
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

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): March 31, 2008

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.)

HIGHWOODS REALTY LIMITED PARTNERSHIP

(Exact name of registrant specified in its charter)

North Carolina
(State of Incorporation)

000-21731
(Commission File Number)

56-1869557
(IRS Employer
Identification No.)

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

Registrants' 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 registrants 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 1, 2008, we issued a press release announcing financial information for the quarter ended March 31, 2008. This press release is attached as Exhibit 99.1. In addition, we posted on our web site supplemental information regarding our operations for the quarter ended March 31, 2008, a copy of which is attached as Exhibit 99.2.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

No.	Description
99.1	Press release dated May 1, 2008
99.2	Supplemental operating information for the quarter ended March 31, 2008

SIGNATURES

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

HIGHWOODS PROPERTIES, INC.

By: /s/ Jeffrey D. Miller
Jeffrey D. Miller
Vice President, General Counsel and Secretary

HIGHWOODS REALTY LIMITED PARTNERSHIP

By: Highwoods Properties, Inc., its general partner

By: /s/ Jeffrey D. Miller
Jeffrey D. Miller
Vice President, General Counsel and Secretary

Dated: May 2, 2008



FOR IMMEDIATE RELEASE

Ref: 08-15

Contact: Tabitha Zane
Vice President, Investor Relations
919-431-1529

Highwoods Properties Reports First Quarter 2008 Results

\$0.71 FFO per Diluted Share

FFO from Core Operations Increased 17% Year-over-Year

Same Property NOI Increased 2.8%
(excluding straight line rent and termination fees)

Raises Low End of FFO Guidance \$0.04 per share
Full-Year 2008 FFO Guidance now \$2.60 to \$2.72 per share

Raleigh, NC – May 1, 2008 – Highwoods Properties, Inc. (NYSE: HIW) , the largest owner and operator of suburban office properties in the Southeast, today reported results for the quarter ended March 31, 2008.

Ed Fritsch, President and CEO, stated, “*We had a solid first quarter with healthy growth in same property NOI and FFO from core operations. We remain focused on achieving the goals of our Strategic Plan, which are designed to deliver sustainable value for our shareholders over the long-term. Our results demonstrate that we are materially benefiting from a higher quality portfolio and stronger balance sheet.*”

FFO from core operations is reported FFO excluding (1) recurring, non-core operating items such as land sale gains and lease termination fees and (2) one-time, non-recurring items such as building impairments, and preferred stock redemption charges. FFO from core operations in the first quarter of 2008 was \$0.68 per diluted share compared to \$0.58 per diluted share in the first quarter of 2007, a 17% increase.

“*Our \$343 million development pipeline is 69% pre-leased and is spread across eight markets. In April, we announced that, along with a joint venture partner, we acquired The Forum, a 635,000 square foot office park in Raleigh comprised of five Class A office buildings with structured parking that is 90% leased. The anticipated first year stabilized unlevered return to our Company, inclusive of fees, is expected to be 9.2%. We hope to capitalize on similar opportunities as this part of the cycle continues to unfold,*” Mr. Fritsch added.

First Quarter Financial Results

For the first quarter of 2008, the Company reported net income available for common stockholders of \$12.8 million, or \$0.22 per diluted share. This compares to net income available for common stockholders of \$48.4 million, or \$0.85 per diluted share, for the first quarter of 2007. First quarter 2007 net income included \$0.26 per share of land sale gains, \$0.45 per share from gains on sales of depreciable assets and \$0.07 per share related to finalization of an insurance claim. First quarter 2008 net income included \$0.06 per share of gains on sales of depreciable assets; there were no land sales in the first quarter of 2008. Excluding these gains and the insurance claim, net income available for common stockholders in the first quarter of 2008 was \$0.16 per diluted share, compared to \$0.07 per diluted share for the first quarter of 2007.

FFO for the first quarter of 2008 was \$43.5 million, or \$0.71 per diluted share, compared to FFO of \$56.6 million, or \$0.91 per diluted share, for the first quarter of 2007. First quarter 2007 FFO included \$0.26 per diluted share of land sale gains.

Included in 2008 and 2007 first quarter net income available for common stockholders were the following items:

	3 Months Ended 3/31/08		3 Months Ended 3/31/07	
	(000)	Per Share	(000)	Per Share
Land Sale Gains	\$ 0	\$ 0.00	\$15,835	\$ 0.26
Lease Termination Income (1)	1,900	0.03	657	0.01
Straight Line Rental Income	2,404	0.04	1,572	0.03
Capitalized Interest	2,585	0.04	2,147	0.03
Gains on Sales of Depreciable Assets (2)	3,726	0.06	27,809	0.45
Gain on Insurance Claim	0	0.00	4,128	0.07

(1) 2007 includes \$0.6 million (\$0.01 per share) net effect from a lease termination in an unconsolidated joint venture.

(2) 2007 includes \$7.2 million (\$0.12 per share) of our share of gains from joint venture sales. Gains on sales of depreciable assets are excluded in the calculation of FFO.

First Quarter 2008 Operating Highlights

- First and second generation leasing activity in Highwoods' portfolio was 990,000 square feet, including 701,000 square feet of office space, 258,000 square feet of industrial space and 31,000 square feet of retail space.
- Straight-line (GAAP) rental rates for the 126 office leases signed in the first quarter increased 10.5% from straight line rental rates under the previous leases, while cash rents declined 1.0%. Cash rent growth is determined by comparing the final cash rent and cost recovery income from the immediate prior customer in the space compared to the initial cash and recovery income, if any, from the new customer after netting out any free rent periods.
- Average in-place cash rental rates across the Company's portfolio increased 4.6% compared to the first quarter of 2007. Average in-place cash rental rates across the Company's office portfolio were up 4.3% from a year ago (See page 17 of the first quarter Supplemental).
- Office tenant improvements and leasing commissions for signed second generation leases as a percentage of term base rent (netting out free rent) were 7.8%, significantly better than the prior five quarter average.

- Same property NOI from continuing operations, which includes straight line rent and termination fee income, increased 5.4% from the first quarter of 2007. Exclusive of straight line rent and termination fee income, same property NOI from continuing operations increased 2.8% over the first quarter of 2007.

Development

During the first quarter, the Company announced that it would begin development of Highwoods River Point, a \$10.4 million, 200,000 square foot industrial building in Northwest Atlanta, which is 50% pre-leased. The Company also noted in the quarter that the FAA build-to-suit has doubled in size from 50,000 to 100,000 square feet. The project is located at Highwoods-dominated “Tradeport,” an office and industrial park adjacent to the Hartsfield-Jackson Atlanta International Airport, and is expected to be completed in the second quarter of 2009.

Also in the first quarter, four development projects were placed in service, including Berkshire in Orlando, GlenLake Four in Raleigh, the office component of Cordoba in Kansas City and the retail build-to-suit for hhgregg in the Triad. Combined, these four developments encompass 333,000 square feet and are 89% leased.

PricewaterhouseCoopers Extends Leases in Tampa through 2013

The Company also reported that subsequent to the end of the first quarter, PricewaterhouseCoopers expanded its space in Tampa by 11,000 square feet to 368,000 square feet. Simultaneously, PricewaterhouseCoopers extended its leases by 36 months on 312,000 of the 368,000 square feet through mid-2013.

“We are pleased PricewaterhouseCoopers has extended its leases in Tampa, which was our largest lease exposure in 2010. To secure this extension, with nominal associated capital expenditures, is a strong positive for Highwoods,” noted Mr. Fritsch.

Funds from Operations Outlook

For 2008, the Company raised the low end of the range of its FFO guidance, originally provided on January 28, 2008, to \$2.60 to \$2.72 per diluted share from \$2.56 to \$2.72 per diluted share. This estimate reflects management’s view of current and future market conditions, including assumptions with respect to rental rates, occupancy levels, operating and general and administrative expenses, interest rates, gains from land and condominium sales, the impact of development deliveries, acquisitions, and includes dilution from projected property dispositions during 2008 of \$0.02 to \$0.06 per share. This estimate assumes 61.4 million diluted shares outstanding and excludes any gains or impairments associated with depreciable property dispositions, as well as any one-time, non-recurring charges or credits that may occur during the year. Factors that could cause actual 2008 FFO results to differ materially from the Company’s current expectations are discussed below and are also detailed in the Company’s 2007 Annual Report on Form 10-K.

Management's outlook for 2008 is based on the following operating assumptions:

	Low	High
Year End Occupancy	92.0%	93.0%
Same Property Cash NOI Growth	1.5%	2.5%
G&A Expenses	\$40.0M	\$42.0M
Lease Termination Income	\$ 1.9M	\$ 3.0M
Gains from Land and Residential Condominium Sales	\$ 3.6M	\$ 6.0M
Straight Line Rental Income	\$ 6.0M	\$ 8.0M
Dispositions	\$ 100M	\$ 250M
Acquisitions	\$ 28M	\$ 200M
Development Starts	\$ 100M	\$ 200M

Supplemental Information

A copy of the Company's first quarter 2008 Supplemental Information that includes financial, leasing and operational statistics is available in the "Investor Relations/Quarterly Earnings" section of the Company's Web site at www.highwoods.com. 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. 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

On Friday, May 2, at 11:00 a.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 under the "Investor Relations" section.

Telephone, web and podcast replays will be available two hours after the completion of the call. The telephone replay will be available for one week beginning at 2:00 p.m. Eastern time, Friday, May 2. Dial-in numbers for the replay are (800) 642-1687 US/Canada, (706) 645-9291 international. The conference ID is 39971191.

Non-GAAP Information

Funds from Operations ("FFO"): We believe that FFO and FFO per share are beneficial to management and investors and are important indicators of the performance of any equity REIT. Because FFO and FFO per share calculations exclude such factors as depreciation and amortization of real estate assets and gains or losses from sales of operating real estate assets (which can vary among owners of identical assets in similar conditions based on historical cost accounting and useful life estimates), they facilitate comparisons of operating performance between periods and between other REITs. Our management believes that historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered the presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. As a result, management believes that the use of FFO and FFO per share, together with the required GAAP presentations, provide a more complete understanding of our performance relative to our competitors

and a more informed and appropriate basis on which to make decisions involving operating, financing and investing activities.

FFO and FFO per share as disclosed by other REITs may not be comparable to our calculation of FFO and FFO per share as described below. FFO and FFO per share are non-GAAP financial measures and therefore do not represent net income or net income per share as defined by GAAP. Net income and net income per share as defined by GAAP are the most relevant measures in determining our operating performance because FFO and FFO per share include adjustments that investors may deem subjective, such as adding back expenses such as depreciation and amortization. Furthermore, FFO per share does not depict the amount that accrues directly to the stockholders' benefit. Accordingly, FFO and FFO per share should never be considered as alternatives to net income or net income per share as indicators of our operating performance.

The calculation of FFO as defined by the National Association of Real Estate Investment Trusts is as follows:

- Net income (loss) computed in accordance with GAAP;
- Less dividends to holders of preferred stock and less excess of preferred stock redemption cost over carrying value;
- Plus depreciation and amortization of assets uniquely significant to the real estate industry;
- Less gains, or plus losses, from sales of depreciable operating properties (but excluding impairment losses) and excluding items that are classified as extraordinary items under GAAP;
- Plus or minus adjustments for unconsolidated partnerships and joint ventures (to reflect funds from operations on the same basis); and
- Plus or minus adjustments for depreciation and amortization and gains/(losses) on sales and minority interest related to discontinued operations.

In calculating FFO, the Company also adds back minority interest in the income from its operating partnership, which we believe is consistent with standard industry practice for REITs that operate through an UPREIT structure. The Company believes that it is important to present FFO on an as-converted basis since all of the operating partnership units not owned by the Company are redeemable on a one-for-one basis for shares of the Company's common stock. The Company's FFO calculations are reconciled to net income in a table included with this release.

Net operating income from continuing operations ("NOI"): The Company defines NOI as "Rental and other revenues" from continuing operations less "Rental property and other expenses" from continuing operations. Management believes that NOI is a useful supplemental measure of the Company's property operating performance because it provides a performance measure of the revenues and expenses directly involved in owning real estate assets, and provides a perspective not immediately apparent from net income or FFO. Other REITs may use different methodologies to calculate NOI and accordingly the Company's NOI may not be comparable to other REITs. The Company's NOI calculations are reconciled to "Income before disposition of property, insurance gain, minority interest and equity in earnings of unconsolidated affiliates" and to "Rental and other revenues" and "Rental property and other expenses" in a table included with this release.

Same Property NOI from continuing operations: The Company defines same property NOI as NOI for the Company's in-service properties included in continuing operations that were wholly-owned during the entirety of the periods presented (from January 1, 2007 to March 31, 2008). The Company's same property NOI calculations are reconciled to NOI in a table included with this release.

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. At March 31, 2008, the Company owned or had an interest in 381 in-service office, industrial and retail properties encompassing approximately 34.2 million square feet. Highwoods also owned 616 acres of development land. Highwoods is based in Raleigh, North Carolina, and its properties and development land are located in Florida, Georgia, Iowa, Kansas, Missouri, North Carolina, South Carolina, Tennessee and Virginia. For more information about Highwoods Properties, please visit our Web site at www.highwoods.com.

Certain matters discussed in this press release, such as expected 2008 financial and operational results and the related assumptions underlying our expected results, are forward-looking statements within the meaning of the federal securities laws. These statements are distinguished by use of the words "will", "expect", "intend" 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; speculative development by others could result in excessive supply of properties relative to customer demand; development, acquisition, reinvestment, disposition or joint venture projects may not be completed as quickly or on as favorable terms as anticipated; we may not be able to lease or re-lease 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; our Southeastern and Midwestern markets may suffer declines in economic growth; and others detailed in the Company's 2007 Annual Report on Form 10-K and subsequent SEC reports.

