
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

SCHEDULE TO

**TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1)
OF THE SECURITIES EXCHANGE ACT OF 1934**

HIGHLANDS REIT, INC.

(Name of Subject Company (Issuer) and Filing Person (Offeror))

Common Stock, \$0.01 par value per share
(Title of Class of Securities)

43110A 104
(CUSIP Number of Class of Securities)

Robert J. Lange
Executive Vice President, Chief Operating Officer
and General Counsel
1 South Dearborn Street, 20th Floor
Chicago, Illinois 60603
(312) 583-7990

(Name, address, and telephone number of person authorized to receive notices and communications on behalf of filing persons)

With copies to:
Evan Hudson
Alston & Bird LLP
90 Park Avenue
New York, New York 10016
(212) 210-9400

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

If applicable, check the appropriate box(es) below to designate the appropriate rule provision(s) relied upon:

- Rule 13e-4(i) (Cross-Border Issuer Tender Offer).
 - Rule 14d-1(d) (Cross-Border Third-Party Tender Offer).
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SCHEDULE TO

This Tender Offer Statement on Schedule TO relates to the offer by Highlands REIT, Inc., a Maryland corporation (the “Company”), to purchase for cash up to \$20 million in value of shares of the Company’s common stock, par value \$0.01 per share (the “Shares”), subject to the Company’s ability to increase the number of Shares accepted for payment in the offer by up to 2% of the Company’s outstanding Shares (resulting in a proportionate increase in the dollar volume by up to approximately \$2.1 million assuming a purchase price at the low end of the range or \$3.0 million assuming a purchase price at the high end of the range) without amending or extending the offer in accordance with rules promulgated by the Securities and Exchange Commission, at a price specified by the tendering stockholders of not greater than \$0.17 or less than \$0.12 per Share, net to the seller in cash, less any applicable withholding taxes and without interest. The Company’s offer is being made upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 24, 2023 (the “Offer to Purchase”), and in the related Letter of Transmittal (the “Letter of Transmittal”) and Important Instructions and Information, which, together with any amendments or supplements thereto, constitute the “Offer”, copies of which are attached to this Schedule TO. This Tender Offer Statement on Schedule TO is intended to satisfy the reporting requirements of Rule 13e-4(c)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Item 1. Summary Term Sheet

The information set forth under *Summary Term Sheet* of the Offer to Purchase is incorporated herein by reference.

Item 2. Subject Company Information

- (a) The name of the issuer is Highlands REIT, Inc., a Maryland corporation. The address and telephone number of the Company’s principal executive offices are: 1 South Dearborn Street, 20th Floor, Chicago, Illinois; (312) 583-7990.
- (b) This Schedule TO relates to the Common Stock of the Company, par value \$0.01 per share. The information set forth under *Summary Term Sheet* of the Offer to Purchase is incorporated herein by reference.
- (c) There is no established market for trading the Shares. The information set forth in *Section 12—Price Range of Shares of Common Stock; Distributions* of the Offer to Purchase is incorporated herein by reference.

Item 3. Identity and Background of Filing Person

Highlands REIT, Inc. is the filing person and subject company. The Company’s address and telephone number are set forth in Item 2(a) above, which is incorporated herein by reference. The names of the directors and executive officers of the Company are as set forth in *Section 14—Certain Information About the Company* of the Offer to Purchase, and such information is incorporated herein by reference. The business address and the business telephone number of each director and executive officer of the Company is c/o Highlands REIT, Inc., 1 South Dearborn Street, 20th Floor, Chicago, Illinois 60603; (312) 583-7990.

Item 4. Terms of the Transaction

- (a) The information regarding the material terms of the transaction set forth in each of the following sections of the Offer to Purchase is incorporated herein by reference: *Summary Term Sheet, Section 1—Price; Number of Shares; Expiration Date; Proration, Section 2—Procedures for Tendering Shares, Section 3—Amount of Tenders, Section 4—Withdrawal Rights, Section 5—Purchase and Payment for Tendered Shares, Section 6—Conditions of the Offer, Section 7—Extension of the Offer; Termination; Amendment, Section 8—Certain Effects of the Offer, Section 9—Treatment of Fractional Shares, Section 13—Source and Amount of Funds, Section 14—Certain Information About the Company and Section 17—Certain Federal Income Tax Consequences.*
 - (b) The Company has been advised that none of the Company’s directors, executive officers or affiliates intends to tender any Shares in the Offer.
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Item 5. Past Contacts, Transactions, Negotiations and Agreements

The information set forth in *Section 14—Certain Information About the Company* of the Offer to Purchase is incorporated herein by reference.

Item 6. Purposes of the Transaction and Plans or Proposals

- (a) The information set forth in *Summary Term Sheet* and *Section 8—Certain Effects of the Offer* of the Offer to Purchase is incorporated herein by reference.
- (b) The information set forth in *Section 10—Use of Securities Acquired* of the Offer to Purchase is incorporated herein by reference.
- (c) The information set forth in *Section 11—Plans and Proposals* of the Offer to Purchase is incorporated herein by reference.

Item 7. Source and Amount of Fund or Other Consideration

- (a), (b) and (d) The information set forth in *Section 13—Source and Amount of Funds* of the Offer to Purchase is incorporated herein by reference.

Item 8. Interest in Securities of the Subject Company

The information set forth in *Section 14—Certain Information About the Company* of the Offer to Purchase is incorporated herein by reference.

Item 9. Persons/Assets, Retained, Employed, Compensated or Used

The information set forth under *Summary Term Sheet* and in *Section 18—Recommendation* and *Section 19—Miscellaneous* of the Offer to Purchase is incorporated herein by reference.

Item 10. Financial Statements.

Not applicable. Pursuant to Instruction 2 to Item 10 of Schedule TO, the Company's financial statements are not considered material because (i) the consideration offered by the Company to purchase the Shares consists solely of cash, (ii) the Offer is not subject to any financing condition, and (iii) the Company is a public reporting company under Section 13(a) of the Exchange Act that files reports electronically on EDGAR.

Item 11. Additional Information.

- (a)(1) The information set forth in *Section 14—Certain Information About the Company* of the Offer to Purchase is incorporated herein by reference. The Company will amend this Schedule TO to reflect material changes to information incorporated by reference in the Offer to Purchase to the extent required by Rule 13e-4(d)(2) promulgated under the Exchange Act.
 - (a)(2) The information set forth in *Section 16—Certain Legal Matters; Regulatory Approvals* of the Offer to Purchase is incorporated herein by reference.
 - (a)(3) Not applicable.
 - (a)(4) Not applicable.
 - (a)(5) None.
 - (c) The Company will amend this Schedule TO to include documents that the Company may file with the Securities and Exchange Commission after the date of the Offer to Purchase pursuant to Section 13(a), 13(c) or 14 of the Exchange Act and prior to the expiration of the Offer to the extent required by Rule 13e-4(d)(2) promulgated under the Exchange Act.
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Item 12. Exhibits.

The Exhibit Index appearing after the signature page hereto is incorporated herein by reference.

Item 13. Information Required by Schedule 13E-3.

Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: October 24, 2023

Highlands REIT, Inc.

By: /s/ Robert J. Lange

Robert J. Lange

Executive Vice President, Chief Operating Officer and General Counsel

EXHIBIT INDEX

- (a)(1)(A)* [Offer to Purchase, dated October 24, 2023](#)
- (a)(1)(B)* [Letter of Transmittal](#)
- (a)(1)(C)* [Important Instructions and Information, dated October 24, 2023](#)
- (a)(1)(D)* [Odd Lot Certification Form](#)
- (a)(1)(E)* [Form of Withdrawal Letter](#)
- (a)(1)(F)* [Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees, dated October 24, 2023](#)
- (a)(1)(G)* [Form of Letter to Clients, dated October 24, 2023](#)
- (a)(5)(A)* [Summary Advertisement in New York Times, dated October 24, 2023](#)
- (d)(1) [Highlands REIT, Inc. 2016 Incentive Award Plan \(incorporated by reference to Exhibit 10.8 to the Company's Form 10-Q, as filed by the Company with the SEC on May 10, 2016\)](#)
- (d)(2) [First Amendment to Highlands REIT, Inc. 2016 Incentive Award Plan, dated May 10, 2016 \(incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q, as filed by the Company with the SEC on May 10, 2016\)](#)
- (d)(3) [Second Amendment to Highlands REIT, Inc. 2016 Incentive Award Plan, dated August 12, 2021 \(incorporated by reference to Exhibit 4.3 to the Company's Form S-8 Registration Statement, as filed by the Company with the SEC on August 12, 2021\)](#)
- (d)(4) [Highlands REIT, Inc. Retention Bonus Plan, dated August 9, 2016 \(incorporated by reference to Exhibit 10.10 to the Company's Form 10-Q, as filed by the Company with the SEC on August 12, 2016\)](#)
- (d)(5) [Highlands REIT, Inc. Director Compensation Program \(incorporated by reference to Exhibit 10.9 to the Company's Form 10-12G/A, as filed by the Company with the SEC on April 8, 2016\)](#)
- (d)(6) [Amended and Restated Employment Agreement, dated November 7, 2018, by and between Highlands REIT, Inc. and Richard Vance \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 8, 2018\)](#)
- (d)(7) [Amended and Restated Employment Agreement, dated November 7, 2018, by and between Highlands REIT, Inc. and Robert J. Lange \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 8, 2018\)](#)
- (d)(8) [Amended and Restated Employment Agreement, dated November 7, 2018, by and between Highlands REIT, Inc. and Paul Melkus \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 8, 2018\)](#)
- (d)(9) [Offer Letter, dated June 6, 2019, by and between Highlands REIT, Inc. and Kimberly A. Karas \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 12, 2019\)](#)
- (d)(10) [Change in Control and Severance Agreement, dated as of July 8, 2019, by and between Highlands REIT, Inc. and Kimberly A. Karas \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 12, 2019\)](#)
- (d)(11) [Separation Agreement and General Release, dated November 4, 2020, by and between Highlands REIT, Inc. and Paul A. Melkus \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 4, 2020\)](#)
- (d)(12) [Amended and Restated Employment Agreement, dated April 12, 2023, by and between Highlands REIT, Inc. and Richard Vance \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on April 14, 2023\)](#)
- (d)(13) [Amended and Restated Employment Agreement, dated April 12, 2023, by and between Highlands REIT, Inc. and Robert J. Lange \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on April 14, 2023\)](#)
- 107* [Calculation of Filing Fee Table](#)

* Filed herewith.

OFFER TO PURCHASE FOR CASH

By

**HIGHLANDS REIT, INC.****OFFER TO PURCHASE UP TO \$20 MILLION
OF ITS SHARES OF OUTSTANDING COMMON STOCK FOR CASH
AT A PURCHASE PRICE OF NOT GREATER THAN \$0.17
OR LESS THAN \$0.12 PER SHARE****THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE
AT 11:59 P.M., NEW YORK CITY TIME, ON NOVEMBER 21, 2023,
UNLESS EXTENDED OR WITHDRAWN**

Dear Stockholder:

Highlands REIT, Inc. (“Highlands,” the “Company,” “we,” “us” or “our”) is offering to purchase shares of the Company’s common stock, par value \$0.01 per share (“Shares” or “Common Stock”), for cash in an amount up to \$20 million at a price per Share specified by the tendering stockholders of not greater than \$0.17 or less than \$0.12 per Share, net to the seller in cash less the withholding of any applicable taxes and without interest, on the terms and subject to the conditions set forth in this Offer to Purchase and the related Letter of Transmittal included with this Offer to Purchase (the “Letter of Transmittal”) and the related Important Instructions and Information included with this Offer to Purchase. This Offer to Purchase and the Letter of Transmittal, including the Important Instructions and Information relating to the Letter of Transmittal, together with any amendments or supplements thereto, collectively constitute the “Offer.”

There is no established market for trading shares of our Common Stock.

Unless extended or withdrawn, the Offer, proration period and withdrawal rights will expire at 11:59 p.m. New York City time, on November 21, 2023 (such time and date, as may be extended, the “Expiration Date” or the “Expiration Time”). You may tender all, a portion or none of your Shares. If any tendered Shares are not purchased for any reason, the Letter of Transmittal with respect to such Shares not purchased will be of no force or effect. We will not accept shares of Common Stock subject to conditional tenders, such as acceptance of all or none of the Shares tendered, by any tendering stockholder. We are not offering to purchase, and will not accept, any fractional Shares in the Offer. We have not provided for and will not accept Shares tendered via guaranteed delivery.

Stockholders whose Shares are registered in their name desiring to tender all or any portion of their Shares for purchase must either (1) complete and sign a Letter of Transmittal and deliver it to the Company agent or (2) electronically complete and submit the information requested on the Company’s secured, online portal at <https://highlandsreit.computersharecas.com>. Stockholders not interested in tendering any of their Shares need not take any action. For more information, see *Section 2—Procedures for Tendering Shares*.

As promptly as practicable after the Expiration Date, assuming the conditions to the Offer have been satisfied or waived, we will determine the purchase price for tendered Shares, which will be the lowest price per Share (in increments of \$0.01), which will not exceed \$0.17 or be less than \$0.12 per Share (the “Purchase Price”), net to the seller in cash, less any applicable withholding taxes and without interest, that will enable us to purchase the maximum number of Shares properly tendered in the Offer and not properly withdrawn, having an aggregate purchase price not exceeding \$20 million (or such lesser number if less than \$20 million in value of Shares are properly tendered and not properly withdrawn).

All Shares properly tendered pursuant to the Offer will be purchased at the same Purchase Price, even Shares tendered at a lower price. If you tender Shares for a price that is more than the price ultimately determined to be the Purchase Price, none of those Shares tendered at the higher price will be purchased. Consequently, selecting a higher price for a tendered Share will increase the possibility that the Share may not be purchased in the Offer. Because of the “odd lot” priority and proration provisions described in this Offer to Purchase, less than all the Shares tendered at or below the Purchase Price may be purchased if more than \$20 million in the aggregate value of Shares are properly tendered and not properly withdrawn.

As of October 23, 2023, there were 888,599,872 shares of Common Stock issued and outstanding. Our shares of Common Stock are not listed on a national securities exchange and there is not otherwise an established public trading market for our Shares. We publish an estimated per share value of our Common Stock to assist broker-dealers to comply with the rules published by the Financial Industry Regulatory Authority (“FINRA”). On December 20, 2022, we announced an estimated value of our Common Stock as of December 15, 2022, equal to \$0.28 per share on a fully diluted basis. See *Section 14—Certain Information About the Company*.

At the maximum price of \$0.17 per Share, we could purchase approximately 117.6 million Shares if the Offer is fully subscribed, which would represent approximately 13.2% of the issued and outstanding Shares as of October 23, 2023. At the minimum price of \$0.12 per Share, we could purchase approximately 166.7 million Shares if the Offer is fully subscribed, which would represent approximately 18.8% of the issued and outstanding Shares as of October 23, 2023.

Only Shares properly tendered at prices at or below the Purchase Price, and not properly withdrawn, will be eligible to be purchased. Shares tendered but not purchased pursuant to the Offer will be returned promptly following the Expiration Date.

Subject to complying with applicable law, we reserve the right, in our sole discretion, to change the Purchase Price or the range used to determine the Purchase Price and to increase or decrease the total dollar amount of Shares sought in the Offer. In accordance with rules promulgated by the Securities and Exchange Commission (the “SEC”), we may increase the number of Shares accepted for payment in the Offer by up to 2% of the outstanding Shares without amending or extending the Offer. This could result in the dollar value of the Offer increasing by up to approximately \$2.1 million assuming a Purchase Price at the low end of the range or \$3.0 million assuming a Purchase Price at the high end of the range.

Subject to applicable law and the rules and regulations of the SEC, we expressly reserve the right, in our sole discretion and subject to applicable law, at any time and from time to time, (a) to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and the payment for, any Shares, subject to the restriction below, (b) to increase or decrease the aggregate value of Shares sought in the Offer, (c) to amend the Offer in any respect prior to the Expiration Date, and (d) upon the occurrence of any of the conditions specified in *Section 6—Conditions of the Offer* prior to the Expiration Date, to terminate the Offer and not accept any Shares for payment. Notice of any such extension, amendment or termination will be distributed promptly to stockholders in a manner reasonably designed to inform them of such change in compliance with Rule 13e-4(e)(3) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In the case of an extension of the Offer, such extension will be followed by a Form 8-K filing or other public announcement, which will be issued no later than 9:00 A.M., New York City time, on the next business day after the previously scheduled Expiration Date, in accordance with Rule 14e-1(d) under the Exchange Act.

The Offer is not conditioned upon the receipt of financing or a minimum number of Shares being properly tendered and not properly withdrawn. The Offer is, however, subject to a number of conditions. See *Section 6—Conditions of the Offer*.

Our board of directors has approved the Offer. None of the Company, our board of directors, Computershare Trust Company, N.A. (“Computershare”) in its capacity as depository (“the “Depository”) or paying agent (the “Paying Agent”), nor Georgeson LLC in its capacity as information agent (the “Information Agent”), or any of their respective affiliates, has made or is making any recommendation to any stockholder as to whether to tender or refrain from tendering their Shares or as to the price or the prices at which you may choose to tender your Shares. Each stockholder must make his, her or its own decision whether to tender Shares, how many Shares to tender and the price or prices at which to tender. In doing so, you should read carefully the information in or incorporated by reference into this Offer to Purchase and the related Letter of Transmittal and Important Instructions and Information. You are urged to discuss your decision with the broker, dealer, commercial bank, trust company, custodian or other nominee in whose name your shares are registered (each a “Custodian”), if any, your tax advisor or your financial advisor.

No person has been authorized to make any recommendation on behalf of the Company, our board of directors, the Depository, Paying Agent, the Information Agent or any representations in connection with the Offer other than those contained herein or in the Letter of Transmittal or Important Instructions and Information. If given or made, any recommendation and any information and representations must not be relied upon. This Offer has been neither approved nor disapproved by the SEC, nor has the SEC or any state securities commission passed upon the fairness or merits of the Offer or the accuracy or adequacy of the information contained or incorporated by reference in this Offer to Purchase. Any representation to the contrary is a criminal offense.

Questions, requests for assistance and requests for additional copies of this Offer to Purchase or the Letter of Transmittal and related Important Instructions and Information may be directed to Georgeson LLC (“Georgeson”), the Information Agent for the Offer, by telephone toll-free at (800) 905-7281.

IMPORTANT

If you want to tender all or any portion of your Shares, you must do one of the following prior to **11:59 p.m., New York City time, on November 21, 2023** (unless the Offer is extended):

- **Registered Holders:** if your Shares are registered in your name, you may either (1) deliver (by regular mail or overnight courier) a properly completed and duly executed Letter of Transmittal, together with any required signature guarantees, and any other required documents to Computershare, the Depositary for the Offer, in the enclosed envelope or (2) electronically complete and submit the information requested on the Company's secured, online portal at <https://highlandsreit.computersharecas.com>; or
- **Holders Whose Shares are Held by Brokers:** if your Shares are registered in the name of a Custodian, you still must submit your own instruction, with the approval of your Custodian, to tender your Shares for you according to the procedures described in *Section 2—Procedures for Tendering Shares* of this Offer to Purchase.

If a Custodian holds your Shares, it may have an earlier deadline for accepting the Offer. We urge you to contact the Custodian that holds your Shares as soon as possible to find out its deadline.

We are not making the Offer to, and will not accept any tendered Shares from, stockholders in any state where it would be illegal to do so. However, we may, at our discretion, take any actions necessary for us to make the Offer to stockholders in any such state.

Additional copies of this Offer to Purchase and the Letter of Transmittal and Important Instructions and Information may be obtained from Georgeson, the Information Agent for the Offer, and will be furnished at the Company's expense. Questions and requests for assistance may be directed to Georgeson at the telephone number set forth on the back cover of this Offer to Purchase. Stockholders should also contact their Custodian for assistance concerning the Offer.

WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS OFFER TO PURCHASE OR THE LETTER OF TRANSMITTAL OR IMPORTANT INSTRUCTIONS AND INFORMATION. YOU SHOULD NOT RELY ON ANY RECOMMENDATION, OR ANY SUCH INFORMATION OR REPRESENTATION, AS HAVING BEEN AUTHORIZED BY US, ANY MEMBER OF OUR BOARD OF DIRECTORS, THE PAYING AGENT, THE INFORMATION AGENT, THE DEPOSITARY OR THEIR RESPECTIVE AFFILIATES.

