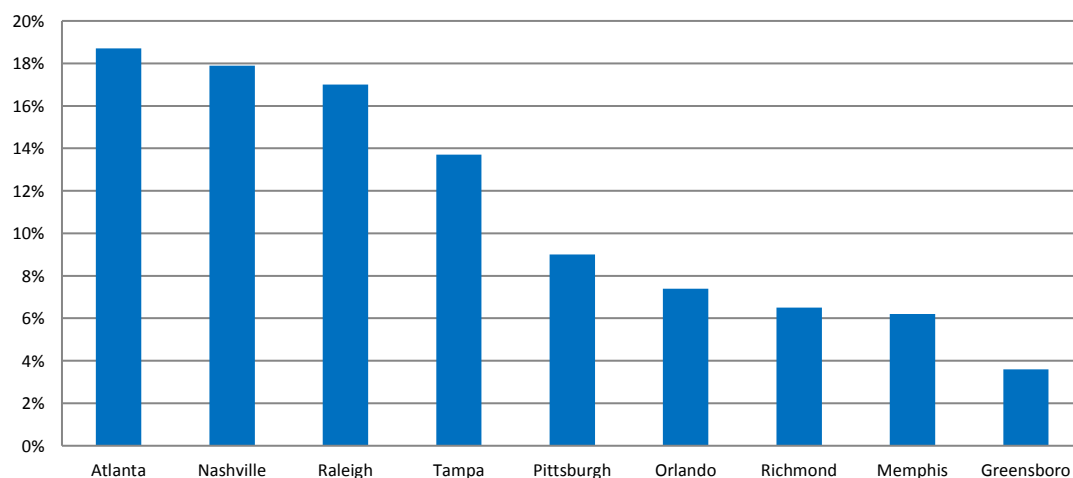


1/ Annualized Cash Revenue is March 2019 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

Portfolio Summary

| <u>Market</u> | <u>Rentable Square Feet</u> | <u>Occupancy</u> | <u>Percentage of Segment Annualized Cash Revenue 1/</u> | <u>Percentage of Total Annualized Cash Revenue 1/</u> |
|-------------------|-----------------------------|------------------|---|---|
| Office | | | | |
| Atlanta | 5,114,000 | 88.4% | 18.7% | 18.2% |
| Nashville | 4,303,000 | 92.8% | 17.9% | 17.4% |
| Raleigh | 4,747,000 | 89.2% | 17.0% | 16.6% |
| Tampa | 3,620,000 | 90.0% | 13.7% | 13.4% |
| Pittsburgh | 2,150,000 | 94.6% | 9.0% | 8.8% |
| Orlando | 1,977,000 | 89.4% | 7.4% | 7.3% |
| Richmond | 2,036,000 | 93.7% | 6.5% | 6.3% |
| Memphis | 1,638,000 | 92.4% | 6.2% | 6.1% |
| Greensboro | 1,151,000 | 94.8% | 3.6% | 3.5% |
| | <u>26,736,000</u> | <u>91.0%</u> | <u>100.0%</u> | <u>97.6%</u> |
| Industrial | | | | |
| Greensboro | 2,672,000 | 93.9% | 100.0% | 2.1% |
| | <u>2,672,000</u> | <u>93.9%</u> | <u>100.0%</u> | <u>2.1%</u> |
| Retail | | | | |
| Nashville | 41,000 | 100.0% | 67.5% | 0.2% |
| Memphis | 18,000 | 100.0% | 32.5% | 0.1% |
| | <u>59,000</u> | <u>100.0%</u> | <u>100.0%</u> | <u>0.3%</u> |

Office Segment: Annualized Cash Revenue by Market 1/



1/ Annualized Cash Revenue is March 2019 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