Tables Follow

Highwoods Properties, Inc.
Consolidated Statements of Income
(Unaudited and in thousands, except per share amounts)

	Three Months Ended March 31,	
	2008	2007
Rental and other revenues	\$114,780	\$106,108
Operating expenses:		
Rental property and other expenses	39,128	37,936
Depreciation and amortization	31,041	28,965
General and administrative	9,711	10,911
Total operating expenses	79,880	77,812
Interest expenses:		
Contractual	23,463	22,689
Amortization of deferred financing costs	638	566
Financing obligations	740	992
	24,841	24,247
Other income:		
Interest and other income	803	1,514
	803	1,514
Income before disposition of property, insurance gain, minority interest and equity in earnings of unconsolidated affiliates	10,862	5,563
Gains on disposition of property, net	—	16,743
Gain from property insurance settlement	—	4,128
Minority interest	(837)	(2,580)
Equity in earnings of unconsolidated affiliates	1,989	9,717
Income from continuing operations	12,014	33,571
Discontinued operations:		
Income from discontinued operations, net of minority interest	146	725
Net gains on sales of discontinued operations, net of minority interest	3,483	18,262
	3,629	18,987
Net income	15,643	52,558
Dividends on preferred stock	(2,838)	(4,113)
Net income available for common stockholders	\$ 12,805	\$ 48,445
Net income per common share - basic:		
Income from continuing operations	\$ 0.16	\$ 0.52
Income from discontinued operations	0.07	0.34
Net income	\$ 0.23	\$ 0.86
Weighted average common shares outstanding - basic	56,729	56,040
Net Income per common share - diluted:		
Income from continuing operations	\$ 0.16	\$ 0.52
Income from discontinued operations	0.06	0.33
Net income	\$ 0.22	\$ 0.85
Weighted average common shares outstanding - diluted	61,050	61,900

Highwoods Properties, Inc.
Consolidated Balance Sheets
(Unaudited and in thousands)

	March 31, 2008	December 31, 2007
Assets:		
Real estate assets, at cost:		
Land	\$ 360,836	\$ 356,199
Buildings and tenant improvements	2,743,659	2,701,004
Development in process	107,129	101,661
Land held for development	96,839	103,365
	<u>3,308,463</u>	<u>3,262,229</u>
Less-accumulated depreciation	(664,944)	(647,685)
Net real estate assets	2,643,519	2,614,544
Real estate and other assets, net, held for sale	18,299	18,309
Cash and cash equivalents	6,595	3,140
Restricted cash	13,862	15,896
Accounts receivable, net	20,782	23,521
Notes receivable, net	3,036	5,226
Accrued straight-line rents receivable, net	76,715	74,313
Investment in unconsolidated affiliates	58,054	58,046
Deferred financing and leasing costs, net	72,693	72,007
Prepaid expenses and other assets	44,263	41,953
Total Assets	<u>\$2,957,818</u>	<u>\$2,926,955</u>
Liabilities, Minority Interest and Stockholders' Equity:		
Mortgages and notes payable	\$1,703,238	\$1,641,987
Accounts payable, accrued expenses and other liabilities	142,139	157,766
Financing obligations	35,296	35,071
Total Liabilities	1,880,673	1,834,824
Minority interest	67,596	70,098
Stockholders' Equity:		
Preferred stock	135,437	135,437
Common stock	573	572
Additional paid-in capital	1,447,958	1,448,055
Distributions in excess of net earnings	(572,591)	(561,093)
Accumulated other comprehensive loss	(1,828)	(938)
Total Stockholders' Equity	<u>1,009,549</u>	<u>1,022,033</u>
Total Liabilities, Minority Interest and Stockholders' Equity	<u>\$2,957,818</u>	<u>\$2,926,955</u>

Highwoods Properties, Inc.
Funds from Operations
(Unaudited and in thousands, except per share amounts)

	Three Months Ended March 31,	
	2008	2007
Funds from operations:		
Net income	\$15,643	\$ 52,558
Dividends to preferred stockholders	(2,838)	(4,113)
Net income available for common stockholders	12,805	48,445
Add/(deduct):		
Depreciation and amortization of real estate assets	30,484	28,328
(Gains) on disposition of depreciable properties	—	(908)
Minority interest from the Operating Partnership in income from continuing operations	639	2,400
Unconsolidated affiliates:		
Depreciation and amortization of real estate assets	2,935	2,866
(Gains) on disposition of depreciable properties	—	(7,158)
Discontinued operations:		
Depreciation and amortization of real estate assets	68	781
(Gains) on disposition of depreciable properties	(3,726)	(19,743)
Minority interest in income from discontinued operations	254	1,539
Funds from operations	\$43,459	\$ 56,550
Funds from operations per share - diluted:		
Net income available for common stockholders	\$ 0.22	\$ 0.85
Add/(deduct):		
Depreciation and amortization of real estate assets	0.50	0.46
(Gains) on disposition of depreciable properties	—	(0.01)
Unconsolidated affiliates:		
Depreciation and amortization of real estate assets	0.05	0.04
(Gains) on disposition of depreciable properties	—	(0.12)
Discontinued operations:		
Depreciation and amortization of real estate assets	—	0.01
(Gains) on disposition of depreciable properties	(0.06)	(0.32)
Funds from operations	<u>\$ 0.71</u>	<u>\$ 0.91</u>
Weighted average shares outstanding - diluted	<u>61,050</u>	<u>61,900</u>

Highwoods Properties, Inc.
Net Operating Income Reconciliation
(Unaudited and in thousands)

	Three Months Ended March 31,	
	2008	2007
Income before disposition of property, insurance gain, minority interest and equity in earnings of unconsolidated affiliates	\$ 10,862	\$ 5,563
Other income	(803)	(1,514)
Interest expense	24,841	24,247
General and administrative expense	9,711	10,911
Depreciation and amortization expense	31,041	28,965
Net operating income from continuing operations	75,652	68,172
Less - non same property and other net operating income	8,874	4,820
Total same property net operating income from continuing operations	<u>\$ 66,778</u>	<u>\$ 63,352</u>
Rental and other revenues	\$114,780	\$106,108
Rental property and other expenses	39,128	37,936
Total net operating income from continuing operations	75,652	68,172
Less - non same property and other net operating income	8,874	4,820
Total same property net operating income from continuing operations	<u>\$ 66,778</u>	<u>\$ 63,352</u>



Supplemental Information
March 31, 2008

Supplemental Information
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March 31, 2008

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The information within refers to all Highwoods Properties' wholly-owned entities, except pages 30 to 35, unless noted otherwise. Wholly-owned entities include properties classified as both continuing operations and discontinued operations.

All financial information contained in this document is "unaudited." In addition, 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.

Summary

Amounts in thousands, except per share amounts

	<i>Three Months Ended</i>				
	<u>03/31/08</u>	<u>12/31/07</u>	<u>09/30/07</u>	<u>06/30/07</u>	<u>03/31/07</u>
Shares and units:					
Common shares outstanding at end of period	57,309	57,167	57,158	57,131	56,711
Common units outstanding at end of period	3,950	4,057	4,059	4,062	4,115
Weighted average common shares outstanding—basic	56,729	56,640	56,628	56,460	56,040
Weighted average common shares outstanding—diluted	61,050	61,347	61,396	61,562	61,900
Share price:					
At end of period	\$ 31.07	\$ 29.38	\$ 36.67	\$ 37.50	\$ 39.49
High close during period	32.34	38.26	39.01	43.84	46.95
Low close during period	26.67	28.89	32.09	37.50	37.99
Financial information:					
Land sale gains, net of (impairments)	\$ —	\$ (419)	\$ (564)	\$ 969	\$15,835
Lease termination income	1,900	840	259	1,477	41
Straight line rental income	2,404	4,048	908	890	1,572
Capitalized interest	2,585	2,489	2,742	2,365	2,147
Impairments on depreciable properties	—	—	(384)	—	—
Gains on sales of depreciable properties	3,726	8,623	8,064	1,475	20,651
Gain from property insurance settlement	—	—	—	—	4,128
Funds from operations per share - diluted	\$ 0.71	\$ 0.65	\$ 0.59	\$ 0.58	\$ 0.91
Funds from operations per share - diluted, excluding certain items					
1/	\$ 0.71	\$ 0.65	\$ 0.61	\$ 0.60	\$ 0.91
Wholly - owned property information:					
In-Service rentable square feet:					
Office	19,535	19,260	19,003	19,194	19,154
Industrial	6,036	6,036	5,942	6,280	6,280
Retail	1,314	1,317	1,318	1,317	1,326
Total	<u>26,885</u>	<u>26,613</u>	<u>26,263</u>	<u>26,791</u>	<u>26,760</u>
In-Service occupancy:					
Office	90.4%	91.1%	89.7%	88.5%	89.3%
Industrial	91.0%	94.2%	91.4%	90.8%	91.9%
Retail	92.9%	94.9%	94.4%	94.8%	95.4%
Total	<u>90.7%</u>	<u>92.0%</u>	<u>90.4%</u>	<u>89.3%</u>	<u>90.2%</u>

1/ Excludes impairments on depreciable assets, losses on debt extinguishments and preferred stock redemption/repurchase charges.

Corporate Information

Board of Directors

Thomas W. Adler
Gene H. Anderson
Kay N. Callison
Edward J. Fritsch
Lawrence S. Kaplan
Sherry A. Kellett
L. Glenn Orr Jr.
O. Temple Sloan Jr., Chairman

Corporate Officers

Edward J. Fritsch

President, Chief Executive Officer and Director

Michael E. Harris

Executive Vice President and Chief Operating Officer

Terry L. Stevens

Senior Vice President, Chief Financial Officer

Daniel L. Clemmens

Vice President, Chief Accounting Officer

S. Hugh Esleeck

Treasurer

Carman J. Liuzzo

Vice President, Investments

Art H. McCann

Chief Information Officer

Jeffrey D. Miller

Vice President, General Counsel and
Secretary

Kevin E. Penn

Vice President, Strategy

Tabitha N. Zane

Vice President, Investor Relations and
Corporate Communications

Highwoods Properties, Inc.

Research Coverage

Credit Suisse - North America

Steven Benyik - 212-538-0239

Deutsche Banc Securities

Lou Taylor - 212-469-4912

Friedman, Billings, Ramsey & Co., Inc.

Wilkes Graham - 703-312-9737

Green Street Advisors

Cedric Lachance - 949-640-8780

Morgan Stanley

David Cohen - 212-761-8564

Citigroup Global Markets

Michael Bilerman - 212-816-1383

Stifel Nicolaus

John Guinee - 410-454-5520

UBS Securities

Jamie Feldman - 212-713-4932

Wachovia Securities

Chris Haley - 443-263-6773

Corporate Information

Divisional Officers

Atlanta/Piedmont Triad

Gene H. Anderson - Senior Vice President

Atlanta, GA

James V. Bacchetta, Vice President

Piedmont Triad, NC

E. F. "Rick" Dehnert, Vice President

Orlando/Tampa

Michael F. Beale - Senior Vice President

Orlando, FL

Michael F. Beale, Senior Vice President

Tampa, FL

Daniel E. Woodward, Vice President

Raleigh

Raleigh, NC

Thomas "Skip" Hill, Vice President

Richmond

Richmond, VA

Paul W. Kreckman, Vice President

Nashville/Memphis/Greenville

W. Brian Reames - Senior Vice President

Nashville, TN and Greenville, SC

W. Brian Reames, Senior Vice President

Memphis, TN

Steven L. Guinn, Vice President

Kansas City

Kansas City, MO

Barrett Brady, Senior Vice President

Glenn E. Stephenson, VP of Retail Operations

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

Vice President, Investor Relations and Corporate Communications

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E-mail: 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 Corporate

Communications/IR Specialist at:

Phone: 919-431-1529

Email: HIW-IR@highwoods.com

The Company

Highwoods Properties, Inc., a member of the S&P MidCap 400 Index, is a fully integrated, self-administered and self-managed equity 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, 2008, the Company owned or had an interest in 381 in-service office, industrial and retail properties encompassing approximately 34.2 million square feet. Highwoods also owned 616 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, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, and Virginia. For more information about Highwoods Properties, please visit our website at www.highwoods.com.



Consolidated Statements of Income

Amounts in thousands, except per share amounts

	Three Months Ended				
	03/31/08	12/31/07	09/30/07	06/30/07	03/31/07
Rental and other revenues	\$114,780	\$114,471	\$108,237	\$105,819	\$106,108
Operating expenses:					
Rental property and other expenses	39,128	41,061	38,963	37,879	37,936
Depreciation and amortization	31,041	30,643	32,036	29,896	28,965
Impairment of assets held for use	—	—	789	—	—
General and administrative	9,711	10,142	9,649	10,868	10,911
Total operating expenses	<u>79,880</u>	<u>81,846</u>	<u>81,437</u>	<u>78,643</u>	<u>77,812</u>
Interest expenses:					
Contractual	23,463	24,478	23,728	23,097	22,689
Amortization of deferred financing costs	638	624	616	609	566
Financing obligations	740	962	981	995	992
	<u>24,841</u>	<u>26,064</u>	<u>25,325</u>	<u>24,701</u>	<u>24,247</u>
Other income:					
Interest and other income	803	1,308	1,470	2,117	1,514
	<u>803</u>	<u>1,308</u>	<u>1,470</u>	<u>2,117</u>	<u>1,514</u>
Income before disposition of property, insurance gain, minority interest and equity in earnings of unconsolidated affiliates	10,862	7,869	2,945	4,592	5,563
Gains on disposition of property, net	—	190	1,288	2,341	16,743
Gain from property insurance settlement	—	—	—	—	4,128
Minority interest	(837)	(470)	(277)	(392)	(2,580)
Equity in earnings of unconsolidated affiliates	<u>1,989</u>	<u>180</u>	<u>1,207</u>	<u>2,006</u>	<u>9,717</u>
Income from continuing operations	12,014	7,769	5,163	8,547	33,571
Discontinued operations:					
Income from discontinued operations, net of minority interest	146	210	629	646	725
Net gains on sales of discontinued operations, net of minority interest	3,483	7,479	6,175	96	18,262
Release of FASB FIN 48 tax liability	—	—	1,473	—	—
	<u>3,629</u>	<u>7,689</u>	<u>8,277</u>	<u>742</u>	<u>18,987</u>
Net income	15,643	15,458	13,440	9,289	52,558
Dividends on preferred stock	(2,838)	(2,838)	(2,680)	(3,846)	(4,113)
Excess of preferred stock redemption cost over carrying value	—	—	(842)	(1,443)	—
Net income available for common stockholders	\$ 12,805	<u>\$ 12,620</u>	<u>\$ 9,918</u>	<u>\$ 4,000</u>	<u>\$ 48,445</u>
Net income per common share—diluted:					
Income from continuing operations	\$ 0.16	\$ 0.09	\$ 0.03	\$ 0.06	\$ 0.52
Income from discontinued operations	0.06	0.13	0.14	0.01	0.33
Net income	<u>\$ 0.22</u>	<u>\$ 0.22</u>	<u>\$ 0.17</u>	<u>\$ 0.07</u>	<u>\$ 0.85</u>
Weighted average common shares outstanding—diluted	<u>61,050</u>	<u>61,347</u>	<u>61,396</u>	<u>61,562</u>	<u>61,900</u>
Dividends declared and paid per common share	<u>\$ 0.425</u>	<u>\$ 0.425</u>	<u>\$ 0.425</u>	<u>\$ 0.425</u>	<u>\$ 0.425</u>

