
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): April 29, 2009

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 April 29, 2009, we issued a press release announcing financial information for the quarter ended March 31, 2009. 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, 2009, a copy of which is attached as Exhibit 99.2.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>No.</u>	<u>Description</u>
99.1	Press Release dated April 29, 2009
99.2	Supplemental information for the quarter ended March 31, 2009

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. Milller
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: April 30, 2009



FOR IMMEDIATE RELEASE

Ref: 09-12

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

Highwoods Properties Reports First Quarter 2009 Results

\$0.70 FFO per Diluted Share

Reaffirms 2009 FFO Guidance of \$2.53-\$2.72 per Diluted Share

Raleigh, NC – April 29, 2009 – 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, 2009.

Ed Fritsch, President and CEO, stated, *“We had a good first quarter. FFO per diluted share of \$0.70 was solid, indicative of year-over-year revenue growth and reductions in interest expense, preferred dividends and G&A expenses. We leased 851,000 square feet of second generation space, including 547,000 square feet of office space. As expected, occupancy dropped from 91.0% at year end to 89.0%, with half of the decline attributable to two large industrial lease expirations totaling 269,000 square feet. We continue to benefit from the improvements made to our portfolio over the past four years as evidenced by occupancy in our office portfolio, which remains substantially better than the overall occupancy of our individual markets.”*

“In keeping with our focus on maintaining a strong and flexible balance sheet, we continue to execute on our well-defined financing plan which targets approximately \$250 million in proceeds this year, including approximately \$75 million in dispositions. These proceeds will be used to satisfy \$117 million of remaining debt maturities in 2009 and pay down our credit facility. To date, we have obtained a \$20 million unsecured loan and we are well along in the process of obtaining new secured loans for approximately \$155 million,” added Mr. Fritsch.

First Quarter Financial Results

For the first quarter of 2009, the Company reported net income available for common stockholders of \$10.8 million, or \$0.17 per diluted share. This compares to net income available for common stockholders of \$12.8 million, or \$0.22 per diluted share, for the first quarter of 2008. First quarter 2009 net income available for common stockholders included \$0.01 per diluted share from gains from sales of residential condominiums, while first quarter 2008 net income available for common stockholders included \$0.06 per diluted share of gains on sales of depreciable assets. Excluding these gains on asset sales, net income available for common stockholders would have been \$0.16 per diluted share for both 2008 and 2009. In addition, weighted average common shares outstanding in the first quarter of 2009 was 67.7 million compared to weighted average common shares outstanding of 61.4 million in the first quarter of 2008.

FFO (Funds from Operations) for the first quarter of 2009 was \$47.6 million, or \$0.70 per diluted share, compared to FFO of \$43.5 million, or \$0.71 per diluted share, for the first quarter of 2008.

FFO from core operations in the first quarter of 2009 was \$0.68 per diluted share, unchanged from the first quarter of 2008. FFO from core operations is reported FFO excluding (1) recurring, non-core operating items such as gains from land and residential condo sales and lease termination fees and (2) unusual items such as building impairments.

Included in 2009 and 2008 first quarter net income available for common stockholders were the following items:

	3 Months Ended 3/31/09		3 Months Ended 3/31/08	
	(000)	Per Share	(000)	Per Share
Gains on For-Sale Residential Condos, Net of Partner's Interest	\$ 550	\$ 0.01	\$ 0	\$ 0.00
Lease Termination Income	1,138	0.02	1,900	0.03
Straight Line Rental Income	1,534	0.02	2,404	0.04
Capitalized Interest	1,504	0.02	2,585	0.04
Gains on Sales of Depreciable Assets	92	0.00	3,726	0.06

First Quarter 2009 Operating Highlights

- Second generation leasing activity in Highwoods' portfolio was 851,000 square feet, including 547,000 square feet of office space, 293,000 square feet of industrial space and 11,000 square feet of retail space. Occupancy in the Company's wholly-owned portfolio was 89.0%.
- Straight-line (GAAP) rental rates for the 104 office leases signed in the first quarter increased 6.6% from straight line rental rates under the previous leases, while cash rents declined 1.1%. Cash rent growth is determined by comparing the final cash rent and cost recovery income from the prior customer in the space compared to the initial cash and recovery income from the new customer after netting out any free rent.
- G&A was reduced by \$1.4 million, or 14%, from the first quarter of 2008 primarily as a result of 1) lower headcount, 2) lower legal, audit and dead deal costs and 3) lower short- and long-term incentive compensation expenses.