Occupancy Trends

| <u>Market</u> | <u>Measurement</u> | <u>3/31/19</u> | <u>12/31/18</u> | <u>9/30/18</u> | <u>6/30/18</u> | <u>3/31/18</u> |
|---------------|-----------------------|-------------------|-----------------|----------------|----------------|----------------|
| Atlanta | Rentable Square Feet | 5,114,000 | 5,120,000 | 5,243,000 | 5,243,000 | 5,243,000 |
| | Occupancy | 88.4% | 87.4% | 86.3% | 85.1% | 86.2% |
| | Current Properties 1/ | 88.4% | 87.4% | 86.6% | 85.3% | 86.4% |
| Greensboro | Rentable Square Feet | 3,823,000 | 3,823,000 | 3,695,000 | 3,695,000 | 3,695,000 |
| | Occupancy | 94.1% | 94.4% | 94.7% | 94.3% | 92.2% |
| | Current Properties 1/ | 93.9% | 94.2% | 94.7% | 94.3% | 92.2% |
| Memphis | Rentable Square Feet | 1,656,000 | 1,656,000 | 1,655,000 | 1,655,000 | 1,655,000 |
| | Occupancy | 92.5% | 92.1% | 92.3% | 92.1% | 93.8% |
| | Current Properties 1/ | 92.5% | 92.1% | 92.3% | 92.1% | 93.8% |
| Nashville | Rentable Square Feet | 4,344,000 | 4,231,000 | 4,231,000 | 4,095,000 | 4,094,000 |
| | Occupancy | 92.9% | 93.0% | 92.7% | 94.4% | 95.0% |
| | Current Properties 1/ | 93.3% | 93.9% | 93.6% | 94.4% | 95.0% |
| Orlando | Rentable Square Feet | 1,977,000 | 1,976,000 | 1,975,000 | 1,976,000 | 1,976,000 |
| | Occupancy | 89.4% | 91.2% | 91.0% | 90.5% | 89.2% |
| | Current Properties 1/ | 89.4% | 91.2% | 91.0% | 90.5% | 89.2% |
| Pittsburgh | Rentable Square Feet | 2,150,000 | 2,148,000 | 2,148,000 | 2,148,000 | 2,148,000 |
| | Occupancy | 94.6% | 95.0% | 95.0% | 95.2% | 94.2% |
| | Current Properties 1/ | 94.6% | 95.0% | 95.0% | 95.2% | 94.2% |
| Raleigh | Rentable Square Feet | 4,747,000 | 4,655,000 | 4,656,000 | 4,656,000 | 4,824,000 |
| | Occupancy | 89.2% | 89.5% | 89.3% | 93.7% | 94.3% |
| | Current Properties 1/ | 89.0% | 89.5% | 89.3% | 93.7% | 94.3% |
| Richmond | Rentable Square Feet | 2,036,000 | 2,033,000 | 2,033,000 | 1,946,000 | 1,945,000 |
| | Occupancy | 93.7% | 93.4% | 92.3% | 91.1% | 92.3% |
| | Current Properties 1/ | 93.4% | 93.1% | 91.9% | 91.1% | 92.3% |
| Tampa | Rentable Square Feet | 3,620,000 | 3,620,000 | 3,822,000 | 3,822,000 | 3,822,000 |
| | Occupancy | 90.0% | 95.3% | 92.9% | 92.8% | 94.2% |
| | Current Properties 1/ | 90.0% | 95.3% | 92.5% | 92.4% | 93.8% |
| Total | Rentable Square Feet | 29,467,000 | 29,262,000 | 29,458,000 | 29,236,000 | 29,402,000 |
| | Occupancy | 91.2% | 91.9% | 91.3% | 91.8% | 92.2% |
| | Current Properties 1/ | 91.2% | 92.0% | 91.4% | 91.9% | 92.2% |

1/ Only includes properties that were owned and in-service for all periods shown.

Office Leasing Statistics

| | Three Months Ended | | | | | Five Quarter |
|---|--------------------|---------------|---------------|---------------|---------------|-----------------|
| | 3/31/19 | 12/31/18 | 9/30/18 | 6/30/18 | 3/31/18 | Average |
| Leasing Activity: | | | | | | |
| Square footage of Renewal Deals | 566,319 | 534,509 | 605,530 | 928,472 | 636,772 | 654,320 |
| Square footage of New Deals (Relets) | 157,146 | 383,985 | 278,065 | 188,522 | 220,370 | 245,618 |
| Rentable square footage leased | 723,465 | 918,494 | 883,595 | 1,116,994 | 857,142 | 899,938 |
| Renewed square footage (% of total) | 78.3% | 58.2% | 68.5% | 83.1% | 74.3% | 72.7% |
| New Leases square footage (% of total) | 21.7% | 41.8% | 31.5% | 16.9% | 25.7% | 27.3% |
| Number of lease transactions (signed leases) | 93 | 103 | 104 | 119 | 106 | 105 |
| Weighted average per rentable square foot over the lease term: | | | | | | |
| Base rent | \$ 30.53 | \$ 30.67 | \$ 28.06 | \$ 27.51 | \$ 28.88 | \$ 29.13 |
| Rent concessions | (0.52) | (0.74) | (0.79) | (0.55) | (0.53) | (0.63) |
| GAAP rent | 30.01 | 29.93 | 27.27 | 26.96 | 28.35 | 28.50 |
| Tenant improvements | (2.81) | (3.70) | (3.02) | (2.51) | (2.69) | (2.95) |
| Leasing commissions 1/ | (0.90) | (1.04) | (0.89) | (0.64) | (0.90) | (0.87) |
| Effective rent after capex | 26.30 | 25.19 | 23.36 | 23.81 | 24.76 | 24.68 |
| Expense stop | (9.66) | (9.19) | (8.41) | (8.57) | (8.92) | (8.95) |
| Effective rent after capex and opex | \$ 16.64 | \$ 16.00 | \$ 14.95 | \$ 15.24 | \$ 15.84 | \$ 15.73 |
| Square feet weighted average term in years | 5.1 | 5.6 | 5.7 | 6.7 | 5.7 | 5.8 |
| Dollar weighted average term in years | 5.5 | 5.8 | 6.0 | 6.8 | 6.0 | 6.0 |
| Capital Expenditures Related to Above Leasing Activity: | | | | | | |
| Tenant Improvements: | | | | | | |
| Total dollars committed under signed leases | \$ 11,778,612 | \$ 22,650,431 | \$ 16,145,452 | \$ 21,063,395 | \$ 16,634,198 | \$ 17,654,418 |
| Rentable square feet | 723,465 | 918,494 | 883,595 | 1,116,994 | 857,142 | 899,938 |
| Per rentable square foot | \$ 16.28 | \$ 24.66 | \$ 18.27 | \$ 18.86 | \$ 19.41 | \$ 19.62 |
| Leasing Commissions: | | | | | | |
| Total dollars committed under signed leases 1/ | \$ 3,857,104 | \$ 5,848,648 | \$ 5,098,971 | \$ 4,657,270 | \$ 5,158,589 | \$ 4,924,116 |
| Rentable square feet | 723,465 | 918,494 | 883,595 | 1,116,994 | 857,142 | 899,938 |
| Per rentable square foot | \$ 5.33 | \$ 6.37 | \$ 5.77 | \$ 4.17 | \$ 6.02 | \$ 5.47 |
| Total: | | | | | | |
| Total dollars committed under signed leases | \$ 15,635,716 | \$ 28,499,079 | \$ 21,244,423 | \$ 25,720,665 | \$ 21,792,787 | \$ 22,578,534 |
| Rentable square feet | 723,465 | 918,494 | 883,595 | 1,116,994 | 857,142 | 899,938 |
| Per rentable square foot | \$ 21.61 | \$ 31.03 | \$ 24.04 | \$ 23.03 | \$ 25.42 | \$ 25.09 |

