

# HIGHWOODS PROPERTIES INC

## FORM 8-K

(Unscheduled Material Events)

Filed 5/26/2005 For Period Ending 5/22/2005

Address	3100 SMOKETREE CT STE 600 RALEIGH, North Carolina 27604
Telephone	919-872-4924
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Industry	Real Estate Operations
Sector	Services
Fiscal Year	12/31

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# SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

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## FORM 8-K

### CURRENT REPORT

### PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 22, 2005

## HIGHWOODS PROPERTIES, INC.

(Exact name of registrant specified in its charter)

**Maryland**  
(State of  
Incorporation)

**1-13100**  
(Commission  
File Number)

**56-1871668**  
(IRS Employer  
Identification No.)

**3100 Smoketree Court, Suite 600**  
**Raleigh, North Carolina 27604**  
(Address of principal executive offices, zip code)

**Registrant's telephone number, including area code: (919) 872-4924**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition**

On May 26, 2005, Highwoods Properties, Inc. (the “Company”) issued a press release announcing operational information for the quarter ended March 31, 2005. This press release is attached hereto as Exhibit 99.1. In addition, we posted on our web site supplemental information regarding our operations for the quarter ended March 31, 2005, a copy of which is attached hereto as Exhibit 99.2.

**Item 4.02. Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review**

(a) The Company has also announced that, as a result of the preparation of its 2004 financial statements and related audit by its independent auditors, Ernst & Young LLP (“E&Y”), the Company’s SOX 404 internal control work and its previously disclosed review of lease accounting practices, the Company has identified several adjustments which impact 2004 and prior periods that need to be recorded. These adjustments relate primarily to accounting for lease incentives, depreciation and amortization expense, straight-line ground lease expense on one ground lease, and internal cost capitalization.

Based on its current assessment, the Company does not believe that any of the adjustments, individually or in the aggregate, would have a material impact on any individual prior year. However, we believe that the cumulative impact of such adjustments relating to 2003 and prior years would, if all recorded in 2004, have a material impact on 2004 GAAP net income.

At meetings held on May 22, 2005 and May 24, 2005, members of the Company’s audit committee discussed these matters with management and E&Y and determined that the Company should restate its previously reported financial information. As a result of the foregoing, the determination was made by the Company’s audit committee and its management that the financial statements included in the Company’s amended 2003 Annual Report on Form 10-K and the interim financial statements included in the Company’s Quarterly Reports during 2004, should no longer be relied upon. Subsequently, E&Y, who previously issued unqualified opinions on our financial statements for 2003, 2002 and 2001, has advised us that such opinions should no longer be relied upon. E&Y is now in the process of auditing the restated financial statements.

**Item 9.01. Financial Statements and Exhibits**

- 99.1 Press release dated May 26, 2005
- 99.2 Supplemental operating information of Highwoods Properties, Inc. for the quarter ended March 31, 2005

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### HIGHWOODS PROPERTIES, INC.

By: /s/ Terry L. Stevens  
Terry L. Stevens  
Vice President, Chief Executive Officer and Treasurer

Dated: May 26, 2005

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Exhibit 99.1



### FOR IMMEDIATE RELEASE

REF : 05-13

**Contact:** Tabitha Zane  
Sr. Director, Investor Relations  
919-431-1529

### Highwoods Properties Announces First Quarter Operational Results and Provides Update on Other Matters

**Will Host Conference Call at 5:00 p.m. Eastern Time Today, May 26**

**RALEIGH, NC – May 26, 2005** – Highwoods Properties, Inc. (NYSE: HIW), one of the largest owners and operators of suburban office properties in the Southeast, today announced first quarter operational results and provided an update on other matters.

### Operating Results for the First Quarter Ended March 31, 2005

#### First Quarter 2005 Highlights

- Second generation leasing activity in Highwoods' portfolio totaled approximately 1.8 million square feet, including 1.2 million square feet of office space. Customer retention for this three-month period was 68%.
- Occupancy in the Company's 32.6 million square foot in-service portfolio at March 31, 2005 was 83.8%, a 2.4% increase from March 31, 2004.
- Straight-line (GAAP) rental rates for signed office leases decreased 4.6% in the first quarter from straight line rental rates under the previous leases. Cash rents for office leases signed declined 8.8%.
- Tenant improvements and leasing commissions as a percentage of term base rent were 9.9% compared to 12.3% for the same period in 2004.
- The Company signed an 11-year, 199,000 square foot lease for 100% of Building I at Highwoods Preserve to Syniverse Technologies (NYSE:SVR). The lease will commence November 2005.
- 1.2 million square feet of assets were sold, generating \$61.2 million of gross proceeds. A portion of these proceeds was used to pay off a \$40.9 million secured loan, unencumbering approximately \$103 million of assets.

(more)

Total occupancy in the Company's wholly-owned portfolio at March 31, 2005 increased to 83.8%, a 240 basis points increase from March 31, 2004. A substantial part of this occupancy increase is due to an improving leasing environment in most of the Company's markets as evidenced by a total of 8.2 million square feet leased over the trailing 12 months. For the trailing 12-month period ended March 31, 2004 the Company leased a total of 7.4 million square feet on a larger platform. As expected, the Company's occupancy dropped 120 basis points from December 31, 2004 due, in part, to first quarter dispositions which had an average occupancy of 99.3%.

Ed Fritsch, President and Chief Executive Officer of Highwoods Properties, stated, "We are pleased with our leasing activity and early-phase execution of our strategic management plan. Our entire team remains focused on achieving our three-year goals which include \$450 million to \$550 million of non-core asset dispositions, \$200 million to \$300 million of new development starts and a substantially stronger balance sheet. In support of these goals, a portion of the proceeds from first quarter dispositions was used to pay off a \$40.9 million secured loan that was callable on April 1, 2005. This transaction resulted in approximately \$103 million of additional assets becoming unencumbered. We are also on schedule to deliver 498,000 square feet of 100% pre-leased, wholly-owned, build-to-suit developments in the next three quarters."

### **SEC Update**

The Company also disclosed that it just learned that the Securities and Exchange Commission (the "SEC") has issued a confidential formal order of investigation in connection with the Company's previous restatement of its financial results. The matter had been the subject of a previously disclosed informal SEC inquiry.

Mr. Fritsch stated, "We remain comfortable and confident with the information that we have provided to the SEC and are hopeful that this investigation will be brought to a satisfactory conclusion as soon as possible. We have been cooperating fully with the SEC and we will continue to do so."

### **Restatement**

The Company also announced that as a result of the preparation of its 2004 financial statements, the related audit by its independent auditors, Ernst & Young LLP ("E&Y"), and the previously disclosed review of our lease accounting practices, the Company has identified several adjustments, impacting 2004 and prior periods, that need to be recorded.

Based on its current assessment, the Company does not believe that any of the adjustments, individually or in the aggregate, would have a material impact on any individual prior year. However, the Company believes that the cumulative impact of such adjustments relating to 2003 and prior years would, if all recorded in 2004, be material to 2004 GAAP net income.

The Company has now concluded that it will record the adjustments by restating prior period results when the Company files its Form 10-K for the year ended December 31, 2004. E&Y has withdrawn its opinions for 2003, 2002 and 2001 and is now in the process of auditing the restated financial statements.

(more)

These adjustments relate primarily to the reclassification of lease incentives, depreciation and amortization expense, straight-line ground lease expense on one ground lease, and internal cost capitalization. All of the adjustments relate to transactions or accounting procedures that date back a number of years.

The Company is working diligently to complete its evaluation of these matters and will report its fourth quarter and year end 2004 financial results and its financial results for the first quarter of 2005 as soon as possible. The Company will also file its audited financial statements as part of its 2004 Annual Report on Form 10-K and mail its annual report and proxy statement to stockholders as soon as possible.

While the Company is completing its analysis and E&Y is completing its audit, the Company currently expects the total net effect of the adjustments on GAAP net income for the three years ended December 31, 2004 will be a reduction of approximately \$3.5 million to \$4.5 million, or \$0.06 to \$0.08 per share, of which approximately \$1.8 million to \$2.4 million, or \$0.03 to \$0.04 per share, relates to 2004. The total net impact on net income for periods prior to 2002 is expected to be approximately \$5.0 million to \$6.0 million.

The cumulative impact on FFO applicable to common shareholders for the three years ended December 31, 2004 is currently estimated to be a reduction of approximately \$3.8 million to \$4.5 million, or \$0.07 to \$0.08 per share, of which approximately \$1.3 million, or \$0.02 per share, relates to 2004.

The impact on FFO for 2005 and in future periods is expected to be immaterial, resulting in a reduction of approximately \$0.02 to \$0.03 per share annually, primarily from the lease incentives reclassification.

The Company does not expect that these adjustments will impact the Company's cash position or bank loan covenants.

Mr. Fritsch said, "While the current matters are fewer in number and less significant in scope and magnitude than the previous restatement, this does not mitigate the fact that we are restating our financial statements for the second time in less than 12 months. I am not happy about this situation. It is important to note, however, that none of the adjustments are expected to have a material impact on FFO going forward and they are non-cash adjustments relating to transactions or processes that go back many years. Further, our improving operating fundamentals are not impacted by these accounting adjustments."

## **Outlook**

Based on a preliminary review of year-to-date operational results, the Company confirmed its guidance for 2005, which was originally published on January 5, 2005. At that time the Company announced that it expected FFO per share to be in the range of \$2.25 to \$2.35. This estimate continues to reflect management's view of current and future market conditions, including assumptions with respect to rental rates, occupancy levels, operating expenses and asset dispositions and acquisitions and excludes any revenue from US Airways from June 2005 through the remainder of the year. This estimate also excludes any asset gains or impairments associated with actual or potential property dispositions, as well as any one-time, non-recurring charges or credits that may occur during the year. This outlook also assumes that the pending restatement will not have a material impact on the Company's expected 2005 operating performance.

(more)

### **Non-GAAP Information**

We believe that FFO and FFO per share are beneficial to management and investors as important indicators of the performance of an equity REIT. FFO and FFO per share can facilitate comparisons of operating performance between periods and between other REITs because they exclude factors, such as depreciation, amortization and gains and losses from sales of real estate assets, which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates. FFO and FFO per share as disclosed by other REITs may not be comparable to our calculations of FFO and FFO per share. CAD is another useful financial performance measure of an equity REIT. CAD provides an additional basis to evaluate the ability of a REIT to incur and service debt, fund acquisitions and other capital expenditures and pay distributions. CAD does not measure whether cash flow is sufficient to fund all cash needs. FFO, FFO per share and CAD are non-GAAP financial measures and do not represent net income or cash flows from operating, investing or financing activities as defined by GAAP. They should not be considered as alternatives to net income as indicators of our operating performance or to cash flows as measures of liquidity. Furthermore, FFO per share does not depict the amount that accrues directly to the stockholders' benefit.

FFO is defined by NAREIT as net income or loss, excluding gains or losses from sales of depreciated property, plus operating property depreciation and amortization and adjustments for minority interest and unconsolidated companies on the same basis. As clarified by NAREIT in October 2003, impairment losses on depreciable real estate assets are included in FFO. Our calculation of FFO is consistent with FFO as defined by NAREIT.