THIS OFFER TO PURCHASE, THE LETTER OF TRANSMITTAL AND THE IMPORTANT INSTRUCTIONS AND INFORMATION CONTAIN IMPORTANT INFORMATION, AND YOU SHOULD CAREFULLY READ THEM IN THEIR ENTIRETY BEFORE MAKING A DECISION WITH RESPECT TO THE OFFER.

THE STATEMENTS MADE IN THIS OFFER TO PURCHASE ARE MADE AS OF OCTOBER 24, 2023, AND THE STATEMENTS INCORPORATED BY REFERENCE HEREIN ARE MADE AS OF THE RESPECTIVE DATE OF THE DOCUMENTS SO INCORPORATED BY REFERENCE. THE DELIVERY OF THIS OFFER TO PURCHASE, THE LETTER OF TRANSMITTAL AND THE IMPORTANT INSTRUCTIONS AND INFORMATION SHALL NOT UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN OR INCORPORATED BY REFERENCE HEREIN IS CORRECT AS OF A LATER DATE OR THAT THERE HAS NOT BEEN ANY CHANGE IN SUCH INFORMATION OR IN OUR AFFAIRS SINCE THE DATE OF THIS OFFER TO PURCHASE.

HIGHLANDS REIT, INC.

SUMMARY TERM SHEET

We are providing this summary term sheet for your convenience. This summary term sheet highlights the material terms of the Offer but does not describe all the details of the Offer to the same extent described elsewhere in this Offer to Purchase. We urge you to read the entire Offer to Purchase, the Letter of Transmittal and related Important Instructions and Information and the documents incorporated herein by reference because they contain the full details about the Offer and the Company. We have included references to the sections of this Offer to Purchase where you will find a more complete discussion. Except where the context suggests otherwise, the terms “Highlands,” “we,” “us,” “our” and the “Company” refer to Highlands REIT, Inc., a Maryland corporation.

Who is offering to purchase my Shares?

Highlands REIT, Inc., a Maryland corporation, with principal executive offices at 1 South Dearborn Street, 20th Floor, Chicago, Illinois 60603, telephone (312) 583-7990. For more information about the Company, see *Section 14—Certain Information About the Company*.

What is the purpose of the Offer?

We understand that our stockholders may have different needs with respect to the liquidity of their Shares. The Offer is part of our overall goal to enhance stockholder value while addressing the needs of certain of our stockholders who desire immediate liquidity over other investment objectives. Accordingly, the purpose of the Offer is to provide those stockholders who wish to obtain immediate liquidity for their Shares an opportunity to do so in an efficient manner (without incurring broker’s fees associated with most secondary market sales), while at the same time balancing the best interests of the Company and of those stockholders who wish to remain invested in the Company.

Overall, we believe that the Offer is a prudent use of our financial resources given our business profile, capital structure, assets and liabilities. As a way to further the dual purposes of the Offer, the modified “Dutch Auction” tender offer set forth in this Offer to Purchase represents an efficient mechanism to provide our stockholders who desire immediate liquidity with the opportunity to tender Shares, while also providing a benefit to those stockholders who do not participate in the Offer. As such, non-participants will automatically increase their relative percentage ownership interest in us and our future operations, including any liquidity events that we may have in the future. We believe that the continuing refinement of our non-core portfolio will maximize long-term value for our stockholders, position us for future success, and position us for a potential liquidity event for our investors.

The final decision on whether to hold or tender Shares and at what price needs to be made by each individual stockholder. For additional information, see *Section 18—Recommendation*.

How was the price range determined?

Our board of directors determined the price range for the Offer based on discussions with our management. We considered, among other things, the dual purposes of the Offer, the secondary market prices for our stock, the board’s assessment of the long-term value of the Company, current economic conditions and trends affecting real estate, historical tender offers for the Company’s stock, the amount of cash that we would have available to fund the Offer and the likelihood that stockholders would tender.

Based on all these factors, our board of directors arrived at the price range of \$0.12 – \$0.17 per Share, which we believe is a range within which our stockholders might sell their Shares pursuant to the Offer and within which we can make purchases that will constitute a prudent use of the Company’s financial resources.

What is the effect of the Offer?

The purchase of Shares pursuant to the Offer will have the effect of increasing the proportionate interest in the Company and its future earnings of stockholders that do not tender their Shares. Assuming the Purchase Price is equal to the lowest price within our range, we could purchase up to approximately 166.7 million Shares representing approximately 18.8% of the outstanding Shares as of October 23, 2023, and if the Purchase Price is equal to the highest price within our range, we could purchase up to approximately 117.6 million Shares representing approximately 13.2% of the outstanding Shares as of October 23, 2023. Additionally, stockholders who tender all their Shares will give up the opportunity to participate in any future benefits from owning Shares including the right to any future liquidity events. The Purchase Price per Share paid to tendering stockholders may be less than the total amount which might otherwise be received by stockholders at a later date. The purchase of Shares pursuant to the Offer will also have the effect of decreasing our cash.

Will you implement a general share repurchase program after the Offer is completed?

Following the Expiration Date, and in compliance with applicable securities laws, we may repurchase Shares under a formal share repurchase program or a subsequent tender offer for our Shares. Any such repurchase program or tender offer will depend on, among other things, our results of operations, financial position and capital requirements, general business conditions, legal, tax, regulatory and contractual constraints or restrictions and other factors our management team and board of directors deem relevant. The price at which we may offer to purchase Shares under a general repurchase program or pursuant to additional tender offers would be determined at the time we decided to pursue that particular course of action or actions and may be greater or less than the Purchase Price. There is no assurance that we will implement a general repurchase program or commence an additional tender offer or offers following the Expiration Date. Pursuant to the applicable securities laws, neither we nor any of our affiliates may make any purchases of Shares until the expiration of at least ten business days after the date of termination of the Offer. See *Section 11—Plans and Proposals*.

How many Shares will the Company purchase, what is a “modified Dutch Auction” and what will be the purchase price and form of payment?

We are conducting the Offer by means of a process commonly referred to as a modified “Dutch Auction.” This approach allows each stockholder to indicate the price (within a range established by us) that the stockholder would be willing to sell Shares back to us. In this case, we are offering to purchase for cash up to \$20 million in value of our Shares pursuant to tenders at a price specified by the tendering stockholders of not greater than \$0.17 nor less than \$0.12 per Share subject to the terms and conditions of the Offer. We will set the Purchase Price at the lowest price per Share (in increments of \$0.01) that will allow us to purchase up to \$20 million in value of tendered Shares. **The same price will be paid for all tendered Shares accepted for purchase.** In accordance with rules promulgated by the SEC, we may increase the number of Shares accepted for payment in the Offer by up to 2% of the outstanding Shares without amending or extending the Offer.

Properly tendering Shares at \$0.12 per Share assures you that at least a portion of your Shares will be purchased so long as we purchase Shares under the Offer (subject to provisions relating to “odd lot” priority and proration described herein). If you tender Shares at any of the other prices in the range, there is a possibility that none of those Shares will be purchased.

Regardless of the prices at which you choose to tender Shares, all the Shares purchased pursuant to the Offer will be purchased for the same price. If you tender Shares for a price that is less than the price ultimately determined to be the Purchase Price, you will receive the Purchase Price for any of those Shares that are accepted for purchase.

Because the Purchase Price will be the lowest of the prices that will enable us to purchase the maximum number of Shares having an aggregate purchase price not exceeding \$20 million, if you tender Shares for a price that is more than the price ultimately determined to be the Purchase Price, none of those Shares tendered at the higher price will be purchased. Consequently, selecting a higher price for a tendered Share will increase the possibility that the Share may not be purchased in the Offer.

We will announce the preliminary results of the Offer, including the Purchase Price and the expected proration factor, if any, and pay the Purchase Price in cash, less any applicable withholding taxes and without interest, for the Shares we accept for payment as promptly as practicable after the Expiration Date. If more than \$20 million in value of Shares are validly tendered and we are required to prorate, however, we expect it may take up to five (5) business days after the Expiration Date to calculate the final proration factor and begin paying for Shares accepted for payment.

We will pay for Shares that are properly tendered and not properly withdrawn by depositing the Purchase Price in cash with Computershare Trust Company, N.A. (“Computershare”), the paying agent for the Offer (the “Paying Agent”), which will act as your agent for the purpose of receiving payments from us and transmitting payments to you. In all cases, payment for tendered Shares will be made only after timely receipt by Computershare in its capacity as the Depository for the Offer (the “Depository”) of a properly completed and duly executed Letter of Transmittal and any required signature guarantees and other documents required by the Letter of Transmittal.

Subject to applicable law, we reserve the right, in our sole discretion, to change the Purchase Price and the price range and to increase or decrease the value of Shares sought in the Offer. The Offer is not conditioned upon the receipt of financing or any minimum number of Shares being tendered. The Offer is, however, subject to certain conditions. See *Section 1—Price; Number of Shares; Expiration Date; Proration*, *Section 2—Procedures for Tendering Shares*, and *Section 6—Conditions of the Offer*.

Will the tender offer affect my distributions?

Highlands has not historically paid distributions. If you elect to remain a stockholder and do not tender all your Shares, you will receive any future distributions that are authorized by our board of directors and declared by us based on the number of Shares you own on the record dates for the distributions. Any future determination to pay distributions will be at the discretion of our board of directors and will depend on our financial condition, capital requirements, restrictions contained in current or future financing instruments, and such other factors as our board of directors deems relevant.

If you decide to tender all or a portion of your Shares, you will not receive any distributions on the Shares that you tender.

What if stockholders tender more than \$20 million in value of Shares?

If more than \$20 million in value of Shares are properly tendered and not properly withdrawn, we will purchase Shares on the following basis:

- First, we will purchase all the Shares properly tendered at or below the Purchase Price and not properly withdrawn by any “odd lot holder” (a stockholder of fewer than 100 Shares) who tenders all that holder’s Shares; and
- Second, after the purchase of all the Shares properly tendered and not properly withdrawn by odd lot holders, we will purchase all other Shares properly tendered and not properly withdrawn at or below the Purchase Price, on a *pro rata* basis with appropriate adjustments to avoid the purchase of fractional Shares.

In addition, in accordance with rules promulgated by the SEC, we may increase the number of Shares accepted for payment in the Offer by up to 2% of the outstanding Shares without amending or extending the Offer. This could result in the dollar value of the Offer increasing by up to approximately \$2.1 million assuming a Purchase Price at the low end of the range or \$3.0 million assuming a Purchase Price at the high end of the range.

The terms “odd lot” and “Odd Lot Holder” refer to persons who are record or beneficial owners of a total of fewer than 100 Shares in the aggregate. Because of the proration and “odd lot” priority provisions described in this Offer to Purchase, it is possible that we will not purchase all the Shares that you tender even if you tender them at or below the Purchase Price. If the Offer is oversubscribed, and you are not an odd lot holder, the amount we purchase from you will be prorated.

If we are required to prorate, the Paying Agent will determine the proration factor promptly following the Expiration Date. Proration for each stockholder tendering Shares (other than odd lot holders) will be based on the ratio of the number of Shares properly tendered and not properly withdrawn by the stockholder to the total number of Shares properly tendered and not properly withdrawn by all stockholders (other than odd lot holders) at or below the Purchase Price with appropriate adjustments to avoid purchases of fractional Shares. Because of the difficulty in determining the number of Shares properly tendered and not withdrawn and because of the odd lot procedure described above, we expect that we will not be able to announce the final proration factor or commence payment for any Shares purchased pursuant to the Offer until at least five (5) business days after the Expiration Date. The preliminary results of any proration will be announced on a Form 8-K as promptly as practicable after the Expiration Date.

The number of Shares that we purchase from a stockholder pursuant to the Offer may affect the U.S. federal income tax consequences to the stockholder of the purchase and, therefore, may be relevant to a stockholder's decision whether to tender Shares. Each stockholder should consult with its tax advisor to evaluate the tax consequences of tendering Shares.

This Offer to Purchase and the related Letter of Transmittal will be mailed to record holders of our Shares, including any Custodians, whose names, or the names of whose nominees, appear on our stockholder list. For more information, see *Section 1—Price; Number of Shares; Expiration Date; Proration*.

If I own fewer than 100 Shares and I tender all my Shares, will I be subject to proration?

If you own beneficially or of record fewer than 100 Shares in the aggregate, you will not be subject to proration if: (1) you properly tender **all** these Shares at or below the price that is ultimately determined to be the Purchase Price, (2) you do not properly withdraw them before the Expiration Time, and (3) you either (i) complete the Letter of Transmittal included with this Offer to Purchase and the Odd Lot certification form attached hereto, or (ii) electronically complete and submit the information requested on the Company's secured, online portal at <https://highlandsreit.computersharecas.com>. See *Section 1—Price; Number of Shares; Expiration Date; Proration*.

How do I tender Shares that are registered in my name?

If you would like us to purchase your Shares or a portion of your Shares that are registered in your name, you must either (1) properly complete and sign the enclosed Letter of Transmittal according to the Important Instructions and Information and deliver it, together with any required signature guarantees and any other documents required by the Letter of Transmittal, to Computershare, in its capacity as the Depository, at the appropriate address shown on the "Important Instructions and Information" page accompanying the Letter of Transmittal or (2) electronically complete and submit the information requested on the Company's secured, online portal at <https://highlandsreit.computersharecas.com>.

Unless the Offer is extended, the completed and executed Letter of Transmittal must be received before 11:59 p.m. New York City time, on November 21, 2023. See *Section 2—Procedures for Tendering Shares*. We have not provided for and will not accept Shares tendered via guaranteed delivery or hand delivery.

How do I tender Shares that I hold through a broker, dealer, commercial bank, trust company, custodian or other nominee?

If you hold your Shares in a brokerage account or otherwise through a broker, dealer, commercial bank, trust company, custodian or other nominee and you are not the holder of record on our books, you have two options for tendering your Shares: you may (1) submit an initial entry through your stockholder portal, to be subsequently approved by your custodian through the custodian portal, or (2) deliver a physical copy of the Letter of Transmittal, including the signatures of the custodian with their medallion guarantee stamp signifying approval of the submission. These requirements will be strictly followed, and Letters of Transmittal which do not conform with the above will be rejected. If the Letter of Transmittal is signed by trustees, executors, administrators, guardians, attorneys-in-fact, agents, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence satisfactory to the Depository of their authority so to act must be submitted. See *Section 2—Procedures for Tendering Shares*. If a broker, dealer, commercial bank, trust company, custodian or other nominee holds your Shares, it may have an earlier deadline for accepting the Offer. We urge you to contact the broker, dealer, commercial bank, trust company, custodian or other nominee that holds your Shares as soon as possible to find out its deadline.

Will I be notified of any defects in the documents I submit?

To the extent practicable, the Company and Computershare will attempt to give notice of any defects or irregularities in tenders, provided, however, that none of the Company, Computershare or any other person will be obligated to give notice of any defects or irregularities in tenders, nor will any of them incur any liability for failure to give any such notice. Any notice given will be in the form of a letter. Such notice will be sent by U.S. mail, and may not be received by you in time to enable you to correct the defect, so we urge that you closely follow all instructions and avoid nonconforming tenders altogether. The Company will not be liable for failure to waive any condition of the Offer or for any defect or irregularity in any tender of Shares. It is the risk and responsibility of a tendering stockholder to ensure the proper completion and timely delivery of all materials necessary to properly tender their Shares. Therefore, we encourage stockholders to carefully complete their tender materials and submit them as early as possible after you have considered the information in this Offer to Purchase, so that you will have as much time as possible prior to the Expiration Date to correct any defects or irregularities in your tender. See *Section 2—Procedures for Tendering Shares*.

What is the accounting treatment of the Offer for the Company?

The purchase of Shares pursuant to the Offer will reduce our stockholders' equity in an amount equal to the aggregate Purchase Price of the Shares purchased and reduce total cash to fund a portion of the Purchase Price.

Are there any governmental or regulatory approvals, consents or filings to be made or obtained in connection with the Offer?

We are not aware of any approval or other action by any governmental, administrative or regulatory authority, agency or body required for us to acquire Shares pursuant to the Offer. We intend, however, to seek any approvals or make any notice filings that may be required. We may be required to delay the acceptance for payment of, or payment for, Shares tendered pending receipt of any approval or other action. There can be no assurance that any approval or other action, if needed, would be obtained or would be obtained without substantial cost or conditions or that the failure to obtain the approval or other action might not result in adverse consequences to our business and financial condition. Our obligations pursuant to the Offer to accept for payment and pay for Shares are subject to the satisfaction of certain conditions. See *Section 6—Conditions of the Offer and Section 16—Certain Legal Matters; Regulatory Approvals*.

Must I tender all my Shares to participate in the Offer?

No. Other than odd lot holders seeking to have all their Shares acquired in the Offer (who must tender all their Shares to be entitled to odd lot priority), you may tender all your Shares, a portion of your Shares or none of your Shares. You are able to tender your Shares regardless of how long you have owned them. See *Section 1—Price; Number of Shares; Expiration Date; Proration and Section 3—Amount of Tenders*.

When will the Offer expire? Can the Offer be extended? How will I be notified if the Offer period is extended?

You may tender your Shares until the Offer expires at 11:59 p.m., New York City time, on November 21, 2023. We may choose to extend the Offer period for any reason. If we extend the Offer period, we will file or issue a Current Report on Form 8-K or other public announcement no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Time. We cannot assure you that the Offer will be extended or, if extended, for how long it will be extended. See *Section 1—Price; Number of Shares; Expiration Date; Proration and Section 7—Extension of the Offer; Termination; Amendment*.

Will there be any tax consequences to me if I tender my Shares?

Yes. If we accept your tender of Shares, you will be treated as either having sold or exchanged those Shares in a taxable transaction or, under certain circumstances, having received a distribution with respect to those Shares that is treated as a dividend to the extent it is paid out of our current or accumulated earnings and profits. You should consult your tax advisor regarding the tax consequences of tendering your Shares. See *Section 17—Certain Federal Income Tax Consequences*.

Under the U.S. federal backup withholding rules, unless an exemption applies under the applicable law and regulations, a portion of the gross proceeds payable to a tendering stockholder or other payee who is a U.S. stockholder (as defined in *Section 17—Certain Federal Income Tax Consequences*) pursuant to the Offer must be withheld and remitted to the Internal Revenue Service (the “IRS”), unless the tendering stockholder or other payee provides or has already provided its taxpayer identification number (employer identification number or social security number) to the Paying Agent (as payor) and certifies or has certified under penalties of perjury, among other things, that the number is correct.

Will I have to pay brokerage fees and commissions if I tender my Shares?

No. If you are the holder of record of your Shares and you tender your Shares directly, you will not incur any brokerage fees or commissions. If you hold your Shares through a broker, dealer, commercial bank, trust company, custodian or other nominee and that person tenders Shares on your behalf, that person may charge you a fee for doing so. We urge you to consult your broker, dealer, commercial bank, trust company, custodian or other nominee to determine whether any such charges will apply. See *Section 2—Procedures for Tendering Shares*.

May I withdraw my tendered Shares?

Yes. You may withdraw any or all Shares tendered at any time prior to the Expiration Time. To withdraw your tendered Shares, you must either (1) properly complete and submit a written notice of withdrawal (a “Withdrawal Letter”) and deliver it, together with any required signature guarantees and any other required documents, to the Depositary at the appropriate address shown on the “Important Instructions and Information” page accompanying the Letter of Transmittal, or (2) electronically complete and submit the information requested on the Company’s secured, online portal at <https://highlandsreit.computersharecas.com>; provided, however, that you may only withdraw your Shares by the same method you used to tender your Shares. Please note that a Withdrawal Letter delivered via U.S. mail or an overnight courier service may not be received in time. See *Section 4—Withdrawal Rights*.

How will the Company pay for the Shares?

We intend to fund the purchase of Shares in the Offer and pay related costs by using cash on our balance sheet. Assuming that the Offer is fully subscribed, the value of Shares purchased will be \$20 million, subject to our ability to increase the number of Shares accepted for payment in the Offer by up to 2% of the outstanding Shares (resulting in a commensurate increase in the dollar volume by up to approximately \$2.1 million assuming a Purchase Price at the low end of the range or \$3.0 million assuming a Purchase Price at the high end of the range) without amending or extending the Offer in accordance with rules promulgated by the SEC. Assuming that we do not increase the number of Shares accepted for payment, we expect that the maximum aggregate cost of these purchases, including all fees and expenses applicable to the Offer, will be approximately \$22.5 million. Following our acceptance of Shares for payment, we will deposit the aggregate Purchase Price for all purchased Shares with Computershare, the Paying Agent for the Offer, which will act as your agent for the purpose of receiving payment for your Shares. Our deposit of the aggregate Purchase Price (less any withholding of applicable taxes) with Computershare will satisfy our obligation to pay for Shares purchased in the Offer. Thereafter, stockholders whose tendered Shares were accepted for payment will receive payment from the Paying Agent. See *Section 5—Purchase and Payment for Tendered Shares* and *Section 13—Source and Amount of Funds*.