Funds from Operations Outlook

The Company reaffirmed its original 2009 FFO guidance of \$2.53 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 and the timing and impact of development deliveries and acquisitions. This estimate also includes \$0.12 to \$0.18 per share of expected dilution from projected property dispositions and expected higher costs from projected debt financings as described above. FFO guidance excludes any gains or impairments associated with depreciable properties or joint venture interests, as well as unusual charges or credits that may occur during the year. FFO guidance is based on 67.8 million diluted shares outstanding. Factors that could cause actual 2009 FFO results to differ materially from Highwoods' current expectations are discussed below and are also detailed in the Company's 2008 Annual Report on Form 10-K.

Management's outlook for 2009 is based on the following assumptions:

	<u>Low</u>	<u>High</u>
Year End Occupancy	87.0%	90.0%
Total Cash NOI Growth ⁽¹⁾	-1.5%	+1.0%
G&A Expenses	\$32.0M	\$34.0M
Lease Termination Income	\$ 1.1M	\$ 3.0M
Gains from Land and Residential Condo Sales	\$ 1.0M	\$ 2.0M
Straight Line Rental Income	\$ 3.0M	\$ 5.0M
Dispositions	\$ 50M	\$ 100M
Acquisitions	\$ 0M	\$ 100M
Development Starts	\$ 0M	\$ 50M

(1) Excludes impact of potential dispositions.

Supplemental Information

A copy of the Company's first quarter 2009 Supplemental Information that includes financial, leasing and operational statistics is available in the "Investor Relations/Quarterly Earnings" section of the Company's website 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 Thursday, April 30, at 10:00 a.m. Eastern time, Highwoods will host a teleconference call to discuss the matters outlined in this press release. For US/Canada callers, dial (800) 895-5087. A live, listen-only webcast can be accessed through the Company's website at www.highwoods.com under the "Investor Relations" section. A recording of this teleconference call will also be available through the Company's website.

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 NAREIT 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 adds back net income attributable to non-controlling interest in 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, 2008 to March 31, 2009). 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, 2009, the Company owned or had an interest in 382 in-service office, industrial and retail properties encompassing approximately 35.4 million square feet. Highwoods also owned 580 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, Mississippi, 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 2009 financial and operational results and the related assumptions underlying our expected results and anticipated financing activity, 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 as quickly as anticipated or on as favorable terms as old leases; difficulties in obtaining additional capital to satisfy our future cash needs or increases in interest rates could adversely impact our ability to fund important business initiatives and increase our debt service costs; our Southeastern and Midwestern markets may suffer declines in economic growth; our banking and joint venture partners may suffer financial difficulties that adversely impact their ability to satisfy their contractual obligations to us; and others detailed in the Company’s 2008 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,	
	2009	2008
Rental and other revenues	\$115,966	\$113,428
Operating expenses:		
Rental property and other expenses	41,797	38,574
Depreciation and amortization	33,424	30,748
General and administrative	8,315	9,711
Total operating expenses	83,536	79,033
Interest expense:		
Contractual	20,579	23,463
Amortization of deferred financing costs	662	638
Financing obligations	735	740
	21,976	24,841
Other income:		
Interest and other income	1,007	795
	1,007	795
Income before disposition of property and condominiums and equity in earnings of unconsolidated affiliates	11,461	10,349
Net gains on disposition of property	19	—
Gains on for sale residential condominiums	347	—
Equity in earnings of unconsolidated affiliates	1,300	1,989
Income from continuing operations	13,127	12,338
Discontinued operations:		
Income from discontinued operations	—	670
Net gains on sales of discontinued operations	73	3,726
	73	4,396
Net income	13,200	16,734
Net income attributable to noncontrolling interest in the Operating Partnership	(694)	(893)
Net income attributable to noncontrolling interest in consolidated affiliates	(18)	(198)
Dividends on preferred stock	(1,677)	(2,838)
Net income available for common stockholders	\$ 10,811	\$ 12,805
Earnings per common share—basic:		
Income from continuing operations available for common stockholders	\$ 0.17	\$ 0.15
Income from discontinued operations available for common stockholders	—	0.07
Net income available for common stockholders	\$ 0.17	\$ 0.22
Weighted average common shares outstanding—basic	63,631	57,217
Earnings per common share—diluted:		
Income from continuing operations available for common stockholders	\$ 0.17	\$ 0.15
Income from discontinued operations available for common stockholders	—	0.07
Net income available for common stockholders	\$ 0.17	\$ 0.22
Weighted average common shares outstanding—diluted	67,705	61,416
Net income available for common stockholders:		
Income from continuing operations available for common stockholders	10,742	8,696
Income from discontinued operations available for common stockholders	69	4,109
Net income available for common stockholders	\$ 10,811	\$ 12,805