### **Supplemental Information**

A copy of the Company's first quarter 2005 Supplemental Information that includes detailed operating information is available in the "Investor Relations/Quarterly Earnings" section of the Company's Web site at [www.highwoods.com](http://www.highwoods.com). The Supplemental Information, together with this release, has been furnished to the Securities and Exchange Commission on Form 8-K. Upon completion and audit of the Company's 2004 financial statements, the Company will make available on its Website an abbreviated Supplemental for the fourth quarter of 2004 that includes detailed financial information. You may also obtain a copy of all Supplemental Information published by the Company by contacting Highwoods Investor Relations at 919-431-1529/ 800-256-2963 or by e-mail to [HIW-IR@highwoods.com](mailto:HIW-IR@highwoods.com). If you would like to receive future Supplemental Information packages by e-mail, please contact the Investor Relations department as noted above or by written request to: Investor Relations Department, Highwoods Properties, Inc., 3100 Smoketree Court, Suite 600, Raleigh, NC 27604.

### **Conference Call**

Today, May 26, 2005 at 5:00 p.m. Eastern time, Highwoods will host a teleconference call to discuss the matters outlined in this press release. For US/Canada callers, dial (888) 202-5268 and international callers dial (706) 643-7509. A live listen-only Web cast can be accessed through the Company's Web site at [www.highwoods.com](http://www.highwoods.com) under the "Investor Relations" section.

Telephone and Web cast replays will be available two hours after the completion of the call. The telephone replay will be available for one week beginning at 8:00 p.m. Eastern time. Dial-in numbers for the replay are (800) 642-1687 US/Canada, (706) 645-9291 international. The conference ID is 6678704.

(more)

## About the Company

Highwoods Properties, Inc., a member of the S&P MidCap 400 Index, is a fully integrated, self-administered real estate investment trust ("REIT") that provides leasing, management, development, construction and other customer-related services for its properties and for third parties. As of March 31, 2005, the Company owned or had an interest in 504 in-service office, industrial and retail properties encompassing approximately 39.5 million square feet. Highwoods also owns approximately 1,123 acres of development land. Highwoods is based in Raleigh, North Carolina, and its properties and development land are located in Florida, Georgia, Iowa, Kansas, Maryland, Missouri, North Carolina, South Carolina, Tennessee and Virginia. For more information about Highwoods Properties, please visit our Web site at [www.highwoods.com](http://www.highwoods.com).

Certain matters discussed in this press release, such as the effect of tenant bankruptcies on our operations, anticipated continuing compliance with debt agreements, expected leasing and financing activities and financial and operating performance and the cost and timing of expected development projects and asset dispositions, are forward-looking statements within the meaning of the federal securities laws. These statements are distinguished by use of the words "will", "expect", "intends" and words of similar meaning. Although Highwoods believes that 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: the financial condition of our customers could deteriorate; the final completion of audited financial statements and SOX 404 testing could necessitate additional unexpected adjustments and/or result in additional unexpected costs; unwaived defaults, if any, under our debt instruments could result in an acceleration of some of our outstanding debt; speculative development by others could result in excessive supply of office properties relative to customer demand; we may not be able to lease or re-lease space quickly or on as favorable terms as old leases; unexpected difficulties in obtaining additional capital to satisfy our future cash needs or unexpected increases in interest rates would increase our debt service costs; and others detailed in the Company's amended 2003 Annual Report on Form 10-K and subsequent SEC reports.

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Supplemental Information  
March 31, 2005



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**March 31, 2005**

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The information within refers to all Highwoods Properties' wholly-owned entities, except pages 24 to 27 unless noted otherwise.

Certain matters discussed in this supplemental, including estimates of net operating income, pre-leasing commitments and the cost, timing and stabilization of announced development projects, are forward-looking statements within the meaning of the federal securities laws. Although Highwoods believes that 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 general economic conditions, local real estate conditions, the timely development and lease-up of properties, and the other risks detailed from time to time in the Company's SEC reports.

Highwoods Properties, Inc.

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## Corporate Information

### **Board of Directors**

Thomas W. Adler  
Gene H. Anderson  
Kay N. Callison  
Edward J. Fritsch  
Ronald P. Gibson  
William E. Graham Jr.  
Lawrence S. Kaplan  
L. Glenn Orr Jr.  
O. Temple Sloan Jr., Chairman  
Willard H. Smith Jr.  
John L. Turner  
F. William Vandiver, Jr.

### **Senior Management Team**

#### **Edward J. Fritsch**

President, Chief Executive Officer and Director

#### **Michael E. Harris**

Executive Vice President and Chief Operating Officer

#### **Gene H. Anderson**

Senior Vice President and Director

#### **Michael F. Beale**

Senior Vice President

#### **Robert G. Cutlip**

Senior Vice President

#### **W. Brian Reames**

Senior Vice President

#### **Thomas S. Hill**

Corporate Vice President, Leasing

#### **Carman J. Liuzzo**

Vice President, Investments and  
Strategic Analysis

#### **Mack D. Pridgen III**

Vice President, General Counsel and  
Secretary

#### **Terry L. Stevenes**

Vice President, Chief Financial Officer  
and Treasurer

### **Research Coverage**

#### **Deutsche Banc Securities**

Lou Taylor - 212-469-4912

#### **Green Street Advisors**

Jim Sullivan - 949-640-8780

#### **KeyBanc Capital Markets**

Frank Greywitt - 216-443-4795

#### **Legg Mason**

David Fick - 410-454-5018

#### **Morgan Stanley Dean Witter**

Gregory Whyte - 212-761-6331

#### **Prudential Equity Group**

Jim Sullivan - 212-778-2515

#### **Smith Barney Citigroup**

Jonathan Litt - 212-816-0231

**UBS Warburg**  
Keith Mills - 212-713-3098

**Wachovia Securities**  
Chris Haley - 443-263-6773

Highwoods Properties, Inc.

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## Corporate Information

### **Divisional Offices**

#### **Atlanta/Piedmont Triad**

Gene H. Anderson - Regional Manager

Atlanta, GA

*Gene H. Anderson, Senior Vice President*

Piedmont Triad, NC

*Mark W. Shumaker, Vice President*

#### **Orlando/Tampa**

Michael F. Beale - Regional Manager

Orlando, FL

*Michael F. Beale, Senior Vice President*

Tampa, FL

*Stephen A. Meyers, Vice President*

#### **Raleigh/Richmond**

Robert G. Cutlip - Regional Manager

Raleigh, NC

*Robert G. Cutlip, Senior Vice President*

Richmond, VA

*Paul W. Kreckman, Vice President*

#### **Charlotte/Memphis/Nashville**

W. Brian Reames - Regional Manager

Nashville, TN

*W. Brian Reames, Senior Vice President*

Charlotte, NC

*Thomas F. Cochran, Senior Vice President*

Memphis, TN

*Steven Guinn, Vice President*

#### **Kansas City**

Kansas City, MO

*Barrett Brady, Senior Vice President*

### **Corporate Headquarters**

Highwoods Properties, Inc.

3100 Smoketree Court, Suite 600

Raleigh, NC 27604

919-872-4924

### **Stock Exchange**

NYSE Trading Symbol: HIW

### **Investor Relations Contact**

Tabitha Zane

Sr. Director, Investor Relations

Phone: 919-431-1529

Fax: 919-876-6929

E-mail: [tabitha.zane@highwoods.com](mailto:tabitha.zane@highwoods.com)

### **Information Request**

To request a standard Investor Relations package, Annual Report or to be added to our e-mail or fax list, please contact the Investor Relations at:

Phone: 800-256-2963

Email: [HIW-IR@highwoods.com](mailto:HIW-IR@highwoods.com)

### **The Company**

Highwoods Properties, Inc., a member of the S&P MidCap 400 Index, is a fully integrated, self-administered real estate investment trust ("REIT") that provides leasing, management, development, construction and other customer-related services for its properties and for third

parties. As of March 31, 2005, the Company owned or had an interest in 504 in-service office, industrial and retail properties encompassing approximately 39.5 million square feet. Highwoods also owns approximately 1,123 acres of development land. Highwoods is based in Raleigh, North Carolina, and its properties and development land are located in Florida, Georgia, Iowa, Kansas, Maryland, Missouri, North Carolina, South Carolina, Tennessee and Virginia. For more information about Highwoods Properties, please visit our Web site at [www.highwoods.com](http://www.highwoods.com).



Highwoods Properties, Inc.

## Capitalization

*Dollars, shares, and units in thousands*

	03/31/05	12/31/04	09/30/04	06/30/04	03/31/04
<b>Long-Term Debt (see page 9 &amp; 10):</b>	<b>\$1,582,009</b>	\$1,571,777	\$1,600,627	\$1,603,485	\$1,790,039
<b>Finance Obligations:</b>	<b>\$ 62,604</b>	\$ 63,531	\$ 62,992	\$ 63,345	\$ 62,994
<b>Preferred Stock:</b>					
Series A 8 5/8% Perpetual Preferred Stock	\$ 104,945	\$ 104,945	\$ 104,945	\$ 104,945	\$ 104,945
Series B 8% Perpetual Preferred Stock	172,500	172,500	172,500	172,500	172,500
Series D 8% Perpetual Preferred Stock	100,000	100,000	100,000	100,000	100,000
<b>Total preferred stock</b>	<b>\$ 377,445</b>	\$ 377,445	\$ 377,445	\$ 377,445	\$ 377,445
<b>Shares and Units Outstanding:</b>					
Common stock outstanding	54,053	53,813	53,713	53,716	53,631
Minority interest partnership units	5,828	6,102	6,128	6,146	6,146
<b>Total shares and units outstanding</b>	<b>59,881</b>	59,841	59,862	59,777	59,677
Stock price at period end	\$ 26.82	\$ 27.70	\$ 24.61	\$ 23.50	\$ 26.21
Market value of common equity	\$1,606,008	\$1,657,596	\$1,473,204	\$1,404,760	\$1,564,133
<b>Total market capitalization with debt and obligations</b>	<b>\$3,628,066</b>	\$3,670,349	\$3,514,268	\$3,449,035	\$3,794,611

*See pages 24 to 27 for information regarding Highwoods' Joint Ventures*

## Long-Term Debt Summary

Dollars in thousands

	03/31/05	12/31/04	09/30/04	06/30/04	03/31/04
<b>Balances Outstanding:</b>					
<b>Secured:</b>					
Conventional fixed rate	\$ 731,426	\$ 732,796	\$ 745,524	\$ 748,740	\$ 751,894
Variable rate debt	67,348	66,181	50,803	54,945	204,845
Conventional fixed rate 1/	22,800	22,800	22,800	22,800	22,800
Variable rate debt 2/	435	—	—	—	—
Secured total	\$ 822,009	\$ 821,777	\$ 819,127	\$ 826,485	\$ 979,539
<b>Unsecured:</b>					
Fixed rate bonds and notes	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000	\$ 560,000
Variable rate debt	120,000	120,000	120,000	120,000	120,000
Credit facility	180,000	170,000	201,500	197,000	130,500
Unsecured total	\$ 760,000	\$ 750,000	\$ 781,500	\$ 777,000	\$ 810,500
Total	\$1,582,009	\$1,571,777	\$1,600,627	\$1,603,485	\$1,790,039
<b>Average Interest Rates:</b>					
<b>Secured:</b>					
Conventional fixed rate	7.2%	7.2%	7.2%	7.2%	7.2%
Variable rate debt	4.2%	4.2%	3.7%	3.1%	3.1%
Conventional fixed rate 1/	6.1%	6.1%	6.1%	6.1%	6.1%
Variable rate debt 2/	2.8%	—	—	—	0.0%
Secured total	6.9%	6.9%	6.9%	6.9%	6.3%
<b>Unsecured:</b>					
Fixed rate bonds	7.4%	7.4%	7.4%	7.4%	7.3%
Variable rate debt	3.5%	3.5%	3.0%	2.9%	2.4%
Credit facility	3.4%	3.4%	2.2%	2.3%	2.1%
Unsecured total	5.9%	5.9%	5.4%	5.4%	5.8%
Average	6.4%	6.4%	6.2%	6.2%	6.1%