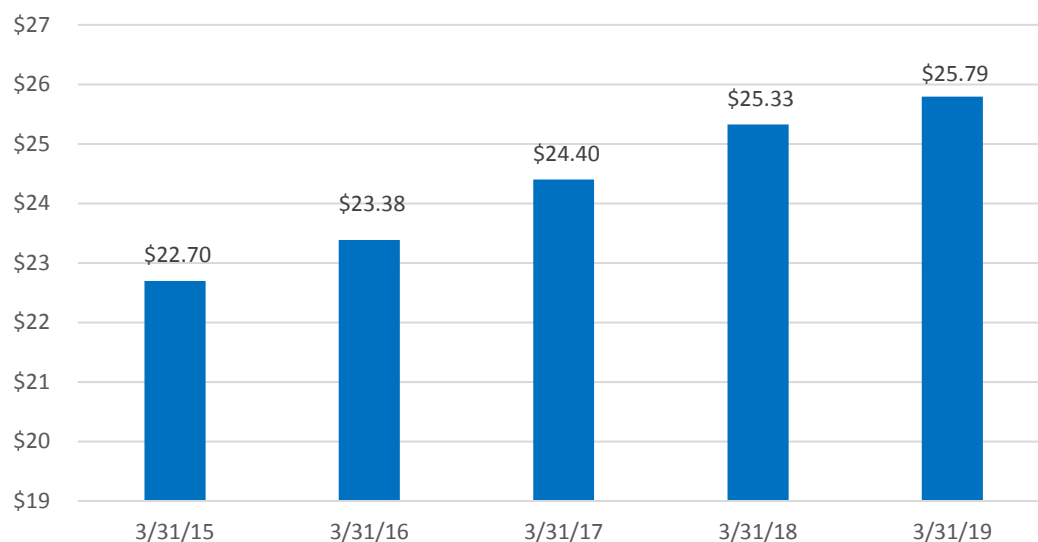
1/ Excludes capitalized internal leasing costs.