**Statement of Funds from Operations
and Additional Information**

Amounts in thousands, except per share amounts

	<i>Three Months Ended</i>				
	03/31/08	12/31/07	09/30/07	06/30/07	03/31/07
Funds from operations:					
Net income	\$ 15,643	\$15,458	\$13,440	\$ 9,289	\$ 52,558
Dividends to preferred stockholders	(2,838)	(2,838)	(2,680)	(3,846)	(4,113)
Excess of preferred stock redemption cost over carrying value	—	—	(842)	(1,443)	—
Net income available for common stockholders	12,805	12,620	9,918	4,000	48,445
Add/(deduct):					
Depreciation and amortization of real estate assets	30,484	30,067	31,439	29,288	28,328
(Gains) on disposition of depreciable properties	—	(609)	(1,063)	(1,372)	(908)
Minority interest from the Operating Partnership in income from continuing operations	639	309	107	224	2,400
Unconsolidated affiliates:					
Depreciation and amortization of real estate assets	2,935	4,587	3,107	2,878	2,866
(Gains) on disposition of depreciable properties	—	—	—	—	(7,158)
Discontinued operations:					
Depreciation and amortization of real estate assets	68	264	628	651	781
(Gains) on disposition of depreciable properties	(3,726)	(8,014)	(7,001)	(103)	(19,743)
Release of FASB FIN 48 tax liability	—	—	(1,473)	—	—
Minority interest in income from discontinued operations	254	551	487	54	1,539
Funds from operations	<u>\$ 43,459</u>	<u>\$39,775</u>	<u>\$36,149</u>	<u>\$35,620</u>	<u>\$ 56,550</u>
Funds from operations per share—diluted					
Net income available for common stockholders	\$ 0.22	\$ 0.22	\$ 0.17	\$ 0.07	\$ 0.85
Add/(deduct):					
Depreciation and amortization of real estate assets	0.50	0.49	0.51	0.48	0.46
(Gains) on disposition of depreciable properties	—	(0.01)	(0.02)	(0.02)	(0.01)
Unconsolidated affiliates:					
Depreciation and amortization of real estate assets	0.05	0.08	0.05	0.04	0.04
(Gains) on disposition of depreciable properties	—	—	—	—	(0.12)
Discontinued operations:					
Depreciation and amortization of real estate assets	—	—	0.01	0.01	0.01
(Gains) on disposition of depreciable properties	(0.06)	(0.13)	(0.11)	—	(0.32)
Release of FASB FIN 48 tax liability	—	—	(0.02)	—	—
Funds from operations	<u>\$ 0.71</u>	<u>\$ 0.65</u>	<u>\$ 0.59</u>	<u>\$ 0.58</u>	<u>\$ 0.91</u>
Weighted average shares outstanding—diluted	<u>61,050</u>	<u>61,347</u>	<u>61,396</u>	<u>61,562</u>	<u>61,900</u>
Additional information: 1/					
Funds from operations, excluding certain items 2/	<u>\$ 43,459</u>	<u>\$39,775</u>	<u>\$37,375</u>	<u>\$37,063</u>	<u>\$ 56,550</u>
Funds from operations per share, excluding certain items 2/	<u>\$ 0.71</u>	<u>\$ 0.65</u>	<u>\$ 0.61</u>	<u>\$ 0.60</u>	<u>\$ 0.91</u>
Straight line rental income	\$ (2,404)				
Amortization of lease incentives	222				
Depreciation of non-real estate assets	413				
Ground lease straight line rent	43				
Amortization of stock-based compensation	2,227				
Amortization of deferred financing costs	638				
Amortization of accumulated other comprehensive loss	80				
Harborview non-cash FMV charge	(35)				
Non-incremental revenue generating capital expenditures paid: 3/					
Building improvements	(2,472)				
2nd generation tenant improvements	(10,225)				
2nd generation lease commissions	(3,370)				
Common dividends and unit distributions paid	(25,982)				

1/ Increase or (decrease) to cash flows.

2/ Excludes impairments on depreciable assets, losses on debt extinguishments and preferred stock redemption/repurchase charges.

3/ Excludes capital expenditures paid for buildings sold prior to March 31, 2008.

Consolidated Balance Sheets

Dollars in thousands

	03/31/08	12/31/07
Assets:		
Real estate assets, at cost:		
Land	\$ 360,836	\$ 356,199
Buildings and tenant improvements	2,743,659	2,701,004
Development in process	107,129	101,661
Land held for development	96,839	103,365
	<u>3,308,463</u>	<u>3,262,229</u>
Less-accumulated depreciation	(664,944)	(647,685)
Net real estate assets	2,643,519	2,614,544
Real estate and other assets, net, held for sale	18,299	18,309
Cash and cash equivalents	6,595	3,140
Restricted cash	13,862	15,896
Accounts receivable, net	20,782	23,521
Notes receivable, net	3,036	5,226
Accrued straight-line rents receivable, net	76,715	74,313
Investment in unconsolidated affiliates	58,054	58,046
Deferred financing and leasing costs, net	72,693	72,007
Prepaid expenses and other assets	44,263	41,953
Total Assets	<u>\$2,957,818</u>	<u>\$2,926,955</u>
Liabilities, Minority Interest and Stockholders' Equity:		
Mortgages and notes payable	\$1,703,238	\$1,641,987
Accounts payable, accrued expenses and other liabilities	142,139	157,766
Financing obligations	35,296	35,071
Total Liabilities	1,880,673	1,834,824
Minority interest	67,596	70,098
Stockholders' Equity:		
Preferred stock	135,437	135,437
Common stock	573	572
Additional paid-in capital	1,447,958	1,448,055
Distributions in excess of net earnings	(572,591)	(561,093)
Accumulated other comprehensive loss	(1,828)	(938)
Total Stockholders' Equity	<u>1,009,549</u>	<u>1,022,033</u>
Total Liabilities, Minority Interest and Stockholders' Equity	<u>\$2,957,818</u>	<u>\$2,926,955</u>

Estimated Net Asset Value Ranges
As Released on February 12, 2008 — See Note Below

Dollars in thousands, except per share amounts

Note: The following table sets forth information that was reported in our Supplemental issued February 12, 2008 and has not been updated to reflect facts or circumstances or changes in financial and operating assumptions that may have occurred subsequent to such date. This information is based on a range of estimated capitalization rates and projected net operating income, among other things, and is not intended to be an asset-by-asset or enterprise valuation.

NOI Cap Rates:			
Office	7.00%	7.25%	7.50%
Retail	5.50%	5.75%	6.00%
Industrial/Other	7.25%	7.50%	7.75%
Consolidated Properties Projected 2008 Net Operating Income 1/ 3/			
Office	\$ 220,168	\$ 220,168	\$ 220,168
Retail	29,634	29,634	29,634
Industrial/Other	22,176	22,176	22,176
Total	<u>\$ 271,978</u>	<u>\$ 271,978</u>	<u>\$ 271,978</u>
Consolidated Properties Capitalized Value			
Office	\$3,145,257	\$3,036,800	\$2,935,573
Retail	538,800	515,374	493,900
Industrial/Other	305,876	295,680	286,142
Total	<u>\$3,989,933</u>	<u>\$3,847,854</u>	<u>\$3,715,615</u>
Highwoods' Share of Unconsolidated Joint Ventures			
Projected 2008 net operating income	\$ 30,584	\$ 30,584	\$ 30,584
Capitalization rates	7.00%	7.25%	7.50%
Capitalized value	<u>\$ 436,914</u>	<u>\$ 421,848</u>	<u>\$ 407,787</u>
Total In-Service Property Value	<u>\$4,426,847</u>	<u>\$4,269,702</u>	<u>\$4,123,402</u>
Value of Other income			
Development, leasing and management fees	\$ 4,773	\$ 4,773	\$ 4,773
Capitalization rate	20%	20%	20%
Value of other income	<u>\$ 23,867</u>	<u>\$ 23,867</u>	<u>\$ 23,867</u>
Add Other assets:			
Development pipeline investment at 135% of cost 2/	\$ 249,230	\$ 249,230	\$ 249,230
Assets not fairly valued by capitalized NOI valuation method 3/	204,698	204,698	204,698
Property held for sale at net sales price	10,674	10,674	10,674
Land held for development at market value	138,013	138,013	138,013
Cash and cash equivalents	3,140	3,140	3,140
Restricted cash	15,896	15,896	15,896
Accounts receivable, net	23,521	23,521	23,521
Notes receivable and prepaid expenses	47,180	47,180	47,180
Total	<u>\$ 692,352</u>	<u>\$ 692,352</u>	<u>\$ 692,352</u>
Gross Value of Assets	<u>\$5,143,066</u>	<u>\$4,985,920</u>	<u>\$4,839,620</u>
Deductions:			
Total liabilities	\$ 155,779	\$ 155,779	\$ 155,779
Mortgages and notes payable	1,641,987	1,641,987	1,641,987
Market value of debt adjustment	(9,065)	(9,065)	(9,065)
Minority interest adjustment 4/	41,280	41,280	41,280
Preferred stock, at liquidation value	135,437	135,437	135,437
Highwoods' share of unconsolidated joint ventures liabilities	246,814	246,814	246,814
Estimated Net Asset Value	<u>\$2,930,834</u>	<u>\$2,773,689</u>	<u>\$2,627,388</u>
Estimated diluted common shares and common units for 2008	61,425	61,425	61,425
Estimated Net Asset Value Per Share	<u>\$ 47.71</u>	<u>\$ 45.16</u>	<u>\$ 42.77</u>

1/ NOI excludes straight line income, lease termination fee income, NOI related to completed not stabilized developments, and NOI related to assets undervalued by capitalized NOI method.

2/ Represents average increase in value based on projected development yields on cost compared to projected market valuations.

3/ Consolidated Properties NOI is adjusted to eliminate the net NOI for properties for which a NOI capitalization approach is not appropriate. For these assets, an alternative methodology has been applied.

4/ Represents adjustment to reflect the minority interest in the fair value of our consolidated joint ventures.

Components of Discontinued Operations

Dollars in thousands

	<i>Three Months Ended</i>				
	<u>03/31/08</u>	<u>12/31/07</u>	<u>09/30/07</u>	<u>06/30/07</u>	<u>03/31/07</u>
Rental and other revenues	\$ 506	\$1,337	\$2,628	\$2,667	\$ 2,876
Operating expenses:					
Rental property and other expenses	282	864	1,329	1,325	1,323
Depreciation and amortization	68	264	628	651	781
General and administrative	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total operating expenses	350	1,128	1,957	1,976	2,104
Other income	1	17	3	2	11
Income before minority interest and gains on sales of discontinued operations	157	226	674	693	783
Minority interest in discontinued operations	(11)	(16)	(45)	(47)	(58)
Income from discontinued operations before gains on sales of discontinued operations	146	210	629	646	725
Net gains on sales of discontinued operations	3,726	8,014	6,617	103	19,743
Minority interest in discontinued operations	(243)	(535)	(442)	(7)	(1,481)
Net gains on sales of discontinued operations, net of minority interest	3,483	7,479	6,175	96	18,262
Net income from discontinued operations before release of FASB FIN 48 tax liability	3,629	7,689	6,804	742	18,987
Release of FASB FIN 48 tax liability	<u>—</u>	<u>—</u>	<u>1,473</u>	<u>—</u>	<u>—</u>
Net income from discontinued operations	<u>\$3,629</u>	<u>\$7,689</u>	<u>\$8,277</u>	<u>\$ 742</u>	<u>\$18,987</u>

Highwoods Properties, Inc.

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03/31/08

Capitalization

Dollars, shares, and units in thousands

	<u>03/31/08</u>	<u>12/31/07</u>	<u>09/30/07</u>	<u>06/30/07</u>	<u>03/31/07</u>
Long-Term Debt (see pages 7 & 8):	<u>\$1,703,238</u>	<u>\$1,641,987</u>	<u>\$1,601,474</u>	<u>\$1,557,571</u>	<u>\$1,487,509</u>
Financing Obligations:	<u>\$ 35,296</u>	<u>\$ 35,071</u>	<u>\$ 34,919</u>	<u>\$ 35,683</u>	<u>\$ 35,529</u>
Preferred Stock (at liquidation value):					
Series A 8 5/8% Perpetual Preferred Stock	\$ 82,937	\$ 82,937	\$ 82,937	\$ 104,945	\$ 104,945
Series B 8% Perpetual Preferred Stock	<u>52,500</u>	<u>52,500</u>	<u>52,500</u>	<u>52,500</u>	<u>92,500</u>
Total preferred stock	<u>\$ 135,437</u>	<u>\$ 135,437</u>	<u>\$ 135,437</u>	<u>\$ 157,445</u>	<u>\$ 197,445</u>
Common Shares and Units Outstanding:					
Common stock outstanding	57,309	57,167	57,158	57,131	56,711
Minority interest partnership units	<u>3,951</u>	<u>4,057</u>	<u>4,059</u>	<u>4,062</u>	<u>4,115</u>
Total common shares and units outstanding	<u>61,260</u>	<u>61,224</u>	<u>61,217</u>	<u>61,193</u>	<u>60,826</u>
Stock price at period end	\$ 31.07	\$ 29.38	\$ 36.67	\$ 37.50	\$ 39.49
Market value of common equity	<u>\$1,903,348</u>	<u>\$1,798,761</u>	<u>\$2,244,827</u>	<u>\$2,294,738</u>	<u>\$2,402,019</u>
Total market capitalization with debt and obligations	<u>\$3,777,319</u>	<u>\$3,611,256</u>	<u>\$4,016,657</u>	<u>\$4,045,437</u>	<u>\$4,122,502</u>

See pages 30 to 35 for information regarding Highwoods' Joint Ventures.

Highwoods Properties, Inc.