### Maturity Schedule:

Year	Future Maturities of Debt			
	Secured Debt 3/	Unsecured Debt	Total Debt 3/	Average Interest Rate
2005	\$ 67,124	\$ 120,000	\$ 187,124	5.7%
2006	50,344	290,000	340,344	5.0%
2007	93,122	—	93,122	7.3%
2008	435	100,000	100,435	7.1%
2009	170,645	50,000	220,645	7.9%
2010	137,266	—	137,266	7.8%
2011	—	—	—	—
2012	22,800	—	22,800	6.1%
2013	274,885	—	274,885	5.9%
2014	—	—	—	—
Thereafter	5,388	200,000	205,388	7.5%
Total maturities	\$ 822,009	\$ 760,000	\$1,582,009	6.4%

Weighted average maturity = 4.7 years

- 
- 1/ *Loan relates to the consolidated 20% owned joint venture property (Harborview).*
  - 2/ *Loan relates to the consolidated 50% owned joint venture property (Vinings).*
  - 3/ *Excludes annual principal amortization*
  - 4/ *Included in the \$280.0 million of unsecured debt maturities is \$180.0 million related to the credit facility which matures in 2006.*



## Long-Term Debt Detail

*Dollars in thousands*

### Secured Loans

<u>Lender</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Loan Balance 03/31/05</u>	<u>Undepreciated Book Value of Assets Secured</u>
Monumental Life Ins. Co.	7.8%	Nov-09	\$ 162,712	\$ 236,939
Northwestern Mutual	6.0%	Mar-13	141,353	186,524
Northwestern Mutual	7.8%	Nov-10	137,266	277,521
Massachusetts Mutual Life Ins. Co. 1/	5.7%	Dec-13	126,997	185,922
Northwestern Mutual	8.2%	Feb-07	64,761	139,833
GECC 2/	3.7%	Jan-06	46,985	82,355
Principal Life Ins. Co. 3/	8.6%	Apr-05	40,891	103,399
Principal Life Ins. Co.	8.2%	Aug-05	26,233	70,655
Metropolitan Life Ins. Co. 4/	6.1%	Oct-12	22,800	38,834
PNC/Am South/Southtrust 5/	3.7%	Oct-07	16,686	17,712
PFL Life Ins. Co. 6/	8.1%	Jun-07	5,623	22,543
Massachusetts Mutual Life Ins. Co. 1/	6.5%	Dec-13	5,500	—
Ohio National	8.0%	Nov-17	5,388	10,956
Lutheran Brotherhood	6.8%	Apr-09	3,997	7,640
PFL Life Ins. Co. 5/6/	5.4%	Jun-07	3,678	—
Assoc Retirement Trust Fund	8.0%	Jan-07	2,375	6,790
USG Annuity	7.7%	Feb-06	2,166	3,797
Security Life of Denver	8.9%	Aug-09	2,048	9,496
Southland Life Ins. Co.	8.8%	Aug-09	1,887	6,993
American United Life	9.0%	Jun-13	1,035	3,640
CUNA Mutual	8.0%	Sep-06	614	3,184
Members Life Ins. Co	8.0%	Sep-06	579	3,266
Central Carolina Bank 7/	2.8%	Jan-08	435	2,021
	6.9%		\$ 822,009	\$ 1,420,020

### Unsecured Bonds

Bonds	7.0%	Dec-06	\$ 110,000	
Bonds	7.1%	Feb-08	100,000	
Bonds	8.1%	Jan-09	50,000	
Bonds	7.5%	Apr-18	200,000	
	7.3%		\$ 460,000	

### Unsecured Loans

Term Loan 2/	3.9%	Sep-05	\$ 20,000	
Term Loan 8/	4.3%	Nov-05	100,000	
Line of Credit 2/	3.9%	Jul-06	180,000	
	4.0%		\$ 300,000	
<b>Total Debt</b>	6.5%		\$1,582,009	

1/ These two loans are secured by the same assets.

2/ Floating rate loans based on one month libor.

3/ Paid off on 4/1/05

4/ Loan relates to the consolidated 20% owned joint venture property (Harborview).

5/ Floating rate loan based on ninety day libor.

6/ These two loans are secured by the same assets.

7/ Floating rate loan based on one month libor.

8/ Floating rate loan based on two month libor.

**Portfolio Summary - Wholly-Owned Properties Only 1/**

*(Rentable Square Feet)*

	<u>03/31/05</u>	<u>12/31/04</u>	<u>09/30/04</u>	<u>06/30/04</u>	<u>03/31/04</u>
<b>Office Industrial &amp; Retail</b>					
<b>In-Service:</b>					
Office 2/	24,254,000	24,628,000	25,151,000	25,272,000	26,608,000
Industrial	6,991,000	7,829,000	7,992,000	7,992,000	8,092,000
Retail 3/	1,409,000	1,409,000	1,410,000	1,411,000	1,411,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	32,654,000	33,866,000	34,553,000	34,675,000	36,111,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Development Completed - Not Stabilized:</b>					
Office 2/	—	—	—	—	140,000
Industrial	353,000	350,000	350,000	—	—
Retail	—	—	—	—	—
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	353,000	350,000	350,000	—	140,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Development - In Process:</b>					
Office 2/	358,000	358,000	333,000	222,000	112,000
Industrial	—	—	—	350,000	350,000
Retail	9,600	9,600	—	—	—
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	367,600	367,600	333,000	572,000	462,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total:</b>					
Office 2/	24,612,000	24,986,000	25,484,000	25,494,000	26,860,000
Industrial	7,344,000	8,179,000	8,342,000	8,342,000	8,442,000
Retail 3/	1,418,600	1,418,600	1,410,000	1,411,000	1,411,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	33,374,600	34,583,600	35,236,000	35,247,000	36,713,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Same Property</b>					
Office 2/	22,534,000	22,534,000	22,534,000	22,534,000	22,534,000
Industrial	6,931,000	6,931,000	6,931,000	6,931,000	6,931,000
Retail	1,409,000	1,409,000	1,409,000	1,409,000	1,409,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	30,874,000	30,874,000	30,874,000	30,874,000	30,874,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Percent Leased/Pre-Leased:</b>					
<b>In-Service:</b>					
Office	82.3%	82.7%	80.9%	79.2%	79.2%
Industrial	86.8%	90.2%	88.4%	88.0%	86.5%
Retail	95.5%	97.3%	94.5%	93.4%	94.0%
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	83.8%	85.0%	83.2%	81.8%	81.4%
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Development Completed - Not Stabilized:</b>					
Office	—	—	—	—	36.0%
Industrial	100.0%	100.0%	100.0%	—	—
Retail	—	—	—	—	—
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	100.0%	100.0%	100.0%	—	36.0%
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Development - In Process:</b>					
Office	100.0%	100.0%	100.0%	100.0%	100.0%
Industrial	—	—	—	100.0%	100.0%
Retail	66.0%	44.0%	—	—	—
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	99.1%	98.5%	100.0%	100.0%	100.0%
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Same Property</b>					

Office	<b>82.7%</b>	83.0%	80.9%	80.0%	80.1%
Industrial	<b>87.0%</b>	89.2%	87.6%	87.2%	85.7%
Retail	<b>95.5%</b>	97.3%	94.6%	93.5%	94.2%
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<b>84.2%</b>	85.0%	83.0%	82.2%	82.0%
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

1/ Excludes properties recorded on our Balance Sheet that were sold but accounted for as Financings or Profit Sharing arrangements under FAS 66

2/ Substantially all of our Office properties are located in suburban markets

3/ Excludes 430,000 square feet of basement space in the Country Club Plaza and other Kansas City retail properties.

**Portfolio Summary**  
(Continued)

As of March 31, 2005

**Summary by Location, Wholly-Owned Properties Only 1/:**

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Revenue 2/				Total
			Office	Industrial	Retail		
Raleigh 3/	4,432,000	83.3%	15.3%	0.2%	—		15.5%
Atlanta	6,826,000	83.0%	11.6%	3.4%	—		15.0%
Tampa	4,077,000	70.5%	13.7%	—	—		13.7%
Kansas City	2,308,000 4/	91.6%	4.1%	—	8.7%		12.8%
Nashville	2,870,000	92.8%	12.1%	—	—		12.1%
Piedmont Triad 5/	5,722,000	90.4%	6.3%	3.5%	—		9.8%
Richmond	1,836,000	95.1%	7.3%	—	—		7.3%
Memphis	1,216,000	80.6%	4.3%	—	—		4.3%
Charlotte	1,492,000	67.7%	3.7%	—	—		3.7%
Greenville	1,127,000	81.1%	3.3%	0.1%	—		3.4%
Columbia	426,000	59.9%	1.0%	—	—		1.0%
Orlando	222,000	97.8%	1.0%	—	—		1.0%
Other	100,000	61.3%	0.4%	—	—		0.4%
<b>Total</b>	<b>32,654,000</b>	<b>83.8%</b>	<b>84.1%</b>	<b>7.2%</b>	<b>8.7%</b>		<b>100.0%</b>

**Summary by Location, Including Joint Venture Properties:**

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Revenue 2/6/					Total
			Office	Industrial	Retail	Multi-Family		
Atlanta	7,661,000	84.1%	12.0%	3.0%	—	—		15.0%
Raleigh	4,887,000	84.8%	14.2%	0.1%	—	—		14.3%
Kansas City	2,736,000	90.8%	4.6%	—	7.8%	—		12.4%
Tampa	4,282,000	71.9%	12.3%	—	—	—		12.3%
Nashville	2,870,000	92.8%	10.8%	—	—	—		10.8%
Piedmont Triad	6,086,000	91.0%	6.0%	3.1%	—	—		9.1%
Richmond	2,249,000	96.0%	7.0%	—	—	—		7.0%
Des Moines	2,245,000	95.3%	3.1%	0.4%	0.1%	0.4%		4.0%
Memphis	1,216,000	80.6%	3.8%	—	—	—		3.8%
Orlando	1,906,000	90.8%	3.7%	—	—	—		3.7%
Charlotte	1,640,000	70.7%	3.3%	—	—	—		3.3%
Greenville	1,127,000	81.1%	2.9%	0.1%	—	—		3.0%
Columbia	426,000	59.9%	0.9%	—	—	—		0.9%
Other	210,000	81.6%	0.4%	—	—	—		0.4%
<b>Total</b>	<b>39,541,000</b>	<b>85.6%</b>	<b>85.0%</b>	<b>6.7%</b>	<b>7.9%</b>	<b>0.4%</b>		<b>100.0%</b>

1/ Excludes properties recorded on our Balance Sheet that were sold but accounted for as Financings or Profit Sharing arrangements under FAS 66

2/ Annualized Revenue is March, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

3/ Raleigh Market encompasses Raleigh, Durham, Research Triangle metropolitan area.

4/ Excludes basement space in the Country Club Plaza property of 430,000 square feet

5/ Piedmont Triad Market encompasses Greensboro, Winston-Salem metropolitan area.