Office Leasing Statistics and Rental Rate Comparisons by Market

For Three Months Ended March 31, 2019

| Leasing Statistics | Rentable | | Lease | | | Previous Rent | Percentage Change |
|--------------------|--------------------|--------------|-----------------|--------------------|-----------------|-----------------|-------------------|
| | Square Feet Leased | Average Term | TI's Per SF | Commissions Per SF | Rental Rate | | |
| Atlanta | 207,737 | 7.0 | \$ 22.12 | \$ 8.75 | \$ 33.29 | \$ 26.00 | 28.0% |
| Raleigh | 112,166 | 3.8 | 9.30 | 3.65 | 27.15 | 24.10 | 12.7% |
| Tampa | 105,485 | 4.2 | 19.13 | 5.47 | 32.90 | 26.35 | 24.9% |
| Greensboro | 99,210 | 4.0 | 8.50 | 2.73 | 23.81 | 22.40 | 6.3% |
| Orlando | 82,089 | 6.9 | 25.91 | 7.07 | 31.03 | 26.74 | 16.0% |
| Memphis | 56,260 | 2.7 | 6.82 | 1.50 | 27.71 | 26.35 | 5.2% |
| Richmond | 30,932 | 5.7 | 14.35 | 3.39 | 24.64 | 19.70 | 25.1% |
| Nashville | 29,586 | 3.5 | 10.94 | 0.42 | 35.59 | 31.00 | 14.8% |
| GAAP Rent Growth | 1/ 723,465 | 5.1 | \$ 16.28 | \$ 5.33 | \$ 30.01 | \$ 25.55 | 17.5% |
| Cash Rent Growth | 2/ 723,465 | 5.1 | \$ 16.28 | \$ 5.33 | \$ 28.32 | \$ 27.16 | 4.3% |

Average Office Cash Rental Rates for All In-Place Leases as of:



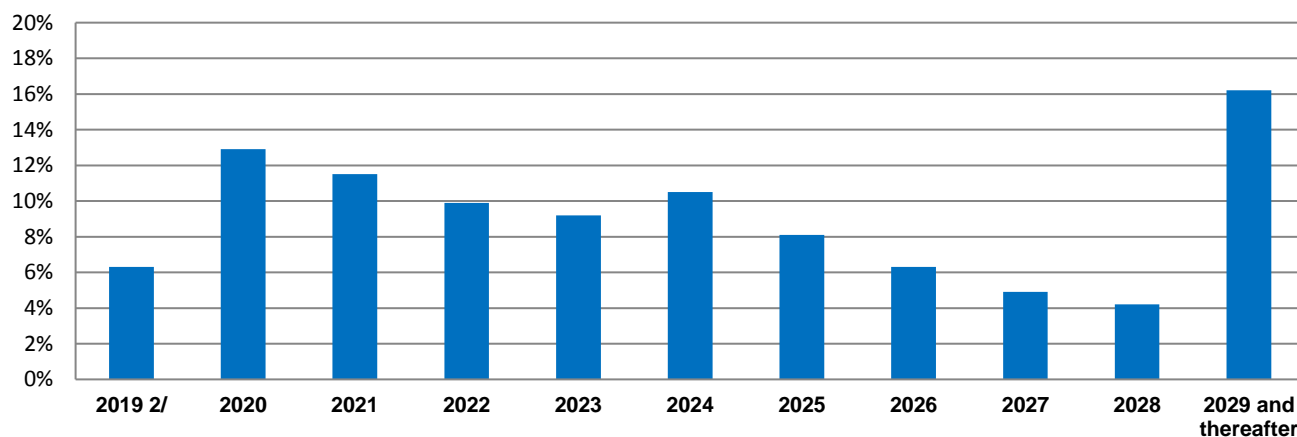
1/ GAAP rent growth is calculated by comparing average cash rent psf over the term (GAAP rent) of the new lease to the average cash rent psf over the term related to the previous lease in the same space. Adjustments are made if necessary to put both the current and prior deal on a consistent gross lease basis.

2/ Cash rent growth is calculated by comparing beginning annualized cash rent psf (after rent concessions burn off) under the new lease to ending annualized cash rent psf (including recovery income and rent escalations) related to the previous lease in the same space. Adjustments are made if necessary to put both the current and prior deal on a consistent gross lease basis.

Office Lease Expirations (dollars in thousands)

| <u>Year</u> | <u>Occupied Rentable Square Feet Expiring</u> | <u>Percent of Occupied Rentable Square Feet</u> | <u>Annualized Cash Revenue 1/</u> | <u>Average Rental Rate</u> | <u>Percent of Annualized Cash Revenue 1/</u> |
|---------------------|---|---|---|------------------------------------|--|
| 2019 2/ | 1,573,764 | 6.5% | \$ 39,480 | \$ 25.09 | 6.3% |
| 2020 | 2,897,015 | 11.9% | 81,185 | 28.02 | 12.9% |
| 2021 | 2,709,975 | 11.1% | 71,927 | 26.54 | 11.5% |
| 2022 | 2,488,956 | 10.2% | 62,061 | 24.93 | 9.9% |
| 2023 | 2,263,432 | 9.3% | 57,727 | 25.50 | 9.2% |
| 2024 | 2,471,178 | 10.2% | 65,626 | 26.56 | 10.5% |
| 2025 | 1,835,783 | 7.5% | 51,031 | 27.80 | 8.1% |
| 2026 | 1,572,481 | 6.5% | 39,655 | 25.22 | 6.3% |
| 2027 | 1,183,054 | 4.9% | 30,564 | 25.83 | 4.9% |
| 2028 | 914,319 | 3.8% | 26,115 | 28.56 | 4.2% |
| 2029 and thereafter | 4,408,837 | 18.1% | 101,859 | 23.10 | 16.2% |
| | 24,318,794 | 100.0% | \$ 627,230 | \$ 25.79 | 100.0% |

Percent of Total Annualized Cash Revenue Expiring by Year



1/ Annualized Cash Revenue is March 2019 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

2/ Includes 137,000 square feet of leases that are on a month to month basis, which constitute 0.4% of total annualized revenue.

