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Highwoods Acquires McKinney & Olive in Uptown Dallas in 50/50 Joint Venture with Granite Properties

$197M Total Investment (at HIW Share)
557,000 Square Feet Trophy Mixed-Use Asset; 99% Leased
Substantially Below-Market Rents
Ideally Situated Four Blocks from 23Springs Development Project

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RALEIGH, NC – December 16, 2022 – Highwoods Properties, Inc. (NYSE:HIW) has acquired McKinney & Olive, a 557,000 square foot trophy mixed-use asset in the heart of Uptown Dallas, in a 50/50 joint venture with Granite Properties.

McKinney & Olive, which was delivered in 2016 and is currently 99% leased, offers 507,000 square feet of multi-customer office space, 50,000 square feet of retail space and a one-acre piazza surrounded by walkable amenities steps away from Klyde Warren Park and the Dallas Arts District. McKinney & Olive, which has easy access to Dallas North Tollway, Woodall Rogers Freeway, I-75 and public transportation, is located just four blocks from 23Springs, a mixed-use development encompassing 626,000 square feet of multi-customer office and 16,000 square feet of retail that the Company is developing in a 50/50 joint venture with Granite Properties.

Ted Klinck, President and CEO, stated, "*We are thrilled to expand our presence in the dynamic Dallas market by once again partnering with Granite Properties to acquire this landmark office tower in Uptown Dallas. McKinney & Olive is a solid bull's eye with its prime infill location in a top tier submarket and financially sound, diversified customer base. Plus, with rents estimated to be 35% below-market, McKinney & Olive provides meaningful NOI upside potential."*

"*We have long-emphasized the importance of having a strong balance sheet with dry powder to capitalize on exactly this type of strategic opportunity – acquiring a singularly iconic asset such as McKinney & Olive at or below estimated replacement cost. We remain committed to maintaining a strong balance sheet and plan to focus primarily on accelerating our non-core dispositions in 2023 as the investment sales market stabilizes*," added Mr. Klinck.

The joint venture's total investment (at 100%) is expected to be $394.7 million, which includes $1.7 million of near-term building improvements and $2.0 million of transaction costs. During 2023, McKinney & Olive is expected to generate cash net operating income of $22.0 million (at 100%) and GAAP net operating income of $26.2 million (at 100%).

A presentation highlighting the acquisition can be accessed through the link below and in the Investors section of the Company's website at www.highwoods.com.

McKinney & Olive Acquisition

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, Dallas, Nashville, Orlando, 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 the total investment, estimated replacement cost and below-market rents, projected leasing activity and expected net operating income of acquired properties. 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.

Factors that could cause actual results to differ materially from Highwoods' current expectations include, among others, 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 2021 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.

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