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

	March 31, 2009	December 31, 2008
Assets:		
Real estate assets, at cost:		
Land	\$ 354,629	\$ 352,872
Buildings and tenant improvements	2,831,001	2,819,844
Development in process	70,808	61,938
Land held for development	98,946	98,946
	<u>3,355,384</u>	<u>3,333,600</u>
Less-accumulated depreciation	(734,944)	(714,224)
Net real estate assets	2,620,440	2,619,376
For sale residential condominiums	21,423	24,284
Real estate and other assets, net, held for sale	1,242	1,242
Cash and cash equivalents	7,757	13,757
Restricted cash	2,781	2,258
Accounts receivable, net	16,748	23,687
Notes receivable, net	3,447	3,602
Accrued straight-line rents receivable, net	81,513	79,979
Investment in unconsolidated affiliates	67,677	67,723
Deferred financing and leasing costs, net	71,607	73,216
Prepaid expenses and other assets	36,015	37,046
Total Assets	<u>\$2,930,650</u>	<u>\$2,946,170</u>
Liabilities, Noncontrolling Interest in the Operating Partnership and Equity:		
Mortgages and notes payable	\$1,619,276	\$1,604,685
Accounts payable, accrued expenses and other liabilities	121,285	135,609
Financing obligations	34,509	34,174
Total Liabilities	<u>1,775,070</u>	<u>1,774,468</u>
Noncontrolling interest in the Operating Partnership	87,119	111,278
Stockholders' Equity:		
Preferred stock	81,592	81,592
Common stock	638	636
Additional paid-in capital	1,640,174	1,616,093
Distributions in excess of net earnings	(655,435)	(639,281)
Accumulated other comprehensive loss	(4,698)	(4,792)
Total Stockholders' Equity	<u>1,062,271</u>	<u>1,054,248</u>
Noncontrolling interest in consolidated affiliates	6,190	6,176
Total Equity	<u>1,068,461</u>	<u>1,060,424</u>
Total Liabilities, Noncontrolling Interest in the Operating Partnership and Equity	<u>\$2,930,650</u>	<u>\$2,946,170</u>

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

	Three Months Ended March 31,	
	2009	2008
Funds from operations:		
Net income	\$13,200	\$16,734
Net income attributable to noncontrolling interest in the Operating Partnership	(694)	(893)
Net income attributable to noncontrolling interest in consolidated affiliates	(18)	(198)
Dividends on preferred stock	<u>(1,677)</u>	<u>(2,838)</u>
Net income available for common stockholders	10,811	12,805
Add/(deduct):		
Depreciation and amortization of real estate assets	32,981	30,191
(Gains) on disposition of depreciable properties	(19)	—
Noncontrolling interest in the Operating Partnership	694	893
Unconsolidated affiliates:		
Depreciation and amortization of real estate assets	3,250	2,935
Discontinued operations:		
Depreciation and amortization of real estate assets	—	361
(Gains) on disposition of depreciable properties	<u>(73)</u>	<u>(3,726)</u>
Funds from operations	<u>\$47,644</u>	<u>\$43,459</u>
Funds from operations per share—diluted:		
Net income available for common stockholders	\$ 0.17	\$ 0.22
Add/(deduct):		
Depreciation and amortization of real estate assets	0.48	0.49
(Gains) on disposition of depreciable properties	—	—
Unconsolidated affiliates:		
Depreciation and amortization of real estate assets	0.05	0.05
Discontinued operations:		
Depreciation and amortization of real estate assets	—	0.01
(Gains) on disposition of depreciable properties	<u>—</u>	<u>(0.06)</u>
Funds from operations	<u>\$ 0.70</u>	<u>\$ 0.71</u>
Weighted average shares outstanding—diluted	<u>67,705</u>	<u>61,416</u>