Note: 2019 and beyond expirations that have been renewed are reflected above based on the renewal expiration date. Expirations include leases related to completed not stabilized development properties and exclude leases related to developments in-process.

Office Lease Expirations by Market by Year (dollars in thousands)

| | | <u>2019 1/</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>Thereafter</u> |
|--------------|-----------------------------------|------------------|------------------|------------------|------------------|-------------------|
| Atlanta | RSF | 340,530 | 534,711 | 532,545 | 496,984 | 2,616,309 |
| | % of Total RSF | 1.4% | 2.3% | 2.1% | 1.9% | 11.0% |
| | Annualized Cash Revenue 2/ | \$ 9,434 | \$ 14,514 | \$ 16,102 | \$ 12,392 | \$ 65,029 |
| | % of Total Annl Cash Rev | 1.5% | 2.3% | 2.6% | 2.0% | 10.3% |
| Greensboro | RSF | 73,067 | 129,190 | 112,231 | 209,135 | 567,498 |
| | % of Total RSF | 0.3% | 0.5% | 0.5% | 0.9% | 2.4% |
| | Annualized Cash Revenue 2/ | \$ 1,784 | \$ 2,673 | \$ 2,478 | \$ 3,806 | \$ 11,797 |
| | % of Total Annl Cash Rev | 0.3% | 0.4% | 0.4% | 0.6% | 1.6% |
| Memphis | RSF | 109,947 | 230,517 | 321,402 | 174,183 | 677,143 |
| | % of Total RSF | 0.5% | 0.9% | 1.3% | 0.7% | 2.7% |
| | Annualized Cash Revenue 2/ | \$ 2,691 | \$ 6,264 | \$ 8,717 | \$ 4,855 | \$ 16,591 |
| | % of Total Annl Cash Rev | 0.4% | 1.0% | 1.4% | 0.8% | 2.6% |
| Nashville | RSF | 276,123 | 462,406 | 361,252 | 102,642 | 2,792,687 |
| | % of Total RSF | 1.1% | 1.9% | 1.5% | 0.4% | 11.6% |
| | Annualized Cash Revenue 2/ | \$ 7,520 | \$ 12,350 | \$ 9,408 | \$ 2,789 | \$ 79,674 |
| | % of Total Annl Cash Rev | 1.2% | 2.0% | 1.5% | 0.4% | 12.7% |
| Orlando | RSF | 89,750 | 232,705 | 214,193 | 283,568 | 946,231 |
| | % of Total RSF | 0.4% | 1.0% | 0.9% | 1.2% | 3.8% |
| | Annualized Cash Revenue 2/ | \$ 2,312 | \$ 6,063 | \$ 5,826 | \$ 8,081 | \$ 24,439 |
| | % of Total Annl Cash Rev | 0.4% | 1.0% | 0.9% | 1.3% | 4.0% |
| Pittsburgh | RSF | 31,636 | 99,974 | 129,326 | 134,345 | 1,637,479 |
| | % of Total RSF | 0.1% | 0.4% | 0.5% | 0.6% | 6.8% |
| | Annualized Cash Revenue 2/ | \$ 884 | \$ 5,223 | \$ 3,657 | \$ 3,742 | \$ 42,784 |
| | % of Total Annl Cash Rev | 0.1% | 0.8% | 0.6% | 0.6% | 6.9% |
| Raleigh | RSF | 408,907 | 326,999 | 324,624 | 426,933 | 2,744,793 |
| | % of Total RSF | 1.7% | 1.3% | 1.3% | 1.8% | 11.2% |
| | Annualized Cash Revenue 2/ | \$ 8,739 | \$ 9,380 | \$ 8,219 | \$ 10,287 | \$ 70,172 |
| | % of Total Annl Cash Rev | 1.4% | 1.5% | 1.3% | 1.6% | 11.3% |
| Richmond | RSF | 116,274 | 202,607 | 238,720 | 254,961 | 1,096,093 |
| | % of Total RSF | 0.5% | 0.8% | 1.0% | 1.0% | 4.4% |
| | Annualized Cash Revenue 2/ | \$ 2,506 | \$ 4,525 | \$ 5,224 | \$ 5,495 | \$ 22,900 |
| | % of Total Annl Cash Rev | 0.4% | 0.7% | 0.8% | 0.9% | 3.8% |
| Tampa | RSF | 127,530 | 677,906 | 475,682 | 406,205 | 1,570,851 |
| | % of Total RSF | 0.5% | 2.8% | 2.0% | 1.7% | 6.4% |
| | Annualized Cash Revenue 2/ | \$ 3,610 | \$ 20,193 | \$ 12,296 | \$ 10,614 | \$ 39,191 |
| | % of Total Annl Cash Rev | 0.6% | 3.2% | 2.0% | 1.7% | 6.2% |
| Total | RSF | 1,573,764 | 2,897,015 | 2,709,975 | 2,488,956 | 14,649,084 |
| | % of Total RSF | 6.5% | 11.9% | 11.1% | 10.2% | 60.3% |
| | Annualized Cash Revenue 2/ | \$ 39,480 | \$ 81,185 | \$ 71,927 | \$ 62,061 | \$ 372,577 |
| | % of Total Annl Cash Rev | 6.3% | 12.9% | 11.5% | 9.9% | 59.4% |