What are the most significant conditions to the Offer?

Our obligation to accept for payment and pay for your tendered Shares depends upon a number of conditions that must be satisfied or waived on or prior to the Expiration Date, including that:

- there is no threatened or pending action, suit or proceeding by any third party, including any government or governmental, regulatory or administrative agency, authority or tribunal or by any other person, domestic, foreign or supranational, before any court, authority, agency or other tribunal that directly or indirectly:
 - challenges or seeks to challenge, makes illegal, or delays or otherwise directly or indirectly restrains, prohibits or otherwise affects our making of the Offer, the acquisition by us of some of or all the Shares pursuant to the Offer or any other matter relating to the Offer, or seeks to obtain any material damages or otherwise relating to the transactions contemplated by the Offer;
 - in our reasonable judgment, could be expected to materially and adversely affect our business, properties, assets, liabilities, capitalization, stockholders' equity, condition (financial or otherwise), income, operations, results of operations or prospects, taken as a whole, or otherwise materially impair in any way our ability to purchase some of or all the Shares pursuant to the Offer;
 - makes our purchase of, or payment for, some of or all the Shares pursuant to the Offer illegal, or otherwise restricts or prohibits consummation of the Offer; or
 - materially impairs the contemplated benefits to us of the Offer;
- there has occurred no change in general political, market, economic or financial conditions, domestically or internationally, that could reasonably be expected to materially and adversely affect our business or prospects or the benefits to us of the Offer, including:
 - any general suspension of trading in, or limitation on prices for, securities on any U.S. national securities exchange or in the over-the-counter market;
 - the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, whether or not mandatory;
 - the commencement or escalation of war, armed hostilities or other international or national calamity, including an act of terrorism, directly or indirectly involving the United States;
 - any limitation, whether or not mandatory, by any governmental, regulatory or administrative agency or authority on, or any event that, in our reasonable judgment, could materially affect, the extension of credit by banks or other lending institutions in the United States;
 - legislation amending the Internal Revenue Code of 1986, as amended (the "Code"), the effect of which, in our reasonable judgment, would be to materially change the tax consequences of the Offer in any manner that would reasonably be expected to materially and adversely affect us; or
 - in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof;
- no tender or exchange offer for any or all Shares (other than the Offer), or any merger, acquisition, business combination or other similar transaction with or involving us or our subsidiaries, has been proposed, announced or commenced by any person or has been publicly disclosed nor have we entered into a definitive agreement or an agreement in principle with any person with respect to a merger, business combination or other similar transaction, other than in the ordinary course of business;
- to our knowledge, no entity, "group" (as that term is used in Section 13(d)(3) of the Exchange Act) or person has acquired or proposes to acquire beneficial ownership of more than 5% of our outstanding Shares, whether through the acquisition of stock, the formation of a group, the grant of any option or right, or otherwise (other than as and to the extent disclosed in a Schedule 13D or Schedule 13G filed with the SEC);
- to our knowledge, no entity, group or person who has filed a Schedule 13D or Schedule 13G with the SEC has acquired or proposes to acquire, whether through the acquisition of stock, the formation of a group, the grant of any option or right, or otherwise (other than by virtue of the Offer), beneficial ownership of an additional 2% or more of our outstanding Shares; or

- to our knowledge, no new group has been formed that beneficially owns more than 5% of our outstanding Shares (options for and other rights to acquire Shares that are acquired or proposed to be acquired being deemed to be immediately exercisable or convertible for purposes of this clause);
- no person, entity or group has filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, reflecting an intent to acquire us or any Shares, or has made a public announcement reflecting an intent to acquire us or any of our subsidiaries or any of our respective assets or securities;
- no action has been taken nor has any statute, rule, regulation, judgment, decree, injunction or order (preliminary, permanent or otherwise) been proposed, sought, enacted, entered, promulgated, enforced or deemed to be applicable to the Offer or us by any court, government or governmental agency or other regulatory or administrative authority, domestic or foreign, which, in our reasonable judgment:
 - indicates that any approval or other action of any such court, agency or authority may be required in connection with the Offer or the purchase of Shares thereunder;
 - could reasonably be expected to prohibit, restrict or delay consummation of the Offer; or
 - otherwise could reasonably be expected to materially adversely affect our business or prospects, or the benefits to us of the Offer;
- no change has occurred in our business, properties, assets, liabilities, capitalization, stockholders' equity, condition (financial or otherwise), income, operations, results of operations or future business prospects that, in our reasonable judgment, has a material adverse effect on our business or prospects, or the benefits to us of the Offer; and
- no approval, permit, authorization, favorable review or consent of any governmental entity required to be obtained in connection with the Offer has not been obtained on terms satisfactory to us in our reasonable discretion.

In addition, if completing the Offer on its current or amended terms, or at all, may cause us to fail to qualify for taxation as a real estate investment trust (a "REIT") under the Code or would violate the limitations imposed by Maryland law we may terminate or amend the Offer or postpone the acceptance of Shares for payment.

If any of the conditions referred to above is not satisfied, we may:

- terminate the Offer and return all tendered Shares to the tendering stockholders;
- extend the Offer and, subject to withdrawal rights as set forth in *Section 4—Withdrawal Rights*, retain all the tendered Shares until the expiration of the Offer as so extended;
- waive the condition and, subject to any requirement to extend the period of time during which the Offer is open, purchase all the Shares validly tendered and not withdrawn prior to the Expiration Date; or
- delay acceptance for payment or payment for Shares, subject to applicable law, until satisfaction or waiver of the conditions to the Offer.

Each of these conditions is for our sole benefit and may be asserted or waived by us, in whole or in part, at any time and from time to time in our discretion prior to the Expiration Date. The Offer is not conditioned upon on any minimum number of Shares being tendered. See *Section 6—Conditions of the Offer*.

May we extend, amend or terminate the offer?

Yes, we may extend, amend or terminate the Offer in our sole discretion. The Offer is not conditioned upon the tender of any minimum number of Shares. We are not required to accept or pay for any Shares tendered unless the conditions to the Offer have been satisfied or waived. See *Section 7—Extension of the Offer; Termination; Amendment*.

Has the Company or its board of directors adopted a position on the Offer?

Although our board of directors has authorized the Offer, none of the Company, any member of our board of directors, Computershare, in its capacity as Paying Agent or Depositary, Georgeson, in its capacity as Information Agent, or any of their respective affiliates has made, or is making, any recommendation to you as to whether to tender your Shares. You must make your own decision as to whether to tender your Shares, how many Shares to tender and the price or prices at which you may choose to tender. In doing so, you should read carefully the information in or incorporated by reference into this Offer to Purchase and the related Letter of Transmittal and Important Instructions and Information. You are urged to discuss your decision with your tax advisor, financial advisor or Custodian. See *Section 18—Recommendation*.

Do the Company's directors or executive officers intend to tender their Shares in the Offer?

We have been advised that none of our directors or executive officers intends to tender any Shares in the Offer.

What if purchasers of Shares held by other stockholders cause me to beneficially or constructively own Shares in excess of the ownership limits in the Company's charter?

Our charter generally provides that no person may own more than 9.8% (in value or in number of shares, whichever is more restrictive), of the outstanding Shares of any class or series of capital stock excluding any outstanding Shares of capital stock not treated as outstanding for federal income tax purposes. Additionally, and subject to certain exceptions, no person may beneficially own shares of our Common Stock to the extent that such ownership (i) could result in Highlands being considered a "closely held" corporation within the meaning of section 856(h) of the Code, (ii) would result in our common stock being beneficially owned by fewer than 100 people, (iii) could result in Highlands otherwise failing to qualify as a REIT, or (iv) would cause Highlands to own ten percent (10%) or more of the ownership interests in a tenant of the Company's real property within the meaning of section 856(d)(2)(B) of the Code. If repurchases of Shares held by other stockholders were to cause a stockholder to beneficially or constructively own Shares in excess of such ownership limits, such excess Shares would be automatically transferred to a trust for the benefit of a charitable beneficiary unless such stockholder received a waiver of such ownership limits from our board of directors. Stockholders should consider potential application of the ownership limits in our charter in deciding whether to tender their Shares.

Whom do I contact if I have questions about the Offer?

Questions and requests for assistance or requests for additional copies of this Offer to Purchase, the Letter of Transmittal, the Important Instructions and Information and other Offer documents may be directed to Georgeson, the Information Agent, at the following toll-free telephone number: (800) 905-7281. Georgeson will promptly furnish to stockholders additional copies of the materials at the Company's expense. Stockholders may also contact their financial advisor for assistance concerning the Offer.

FORWARD-LOOKING STATEMENTS

This Offer to Purchase contains forward-looking statements based upon our current expectations, estimates and assumptions that involve risks and uncertainties within the meaning of the federal securities laws. These statements include statements about Highlands' plans, objectives, strategies, financial performance and outlook, trends, the amount and timing of future cash distributions, prospects or future events and involve known and unknown risks that are difficult to predict. As a result, our actual financial results, performance, achievements or prospects may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "guidance," "predict," "potential," "continue," "likely," "will," "would," "illustrative" and variations of these terms and similar expressions, or the negative of these terms or similar expressions. Such forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by Highlands and its management based on their knowledge and understanding of the business and industry, are inherently uncertain. These statements are not guarantees of future performance, and stockholders should not place undue reliance on forward-looking statements. There are a number of risks, uncertainties and other important factors, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking statements contained in this Offer to Purchase. Such risks, uncertainties and other important factors include: the risks, uncertainties and factors set forth in our filings with the SEC, including our Annual Report on Form 10-K; business, financial and operating risks inherent to real estate investments and the industry; our ability to renew leases, lease vacant space, or re-lease space as leases expire; our ability to repay or refinance our debt as it comes due; difficulty selling or re-leasing our investment properties due to their specific characteristics as described elsewhere in our filings with the SEC; contraction in the global economy or low levels of economic growth; our ability to sell our assets at a price and on a timeline consistent with our investment objectives, or at all; our ability to service our debt; changes in interest rates and operating costs; compliance with regulatory regimes and local laws; uninsured or underinsured losses, including those relating to natural disasters or terrorism; domestic or international instability or political or civil unrest, including the ongoing hostilities between Russia and Ukraine and its worldwide economic impact; the amount of debt that we currently have or may incur in the future; provisions in our debt agreements that may restrict the operation of our business; our organizational and governance structure; our status as a REIT; the cost of compliance with and liabilities under environmental, health and safety laws; adverse litigation judgments or settlements; changes in real estate and zoning laws and increases in real property tax rates; changes in federal, state or local tax law, including legislative, administrative, regulatory or other actions affecting REITs; changes in governmental regulations or interpretations thereof; and estimates relating to our ability to make distributions to our stockholders in the future.

These factors are not necessarily all the important factors that could cause our actual financial results, performance, achievements or prospects to differ materially from those expressed in or implied by any of our forward-looking statements. Other unknown or unpredictable factors also could harm our results. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above. Forward-looking statements speak only as of the date they are made, and we do not undertake or assume any obligation to update publicly any of these forward-looking statements to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable laws. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

THE OFFER

1. Price; Number of Shares; Expiration Date; Proration.

Subject to the terms and conditions of the Offer, we will purchase for cash up to \$20 million in value of Shares at a price specified by the tendering stockholders of not greater than \$0.17 nor less than \$0.12 per Share that are properly tendered and not properly withdrawn prior to the Expiration Date. We reserve the right to extend the Offer. See *Section 7—Extension of the Offer; Termination; Amendment*. In addition, in accordance with rules promulgated by the SEC, we may increase the number of Shares accepted for payment in the Offer by up to 2% of the outstanding Shares without amending or extending the Offer. This could result in the dollar value of the Offer increasing by up to approximately \$2.1 million assuming a Purchase Price at the low end of the range or \$3.0 million assuming a Purchase Price at the high end of the range.

The Purchase Price will be the lowest price per Share (in increments of \$0.01) of not more than \$0.17 and not less than \$0.12 per Share, at which Shares have been properly tendered in the Offer, that will enable us to purchase the maximum number of Shares properly tendered in the Offer and not properly withdrawn, having an aggregate Purchase Price not exceeding \$20 million (or such lesser number if less than \$20 million in value of Shares are properly tendered and not properly withdrawn in the Offer).

Regardless of the prices at which you choose to tender Shares, all the Shares purchased pursuant to the Offer will be purchased for the same price. If you tender Shares for a price that is less than the price ultimately determined to be the Purchase Price, you will receive the Purchase Price for any of those Shares that are accepted for purchase. If you tender Shares for a price that is more than the price ultimately determined to be the Purchase Price, none of those Shares tendered at the higher price will be purchased. Consequently, selecting a higher price for a tendered Share will increase the possibility that the Share may not be purchased in the Offer.

All Shares properly tendered at or below the Purchase Price and not properly withdrawn will be purchased at the same Purchase Price, even if the stockholder tendered at a lower price. Because of the “odd lot” priority and proration provisions described herein, it is possible that not all your Shares tendered at or below the Purchase Price will be purchased if more than \$20 million in aggregate value of Shares are properly tendered and not properly withdrawn.

Only Shares properly tendered at prices at or below the Purchase Price, and not properly withdrawn, will be eligible to be purchased. Shares tendered but not purchased will be returned promptly following the Expiration Date.

As of October 23, 2023, there were 888,599,872 Shares issued and outstanding.

This Offer to Purchase and the related Letter of Transmittal will be mailed to record holders of our Common Stock, including brokers, dealers, commercial banks, trust companies, custodians and other nominees and similar persons whose names, or the names of whose nominees, appear on the Company’s stockholder list. If the Letter of Transmittal is signed by trustees, executors, administrators, guardians, attorneys-in-fact, agents, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence satisfactory to the Depository of their authority so to act must be submitted.

Our board of directors has approved the Offer. None of the Company, our board of directors, Computershare in its capacity as Depository or Paying Agent for the Offer, nor Georgeson in its capacity as Information Agent for the Offer, or any of their respective affiliates, however, has made or is making any recommendation to any stockholder as to whether to tender or refrain from tendering their Shares or as to the price or the prices at which you may choose to tender your Shares. **Each stockholder must make his, her or its own decision whether to tender Shares, how many Shares to tender and the price or prices at which to tender. Tendering stockholders whose Shares are accepted for payment will lose the opportunity to participate in any future upside, future growth, or future liquidity event of the Company with respect to such Shares.**

The Offer is not conditioned upon the receipt of financing or any minimum number of Shares being tendered. The Offer is, however, subject to certain conditions. See *Section 6—Conditions of the Offer*.

Subject to the applicable rules and regulations of the SEC, we expressly reserve the right, in our sole discretion, at any time and from time to time, (a) to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and the payment for, any Shares, (b) to increase or decrease the total dollar amount of Shares sought in the Offer, (c) to amend the Offer prior to the Expiration Date, and (d) upon the failure of any of the conditions specified in *Section 6—Conditions of the Offer* prior to the Expiration Date or for any reason to terminate the Offer and not accept any Shares for payment. Any extension, amendment, waiver of a condition or termination will be followed as promptly as practicable by public notice consistent with the requirements of the SEC. In the case of an extension of the Offer, we will file or issue a Current Report on Form 8-K or other public announcement no later than 9:00 a.m., New York City time, on the next business day after the scheduled Expiration Date, in accordance with Rule 14e-1(d) under the Exchange Act.

If we (i) increase the price that may be paid for the Shares above \$0.17 per Share or decrease the price that may be paid for the Shares below \$0.12 per Share, (ii) increase the maximum number of Shares that we may purchase in the Offer by more than 2% of our outstanding Shares or (iii) decrease the number of Shares that we may purchase in the Offer, then the Offer must remain open for at least ten (10) business days following the date that notice of the increase or decrease is first published, sent or given.

Stockholders properly tendering Shares at a price equal to \$0.12 per Share can expect to have at least a portion of their Shares purchased at the Purchase Price if any Shares are purchased pursuant to the Offer (subject to provisions relating to “odd lot” priority and proration described herein).

The Company will not accept or pay for any Shares that are subject to, and all Shares tendered in the Offer must be free and clear of, any liens, charges, encumbrances, security interests, claims, restrictions and equities whatsoever. The Company will acquire all rights and benefits arising from any Shares that it accepts and pays for in the Offer, provided that any dividends or distributions which may be declared, paid, issued, distributed, made or transferred on or in respect of the tendered Shares to stockholders of record on or prior to the date on which the Shares are accepted for payment pursuant to the Offer will be for the account of the tendering stockholder(s). We do not anticipate making any distributions prior to the Expiration Date.

Priority of Purchases. Upon the terms and subject to the conditions of the Offer, if the number of Shares properly tendered at or below the Purchase Price and not properly withdrawn prior to the Expiration Date would result in an aggregate purchase price of more than \$20 million (or such greater amount that the Company may elect to pay, subject to applicable law), we first will purchase all Shares tendered by any Odd Lot Holder who: (1) either (i) properly completes and submits the Letter of Transmittal included with this Offer to Purchase and the Odd Lot certification form included herewith or (ii) electronically completes and submits the information requested on the Company’s secured, online portal at <https://highlandsreit.computersharecas.com>; and (2) properly tenders all Shares owned beneficially or of record by the Odd Lot Holder at a price (or multiple prices) at or below the Purchase Price and does not properly withdraw this tender. **Tenders of fewer than all the Shares owned by an Odd Lot Holder and Shares tendered at a price or prices greater than the Purchase Price will not qualify for this preference.**

Next, we will purchase all other Shares properly tendered and not properly withdrawn, at prices at or below the Purchase Price, on a *pro rata* basis, with appropriate adjustments to avoid purchases of fractional Shares, as described below, until we have purchased Shares resulting in an aggregate purchase price of \$20 million; provided that we may increase the number of Shares purchased by up to 2% of the outstanding Shares without amending or extending the offer which, if we do so, could commensurately increase the dollar value of the Offer by up to approximately \$2.1 million assuming a Purchase Price at the low end of the range or \$3.0 million assuming a Purchase Price at the high end of the range. As a result, it is possible that not all Shares tendered by a stockholder at or below the Purchase Price will be purchased.

Odd Lots. All Shares properly tendered prior to the Expiration Date at prices at or below the Purchase Price by an Odd Lot Holder who is tendering all Shares owned by that Odd Lot Holder will be purchased by us in the Offer if they are not properly withdrawn. This will be the case even if the Offer is oversubscribed and other tendering stockholders have the amounts of their tendered Shares prorated. Odd Lot Holders should certify their status in the appropriate place on the Odd Lot certification form included with this Offer to Purchase. To qualify for this preference, an Odd Lot Holder must tender all Shares owned by the Odd Lot Holder in accordance with the procedures described in *Section 2—Procedures for Tendering Shares*. This preference is not available to partial tenders or to beneficial or record holders of 100 or more Shares in the aggregate, even if these holders have separate accounts holding fewer than 100 Shares. Any Odd Lot Holder wishing to tender all his, her or its Shares pursuant to the Offer should either (i) complete the Letter of Transmittal included with this Offer to Purchase and the Odd Lot certification form included herewith, or (ii) electronically complete and submit the information requested on the Company’s secured, online portal at <https://highlandsreit.computersharecas.com>.

Proration. If more than \$20 million in value of Shares are properly tendered and not properly withdrawn as of the Expiration Time, the Paying Agent will determine the proration factor following the Expiration Date, if required. Subject to adjustments to avoid the purchase of fractional Shares, proration for each stockholder tendering Shares (other than Odd Lot Holders) at or below the Purchase Price, will be based on the ratio of the number of Shares properly tendered and not properly withdrawn by the stockholder to the total number of Shares properly tendered and not properly withdrawn by all stockholders (other than Odd Lot Holders). Because of the difficulty in determining the number of Shares properly tendered and not properly withdrawn, and because of the odd lot procedure described above, we do not expect that we will be able to announce the final proration factor or commence payment for any Shares purchased pursuant to the Offer until up to five (5) business days after the Expiration Date. The preliminary results of any proration will be announced on a Form 8-K promptly after the Expiration Date.

2. Procedures for Tendering Shares.

If your Shares are registered in your name (for example, you are an individual who is the record and beneficial owner of the Shares) and you would like to tender all or a portion of your Shares, you must either (1) properly complete and sign the enclosed Letter of Transmittal and deliver it, together with any other documents required by the Letter of Transmittal, to the Depository (Computershare) at the appropriate address in the “Important Instructions and Information” page accompanying the Letter of Transmittal or (2) electronically complete and submit the information requested on the Company’s secured, online portal at <https://highlandsreit.computersharecas.com>. If you wish to tender your Shares online, you will need your *Account Code* and *Control Code* located on the front page of your Letter of Transmittal. Please note that in some cases signatures must be medallion signature guaranteed.