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03/31/08

Long-Term Debt Summary

Dollars in thousands

	03/31/08	12/31/07	09/30/07	06/30/07	03/31/07
Balances Outstanding:					
Secured:					
Conventional fixed rate 1/	\$ 643,041	\$ 645,500	\$ 657,408	\$ 659,741	\$ 662,036
Variable rate debt	26,890	19,811	11,920	1,014	13,688
Secured total	669,931	665,311	669,328	660,755	675,724
Unsecured:					
Fixed rate bonds and notes	648,907	748,876	748,846	748,816	748,785
Bank term loan	137,500	—	—	—	—
Credit facility	246,900	227,800	183,300	148,000	63,000
Unsecured total	1,033,307	976,676	932,146	896,816	811,785
Total	<u>\$1,703,238</u>	<u>\$1,641,987</u>	<u>\$1,601,474</u>	<u>\$1,557,571</u>	<u>\$1,487,509</u>

End of Period Weighted Average Interest Rates:

Secured:					
Conventional fixed rate	6.62%	6.62%	6.63%	6.63%	6.63%
Variable rate debt	4.34%	6.61%	7.02%	7.11%	6.55%
Secured total	6.50%	6.62%	6.64%	6.63%	6.63%
Unsecured:					
Fixed rate bonds	6.53%	6.61%	6.61%	6.61%	6.61%
Bank term loan	3.71%	—	—	—	—
Credit facility	3.65%	5.80%	6.32%	6.12%	6.12%
Unsecured total	5.47%	6.42%	6.56%	6.53%	6.57%
Average	<u>5.88%</u>	<u>6.50%</u>	<u>6.59%</u>	<u>6.57%</u>	<u>6.60%</u>

Maturity Schedule:

Year	Future Maturities of Debt		Total Debt 2/	Average Interest Rate
	Secured Debt 2/	Unsecured Debt		
2008	\$ —	\$ —	\$ —	—
2009	128,915	296,900	425,815	5.42%
2010	24,416	—	24,416	4.32%
2011	—	137,500	137,500	3.71%
2012	212,617	—	212,617	6.94%
2013	266,776	—	266,776	5.90%
2014	37,207	—	37,207	5.79%
2015	—	—	—	—
2016	—	—	—	—
2017	—	398,907	398,907	5.85%
2018	—	200,000	200,000	7.50%
Total maturities	<u>\$ 669,931</u>	<u>\$ 1,033,307</u>	<u>\$1,703,238</u>	<u>5.88%</u>

Weighted average maturity = 5.3 years

1/ Includes a \$22.6 million loan related to a consolidated 20% owned joint venture (Harborview) and \$37.2 million in loans at March 31, 2008 related to a consolidated 50% joint venture (Markel).

2/ All periods exclude annual principal amortization.

Long-Term Debt Detail

Dollars in thousands

Secured Loans

<u>Lender</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Loan Balance 03/31/08</u>	<u>Undepreciated Book Value of Assets Secured</u>
Northwestern Mutual	7.05%	Jan-12	\$ 190,000	\$ 298,056
Northwestern Mutual	6.03%	Mar-13	135,009	184,135
Massachusetts Mutual Life Ins. Co. 1/	5.68%	Dec-13	120,375	214,208
Monumental Life Ins. Co. 2/	7.77%	Nov-09	79,827	198,610
Monumental Life Ins. Co. 2/	7.87%	Nov-09	41,029	
Metropolitan Life Ins. Co. 3/	6.06%	Oct-12	22,617	39,065
Wells Fargo 4/	4.36%	May-10	14,890	18,864
Principal Life Insurance Company 5/	5.79%	Jan-14	11,406	14,380
Principal Life Insurance Company 5/	5.79%	Jan-14	11,406	18,781
Massachusetts Mutual Life Ins. Co. 1/	6.48%	Dec-13	10,650	
Wells Fargo 4/	4.26%	May-10	9,526	12,132
Principal Life Insurance Company 5/	5.74%	Jan-14	8,994	14,127
Principal Life Insurance Company 5/	5.89%	Jan-14	5,401	7,514
Lutheran Brotherhood	6.75%	Apr-09	3,655	7,895
Royal Bank of Canada 4/	4.51%	Dec-09	2,473	20,889
Security Life of Denver	8.85%	Aug-09	1,930	9,418
American United Life	9.00%	Jun-13	743	3,344
	6.50%		669,931	\$ 1,061,418

Unsecured Bonds

Bonds	8.13%	Jan-09	50,000	
Bonds	5.85%	Mar-17	398,907	
Bonds	7.50%	Apr-18	200,000	
	6.53%		648,907	

Unsecured Loans

Credit facility 4/ 6/	3.65%	May-09	246,900	
Bank term loan 4/	3.71%	Feb-11	137,500	
	3.67%		384,400	
Total Debt	5.88%		\$1,703,238	

- 1/ These two loans are secured by the same assets.
2/ These two loans are secured by the same assets.
3/ Loan relates to a consolidated 20% owned joint venture (Harborview).
4/ Floating rate loans based on one month libor.
5/ Loans relate to a consolidated 50% owned joint venture (Markel).
6/ Maturity date excludes one-year extension option.

Portfolio Summary – Wholly-Owned Properties Only 1/

(Rentable Square Feet)

	<u>03/31/08</u>	<u>12/31/07</u>	<u>09/30/07</u>	<u>06/30/07</u>	<u>03/31/07</u>
Office Industrial & Retail					
In-Service:					
Office 2/	19,565,000	19,260,000	19,003,000	19,194,000	19,154,000
Industrial	6,036,000	6,036,000	5,942,000	6,280,000	6,280,000
Retail 3/	1,314,000	1,317,000	1,318,000	1,317,000	1,326,000
Total 4/	<u>26,915,000</u>	<u>26,613,000</u>	<u>26,263,000</u>	<u>26,791,000</u>	<u>26,760,000</u>
Development Completed - Not Stabilized:					
Office 2/	524,000	607,000	867,000	560,000	600,000
Industrial	681,000	681,000	681,000	681,000	418,000
Retail	—	—	—	—	—
Total	<u>1,205,000</u>	<u>1,288,000</u>	<u>1,548,000</u>	<u>1,241,000</u>	<u>1,018,000</u>
Development - In Process:					
Office 2/	717,000	887,000	1,233,000	1,387,000	1,166,000
Industrial	200,000	—	120,000	120,000	383,000
Retail	—	30,000	30,000	—	—
Total	<u>917,000</u>	<u>917,000</u>	<u>1,383,000</u>	<u>1,507,000</u>	<u>1,549,000</u>
Total:					
Office 2/	20,806,000	20,754,000	21,103,000	21,141,000	20,920,000
Industrial	6,917,000	6,717,000	6,743,000	7,081,000	7,081,000
Retail 3/	1,314,000	1,347,000	1,348,000	1,317,000	1,326,000
Total 4/	<u>29,037,000</u>	<u>28,818,000</u>	<u>29,194,000</u>	<u>29,539,000</u>	<u>29,327,000</u>
Same Property					
Office 2/	18,498,000	18,498,000	18,498,000	18,498,000	18,498,000
Industrial	5,916,000	5,916,000	5,916,000	5,916,000	5,916,000
Retail	1,314,000	1,314,000	1,314,000	1,314,000	1,314,000
Total	<u>25,728,000</u>	<u>25,728,000</u>	<u>25,728,000</u>	<u>25,728,000</u>	<u>25,728,000</u>
Percent Leased/Pre-Leased:					
In-Service:					
Office	90.4%	91.1%	89.7%	88.5%	89.3%
Industrial	91.0%	94.2%	91.4%	90.8%	91.9%
Retail	92.9%	94.9%	94.4%	94.8%	95.4%
Total	<u>90.7%</u>	<u>92.0%</u>	<u>90.4%</u>	<u>89.3%</u>	<u>90.2%</u>
Development Completed - Not Stabilized:					
Office	67.4%	75.9%	75.9%	69.9%	62.8%
Industrial	78.2%	78.2%	78.2%	61.0%	44.0%
Retail	—	—	—	—	—
Total	<u>73.5%</u>	<u>77.1%</u>	<u>76.9%</u>	<u>65.0%</u>	<u>55.1%</u>
Development - In Process:					
Office	65.7%	59.9%	71.2%	72.5%	55.0%
Industrial	50.0%	—	100.0%	0.0%	50.1%
Retail	—	100.0%	100.0%	—	—
Total	<u>62.3%</u>	<u>61.2%</u>	<u>74.3%</u>	<u>66.7%</u>	<u>53.8%</u>
Same Property					
Office	90.3%	91.0%	89.9%	88.9%	89.5%
Industrial	90.9%	94.1%	91.4%	91.7%	92.8%
Retail	92.9%	95.1%	94.7%	95.1%	95.6%
Total	<u>90.5%</u>	<u>91.9%</u>	<u>90.5%</u>	<u>89.9%</u>	<u>90.6%</u>

1/ Excludes properties recorded on our Balance Sheet that relate to 50% or less owned joint ventures properties that are consolidated under GAAP.

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

3/ Excludes 428,000 square feet of basement space in the Country Club Plaza and other Kansas City Retail properties.

4/ Excludes minor for rent apartment buildings.

Portfolio Summary
(Continued)

As of March 31, 2008

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

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Cash Revenue 2/			
			Office	Industrial	Retail	Total
Raleigh 3/	3,712,000	90.3%	15.3%	—	—	15.3%
Nashville	3,184,000	95.0%	14.5%	—	—	14.5%
Kansas City	2,229,000 4/	88.8%	4.2%	0.0%	9.4%	13.6%
Atlanta	5,289,000	91.6%	9.8%	3.8%	—	13.6%
Tampa	2,418,000	94.7%	13.3%	—	—	13.3%
Piedmont Triad 5/	5,358,000	85.2%	6.4%	3.7%	—	10.1%
Richmond	2,135,000	93.5%	8.9%	—	—	8.9%
Memphis	1,276,000	93.8%	5.7%	—	—	5.7%
Greenville	897,000	86.4%	3.2%	—	—	3.2%
Orlando	317,000	96.9%	1.4%	—	—	1.4%
Other	100,000	68.2%	0.4%	—	—	0.4%
Total	<u>26,915,000</u>	<u>90.7%</u>	<u>83.1%</u>	<u>7.5%</u>	<u>9.4%</u>	<u>100.0%</u>

Summary by Location, Including Joint Venture Properties:

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Cash Revenue 2/ 6/			
			Office	Industrial	Retail	Multi-Family
Raleigh	3,890,000	90.8%	13.9%	—	—	—
Atlanta	6,124,000	92.1%	10.1%	3.4%	—	—
Kansas City	2,943,000 4/	87.3%	4.7%	0.0%	8.3%	—
Nashville	3,184,000	95.0%	12.8%	—	—	—
Tampa	2,623,000	95.1%	12.0%	—	—	—
Piedmont Triad	5,722,000	86.0%	6.0%	3.2%	—	—
Richmond	2,548,000	94.5%	8.4%	—	—	—
Memphis	1,276,000	93.8%	5.0%	—	—	—
Orlando	2,171,000	91.8%	4.6%	—	—	—
Des Moines	2,505,000	91.4%	3.3%	0.5%	0.1%	0.4%
Greenville	897,000	86.5%	2.8%	—	—	—
Other	210,000	84.9%	0.4%	—	—	—
Charlotte	148,000	100.0%	0.1%	—	—	—
Total	<u>34,241,000</u>	<u>91.0%</u>	<u>84.1%</u>	<u>7.1%</u>	<u>8.4%</u>	<u>0.4%</u>

1/ Excludes properties recorded on our Balance Sheet that relate to 50% or less owned joint ventures properties that are consolidated under GAAP.

2/ Annualized Cash Revenue is March, 2008 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

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

4/ Excludes 428,000 square feet of basement space in the Country Club Plaza and other Kansas City Retail properties.

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

6/ Includes Highwoods' share of Joint Venture Annualized Cash Revenue, see page 33.

Portfolio Summary - Wholly-Owned Properties Only
(Continued)

As of March 31, 2008

Market	Office Properties 1/			Industrial		
	Rentable Square Feet	Occupancy	Percentage of Office Annualized Cash Revenue 2/	Rentable Square Feet	Occupancy	Percentage of Industrial Annualized Cash Revenue 2/
Raleigh	3,712,000	90.3%	18.6%	—	—	—
Nashville	3,184,000	95.0%	17.4%	—	—	—
Tampa	2,418,000	94.7%	15.9%	—	—	—
Atlanta	2,470,000	88.6%	11.8%	2,819,000	94.2%	51.0%
Richmond	2,135,000	93.5%	10.7%	—	—	—
Piedmont Triad	2,145,000	80.6%	7.7%	3,213,000	88.3%	48.9%
Memphis	1,276,000	93.8%	6.8%	—	—	—
Kansas City	911,000	83.0%	5.1%	4,000	46.5%	0.1%
Greenville	897,000	86.4%	3.8%	—	—	—
Orlando	317,000	96.9%	1.7%	—	—	—
Other	100,000	68.2%	0.5%	—	—	—
	<u>19,565,000</u>	<u>90.4%</u>	<u>100.0%</u>	<u>6,036,000</u>	<u>91.0%</u>	<u>100.0%</u>

Market	Retail		
	Rentable Square Feet	Occupancy	Percentage of Retail Annualized Cash Revenue 2/
Kansas City 3/	<u>1,314,000</u>	<u>92.9%</u>	<u>100.0%</u>
	<u>1,314,000</u>	<u>92.9%</u>	<u>100.0%</u>

- 1/ Excludes properties recorded on our Balance Sheet that relate to 50% or less owned joint ventures properties that are consolidated under GAAP.
- 2/ Annualized Cash Revenue is March, 2008 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.
- 3/ Excludes 428,000 square feet of basement space in the Country Club Plaza and other Kansas City Retail properties.