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

	Three Months Ended March 31,	
	2009	2008
Income before disposition of property and condominiums and equity in earnings of unconsolidated affiliates	\$ 11,461	\$ 10,349
Other income	(1,007)	(795)
Interest expense	21,976	24,841
General and administrative expense	8,315	9,711
Depreciation and amortization expense	<u>33,424</u>	<u>30,748</u>
Net operating income from continuing operations	74,169	74,854
Less—non same property and other net operating income	<u>7,031</u>	<u>2,403</u>
Total same property net operating income from continuing operations	<u>\$ 67,138</u>	<u>\$ 72,451</u>
Rental and other revenues	\$115,966	\$113,428
Rental property and other expenses	<u>41,797</u>	<u>38,574</u>
Total net operating income from continuing operations	74,169	74,854
Less—non same property and other net operating income	<u>7,031</u>	<u>2,403</u>
Total same property net operating income from continuing operations	<u>\$ 67,138</u>	<u>\$ 72,451</u>



Supplemental Information
March 31, 2009

Supplemental Information
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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 other risks listed at the end of our first quarter earnings press release and detailed from time to time in the Company's SEC reports. Highwoods assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

This supplemental also includes non-GAAP financial measures, such as Funds From Operations (FFO) and net operating income (NOI). Definitions of FFO and NOI and an explanation of management's view of the usefulness and risks of FFO and NOI can be found toward the end of the first quarter earnings press release.

Summary

Amounts in thousands, except per share amounts

	<i>Three Months Ended</i>				
	<u>03/31/09</u>	<u>12/31/08</u>	<u>09/30/08</u>	<u>06/30/08</u>	<u>03/31/08</u>
Shares and units:					
Common shares outstanding at end of period	63,763	63,572	63,545	57,632	57,309
Common units outstanding at end of period	4,067	4,067	3,906	3,933	3,951
Weighted average common shares outstanding—basic	63,631	63,563	58,998	57,456	57,217
Weighted average common shares outstanding—diluted	67,705	67,568	63,228	61,822	61,416
Share price:					
At end of period	\$ 21.42	\$ 27.36	\$ 35.56	\$ 31.42	\$ 31.07
High close during period	26.17	34.29	37.94	37.38	32.34
Low close during period	16.57	15.59	29.88	31.42	26.67
Financial information:					
Land sale gains, net of (impairments)	\$ —	\$ (1,565)	\$ 1,727	\$ 89	\$ —
Gains on for sale residential condominiums, net of partner's interest	550	4,301	—	—	—
Lease termination income	1,138	216	436	26	1,900
Straight line rental income	1,534	701	967	1,892	2,404
Capitalized interest	1,504	1,399	2,106	2,221	2,585
Impairments on depreciable properties	—	(32,442)	—	—	—
Gains on sales of depreciable properties	92	6,685	3,155	5,045	3,726
Funds from operations per share - diluted	\$ 0.70	\$ 0.20	\$ 0.71	\$ 0.68	\$ 0.71
Funds from operations per share - diluted, excluding certain items^{1/}	\$ 0.70	\$ 0.68	\$ 0.71	\$ 0.68	\$ 0.71
Wholly - owned property information:					
In-Service rentable square feet:					
Office	19,594	19,556	19,416	19,416	19,565
Industrial	6,463	6,467	6,049	6,299	6,036
Retail	1,337	1,350	1,342	1,343	1,314
Total	<u>27,394</u>	<u>27,373</u>	<u>26,807</u>	<u>27,058</u>	<u>26,915</u>
In-Service occupancy:					
Office	89.1%	90.2%	90.3%	90.8%	90.4%
Industrial	87.9%	92.6%	95.2%	91.4%	91.0%
Retail	93.2%	94.6%	93.6%	93.5%	92.9%
Total	<u>89.0%</u>	<u>91.0%</u>	<u>91.6%</u>	<u>91.1%</u>	<u>90.7%</u>

^{1/} Excludes impairments on depreciable assets and preferred stock redemption/repurchase charges.