**Portfolio Summary - Wholly-Owned Properties Only 1/**  
(Continued)

As of March 31, 2005

Market	Office Properties			Industrial		
	Rentable Square Feet	Occupancy	Percentage of Office Annualized Revenue 2/	Rentable Square Feet	Occupancy	Percentage of Industrial Annualized Revenue 2/
Raleigh	4,331,000	83.6%	18.4%	101,000	71.2%	2.3%
Tampa	4,077,000	70.5%	16.3%	—	—	—
Nashville	2,870,000	92.8%	14.4%	—	—	—
Atlanta	3,575,000	81.8%	13.8%	3,251,000	84.3%	47.2%
Richmond	1,836,000	95.1%	8.6%	—	—	—
Piedmont Triad	2,190,000	89.1%	7.5%	3,532,000	91.2%	49.2%
Memphis	1,216,000	80.6%	5.1%	—	—	—
Kansas City	895,000	85.4%	4.8%	4,000	100.0%	0.1%
Charlotte	1,492,000	67.7%	4.4%	—	—	—
Greenville	1,024,000	86.3%	3.9%	103,000	28.9%	1.2%
Columbia	426,000	59.9%	1.2%	—	—	—
Orlando	222,000	97.8%	1.2%	—	—	—
Other	100,000	61.3%	0.4%	—	—	—
	<b>24,254,000</b>	<b>82.3%</b>	<b>100.0%</b>	<b>6,991,000</b>	<b>86.8%</b>	<b>100.0%</b>

Market	Retail		
	Rentable Square Feet	Occupancy	Percentage of Retail Annualized Revenue 2/
Kansas City 3/	1,409,000	95.5%	100.0%
	<b>1,409,000</b>	<b>95.5%</b>	<b>100.0%</b>

1/ Excludes properties recorded on our Balance Sheet that were sold but accounted for as Financings or Profit Sharing arrangements under FAS 66

2/ Annualized Revenue is March, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

3/ Excludes basement space in the Country Club Plaza property of 430,000 square feet

### Occupancy Trends - Office, Industrial and Retail Properties 1/

Market	Measurement	03/31/05	12/31/04	09/30/04	06/30/04	03/31/04
Atlanta	Rentable Square Feet	<b>6,826,000</b>	6,825,000	6,825,000	6,821,000	6,919,000
	Occupancy	<b>83.0%</b>	83.7%	81.3%	80.7%	78.8%
	Current Properties 2/	<b>83.0%</b>	83.7%	81.3%	80.7%	78.9%
Charlotte	Rentable Square Feet	<b>1,492,000</b>	1,492,000	1,655,000	1,655,000	1,655,000
	Occupancy	<b>67.7%</b>	72.9%	74.6%	73.9%	80.5%
	Current Properties 2/	<b>67.7%</b>	72.9%	75.1%	74.1%	81.6%
Columbia	Rentable Square Feet	<b>426,000</b>	426,000	426,000	426,000	426,000
	Occupancy	<b>59.9%</b>	60.4%	57.5%	57.9%	58.6%
	Current Properties 2/	<b>59.9%</b>	60.4%	57.5%	57.9%	58.6%
Greenville	Rentable Square Feet	<b>1,127,000</b>	1,127,000	1,319,000	1,319,000	1,319,000
	Occupancy	<b>81.1%</b>	80.5%	79.4%	78.8%	78.8%
	Current Properties 2/	<b>81.1%</b>	80.5%	78.4%	77.4%	77.4%
Kansas City 3/	Rentable Square Feet	<b>2,308,000</b>	2,308,000	2,308,000	2,310,000	2,309,000
	Occupancy	<b>91.6%</b>	94.1%	92.4%	91.4%	91.2%
	Current Properties 2/	<b>91.6%</b>	94.1%	92.4%	91.4%	91.2%
Memphis	Rentable Square Feet	<b>1,216,000</b>	1,216,000	1,216,000	1,216,000	1,216,000
	Occupancy	<b>80.6%</b>	83.2%	82.1%	82.0%	81.3%
	Current Properties 2/	<b>80.6%</b>	83.2%	82.1%	82.0%	81.3%
Nashville	Rentable Square Feet	<b>2,870,000</b>	2,870,000	2,870,000	2,870,000	2,870,000
	Occupancy	<b>92.8%</b>	93.3%	93.4%	91.7%	89.8%
	Current Properties 2/	<b>92.8%</b>	93.3%	93.4%	91.7%	89.8%
Orlando	Rentable Square Feet	<b>222,000</b>	222,000	387,000	387,000	1,656,000
	Occupancy	<b>97.7%</b>	93.2%	94.4%	52.9%	75.8%
	Current Properties 2/	<b>97.7%</b>	93.2%	93.2%	88.5%	91.5%
Piedmont Triad	Rentable Square Feet	<b>5,722,000</b>	6,652,000	6,652,000	6,652,000	6,685,000
	Occupancy	<b>90.4%</b>	92.5%	91.9%	91.1%	90.5%
	Current Properties 2/	<b>90.4%</b>	91.3%	90.6%	89.7%	89.5%
Raleigh	Rentable Square Feet	<b>4,432,000</b>	4,597,000	4,739,000	4,808,000	4,664,000
	Occupancy	<b>83.3%</b>	83.8%	81.1%	79.4%	80.9%
	Current Properties 2/	<b>83.3%</b>	83.3%	80.2%	78.7%	78.9%
Richmond	Rentable Square Feet	<b>1,836,000</b>	1,835,000	1,835,000	1,835,000	1,851,000
	Occupancy	<b>95.1%</b>	94.1%	92.0%	89.7%	90.9%
	Current Properties 2/	<b>95.1%</b>	94.0%	92.0%	89.6%	90.9%
Tampa	Rentable Square Feet	<b>4,077,000</b>	4,196,000	4,221,000	4,277,000	4,443,000
	Occupancy	<b>70.5%</b>	71.0%	66.1%	65.9%	63.7%
	Current Properties 2/	<b>70.5%</b>	71.1%	66.1%	66.8%	66.1%
Total 4/	Rentable Square Feet	<b>32,554,000</b>	33,766,000	34,453,000	34,576,000	36,013,000
	Occupancy	<b>83.8%</b>	85.0%	83.2%	81.8%	81.4%
	Current Properties 2/	<b>83.8%</b>	84.6%	82.7%	81.8%	81.6%

1/ Excludes properties recorded on our Balance Sheet that were sold but accounted for as Financings or Profit Sharing arrangements under FAS 66

2/ Only properties that were owned and in-service on March 31, 2005 are included for each quarter shown.

3/ Excludes basement space in the Country Club Plaza property of 430,000 square feet.

4/ Excludes 100,000 square foot building located in South Florida

**Leasing Statistics  
Office Portfolio 1/**

Three Months Ended

	3/31/2005 2/	12/31/04 3/	9/30/04 4/	6/30/04 5/	3/31/04 6/	Average
<b>Net Effective Rents Related to Re-Leased Space:</b>						
Number of lease transactions (signed leases)	188	206	219	230	209	210
Rentable square footage leased	1,235,718	1,101,291	1,368,577	1,375,372	1,191,746	1,254,541
Square footage of Renewal Deals	677,799	726,959	703,003	1,011,662	673,551	758,595
Renewed square footage (% of total)	54.9%	66.0%	51.4%	73.6%	56.5%	60.5%
New Leases square footage (% of total)	45.1%	34.0%	48.6%	26.4%	43.5%	39.5%
Average per rentable square foot over the lease term:						
Base rent	\$ 16.20	\$ 17.40	\$ 16.68	\$ 17.64	\$ 17.43	\$ 17.07
Tenant improvements	(0.94)	(1.51)	(1.27)	(1.09)	(1.57)	(1.28)
Leasing commissions 7/	(0.66)	(0.62)	(0.64)	(0.52)	(0.58)	(0.60)
Rent concessions	(0.41)	(0.31)	(0.37)	(0.27)	(0.63)	(0.40)
<b>Effective rent</b>	<b>14.19</b>	<b>14.96</b>	<b>14.40</b>	<b>15.76</b>	<b>14.65</b>	<b>14.79</b>
Expense stop	(4.46)	(5.61)	(5.32)	(5.25)	(5.70)	(5.27)
<b>Equivalent effective net rent</b>	<b>\$ 9.73</b>	<b>\$ 9.35</b>	<b>\$ 9.08</b>	<b>\$ 10.51</b>	<b>\$ 8.95</b>	<b>\$ 9.52</b>
Average term in years	5.7	5.0	3.7	4.3	4.8	4.7
<b>Capital Expenditures Related to Re-leased Space:</b>						
<b>Tenant Improvements:</b>						
Total dollars committed under signed leases	\$5,644,830	\$ 9,208,835	\$ 9,455,102	\$ 8,908,277	\$10,063,665	\$ 8,656,142
Rentable square feet	1,235,718	1,101,291	1,368,577	1,375,372	1,191,746	1,254,541
Per rentable square foot	\$ 4.57	\$ 8.36	\$ 6.91	\$ 6.48	\$ 8.44	\$ 6.90
<b>Leasing Commissions:</b>						
Total dollars committed under signed leases 7/	\$4,109,601	\$ 2,806,566	\$ 2,969,620	\$ 2,878,161	\$ 2,747,400	\$ 3,102,269
Rentable square feet	1,235,718	1,101,291	1,368,577	1,375,372	1,191,746	1,254,541
Per rentable square foot	\$ 3.33	\$ 2.55	\$ 2.17	\$ 2.09	\$ 2.31	\$ 2.47
<b>Total:</b>						
Total dollars committed under signed leases	\$9,754,430	\$12,015,400	\$12,424,721	\$11,786,438	\$12,811,064	\$11,758,411
Rentable square feet	1,235,718	1,101,291	1,368,577	1,375,372	1,191,746	1,254,541
Per rentable square foot	\$ 7.89	\$ 10.91	\$ 9.08	\$ 8.57	\$ 10.75	\$ 9.37

- 1/ Excludes properties recorded on our Balance Sheet that were sold but accounted for as Financings or Profit Sharing arrangements under FAS 66
- 2/ Includes 89K square feet of leases that start in 2007 or later
- 3/ Includes 111K square feet of leases that start in 2007 or later
- 4/ Includes 128K square feet of leases that start in 2006 or later
- 5/ Includes 100K square feet of leases that start in 2006 or later
- 6/ Includes 72K square feet of leases that start in 2006 or later
- 7/ Excludes a full allocation of internal marketing cost

**Leasing Statistics  
Industrial Portfolio**

Three Months Ended

	3/31/2005 1/	12/31/04	9/30/04 2/	06/30/04	03/31/04	Average
<b>Net Effective Rents Related to Re-Leased Space:</b>						
Number of lease transactions (signed leases)	15	36	34	7	32	25
Rentable square footage leased	599,048	1,216,644	285,706	820,933	630,829	710,632
Square footage of Renewal Deals	579,069	875,445	246,797	642,011	448,003	558,265
Renewed square footage (% of total)	96.7%	72.0%	86.4%	78.2%	71.0%	78.6%
New Leases square footage (% of total)	3.3%	28.0%	13.6%	21.8%	29.0%	21.4%
Average per rentable square foot over the lease term:						
Base rent	\$ 3.39	\$ 3.49	\$ 4.73	\$ 4.11	\$ 3.67	\$ 3.88
Tenant improvements	(0.16)	(0.13)	(0.33)	(0.31)	(0.17)	(0.22)
Leasing commissions 3/	(0.06)	(0.06)	(0.07)	(0.08)	(0.14)	(0.08)
Rent concessions	(0.01)	(0.03)	(0.05)	(0.17)	(0.05)	(0.06)
<b>Effective rent</b>	<b>3.16</b>	<b>3.27</b>	<b>4.28</b>	<b>3.55</b>	<b>3.31</b>	<b>3.52</b>
Expense stop	(0.08)	(0.09)	(0.54)	(0.36)	(0.18)	(0.25)
<b>Equivalent effective net rent</b>	<b>\$ 3.08</b>	<b>\$ 3.18</b>	<b>\$ 3.74</b>	<b>\$ 3.19</b>	<b>\$ 3.13</b>	<b>\$ 3.27</b>
<b>Average term in years</b>	<b>1.3</b>	<b>2.0</b>	<b>2.6</b>	<b>3.2</b>	<b>2.6</b>	<b>2.3</b>
<b>Capital Expenditures Related to Re-leased Space:</b>						
<b>Tenant Improvements:</b>						
Total dollars committed under signed leases	\$361,044	\$ 756,077	\$307,534	\$1,805,334	\$640,867	\$774,171
Rentable square feet	599,048	1,216,644	285,706	820,933	630,829	710,632
Per rentable square foot	\$ 0.60	\$ 0.62	\$ 1.08	\$ 2.20	\$ 1.02	\$ 1.09
<b>Leasing Commissions:</b>						
Total dollars committed under signed leases 3/	\$ 63,473	\$ 226,000	\$ 64,714	\$ 207,676	\$280,486	\$168,470
Rentable square feet	599,048	1,216,644	285,706	820,933	630,829	710,632
Per rentable square foot	\$ 0.11	\$ 0.19	\$ 0.23	\$ 0.25	\$ 0.44	\$ 0.24
<b>Total:</b>						
Total dollars committed under signed leases	\$424,517	\$ 982,077	\$372,247	\$2,013,010	\$921,354	\$942,641
Rentable square feet	599,048	1,216,644	285,706	820,933	630,829	710,632
Per rentable square foot	\$ 0.71	\$ 0.81	\$ 1.30	\$ 2.45	\$ 1.46	\$ 1.33