Occupancy Trends - Office, Industrial and Retail Properties 1/

Market	Measurement	03/31/08	12/31/07	09/30/07	06/30/07	03/31/07
Atlanta	Rentable Square Feet	5,289,000	5,289,000	5,199,000	5,514,000	5,514,000
	Occupancy	91.6%	93.0%	92.8%	92.9%	92.7%
	Current Properties 2/	91.5%	92.9%	92.8%	92.7%	92.3%
Columbia	Rentable Square Feet	—	—	253,000	253,000	253,000
	Occupancy	—	—	82.5%	72.0%	71.0%
	Current Properties 2/	—	—	82.5%	72.0%	71.0%
Greenville	Rentable Square Feet	897,000	897,000	897,000	1,109,000	1,109,000
	Occupancy	86.4%	85.6%	87.7%	76.3%	77.2%
	Current Properties 2/	86.4%	85.6%	87.6%	83.9%	85.1%
Kansas City 3/	Rentable Square Feet	2,229,000	2,215,000	2,216,000	2,215,000	2,224,000
	Occupancy	88.8%	89.4%	89.3%	89.5%	89.9%
	Current Properties 2/	88.9%	89.7%	89.5%	89.7%	90.1%
Memphis	Rentable Square Feet	1,276,000	1,276,000	1,276,000	1,276,000	1,276,000
	Occupancy	93.8%	94.9%	92.5%	92.7%	92.8%
	Current Properties 2/	93.8%	94.9%	92.5%	92.7%	92.8%
Nashville	Rentable Square Feet	3,184,000	3,184,000	2,875,000	2,875,000	2,875,000
	Occupancy	95.0%	95.1%	92.5%	90.9%	92.4%
	Current Properties 2/	94.3%	94.6%	92.3%	90.5%	92.1%
Orlando	Rentable Square Feet	317,000	218,000	218,000	218,000	218,000
	Occupancy	96.9%	100.0%	99.4%	98.9%	98.9%
	Current Properties 2/	95.4%	100.0%	99.4%	98.9%	98.9%
Piedmont Triad	Rentable Square Feet	5,358,000	5,328,000	5,234,000	5,235,000	5,195,000
	Occupancy	85.2%	89.3%	86.1%	85.7%	88.3%
	Current Properties 2/	85.3%	89.6%	86.7%	86.4%	88.3%
Raleigh	Rentable Square Feet	3,712,000	3,554,000	3,553,000	3,554,000	3,554,000
	Occupancy	90.3%	91.5%	88.1%	86.5%	86.6%
	Current Properties 2/	90.7%	91.5%	88.1%	86.5%	86.6%
Richmond	Rentable Square Feet	2,135,000	2,134,000	2,024,000	2,024,000	2,024,000
	Occupancy	93.5%	92.5%	91.8%	90.0%	89.8%
	Current Properties 2/	93.4%	92.3%	91.6%	89.9%	89.6%
Tampa	Rentable Square Feet	2,418,000	2,418,000	2,418,000	2,418,000	2,418,000
	Occupancy	94.7%	95.0%	95.6%	96.5%	98.2%
	Current Properties 2/	94.7%	95.0%	95.6%	96.5%	98.2%
Total 4/	Rentable Square Feet	26,815,000	26,513,000	26,163,000	26,691,000	26,660,000
	Occupancy	90.7%	92.0%	90.4%	89.3%	90.2%
	Current Properties 2/	90.6%	91.9%	90.5%	89.9%	90.6%

1/ Excludes properties recorded on our Balance Sheet that relate to 50% or less owned joint ventures properties that are consolidated under GAAP.

2/ Only includes properties that were owned and in-service for all periods shown.

3/ Excludes 428,000 square feet of basement space in the Country Club Plaza and other Kansas City Retail properties.

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

**Leasing Statistics
Office Portfolio 1/**

	Three Months Ended					
	3/31/08 2/	12/31/07 3/	9/30/07 4/	6/30/07 5/	3/31/07 6/	Average
Net Effective Rents Related to Re-leased Space:						
Number of lease transactions (signed leases)	126	126	121	166	130	134
Rentable square footage leased	602,049	920,405	1,125,050	865,958	726,080	847,908
Square footage of Renewal Deals	385,756	730,702	720,127	590,542	451,125	575,650
Renewed square footage (% of total)	64.1%	79.4%	64.0%	68.2%	62.1%	67.9%
New Leases square footage (% of total)	35.9%	20.6%	36.0%	31.8%	37.9%	32.1%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 19.82	\$ 19.35	\$ 19.32	\$ 20.13	\$ 18.25	\$ 19.37
Tenant improvements	(1.10)	(1.64)	(0.93)	(2.00)	(1.70)	(1.47)
Leasing commissions 7/	(0.44)	(0.62)	(0.51)	(0.63)	(0.59)	(0.56)
Rent concessions	(0.13)	(0.19)	(0.40)	(0.21)	(0.06)	(0.20)
Effective rent	18.15	16.90	17.48	17.29	15.90	17.14
Expense stop	(5.90)	(6.05)	(6.31)	(6.04)	(5.06)	(5.87)
Equivalent effective net rent	\$ 12.25	\$ 10.85	\$ 11.17	\$ 11.25	\$ 10.84	\$ 11.27
Weighted average term in years	4.0	4.4	4.6	4.5	5.0	4.5
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$3,504,078	\$ 7,696,269	\$6,513,821	\$ 8,589,754	\$7,604,253	\$6,781,635
Rentable square feet	602,049	920,405	1,125,050	865,958	726,080	847,908
Per rentable square foot	\$ 5.82	\$ 8.36	\$ 5.79	\$ 9.92	\$ 10.47	\$ 8.00
Leasing Commissions:						
Total dollars committed under signed leases 7/	\$1,190,054	\$ 2,719,401	\$2,747,213	\$ 2,303,936	\$2,107,213	\$2,213,563
Rentable square feet	602,049	920,405	1,125,050	865,958	726,080	847,908
Per rentable square foot	\$ 1.98	\$ 2.95	\$ 2.44	\$ 2.66	\$ 2.90	\$ 2.61
Total:						
Total dollars committed under signed leases	\$4,694,132	\$10,415,670	\$9,261,034	\$10,893,690	\$9,711,466	\$8,995,198
Rentable square feet	602,049	920,405	1,125,050	865,958	726,080	847,908
Per rentable square foot	\$ 7.80	\$ 11.32	\$ 8.23	\$ 12.58	\$ 13.38	\$ 10.61

- 1/ Excludes properties recorded on our Balance Sheet that relate to 50% or less owned joint ventures properties that are consolidated under GAAP.
- 2/ Includes 84K square feet of leases that start in 2010 or later.
- 3/ Includes 91K square feet of leases that start in 2010 or later.
- 4/ Includes 94K square feet of leases that start in 2009 or later.
- 5/ Includes 213K square feet of leases that start in 2009 or later.
- 6/ Includes 98K square feet of leases that start in 2009 or later.
- 7/ Excludes a full allocation of internal leasing costs.

**Leasing Statistics
Industrial Portfolio**

	Three Months Ended					
	3/31/08	12/31/07	9/30/07	6/30/07 1/	3/31/07	Average
Net Effective Rents Related to Re-leased Space:						
Number of lease transactions (signed leases)	7	10	8	18	14	11
Rentable square footage leased	158,324	694,808	115,617	575,033	188,562	346,469
Square footage of Renewal Deals	150,170	538,836	73,793	489,312	175,579	285,538
Renewed square footage (% of total)	94.8%	77.6%	63.8%	85.1%	93.1%	82.4%
New Leases square footage (% of total)	5.2%	22.4%	36.2%	14.9%	6.9%	17.6%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 5.95	\$ 4.03	\$ 7.53	\$ 3.82	\$ 4.63	\$ 5.19
Tenant improvements	(0.07)	(0.04)	(0.71)	(0.23)	(0.20)	(0.25)
Leasing commissions 2/	0.00	(0.05)	(0.14)	(0.06)	(0.04)	(0.06)
Rent concessions	0.00	0.00	(0.10)	(0.05)	(0.02)	(0.03)
Effective rent	5.88	3.94	6.58	3.48	4.37	4.85
Expense stop	(0.10)	(0.05)	(1.04)	(0.19)	(0.24)	(0.32)
Equivalent effective net rent	\$ 5.78	\$ 3.89	\$ 5.54	\$ 3.29	\$ 4.13	\$ 4.53
Weighted average term in years	3.3	2.6	4.3	2.3	2.5	3.0
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$ 50,537	\$ 40,925	\$424,840	\$528,135	\$142,102	\$237,308
Rentable square feet	158,324	694,808	115,617	575,033	188,562	346,469
Per rentable square foot	\$ 0.32	\$ 0.06	\$ 3.67	\$ 0.92	\$ 0.75	\$ 0.68
Leasing Commissions:						
Total dollars committed under signed leases 2/	\$ 1,918	\$136,633	\$ 74,106	\$142,246	\$ 23,647	\$ 75,710
Rentable square feet	158,324	694,808	115,617	575,033	188,562	346,469
Per rentable square foot	\$ 0.01	\$ 0.20	\$ 0.64	\$ 0.25	\$ 0.13	\$ 0.22
Total:						
Total dollars committed under signed leases	\$ 52,455	\$177,558	\$498,945	\$670,380	\$165,749	\$313,018
Rentable square feet	158,324	694,808	115,617	575,033	188,562	346,469
Per rentable square foot	\$ 0.33	\$ 0.26	\$ 4.32	\$ 1.17	\$ 0.88	\$ 0.90

1/ Includes 5K square feet of leases that start in 2009 or later.

2/ Excludes a full allocation of internal leasing costs.

**Leasing Statistics
Retail Portfolio**

	Three Months Ended					
	3/31/08	12/31/07 1/	9/30/07	6/30/07	3/31/07 2/	Average
Net Effective Rents Related to Re-leased Space:						
Number of lease transactions (signed leases)	7	12	8	8	9	9
Rentable square footage leased	30,942	44,509	24,629	14,721	41,357	31,232
Square footage of Renewal Deals	18,826	37,318	18,097	7,072	39,171	24,097
Renewed square footage (% of total)	60.8%	83.8%	73.5%	48.0%	94.7%	77.2%
New Leases square footage (% of total)	39.2%	16.2%	26.5%	52.0%	5.3%	22.8%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 31.80	\$ 20.44	\$ 24.06	\$ 33.29	\$ 23.23	\$ 26.56
Tenant improvements	(0.40)	(1.46)	(1.17)	(2.57)	(0.12)	(1.14)
Leasing commissions 3/	(0.54)	(0.26)	(0.46)	(1.25)	(0.24)	(0.55)
Rent concessions	(1.47)	0.00	0.00	0.00	0.00	(0.29)
Effective rent	29.39	18.72	22.43	29.47	22.87	24.58
Expense stop	0.00	0.00	0.00	0.00	0.00	0.00
Equivalent effective net rent	\$ 29.39	\$ 18.72	\$ 22.43	\$ 29.47	\$ 22.87	\$ 24.58
Weighted average term in years	8.6	5.6	6.1	7.0	4.2	6.3
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$161,500	\$509,473	\$260,407	\$335,337	\$27,507	\$258,845
Rentable square feet	30,942	44,509	24,629	14,721	41,357	31,232
Per rentable square foot	\$ 5.22	\$ 11.45	\$ 10.57	\$ 22.78	\$ 0.67	\$ 8.29
Leasing Commissions:						
Total dollars committed under signed leases 3/	\$123,220	\$ 21,542	\$ 17,601	\$ 83,077	\$ 1,981	\$ 49,484
Rentable square feet	30,942	44,509	24,629	14,721	41,357	31,232
Per rentable square foot	\$ 3.98	\$ 0.48	\$ 0.71	\$ 5.64	\$ 0.05	\$ 1.58
Total:						
Total dollars committed under signed leases	\$284,720	\$531,015	\$278,008	\$418,414	\$29,488	\$308,329
Rentable square feet	30,942	44,509	24,629	14,721	41,357	31,232
Per rentable square foot	\$ 9.20	\$ 11.93	\$ 11.29	\$ 28.42	\$ 0.71	\$ 9.87

- 1/ Includes 9K square feet of leases that start in 2010 or later.
2/ Includes 17K square feet of leases that start in 2009 or later.
3/ Excludes a full allocation of internal leasing costs.

Leasing Statistics by Market

For the Three Months Ended As of 3/31/08

Office Portfolio 1/

Market	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions
	Leased	Term			Per SF 2/ 3/
Raleigh	193,140	3.5	\$18.26	\$ 3.98	\$ 1.34
Richmond	124,956	4.3	19.46	5.22	2.10
Piedmont Triad	90,637	3.2	16.61	6.17	1.56
Nashville	61,827	4.6	20.64	4.83	1.62
Memphis	44,744	3.0	20.98	7.26	1.58
Tampa	42,259	6.3	31.83	11.62	5.05
Atlanta	33,769	4.7	18.45	11.66	1.94
Kansas City	10,717	2.3	19.43	1.30	2.75
	602,049	4.0	\$19.69	\$ 5.82	\$ 1.98

Industrial Portfolio

Market	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions
	Leased	Term			Per SF 2/ 3/
Piedmont Triad	95,534	2.6	\$ 5.19	\$ 0.50	\$ —
Atlanta	62,790	4.4	7.10	0.05	—
	158,324	3.3	\$ 5.95	\$ 0.32	\$ —

Retail Portfolio

Market	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions
	Leased	Term			Per SF 2/ 3/
Kansas City	30,942	8.6	\$30.33	\$ 5.22	\$ 3.98
	30,942	8.6	\$30.33	\$ 5.22	\$ 3.98

1/ Excludes properties recorded on our Balance Sheet that relate to 50% or less owned joint ventures properties that are consolidated under GAAP.

2/ Lease commissions by market per square foot excludes capitalized internal leasing costs.

3/ The amount of capitalized internal leasing cost not allocated to individual deals or product types was \$766K.

Rental Rate Comparisons by Market

For the Three Months Ended As of 3/31/08

Office Portfolio 1/

	Rentable Square Feet	Current	Previous	Percentage
<u>Market</u>	<u>Leased</u>	<u>Rent</u>	<u>Rent</u>	<u>Change Rent</u>
Raleigh	193,140	\$18.26	\$16.15	13.0%
Richmond	124,956	19.46	18.20	6.9%
Piedmont Triad	90,637	16.61	16.51	0.6%
Nashville	61,827	20.64	18.85	9.5%
Memphis	44,744	20.98	18.67	12.4%
Tampa	42,259	31.83	24.43	30.3%
Atlanta	33,769	18.45	18.39	0.3%
Kansas City	10,717	19.43	18.66	4.1%
GAAP Rent Growth	<u>602,049</u>	<u>\$19.69</u>	<u>\$17.82</u>	<u>10.5%</u>
Cash Rent Growth	<u>602,049</u>	<u>\$18.89</u>	<u>\$19.08</u>	<u>-1.0%</u>

Industrial Portfolio

	Rentable Square Feet	Current	Previous	Percentage
<u>Market</u>	<u>Leased</u>	<u>Rent</u>	<u>Rent</u>	<u>Change Rent</u>
Piedmont Triad	95,534	\$ 5.19	\$ 4.27	21.8%
Atlanta	62,790	7.10	6.84	3.7%
GAAP Rent Growth	<u>158,324</u>	<u>\$ 5.95</u>	<u>\$ 5.29</u>	<u>12.5%</u>
Cash Rent Growth	<u>158,324</u>	<u>\$ 5.90</u>	<u>\$ 5.79</u>	<u>2.0%</u>

Retail Portfolio

	Rentable Square Feet	Current	Previous	Percentage
<u>Market</u>	<u>Leased</u>	<u>Rent</u>	<u>Rent 2/</u>	<u>Change Rent</u>
Kansas City	30,942	\$30.33	\$27.33	11.0%
GAAP Rent Growth	<u>30,942</u>	<u>\$30.33</u>	<u>\$27.33</u>	<u>11.0%</u>
Cash Rent Growth	<u>30,942</u>	<u>\$31.15</u>	<u>\$26.49</u>	<u>17.6%</u>

Average Cash Rental Rates for All In Place Leases at: 1/ 3/

<u>Type</u>	<u>3/31/08</u>	<u>3/31/07</u>	<u>3/31/06</u>	<u>3/31/05</u>	<u>3/31/04</u>
Office	\$ 19.80	\$18.99	\$18.04	\$ 17.53	\$17.54
Industrial	5.27	5.11	5.08	4.73	4.61
Retail 2/	32.64	30.04	27.98	27.01	24.27
Weighted average rate	<u>\$ 16.93</u>	<u>\$16.19</u>	<u>\$15.45</u>	<u>\$ 15.08</u>	<u>\$14.77</u>
Annual % growth rate	<u>4.6%</u>	<u>4.8%</u>	<u>2.5%</u>	<u>2.1%</u>	

1/ Excludes properties recorded on our Balance Sheet that relate to 50% or less owned joint ventures properties that are consolidated under GAAP.