Corporate Information

Board of Directors

Thomas W. Adler
Gene H. Anderson
Edward J. Fritsch
David J. Hartzell, Ph.D.
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

Peter T. Jardine
Vice President, Corporate Marketing

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

Michael D. Starchville
Vice President, Asset Management

Tabitha N. Zane
Vice President, Investor Relations and Corporate Communications

Research Coverage

Citigroup Global Markets
Michael Bilerman - 212-816-1383

Credit Suisse - North America
Steve Benyik - 212-538-0239

Friedman, Billings, Ramsey & Co., Inc.
Wilkes Graham - 703-312-9737

Green Street Advisors
Cedric Lachance - 949-640-8780

Macquarie Research
Nick Pirsos - 212-231-2457

RW Baird
Chris Lucas - 703-821-5780

Stifel Nicolaus
John Guinee - 443-224-1307
Erin Aslakson - 443-224-1350

Wachovia Securities
Brendan Maiorana - 443-263-6516

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, FL

Steven J. Garrity, Vice President

Tampa, FL

Daniel E. Woodward, Vice President

Raleigh, NC

Thomas "Skip" Hill, Vice President

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, MO

Glenn E. Stephenson, Vice President

Corporate Headquarters

Highwoods Properties, Inc.

3100 Smoketree Court, Suite 600

Raleigh, NC 27604

919-872-4924

Stock Exchange

NYSE

Trading Symbol: HIW

Investor Relations Contact

Tabitha Zane

Vice President, Investor Relations and Corporate Communications

Phone: 919-431-1529

Fax: 919-431-1439

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, 2009, the Company owned or had an interest in 382 in-service office, industrial and retail properties encompassing approximately 35.4 million square feet. Highwoods also wholly-owned 580 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				
	03/31/09	12/31/08	09/30/08	06/30/08	03/31/08
Rental and other revenues	\$115,966	\$117,098	\$115,445	\$115,010	\$113,428
Operating expenses:					
Rental property and other expenses	41,797	44,129	41,793	41,226	38,574
Depreciation and amortization	33,424	32,861	31,937	31,216	30,748
Impairment of assets held for use	—	32,846	—	—	—
General and administrative	8,315	8,681	8,885	10,766	9,711
Total operating expenses	<u>83,536</u>	<u>118,517</u>	<u>82,615</u>	<u>83,208</u>	<u>79,033</u>
Interest expense:					
Contractual	20,579	23,055	22,995	23,345	23,463
Amortization of deferred financing costs	662	678	714	686	638
Financing obligations	735	631	783	764	740
	<u>21,976</u>	<u>24,364</u>	<u>24,492</u>	<u>24,795</u>	<u>24,841</u>
Other income:					
Interest and other income	1,007	419	1,017	1,601	795
	<u>1,007</u>	<u>419</u>	<u>1,017</u>	<u>1,601</u>	<u>795</u>
Income/(loss) before disposition of property and condominiums and equity in earnings of unconsolidated affiliates	11,461	(25,364)	9,355	8,608	10,349
Net gains/(losses) on disposition of property	19	(1,071)	1,745	107	—
Gains on for sale residential condominiums 1/	347	5,617	—	—	—
Equity in earnings of unconsolidated affiliates	1,300	1,155	1,214	1,520	1,989
Income/(loss) from continuing operations	13,127	(19,663)	12,314	10,235	12,338
Discontinued operations:					
Income from discontinued operations	—	207	273	751	670
Net gains on sales of discontinued operations	73	6,595	3,137	5,027	3,726
	<u>73</u>	<u>6,802</u>	<u>3,410</u>	<u>5,778</u>	<u>4,396</u>
Net income/(loss)	13,200	(12,861)	15,724	16,013	16,734
Net income attributable to noncontrolling interest in the Operating Partnership	(694)	967	(812)	(839)	(893)
Net income attributable to noncontrolling interest in consolidated affiliates	(18)	(1,451)	(201)	(191)	(198)
Dividends on preferred stock	(1,677)	(1,677)	(2,451)	(2,838)	(2,838)
Excess of preferred stock redemption cost over carrying value	—	—	(108)	—	—
Net income/(loss) available for common stockholders	\$ 10,811	\$ (15,022)	\$ 12,152	\$ 12,145	\$ 12,805
Earnings per common share - diluted:					
Income/(loss) from continuing operations available for common stockholders	\$ 0.17	\$ (0.34)	\$ 0.15	\$ 0.12	\$ 0.15
Income from discontinued operations available for common stockholders	—	0.10	0.06	0.09	0.07
Net income/(loss) available for common stockholders	<u>\$ 0.17</u>	<u>\$ (0.24)</u>	<u>\$ 0.21</u>	<u>\$ 0.21</u>	<u>\$ 0.22</u>
Weighted average common shares outstanding—diluted	<u>67,705</u>	<u>63,563</u>	<u>63,228</u>	<u>61,822</u>	<u>61,416</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>
Net income/(loss) available for common stockholders:					
Income/(loss) from continuing operations available for common stockholders	\$ 10,742	\$ (21,415)	\$ 8,956	\$ 6,741	\$ 8,696
Income from discontinued operations available for common stockholders	69	6,393	3,196	5,404	4,109
Net income/(loss) available for common stockholders	<u>\$ 10,811</u>	<u>\$ (15,022)</u>	<u>\$ 12,152</u>	<u>\$ 12,145</u>	<u>\$ 12,805</u>