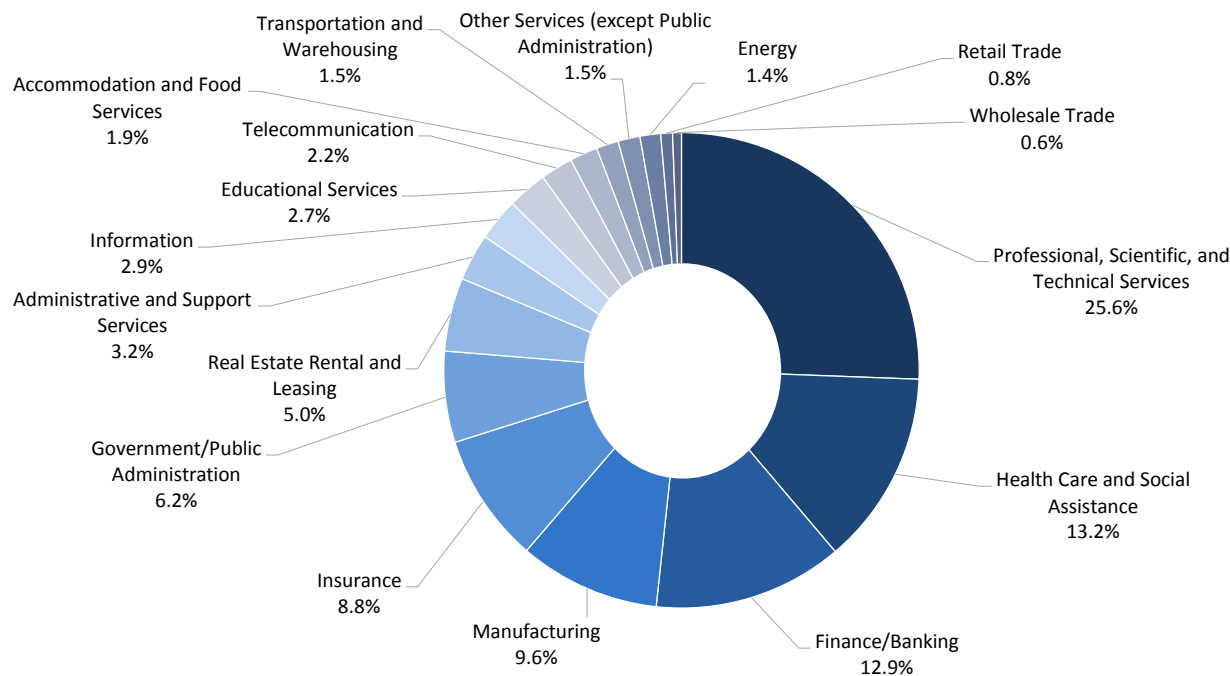
1/ Includes 137,000 square feet of leases that are on a month to month basis, which constitute 0.4% of total annualized revenue.

2/ Annualized Cash Revenue is March 2019 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

Customer Diversification (dollars in thousands)