2/ Excludes percentage rent.

3/ Average cash rental rates represent March, 2008 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12 and divided by the related leased square feet.

Lease Expirations

March 31, 2008

Dollars in thousands

Year	Rentable Square Feet Expiring	Percent of Rentable Square Feet	Annualized Cash Revenue 1/	Average Rental Rate	Percent of Annualized Cash Revenue 1/
Office: 2/					
2008 /3	1,579,777	8.9%	\$ 32,432	\$20.53	9.2%
2009	2,268,764	12.7%	45,521	20.06	12.9%
2010	2,377,108	13.3%	50,607	21.29	14.4%
2011	2,851,509	16.1%	55,148	19.34	15.6%
2012	2,252,536	12.6%	46,290	20.55	13.1%
2013	1,627,019	9.1%	28,809	17.71	8.2%
2014	1,113,573	6.3%	22,794	20.47	6.5%
2015	958,777	5.4%	19,347	20.18	5.5%
2016	748,170	4.2%	13,747	18.37	3.9%
2017	934,561	5.2%	18,114	19.38	5.1%
2018 and thereafter	1,098,525	6.2%	19,818	18.04	5.6%
	<u>17,810,319</u>	<u>100.0%</u>	<u>\$352,627</u>	<u>\$19.80</u>	<u>100.0%</u>
Industrial:					
2008 /4	509,079	8.4%	\$ 2,956	\$ 5.81	9.3%
2009	1,188,195	19.8%	6,442	5.42	20.3%
2010	828,212	13.7%	4,390	5.30	13.8%
2011	890,326	14.8%	4,376	4.92	13.8%
2012	421,419	7.0%	2,459	5.84	7.7%
2013	483,719	8.0%	2,873	5.94	9.0%
2014	414,465	6.9%	2,275	5.49	7.2%
2015	271,382	4.5%	994	3.66	3.1%
2016	264,597	4.4%	1,040	3.93	3.3%
2017	149,600	2.5%	724	4.84	2.3%
2018 and thereafter	604,640	10.0%	3,247	5.37	10.2%
	<u>6,025,634</u>	<u>100.0%</u>	<u>\$ 31,776</u>	<u>\$ 5.27</u>	<u>100.0%</u>

1/ Annualized Cash Revenue is March, 2008 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

2/ Excludes properties recorded on our Balance Sheet that relate to 50% or less owned joint ventures properties that are consolidated under GAAP.

3/ Includes 144,000 square feet of leases that are on a month to month basis or 0.8% of total annualized revenue.

4/ Includes 81,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue.

Note: 2008 and beyond expirations that have been renewed are reflected above based on the renewal expiration date.

Lease Expirations

March 31, 2008

(Continued)

Dollars in thousands

Year	Rentable Square Feet Expiring	Percent of Rentable Square Feet	Annualized Cash Revenue 1/	Average Rental Rate	Percent of Annualized Cash Revenue 1/
Retail:					
2008 2/	75,041	6.2%	\$ 1,969	\$26.24	4.9%
2009	150,566	12.3%	4,765	31.65	12.0%
2010	89,227	7.3%	3,638	40.77	9.1%
2011	58,702	4.8%	1,967	33.51	4.9%
2012	165,254	13.5%	5,250	31.77	13.2%
2013	69,334	5.7%	2,723	39.27	6.8%
2014	97,042	8.0%	2,057	21.20	5.2%
2015	137,405	11.3%	4,684	34.09	11.8%
2016	65,526	5.4%	2,745	41.89	6.9%
2017	107,946	8.8%	2,841	26.32	7.1%
2018 and thereafter	203,941	16.7%	7,186	35.24	18.1%
	1,219,984	100.0%	\$ 39,825	\$32.64	100.0%
Total:					
2008 3/ 4/	2,163,897	8.6%	\$ 37,357	\$17.26	8.8%
2009	3,607,525	14.4%	56,728	15.72	13.4%
2010	3,294,547	13.1%	58,635	17.80	13.8%
2011	3,800,537	15.2%	61,491	16.18	14.6%
2012	2,839,209	11.3%	53,999	19.02	12.7%
2013	2,180,072	8.7%	34,405	15.78	8.1%
2014	1,625,080	6.5%	27,126	16.69	6.4%
2015	1,367,564	5.5%	25,025	18.30	5.9%
2016	1,078,293	4.3%	17,532	16.26	4.1%
2017	1,192,107	4.8%	21,679	18.19	5.1%
2018 and thereafter	1,907,106	7.6%	30,251	15.86	7.1%
	25,055,937	100.0%	\$424,228	\$16.93	100.0%

- 1/ Annualized Cash Revenue is March, 2008 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.
- 2/ Includes 18,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue.
- 3/ Includes 243,000 square feet of leases that are on a month to month basis or 1.0% of total annualized revenue.
- 4/ Excludes properties recorded on our Balance Sheet that relate to 50% or less owned joint ventures properties that are consolidated under GAAP.

Note: 2008 and beyond expirations that have been renewed are reflected above based on the renewal expiration date.

Office Lease Expirations by Market by Quarter 1/

Dollars in thousands

		Three Months Ended				
		6/30/08 2/	9/30/08	12/31/08	3/31/09	Total
Atlanta	RSF	61,645	144,708	12,991	18,418	237,762
	% of Total Office RSF	0.3%	0.8%	0.1%	0.1%	1.3%
	Annualized Cash Revenue	3/ \$ 1,406	\$ 2,774	\$ 211	\$ 366	\$ 4,757
	% of Total Office Annl Cash Rev	0.4%	0.8%	0.1%	0.1%	1.3%
Greenville	RSF	120	19,763	0	19,998	39,881
	% of Total Office RSF	0.0%	0.1%	0.0%	0.1%	0.2%
	Annualized Cash Revenue	3/ \$ 2	\$ 383	\$ —	\$ 333	\$ 718
	% of Total Office Annl Cash Rev	0.0%	0.1%	0.0%	0.1%	0.2%
Kansas City	RSF	29,553	18,521	27,321	36,925	112,320
	% of Total Office RSF	0.2%	0.1%	0.2%	0.2%	0.6%
	Annualized Cash Revenue	3/ \$ 644	\$ 397	\$ 522	\$ 756	\$ 2,319
	% of Total Office Annl Cash Rev	0.2%	0.1%	0.1%	0.2%	0.7%
Memphis	RSF	50,227	15,681	64,524	70,654	201,086
	% of Total Office RSF	0.3%	0.1%	0.4%	0.4%	1.1%
	Annualized Cash Revenue	3/ \$ 1,094	\$ 314	\$ 1,401	\$ 1,586	\$ 4,395
	% of Total Office Annl Cash Rev	0.3%	0.1%	0.4%	0.4%	1.2%
Nashville	RSF	51,441	56,794	30,386	123,745	262,366
	% of Total Office RSF	0.3%	0.3%	0.2%	0.7%	1.5%
	Annualized Cash Revenue	3/ \$ 996	\$ 1,107	\$ 677	\$ 2,437	\$ 5,217
	% of Total Office Annl Cash Rev	0.3%	0.3%	0.2%	0.7%	1.5%
Orlando	RSF	0	0	0	0	0
	% of Total Office RSF	0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Cash Revenue	3/ \$ —	\$ —	\$ —	\$ —	\$ —
	% of Total Office Annl Cash Rev	0.0%	0.0%	0.0%	0.0%	0.0%
Piedmont Triad	RSF	149,261	51,715	16,079	31,471	248,526
	% of Total Office RSF	0.8%	0.3%	0.1%	0.2%	1.4%
	Annualized Cash Revenue	3/ \$ 2,746	\$ 1,017	\$ 273	\$ 616	\$ 4,652
	% of Total Office Annl Cash Rev	0.8%	0.3%	0.1%	0.2%	1.3%
Raleigh	RSF	183,639	217,328	53,827	176,760	631,554
	% of Total Office RSF	1.0%	1.2%	0.3%	1.0%	3.5%
	Annualized Cash Revenue	3/ \$ 3,739	\$ 4,967	\$ 1,039	\$ 3,581	\$ 13,326
	% of Total Office Annl Cash Rev	1.1%	1.4%	0.3%	1.0%	3.8%
Richmond	RSF	69,410	92,724	40,716	84,777	287,627
	% of Total Office RSF	0.4%	0.5%	0.2%	0.5%	1.6%
	Annualized Cash Revenue	3/ \$ 1,271	\$ 1,840	\$ 789	\$ 1,712	\$ 5,612
	% of Total Office Annl Cash Rev	0.4%	0.5%	0.2%	0.5%	1.6%
Tampa	RSF	38,985	59,512	13,443	246,591	358,531
	% of Total Office RSF	0.2%	0.3%	0.1%	1.4%	2.0%
	Annualized Cash Revenue	3/ \$ 980	\$ 1,241	\$ 334	\$ 5,528	\$ 8,083
	% of Total Office Annl Cash Rev	0.3%	0.4%	0.1%	1.6%	2.3%
Other	RSF	9,463	0	0	6,166	15,629
	% of Total Office RSF	0.1%	0.0%	0.0%	0.0%	0.1%
	Annualized Cash Revenue	3/ \$ 270	\$ —	\$ —	\$ 121	\$ 391
	% of Total Office Annl Cash Rev	0.1%	0.0%	0.0%	0.0%	0.1%
Total	RSF	643,744	676,746	259,287	815,505	2,395,282
	% of Total Office RSF	3.6%	3.8%	1.5%	4.6%	13.4%
	Annualized Cash Revenue	3/ \$ 13,148	\$ 14,040	\$ 5,246	\$ 17,036	\$ 49,470
	% of Total Office Annl Cash Rev	3.7%	4.0%	1.5%	4.8%	14.0%

1/ Excludes properties recorded on our Balance Sheet that relate to 50% or less owned joint ventures properties that are consolidated under GAAP.

2/ Includes 144,000 square feet of leases that are on a month to month basis or 0.8% of total annualized revenue.

3/ Annualized Cash Revenue is March, 2008 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

Industrial Lease Expirations by Market by Quarter

Dollars in thousands

		<i>Three Months Ended</i>				
		<u>6/30/08 1/</u>	<u>9/30/08</u>	<u>12/31/08</u>	<u>3/31/09</u>	<u>Total</u>
Atlanta	RSF	223,335	115,423	0	134,212	472,970
	% of Total Industrial RSF	3.7%	1.9%	0.0%	2.2%	7.8%
	Annualized Cash Revenue	2/ \$ 1,245	\$ 668	\$ —	\$ 864	\$ 2,777
	% of Total Industrial Annl Cash Rev	4.0%	2.1%	0.0%	2.7%	8.8%
Kansas City	RSF	0	0	0	1,756	1,756
	% of Total Industrial RSF	0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Cash Revenue	2/ \$ —	\$ —	\$ —	\$ 20	\$ 20
	% of Total Industrial Annl Cash Rev	0.0%	0.0%	0.0%	0.1%	0.1%
Piedmont Triad	RSF	81,662	8,899	79,760	285,688	456,009
	% of Total Industrial RSF	1.4%	0.1%	1.3%	4.7%	7.6%
	Annualized Cash Revenue	2/ \$ 439	\$ 88	\$ 516	\$ 1,425	\$ 2,468
	% of Total Industrial Annl Cash Rev	1.4%	0.3%	1.6%	4.5%	7.8%
Total	RSF	304,997	124,322	79,760	421,656	930,735
	% of Total Industrial RSF	5.1%	2.1%	1.3%	7.0%	15.4%
	Annualized Cash Revenue	2/ \$ 1,684	\$ 756	\$ 516	\$ 2,309	\$ 5,265
	% of Total Industrial Annl Cash Rev	5.3%	2.4%	1.6%	7.3%	16.6%

1/ Includes 81,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue.