1/ Includes 2K square feet of leases that start in 2006 or later

2/ Includes 74K square feet of leases that start in 2006 or later

3/ Excludes a full allocation of internal marketing cost



**Leasing Statistics  
Retail Portfolio**

	Three Months Ended					
	03/31/05	12/31/04	9/30/04	6/30/04 1/	3/31/04 2/	Average
<b>Net Effective Rents Related to Re-Leased Space:</b>						
Number of lease transactions (signed leases)	4	23	18	13	10	14
Rentable square footage leased	10,993	106,629	34,300	38,548	37,303	45,555
Square footage of Renewal Deals	1,750	78,579	15,530	17,482	27,219	28,112
Renewed square footage (% of total)	15.9%	73.7%	45.3%	45.4%	73.0%	61.7%
New Leases square footage (% of total)	84.1%	26.3%	54.7%	54.6%	27.0%	38.3%
Average per rentable square foot over the lease term:						
Base rent	\$ 26.09	\$ 17.03	\$ 26.45	\$ 22.98	\$ 30.87	\$ 24.68
Tenant improvements	(2.65)	(1.73)	(1.84)	(2.04)	(1.58)	(1.97)
Leasing commissions 3/	(0.88)	(0.26)	(0.56)	(0.32)	(0.31)	(0.47)
Rent concessions	0.00	0.00	(0.04)	0.00	(0.06)	(0.02)
<b>Effective rent</b>	<b>22.56</b>	<b>15.04</b>	<b>24.01</b>	<b>20.62</b>	<b>28.92</b>	<b>22.22</b>
Expense stop	0.00	0.00	0.00	0.00	0.00	0.00
<b>Equivalent effective net rent</b>	<b>\$ 22.56</b>	<b>\$ 15.04</b>	<b>\$ 24.01</b>	<b>\$ 20.62</b>	<b>\$ 28.92</b>	<b>\$ 22.22</b>
<b>Average term in years</b>	<b>9.3</b>	<b>8.3</b>	<b>5.7</b>	<b>8.0</b>	<b>6.1</b>	<b>7.5</b>
<b>Capital Expenditures Related to Re-leased Space:</b>						
<b>Tenant Improvements:</b>						
Total dollars committed under signed leases	\$308,098	\$2,137,327	\$403,309	\$800,125	\$866,975	\$903,167
Rentable square feet	10,993	106,629	34,300	38,548	37,303	45,555
Per rentable square foot	\$ 28.03	\$ 20.04	\$ 11.76	\$ 20.76	\$ 23.24	\$ 19.83
<b>Leasing Commissions:</b>						
Total dollars committed under signed leases 3/	\$ 3,778	\$ 220,528	\$ 86,458	\$ 34,423	\$ 28,206	\$ 74,679
Rentable square feet	10,993	106,629	34,300	38,548	37,303	45,555
Per rentable square foot	\$ 0.34	\$ 2.07	\$ 2.52	\$ 0.89	\$ 0.76	\$ 1.64
<b>Total:</b>						
Total dollars committed under signed leases	\$311,876	\$2,357,855	\$489,767	\$834,548	\$895,181	\$977,845
Rentable square feet	10,993	106,629	34,300	38,548	37,303	45,555
Per rentable square foot	\$ 28.37	\$ 22.11	\$ 14.28	\$ 21.65	\$ 24.00	\$ 21.47

- 1/ Includes 6K square feet of leases that start in 2006 or later  
2/ Includes 16K square feet of leases that start in 2006 or later  
3/ Excludes a full allocation of internal marketing cost

## Leasing Statistics by Market

For the Three Months ended March 31, 2005

### Office Portfolio 1/

Market	Rentable Square Feet	Average	GAAP	TI's	Lease
	Leased	Term	Rental Rate	Per SF	Commissions Per SF 2/
Tampa	297,894	8.7	\$14.43	\$ 5.23	\$ 6.61
Richmond	161,114	3.2	18.71	5.68	1.72
Raleigh	158,676	3.0	17.41	2.29	0.83
Nashville	148,947	3.0	19.31	4.73	1.34
Piedmont Triad	132,410	11.1	8.55	1.82	2.54
Atlanta	110,227	4.7	14.88	3.31	2.19
Greenville	98,722	5.3	16.23	5.18	4.56
Memphis	56,632	5.2	20.98	12.53	3.04
Charlotte	44,455	2.2	10.80	2.38	0.40
Kansas City	20,046	2.6	20.71	2.88	2.79
Columbia	6,595	5.8	15.99	17.20	5.93
	<b>1,235,718</b>	<b>5.7</b>	<b>\$15.79</b>	<b>\$ 4.57</b>	<b>\$ 3.33</b>

### Industrial Portfolio

Market	Rentable Square Feet	Average	GAAP	TI's	Lease
	Leased	Term	Rental Rate	Per SF	Commissions Per SF 2/
Piedmont Triad	515,278	0.9	\$ 3.16	\$ 0.15	\$ 0.03
Atlanta	83,770	3.8	4.70	3.40	0.45
	<b>599,048</b>	<b>1.3</b>	<b>\$ 3.38</b>	<b>\$ 0.60</b>	<b>\$ 0.11</b>

### Retail Portfolio

Market	Rentable Square Feet	Average	GAAP	TI's	Lease
	Leased	Term	Rental Rate	Per SF	Commissions Per SF
Kansas City	10,993	9.3	\$26.09	\$28.03	\$ 0.34
	<b>10,993</b>	<b>9.3</b>	<b>\$26.09</b>	<b>\$28.03</b>	<b>\$ 0.34</b>

1/ Excludes properties recorded on our Balance Sheet that were sold but accounted for as Financings or Profit Sharing arrangements under FAS 66

2/ Total lease commissions per square foot excludes all internal charges from Leasing Departments, which are not allocated to individual leases.

## Rental Rate Comparisons by Market

For the Three Months ended March 31, 2005

### Office Portfolio 1/

	Rentable Square Feet	Current GAAP Rent	Previous GAAP Rent	Percentage Change GAAP Rent
Market	Leased			
Tampa	297,894	\$ 14.43	\$ 16.93	-14.8%
Richmond	161,114	18.71	18.08	3.5%
Raleigh	158,676	17.41	19.05	-8.6%
Nashville	148,947	19.31	19.63	-1.6%
Piedmont Triad	132,410	8.55	8.49	0.7%
Atlanta	110,227	14.88	16.46	-9.6%
Greenville	98,722	16.23	14.02	15.8%
Memphis	56,632	20.98	20.08	4.5%
Charlotte	44,455	10.80	13.00	-16.9%
Kansas City	20,046	20.71	20.51	1.0%
Columbia	6,595	15.99	18.05	-11.4%
	<b>1,235,718</b>	<b>\$ 15.79</b>	<b>\$ 16.55</b>	<b>-4.6%</b>
Cash Rent Growth	<b>1,235,718</b>	<b>\$ 16.54</b>	<b>\$ 18.13</b>	<b>-8.8%</b>

### Industrial Portfolio

	Rentable Square Feet	Current GAAP Rent	Previous GAAP Rent	Percentage Change GAAP Rent
Market	Leased			
Piedmont Triad	515,278	\$ 3.16	\$ 3.23	-2.1%
Atlanta	83,770	4.70	5.42	-13.4%
	<b>599,048</b>	<b>\$ 3.38</b>	<b>\$ 3.53</b>	<b>-4.2%</b>
Cash Rent Growth	<b>599,048</b>	<b>\$ 3.27</b>	<b>\$ 3.45</b>	<b>-5.2%</b>

### Retail Portfolio

	Rentable Square Feet	Current GAAP Rent	Previous GAAP Rent	Percentage Change GAAP Rent
Market	Leased			
Kansas City	10,993	\$ 26.09	\$ 16.83	55.0%
	<b>10,993</b>	<b>\$ 26.09</b>	<b>\$ 16.83</b>	<b>55.0%</b>
Cash Rent Growth	<b>10,993</b>	<b>\$ 24.05</b>	<b>\$ 16.98</b>	<b>41.6%</b>

1/ Excludes properties recorded on our Balance Sheet that were sold but accounted for as Financings or Profit Sharing arrangements under FAS 66

## Lease Expirations

March 31, 2005

*Dollars in thousands*

Year	Rentable Square Feet Expiring	Percent of Rentable Square Feet	Annualized Revenue 1/	Average Rental Rate	Percent of Annualized Revenue 1/
<b>Office: 2/</b>					
2005 3/	2,596,243	13.0%	\$ 45,916	\$17.69	13.1%
2006	3,111,763	15.6%	57,788	18.57	16.4%
2007	1,998,876	10.0%	34,981	17.50	10.0%
2008	3,144,803	15.7%	51,052	16.23	14.6%
2009	2,770,415	13.9%	49,857	18.00	14.3%
2010	2,118,090	10.6%	37,441	17.68	10.7%
2011	1,443,419	7.2%	27,567	19.10	7.9%
2012	829,918	4.2%	15,304	18.44	4.4%
2013	469,632	2.4%	7,967	16.96	2.3%
2014	419,428	2.1%	8,291	19.77	2.4%
2015 and thereafter	1,049,119	5.3%	13,661	13.02	3.9%
	<b>19,951,706</b>	<b>100.0%</b>	<b>\$349,825</b>	<b>\$17.53</b>	<b>100.0%</b>
<b>Industrial:</b>					
2005 4/	1,536,242	24.5%	\$ 6,610	\$ 4.30	22.2%
2006	1,047,623	16.6%	5,248	5.01	17.6%
2007	1,090,412	17.3%	6,185	5.67	20.8%
2008	688,790	10.9%	3,132	4.55	10.5%
2009	644,325	10.2%	3,756	5.83	12.6%
2010	198,232	3.2%	826	4.17	2.8%
2011	150,822	2.4%	713	4.73	2.4%
2012	194,828	3.1%	455	2.34	1.5%
2013	102,384	1.6%	621	6.07	2.1%
2014	206,731	3.3%	799	3.86	2.7%
2015 and thereafter	432,567	6.9%	1,420	3.28	4.8%
	<b>6,292,956</b>	<b>100.0%</b>	<b>\$ 29,765</b>	<b>\$ 4.73</b>	<b>100.0%</b>

1/ Annualized Revenue is March, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

2/ Excludes properties recorded on our Balance Sheet that were sold but accounted for as Financings or Profit Sharing arrangements under FAS 66

3/ Includes 104,000 square feet of leases that are on a month to month basis or 0.4% of total annualized revenue

4/ Includes 212,000 square feet of leases that are on a month to month basis or 0.2% of total annualized revenue

Note: 2005 and beyond expirations that have been renewed are reflected above based on the renewal's expiration date.

