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Contact: Brendan Maiorana
Executive Vice President, Finance
919-431-1529

Highwoods Announces $233.4M of Greensboro Asset Sales

RALEIGH, NC – January 31, 2020 – Highwoods Properties, Inc. (NYSE:HIW) has sold its industrial and single-story flex portfolio encompassing 2.8 million square feet for $193.4 million and expects to close on the sale of The Knollwood, a two-building office complex encompassing 250,000 square feet, on or before February 15, 2020 for $40.0 million. These properties are located in the Company's Greensboro market, are a combined 93.8% occupied and are projected to generate $14.3 million of annual cash and GAAP net operating income in 2020.

The Company expects to record non-FFO gains of approximately $123.5 million in the first quarter of 2020 in connection with these sales.

Ted Klinck, President and Chief Executive Officer of Highwoods Properties, said, *"These sales are a significant step to completing the first phase of our plan to exit the Greensboro and Memphis markets and reinvest that capital in the BBDs of high-growth markets such as Charlotte. With these dispositions, we will have completed approximately 75% of the first phase of sales and we remain on track to complete the first phase by mid-2020."*

The sale of The Knollwood is subject to customary closing conditions. The buyer's contractual due diligence period has ended and the buyer has posted earnest money deposits that are non-refundable except in limited circumstances.

As previously disclosed, the Company has a two-phased plan to exit the Greensboro and Memphis markets. The first phase consists of selling a select portfolio of assets in Greensboro and Memphis by mid-2020 with a total sales price that approximates the $436 million total investment for Bank of America Tower at Legacy Union in Charlotte, which closed in November 2019. The second phase is the planned sale of the remaining assets in Greensboro and Memphis. There is no pre-determined timetable for the second phase.

About Highwoods
Highwoods Properties, Inc., headquartered in Raleigh, is a publicly-traded (NYSE:HIW) real estate investment trust ("REIT") and a member of the S&P MidCap 400 Index. Highwoods is a fully-integrated office REIT that owns, develops, acquires, leases and manages properties primarily in the best business districts (BBDs) of Atlanta, Charlotte, Greensboro, Memphis, Nashville, Orlando, Pittsburgh, Raleigh, Richmond and Tampa. For more information about Highwoods, please visit our website at www.highwoods.com.

Certain matters discussed in this press release are forward-looking statements within the meaning of the federal securities laws, such as: planned sales of non-core assets and expected pricing and impact with respect to such sales, including the tax impact of such sales; the anticipated total investment, projected leasing activity, estimated replacement cost and expected net operating income of acquired properties and properties to be developed; and expected future leverage of the Company. These statements are distinguished by use of the words "will," "expect," "intend," "plan," "anticipate" and words of similar meaning. Although Highwoods believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved.

Factors that could cause actual results to differ materially from Highwoods' current expectations include, among others, the following: closing of the planned disposition of The Knollwood may not occur on the terms described in this press release or at all; buyers may not be available and pricing may not be adequate with respect to the planned dispositions of non-core assets; comparable sales data on which we based our expectations with respect to the sales price of the non-core assets may not reflect current market trends; anticipated G&A expense savings may not be realized; the financial condition of our customers could deteriorate; development activity by our competitors in our existing markets could result in excessive supply of properties relative to customer demand; development, acquisition, reinvestment, disposition or joint venture projects may not be completed as quickly or on as favorable terms as anticipated; we may not be able to lease or re-lease second generation space quickly or on as favorable terms as old leases; our markets may suffer declines in economic growth; we may not be able to lease our newly constructed buildings as quickly or on as favorable terms as originally anticipated; unanticipated increases in interest rates could increase our debt service costs; unanticipated increases in operating expenses could negatively impact our NOI; we may not be able to meet our liquidity requirements or obtain capital on favorable terms to fund our working capital needs and growth initiatives or to repay or refinance outstanding debt upon maturity; the Company could lose key executive officers; and others detailed in the Company's 2018 Annual Report on Form 10-K and subsequent SEC reports.

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