

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
HIGHWOODS PROPERTIES, INC.		56-1871668	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
PAUL MATTHEWS	919-431-1521	PAUL.MATTHEWS@HIGHWOODS.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and ZIP code of contact	
3100 SMOKETREE COURT, SUITE 600		RALEIGH, NC 27604	
8 Date of action		9 Classification and description	
QUARTERLY DISTRIBUTIONS		COMMON STOCK	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
431284 10 8		HYSE-HIW	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ THE COMPANY PAID COMMON DISTRIBUTIONS AS FOLLOWS:

DECLARATION DATE	RECORD DATE	PAYMENT DATE	TYPE OF DISTRIBUTION
12/13/2016	12/27/2016	01/10/2017	SPECIAL DIVIDEND
02/07/2017	02/21/2017	03/07/2017	QUARTERLY
04/20/2017	05/17/2017	06/06/2017	QUARTERLY
08/02/2017	08/14/2017	09/06/2017	QUARTERLY
10/19/2017	11/14/2017	12/05/2017	QUARTERLY

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ THE TOTAL COMMON DISTRIBUTION PAID BY THE COMPANY FOR 2017 IS \$1.8249 PER SHARE OF WHICH 0.000% IS NONTAXABLE CASH DISTRIBUTION (RETURN OF CAPITAL). THE AMOUNTS OF THE QUARTERLY DISTRIBUTION PER SHARE AS FOLLOWS:

PAYMENT DATE	QUARTERLY DISTRIBUTION	NONTAXABLE DISTRIBUTION
01/10/2017	\$0.06490	\$0.000000
03/07/2017	\$0.44000	\$0.000000
06/06/2017	\$0.44000	\$0.000000
09/06/2017	\$0.44000	\$0.000000
12/05/2017	\$0.44000	\$0.000000
TOTAL PER SHARE	\$1.82490	\$0.000000

THEREFORE, THE TAX BASIS OF EACH SHARE OF COMMON STOCK HELD THROUGHOUT 2017 WAS NOT REDUCED.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ THE COMPANY DETERMINES ITS ANNUAL EARNINGS AND PROFITS UNDER IRC SECTION 312 (AS MODIFIED BY IRC SECTION 857(D) FOR A REAL ESTATE INVESTMENT TRUST) AND THE REGULATIONS UNDER, WHICH SUPPORTS THE CALCULATION OF NONTAXABLE DISTRIBUTION OF COMMON STOCK PAID FOR 2017.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► IRC SECTION 301(C)(2) PROVIDES THAT THE PORTION OF THE COMMON STOCK DISTRIBUTION WHICH IS NOT A DIVIDEND SHALL BE APPLIED AGAINST AND REDUCE THE ADJUSTED BASIS OF THE STOCK.

PURSUANT TO IRC SECTION 857(B)(9), CASH DISTRIBUTIONS MADE ON JANUARY 10, 2017 WITH A RECORD DATE OF DECEMBER 27, 2016 ARE TREATED AS RECEIVED BY SHAREHOLDERS ON DECEMBER 31, 2016. AS THE COMPANY'S AGGREGATE 2016 CASH DISTRIBUTIONS EXCEEDED ITS EARNINGS AND PROFITS, A PORTION OF THE JANUARY 2017 CASH DISTRIBUTION DECLARED IN THE FOURTH QUARTER OF 2016 WILL BE TREATED AS A 2017 DISTRIBUTION FOR FEDERAL INCOME TAX PURPOSES.

18 Can any resulting loss be recognized? ► N/A

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► THE CASH DISTRIBUTION PAID ON 01/10/2017, TO THE EXTENT OF THE COMPANY'S 2016 EARNINGS AND PROFITS, WAS CONSIDERED A 2016 DISTRIBUTION AND WAS REPORTED TO SHAREHOLDERS ON THEIR 2016 FEDERAL FORM 1099-DIV. THE PORTION OF THE CASH DISTRIBUTION PAID ON 01/10/2017 IN EXCESS OF THE COMPANY'S 2016 EARNINGS AND PROFITS IS CONSIDERED A 2017 DISTRIBUTION AND IS REPORTED TO SHAREHOLDERS ON THEIR 2017 FEDERAL FORM 1099-DIV.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ►  Date ► 1/15/18

Paid Preparer Use Only	Print your name ► <u>PAUL MATTHEWS</u>	Preparer's signature	Title ► <u>ASSISTANT TREASURER</u>	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►				Firm's EIN ►	
	Firm's address ►				Phone no.	

Highwoods Properties, Inc. (EIN: 56-1871668)
Tax Treatment of 2017 Distributions

Security Description	CUSIP	Ticker Symbol	Record Date	Payment Date	Distribution per share	Tax Adjustment	Dividend*	Form 1099-DIV			
								Box 1a	Box 2a	Box 2b	Box 3
								Total Ordinary Dividends	Total Capital Gain Distributions	Unrecap. Sec. 1250 Gain	Total Nondividend Distributions
Common Stock	431284 10 8	NYSE - HIW	12/27/2016	01/10/2017	0.800000	(0.735100)	0.064900	0.053423	0.011477	0.006928	-
Common Stock	431284 10 8	NYSE - HIW	02/21/2017	03/07/2017	0.440000	-	0.440000	0.362189	0.077811	0.046968	-
Common Stock	431284 10 8	NYSE - HIW	05/17/2017	06/06/2017	0.440000	-	0.440000	0.362189	0.077811	0.046968	-
Common Stock	431284 10 8	NYSE - HIW	08/14/2017	09/06/2017	0.440000	-	0.440000	0.362189	0.077811	0.046968	-
Common Stock	431284 10 8	NYSE - HIW	11/14/2017	12/05/2017	0.440000	-	0.440000	0.362189	0.077811	0.046968	-
Total per share					\$ 2.560000	\$ (0.735100)	\$ 1.824900	\$ 1.502179	\$ 0.322721	\$ 0.194800	\$ -
Preferred Series A	431284 20 7	Pink - HIW.P	02/15/2017	02/28/2017	21.562500	-	21.562500	17.749310	3.813190	2.301723	
Preferred Series A	431284 20 7	Pink - HIW.P	05/15/2017	05/31/2017	21.562500	-	21.562500	17.749310	3.813190	2.301723	
Preferred Series A	431284 20 7	Pink - HIW.P	08/15/2017	08/31/2017	21.562500	-	21.562500	17.749310	3.813190	2.301723	
Preferred Series A	431284 20 7	Pink - HIW.P	11/15/2017	11/30/2017	21.562500	-	21.562500	17.749310	3.813190	2.301723	
Total per share					\$ 86.250000	\$ -	\$ 86.250000	\$ 70.997240	\$ 15.252760	\$ 9.206892	

None of the ordinary dividends represent "qualified dividend income".

*Pursuant to IRC Section 857(b)(9), cash distributions made on January 10, 2017 with a record date of December 27, 2016 are treated as received by shareholders on December 31, 2016. As the Company's aggregate 2016 cash distributions exceeded its earnings and profits, \$0.0649 of the January 2017 cash distribution declared in the fourth quarter of 2016 is being treated as a 2017 distribution for federal income tax purposes.

Shareholders should refer to their Form 1099, and contact Wells Fargo Shareholder Services at 800-468-9716 for further information.

For Corporate shareholders, the Section 291(a) preference item is 2.13% of the total common dividends, and 2.13% of the total preferred dividends.

To assist our investors, the return of capital on common stock dividends is also reported on Form 8937 at www.highwoods.com on the "Tax Information" sub-menu of the "Stock Information" page.