If you hold your Shares in a brokerage account or otherwise through a broker, dealer, commercial bank, trust company, custodian or other nominee (a “Custodian”) and you are not the holder of record on our books, you must either submit an instruction to tender your Shares via your stockholder portal, subject to your Custodian’s approval, or cause the Letter of Transmittal to be physically delivered, including the signatures of your Custodian, including their medallion guarantee stamp, signifying approval of the submission. Such stockholders are urged to consult such Custodian as soon as possible if they wish to tender Shares.

If you are a Custodian tendering Shares on behalf of your client, you must properly complete and sign the enclosed Letter of Transmittal and deliver it, together with any required signature guarantees and any other documents required by the Letter of Transmittal, to the Depository at the appropriate address on the “Important Instructions and Information” page accompanying the Letter of Transmittal. This requirement will be strictly followed, and Letters of Transmittal which do not conform with the above will be rejected. Any notice of nonconformity will be sent to the stockholder and not to the Custodian.

Shares will be deemed delivered only when all required documentation, properly completed and executed, is received by the Depository. Please note that a Letter of Transmittal delivered via a method of delivery not specified in the Letter of Transmittal will not be accepted. The only acceptable methods of delivery of the Letter of Transmittal are those set forth in the Letter of Transmittal and the Important Instructions and Information. Hand delivery is not among the acceptable methods set forth in the Letter of Transmittal. The method of delivery of any documents is at the election and complete risk of the stockholder tendering Shares. A completed and executed Letter of Transmittal must be received by the Depository before 11:59 p.m., New York City time, on the Expiration Date. You should allow sufficient time to ensure timely delivery. If you choose to use the U.S. Postal Service, you may want to consider using registered or certified priority mail with return receipt requested.

Stockholders tendering Shares must indicate the specific price or prices (in increments of \$0.01) at which their Shares are being tendered by checking the box(es) indicating the price(s) in the section of the Letter of Transmittal captioned “Price(s) (in Dollars) per Share at Which Shares are Being Tendered” and specifying the number of Shares that the stockholder wishes to tender at each applicable price. Stockholders should be aware that this election could mean that none of their Shares will be purchased if the Purchase Price is less than the price(s) selected by the stockholder. Stockholders properly tendering Shares at a price equal to \$0.12 per Share can expect to have at least a portion of their Shares purchased at the Purchase Price if any Shares are purchased pursuant to the Offer (subject to provisions relating to “odd lot” priority described herein). The same Shares cannot be tendered (unless previously properly withdrawn in accordance with the terms of the Offer) at more than one price. A stockholder who has tendered Shares at more than one price and wishes to withdraw only those Shares tendered at a particular price or prices must either (1) properly complete and return a separate Withdrawal Letter or (2) electronically complete and submit the information requested on the Company’s secured, online portal at <https://highlandsreit.computersharecas.com>, for Shares tendered at each particular price as to which the stockholder is withdrawing; provided, however, you may only withdraw your Shares by the same method you used to tender your Shares. Alternately, a stockholder may complete and return, or complete and submit if using the secured, online portal, a combined Withdrawal Letter for all the Shares that have been tendered. Absent a Withdrawal Letter or a submission of withdrawal on the Company’s secured, online portal, subsequent Letters of Transmittal do not revoke the initial properly submitted Letter of Transmittal.

Odd Lot Holders must tender all their Shares and also either (i) complete the Letter of Transmittal and the Odd Lot certification form, each included herewith, or (ii) electronically complete and submit the information requested on the Company’s secured, online portal at <https://highlandsreit.computersharecas.com>, to qualify for the preferential treatment available to Odd Lot Holders as described in *Section 1—Price; Number of Shares; Expiration Date; Proration*.

Signature Guarantees and Method of Delivery. No signature guarantee is required if:

- the Letter of Transmittal is signed by all registered holders of the Shares tendered and the holder has not requested special delivery or special payment options; or
- Shares are tendered for the account of a bank, broker, dealer, credit union, savings association or other entity which is a member in good standing of the Securities Transfer Agents Medallion Program, or an “eligible guarantor institution”, as the term is defined in Rule 17-Ad-15 promulgated under the Exchange Act (each of the foregoing constituting an “Eligible Institution”).

In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after receipt of a properly completed and duly executed Letter of Transmittal, including any required signature guarantees, and any other documents required by the Letter of Transmittal.

U.S. Federal Backup Withholding Tax. Under the U.S. federal backup withholding rules, unless an exemption applies under the applicable law and regulations, a portion of the gross proceeds payable to a tendering stockholder or other payee who is a U.S. stockholder (as defined in *Section 17—Certain Federal Income Tax Consequences*) pursuant to the Offer must be withheld and remitted to the IRS, unless the tendering stockholder or other payee provides its taxpayer identification number (employer identification number or social security number) to the Paying Agent (as payor) and certifies under penalties of perjury, among other things, that the number is correct. Any tendering stockholder that is a U.S. stockholder who has not previously provided an IRS Form W-9 to the Paying Agent should complete and sign an IRS Form W-9 so as to provide the information and certification necessary to avoid U.S. federal backup withholding, unless the stockholder otherwise establishes to the satisfaction of the Paying Agent that the stockholder is not subject to such backup withholding. If a U.S. stockholder does not provide the Paying Agent with the correct taxpayer identification number, the U.S. stockholder may be subject to penalties imposed by the IRS. If U.S. federal backup withholding results in an overpayment of taxes, a refund may be obtained from the IRS in accordance with its refund procedures.

Certain “exempt recipients” (including all corporations and certain non-U.S. persons) are not subject to U.S. federal backup withholding tax. In order for a non-U.S. person to qualify as an exempt recipient, that stockholder must submit an IRS Form W-8BEN, W-8BEN-E, W-8IMY (with any required attachments), W-8ECI, or W-8EXP, as applicable (which may be obtained on the IRS website (www.irs.gov)), signed under penalties of perjury, attesting to that stockholder’s exempt status.

Stockholders are urged to consult with their tax advisor regarding information reporting and possible qualifications for exemption from U.S. federal backup withholding and the procedure for obtaining any applicable exemption.

For a more complete discussion of certain U.S. federal income tax consequences related to the Offer, see *Section 17—Certain Federal Income Tax Consequences*.

Determination of Validity; Rejection of Shares; Waiver of Defects; No Obligation to Give Notice of Defects. All questions as to the number of Shares to be accepted, the Purchase Price to be paid for Shares to be accepted and the validity, form eligibility, including time of receipt, and acceptance for payment of any tender of Shares will be determined by the Company, in its sole discretion. Any such determination will be final and binding on all parties except as may be finally determined in a subsequent judicial proceeding challenging the Company's determination. The Company reserves the absolute right to reject any or all tenders of any Shares that it determines are not in proper form or the acceptance for payment of or payment for Shares which may, in the opinion of the Company's counsel, be unlawful. The Company also reserves the absolute right to waive any of the conditions of the Offer prior to the Expiration Date and to waive any defect or irregularity in any tender with respect to any particular Share, whether or not the Company waives similar defects or irregularities in the case of any other stockholder. No tender of Shares will be deemed to have been properly made until all defects or irregularities have been cured by the tendering stockholder or waived by the Company. The Company will not be liable for failure to waive any condition of the Offer, or any defect or irregularity in any tender of Shares. To the extent practicable, the Company and Computershare will give notice of any defects or irregularities in tenders, provided, however, that none of the Company, Computershare or any other person will be obligated to give notice of any defects or irregularities in tenders, nor will any of them incur any liability for failure to give any such notice. Any notice given will be in the form of a letter sent through the U.S. mail. We strongly encourage stockholders to submit completed tender materials as early as possible after you have properly considered the information in this Offer to Purchase, so that you will have as much time as possible prior to the Expiration Date to correct any defects or irregularities in the materials you provide to us.

Tendering Stockholder's Representation and Warranty; Our Acceptance Constitutes an Agreement. Under Rule 14e-4 promulgated under the Exchange Act, no person acting alone or in concert with others may, directly or indirectly, tender Shares for the person's own account unless, at the time of tender and at the end of the proration period or period during which Shares are accepted by lot, the person has a "net long position" (*i.e.*, more Shares held in long positions than in short positions) in a number of Shares that is equal to or greater than the amount tendered and will deliver or cause to be delivered the Shares for the purpose of tendering to us within the period specified in the Offer. Rule 14e-4 also provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. A tender of Shares made pursuant to any method of delivery set forth herein will constitute the tendering stockholder's acceptance of the terms and conditions of the Offer, as well as the tendering stockholder's representation and warranty to us that (i) the stockholder has a "net long position" in a number of Shares or Equivalent Securities, as defined within Rule 14e-4, at least equal to the Shares being tendered and (ii) the tender of Shares complies with Rule 14e-4. Our acceptance for payment of Shares tendered in the Offer will constitute a binding agreement between the tendering stockholder and us upon the terms and subject to the conditions of the Offer.

3. Amount of Tenders.

Stockholders may tender all their Shares or a portion of their Shares specified as a number of Shares that is less than all their Shares. A stockholder may tender a different amount of Shares at each purchase price presented; however, we will only accept Shares for purchase, subject to the odd lot priority and proration, that are tendered at or below the price that is ultimately determined to be the Purchase Price. A stockholder will be able to tender his, her or its Shares to us regardless of when the stockholder first purchased the Shares.

4. **Withdrawal Rights.**

Stockholders may withdraw Shares tendered at any time prior to 11:59 p.m., New York City time, on the Expiration Date. We will not accept any Shares for payment prior to that time. Stockholders may also withdraw Shares tendered at any time on or after November 21, 2023, if their Shares have not been accepted for payment prior to that time.

For withdrawal to be effective, either (1) a Withdrawal Letter must be properly completed and sent by mail or overnight courier service and timely received by the Depository at the appropriate address on the “Important Instructions and Information” page accompanying the Letter of Transmittal or (2) the information requested on the Company’s secured, online portal at <https://highlandsreit.computersharecas.com> must be electronically completed and submitted and timely received by the Depository; provided, however, you may only withdraw your Shares by the same method you used to tender your Shares. Any such Withdrawal Letter must specify the name of the person who tendered the Shares to be withdrawn, must specify the identity and quantity of Shares to be withdrawn, and must be signed by the person(s) who signed the Letter of Transmittal in the same manner as the Letter of Transmittal was signed. You should allow sufficient time to ensure timely delivery of your Withdrawal Letter. If you choose to use the U.S. Postal Service, you may want to consider using registered or certified priority mail with return receipt requested.

Withdrawals may not be rescinded, and Shares properly withdrawn will thereafter be deemed not validly tendered. However, withdrawn Shares may be retendered by following one of the procedures described in *Section 2—Procedures for Tendering Shares* at any time before the Expiration Date.

The Company will determine, in its sole discretion, all questions as to the form and validity (including time of receipt) of any Withdrawal Letter, and our determination shall be final and binding, subject to each tendering Holder’s right to bring any dispute with respect thereto before a court of competent jurisdiction. None of the Company, its affiliates, the Depository or any other person will be under any duty to give notification of any defect or irregularity in any Withdrawal Letter or waiver of any such defect or irregularity or incur any liability for failure to give any such notification.

5. **Purchase and Payment for Tendered Shares.**

Upon the terms and subject to the conditions of the Offer, following the Expiration Date, we will (1) determine the Purchase Price we will pay for Shares properly tendered and not properly withdrawn prior to the Expiration Date, taking into account the number of Shares tendered and the prices specified by tendering stockholders, and (2) accept for payment and pay an aggregate purchase price of up to \$20 million (less withholding of applicable taxes) for Shares that are properly tendered at prices at or below the Purchase Price and not properly withdrawn prior to the Expiration Date. For purposes of the Offer, we will be deemed to have accepted for payment, subject to the “odd lot” priority and proration provisions of the Offer, Shares that are properly tendered at or below the Purchase Price and not properly withdrawn, only when, as and if we give oral or written notice to the Depository and the Paying Agent of our acceptance of tendered Shares for payment.

We will pay for Shares purchased pursuant to the Offer by depositing the aggregate Purchase Price for the Shares with the Paying Agent, which will act as agent for tendering stockholders for the purpose of receiving payment from us and transmitting payment to the tendering stockholders.

If we are required to prorate, the Paying Agent will determine the proration factor and pay for those tendered Shares accepted for payment promptly after the Expiration Date. We do not expect to be able to announce the final results of any proration or commence payment for any Shares purchased pursuant to the Offer until up to five (5) business days after the Expiration Date. All Shares tendered and not purchased, including all Shares tendered at prices in excess of the Purchase Price and Shares not purchased due to proration, will be returned to the tendering stockholders.

Under no circumstances will we pay interest on the Purchase Price even if there is a delay in making payment. In addition, if certain events occur prior to the Expiration Date, we may not be obligated to purchase Shares pursuant to the Offer. For example, the Offer is subject to the satisfaction or waiver of certain conditions prior to the Expiration Time. See *Section 6—Conditions of the Offer*.

At the maximum price of \$0.17 per Share, we could purchase approximately 117.6 million Shares if the Offer is fully subscribed, which would represent approximately 13.2% of the issued and outstanding Shares as of October 23, 2023. At the minimum price of \$0.12 per Share, we could purchase approximately 166.7 million Shares if the Offer is fully subscribed, which would represent approximately 18.8% of the issued and outstanding Shares as of October 23, 2023.

We may increase the value of Shares purchased in the Offer and thereby increase the number of Shares accepted for payment in the Offer by no more than 2% of the outstanding Shares without amending or extending the Offer. If we do so, the dollar value will increase by up to approximately \$2.1 million assuming a Purchase Price at the low end of the range or \$3.0 million assuming a Purchase Price at the high end of the range.

If more than \$20 million of Shares are duly tendered prior to 11:59 p.m., New York City time, on the Expiration Date and proration is required as described under *Section 1 — Price; Number of Shares; Expiration Date; Proration*, we will not pay for any Shares tendered until after the final proration has been completed. We will deduct all transfer taxes, if any, payable on the transfer to us of the Shares purchased pursuant to the Offer.

Our deposit of the aggregate purchase price with Computershare (less any withholding of applicable taxes) will satisfy our obligation to pay for Shares purchased in the Offer. Thereafter, stockholders whose tendered Shares were accepted for payment will receive payment from the Paying Agent.

6. Conditions of the Offer.

The Offer is not conditioned upon the receipt of financing or any minimum number of Shares being tendered. Notwithstanding any other provision of the Offer, we will not be required to accept for payment, purchase or pay for any Shares tendered, and we may terminate or amend the Offer or postpone the acceptance for payment of, or the purchase of and the payment for, Shares tendered (subject to Rule 13e-4(f)(5) under the Exchange Act, which requires that we must pay the consideration offered or return the Shares tendered promptly after termination or withdrawal of the Offer), if at any time on or after the commencement of the Offer and before the Expiration Date any of the following events has occurred (or are determined by us, in our reasonable judgment, to have occurred) that, in our reasonable judgment, regardless of the circumstances giving rise to the event or events, makes it inadvisable to proceed with the Offer or with the acceptance for payment for the Shares tendered in the Offer:

- any threatened or pending action, suit or proceeding by any third party including any government or governmental, regulatory or administrative agency, authority or tribunal or by any other person, domestic, foreign or supranational, before any court, authority, agency or other tribunal that directly or indirectly:
 - challenges or seeks to challenge, makes illegal, or delays or otherwise directly or indirectly restrains, prohibits or otherwise affects our making of the Offer, the acquisition by us of some of or all the Shares pursuant to the Offer or any other matter relating to the Offer, or seeks to obtain any material damages or otherwise relating to the transactions contemplated by the Offer;
 - in our reasonable judgment, could be expected to materially and adversely affect our business, properties, assets, liabilities, capitalization, stockholders' equity, condition (financial or otherwise), income, operations, results of operations or prospects, taken as a whole, or otherwise materially impair in any way our ability to purchase some of or all the Shares tendered pursuant to the Offer;
 - makes our purchase of, or payment for, some of or all the Shares tendered pursuant to the Offer illegal, or otherwise restricts or prohibits consummation of the Offer; or
 - materially impairs the contemplated benefits to us of the Offer;
- there has occurred any change in general political, market, economic or financial conditions, domestically or internationally, that could reasonably be expected to materially and adversely affect our business or prospects or the benefits to us of the Offer, including:
 - any general suspension of trading in, or limitation on prices for, securities on any U.S. national securities exchange or in the over-the-counter market;

- the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, whether or not mandatory;
- the commencement or escalation of war, armed hostilities or other international or national calamity, including an act of terrorism, directly or indirectly involving the United States;
- any limitation, whether or not mandatory, by any governmental, regulatory or administrative agency or authority on, or any event that, in our reasonable judgment, could materially affect, the extension of credit by banks or other lending institutions in the United States;
- legislation amending the Code, the effect of which, in our reasonable judgment, would be to materially change the tax consequences of the Offer in any manner that would reasonably be expected to materially and adversely affect us; or
- in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof;
- any tender or exchange offer for any or all Shares (other than the Offer), or any merger, acquisition, business combination or other similar transaction with or involving us or our subsidiaries, has been proposed, announced or commenced by any person or has been publicly disclosed or we have entered into a definitive agreement or an agreement in principle with any person with respect to a merger, business combination or other similar transaction, other than in the ordinary course of business;
- we learn that:
 - any entity, “group” (as that term is used in Section 13(d)(3) of the Exchange Act) or person has acquired or proposes to acquire beneficial ownership of more than 5% of our outstanding Shares, whether through the acquisition of stock, the formation of a group, the grant of any option or right, or otherwise (other than as and to the extent disclosed in a Schedule 13D or Schedule 13G filed with the SEC);
 - any entity, group or person who has filed a Schedule 13D or Schedule 13G with the SEC has acquired or proposes to acquire, whether through the acquisition of stock, the formation of a group, the grant of any option or right, or otherwise (other than by virtue of the Offer), beneficial ownership of an additional 2% or more of our outstanding Shares; or
 - any new group has been formed that beneficially owns more than 5% of our outstanding Shares (options for and other rights to acquire Shares that are acquired or proposed to be acquired being deemed to be immediately exercisable or convertible for purposes of this clause);
- any person, entity or group has filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, reflecting an intent to acquire us or any Shares, or has made a public announcement reflecting an intent to acquire us or any of our subsidiaries or any of our respective assets or securities;
- any action has been taken or any statute, rule, regulation, judgment, decree, injunction or order (preliminary, permanent or otherwise) has been proposed, sought, enacted, entered, promulgated, enforced or deemed to be applicable to the Offer or us by any court, government or governmental agency or other regulatory or administrative authority, domestic or foreign, which, in our reasonable judgment:
 - indicates that any approval or other action of any such court, agency or authority may be required in connection with the Offer or the purchase of Shares thereunder;
 - could reasonably be expected to prohibit, restrict or delay consummation of the Offer; or
 - otherwise could reasonably be expected to materially adversely affect our business or prospects, or the benefits to us of the Offer;
- any change has occurred in our business, properties, assets, liabilities, capitalization, stockholders’ equity, condition (financial or otherwise), income, operations, results of operations or future business prospects that, in our reasonable judgment, has a material adverse effect on our business or prospects, or the benefits to us of the Offer; or

- any approval, permit, authorization, favorable review or consent of any governmental entity required to be obtained in connection with the Offer has not been obtained on terms satisfactory to us in our reasonable discretion.

In addition, if completing the Offer on its current or amended terms, or at all, may cause us to fail to qualify for taxation as a REIT under the Code or would violate the limitations imposed by Maryland law, we may terminate or amend the Offer or postpone the acceptance of its Shares for payment.

If any of the foregoing has occurred, we may:

- terminate the Offer and return all tendered Shares to the tendering stockholders;
- extend the Offer and, subject to withdrawal rights as set forth in *Section 4—Withdrawal Rights*, retain all the Shares until the expiration of the Offer as so extended;
- waive the condition and, subject to any requirement to extend the period of time during which the Offer is open, purchase all the Shares validly tendered and not withdrawn prior to the Expiration Date; or
- delay acceptance for payment or payment for Shares, subject to applicable law, until satisfaction or waiver of the conditions to the Offer.

The conditions referred to above are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any such condition, and may be waived by us, in whole or in part, at any time and from time to time in our reasonable discretion. Our failure at any time to exercise any of the foregoing rights will not be deemed a waiver of any right, and each such right will be deemed an ongoing right that may be asserted at any time and from time to time. In certain circumstances, if we waive any of the conditions described above, we may be required to extend the Expiration Date. Any determination by us concerning the events described above will be final and binding on all parties.