## Lease Expirations

March 31, 2005

(Continued)

Dollars in thousands

Year	Rentable Square Feet Expiring	Percent of Rentable Square Feet	Annualized Revenue 1/	Average Rental Rate	Percent of Annualized Revenue 1/
<b>Retail:</b>					
2005 2/	32,264	2.4%	\$ 992	\$30.75	2.7%
2006	99,549	7.4%	2,438	24.49	6.7%
2007	79,810	5.9%	2,180	27.31	6.0%
2008	129,441	9.6%	3,612	27.90	9.9%
2009	191,405	14.2%	4,797	25.06	13.2%
2010	91,550	6.8%	3,116	34.04	8.6%
2011	58,071	4.3%	1,902	32.75	5.2%
2012	140,426	10.4%	4,033	28.72	11.1%
2013	108,866	8.1%	2,775	25.49	7.6%
2014	83,349	6.2%	1,626	19.51	4.5%
2015 and thereafter	331,450	24.7%	8,890	26.82	24.5%
	<b>1,346,181</b>	<b>100.0%</b>	<b>\$ 36,361</b>	<b>\$27.01</b>	<b>100.0%</b>
<b>Total:</b>					
2005 3/4/	4,164,749	15.0%	53,518	12.85	12.9%
2006	4,258,935	15.4%	65,474	15.37	15.7%
2007	3,169,098	11.5%	43,346	13.68	10.4%
2008	3,963,034	14.4%	57,796	14.58	13.9%
2009	3,606,145	13.1%	58,410	16.20	14.0%
2010	2,407,872	8.7%	41,383	17.19	9.9%
2011	1,652,312	6.0%	30,182	18.27	7.3%
2012	1,165,172	4.2%	19,792	16.99	4.8%
2013	680,882	2.5%	11,363	16.69	2.7%
2014	709,508	2.6%	10,716	15.10	2.6%
2015 and thereafter	1,813,136	6.6%	23,971	13.22	5.8%
	<b>27,590,843</b>	<b>100.0%</b>	<b>\$415,951</b>	<b>\$15.08</b>	<b>100.0%</b>

1/ Annualized Revenue is March, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

2/ Includes 10,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue

3/ Includes 326,000 square feet of leases that are on a month to month basis or 0.7% of total annualized revenue

4/ Excludes properties recorded on our Balance Sheet that were sold but accounted for as Financings or Profit Sharing arrangements under FAS 66

Note: 2005 and beyond expirations that have been renewed are reflected above based on the renewal's expiration date.

# Office Lease Expirations by Market by Quarter 1/

Dollars in thousands

		Three Months Ended				
		6/30/05 2/	09/30/05	12/31/05	03/31/06	Total
Atlanta	RSF	118,460	349,949	30,914	134,599	633,922
	% of Total Office RSF	0.6%	1.8%	0.2%	0.7%	3.2%
	Annualized Revenue 3/	\$ 1,309	\$ 5,947	\$ 469	\$ 1,738	\$ 9,463
	% of Total Office Annl Rev	0.4%	1.7%	0.1%	0.5%	2.7%
Charlotte	RSF	55,910	73,469	22,267	36,827	188,473
	% of Total Office RSF	0.3%	0.4%	0.1%	0.2%	0.9%
	Annualized Revenue 3/	\$ 993	\$ 946	\$ 377	\$ 555	\$ 2,871
	% of Total Office Annl Rev	0.3%	0.3%	0.1%	0.2%	0.8%
Columbia	RSF	0	27,437	3,352	0	30,789
	% of Total Office RSF	0.0%	0.1%	0.0%	0.0%	0.2%
	Annualized Revenue 3/	\$ —	\$ 506	\$ 60	\$ —	\$ 566
	% of Total Office Annl Rev	0.0%	0.1%	0.0%	0.0%	0.2%
Greenville	RSF	227,080	30,364	0	30,791	288,235
	% of Total Office RSF	1.1%	0.2%	0.0%	0.2%	1.4%
	Annualized Revenue 3/	\$ 3,057	\$ 480	\$ —	\$ 609	\$ 4,146
	% of Total Office Annl Rev	0.9%	0.1%	0.0%	0.2%	1.2%
Kansas City	RSF	39,854	20,727	29,133	60,422	150,136
	% of Total Office RSF	0.2%	0.1%	0.1%	0.3%	0.8%
	Annualized Revenue 3/	\$ 783	\$ 395	\$ 532	\$ 1,307	\$ 3,017
	% of Total Office Annl Rev	0.2%	0.1%	0.2%	0.4%	0.9%
Memphis	RSF	53,891	46,875	9,867	49,630	160,263
	% of Total Office RSF	0.3%	0.2%	0.0%	0.2%	0.8%
	Annualized Revenue 3/	\$ 980	\$ 853	\$ 177	\$ 943	\$ 2,953
	% of Total Office Annl Rev	0.3%	0.2%	0.1%	0.3%	0.8%
Nashville	RSF	116,667	55,687	115,545	143,359	431,258
	% of Total Office RSF	0.6%	0.3%	0.6%	0.7%	2.2%
	Annualized Revenue 3/	\$ 2,410	\$ 1,143	\$ 2,367	\$ 2,870	\$ 8,790
	% of Total Office Annl Rev	0.7%	0.3%	0.7%	0.8%	2.5%
Orlando	RSF	9,154	0	0	0	9,154
	% of Total Office RSF	0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Revenue 3/	\$ 161	\$ —	\$ —	\$ —	\$ 161
	% of Total Office Annl Rev	0.0%	0.0%	0.0%	0.0%	0.0%
Piedmont Triad	RSF	87,464	109,135	41,764	93,611	331,974
	% of Total Office RSF	0.4%	0.5%	0.2%	0.5%	1.7%
	Annualized Revenue 3/	\$ 1,562	\$ 1,649	\$ 709	\$ 1,632	\$ 5,552
	% of Total Office Annl Rev	0.4%	0.5%	0.2%	0.5%	1.6%
Raleigh	RSF	96,912	119,557	101,829	299,390	617,688
	% of Total Office RSF	0.4%	0.6%	0.5%	1.5%	3.0%
	Annualized Revenue 3/	\$ 1,687	\$ 2,461	\$ 2,229	\$ 6,020	\$ 12,397
	% of Total Office Annl Rev	0.5%	0.7%	0.6%	1.7%	3.5%
Richmond	RSF	65,836	179,310	85,631	44,771	375,548
	% of Total Office RSF	0.3%	0.9%	0.4%	0.2%	1.9%
	Annualized Revenue 3/	\$ 1,235	\$ 3,510	\$ 1,281	\$ 853	\$ 6,879
	% of Total Office Annl Rev	0.4%	1.0%	0.4%	0.2%	2.0%
Tampa	RSF	126,549	87,809	56,750	63,342	334,450
	% of Total Office RSF	0.6%	0.4%	0.3%	0.3%	1.7%
	Annualized Revenue 3/	\$ 2,510	\$ 1,826	\$ 1,309	\$ 1,094	\$ 6,739
	% of Total Office Annl Rev	0.7%	0.5%	0.4%	0.3%	1.9%
Other	RSF	1,095	0	0	0	1,095
	% of Total Office RSF	0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Revenue 3/	\$ 5	\$ —	\$ —	\$ —	\$ 5
	% of Total Office Annl Rev	0.0%	0.0%	0.0%	0.0%	0.0%

Total	RSF	998,872	1,100,319	497,052	956,742	3,552,985
	% of Total Office RSF	5.0%	5.5%	2.5%	4.8%	17.8%
	Annualized Revenue 3/	\$ 16,692	\$ 19,716	\$ 9,510	\$ 17,621	\$ 63,539
	% of Total Office Annl Rev	4.8%	5.6%	2.7%	5.0%	18.2%

1/ Excludes properties recorded on our Balance Sheet that were sold but accounted for as Financings or Profit Sharing arrangements under FAS 66

2/ Includes 104,000 square feet of leases that are on a month to month basis or 0.4% of total annualized revenue

3/ Annualized Revenue is March, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

## Industrial Lease Expirations by Market by Quarter

Dollars in thousands

		Three Months Ended				Total
		6/30/05 1/	09/30/05	12/31/05	03/31/06	
Atlanta	RSF	136,694	170,528	271,953	111,622	690,797
	% of Total Industrial RSF	2.2%	2.7%	4.3%	1.8%	11.0%
	Annualized Revenue 2/	\$ 472	\$ 837	\$ 1,595	\$ 646	\$ 3,550
	% of Total Industrial Annl Rev	1.6%	2.8%	5.4%	2.2%	12.0%
Charlotte	RSF	0	0	0	0	0
	% of Total Industrial RSF	0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Revenue 2/	\$ —	\$ —	\$ —	\$ —	\$ —
	% of Total Industrial Annl Rev	0.0%	0.0%	0.0%	0.0%	0.0%
Greenville	RSF	0	0	0	16,081	16,081
	% of Total Industrial RSF	0.0%	0.0%	0.0%	0.3%	0.3%
	Annualized Revenue 2/	\$ —	\$ —	\$ —	\$ 206	\$ 206
	% of Total Industrial Annl Rev	0.0%	0.0%	0.0%	0.7%	0.7%
Kansas City	RSF	2,018	0	0	0	2,018
	% of Total Industrial RSF	0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Revenue 2/	\$ 17	\$ —	\$ —	\$ —	\$ 17
	% of Total Industrial Annl Rev	0.1%	0.0%	0.0%	0.0%	0.1%
Piedmont Triad	RSF	413,227	476,995	26,966	134,017	1,051,205
	% of Total Industrial RSF	6.6%	7.6%	0.4%	2.1%	16.7%
	Annualized Revenue 2/	\$ 1,546	\$ 1,636	\$ 184	\$ 660	\$ 4,026
	% of Total Industrial Annl Rev	5.2%	5.5%	0.6%	2.2%	13.5%
Raleigh	RSF	5,950	31,911	0	11,887	49,748
	% of Total Industrial RSF	0.1%	0.5%	0.0%	0.2%	0.8%
	Annualized Revenue 2/	\$ 49	\$ 277	\$ —	\$ 118	\$ 444
	% of Total Industrial Annl Rev	0.2%	0.9%	0.0%	0.4%	1.5%
Total	RSF	557,889	679,434	298,919	273,607	1,809,849
	% of Total Industrial RSF	8.9%	10.8%	4.8%	4.3%	28.8%
	Annualized Revenue 2/	\$ 2,084	\$ 2,750	\$ 1,779	\$ 1,630	\$ 8,243
	% of Total Industrial Annl Rev	7.1%	9.2%	6.0%	5.5%	27.7%

1/ Includes 212,000 square feet of leases that are on a month to month basis or 0.2% of total annualized revenue

2/ Annualized Revenue is March, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.