| Top 20 Customers | Rentable Square Feet | Annualized Cash Revenue 1/ | Percent of Annualized Cash Revenue 1/ | Average Remaining Lease Term in Years |
|------------------------------|-----------------------------|-----------------------------------|--|--|
| Federal Government | 1,282,516 | \$ 31,709 | 4.93% | 4.0 |
| Metropolitan Life Insurance | 621,190 | 16,266 | 2.53% | 9.5 |
| Bridgestone Americas | 506,128 | 14,993 | 2.33% | 18.4 |
| PPG Industries | 356,215 | 9,034 | 1.41% | 12.1 |
| Tivity | 263,598 | 7,684 | 1.20% | 3.9 |
| EQT Corporation | 319,269 | 7,595 | 1.18% | 5.5 |
| Vanderbilt University | 251,415 | 6,879 | 1.07% | 2.8 |
| International Paper | 278,444 | 6,855 | 1.07% | 9.8 |
| Bass, Berry & Sims | 202,133 | 6,835 | 1.06% | 5.8 |
| State of Georgia | 313,146 | 6,215 | 0.97% | 3.3 |
| American General Life | 173,834 | 6,199 | 0.96% | 7.8 |
| Marsh USA | 177,382 | 6,054 | 0.94% | 3.2 |
| Novelis | 168,949 | 6,034 | 0.94% | 5.4 |
| Lifepoint Corporate Services | 202,991 | 5,294 | 0.82% | 10.0 |
| AT&T | 197,826 | 4,974 | 0.77% | 4.5 |
| PNC Bank | 159,142 | 4,803 | 0.75% | 8.9 |
| Regus PLC | 172,433 | 4,772 | 0.74% | 4.5 |
| Avanos Medical | 193,199 | 4,545 | 0.71% | 10.0 |
| Global Payments | 168,051 | 4,539 | 0.71% | 13.9 |
| UMA Education | 153,126 | 4,174 | 0.65% | 11.4 |
| | 6,160,987 | \$ 165,453 | 25.74% | 7.7 |

Percent of Annualized Revenue by Industry



1/ Annualized Cash Revenue is March 2019 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

Same Property Performance (dollars in thousands)

| | Three months ended | | Dollar Change B/(W) | Percentage Change B/(W) |
|--|--------------------|-------------------|------------------------|----------------------------|
| | March 31, | | | |
| | 2019 | 2018 | | |
| Rental revenues 1/ | \$ 166,256 | \$ 165,384 | \$ 872 | 0.5% |
| Operating expenses | (57,991) | (57,188) | (803) | (1.4%) |
| Cash NOI 1/ | 108,265 | 108,196 | 69 | 0.1% |
| Lease termination fees 2/ | 402 | 666 | (264) | (39.6%) |
| Cash NOI with Term Fees 3/ | 108,667 | 108,862 | (195) | (0.2%) |
| Straight-line rent and other non-cash adjustments 4/ | (2,369) | 5,738 | (8,107) | (141.3%) |
| GAAP NOI | \$ 106,298 | \$ 114,600 | \$ (8,302) | (7.2%) |
| Average occupancy | 91.6% | 92.3% | | (0.7%) |
| Rentable square feet | 28,911,000 | 28,911,000 | | |

| | Year to Date: 2019 vs 2018 | |
|---------------|----------------------------------|-----------------------------------|
| | GAAP NOI Percentage Change | Occupancy Percentage Change |
| Market | | |
| Atlanta | 5.4% | 0.4% |
| Greensboro | (6.0%) | 2.0% |
| Memphis | (8.1%) | (1.2%) |
| Nashville | (0.6%) | (1.3%) |
| Orlando | 5.7% | 1.2% |
| Pittsburgh | 3.7% | 0.3% |
| Raleigh | (4.5%) | (5.5%) |
| Richmond | 6.0% | 1.0% |
| Tampa | (54.7%) | (0.4%) |
| | <u>(7.2%)</u> | <u>(0.7%)</u> |

1/ Excludes straight-line rents, lease termination fees, adjustments related to amortization of acquired above and below market leases and amortization of lease incentives.

2/ Straight-line rent write-offs related to lease terminations are reflected here as a reduction of lease termination fees.

3/ Excludes straight-line rents, adjustments related to amortization of acquired above and below market leases and amortization of lease incentives.

4/ Includes adjustments related to amortization of acquired above and below market leases and amortization of lease incentives.

Development Activity (dollars in thousands)

| | | Rentable Square Feet | Anticipated Total Investment 1/ | Investment As Of 3/31/19 1/ | Pre Leased % | Estimated Completion Date | Estimated Stabilization Date | |
|---|-----------|----------------------------|---------------------------------------|-----------------------------------|-----------------|---------------------------------|------------------------------------|-------|
| Office In-Process | | | | | | | | |
| Mars Petcare - Ovation | Nashville | 223,700 | \$ 96,200 | \$ 90,217 | 100.0% | 3Q 19 | 3Q 19 | |
| GlenLake Seven 2/ 3/ | Raleigh | 125,700 | 40,970 | 3,135 | 28.2% | 3Q 20 | 4Q 21 | |
| Asurion | Nashville | 552,800 | 285,000 | 52,664 | 98.3% | 4Q 21 | 1Q 22 | |
| | | 902,200 | \$ 422,170 | \$ 146,016 | 89.0% | | | |
| Office Completed Not Stabilized 4/ | | | | | | | | |
| Riverwood 200 | Atlanta | 300,000 | \$ 107,000 | \$ 103,573 | 97.1% | 93.5% | 2Q 17 | 2Q 19 |
| 5000 CentreGreen | Raleigh | 170,000 | 40,850 | 39,484 | 87.6% | 86.5% | 3Q 17 | 3Q 19 |
| MetLife III 5/ | Raleigh | 219,000 | 64,500 | 59,972 | 100.0% | 71.5% | 1Q 19 | 2Q 21 |
| | | 689,000 | \$ 212,350 | \$ 203,029 | 95.7% | 84.8% | | |
| Total Pipeline | | 1,591,200 | \$ 634,520 | \$ 349,045 | 91.9% | | | |
| | | | | \$ Weighted % | 93.3% | | | |
| Office Placed in Service | | | | | | | | |
| 751 Corporate Center | Raleigh | 91,300 | \$ 21,850 | \$ 20,449 | 98.4% | 98.4% | | |
| Virginia Springs I | Nashville | 113,000 | 34,300 | 28,009 | 100.0% | 100.0% | | |
| | | 204,300 | \$ 56,150 | \$ 48,458 | 99.3% | 99.3% | | |