7. Extension of the Offer; Termination; Amendment.

Subject to any applicable rule and regulation of the SEC, we expressly reserve the right to extend the period of time the Offer is open and delay acceptance for payment of, and payment for, any Shares by giving oral or written notice of such extension to the Depositary and the Paying Agent and making a public announcement of the extension. During any extension, all Shares previously tendered and not properly withdrawn will remain subject to the Offer and to the rights of a tendering stockholder to withdraw his, her or its Shares. In the case of an extension, the public announcement will be issued no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled or announced Expiration Date.

We also expressly reserve the right, in our sole discretion, not to accept for payment and not pay for any Shares not previously accepted for payment or paid for, subject to applicable law, to postpone payment for Shares or to terminate the Offer upon the occurrence of any of the events specified in *Section 6—Conditions of the Offer* by giving oral or written notice of the termination or postponement to the Depositary and the Paying Agent and making a public announcement of the termination or postponement. Our reservation of the right to delay payment for Shares that we have accepted for payment is limited by Exchange Act Rule 13e-4(f) (5), which requires that we must pay the consideration offered or return the Shares tendered promptly after termination or withdrawal of the Offer.

Subject to compliance with applicable law, we further reserve the right, in our reasonable discretion, and regardless of whether any of the events set forth in *Section 6—Conditions of the Offer* has occurred or is deemed by us to have occurred, to amend the Offer in any respect, including by changing the per Share Purchase Price range or by increasing or decreasing the aggregate value of Shares sought in the Offer. Amendments to the Offer may be made at any time and from time to time prior to the Expiration Time by public announcement of such amendment.

If we materially change the terms of the Offer or the information concerning the Offer, or if we waive a condition of the Offer, we will extend the Offer to the extent required by applicable law.

SEC rules and related releases and interpretations provide that the minimum period during which an Offer must remain open following material changes in the terms of the Offer or information concerning the Offer (other than a change in price or a change in percentage or number of securities sought) will depend on the facts and circumstances, including the relative materiality of the terms or information. If:

- we increase or decrease the price range to be paid for Shares or increase or decrease the value of Shares sought in the Offer (and thereby increase or decrease the number of Shares that may be purchased in the Offer), and, in the event of an increase in the value of Shares purchased in the Offer, the number of Shares accepted for payment in the Offer increases by more than 2% of the outstanding Shares; and
- the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth (10th) business day from, and including, the date that notice of such an increase or decrease is first published, sent or given to the stockholders in the manner specified in this *Section 7—Extension of the Offer; Termination; Amendment*,

then we will extend the Offer to the tenth (10th) business day following the date such notice is first publicly announced.

Any public announcement made pursuant to the Offer will be made as promptly as practicable in a manner reasonably designed to inform stockholders of the change and in compliance with applicable law. Without limiting the manner in which we may choose to make a public announcement, except as required by applicable law, we will have no obligation to publish, advertise or otherwise communicate any public announcement other than by filing a Current Report on Form 8-K. We will not be required to amend or extend the Offer if the increase in the value of Shares purchased in the Offer does not cause the number of Shares purchased to increase by more than 2% of the outstanding Shares.

8. Certain Effects of the Offer.

The purchase of Shares pursuant to the Offer will have the effect of increasing the proportionate interest in the Company and its future earnings of stockholders that do not tender their Shares. At the maximum price of \$0.17 per Share, we could purchase approximately 117.6 million Shares if the Offer is fully subscribed, which would represent approximately 13.2% of the issued and outstanding Shares as of October 23, 2023. At the minimum price of \$0.12 per Share, we could purchase approximately 166.7 million Shares if the Offer is fully subscribed, which would represent approximately 18.8% of the issued and outstanding Shares as of October 23, 2023. Stockholders who tender all their Shares will give up the opportunity to participate in any future benefits from the ownership of Shares, including potential future distributions or liquidity events. The purchase of Shares pursuant to the Offer will reduce the stockholders' equity in an amount equal to the aggregate Purchase Price of the Shares purchased and will reduce total cash.

We have been advised that none of our directors or executive officers intends to tender any Shares in the Offer.

9. Treatment of Fractional Shares.

We are not offering to purchase, and will not accept, any fractional Shares in the Offer. If the Offer is oversubscribed, appropriate adjustments to the proration factor will be made in order to avoid purchases of fractional Shares.

10. Use of Securities Acquired.

Shares purchased in the Offer will return to the status of authorized and unissued Common Stock and will be available for us to issue without further stockholder action for all purposes except as required by applicable law.

11. Plans and Proposals

Except as described or incorporated by reference herein, or as may occur in the ordinary course of business, we have no plan to take any action that relates to or would result in any of the following during the time the Offer is open:

- an extraordinary transaction, such as a merger, reorganization or liquidation, involving us or any of our subsidiaries;
- a purchase, sale or transfer of a material amount of our assets or any of our subsidiaries, other than the acquisition and disposition of properties in the ordinary course of business;
- any material change in our indebtedness or capitalization of the Company;
- any other change in our present board of directors or management;
- any other material change in our corporate structure or business;
- the acquisition by any person of additional securities of the Company, or the disposition of securities of the Company; or
- any changes in the Company's charter, bylaws or other governing instruments or other actions that could impede the acquisition of control of the Company.

Highlands REIT, Inc. is an independent, self-advised, non-traded public company with a portfolio of assets including multi-family, retail, office and industrial properties, a correctional facility and unimproved land. Prior to April 28, 2016, Highlands was a wholly-owned subsidiary of InvenTrust Properties Corp. ("InvenTrust" and formerly known as Inland American Real Estate Trust, Inc.), its former parent.

Although we do not currently have any plans, other than as disclosed or incorporated by reference in this Offer, that relate to or would result in any of the foregoing, we expressly reserve the right to change our plans or intentions at any time. Our strategy is focused on preserving, protecting and maximizing the total value of our portfolio with the long-term objective of providing stockholders with a return of their investment. Other than as disclosed herein, we currently have no definitive plan or proposal to conduct any specific strategic transaction. We may decide to engage in one or more such transactions in the future, if, among other things, our board determines that any such transactions are in the best interest of the Company and market conditions are favorable. There is no assurance that a strategic transaction or transactions will occur or that liquidity or enhanced value will be realized by us or our stockholders from any such transaction. The form, likelihood of execution and the timing of any potential strategic transaction are difficult to predict and are subject to a number of known and unknown risks. See *Forward-Looking Statements* above for further discussion of these difficulties and risks.

After completing the Offer, and in compliance with applicable securities laws, we may repurchase Shares under a formal share repurchase program or a subsequent tender offer for our Shares. If we undertake such repurchases, the price or prices at which we do so may be higher or lower than the Purchase Price. Stockholders whose Shares are purchased in the Offer will not benefit from any appreciation in the value of those Shares that would have occurred as a result of any such potential future event.

Pursuant to the applicable securities laws, neither we nor any of our affiliates may make any purchases of Shares until the expiration of at least ten (10) business days after the Expiration Date.

12. Price Range of Shares of Common Stock; Distributions.

Tendering stockholders whose Shares are accepted for payment will lose the opportunity to trade such Shares and the chance to participate in any future upside, future growth, or liquidity event of the Company with respect to such Shares.

Our board of directors determined the price range for the Offer based on discussions with our management. We considered, among other things, the dual purposes of the Offer, recent secondary market prices for our stock (including the effective process for such transactions after taking transaction costs into account), the board's assessment of the long-term value of the Company, current economic conditions and trends affecting real estate, the amount of cash that we would have available to fund the Offer and the likelihood that stockholders would tender. Based on all these factors, our board and management arrived at the price range of \$0.12 – \$0.17 per Share, which we believe is a range within which our stockholders might sell their Shares pursuant to the Offer and within which we can make purchases that will constitute a prudent use of the Company's financial resources.

We do not currently intend to declare or pay any distribution during the period the Offer is open. Shares purchased in the Offer will no longer be eligible for receipt of future distributions. The Company expressly reserves the right to make distributions in the future in cash or in kind.

13. Source and Amount of Funds.

Assuming that the Offer is fully subscribed, the value of Shares purchased in the Offer will be \$20 million, subject to our ability to increase the number of Shares accepted for payment in the Offer by up to 2% of the outstanding Shares without amending or extending the Offer in accordance with rules promulgated by the SEC. If we increase the number of Shares accepted by 2%, the dollar value of the Offer would increase by up to approximately \$2.1 million assuming a Purchase Price at the low end of the range or \$3.0 million assuming a Purchase Price at the high end of the range. Assuming that we do not increase the number of Shares accepted for payment, we expect that the maximum aggregate cost of these purchases, including all fees and expenses applicable to the Offer, will be approximately \$22.5 million. We intend to fund the purchase of Shares in the Offer and pay related costs by using cash on our balance sheet. As of June 30, 2023, we had approximately \$52.5 million in available cash and cash equivalents and \$3.5 million of restricted cash on our balance sheet. We do not have any alternative financing arrangements or alternative financing plans.

14. Certain Information About the Company.

Our Business and State of Incorporation. Highlands REIT, Inc., which was formed in December 2015, is a Maryland corporation with a portfolio of assets including multi-family, retail, office and industrial properties, a correctional facility and unimproved land. Prior to April 28, 2016, Highlands was a wholly-owned subsidiary of InvenTrust, its former parent. On April 28, 2016, Highlands was spun-off from InvenTrust through a *pro rata* distribution by InvenTrust of 100% of the outstanding Shares to holders of record of InvenTrust's common stock as of the close of business on April 25, 2016 (the "Record Date"). Each holder of record of InvenTrust's common stock received one Share for every one share of InvenTrust's common stock held at the close of business on the Record Date. As a result, Highlands became an independent, self-advised, non-traded public company.

Each of our assets is owned by a separate legal entity which maintains its own books and financial records. Our strategy is focused on preserving, protecting and maximizing the total value of our portfolio with the long-term objective of providing stockholders with a return of their investment. We engage in rigorous asset management, seek to sustain and enhance our portfolio, and improve the quality and income-producing ability of our portfolio by engaging in selective dispositions, acquisitions, capital expenditures, financing, refinancing and enhanced leasing. We are also focused on cost containment efforts across our portfolio, improving our overall capital structure and making select investments in our existing "non-core" assets to maximize their value. To the extent we are able to generate cash flows from operations or dispositions of assets, in addition to the cash uses outlined above, our board of directors has determined that it is in the best interests of the Company to seek to reinvest in assets that are more likely to generate more reliable and stable cash flows, such as multi-family assets, as part of the Company's overall strategy to optimize the value of the portfolio, enhance our options for a future potential liquidity option and maximize stockholder value. Given the nature and quality of the "non-core" assets in our portfolio as well as current market conditions, a definitive timeline for execution of our strategy cannot be made.

As of October 23, 2023, there were 888,599,872 Shares issued and outstanding. Our Shares are not listed on a national securities exchange, there is no principal market in which our Shares are traded and there is not otherwise an established public trading market for our Shares. Our Shares are sporadically traded via secondary market transactions through market makers like Central Trade and Transfer, LLC and others, as reported by The Stanger Report. The Stanger Report reported transactions in March-May 2023 that ranged from \$0.04 – \$0.19 per share. The nominal sale price represents the total value at the time of offering, whereas the effective sale price reflects the nominal sale price adjusted for relevant transaction fees. Secondary market makers traditionally charge transaction fees, which for many of our stockholders materially dilute the proceeds they receive from selling their Shares on the secondary market, yielding an effective sale price less than \$0.04 – \$0.19 per Share. There have also been sporadic mini-tender offers for our Shares over the past two years, the prices and dates of which are reported in the table below.

Date	Nominal Offer Price
July 2023	\$ 0.04
January 2023	\$ 0.05
November 2021	\$ 0.03

We publish an estimated per Share value to assist broker-dealers to comply with the rules published by FINRA. On December 20, 2022, we announced an estimated value of our Common Stock as of December 15, 2022, equal to \$0.28 per Share on a fully diluted basis. To estimate our per Share value, our board engaged an independent third-party real estate advisory firm to estimate the per Share value of our Common Stock on a fully diluted basis as of December 15, 2022. The independent third party utilized the “net asset value” or “NAV” method which is based on the fair value of real estate, and all other assets, less the fair value of total liabilities, as well as certain estimated corporate-level transaction costs that we would expect to incur in connection with a future potential liquidity event, further described below. The fair value estimate of our real estate assets was equal to the sum of the individual real estate values.

The estimate of certain corporate-level transaction costs was provided to the independent third party by the Company. Given that the Company’s strategy involves a future potential liquidity option for current stockholders, management and the board determined that the deduction of certain estimated corporate-level transaction costs in connection therewith was appropriate in determining its estimated per Share value. However, there are no assurances that such costs will be incurred at the level estimated by the Company or at all. As a result, the actual fees and expenses incurred by the Company in connection with the execution of its strategy could differ materially from the amount provided to the independent third party.

Generally, the independent third party estimated the value of our real estate and real estate-related assets, using a discounted cash flow, or “DCF”, of projected net operating income, less capital expenditures, for the ten-year period ending December 31, 2032 and applied a market-supported discount rate and capitalization rate. In the unique instances that a discounted cash flow methodology was not deemed to be the most appropriate valuation methodology, including the valuation of the land and correctional facility assets, a sales comparison approach was primarily utilized. For all other assets, including working capital (which includes cash and other current assets net of current liabilities), fair value was determined separately. The third party also estimated the fair value of our long-term debt obligations by comparing market interest rates to the contract rates on our long-term debt and discounting to present value the difference in future payments. The third party determined NAV in a manner consistent with the definition of fair value under U.S. generally accepted accounting principles. Other than the deduction of certain estimated corporate-level transaction costs that we would expect to incur in connection with a future potential liquidity event, the net asset valuation performed by the independent third party complies with the Institute for Portfolio Alternatives Practice Guideline 2013-01 “Valuation of Publicly Registered Non-Listed REITS”, dated April 29, 2013.

Executive Officers and Directors of the Company. The names of our executive officers and directors are set forth below. The business address for each person is: 1 South Dearborn Street, 20th Floor, Chicago, Illinois 60603, and the telephone number for each person is (312) 583-7990.

Beneficial Ownership of Shares by Directors and Officers. Based on a review of filings with the SEC, the following table shows the amount of Common Stock beneficially owned (unless otherwise indicated) by (1) our directors, (2) our named executive officers, and (3) our directors and executive officers as a group. All information is as of October 23, 2023.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	% of Shares Outstanding ⁽¹⁾
Directors and Named Executive Officers:		
Richard Vance, Director, President and Chief Executive Officer	14,094,741	1.6%
Robert Lange, EVP, Chief Operating Officer and General Counsel	7,413,032	*
Kimberly Karas, SVP, Chief Accounting Officer and Treasurer	634,679	*
Jeffrey Shekell, Director	962,821	*
R. David Turner, Director	1,244,567	*
All Executive Officers and Directors as a Group	24,349,840	2.7%

* Indicates less than 1%

(1) Based on 888,599,872 shares of our Common Stock outstanding as of October 23, 2023.

Recent Securities Transactions. Based on our records and on information provided to us by our directors, executive officers, affiliates and subsidiaries, during the past sixty days, no transactions with respect to the Common Stock have been effected by the Company, its executive officers, directors, affiliates or subsidiaries.

Stock-Based Compensation Plans; Other Interests. Except (1) as otherwise described or incorporated by reference in this Offer to Purchase or the Schedule TO and (2) for the employment and incentive compensation arrangements described in our filings with the SEC, all of which descriptions are incorporated herein by reference, neither we nor, to the best of our knowledge, any of our affiliates, directors or executive officers, is a party to any agreement, arrangement, understanding or relationship, whether or not legally enforceable, with any other person, relating, directly or indirectly, to the Offer or with respect to any of our securities, including any agreement, arrangement, understanding or relationship concerning the transfer or the voting of our securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations.

Incorporation by Reference. The SEC allows us to “incorporate by reference” the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of the Offer and is deemed to be part of this Offer to Purchase except to the extent any such information is modified or superseded by information in the Offer to Purchase or any document subsequently filed by us with the SEC. We incorporate by reference the documents listed below (except to the extent that the information contained therein is deemed “furnished” and not “filed” in accordance with SEC rules):

- Our Annual Report on Form 10-K for the fiscal year ended December 31, 2022;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2023, and June 30, 2023;
- Our Current Reports on Form 8-K filed with the SEC on January 6, 2023, April 14, 2023, June 9, 2023, July 12, 2023, and September 26, 2023; and
- Our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 14, 2023.

We encourage you to review the information in the documents we are incorporating by reference when evaluating your decision to participate in the Offer.

15. Additional Information.

We have filed an issuer tender offer statement on Schedule TO with the SEC that includes certain additional information relating to the Offer. We intend to supplement and amend the Schedule to the extent required to reflect information we subsequently file with the SEC. The SEC maintains a web site (<http://www.sec.gov>) that contains our Schedule TO, reports and other information about us, including our annual, quarterly and current reports, proxy statements and other SEC filings. You may also obtain a copy of our Schedule TO or a copy of any of or all the documents incorporated herein by reference, other than the exhibits to any documents that are not specifically incorporated by reference herein, free of charge by contacting us at the address or telephone number set forth on the first page of the Summary Term Sheet.

16. Certain Legal Matters; Regulatory Approvals.

We are aware of neither any license or regulatory permit that is material to our business that might be adversely affected by our acquisition of the Shares pursuant to the Offer nor any approval or other action by any government or governmental, administrative or regulatory authority, agency or body that would be required for us to acquire Shares as contemplated by the Offer. We contemplate that we will seek any approvals or make any filings that may become necessary. We cannot predict whether we will be required to delay the acceptance for payment of or payment for Shares tendered in the Offer pending the outcome of a required approval or other action. There can be no assurance that any approval or other action, if needed, would be obtained or would be obtained without substantial cost or conditions or that the failure to obtain the approval or other action might not result in adverse consequences to our business and financial condition. Our obligations pursuant to the Offer to accept for payment and pay for the tendered Shares are subject to the satisfaction of certain conditions. See *Section 6—Conditions of the Offer*.

17. Certain Federal Income Tax Consequences.

The following discussion is a general summary of certain U.S. federal income tax consequences related to the tender of Shares pursuant to the Offer. It does not contain any discussion of state, local or non-U.S. tax consequences.

This summary is based upon the Code, the Treasury Regulations, current administrative interpretations and practices of the IRS (including administrative interpretations and practices expressed in private letter rulings which are binding on the IRS only with respect to the particular taxpayers who received those rulings) and judicial decisions, all as currently in effect, and all of which are subject to differing interpretations or to change, possibly with, retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain a position contrary to any of the tax consequences described below.

This summary of certain federal income tax consequences applies to you only if you hold Shares as a “capital asset” (generally, property held for investment). Special rules not discussed here may apply to you if you are (i) a broker-dealer or a dealer in securities or currencies, (ii) an S corporation, (iii) a partnership or other pass-through entity, (iv) a bank, thrift or other financial institution, (v) a regulated investment company or a REIT, (vi) an insurance company, (vii) a tax-exempt organization, (viii) subject to the alternative minimum tax provisions of the Code, (ix) holding Shares as part of a hedge, straddle, conversion, integrated or other risk reduction or constructive sale transaction, (x) holding Shares through a partnership or other pass-through entity, (xi) subject to special tax accounting rules as a result of any item of gross income with respect to Shares being taken into account in an applicable financial statement, or (xii) a U.S. stockholder whose “functional currency” is not the U.S. dollar. This summary does not address the Medicare tax on certain investment income.

This summary is for general information purposes only and is not tax advice.

This summary applies only to U.S. stockholders. For these purposes, a “U.S. stockholder” is a beneficial owner of Shares that for federal income tax purposes is:

- an individual who is a citizen or resident of the United States;
- a corporation (including an entity treated as a corporation for federal tax purposes) created or organized in or under the laws of the United States, any of its states or the District of Columbia;
- an estate, the income of which is subject to federal income taxation regardless of its source; or
- a trust if either a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or it has a valid election in place to be treated as a U.S. person.

A “Non-U.S. stockholder” means a beneficial owner of Shares that, for U.S. federal income tax purposes, is an individual, corporation, estate or trust that is not a U.S. stockholder.