1/ After adjusting for our partner's share, which is reflected in "Net income attributable to noncontrolling interest in consolidated affiliates", net gains to the Company were \$550.

**Funds from Operations
and Additional Information**

Amounts in thousands, except per share amounts

	<i>Three Months Ended</i>				
	<u>03/31/09</u>	<u>12/31/08</u>	<u>09/30/08</u>	<u>06/30/08</u>	<u>03/31/08</u>
Funds from operations:					
Net income/(loss)	\$ 13,200	\$(12,861)	\$15,724	\$16,013	\$16,734
Net income attributable to noncontrolling interest in the Operating Partnership	(694)	967	(812)	(839)	(893)
Net income attributable to noncontrolling interest in consolidated affiliates	(18)	(1,451)	(201)	(191)	(198)
Dividends on preferred stock	(1,677)	(1,677)	(2,451)	(2,838)	(2,838)
Excess of preferred stock redemption cost over carrying value	—	—	(108)	—	—
Net income/(loss) available for common stockholders	<u>10,811</u>	<u>(15,022)</u>	<u>12,152</u>	<u>12,145</u>	<u>12,805</u>
Add/(deduct):					
Depreciation and amortization of real estate assets	32,981	32,388	31,467	30,771	30,191
(Gains) on disposition of depreciable properties	(19)	(90)	(18)	(18)	—
Noncontrolling interest from the Operating Partnership	694	(967)	812	839	893
Unconsolidated affiliates:					
Depreciation and amortization of real estate assets	3,250	3,285	3,136	3,395	2,935
Discontinued operations:					
Depreciation and amortization of real estate assets	—	167	172	158	361
(Gains) on disposition of depreciable properties	(73)	(6,595)	(3,137)	(5,027)	(3,726)
Funds from operations	<u>\$ 47,644</u>	<u>\$ 13,166</u>	<u>\$44,584</u>	<u>\$42,263</u>	<u>\$43,459</u>
Funds from operations per share—diluted					
Net income/(loss) available for common stockholders	\$ 0.17	\$ (0.24)	\$ 0.21	\$ 0.21	\$ 0.22
Add/(deduct):					
Depreciation and amortization of real estate assets	0.48	0.48	0.50	0.50	0.49
(Gains) on disposition of depreciable properties	—	—	—	—	—
Unconsolidated affiliates:					
Depreciation and amortization of real estate assets	0.05	0.05	0.05	0.05	0.05
(Gains) on disposition of depreciable properties	—	—	—	—	—
Discontinued operations:					
Depreciation and amortization of real estate assets	—	—	—	—	0.01
(Gains) on disposition of depreciable properties	—	(0.10)	(0.05)	(0.08)	(0.06)
Funds from operations	<u>\$ 0.70</u>	<u>\$ 0.19</u>	<u>\$ 0.71</u>	<u>\$ 0.68</u>	<u>\$ 0.71</u>
Weighted average shares outstanding - diluted	<u>67,705</u>	<u>67,568</u>	<u>63,228</u>	<u>61,822</u>	<u>61,416</u>
Additional information: 1/					
Funds from operations, excluding certain items 2/	<u>\$ 47,644</u>	<u>\$ 45,608</u>	<u>\$44,692</u>	<u>\$42,263</u>	<u>\$43,459</u>
Funds from operations per share, excluding certain items 2/	<u>\$ 0.70</u>	<u>\$ 0.68</u>	<u>\$ 0.71</u>	<u>\$ 0.68</u>	<u>\$ 0.71</u>
Straight line rental income	\$ (1,534)				
Amortization of lease incentives	298				
Depreciation of non-real estate assets	281				
Ground lease straight line rent	125				
Amortization of stock-based compensation	1,842				
Amortization of deferred financing costs	662				
Amortization of accumulated other comprehensive loss	(70)				
Harborview non-cash FMV charge	(47)				
Non-incremental revenue generating capital expenditures paid: 3/					
Building improvements	(922)				
2nd generation tenant improvements	(5,382)				
2nd generation lease commissions	(2,280)				
Common dividends and unit distributions paid	(28,682)				