2/ Annualized Cash Revenue is March, 2008 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

Office Lease Expirations by Market by Year 1/

Dollars in thousands

			2008 2/	2009	2010	2011	Thereafter
Atlanta	RSF		219,344	136,645	85,097	309,730	1,438,804
	% of Total Office RSF		1.2%	0.8%	0.5%	1.7%	8.1%
	Annualized Cash Revenue	3/	\$ 4,391	\$ 2,112	\$ 1,679	\$ 6,551	\$ 26,873
	% of Total Office Annl Cash Rev		1.2%	0.6%	0.5%	1.9%	7.6%
Greenville	RSF		19,883	60,122	55,528	238,161	402,137
	% of Total Office RSF		0.1%	0.3%	0.3%	1.3%	2.3%
	Annualized Cash Revenue	3/	\$ 385	\$ 1,013	\$ 938	\$ 4,591	\$ 6,598
	% of Total Office Annl Cash Rev		0.1%	0.3%	0.3%	1.3%	1.9%
Kansas City	RSF		75,395	108,273	127,031	96,009	349,672
	% of Total Office RSF		0.4%	0.6%	0.7%	0.5%	2.0%
	Annualized Cash Revenue	3/	\$ 1,563	\$ 2,159	\$ 3,380	\$ 2,224	\$ 8,526
	% of Total Office Annl Cash Rev		0.4%	0.6%	1.0%	0.6%	2.4%
Memphis	RSF		130,432	174,360	183,752	159,207	549,257
	% of Total Office RSF		0.7%	1.0%	1.0%	0.9%	3.1%
	Annualized Cash Revenue	3/	\$ 2,809	\$ 3,521	\$ 3,861	\$ 3,144	\$ 10,779
	% of Total Office Annl Cash Rev		0.8%	1.0%	1.1%	0.9%	3.1%
Nashville	RSF		138,621	589,639	477,255	485,259	1,334,691
	% of Total Office RSF		0.8%	3.3%	2.7%	2.7%	7.5%
	Annualized Cash Revenue	3/	\$ 2,781	\$ 12,051	\$ 9,706	\$ 9,415	\$ 27,550
	% of Total Office Annl Cash Rev		0.8%	3.4%	2.8%	2.7%	7.8%
Orlando	RSF		0	11,482	80,521	106,313	108,235
	% of Total Office RSF		0.0%	0.1%	0.5%	0.6%	0.6%
	Annualized Cash Revenue	3/	\$ —	\$ 266	\$ 1,848	\$ 2,331	\$ 1,656
	% of Total Office Annl Cash Rev		0.0%	0.1%	0.5%	0.7%	0.5%
Piedmont Triad	RSF		217,055	147,058	234,100	378,048	722,934
	% of Total Office RSF		1.2%	0.8%	1.3%	2.1%	4.1%
	Annualized Cash Revenue	3/	\$ 4,035	\$ 2,426	\$ 3,734	\$ 5,399	\$ 11,409
	% of Total Office Annl Cash Rev		1.1%	0.7%	1.1%	1.5%	3.2%
Raleigh	RSF		454,794	438,888	361,816	587,992	1,527,654
	% of Total Office RSF		2.6%	2.5%	2.0%	3.3%	8.6%
	Annualized Cash Revenue	3/	\$ 9,745	\$ 9,010	\$ 6,960	\$ 11,988	\$ 27,616
	% of Total Office Annl Cash Rev		2.8%	2.6%	2.0%	3.4%	7.8%
Richmond	RSF		202,850	201,315	245,058	396,291	988,845
	% of Total Office RSF		1.1%	1.1%	1.4%	2.2%	5.6%
	Annualized Cash Revenue	3/	\$ 3,900	\$ 3,949	\$ 4,655	\$ 7,344	\$ 17,728
	% of Total Office Annl Cash Rev		1.1%	1.1%	1.3%	2.1%	5.0%
Tampa	RSF		111,940	394,197	495,969	92,919	1,291,615
	% of Total Office RSF		0.6%	2.2%	2.8%	0.5%	7.3%
	Annualized Cash Revenue	3/	\$ 2,554	\$ 8,882	\$ 13,060	\$ 2,105	\$ 29,614
	% of Total Office Annl Cash Rev		0.7%	2.5%	3.7%	0.6%	8.4%
Other	RSF		9,463	6,785	30,981	1,580	19,317
	% of Total Office RSF		0.1%	0.0%	0.2%	0.0%	0.1%
	Annualized Cash Revenue	3/	\$ 270	\$ 131	\$ 786	\$ 55	\$ 571
	% of Total Office Annl Cash Rev		0.1%	0.0%	0.2%	0.0%	0.2%
Total	RSF		1,579,777	2,268,764	2,377,108	2,851,509	8,733,161
	% of Total Office RSF		8.9%	12.7%	13.3%	16.0%	49.0%
	Annualized Cash Revenue	3/	\$ 32,433	\$ 45,520	\$ 50,607	\$ 55,147	\$ 168,920
	% of Total Office Annl Cash Rev		9.2%	12.9%	14.3%	15.6%	48.0%

1/ Excludes properties recorded on our Balance Sheet that relate to 50% or less owned joint ventures properties that are consolidated under GAAP.

2/ Includes 144,000 square feet of leases that are on a month to month basis or 0.8% of total annualized revenue.

3/ Annualized Cash Revenue is March, 2008 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

Industrial Lease Expirations by Market by Year

Dollars in thousands

			2008 1/	2009	2010	2011	Thereafter
Atlanta	RSF		338,758	333,368	316,221	498,719	1,398,951
	% of Total Industrial RSF		5.6%	5.5%	5.2%	8.3%	23.2%
	Annualized Cash Revenue	2/	\$ 1,912	\$ 2,202	\$ 1,839	\$ 2,821	\$ 7,447
	% of Total Industrial Annl Cash Rev		6.0%	6.9%	5.8%	8.9%	23.4%
Kansas City	RSF		0	1,756	0	0	0
	% of Total Industrial RSF		0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Cash Revenue	2/	\$ —	\$ 20	\$ —	\$ —	\$ —
	% of Total Industrial Annl Cash Rev		0.0%	0.1%	0.0%	0.0%	0.0%
Piedmont Triad	RSF		170,321	853,071	511,991	391,607	1,210,871
	% of Total Industrial RSF		2.8%	14.2%	8.5%	6.5%	20.1%
	Annualized Cash Revenue	2/	\$ 1,043	\$ 4,220	\$ 2,551	\$ 1,555	\$ 6,166
	% of Total Industrial Annl Cash Rev		3.3%	13.3%	8.0%	4.9%	19.4%
Total	RSF		509,079	1,188,195	828,212	890,326	2,609,822
	% of Total Industrial RSF		8.4%	19.7%	13.7%	14.8%	43.3%
	Annualized Cash Revenue	2/	\$ 2,955	\$ 6,442	\$ 4,390	\$ 4,376	\$ 13,613
	% of Total Industrial Annl Cash Rev		9.3%	20.3%	13.8%	13.8%	42.8%

1/ Includes 81,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue.

2/ Annualized Cash Revenue is March, 2008 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

Customer Diversification 1/

March 31, 2008

Dollars in thousands

Top 20 Customers

<u>Customer</u>	<u>RSF</u>	<u>Annualized Cash Revenue 2/</u>	<u>Percent of Annualized Cash Revenue 2/</u>	<u>Average Remaining Lease Term in Years</u>
Federal Government	1,604,241	\$ 30,657	7.23%	8.1
AT&T	879,690	15,038	3.54%	2.9
Price Waterhouse Coopers	358,611	9,699	2.29%	2.1
State of Georgia	367,986	7,678	1.81%	2.3
Healthways	282,668	6,275	1.48%	13.6
T-Mobile USA	207,517	5,639	1.33%	5.7
Metropolitan Life Insurance	267,787	5,362	1.26%	9.7
Lockton Companies	156,255	4,275	1.01%	6.9
Volvo	262,940	3,995	0.94%	4.9
Syniverse Technologies	198,750	3,949	0.93%	8.6
BB&T	238,595	3,839	0.90%	4.7
Fluor Enterprises	209,474	3,729	0.88%	3.9
SCI Services 3/	162,784	3,620	0.85%	9.3
Vanderbilt University	144,161	2,889	0.68%	7.5
Jacobs Engineering Group	181,794	2,858	0.67%	7.5
Lifepoint Corporate Services	129,217	2,593	0.61%	3.3
Icon Clinical Research	110,909	2,475	0.58%	5.4
Wachovia	109,553	2,465	0.58%	2.9
Talecris Biotherapeutics	122,870	2,372	0.56%	4.3
HCA Physician Services	130,599	2,287	0.54%	5.8
	<u>6,126,401</u>	<u>\$121,694</u>	<u>28.67%</u>	<u>6.1</u>

By Industry

<u>Category</u>	<u>Percent of Annualized Cash Revenue 2/</u>
Professional, Scientific, and Technical Services	20.0%
Finance/Banking	9.9%
Government/Public Administration	9.6%
Insurance	9.1%
Retail Trade	7.7%
Health Care and Social Assistance	6.5%
Manufacturing	6.4%
Wholesale Trade	6.1%
Telecommunication	5.8%
Real Estate Rental and Leasing	4.2%
Information	3.3%
Administrative and Support Services	2.9%
Accommodation and Food Services	2.7%
Transportation and Warehousing	2.3%
Other Services (except Public Administration)	2.1%
Educational Services	1.5%
	<u>100.0%</u>

1/ Excludes properties recorded on our Balance Sheet that relate to 50% or less owned joint ventures properties that are consolidated under GAAP.

2/ Annualized Cash Revenue is March, 2008 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

3/ Morgan Stanley acquired SCI Services (Saxon Capital, Inc.) on December 4, 2006.

Same Property Performance 1/

Dollars and Square Feet in thousands

	Three months ended March 31,		Percentage
	2008	2007	Change
Rental revenues 2/	\$101,143	\$ 98,643	2.5%
Operating expenses	(36,784)	(36,020)	-2.1%
	64,359	62,623	2.8%
Straight line rent	519	691	-24.9%
	64,878	63,314	2.5%
Lease termination fees	1,900	38	4900.0%
Net operating income	\$ 66,778	\$ 63,352	5.4%
Average occupancy	90.7%	90.4%	0.3%
Rentable square feet	<u>25,597</u>	<u>25,597</u>	

Market	First Quarter: 2008 vs 2007	
	NOI 3/ Percentage	Occupancy Percentage
	Change	Change
Atlanta	-0.1%	-0.2%
Greenville	8.5%	2.8%
Kansas City	-5.4%	-1.3%
Memphis	3.3%	2.4%
Nashville	7.5%	3.7%
Orlando	-5.8%	-3.5%
Piedmont Triad	-1.9%	-3.3%
Raleigh	6.0%	4.9%
Richmond	7.0%	4.2%
Tampa	2.5%	-3.6%
	<u>2.5%</u>	<u>0.3%</u>

1/ Excludes properties held for sale at 3/31/08 which constituted 131,000 rentable square feet.

2/ Excludes straight line rents and lease termination fees.

3/ Includes straight line rents and excludes lease termination fees.

Disposition Activity

Dollars in thousands

						Gross Sales
Name	Market	Type 1/	Date Sold	Square Footage	Occupancy	Price
First quarter 2008:						
Parkway Medical	Kansas City	O	02/15/08	30,000	81.4%	\$ 6,050
First quarter totals				<u>30,000</u>	<u>81.4%</u>	<u>\$ 6,050</u>

1/ The letter "O" represents Office.

Highwoods Properties, Inc.	26	03/31/08
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Development Activity

Dollars in thousands

Property In - Process	Market	Type 1/	Rentable Square Feet	Anticipated	Investment	Pre Leased %	Estimated	Estimated
				Total Investment	@ 03/31/08		Completion	Stabilization
Office:								
FAA	Atlanta	O	100,000	\$ 18,071	\$ 2,605	100%	2Q 09	2Q 09
Jackson FBI	Jackson, MS	O	110,000	31,713	3,950	100%	1Q 09	1Q 09
Comcast	Memphis	O	62,000	9,449	5,740	100%	3Q 08	3Q 08
Cool Springs IV	Nashville	O	153,000	27,597	14,721	6%	3Q 08	1Q 10
RBC Plaza 2/	Raleigh	O	292,000	76,056	54,937	65%	4Q 08	4Q 09
Total or Weighted Average			<u>717,000</u>	<u>\$162,886</u>	<u>\$ 81,953</u>	<u>66%</u>		
						<u>\$ Weighted %</u>	<u>68%</u>	
For Sale Development:								
RBC Plaza Condominiums 3/ 4/	Raleigh	RC	139 Units	\$ 42,380	\$ 19,491	139 Contracts	4Q 08	2Q 09
			<u></u>	<u>\$ 42,380</u>	<u>\$ 19,491</u>	<u></u>		
Industrial:								
River Point IV	Atlanta	I	200,000	\$ 10,435	\$ 1,101	50%	1Q 09	2Q 10
			<u>200,000</u>	<u>\$ 10,435</u>	<u>\$ 1,101</u>	<u>50%</u>		
In-Process Total or Weighted Average 4/			<u>917,000</u>	<u>\$215,701</u>	<u>\$ 102,545</u>	<u>62%</u>		
						<u>\$ Weighted %</u>	<u>67%</u>	
Completed Not Stabilized 5/								
Office:								
Centregreen V	Raleigh	O	98,000	\$ 15,662	\$ 12,132	51%	1Q 08	3Q 09
Glenlake VI	Raleigh	O	122,000	24,448	18,864	57%	1Q 08	3Q 09
North Shore Commons II	Richmond	O	96,000	14,855	12,830	59%	1Q 07	2Q 08
Highwoods Baycenter I	Tampa	O	208,000	42,024	39,877	85%	3Q 07	4Q 08
Total or Weighted Average			<u>524,000</u>	<u>\$ 96,989</u>	<u>\$ 83,703</u>	<u>67%</u>		
						<u>\$ Weighted %</u>	<u>68%</u>	
Industrial:								
Newpoint V	Atlanta	I	263,000	\$ 12,947	\$ 12,290	88%	2Q 07	2Q 08
Enterprise II	Piedmont Triad	I	418,000	17,222	16,110	72%	4Q 06	4Q 08
			<u>681,000</u>	<u>\$ 30,169</u>	<u>\$ 28,400</u>	<u>78%</u>		
						<u>\$ Weighted %</u>	<u>79%</u>	
Completed Not Stabilized Total or Weighted Average			<u>1,205,000</u>	<u>\$127,158</u>	<u>\$ 112,103</u>	<u>73%</u>		
						<u>\$ Weighted %</u>	<u>71%</u>	
Grand Total or Weighted Average			<u>2,122,000</u>	<u>\$342,859</u>	<u>\$ 214,648</u>	<u>69%</u>		
						<u>\$ Weighted %</u>	<u>68%</u>	

Placed in Service

Property	Market	Type 1/	Rentable Square Feet	Anticipated	Investment	Pre Leased %	Occ %	In-Service
				Total Investment	@ 03/31/08			Date
Cordoba 5/	Kansas City	O	46,000	\$ 6,700	\$ 6,647	84%	84%	3/1/08
Glenlake IV	Raleigh	O	158,000	27,311	25,264	81%	81%	3/1/08
Berkshire	Orlando	O	99,000	15,096	15,006	100%	100%	2/1/08
hhgregg ®	Piedmont Triad	R	30,000	5,125	4,748	100%	100%	3/1/08
Total or Weighted Average			<u>333,000</u>	<u>\$ 54,232</u>	<u>\$ 51,665</u>	<u>89%</u>	<u>89%</u>	
						<u>\$ Weighted %</u>	<u>88%</u>	<u>88%</u>

1/ The Letters "O", "I", "R" and "RC" represent: Office, Industrial, Retail and For Sale Residential Condominiums, respectively.

2/ Includes ancillary retail space on the ground level of approximately 11,000 square feet.

3/ In January 2007 the Company executed a Joint Venture agreement for this development. The Company has a 93% interest and consolidates this Joint Venture.

The investment amounts shown represent the Company's 93% share.

4/ As of 3/31/08, all units are under contract. Condo units and numbers are not part of In-Process Total or Weighted Average for SF & Pre-Leasing percentage.