If a partnership, including any entity that is treated as a partnership for U.S. federal income tax purposes, holds Shares, the federal income tax treatment of the partner in the partnership will generally depend on the status of the partner and the activities of the partnership. If you are a partner in a partnership that holds Shares, you should consult your tax advisor regarding the tax consequences of tendering Shares held by the partnership.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. YOU SHOULD CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO YOUR PARTICULAR SITUATION AS WELL AS ANY TAX CONSEQUENCES OF THE OFFER AND TENDERING SHARES ARISING UNDER OTHER U.S. FEDERAL TAX LAWS (INCLUDING ESTATE AND GIFT TAX LAWS), UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

U.S. Federal Income Taxation of U.S. Stockholders

Generally. A sale of Shares pursuant to the Offer will constitute a “redemption” under the Code and will be a taxable transaction for federal income tax purposes. If the redemption qualifies as a sale of Shares by a U.S. stockholder under Section 302 of the Code, the U.S. stockholder will recognize gain or loss as discussed below. If the redemption does not qualify as a sale of Shares under Section 302 of the Code, the U.S. stockholder will be treated as having received a distribution from us as discussed below.

As described below, whether a redemption qualifies for sale treatment will depend largely on the total number of the U.S. stockholder’s Shares (including any Shares constructively owned by the U.S. stockholder) that are purchased in the Offer and any Shares acquired or disposed of in a transaction that, for federal income tax purposes, is integrated with the Offer.

Sale Treatment. Under Section 302 of the Code, a redemption of Shares pursuant to the Offer will be treated as a sale of such Shares for federal income tax purposes if such redemption (i) results in a “complete redemption” of all the U.S. stockholder’s stock in us, (ii) is “substantially disproportionate” with respect to the U.S. stockholder, or (iii) is “not essentially equivalent to a dividend” with respect to the stockholder. In determining whether any of these three tests under Section 302 of the Code is satisfied, a U.S. stockholder must take into account not only Shares that the U.S. stockholder actually owns, but also any Shares that the U.S. stockholder is treated as owning pursuant to certain constructive ownership and ownership attribution rules in the Code. Because the determination as to whether any of the alternative tests of Section 302 of the Code will be satisfied with respect to a U.S. stockholder depends upon the facts and circumstances at the time that the determination must be made, U.S. stockholders should consult their tax advisors to determine such tax treatment.

A redemption of Shares from a U.S. stockholder pursuant to the Offer will result in a “complete redemption” of all the U.S. stockholder’s Shares in us if either (i) we purchase all the Shares actually and constructively owned by the U.S. stockholder, or (ii) the U.S. stockholder actually owns no Shares after all transfers of Shares pursuant to the Offer, constructively owns only Shares owned by certain family members, and the U.S. stockholder is eligible for a waiver from, and waives (pursuant to Section 302(c)(2) of the Code), constructive ownership of Shares owned by family members. Any U.S. stockholder desiring to waive such constructive ownership of Shares should consult a tax advisor about the applicability of Section 302(c)(2) of the Code.

A redemption of Shares from a U.S. stockholder pursuant to the Offer will be “substantially disproportionate” with respect to the U.S. stockholder if (i) the percentage of Shares actually and constructively owned by the U.S. stockholder compared to all Shares outstanding immediately after all redemptions of Shares pursuant to the Offer is less than 80% of the percentage of Shares actually and constructively owned by the U.S. stockholder compared to all Shares outstanding immediately before such redemptions and (ii) such U.S. stockholder owns less than 50% of the total combined voting power of all classes entitled to vote.

A redemption of Shares from a U.S. stockholder pursuant to the Offer will be “not essentially equivalent to a dividend” if, pursuant to the Offer, the U.S. stockholder experiences a “meaningful reduction” in its proportionate interest in us, including voting rights, participation in earnings and liquidation rights, arising from the actual and constructive ownership of Shares. Whether a U.S. stockholder’s redemption of Shares pursuant to the Offer will result in a “meaningful reduction” of such U.S. stockholder’s proportionate interest will depend on such U.S. stockholder’s particular facts and circumstances. The IRS has indicated in a published revenue ruling that a very small reduction in the proportionate interest of a small minority stockholder who does not exercise any control over corporate affairs generally constitutes a “meaningful reduction” in the stockholder’s interest in the company where the company’s stock is widely held and publicly traded. Although our Shares are widely held, our Shares are not publicly traded. U.S. stockholders are urged to consult their tax advisors about the applicability of that ruling to the Offer.

U.S. stockholders should be aware that an acquisition or disposition of Shares as part of a plan that includes the U.S. stockholder’s tender of Shares pursuant to the Offer should be taken into account in determining whether any of the foregoing tests is satisfied. U.S. stockholders are urged to consult their own advisors with regard to whether acquisitions from or sales to third parties and a tender may be so integrated. U.S. stockholders should also be aware that their ability to satisfy any of the foregoing tests may be affected by proration pursuant to the Offer. **Therefore, a U.S. stockholder (other than an Odd Lot Holder who tenders all his or her Shares at or below the Purchase Price) can be given no assurance that we will purchase a sufficient number of such Shares to permit the U.S. stockholder to satisfy any of the foregoing tests.**

If any of the foregoing three tests is satisfied, the U.S. stockholder will recognize gain or loss equal to the difference between the amount of cash received pursuant to the Offer and the U.S. stockholder’s adjusted tax basis in the Shares sold. Such gain or loss must be determined separately for each block of Shares sold (i.e., Shares that were acquired in a single transaction). In connection with the purchase of Shares pursuant to this Offer, U.S. stockholders may identify by lot the Shares that are purchased, but U.S. stockholders who do not identify specific lots in a timely manner will be deemed to have tendered their Shares on a “first in/first out” basis. U.S. stockholders should consult their tax advisors regarding the consequences of the “cost basis” information reporting rules. Capital gain or loss generally will be long-term capital gain or loss if, at the time we accept the Shares for payment, the U.S. stockholder held the Shares for more than one year. Long-term capital gains of individuals, estates and trusts generally are subject to a maximum U.S. federal income tax rate of 20% under current law. Short-term capital gains of individuals, estates, and trusts generally are subject to a maximum U.S. federal income tax rate of 37% under current law. Capital gains of corporations generally are taxed at the federal income tax rates applicable to corporate ordinary income. The deductibility of capital losses is subject to limitations. In addition, any loss recognized upon a tender of Shares in the Offer by a U.S. stockholder that has held such Shares for six months or less, after applying holding period rules, generally will be treated as a long-term capital loss to the extent of distributions received, or deemed to be received, from us that were required to be treated by the U.S. stockholder as long-term capital gain.

Dividend Treatment. If none of the foregoing three tests under Section 302 of the Code is satisfied, the U.S. stockholder generally will be treated as having received a distribution in an amount equal to the amount of cash received by the U.S. stockholder pursuant to the Offer. That distribution will be treated as ordinary dividend income to the extent our current or accumulated earnings and profits are allocated to the distribution, unless we designate the dividend as a capital gains dividend. Dividends paid to corporate U.S. stockholders will not qualify for the dividends received deduction generally available to corporations. In addition, our ordinary dividends generally will not qualify for the 20% tax rate on “qualified dividend income” received by taxpayers taxed as individuals. Our ordinary dividends, with limited exceptions, paid to non-corporate taxpayers are taxed at the higher federal income tax rate applicable to ordinary income, which is a maximum rate of 37%, provided, however, that such taxpayers may be able to deduct 20% of our ordinary dividends, thus reducing the maximum effective federal income tax rate on such dividends.

If a repurchase of our Shares pursuant to the Offer is treated as a distribution, a U.S. stockholder’s adjusted tax basis in the repurchased Shares generally will be transferred to the U.S. stockholder’s remaining Shares, if any. If a U.S. stockholder owns no other Shares, under certain circumstances, such basis may be transferred to a related person or it may be lost entirely.

U.S. stockholders are urged to consult their tax advisors regarding the U.S. federal income tax consequences to them in the event the repurchase is treated as a distribution with respect to their Shares.

Constructive Distributions. Provided that no tendering U.S. stockholder is treated as receiving a dividend as a result of the Offer, U.S. stockholders whose percentage ownership of the Company increases as a result of the Offer should not be treated as realizing taxable constructive distributions by virtue of that increase. If any tendering U.S. stockholder is deemed to receive a dividend, it is possible that stockholders whose percentage ownership of the Company increases as a result of the Offer, including U.S. stockholders who do not tender any Shares pursuant to the Offer, may be deemed to receive a constructive distribution in the amount of the increase in their percentage ownership of the Company as a result of the Offer. A constructive distribution will be treated as a dividend to the extent of our current or accumulated earnings and profits allocable to it. This dividend treatment will not apply if the purchase of Shares pursuant to the Offer is treated as an “isolated redemption” within the meaning of the Treasury Regulations.

Backup Withholding and Information Reporting. Information returns will generally be filed with the IRS in connection with the gross proceeds payable to a U.S. stockholder pursuant to the Offer. We will rely on information previously provided by a U.S. stockholder in order to determine whether backup withholding is required. If we have not received this information from a U.S. stockholder, then unless an exemption exists and is proven in a manner satisfactory to the Depository, such holder will be subject to backup withholding on these payments. If U.S. stockholder has not previously provided this information or wishes to change previously provided information, it must submit to the Depository a completed IRS Form W-9, which can be obtained from the Depository or from www.irs.gov. Certain stockholders (including all corporations) are not subject to these backup withholding and reporting requirements. The amount of any backup withholding from a payment to a U.S. stockholder will be allowed as a credit against the U.S. stockholder’s U.S. federal income tax liability and may entitle the U.S. stockholder to a refund, provided the required information is timely provided to the IRS.

U.S. Federal Income Taxation of Non-U.S. Stockholders

Tax Consequences for Non-U.S. Stockholders of Owning and Disposing of the Shares

Distributions on the Shares. Distributions of cash or property to a Non-U.S. stockholder in respect of the Shares received in the Offer will generally constitute dividends for U.S. federal income tax purposes to the extent paid from Company’s current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds the Company’s current and accumulated earnings and profits, the excess will generally be treated first as a tax-free return of capital to the extent of the Non-U.S. stockholder’s adjusted tax basis in the Shares. Any remaining excess will be treated as capital gain and will be treated as described below under “—Gain on Disposition of the Shares.”

Dividends paid to a Non-U.S. stockholder generally will be subject to withholding of U.S. federal income tax at a 30% rate, unless such Non-U.S. stockholder is eligible for a reduced rate of withholding tax under an applicable income tax treaty and provides proper certification of its eligibility for such reduced rate as described below. However, dividends that are effectively connected with the conduct of a trade or business by the Non-U.S. stockholder within the United States (and, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment or fixed base of the Non-U.S. stockholder) are not subject to such withholding tax, provided certain certification and disclosure requirements are satisfied (generally by providing an IRS Form W-8ECI). Instead, such dividends are subject to United States federal income tax on a net income basis in the same manner as if the Non-U.S. stockholder were a United States person as defined under the Code. Any such effectively connected dividends received by a foreign corporation may be subject to an additional “branch profits tax” at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A Non-U.S. stockholder who wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed above, for dividends will be required (a) to complete the applicable IRS Form W-8 and certify under penalty of perjury that such stockholder is not a United States person as defined under the Code and is eligible for treaty benefits or (b) if the Company Shares are held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable Treasury Regulations. Special certification and other requirements apply to certain Non-U.S. stockholders that are pass-through entities rather than corporations or individuals.

A Non-U.S. stockholder eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. stockholders are urged to consult their tax advisors regarding their entitlement to the benefits under any applicable income tax treaty.

Gain on Disposition of the Shares. Subject to the discussion of backup withholding and FATCA herein, any gain realized by a Non-U.S. stockholder on the taxable disposition of the Shares generally will not be subject to U.S. federal income tax unless:

- the gain is effectively connected with a trade or business of the Non-U.S. stockholder in the United States (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment or fixed base of the Non-U.S. stockholder); or
- the Non-U.S. stockholder is an individual who is present in the United States for a period or periods aggregating 183 days or more in the taxable year of the disposition, and certain other conditions are met.

A non-corporate Non-U.S. stockholder described in the first bullet point immediately above will be subject to tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates. An individual Non-U.S. stockholder described in the second bullet point immediately above will be subject to a flat 30% tax on the gain derived from the sale, which may be offset by certain United States source capital losses, even though the individual is not considered a resident of the United States, provided that the individual has timely filed U.S. federal income tax returns with respect to such losses. If a Non-U.S. stockholder that is a foreign corporation falls under the first bullet point immediately above, it will be subject to tax on its net gain in the same manner as if it were a United States person as defined under the Code and, in addition, may be subject to the branch profits tax equal to 30% (or such lower rate as may be specified by an applicable income tax treaty) of its effectively connected earnings and profits, subject to adjustments.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the Code and the Treasury Regulations and administrative guidance promulgated thereunder (commonly referred to as the “Foreign Account Tax Compliance Act” or “FATCA”) generally impose withholding at a rate of 30% in certain circumstances on dividends in respect of, and (subject to the proposed Treasury Regulations discussed below) gross proceeds from the sale or other disposition of, securities (including the Shares) which are held by or through certain foreign financial institutions (including investment funds), unless any such institution (i) enters into, and complies with, an agreement with the IRS to report, on an annual basis, information with respect to interests in, and accounts maintained by, the institution that are owned by certain U.S. persons and by certain non-U.S. entities that are wholly or partially owned by U.S. persons and to withhold on certain payments, or (ii) if required under an intergovernmental agreement between the United States and an applicable foreign country, reports such information to its local tax authority, which will exchange such information with the U.S. authorities. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. Accordingly, the entity through which the Shares are held will affect the determination of whether such withholding is required. Similarly, dividends in respect of, and (subject to the proposed Treasury Regulations discussed below) gross proceeds from the sale or other disposition of the Shares held by an investor that is a non-financial non-U.S. entity that does not qualify under certain exceptions will generally be subject to withholding at a rate of 30%, unless such entity either (i) certifies to the applicable withholding agent that such entity does not have any “substantial United States owners” or (ii) provides certain information regarding the entity’s “substantial United States owners,” which will in turn be provided to the U.S. Department of Treasury.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends in respect of the Shares. While withholding under FATCA generally would also apply to payments of gross proceeds from the sale or other disposition of securities (including the Shares), proposed Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued. All holders should consult their tax advisors regarding the possible implications of FATCA on their investment in the Shares.

18. Recommendation.

Although our board of directors has approved the Offer, none of the Company, our board of directors, Computershare in its capacity as the Depositary or Paying Agent, Georgeson in its capacity as Information Agent, or any of their respective affiliates has made or is making any recommendation to any stockholder as to whether to tender or refrain from tendering their Shares or as to the price or the prices at which you may choose to tender your Shares. Each stockholder must make his, her or its own decision whether to tender Shares, how many Shares to tender and the price or prices at which to tender. In doing so, stockholders should read carefully the information in or incorporated by reference into this Offer to Purchase and the related Letter of Transmittal and Important Instructions and Information. Stockholders are urged to discuss their decisions with their tax advisors, financial advisors or Custodians.

Because each stockholder's investment decision is a personal one, based on their own financial circumstances, no person has been authorized to make any recommendation on our behalf as to whether stockholders should tender their Shares pursuant to the Offer. No person has been authorized to give any information or to make any representations in connection with the Offer other than those contained or incorporated by reference herein or in a Letter of Transmittal or the Important Instructions and Information. If given or made, the recommendation and information and representations must not be relied on as having been authorized by us.

19. Miscellaneous.

The Offer is not being made to, and tenders will not be accepted from, stockholders in any jurisdiction in which the Offer or its acceptance would not comply with the securities laws of the applicable jurisdiction. We are not aware of any jurisdiction in which the Offer or tenders pursuant thereto would not be in compliance with the laws of the applicable jurisdiction. However, we reserve the right to exclude stockholders from the Offer in any jurisdiction in which it is asserted that the Offer cannot lawfully be made. We believe this exclusion is permissible under applicable laws and regulations, provided we make a good faith effort to comply with any law deemed applicable to the Offer.

We have retained Computershare to act as the Depositary and the Paying Agent, and Georgeson to act as the Information Agent in connection with the Offer. In its role as Depositary, Computershare will receive tendered Shares, Letters of Transmittal and Withdrawal Letters and provide information regarding the Offer to those persons, including stockholders, that contact it. As Paying Agent, Computershare will be responsible for determining the Purchase Price and proration factor, if any, and matching payment for all Shares purchased by us in the Offer. As the Information Agent, Georgeson may contact stockholders by mail, telephone, e-mail and personal interviews and may request brokers, dealers and other nominee stockholders to forward materials relating to the Offer to beneficial owners.

Computershare will receive reasonable and customary compensation for its respective services, will be reimbursed by us for reasonable out-of-pocket expenses incurred in connection with the Offer and will be indemnified against certain liabilities in connection with the Offer, including certain liabilities under the federal securities laws.

We will not pay any fees or commissions to brokers, dealers or other persons, for soliciting tenders of Shares pursuant to the Offer. We will, however, upon request, reimburse brokers, dealers and commercial banks for customary mailing and handling expenses incurred by them in forwarding the Offer and related materials to the beneficial owners of Shares held by them as a nominee or custodian or in a fiduciary capacity. No broker, dealer, commercial bank or trust company has been authorized to act as our agent, or the agent of Computershare, for purposes of the Offer.

Stockholders holding their Shares of record will not be required to pay any fees or commissions in connection with the Offer directly to the Depositary. Beneficial owners who do not own their Shares as record holders are urged to consult the broker, dealer or other nominee or custodian who is the record holder of their Shares to determine whether transaction costs may apply if stockholders tender Shares through the brokers, dealers or other nominee or custodian stockholders and not directly to the Depositary.

Stockholders holding their Shares through a broker, dealer, commercial bank, trust company, custodian or other nominee must not deliver a Letter of Transmittal directly to the Depositary. The broker, dealer, commercial bank, trust company, custodian or other nominee holding your Shares must submit the Letter of Transmittal that pertains to your Shares to the Depositary on your behalf. If the Letter of Transmittal is signed by trustees, executors, administrators, guardians, attorneys-in-fact, agents, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence satisfactory to the Depositary of their authority so to act must be submitted.

The Letter of Transmittal and any other required documents should be sent or delivered by each stockholder or such stockholder's custodian, broker, dealer, commercial bank, trust company, or other nominee to the Depository as follows:

The Depository and Paying Agent for the Offer is:

Computershare Trust Company, N.A.

Permitted Methods of Delivery to the Depository:

Online via: <https://highlandsreit.computersharecas.com>

By Registered and Overnight Mail:

Highlands REIT, Inc.
c/o Computershare Trust Company, N.A.
Attention: Corporate Actions Voluntary Offer
P.O. Box 43011
Providence, RI 02940-3011

By First Class Mail:

Highlands REIT, Inc.
c/o Computershare Trust Company, N.A.
Attention: Corporate Actions Voluntary Offer
150 Royall Street, Suite V
Canton, MA 02021

Delivery of the Letter of Transmittal to an address other than as set forth above will not constitute a valid delivery to the Depository.

The Information Agent for the Offer is:

**Georgeson LLC
1290 Avenue of the Americas, 9th Floor
New York, NY 10104**

If you have questions or need assistance, please contact Georgeson by telephone at (800) 905-7281.



000004



MR A SAMPLE
DESIGNATION (IF ANY)
ADD 1
ADD 2
ADD 3

Holder Account Number

C 1234567890

J N T



Tax ID certification on file: <Certified Y/N>

TOTAL SHARES 12345678901234

ACCOUNT CODE 12345678901234

CONTROL CODE 12345678901234



TO PARTICIPATE IN THE HIGHLANDS REIT, INC. DUTCH AUCTION YOU MUST SUBMIT YOUR INSTRUCTIONS IN ONE OF THE FOLLOWING WAYS:

Option 1) Internet – Visit the Offer Website at www.ComputershareCAS.com/HighlandsReit and using the Account and Control Codes printed above, sign in and follow the instructions on the site.

Option 2) Mail – Complete the instructions, sign and return this Letter of Transmittal in the envelope provided.

**LETTER OF TRANSMITTAL
To Tender Shares of Common Stock of
Highlands REIT, Inc.
Pursuant to the Offer to Purchase
dated October 24, 2023**

NAME: _____ SOCIAL SECURITY #: _____

ADDRESS: _____ ACCOUNT #: _____

Email: _____

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON NOVEMBER 21, 2023, UNLESS THE OFFER IS EXTENDED OR WITHDRAWN (SUCH TIME AND DATE, AS THEY MAY BE EXTENDED, THE "EXPIRATION DATE").