Asurion Groundbreaking

1/ Includes deferred lease commissions, which are not classified as development in-process on our consolidated balance sheet.

2/ Recorded on our consolidated balance sheet in land held for development, not development in-process.

3/ Highwoods' corporate and Raleigh division personnel will occupy approximately 35,500 square feet.

4/ "Completed not stabilized" properties are recorded on our consolidated balance sheet in the land and building and tenant improvement accounts, not development in-process.

5/ Pre-lease of 100% contains a required take down of one floor in Q1 '20 and one floor in Q1 '21.

Land Held for Development (dollars in thousands)

| Market | Acres | Square Footage Buildout of Core Development Land 1/ | |
|----------------------------------|------------------|--|-------------------|
| | | Office | Industrial |
| Nashville 2/ | 65 | 1,973,000 | - |
| Tampa | 37 | 813,000 | - |
| Raleigh 3/ | 31 | 818,000 | - |
| Greensboro | 30 | 240,000 | 220,500 |
| Richmond 4/ | 13 | 200,000 | - |
| Orlando | 2 | 410,000 | - |
| Atlanta | 1 | 175,000 | - |
| Core total | 179 | 4,629,000 | 220,500 |
| Non-core total 5/ | 156 | | |
| Total | 335 | | |
| Cost Basis 1/ 2/ 3/ 4/ 5/ | \$123,886 | | |

The 335 acres of Development Land have an estimated market value of between \$137M to \$147M.

1/ Represents approximately \$1.9 billion in total development.

2/ Includes 54 acres and approximately 1.2 million square feet currently classified as development in-process on our consolidated balance sheet.

3/ Excludes 3 acres to be used to develop a 126,000 square foot, 28.2% pre-leased build-to-suit office building that is currently classified as land held for development on our consolidated balance sheet.

4/ Excludes 13 acres of development land owned by a 50% consolidated joint venture with a total cost basis of \$3.3 million.

5/ Includes 13 acres of development land that is currently classified as property held for sale on our consolidated balance sheet.

Joint Venture Financial and Summary Information (dollars in thousands)

Unconsolidated Joint Venture Financial Information:

| Joint Venture | Own % | Venture's Books | |
|-----------------------------------|-------|-----------------------------------|-----------------|
| | | Three Months Ended March 31, 2019 | |
| | | Revenue | NOI |
| Plaza Colonnade, Tenant-in-Common | 50.0% | \$ 3,219 | \$ 1,980 |
| Highwoods DLF Forum, LLC | 25.0% | 2,617 | 1,611 |
| Kessinger/Hunter & Company, LC | 26.5% | 1,315 | 222 |
| Total | | \$ 7,151 | \$ 3,813 |

| Joint Venture | Own % | Venture's Books | | |
|-----------------------------------|-------|----------------------|------------------|-------------------|
| | | As of March 31, 2019 | | |
| | | Total Assets | Debt | Total Liabilities |
| Plaza Colonnade, Tenant-in-Common | 50.0% | \$ 52,426 | \$ 59,682 | \$ 61,513 |
| Highwoods DLF Forum, LLC | 25.0% | 97,724 | 33,631 | 38,577 |
| Kessinger/Hunter & Company, LC | 26.5% | 2,398 | - | 804 |
| Highwoods DLF 98/29, LLC | 22.8% | 34,311 | - | 16 |
| Total | | \$ 186,859 | \$ 93,313 | \$ 100,910 |

Summary of Joint Ventures:

| Market | Rentable Square Feet | Occupancy | Percentage of Joint Venture Annualized Cash Revenue 1/ 2/ |
|--------------|----------------------|--------------|---|
| Kansas City | 292,000 | 97.4% | 51.1% |
| Richmond 3/ | 345,000 | 100.0% | 28.7% |
| Raleigh | 635,000 | 67.5% | 20.2% |
| Total | 1,272,000 | 83.2% | 100.0% |

1/ Annualized Cash Revenue is March 2019 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

2/ Annualized Cash Revenue is based on Highwoods' share only.

3/ This joint venture is consolidated.