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Contact: Brendan Maiorana
Executive Vice President of Finance and Treasurer
brendan.maiorana@highwoods.com
919-872-4924

Highwoods Announces $56M of Additional Non-Core Asset Sales

Sold $353M of Non-Core Assets Since Announcing the Acquisition of Office Assets from Preferred Apartment Communities, Inc.

RALEIGH, NC – December 29, 2021 – Highwoods Properties, Inc. (NYSE:HIW) has sold 4421 and 4401 Waterfront Drive, two non-core office buildings encompassing 97,000 square feet in Richmond, for $20.8 million. Additionally, the Company has sold Progress Center, which consists of two in-service non-core office buildings encompassing 147,000 square feet and an associated development parcel in Raleigh, for $35.0 million.

On a combined basis, the four in-service office buildings were 76% occupied as of September 30, 2021 and were projected to generate $2.7 million of GAAP net operating income and $2.6 million of cash net operating income in 2021.

The Company has also closed on the previously announced plan to sell three non-core buildings for a combined purchase price of $65.9 million. These sales, which were initially announced on November 8, 2021, consisted of Smoketree and Cottonwood, two office buildings encompassing 191,000 square feet in Raleigh, for $35.5 million and Preserve V, an office building encompassing 175,000 square feet in Tampa, for $30.4 million.

During the fourth quarter of 2021, the Company expects to record total gains of approximately $92.9 million, including non-FFO gains of approximately $83.5 million and FFO gains of approximately $9.4 million.

Since the Company first announced the acquisition of a portfolio of office assets from Preferred Apartment Communities, Inc. (NYSE:APTS) ("PAC"), the Company has sold 1,562,000 square feet of non-core assets for a combined sales price of $353 million.

Ted Klinck, President and Chief Executive Officer of Highwoods Properties, said, "*We are pleased to have already closed on $353 million of non-core dispositions since we first announced our $683 million acquisition of trophy office assets in the high-growth markets of Charlotte and Raleigh from PAC. We are ahead of schedule, having planned $250 to $300 million of non-core dispositions by year-end 2021. Our asset recycling has improved the quality of our portfolio, reduced our lease expiration risk, strengthened our near-term cash flow and fortified our long-term growth trajectory. As a result, we are also on track with our plan to return our balance sheet metrics to pre-acquisition levels by mid-2022 as we remain committed to maintaining a fortress balance sheet.*"

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. The Company is a fully-integrated office REIT that owns, develops, acquires, leases and manages properties primarily in the best business districts (BBDs) of Atlanta, Charlotte, Nashville, Orlando, Pittsburgh, Raleigh, Richmond and Tampa. For more information about Highwoods, please visit our website at www.highwoods.com.

Forward-Looking Statements

Some of the information in this press release may contain forward-looking statements. Such statements include, in particular, statements about our plans, strategies and prospects such as the following: the planned sales of non-core assets and expected pricing and impact with respect to such sales, including the tax impact of such sales; the expected financial and operational results and the related assumptions underlying our expected results, including but not limited to potential losses related to customer difficulties, anticipated building usage and expected economic activity due to COVID-19; the continuing ability to borrow under the Company's revolving credit facility; 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. You can identify forward-looking statements by our use of forward-looking terminology such as "may," "will," "expect," "anticipate," "estimate," "continue" or other similar words. Although we believe that our plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that our plans, intentions or expectations will be achieved.

When considering such forward-looking statements, you should keep in mind important factors that could cause our actual results to differ materially from those contained in any forward-looking statement, including the following: buyers may not be available and pricing may not be adequate with respect to planned dispositions of non-core assets; comparable sales data on which we based our expectations with respect to the sales price of non-core assets may not reflect current market trends; the extent to which the ongoing COVID-19 pandemic impacts our financial condition, results of operations and cash flows depends on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic and its impact on the U.S. economy and potential changes in customer behavior that could adversely affect the use of and demand for office space; the financial condition of our customers could deteriorate or further worsen, which could be further exacerbated by the COVID-19 pandemic; our assumptions regarding potential losses related to customer financial difficulties due to the COVID-19 pandemic could prove incorrect; counterparties under our debt instruments, particularly our revolving credit facility, may attempt to avoid their obligations thereunder, which, if successful, would reduce our available liquidity; we may not be able to lease or re-lease second generation space, defined as previously occupied space that becomes available for lease, quickly or on as favorable terms as old leases; we may not be able to lease newly constructed buildings as quickly or on as favorable terms as originally anticipated; we may not be able to complete development, acquisition, reinvestment, disposition or joint venture projects as quickly or on as favorable terms as anticipated; development activity in our existing markets could result in an excessive supply relative to customer demand; our markets may suffer declines in economic and/or office employment growth; unanticipated increases in interest rates could increase our debt service costs; unanticipated increases in operating expenses could negatively impact our operating results; natural disasters and climate change could have an adverse impact on our cash flow and operating results; 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 repay or refinance outstanding debt upon maturity; and the Company could lose key executive officers.

This list of risks and uncertainties, however, is not intended to be exhaustive. You should also review the other cautionary statements we make in "Risk Factors" set forth in our 2020 Annual Report on Form 10-K. Given these uncertainties, you should not place undue reliance on forward-looking statements. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements to reflect any future events or circumstances or to reflect the occurrence of unanticipated events.