2 L T R

C O Y





You may tender all or a portion of your Shares at any of the different prices listed below. Regardless of the prices at which you decide to tender Shares, all the Shares purchased pursuant to the Offer will be purchased for the same price as described in Section 1 of the Offer to Purchase. Use the first row if you are tendering all your Shares at one price and check the box below the price you are selecting. If you are tendering fewer than all your Shares, or you are tendering all your Shares in portions at different prices, use the second row and indicate the price or prices at which you want to tender Shares by writing the number of Shares you want to tender at each such price on the line corresponding to that price. See *Section 2—Procedures for Tendering Shares and Summary Term Sheet* in the Offer to Purchase and the related *Instructions to Letter of Transmittal* set forth in the Important Instructions and Information for more details. Questions and requests for assistance may be directed to Georgeson by telephone toll-free at 800-905-7281.

1. Tendering ALL Shares at ONE price

TENDER PRICE: (DOLLARS PER SHARE)	\$0.12	\$0.13	\$0.14	\$0.15	\$0.16	\$0.17
(check <u>ONLY ONE</u> box to tender ALL shares at the indicated price per share)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

----- OR -----

2. Tendering fewer than all Shares or tendering Shares at more than one

TENDER PRICE: (DOLLARS PER SHARE)	\$0.12	\$0.13	\$0.14	\$0.15	\$0.16	\$0.17
(enter the number of Shares per price in whole Shares only)	_____	_____	_____	_____	_____	_____

NOTE: If you are completing box 2, the total number of Shares tendered cannot exceed the total number of Shares you own. Enter whole Shares only. See Section 9 of the Offer to Purchase for the treatment of any fractional Shares.

COMPLETE AND RETURN THIS PAGE TO TENDER YOUR SHARES TO ONE OF THE FOLLOWING ADDRESSES:

By Registered and Overnight Mail:
Computershare Trust Company, N.A.
Attn: Corporate Actions Voluntary Offer
150 Royall Street, Suite V
Canton, Massachusetts 02021

By First Class Mail:
Computershare Trust Company, N.A.
Attn: Corporate Actions Voluntary Offer
P.O. Box 43011
Providence, Rhode Island 02940-3011

SEE SIGNATURE REQUIREMENTS ON THE REVERSE SIDE.







SPECIAL PAYMENT INSTRUCTIONS

To be completed ONLY if the check for the purchase price of Shares purchased (less the amount of any federal income and backup withholding tax required to be withheld) is to be issued in the name of someone other than the registered Stockholder(s) or mailed to an address other than the address of record. If special payment instructions are not provided below, the check for the purchase price of Shares purchased will be sent to the address of record. If your payment is to be issued in the name of someone other than the registered Stockholder, then you will need to have your signature medallion guaranteed.



Issue check to:

Name (Please Print)

Street Address

City

State

Zip

The Offer to Purchase is available to be viewed at the Offer Website at www.ComputershareCAS.com/HighlandsReit

The Information Agent for the Offer is:

Georgeson

1290 Avenue of the Americas, 9th Floor
New York, NY 10104

Shareholders, Banks and Brokers
Call Toll Free: 800-905-7281





SIGN HERE TO TENDER YOUR SHARES

The undersigned Stockholder (or authorized person signing on behalf of the registered Stockholder), as Assignor, hereby tenders the number of Shares specified above pursuant to the terms of the Offer. The undersigned hereby certifies, under penalties of perjury, that the information and representations provided have been duly completed by the undersigned, are true and correct as of the date hereof. (Must be signed by registered Stockholder(s) exactly as name(s) appear(s) in the Company's records. If signature is by an officer of a corporation, attorney-in-fact, agent, executor, administrator, trustee, guardian or other person(s) acting in fiduciary or representative capacity, please complete the line captioned "Capacity" and see Instructions 6, 7 and 8 in the Instructions to Letter of Transmittal.)

Signature & Date – Stockholder/Executor/Personal Representative

Signature & Date – Co-Stockholder/Co-Executor

Telephone Number

- Capacity:
- | | |
|---|--|
| <input type="checkbox"/> Stockholder | <input type="checkbox"/> Personal Representative |
| <input type="checkbox"/> Executor/Executrix | <input type="checkbox"/> Trustee |
| <input type="checkbox"/> General Partner | <input type="checkbox"/> Power of Attorney |

Medallion Signature Guarantee

Only required if signing in any capacity other than as a Stockholder or if a third-party address is provided above. Each signature must be separately medallion signature guaranteed. A notarization is not acceptable.

CUSTODIAN INFORMATION

Printed Name of Signer

Name of Custodian

Custodian Signature

Custodian Telephone and Email

Medallion Signature Guarantee

Each signature must be separately medallion signature guaranteed. A notarization is not acceptable. Medallion Guarantee provided must be specific stamp of the custodian.

Note: Proper evidence satisfactory to the Depository must be submitted if Letter of Transmittal is signed in a fiduciary or representative capacity and a Medallion Stamp must be affixed in the box above.



IMPORTANT INSTRUCTIONS AND INFORMATION
REGARDING THE TENDERING OF SHARES OF COMMON STOCK
of
HIGHLANDS REIT, INC.
Pursuant to the Offer to Purchase
dated October 24, 2023

**THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON
NOVEMBER 21, 2023
UNLESS THE OFFER IS EXTENDED OR WITHDRAWN**

Holders of Shares registered in their own name desiring to tender their Shares should complete and sign the accompanying Letter of Transmittal and forward it to the Depositary in the enclosed envelope by one of the permitted methods of delivery listed below at the corresponding address set forth below. Instructions for completing this Letter of Transmittal are included herein, and a pre-addressed envelope to the Depositary is provided herewith.

The Depositary for the Offer is:

Computershare Trust Company, N.A.

Permitted Methods of Delivery to the Depositary:

Online via: www.ComputershareCAS.com/HighlandsReit

By Registered and Overnight Mail:

*Computershare Trust Company, N.A.
Attn: Corporate Actions Voluntary Offer
150 Royall Street, Suite V
Canton, MA 02021*

By First Class Mail:

*Computershare Trust Company, N.A.
Attn: Corporate Actions Voluntary Offer
P.O. Box 43011
Providence, RI 02940-3011*

If you have any questions or need assistance in completing the Letter of Transmittal, please contact Georgeson LLC, the Information Agent for the Offer, by telephone at 800-905-7281.

Delivery of this Letter of Transmittal or any other required documents to the Depositary to an address other than one of the addresses set forth above does not constitute valid delivery.

If you hold your Shares in a brokerage account or otherwise through a broker, dealer, commercial bank, trust company, custodian or other nominee and you are not the holder of record on our books, you must contact your broker, dealer, commercial bank, trust company, custodian or other nominee and comply with their policies and procedures and provide them with any necessary paperwork in order to have them tender your Shares. Stockholders holding their Shares through a broker, dealer, commercial bank, trust company, custodian or other nominee must not deliver a Letter of Transmittal directly to the Depositary. The broker, dealer, commercial bank, trust company, custodian or other nominee holding your Shares must submit the Letter of Transmittal that pertains to your Shares to the Depositary on your behalf. If the Letter of Transmittal is signed by trustees, executors, administrators, guardians, attorneys-in-fact, agents, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence satisfactory to the Depositary of their authority so to act must be submitted.

INSTRUCTIONS
to
LETTER OF TRANSMITTAL
for
HIGHLANDS REIT, INC.

Forming Part of the Terms and Conditions of the Offer

1. Delivery of Letter of Transmittal. The Letter of Transmittal is to be completed by all Stockholders of record of the Company who wish to tender Shares in response to the Offer. For such a Stockholder to tender Shares validly, a properly completed and duly executed Letter of Transmittal, along with any required signature guarantees and any other required documents, must be received by the Depository through one of the permitted methods using the enclosed envelope on or prior to the Expiration Date. **Please see *Section 8* of these instructions if your Shares are registered in the name of a custodian or other nominee.**

THE LETTER OF TRANSMITTAL (TOGETHER WITH ALL OTHER REQUIRED DOCUMENTS) MUST BE RECEIVED BY THE DEPOSITARY ON OR PRIOR TO THE EXPIRATION DATE. THE METHOD OF DELIVERY (CHOSEN FROM AMONG THE METHODS PERMITTED BY THE OFFER TO PURCHASE AND LETTER OF TRANSMITTAL) OF THE LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS IS AT THE OPTION AND RISK OF THE TENDERING STOCKHOLDER AND DELIVERY WILL BE DEEMED MADE ONLY WHEN DELIVERED BY ONE OF THE PERMITTED METHODS AND ACTUALLY RECEIVED BY THE DEPOSITARY. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY.

No alternative, conditional or contingent tenders will be accepted. All tendering Stockholders, by execution of the Letter of Transmittal, waive any right to receive any notice of the acceptance of their Shares for payment. **No tender of Shares will be deemed to have been properly made until all defects or irregularities have been cured by the tendering stockholder or waived by the Company.** The Company will not be liable for failure to waive any condition of the Offer, or any defect or irregularity in any tender of Shares. The Company encourages tendering Stockholders to submit tender material as early as possible, so that such Stockholders will have as much time as possible prior to the Expiration Date to correct any defects or irregularities in their tenders. See *Section 2—Procedures for Tendering Shares* of the Offer to Purchase and this *Instructions to Letter of Transmittal* for additional details regarding the procedures for properly tendering Shares.

2. Minimum Tenders. A Stockholder may tender any or all of his, her or its Shares in whole or in part.

3. Tender Price and Number of Shares tendered.

To tender all your Shares at one price: If you are tendering all your Shares at just one price, check the box in the first row on the Letter of Transmittal corresponding to the price at which you wish to tender all your Shares.

To tender fewer than all your Shares or to tender all the Shares you own in portions at more than one price: If you are tendering fewer than all your Shares or if you are tendering all your Shares in portions at more than one price, then in the second row on the Letter of Transmittal please indicate the number of Shares at each specific price within the range of \$0.12 to \$0.17 per Share at which you are tendering the respective number of Shares. Only enter whole numbers of Shares. Be certain that you do not indicate that you are tendering more Shares than you actually own. The number of Shares you enter in the second row on the Letter of Transmittal should not add up to more than the total number of Shares you own. Any given Share cannot be tendered at more than one price. To change the price or prices at which your Shares are being tendered, you must properly withdraw the prior tender and submit a new Letter of Transmittal as provided in *Section 4—Withdrawal Rights* of the Offer to Purchase. The same price will be paid for all tendered Shares accepted for purchase.

4. Odd Lots. Complete the Odd Lot Certification Form and deliver it with your completed Letter of Transmittal if you own fewer than 100 Shares (an “Odd Lot Holder”). Even if the Offer to Purchase is oversubscribed, we first will purchase all Shares tendered by any Odd Lot Holder who properly completes the enclosed Letter of Transmittal and tenders at a price at or below the Purchase Price, and does not subsequently properly withdraw, all Shares owned (beneficially or of record) by that Odd Lot Holder. Tenders of fewer than all the Shares owned by an Odd Lot Holder will not qualify for this preference. See *Section 1—Price; Number of Shares; Expiration Date; Proration* of the Offer to Purchase and the paragraph in that section headed “*Odd Lots*” for additional details.

5. Special payment instructions: Complete the special payment section if you are requesting the check to be made payable to someone other than the registered Stockholder(s) or you want your check mailed to an address different than the address of record.

6. Signatures on Letter of Transmittal. If the Letter of Transmittal is signed by the registered Stockholder(s) of the Shares tendered hereby, the signature(s) must correspond exactly with the name(s) as shown on the records of the Company without alteration, enlargement or any change whatsoever.

If any of the Shares tendered hereby are held of record by two or more joint Stockholders, all such holders must sign the Letter of Transmittal.

Please see *Section 8* of these instructions if your Shares are registered in the name of a custodian or other nominee.

If the Letter of Transmittal is signed by trustees, executors, administrators, guardians, attorneys-in-fact, agents, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence satisfactory to the Depository of their authority so to act must be submitted.

7. Guarantee of Signatures. No signature guarantee is required if the Letter of Transmittal is signed by the registered Stockholder of the Shares tendered therewith and the Stockholder has not completed the box captioned “Special Payment Instructions”. If one or more Shares are registered in the name of a person other than the person executing the Letter of Transmittal, or if payment is to be made to a person other than the person executing the Letter of Transmittal, or if payment is to be made to a person other than the registered Stockholder, then the Letter of Transmittal must be guaranteed by an eligible guarantor institution.

8. Custodian Information. If you hold your Shares in a brokerage account or otherwise through a broker, dealer, commercial bank, trust company, custodian or other nominee and you are not the holder of record on our books, you must contact your broker, dealer, commercial bank, trust company, custodian or other nominee and comply with their policies and procedures and provide them with any necessary paperwork in order to have them tender your Shares. Stockholders holding their Shares through a broker, dealer, commercial bank, trust company, custodian or other nominee must not deliver a Letter of Transmittal directly to the Depository. The broker, dealer, commercial bank, trust company, custodian or other nominee holding your Shares must submit the Letter of Transmittal that pertains to your Shares to the Depository on your behalf. If the Letter of Transmittal is signed by trustees, executors, administrators, guardians, attorneys-in-fact, agents, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence satisfactory to the Depository of their authority to so act must be submitted.

9. Waiver of Conditions. The Company expressly reserves the absolute right, in its sole discretion, to waive any of the specified conditions of the Offer, in whole or in part, in the case of any Shares tendered.

10. Requests for Assistance and Additional Copies. Questions or requests for assistance may be directed to, and copies of the Offer to Purchase and Letter of Transmittal may be obtained by calling the Information Agent at (800) 905-7281.

11. Validity of the Letter of Transmittal. The Company will determine, in its sole discretion, all questions as to the form of documents and the validity, eligibility (including time of receipt) and acceptance for payment of any tender of Shares, and the Company’s determination shall be final and binding. The Company reserves the absolute right to reject any or all tenders of Shares that it determines not to be in proper form or the acceptance for payment of or payment for which may, in the opinion of its counsel, be unlawful. The Company also reserves the absolute right to waive any defect or irregularity in any tender of Shares. None of the Company, the Depository or any other person will be under any duty to give notification of any defect or irregularity in tenders or waiver of any such defect or irregularity or incur any liability for failure to give any such notification.

The Depositary for the Offer is:

Computershare Trust Company, N.A.

The Information Agent for the Offer is:

Georgeson LLC

Toll Free Telephone Number: 800-905-7281

ODD LOT CERTIFICATION FORM**CERTIFICATION FORM TO BE COMPLETED BY ALL OWNERS OF FEWER THAN 100 SHARES THAT SEEK ODD LOT PRIORITY****SUBMIT THIS FORM WITH A PROPERLY COMPLETED AND SIGNED LETTER OF TRANSMITTAL**

Stockholders holding fewer than 100 Shares (also known as odd lot holders) who tender all their Shares at or below the Purchase Price will have all their Shares accepted for payment even if the Offer to Purchase is over-subscribed. Odd lot holders who wish to take advantage of this preference should submit this form along with a properly completed Letter of Transmittal which indicates that all the stockholder's Shares are being tendered. See *Section 1—Price; Number of Shares; Expiration Date; Proration of the Offer to Purchase and the Important Instructions and Information.*

The aforementioned preference is only available to odd lot holders who tender all their Shares at or below the Purchase Price. This preference is not available to partial tenders of fewer than all the stockholder's Shares or to beneficial or record holders of an aggregate of 100 or more Shares (even if these holders have separate accounts representing fewer than 100 Shares). Accordingly, this section is to be completed only if Shares are being tendered by or on behalf of a person owning, beneficially or of record, an aggregate of fewer than 100 Shares.

By checking the box below and including this form with a signed Letter of Transmittal, the tendering stockholder hereby certifies that the tendering stockholder is either (check only one box):

- the beneficial or record owner of an aggregate of fewer than 100 Shares; or
- a broker, dealer, commercial bank, trust company or other nominee that (a) is tendering for the beneficial owner(s), Shares with respect to which it is the record holder and (b) believes, based upon representations made to it by the beneficial owner(s), that each such person is the beneficial owner of an aggregate of fewer than 100 Shares.

IF YOU ARE AN OWNER OF FEWER THAN 100 SHARES (AN ODD LOT), PLEASE RETURN THIS FORM WITH A PROPERLY COMPLETED AND SIGNED LETTER OF TRANSMITTAL

WITHDRAWAL LETTER

Regarding the Common Stock

of

HIGHLANDS REIT, INC.

Tendered Pursuant to the Offer

Dated October 24, 2023

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON NOVEMBER 21, 2023 UNLESS THE OFFER IS EXTENDED OR WITHDRAWN (SUCH TIME AND DATE, AS THEY MAY BE EXTENDED, THE “EXPIRATION DATE” OR THE “EXPIRATION TIME”).

YOU MAY WITHDRAW TENDERED SHARES AT ANY TIME PRIOR TO THE EXPIRATION TIME EITHER (1) THROUGH THE SECURED, ONLINE PORTAL AT [HTTPS://HIGHLANDSREIT.COMPUTERSHARECAS.COM](https://highlandsreit.computersharecas.com) OR (2) BY PROPERLY SUBMITTING AND DELIVERING THE WITHDRAWAL LETTER BELOW; PROVIDED, HOWEVER, THAT YOU MAY ONLY WITHDRAW YOUR SHARES BY THE SAME METHOD YOU USED TO TENDER YOUR SHARES.

NO SHARES WILL BE ACCEPTED BEFORE THE OFFER EXPIRES.

Complete this Withdrawal Letter and deliver to the address below. This Withdrawal Letter must be delivered via (i) certified mail return receipt requested, (ii) a delivery service, such as FedEx or UPS, that provides confirmation of date and time of delivery or (iii) U.S. mail. Please note that a Withdrawal Letter delivered via U.S. mail or an overnight courier service may not be received in time. You may instead withdraw your shares electronically through the Company’s secured, online portal, but only if you used the online portal to tender such shares.

By Registered and Overnight Mail:

*Highlands REIT, Inc.
c/o Computershare Trust Company, N.A.
Attn Corporate Actions Voluntary Offer
P.O. Box 43011
Providence, RI 02940-3011*

By First Class Mail:

*Highlands REIT, Inc.
c/o Computershare Trust Company, N.A.
Attn: Corporate Actions Voluntary Offer
150 Royall Street, Suite V
Canton, MA 02021*

If you have any questions or need assistance in completing the Withdrawal Letter, please contact Georgeson LLC, the Information Agent for the Offer, by telephone at 800-905-7281.

Highlands REIT, Inc.—Withdrawal Letter

Ladies and Gentlemen:

The undersigned wishes to withdraw the tender of its shares of the Company’s common stock, par value \$0.01 per share (“Shares” or “Common Stock”), in Highlands REIT, Inc. (“the “Company”), or the tender of a portion of such Shares, for repurchase by the Company that previously was submitted by the undersigned in a Letter of Transmittal for:

_____ Account.

Select which amount of shares you wish to tender (check one box)

- Withdraw all shares tendered.
- Withdraw only _____ Shares.

AUTHORIZATION TO WITHDRAW TENDER REQUEST

The undersigned recognizes that upon the submission on a timely basis of this Withdrawal Letter, properly executed, the Shares previously tendered (or the portion of such Shares noted above) will not be repurchased by the Company upon expiration of the offer described above.

Name (Please Print) SSN/TIN

Name (Please Print) SSN/TIN

Signature & Date—Stockholder

Signature & Date—Co-Stockholder(s)

**OFFER TO PURCHASE FOR CASH BY
HIGHLANDS REIT, INC.**

OF

**UP TO \$20 MILLION IN VALUE OF SHARES OF ITS COMMON STOCK
AT A PURCHASE PRICE OF NOT GREATER THAN \$0.17 NOR LESS THAN \$0.12 PER SHARE**

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON NOVEMBER 21, 2023, UNLESS THE OFFER IS EXTENDED OR WITHDRAWN (SUCH TIME AND DATE, AS THEY MAY BE EXTENDED, THE "EXPIRATION DATE").

October 24, 2023

To Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees:

Highlands REIT, Inc., a Maryland corporation (the "Company") is offering to purchase for cash up to \$20 million in value of its shares of common stock, par value \$0.01 per share (the "Common Stock"), at a price specified by the tendering stockholders of not greater than \$0.17 nor less than \$0.12 per share of Common Stock, net to the seller in cash, less any applicable withholding taxes and without interest, on the terms and subject to the conditions described in the Offer to Purchase, dated October 24, 2023 (the "Offer to Purchase"), and the related Letter of Transmittal and Important Instructions and Information (which, together with any amendments and supplements thereto, we collectively refer to as the "Offer Documents" and which collectively constitute the "Offer"). Please furnish copies of the Offer Documents to those of your clients for whom you hold shares of Common Stock registered in your name or in the name of your nominee.