# Office Lease Expirations by Market by Year 1/

Dollars in thousands

		2005 2/	2006	2007	2008	Thereafter
Atlanta	RSF	499,323	321,046	229,735	549,608	1,325,968
	% of Total Office RSF	2.5%	1.6%	1.2%	2.8%	6.6%
	Annualized Revenue 3/	\$ 7,725	\$ 4,730	\$ 3,260	\$ 8,527	\$ 23,964
	% of Total Office Annl Rev	2.2%	1.4%	0.9%	2.4%	6.9%
Charlotte	RSF	151,646	169,027	121,495	118,735	449,619
	% of Total Office RSF	0.8%	0.8%	0.6%	0.6%	2.3%
	Annualized Revenue 3/	\$ 2,316	\$ 2,646	\$ 1,855	\$ 1,835	\$ 6,568
	% of Total Office Annl Rev	0.7%	0.8%	0.5%	0.5%	1.9%
Columbia	RSF	30,789	59,586	58,951	63,170	42,482
	% of Total Office RSF	0.2%	0.3%	0.3%	0.3%	0.2%
	Annualized Revenue 3/	\$ 565	\$ 1,110	\$ 1,046	\$ 1,089	\$ 522
	% of Total Office Annl Rev	0.2%	0.3%	0.3%	0.3%	0.1%
Greenville	RSF	257,444	148,824	16,115	96,497	364,907
	% of Total Office RSF	1.3%	0.7%	0.1%	0.5%	1.8%
	Annualized Revenue 3/	\$ 3,538	\$ 2,839	\$ 298	\$ 1,760	\$ 5,180
	% of Total Office Annl Rev	1.0%	0.8%	0.1%	0.5%	1.5%
Kansas City	RSF	89,714	154,371	91,920	65,281	362,798
	% of Total Office RSF	0.4%	0.8%	0.5%	0.3%	1.8%
	Annualized Revenue 3/	\$ 1,711	\$ 3,355	\$ 1,776	\$ 1,334	\$ 8,749
	% of Total Office Annl Rev	0.5%	1.0%	0.5%	0.4%	2.5%
Memphis	RSF	110,633	97,750	105,564	179,866	486,004
	% of Total Office RSF	0.6%	0.5%	0.5%	0.9%	2.4%
	Annualized Revenue 3/	\$ 2,010	\$ 1,839	\$ 2,026	\$ 3,663	\$ 8,458
	% of Total Office Annl Rev	0.6%	0.5%	0.6%	1.0%	2.4%
Nashville	RSF	287,899	471,315	235,334	188,552	1,480,494
	% of Total Office RSF	1.4%	2.4%	1.2%	0.9%	7.4%
	Annualized Revenue 3/	\$ 5,920	\$ 9,557	\$ 4,595	\$ 3,748	\$ 26,662
	% of Total Office Annl Rev	1.7%	2.7%	1.3%	1.1%	7.6%
Orlando	RSF	9,154	6,465	20,571	9,240	171,379
	% of Total Office RSF	0.0%	0.0%	0.1%	0.0%	0.9%
	Annualized Revenue 3/	\$ 161	\$ 170	\$ 370	\$ 186	\$ 3,312
	% of Total Office Annl Rev	0.0%	0.0%	0.1%	0.1%	0.9%
Piedmont Triad	RSF	238,363	195,662	199,480	622,522	694,432
	% of Total Office RSF	1.2%	1.0%	1.0%	3.1%	3.5%
	Annualized Revenue 3/	\$ 3,920	\$ 3,392	\$ 3,048	\$ 7,182	\$ 8,530
	% of Total Office Annl Rev	1.1%	1.0%	0.9%	2.1%	2.4%
Raleigh	RSF	318,298	880,578	378,100	558,417	1,485,776
	% of Total Office RSF	1.6%	4.4%	1.9%	2.8%	7.4%
	Annualized Revenue 3/	\$ 6,375	\$ 15,507	\$ 6,927	\$ 9,370	\$ 25,888
	% of Total Office Annl Rev	1.8%	4.4%	2.0%	2.7%	7.4%
Richmond	RSF	330,777	250,744	302,754	212,855	648,423
	% of Total Office RSF	1.7%	1.3%	1.5%	1.1%	3.2%
	Annualized Revenue 3/	\$ 6,026	\$ 5,037	\$ 4,944	\$ 4,007	\$ 10,220
	% of Total Office Annl Rev	1.7%	1.4%	1.4%	1.1%	2.9%
Tampa	RSF	271,108	350,229	226,150	460,611	1,565,969
	% of Total Office RSF	1.4%	1.8%	1.1%	2.3%	7.8%
	Annualized Revenue 3/	\$ 5,643	\$ 7,448	\$ 4,515	\$ 7,832	\$ 31,554
	% of Total Office Annl Rev	1.6%	2.1%	1.3%	2.2%	9.0%
Other	RSF	1,095	6,166	12,707	19,449	21,770
	% of Total Office RSF	0.0%	0.0%	0.1%	0.1%	0.1%
	Annualized Revenue 3/	\$ 5	\$ 157	\$ 322	\$ 519	\$ 479
	% of Total Office Annl Rev	0.0%	0.0%	0.1%	0.1%	0.1%
Total	RSF	2,596,243	3,111,763	1,998,876	3,144,803	9,100,021
	% of Total Office RSF	13.0%	15.6%	10.0%	15.8%	45.6%

Annualized Revenue 3/ % of Total Office Annl Rev	\$ 45,915 13.1%	\$ 57,787 16.5%	\$ 34,982 10.0%	\$ 51,052 14.6%	\$ 160,086 45.8%
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- 1/ Excludes properties recorded on our Balance Sheet that were sold but accounted for as Financings or Profit Sharing arrangements under FAS 66
- 2/ Includes 104,000 square feet of leases that are on a month to month basis or 0.4% of total annualized revenue
- 3/ Annualized Revenue is March, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

## Industrial Lease Expirations by Market by Year

Dollars in thousands

		2005 1/	2006	2007	2008	Thereafter
Atlanta	RSF	579,175	345,292	665,857	272,037	1,102,191
	% of Total Industrial RSF	9.2%	5.5%	10.6%	4.3%	17.5%
	Annualized Revenue 2/	\$ 2,903	\$ 2,077	\$ 3,488	\$ 1,259	\$ 4,331
	% of Total Industrial Annl Rev	9.8%	7.0%	11.7%	4.2%	14.6%
Charlotte	RSF	0	0	0	0	0
	% of Total Industrial RSF	0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Revenue 2/	\$ —	\$ —	\$ —	\$ —	\$ —
	% of Total Industrial Annl Rev	0.0%	0.0%	0.0%	0.0%	0.0%
Greenville	RSF	0	16,081	0	5,350	8,470
	% of Total Industrial RSF	0.0%	0.3%	0.0%	0.1%	0.1%
	Annualized Revenue 2/	\$ —	\$ 206	\$ —	\$ 58	\$ 91
	% of Total Industrial Annl Rev	0.0%	0.7%	0.0%	0.2%	0.3%
Kansas City	RSF	2,018	0	0	0	1,756
	% of Total Industrial RSF	0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Revenue 2/	\$ 17	\$ —	\$ —	\$ —	\$ 19
	% of Total Industrial Annl Rev	0.1%	0.0%	0.0%	0.0%	0.1%
Piedmont Triad	RSF	917,188	674,363	424,555	396,215	810,333
	% of Total Industrial RSF	14.6%	10.7%	6.7%	6.3%	12.9%
	Annualized Revenue 2/	\$ 3,365	\$ 2,846	\$ 2,697	\$ 1,654	\$ 4,085
	% of Total Industrial Annl Rev	11.3%	9.6%	9.1%	5.6%	13.7%
Raleigh	RSF	37,861	11,887	0	15,188	7,139
	% of Total Industrial RSF	0.6%	0.2%	0.0%	0.2%	0.1%
	Annualized Revenue 2/	\$ 325	\$ 118	\$ —	\$ 162	\$ 66
	% of Total Industrial Annl Rev	1.1%	0.4%	0.0%	0.5%	0.2%
Total	RSF	1,536,242	1,047,623	1,090,412	688,790	1,929,889
	% of Total Industrial RSF	24.4%	16.6%	17.3%	10.9%	30.7%
	Annualized Revenue 2/	\$ 6,610	\$ 5,247	\$ 6,185	\$ 3,133	\$ 8,592
	% of Total Industrial Annl Rev	22.2%	17.6%	20.8%	10.5%	28.9%

1/ Includes 212,000 square feet of leases that are on a month to month basis or 0.2% of total annualized revenue

2/ Annualized Revenue is March, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

## Customer Diversification 1/

March 31, 2005

*Dollars in thousands*

### Top 20 Customers

Customer	RSF	Annualized Revenue 2/	Percent of Annualized Revenue 2/	Average Remaining Lease Term in Years
Federal Government	863,609	\$ 17,042	4.10%	6.5
AT&T 3/	537,529	10,065	2.42%	3.9
Price Waterhouse Coopers	297,795	7,528	1.81%	5.1
State Of Georgia	361,687	7,070	1.70%	4.0
T-Mobile USA	205,394	4,853	1.17%	4.2
IBM	188,763	3,978	0.96%	1.1
Northern Telecom	246,000	3,651	0.88%	2.9
Volvo	270,525	3,572	0.86%	4.4
US Airways	295,046	3,403	0.82%	2.7
Lockton Companies	132,718	3,339	0.80%	9.9
BB&T	229,459	3,260	0.78%	6.9
CHS Professional Services	170,524	3,042	0.73%	1.9
Ford Motor Company	125,989	2,734	0.66%	4.9
IKON	181,361	2,613	0.63%	1.3
MCI	127,268	2,531	0.61%	1.2
Hartford Insurance	116,010	2,508	0.60%	1.6
Aspect Communications	116,692	2,354	0.57%	1.7
Metropolitan Life	118,017	2,250	0.54%	6.2
Jacob's Engineering	228,345	2,236	0.54%	11.2
Icon Clinical Research	99,163	2,114	0.51%	7.2
	4,911,894	\$ 90,143	21.69%	4.7

### By Industry

Category	Percent of Annualized Revenue 2/
Professional, Scientific, and Technical Services	21.3%
Insurance	10.3%
Manufacturing	8.8%
Finance/Banking	8.0%
Telecommunication	7.8%
Retail Trade	7.5%
Government/Public Administration	6.5%
Health Care and Social Assistance	6.2%
Wholesale Trade	5.5%
Transportation and Warehousing	3.4%
Administrative and Support Services	3.2%
Real Estate Rental and Leasing	3.1%
Accommodation and Food Services	2.6%
Other Services (except Public Administration)	2.4%
Information	2.1%
Educational Services	1.3%
	100.0%

1/ Excludes properties recorded on our Balance Sheet that were sold but accounted for as Financings or Profit Sharing arrangements under FAS 66

2/ Annualized Revenue is March, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

3/ AT&T and SBC have received final approval on their plans to merge. SBC currently leases 5K square feet with \$110K in associated

*annualized revenue.*

Acquisition Activity

Dollars in thousands

Name	Market	Type 1/	Date Acquired	Square Footage	Total Cost
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First quarter 2005:

None

## Disposition Activity

*Dollars in thousands*

<u>Name</u>	<u>Market</u>	<u>Type 1/</u>	<u>Date Sold</u>	<u>Square Footage</u>	<u>Gross Sales Price</u>
<b>First quarter 2005:</b>					
Northside	Tampa	O	02/24/05	85,700	\$ 9,000
531 Northridge Warehouse	Piedmont Triad	I	02/28/05	598,100	
531 Northridge Office	Piedmont Triad	O	02/28/05	91,800	
				<u>689,900</u>	<u>18,656</u>
3928 Westpoint Boulevard	Piedmont Triad	I	02/28/05	240,000	6,225
4300 Six Forks Road	Raleigh	O	03/31/05	163,300	27,318
				<u>1,178,900</u>	<u>\$61,199</u>

## Depreciable Assets Contributed to Joint Ventures

<u>Market</u>	<u>Type 1/</u>	<u>Date Contributed</u>	<u>Square Footage</u>	<u>Gross Sales Price</u>
<b>First quarter 2005:</b>				
None				
Highwoods Properties, Inc.				