5/ *“Completed Not Stabilized” and Redevelopment properties are recorded in the Consolidated Balance Sheet in the Land and Building accounts, not Development-in-Process.*

Development Land
March 31, 2008

Dollars in thousands

Market	Usable Acres	Total Estimated Market Value
Atlanta	224	\$ 25,101
Raleigh	190	43,524
Greensboro	47	12,484
Baltimore	39	10,300
Richmond	33	8,289
Tampa	26	15,877
Nashville	16	7,859
Memphis	15	3,620
Orlando	15	16,031
Winston-Salem	10	2,138
Kansas City	1	2,100
Total 1/2/	<u>616</u>	<u>\$ 147,323</u>

- 1/ Developable square footage on core land holdings, which constitute 475 of the total 616 acres, is approximately 4.9 million of office space and 2.5 million of industrial space.
- 2/ Includes 40 acres (\$10.7 million based on expected gross proceeds) included in property held for sale at March 31, 2008.

Acquisition Activity

Dollars in thousands

<u>Name</u>	<u>Market</u>	<u>Type</u>	<u>Date Acquired</u>	<u>Square Footage</u>	<u>Total Cost</u>
First quarter 2008:					
None					
Highwoods Properties, Inc.	29				03/31/08

Unconsolidated Joint Ventures Assets, Debt and Liabilities

March 31, 2008

Dollars in thousands

Joint Venture	Type 1/	Own %	Venture's Books		
			Total Assets	Debt	Total Liabilities
Board of Trade Investment Co.	O	49.0%	\$ 7,581	\$ —	\$ 829
Dallas County Partners I, LP	O/ I	50.0%	32,167	49,093	51,950
Dallas County Partners II, LP	O	50.0%	14,300	16,194	17,414
Dallas County Partners III, LP	O	50.0%	19	—	32
Fountain Three	O/ I R	50.0%	24,981	32,796	34,576
RRHWoods, LLC	O/ M	50.0%	86,587	81,426	85,090
Kessinger/Hunter, LLC	—	26.5%	7,401	—	253
4600 Madison Associates, LP	O	12.5%	18,170	13,332	13,852
Highwoods DLF 98/29, LP	O	22.8%	150,554	75,518	80,308
Highwoods DLF 97/26 DLF 99/32, LP	O	42.9%	101,967	55,580	59,107
Concourse Center Associates, LLC	O	50.0%	13,461	8,855	9,059
Plaza Colonnade, LLC	O/R	50.0%	72,254	66,235	67,212
Highwoods KC Glenridge Office, LP	O	40.0%	22,097	16,500	17,148
Highwoods KC Glenridge Land, LP	O	40.0%	779	—	102
Highwoods KC Orlando, LLC	O	40.0%	204,616	141,357	149,315
Highwoods DLF Forum, LLC	O	25.0%	2,002	—	—
Total			\$ 758,936	\$556,886	\$ 586,247

Joint Venture	Type 1/	Own %	Highwoods' Share of Joint Venture		
			Total Assets	Debt	Total Liabilities
Board of Trade Investment Co.	O	49.00%	\$ 3,715	\$ —	\$ 406
Dallas County Partners I, LP	O/ I	50.00%	16,084	24,547	25,975
Dallas County Partners II, LP	O	50.00%	7,150	8,097	8,707
Dallas County Partners III, LP	O	50.00%	10	—	16
Fountain Three	O/ I /R	50.00%	12,491	16,398	17,288
RRHWoods, LLC	O/ M	50.00%	43,294	40,713	42,545
Kessinger/Hunter, LLC	—	26.50%	1,961	—	67
4600 Madison Associates, LP	O	12.50%	2,271	1,667	1,732
Highwoods DLF 98/29, LP	O	22.81%	34,341	17,226	18,318
Highwoods DLF 97/26 DLF 99/32, LP	O	42.93%	43,774	23,860	25,375
Concourse Center Associates, LLC	O	50.00%	6,731	4,428	4,530
Plaza Colonnade, LLC	O/R	50.00%	36,127	33,118	33,606
Highwoods KC Glenridge Office, LP	O	40.00%	8,839	6,600	6,859
Highwoods KC Glenridge Land, LP	O	40.00%	312	—	41
Highwoods KC Orlando, LLC	O	40.00%	81,846	56,543	59,726
Highwoods DLF Forum, LLC	O	25.0%	501	—	—
Total 2/			\$ 299,447	\$233,197	\$ 245,191

1/ The letters "O", "I", "R", and "M" represent Office, Industrial, Retail, and Multi-Family, respectively.

2/ Highwoods' share of equity from these tables will not equal Investments in Unconsolidated Affiliates on the Consolidated Balance Sheet due to various purchase accounting and related adjustments as well as negative investment balances reclassified to Liabilities, which are not reflected in the Joint Ventures' stand-alone financial statements.

Unconsolidated Joint Ventures Income
For the Three Months Ended March 31, 2008

Dollars in thousands

Joint Venture	Own %	Venture's Books				Net Income/
		Revenue	Operating Exp	Interest	Depr/Amort	(Loss)
Board of Trade Investment Co.	49.00%	\$ 581	\$ 407	\$ —	\$ 145	\$ 29
Dallas County Partners I, LP	50.00%	2,876	1,744	776	472	(116)
Dallas County Partners II, LP	50.00%	1,803	815	420	216	352
Dallas County Partners III, LP	50.00%	48	58	—	1	(11)
Fountain Three	50.00%	2,397	1,022	533	485	357
RRHWoods, LLC	50.00%	4,465	2,604	975	1,023	(137)
Kessinger/Hunter, LLC	26.50%	4,118	3,598	—	151	369
4600 Madison Associates, LP	12.50%	1,245	590	233	395	27
Highwoods DLF 98/29, LP	22.80%	4,705	1,529	1,275	1,276	625
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	4,219	1,382	1,076	805	956
Concourse Center Associates, LLC	50.00%	491	129	161	78	123
Plaza Colonnade, LLC	50.00%	2,478	921	967	547	43
Highwoods KC Glenridge Office, LP	40.00%	827	374	209	154	90
Highwoods KC Glenridge Land, LP	40.00%	—	2	—	—	(2)
Highwoods KC Orlando, LLC	40.00%	8,273	3,256	1,862	1,905	1,250
Highwoods DLF Forum, LLC	25.00%	—	—	—	—	—
Total		\$38,526	\$ 18,431	\$8,487	\$ 7,653	\$ 3,955

Joint Venture	Own %	Highwoods' Share of Joint Venture				Net Income/
		Revenue	Operating Exp	Interest	Depr/Amort	(Loss)
Board of Trade Investment Co.	49.00%	\$ 285	\$ 199	\$ —	\$ 71	\$ 15
Dallas County Partners I, LP	50.00%	1,438	872	388	236	(58)
Dallas County Partners II, LP	50.00%	902	408	210	108	176
Dallas County Partners III, LP	50.00%	24	29	—	1	(6)
Fountain Three	50.00%	1,199	511	267	243	178
RRHWoods, LLC	50.00%	2,233	1,302	488	512	(69)
Kessinger/Hunter, LLC	26.50%	1,091	953	—	40	98
4600 Madison Associates, LP	12.50%	156	74	29	49	4
Highwoods DLF 98/29, LP	22.81%	1,073	349	291	291	142
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	1,811	593	462	346	410
Concourse Center Associates, LLC	50.00%	246	65	81	39	61
Plaza Colonnade, LLC	50.00%	1,239	461	484	274	20
Highwoods KC Glenridge Office, LP	40.00%	331	150	84	62	35
Highwoods KC Glenridge Land, LP	40.00%	—	1	—	—	(1)
Highwoods KC Orlando, LLC	40.00%	3,309	1,302	745	762	500
Highwoods DLF Forum, LLC	25.00%	—	—	—	—	—
Total 1/ 2/		\$15,337	\$ 7,269	\$3,529	\$ 3,034	\$ 1,505

1/ *Highwoods' share of Depreciation and Amortization from these tables will not equal Depreciation and Amortization of Real Estate Assets for Unconsolidated Affiliates on the Statement of Funds from Operations due to various purchase accounting and related adjustments, which are not reflected in the Joint Ventures' stand-alone financial statements.*

2/ *Highwoods' share of Net Income from these tables will not equal Equity in Earnings of Unconsolidated Affiliates on the Consolidated Income Statement due to various purchase accounting and related adjustments, which are not reflected in the Joint Ventures' stand-alone financial statements.*

Joint Ventures Long-Term Debt Detail 1/

Dollars in thousands

Joint Venture	Own %	Lender	Interest Rate	Maturity Date	Loan Balance 03/31/08
Dallas County Partners I, LP	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	\$ 41,857
Dallas County Partners I, LP	50.0%	Thrivent	8.45%	Aug-10	1,577
Dallas County Partners I, LP	50.0%	Regions	6.30%	Jun-14	3,465
Dallas County Partners I, LP	50.0%	Sun Life	5.92%	Feb-16	1,036
Dallas County Partners I, LP	50.0%	Bankers Trust	8.00%	Jul-11	1,158
			6.31%		49,093
Dallas County Partners II, LP	50.0%	Principal Life Insurance Company	10.19%	Jun-13	16,194
Fountain Three	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	16,707
Fountain Three	50.0%	Thrivent	6.01%	Oct-10	3,692
Fountain Three	50.0%	Thrivent	6.01%	Apr-09	3,692
Fountain Three	50.0%	Lehman Brothers	8.02%	Jul-09	3,479
Fountain Three	50.0%	Thrivent	7.00%	Sep-12	5,226
			6.47%		32,796
RRHWoods, LLC	50.0%	Industrial Revenue Bonds /2	2.75%	Nov-15	23,000
RRHWoods, LLC	50.0%	Bank of America	6.80%	Sep-12	26,365
RRHWoods, LLC	50.0%	Industrial Revenue Bonds /2	2.66%	Sep-15	6,000
RRHWoods, LLC	50.0%	Industrial Revenue Bonds /2	2.67%	Nov-15	5,500
RRHWoods, LLC	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	4,622
RRHWoods, LLC	50.0%	Massachusetts Mutual Life Ins. Co.	5.85%	Mar-16	8,480
RRHWoods, LLC	50.0%	UNUM Life Insurance Company	5.67%	Mar-17	3,994
RRHWoods, LLC	50.0%	Regions	6.30%	Jun-14	3,465
			4.86%		81,426
Plaza Colonnade, LLC	50.0%	Met Life	5.72%	Jan-17	48,120
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	5.38%	Mar-10	1,818
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	6.00%	Mar-16	4,394
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	5.90%	Mar-24	11,903
			5.76%		66,235
4600 Madison Associates, LLC	12.5%	State Farm	6.85%	Apr-18	13,332
Highwoods DLF 98/29, LP	22.8%	USG Annuity & Life Company	6.78%	Apr-11	47,868
Highwoods DLF 98/29, LP	22.8%	Goldman Sachs	6.11%	Jul-17	27,650
Highwoods DLF 97/26 DLF 99/32, LP	42.9%	Massachusetts Mutual Life Ins. Co.	7.66%	May-12	55,580
Concourse Center Associates, LLC	50.0%	Lincoln National Life Insurance Co.	6.95%	Jul-10	8,855
Highwoods KC Orlando, LLC	40.0%	Met Life	5.21%	Jul-14	141,357
Highwoods KC Glenridge Office	40.0%	Wachovia	4.84%	Jun-14	16,500
			6.07%		311,142
			6.02%		\$556,886
Highwoods' share of the above					\$233,197

1/ Excludes loans related to two "consolidated" joint ventures.

2/ Floating rate loan based on market rates.

Joint Ventures Portfolio Summary

As of March 31, 2008

Summary by Location:

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Cash Revenue Highwoods' Share Only 1/				
			Office	Industrial	Retail	Multi-Family	Total
Des Moines 2/	2,505,000	91.4%	28.7%	4.3%	1.0%	3.2%	37.2%
Orlando	1,854,000	90.9%	28.6%	—	—	—	28.6%
Atlanta	835,000	95.0%	12.8%	—	—	—	12.8%
Kansas City	714,000	83.0%	8.4%	—	—	—	8.4%
Richmond	413,000	100.0%	5.0%	—	—	—	5.0%
Piedmont Triad	364,000	96.9%	3.2%	—	—	—	3.2%
Tampa	205,000	98.8%	2.0%	—	—	—	2.0%
Raleigh	178,000	100.0%	1.6%	—	—	—	1.6%
Charlotte	148,000	100.0%	0.7%	—	—	—	0.7%
Other	110,000	100.0%	0.5%	—	—	—	0.5%
Total 3/	<u>7,326,000</u>	<u>92.4%</u>	<u>91.5%</u>	<u>4.3%</u>	<u>1.0%</u>	<u>3.2%</u>	<u>100.0%</u>

1/ Annualized Cash Revenue is March, 2008 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

2/ Excludes 418 apartment units and related occupancy percentage of 91.9%.

3/ Includes 618,000 square feet of properties in joint ventures that are consolidated.

Joint Ventures Lease Expirations

March 31, 2008

Dollars in thousands

Year	Rentable Square Feet Expiring 1/	Percent of Rentable Square Feet 1/	Annualized Cash Revenue 2/	Average Rental Rate	Percent of Annualized Cash Revenue 2/
Total					
2008	1,039,632	15.4%	\$ 17,876	\$17.19	13.4%
2009	690,678	10.2%	14,439	20.91	10.8%
2010	779,510	11.5%	14,885	19.10	11.2%
2011	983,984	14.5%	19,780	20.10	14.8%
2012	551,037	8.1%	11,488	20.85	8.6%
2013	1,069,233	15.9%	20,537	19.21	15.4%
2014	494,312	7.3%	11,111	22.48	8.3%
2015	656,932	9.7%	12,042	18.33	9.0%
2016	101,873	1.5%	1,386	13.61	1.0%
2017	236,693	3.5%	5,949	25.13	4.5%
2018 and thereafter	162,270	2.4%	3,959	24.40	3.0%
	<u>6,766,154</u>	<u>100.0%</u>	<u>\$133,452</u>	<u>\$19.72</u>	<u>100.0%</u>

1/ Includes square feet expiring in properties in joint ventures that are consolidated.

2/ Annualized Cash Revenue is March, 2008 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

Joint Venture Acquisition and Disposition Activity

Dollars in thousands

Acquisitions

<u>Name</u>	<u>Market</u>	<u>Type</u>	<u>Date Acquired</u>	<u>Square Footage</u>	<u>Total Cost</u>
First quarter 2008:					
None					

Dispositions

<u>Name</u>	<u>Market</u>	<u>Type</u>	<u>Date Sold</u>	<u>Square Footage</u>	<u>Occupancy</u>	<u>Gross Sales Price</u>
First quarter 2008:						
None						
Highwoods Properties, Inc.				35		03/31/08