THE OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL AND IMPORTANT INSTRUCTIONS AND INFORMATION CONTAIN IMPORTANT INFORMATION AND SHOULD BE CAREFULLY READ IN THEIR ENTIRETY BEFORE A DECISION IS MADE WITH RESPECT TO THE OFFER. YOUR CLIENTS MAY TENDER ALL OR A PORTION OF THEIR SHARES OF COMMON STOCK. YOUR CLIENTS ALSO MAY CHOOSE NOT TO TENDER ANY OF THEIR SHARES OF COMMON STOCK.

As promptly as practicable after the Expiration Date, assuming the conditions to the Offer have been satisfied or waived, the Company will determine a single price per share of Common Stock (the "Purchase Price"), which will be not greater than \$0.17 nor less than \$0.12 per share of Common Stock, that the Company will pay, subject to "odd lot" priority and proration, for shares of Common Stock properly tendered in the Offer and not properly withdrawn, and accepted for payment, taking into account the number of shares of Common Stock tendered pursuant to the Offer and the prices specified by the tendering stockholders. The Purchase Price will be the lowest price per share of Common Stock (in increments of \$0.01) of not greater than \$0.17 nor less than \$0.12 per share, at which shares of Common Stock have been properly tendered or have been deemed to be tendered in the Offer, that will enable the Company to purchase the maximum number of shares of Common Stock properly tendered in the Offer and not properly withdrawn having an aggregate purchase price not exceeding \$20 million (or such lesser number if less than \$20 million in value of shares of Common Stock are properly tendered after giving effect to any shares of Common Stock properly withdrawn). The same price will be paid for all tendered Shares accepted for purchase. The Company will not accept shares of Common Stock subject to conditional tenders, such as acceptance of all or none of the shares of Common Stock tendered by any tendering stockholder. The Company is not offering to purchase, and will not accept, any fractional shares in the Offer.

All shares of Common Stock purchased in the Offer will be purchased at the same Purchase Price regardless of whether the stockholder tendered at a lower price. However, because of the "odd lot" priority and proration provisions described in the Offer to Purchase, it is possible that not all the shares of Common Stock tendered at or below the Purchase Price will be purchased if shares of Common Stock having an aggregate value in excess of \$20 million are properly tendered and not properly withdrawn. Only shares of Common Stock properly tendered at prices at or below the Purchase Price, and not properly withdrawn, will be eligible to be purchased. Shares of Common Stock tendered but not purchased pursuant to the Offer will be returned promptly following the Expiration Date.

Upon the terms and subject to the conditions of the Offer, if the number of shares of Common Stock properly tendered at or below the Purchase Price and not properly withdrawn prior to the Expiration Date would result in an aggregate purchase price of more than \$20 million, the Company will purchase shares of Common Stock: *first*, from all holders of “odd lots” of fewer than 100 shares of Common Stock who properly tender all their shares of Common Stock at or below the Purchase Price and do not properly withdraw them prior to the Expiration Date and *second*, from all other stockholders who properly tender shares of Common Stock at or below the Purchase Price and do not properly withdraw them prior to the Expiration Date, on a *pro rata* basis, with appropriate adjustments to avoid the purchase of fractional shares of Common Stock, until the Company has purchased shares of Common Stock resulting in an aggregate purchase price of \$20 million. See *Section 1—Price; Number of Shares; Expiration Date; Proration*, *Section 2—Procedures for Tendering Shares* and *Section 4—Withdrawal Rights* of the Offer to Purchase.

The conditions of the Offer are described in *Section 6—Conditions of the Offer of the Offer to Purchase*.

Your prompt action is requested. We urge you to contact your clients as promptly as possible. Please note that the Offer and withdrawal rights will expire at 11:59 p.m., New York City Time, on November 21, 2023, unless the Offer is extended or withdrawn. Under no circumstances will the Company pay interest on the Purchase Price, even if there is any delay in making payment.

If you intend to tender shares of Common Stock on behalf of your clients pursuant to the Offer, a Letter of Transmittal, properly completed and duly executed (or a manually signed photocopy of this Letter of Transmittal), including any required signature guarantees and any other documents required by the Letter of Transmittal must be received by the Depository at its address set forth on the back cover of the Offer to Purchase.

Although the Company’s Board of Directors has authorized the Offer, none of the Company, any member of the Company’s Board of Directors, the Paying Agent, the Depository, the Information Agent (each as defined in the Offer to Purchase) or any of their respective affiliates has made, or is making, any recommendation to your clients as to whether they should tender or refrain from tendering their shares of Common Stock or as to the price or prices at which they may choose to tender their shares of Common Stock. Your clients must make their own decisions as to whether to tender their shares of Common Stock, how many shares of Common Stock to tender and the price or prices at which their shares of Common Stock should be tendered. In doing so, your clients should read carefully the information in, or incorporated by reference into, the Offer to Purchase and the related Letter of Transmittal and Important Instructions and Information. Your clients are urged to discuss their decisions with their tax advisors, financial advisors or you.

The Company will not pay any fees or commissions to brokers, dealers or other persons for soliciting tenders of shares of Common Stock pursuant to the Offer (see *Section 18—Miscellaneous* of the Offer to Purchase).

If you have any questions regarding the Offer, please contact Georgeson LLC, the Information Agent for the Offer, at the telephone number set forth below.

The Paying Agent and Depository for the Offer is:

Computershare Trust Company, N.A.

The Information Agent for the Offer is:

Georgeson LLC
Toll-Free: (800) 905-7281

Nothing contained in this letter or in the Offer Documents shall render you or any other person the agent of the Company, the Paying Agent, the Depositary, the Information Agent or any affiliate of any of them or authorize you or any other person to give any information or use any document or make any statement on behalf of any of them with respect to the Offer other than the Offer Documents and the statements contained therein.

**OFFER TO PURCHASE FOR CASH BY
HIGHLANDS REIT, INC.
OF
UP TO \$20 MILLION IN VALUE OF SHARES OF ITS COMMON STOCK
AT A PURCHASE PRICE OF NOT GREATER THAN \$0.17 NOR LESS THAN \$0.12 PER SHARE**

**THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT
11:59 P.M., NEW YORK CITY TIME, NOVEMBER 21, 2023
(THE “EXPIRATION DATE”), UNLESS THE OFFER IS EXTENDED OR WITHDRAWN**

**THIS OFFER IS NOT CONDITIONED ON ANY MINIMUM NUMBER OF SHARES BEING
TENDERED, BUT IS SUBJECT TO OTHER CONDITIONS AS OUTLINED IN THE OFFER
TO PURCHASE AND IN THE LETTER OF TRANSMITTAL.**

October 24, 2023

To Our Clients:

Enclosed for your consideration is the Offer to Purchase, dated October 24, 2023, of Highlands REIT, Inc., a Maryland corporation (the “Company”), and a related Letter of Transmittal. Together these documents constitute the “Offer.” The Company is offering to purchase up to \$20 million in shares of its outstanding common stock (the “Shares”), upon the terms and subject to the conditions set forth in the Offer.

We are the registered holder of Shares held for your account. In order to tender your Shares, you must either submit an instruction to tender your Shares via your stockholder portal, subject to the approval of your broker, dealer, commercial bank, trust company, custodian or other nominee (any such entity, your “Custodian”), or cause the Letter of Transmittal to be physically delivered, including the signatures of your Custodian, including their medallion guarantee stamp, signifying approval of the submission. Such stockholders are urged to consult such Custodian as soon as possible if they wish to tender Shares.

Your attention is called to the following:

- (1) You may tender your Shares at prices not greater than \$0.17 nor less than \$0.12 per Share, as indicated in the attached instruction form, to you in cash, less any applicable withholding taxes and without interest.
- (2) The Offer is not conditioned upon any minimum number of Shares being tendered.
- (3) Upon the terms and subject to the conditions of the Offer, including proration and “odd lot” provisions, the Company will purchase all Shares validly tendered (and not withdrawn) on or prior to the Expiration Date, provided that the total number of Shares tendered does not exceed \$20 million.
- (4) Tendering stockholders will not be obligated to pay stock transfer taxes on the purchase of Shares by the Company pursuant to the Offer, except in the instances described in Section 5, “Purchase and Payment for Tendered Shares,” of the Offer to Purchase.

If you wish to have us tender any of or all your Shares, please so instruct us by completing, executing and returning to us the instruction form set forth below. An envelope to return your instructions to us is enclosed. If you authorize the tender of your Shares, all such Shares will be tendered unless otherwise specified below. **Your instructions to us should be forwarded as promptly as possible in order to permit us to submit a tender on your behalf in accordance with the terms and conditions of the Offer.**

The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with applicable law.

Neither the Company nor its Board of Directors is making any recommendation to any stockholder whether to tender or refrain from tendering Shares in the Offer. Each stockholder is urged to read and evaluate the Offer and accompanying materials carefully.

INSTRUCTIONS

The undersigned acknowledge(s) receipt of your letter and the accompanying Offer to Purchase, dated October 24, 2023 (the “Offer to Purchase”), and Letter of Transmittal (the “Letter of Transmittal,” which together with the Offer to Purchase and the website established for purposes of effectuating the offer, as they may be amended and supplemented from time to time, constitute the “Offer”), in connection with the offer by Highlands REIT, Inc., a Maryland corporation (the “Company”), to purchase up to \$20 million in value of its common stock, par value \$0.01 per share (the “Shares”), at a price not greater than \$0.17 nor less than \$0.12 per Share, to the seller in cash, less any applicable withholding taxes and without interest.

The undersigned hereby instruct(s) you to tender to the Company the number of Shares indicated below or, if no number is specified, all Shares you hold for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer.

AGGREGATE NUMBER OF SHARES TO BE TENDERED: <input type="checkbox"/> All Shares held for the undersigned; or _____ Shares (Enter number of Shares to be tendered).
--

1. Tendering ALL Shares at ONE price

TENDER PRICE: (DOLLARS PER SHARE)	\$0.12	\$0.13	\$0.14	\$0.15	\$0.16	\$0.17
(check <u>ONLY ONE</u> box to tender ALL shares at the indicated price per share)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

--- OR ---

2. Tendering fewer than all Shares or tendering Shares at more than one price

TENDER PRICE: (DOLLARS PER SHARE)	\$0.12	\$0.13	\$0.14	\$0.15	\$0.16	\$0.17
(check the number of Shares per price in whole Shares only)	_____	_____	_____	_____	_____	_____

NOTE: If you are completing box 2, the total number of Shares tendered cannot exceed the total number of Shares you own. Enter whole Shares only. See Section 9 of the Offer to Purchase for the treatment of any fractional Shares.

PLEASE SIGN HERE

Dated: _____, 2023

Name(s): _____
(please print)

Address: _____
City State Zip Code

Area Code and Telephone Number: _____

Employer Identification or Social Security Number: _____

This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares (as defined below). The Offer (as defined below) is made solely pursuant to the Offer to Purchase, dated October 24, 2023, and the related Letter of Transmittal and Important Instructions and Information. The Offer is being made to all holders of Shares, provided that the Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares in any state in which making or accepting the Offer would violate that state's laws. In any state where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of Highlands REIT, Inc. by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Notice of Offer to Purchase for Cash
by
Highlands REIT, Inc.
of
Up to \$20 million in Value of Shares of its Common Stock
at a Purchase Price Not Greater Than
\$0.17 Nor Less Than \$0.12 Per Share

**THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 11:59 P.M., NEW YORK CITY
TIME, ON NOVEMBER 21, 2023, UNLESS THE OFFER IS EXTENDED OR
WITHDRAWN.**

Highlands REIT, Inc., a Maryland corporation (the “Company”), invites its stockholders to tender shares of its common stock, par value \$0.01 per share (the “Shares”), at a price or prices not greater than \$0.17 nor less than \$0.12 per Share, net to the tendering stockholder in cash, less the withholding of any applicable taxes and without interest, upon the terms and subject to the conditions described in the Offer to Purchase, dated October 24, 2023 (the “Offer to Purchase”), and in the related Letter of Transmittal and Important Instructions and Information (collectively with the Offer to Purchase, as each may be supplemented or amended from time to time, the “Offer”).

The Offer is not conditioned on the receipt of any financing or upon any minimum number of shares being tendered. The Offer is, however, subject to other conditions. See *Section 6—Conditions of the Offer* of the Offer to Purchase.

The Offer will expire at 11:59 p.m., New York City Time, on November 21, 2023, unless the Offer is extended or withdrawn (such date and time, as they may be extended, the “Expiration Date”).

To validly tender Shares, stockholders who own Shares that are registered in their names must either (1) electronically complete and submit the required information on the Company’s secured, online portal at <https://highlandsreit.computersharecas.com>, or (2) properly complete and sign the Letter of Transmittal according to its instructions and deliver it, together with any required signature guarantees and any other documents required by the Letter of Transmittal, to Computershare Trust Company, N.A. (“Computershare,” the “Depositary,” and the “Paying Agent”), in its capacity as the Depositary, at the appropriate address shown in the Important Instructions and Information prior to the Expiration Date. If you wish to tender your shares online, you will need your *Account Code* and *Control Code* located on the front page of your Letter of Transmittal.

Stockholders who hold Shares in a brokerage account or otherwise through a broker, dealer, commercial bank, trust company, custodian or other nominee (any such entity, a “Custodian”) and are not the holder of record on the Company’s books must obtain approval of such Custodian in order to tender Shares, following the procedures described in *Section 2 – Procedures for Tendering Shares*.

Stockholders holding their Shares through a Custodian must not deliver a Letter of Transmittal directly to Computershare in its capacity as the Depository. If the Letter of Transmittal is signed by trustees, executors, administrators, guardians, attorneys-in-fact, agents, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence satisfactory to the Depository of their authority to so act must be submitted.

Promptly after the Expiration Date, assuming the conditions to the Offer have been satisfied or waived, the Company will, upon the terms and subject to the conditions of the Offer, determine a single per Share price (not greater than \$0.17 nor less than \$0.12 per Share) (the “Purchase Price”) that it will pay for Shares validly tendered pursuant to the Offer and not properly withdrawn prior to the Expiration Date, taking into account the number of Shares so tendered and the prices specified by tendering stockholders. The Purchase Price will be the lowest price that will enable the Company to buy up to \$20 million in value of its Shares (or such lesser number of Shares as are validly tendered) pursuant to the Offer. The same price will be paid for all tendered Shares accepted for purchase.

If, based on the Purchase Price, Shares having an aggregate value of less than \$20 million are properly tendered and not properly withdrawn, the Company will buy all Shares properly tendered and not properly withdrawn. If, based on the Purchase Price, Shares having an aggregate value in excess of \$20 million (or such greater amount as the Company may elect to pay, subject to applicable law), have been properly tendered at prices at or below the Purchase Price and not properly withdrawn before the Expiration Date, the Company will purchase properly tendered Shares in the following order of priority: (a) first, the Company will purchase all the Shares properly tendered at or below the Purchase Price and not properly withdrawn by any “odd lot holder” (a holder of fewer than 100 Shares) who tenders all of such stockholder’s Shares; and (b) second, after the purchase of all the Shares properly tendered by odd lot holders, the Company will purchase all other Shares properly tendered at or below the Purchase Price, on a *pro rata* basis with appropriate adjustments to avoid the purchase of fractional Shares. If any tendered Shares are not purchased for any reason, the Letter of Transmittal with respect to such Shares not purchased will be of no force or effect.

The Company reserves the right to extend the Offer at any time and for any reason. If the Company extends the Offer beyond 11:59 p.m., New York City Time, on November 21, 2023, the Company will inform Georgeson LLC (“Georgeson” and the “Information Agent”) of that fact and will file or issue a Current Report on Form 8-K or other public announcement of the extension not later than 9:00 a.m., New York City Time, on the business day after the day on which the Offer was scheduled to expire.

Tenders may be withdrawn at any time prior to the Expiration Date. After the Expiration Date, such tenders are irrevocable, except that they may be withdrawn anytime on or after November 21, 2023, if such tendered Shares have not been accepted for payment prior to that time. For withdrawal to be effective, you must either (1) electronically complete and submit the required information on the Company’s secured, online portal at <https://highlandsreit.computersharecas.com>, or (2) properly complete and send a withdrawal letter by mail or overnight courier service; provided, however, that you may only withdraw your shares by the same method you used to tender your shares, and any withdrawal must be timely received by Computershare, in its capacity as the Depository. Any such withdrawal letter must specify the name of the person who tendered the Shares to be withdrawn, must specify the identity and quantity of Shares to be withdrawn, and must be signed by the person(s) who signed the Letter of Transmittal in the same manner in which the Letter of Transmittal was signed. Stockholders should allow sufficient time to ensure timely delivery of their withdrawal letter. If a stockholder chooses to use the U.S. Postal Service, they may consider using registered or certified priority mail with return receipt requested. Withdrawals may not be rescinded, and Shares properly withdrawn will thereafter be deemed not validly tendered. However, withdrawn Shares may be retendered by following one of the procedures described in *Section 2—Procedures for Tendering Shares* of the Offer to Purchase at any time before the Expiration Date.

The Company will be deemed to have accepted for payment (and therefore purchased), subject to the “odd lot” priority and proration provisions of the Offer, Shares that are properly tendered at or below the Purchase Price and not properly withdrawn, only when, as and if the Company gives oral or written notice to Computershare, in its capacity as the Depository and the Paying Agent, of the Company’s acceptance of tendered Shares for payment.

The purchase of Shares pursuant to the Offer will reduce the Company's stockholders' equity in an amount equal to the aggregate Purchase Price of the Shares purchased and reduce total cash.

Generally, a sale of Shares pursuant to the Offer will constitute a "redemption" and will be a taxable transaction for federal income tax purposes. For a discussion of the federal income tax consequences of the sale of Shares pursuant to the Offer, see *Section 17—Certain Federal Income Tax Consequences* of the Offer to Purchase. **EACH STOCKHOLDER IS URGED TO CONSULT ITS TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF TENDERING SHARES IN THE OFFER.**

The information required to be disclosed by Rule 13e-4(d)(1) of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, is contained in the Offer to Purchase and is incorporated herein by reference.

Copies of the Offer to Purchase and the Letter of Transmittal will be mailed to record holders of the Company's Shares, including any Custodians, whose names, or the names of whose nominees, appear on the Company's stockholder list.

The Offer to Purchase and the related Letter of Transmittal and Important Instructions and Information contain important information and should be carefully read in their entirety before any decision is made with respect to the Offer.

The purpose of the Offer is to provide those stockholders who wish to obtain immediate liquidity for their Shares an opportunity to do so in an efficient manner, without incurring most broker's fees associated with an open market sale, while at the same time balancing the best interests of the Company and of those stockholders who wish to remain invested in the Company. The Company believes that the Offer is a prudent use of the Company's financial resources given its business profile, capital structure and assets.

The Company's board of directors has approved the Offer. None of the Company, its board of directors, Computershare in its capacity as the Depositary or Paying Agent, nor Georgeson in its capacity as Information Agent, or any of their respective affiliates, however, make any recommendation to any stockholder as to whether to tender or refrain from tendering their Shares or as to the price or the prices at which they may choose to tender their Shares. Each stockholder must make his, her or its own decision whether to tender Shares, and if so, how many Shares to tender and the price or prices at which to tender.

Any questions or requests for assistance may be directed to Georgeson, the Information Agent, by telephone toll free at 800-905-7281. Requests for copies of the Offer to Purchase, the Letter of Transmittal, the Important Instructions and Information or other Offer materials may be directed to Georgeson, and such copies will be furnished as promptly as practicable at the Company's expense. Stockholders may also contact their Custodian or other nominee for assistance concerning the Offer.

The Paying Agent and Depositary for the Offer is:

Computershare Trust Company, N.A.

The Information Agent for the Offer is:

Georgeson LLC
Toll-Free: (800) 905-7281

October 24, 2023

Calculation of Filing Fee Tables

Schedule TO
(Form Type)Highlands REIT, Inc.
(Exact Name of Registrant as Specified in its Charter)

Table 1 – Transaction Value

	Transaction Valuation	Fee rate	Amount of Filing Fee
Fees to Be Paid	\$20,000,000.00(1)	0.00014760	\$2,952.00(2)
Fees Previously Paid	—		—
Total Transaction Valuation	\$20,000,000.00		
Total Fees Due for Filing			\$2,952.00
Total Fees Previously Paid			—
Total Fee Offsets			—
Net Fee Due			\$2,952.00

- (1) Calculated solely for purposes of determining the amount of the filing fee. This amount is based on the maximum aggregate purchase price to be paid for shares of common stock.
- (2) The amount of the filing fee was calculated in accordance with Rule 0-11 under the Securities Exchange Act of 1934, as amended, by multiplying \$20,000,000.00 by 0.00014760.
-