## Development Activity

Dollars in thousands

Property	Market	Type 1/	Rentable Square Feet	Anticipated	Investment	Pre- Leasing	Estimated	Estimated
				Total Investment	@ 03/31/05		Completion	Stabilization
							Date	Date
In - Process								
Office:								
Center for Disease Control	Atlanta	O	109,000	\$ 21,375	\$ 2,420	100%	4Q05	4Q05
Saxon	Richmond	O	112,000	14,829	6,645	100%	3Q05	3Q05
FBI 2/	Tampa	O	137,000	31,090	14,950	100%	4Q05	4Q05
Total or Weighted Average			358,000	\$ 67,294	\$ 24,015	100%		
Retail:3/								
Griffith Road/Boutique Shops	Piedmont Triad	R	9,600	\$ 2,634	\$ 1,874	66%	2Q05	2Q06
Total or Weighted Average			9,600	\$ 2,634	\$ 1,874	66%		
Total or Weighted Average			367,600	\$ 69,928	\$ 25,889	99%		
Completed Not Stabilized 4/								
National Archives Record Administration	Atlanta	I	353,000	\$ 20,387	\$ 17,822	100%	3Q04	4Q05
Total or Weighted Average			353,000	\$ 20,387	\$ 17,822	100%		
Grand Total or Weighed Average			720,600	\$ 90,315	\$ 43,711	100%		

### Developed for Sale

	Market	Type 1/	Rentable Square Feet	Anticipated		Pre- Sales	Estimated Completion Date
				Total Investment	Investment @ 03/31/05		
Grove Park Condominiums	Richmond	O	65,000	\$ 6,163	\$ 6,060	84%	4Q04

1/ The letters "O", and "I" represent Office and Industrial, respectively.

2/ An approved 25,000 square feet expansion at an additional anticipated cost of \$4.5 million is included. The related lease amendment is out for signature.

3/ Excludes a vacant building in Kansas City acquired in the first quarter for \$4.1 million for potential future retail developmant or sale to a retail user.

4/ This property was 63% occupied as of March 31, 2005 and contributed \$10,000 in Net Operating Income (Property Revenue - Property Expense) in Q1 2005.



**Development Land**  
**March, 2005**

*Dollars in thousands*

Market	Acres	Developable Square Footage			Total Estimated Market Value
		Office	Retail	Industrial	
On Balance Sheet:					
Research Triangle	361	3,119,000	60,000	162,000	\$ 68,900
Atlanta	249	270,000	1,100,000	1,390,000	37,400
Piedmont Triad	117	787,000	37,000	1,190,000	16,400
Charlotte	73	1,151,000	—	—	12,600
Richmond	61	688,000	—	—	10,500
Orlando	49	862,000	—	—	15,600
Nashville	48	830,000	—	—	12,900
Kansas City 1/	46	550,000	91,000	—	12,300
Baltimore	45	771,000	—	—	14,300
Tampa	29	462,000	—	15,000	12,200
Memphis	22	288,000	—	—	4,200
Greenville	12	150,000	—	—	1,800
Jacksonville	9	80,000	—	—	1,900
Columbia	2	20,000	—	—	300
	1,123	10,028,000	1,288,000	2,757,000	\$ 221,300
Deferred or optioned:					
Atlanta	25	—	500,000	—	
	25	—	500,000	—	
Total	1,148	10,028,000	1,788,000	2,757,000	

1/ Includes 27 acres of residential land

## Joint Ventures Long-Term Debt Detail

*Dollars in thousands*

Joint Venture	Own %	Lender	Interest Rate	Maturity Date	Loan Balance 03/31/05
Dallas County Partners I, LP	50.0%	American Express	7.0%	Sep-09	3,514
Dallas County Partners I, LP	50.0%	American Express	6.9%	Jun-09	7,438
Dallas County Partners I, LP	50.0%	John Hancock Life Insurance Co.	7.6%	Mar-08	2,962
Dallas County Partners I, LP	50.0%	State Farm	7.1%	Oct-08	3,040
Dallas County Partners I, LP	50.0%	State Farm	7.9%	Sep-06	3,009
Dallas County Partners I, LP	50.0%	State Farm	7.5%	May-07	4,359
Dallas County Partners I, LP	50.0%	Bank of America	5.7%	Oct-07	3,987
Dallas County Partners I, LP	50.0%	State Farm	7.5%	Dec-07	5,065
Dallas County Partners I, LP	50.0%	Thrivent	8.5%	Aug-10	1,682
Dallas County Partners I, LP	50.0%	Union Planters	6.3%	Jun-14	3,664
Dallas County Partners I, LP	50.0%	Union Planters	7.2%	Jan-06	489
Dallas County Partners I, LP	50.0%	Bankers Trust	8.0%	Jul-11	1,232
			7.1%		40,441
Dallas County Partners II, LP	50.0%	Principal Life Insurance Company	10.2%	Jun-13	20,892
Fountain Three	50.0%	John Hancock Life Insurance Co.	7.8%	Jan-08	6,019
Fountain Three	50.0%	American Express	6.9%	Jun-09	3,976
Fountain Three	50.0%	Thrivent	8.0%	Oct-10	3,748
Fountain Three	50.0%	Thrivent	7.3%	Apr-09	3,581
Fountain Three	50.0%	Wells Fargo	8.2%	May-08	2,023
Fountain Three	50.0%	Lehman Brothers	8.0%	Jul-09	3,617
Fountain Three	50.0%	Thrivent	7.0%	Sep-12	5,566
			7.5%		28,530
RRHWoods, LLC	50.0%	Industrial Revenue Bonds	1.0%	Nov-15	23,000
RRHWoods, LLC	50.0%	Bank of America	6.8%	Sep-12	27,388
RRHWoods, LLC	50.0%	Industrial Revenue Bonds	1.0%	Sep-15	6,000
RRHWoods, LLC	50.0%	Industrial Revenue Bonds	1.1%	Nov-15	5,500
RRHWoods, LLC	50.0%	Bank of America	5.7%	Oct-07	4,041
RRHWoods, LLC	50.0%	Union Planters	6.3%	Jun-14	3,664
			3.8%		69,593
Plaza Colonnade, LLC	50.0%	Met Life	5.7%	Jan-17	50,000
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	5.4%	Mar-10	1,818
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	6.0%	Mar-16	4,394
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	5.9%	Mar-24	12,473
			5.8%		68,685
4600 Madison Associates, LLC	12.5%	State Farm	6.9%	Apr-18	15,824
Board of Trade Investment Company	49.0%	KC Board of Trade Clearing Corp.	7.8%	Sep-07	517
Highwoods DLF 98/29, LP	22.8%	USG Annuity & Life Company	6.8%	Apr-11	65,936
Highwoods DLF 97/26 DLF 99/32, LP	42.9%	Massachusetts Mutual Life Ins. Co.	7.7%	May-12	58,126
Concourse Center Associates, LLC	50.0%	Lincoln National Life Insurance Co.	7.0%	Jul-10	9,473
Highwoods KC Orlando, LLC	40.0%	Met Life	5.2%	Jul-14	143,000
Highwoods - Markel Associates, LLC	50.0%	Principal Life Insurance Company	5.8%	Jan-14	39,285
Highwoods KC Glenridge Office	40.0%	Wachovia	4.8%	Jun-14	16,500
Highwoods KC Glenridge Land	40.0%	Transwestern	4.8%	Feb-05	238
			6.1%		348,899
			6.1%		<b>\$577,040</b>
Highwoods' Share of the above					<b>\$244,570</b>

## Joint Ventures Portfolio Summary

As of March 31, 2005

### Summary by Location:

Market	Rentable Square Feet 1/	Occupancy 2/	Percentage of Annualized Revenue - Highwoods' Share Only 3/				Total
			Office	Industrial	Retail	Multi- Family	
Des Moines	2,245,000	95.3%	27.7%	3.7%	1.0%	3.4%	35.8%
Orlando	1,684,000	89.9%	24.8%	—	—	—	24.8%
Atlanta	835,000	93.3%	15.7%	—	—	—	15.7%
Kansas City	428,000	86.3%	8.4%	—	—	—	8.4%
Richmond	413,000	100.0%	5.0%	—	—	—	5.0%
Piedmont Triad	364,000	100.0%	3.8%	—	—	—	3.8%
Raleigh	455,000	99.3%	3.5%	—	—	—	3.5%
Tampa	205,000	99.1%	1.7%	—	—	—	1.7%
Charlotte	148,000	100.0%	0.8%	—	—	—	0.8%
Other	110,000	100.0%	0.5%	—	—	—	0.5%
<b>Total</b>	<b>6,887,000</b>	<b>94.3%</b>	<b>91.9%</b>	<b>3.7%</b>	<b>1.0%</b>	<b>3.4%</b>	<b>100.0%</b>

1/ Excludes Des Moines' apartment units

2/ Excludes Des Moines' apartment occupancy percentage of 93.5%

3/ Annualized Rental Revenue is March, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

## Joint Ventures Lease Expirations

March 31, 2005

*Dollars in thousands*

Year	Rentable Square Feet Expiring	Percent of Rentable Square Feet	Annualized Revenue 1/	Average Rental Rate	Percent of Annualized Revenue 1/
<b>Total</b>					
2005	648,896	9.6%	\$ 9,324	\$14.37	7.2%
2006	655,354	9.7%	12,363	18.86	9.6%
2007	378,549	5.6%	7,828	20.68	6.1%
2008	1,299,233	19.1%	21,989	16.92	17.2%
2009	839,009	12.4%	20,086	23.94	15.6%
2010	368,712	5.4%	7,254	19.67	5.6%
2011	553,652	8.2%	10,278	18.56	8.0%
2012	354,359	5.2%	7,353	20.75	5.7%
2013	714,819	10.6%	13,762	19.25	10.7%
2014	368,000	5.4%	7,961	21.63	6.2%
2015 and thereafter	594,502	8.8%	10,484	17.63	8.1%
	<b>6,775,085</b>	<b>100.0%</b>	<b>\$128,682</b>	<b>\$18.99</b>	<b>100.0%</b>

1/ Annualized Revenue is March, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

## Joint Ventures Development

*Dollars in thousands*

Property	% Ownership	Market	Rentable Square Feet	Anticipated		Pre-Leasing	Estimated Completion Date	Estimated Stabilization Date
				Total Investment	Investment @ 03/31/05			
Plaza Colonade, LLC 1/	50%	Kansas City	285,000	\$ 71,500	\$ 68,536	77%	4Q04	3Q05
Summit	50%	Des Moines	35,000	3,559	3,437	75%	3Q04	3Q05
Pinehurst	50%	Des Moines	35,000	3,559	3,526	81%	3Q04	3Q05
Sonoma	50%	Des Moines	75,000	9,364	1,518	0%	2Q05	2Q06
Total or Weighted Average			<b>430,000</b>	<b>\$ 87,982</b>	<b>\$ 77,017</b>	<b>64%</b>		
Highwoods' Share of the above				<b>\$ 43,991</b>	<b>\$ 38,509</b>			

1/ Includes \$16.2 million in investment cost that has been funded by tax increment financing

Highwoods Properties, Inc.

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