1/ Increase or (decrease) to cash flows.

2/ Excludes impairments on depreciable assets and preferred stock redemption/repurchase charges.

3/ Excludes capital expenditures paid for buildings sold prior to March 31, 2009.

Consolidated Balance Sheets

Dollars in thousands

	03/31/09	12/31/08
Assets:		
Real estate assets, at cost:		
Land	\$ 354,629	\$ 352,872
Buildings and tenant improvements	2,831,001	2,819,844
Development in process	70,808	61,938
Land held for development	98,946	98,946
	<u>3,355,384</u>	<u>3,333,600</u>
Less-accumulated depreciation	(734,944)	(714,224)
Net real estate assets	2,620,440	2,619,376
For sale residential condominiums	21,423	24,284
Real estate and other assets, net, held for sale	1,242	1,242
Cash and cash equivalents	7,757	13,757
Restricted cash	2,781	2,258
Accounts receivable, net	16,748	23,687
Notes receivable, net	3,447	3,602
Accrued straight-line rents receivable, net	81,513	79,979
Investment in unconsolidated affiliates	67,677	67,723
Deferred financing and leasing costs, net	71,607	73,216
Prepaid expenses and other assets	36,015	37,046
Total Assets	<u>\$2,930,650</u>	<u>\$2,946,170</u>
Liabilities, Noncontrolling Interest in the Operating Partnership and Equity:		
Mortgages and notes payable	\$1,619,276	\$1,604,685
Accounts payable, accrued expenses and other liabilities	121,285	135,609
Financing obligations	34,509	34,174
Total Liabilities	<u>1,775,070</u>	<u>1,774,468</u>
Noncontrolling interest in the Operating Partnership	87,119	111,278
Stockholders' Equity:		
Preferred stock	81,592	81,592
Common stock	638	636
Additional paid-in capital	1,640,174	1,616,093
Distributions in excess of net earnings	(655,435)	(639,281)
Accumulated other comprehensive loss	(4,698)	(4,792)
Total Stockholders' Equity	<u>1,062,271</u>	<u>1,054,248</u>
Noncontrolling interest in consolidated affiliates	6,190	6,176
Total Equity	<u>1,068,461</u>	<u>1,060,424</u>
Total Liabilities, Noncontrolling Interest in the Operating Partnership and Equity	<u>\$2,930,650</u>	<u>\$2,946,170</u>

Components of Net Asset Value
As Released on February 11, 2009 — See Note Below

Dollars in thousands

Note: The purpose of providing the following information at the beginning of each year is to enable readers to derive their own estimate of net asset value. The Company updates this information annually based on management's assumptions regarding projected current year net operating income as of the date of initial publication (current year being February 11, 2009) and will not be updated to reflect any facts, circumstances or changes in financial or operating assumptions that may occur during the year. This information is not intended to be an asset-by-asset or enterprise valuation.

Consolidated Properties Projected Net Operating Income (NOI) 1/	
Office	\$ 230,671
Retail	28,914
Industrial/Other	20,404
Deduct Partner's Share of Consolidated JV's (Office)	(5,529)
Total Net Operating Income	<u>\$ 274,460</u>
Highwoods' Share of Unconsolidated Joint Ventures Projected NOI	
Office	<u>\$ 30,577</u>
Other income	
Development, leasing and management fees	<u>\$ 4,502</u>
Add Other assets:	
Development investment at cost	\$ 204,299
Assets not fairly valued by capitalized NOI valuation method 2/	108,822
Property held for sale at net sales price	1,400
Land held for development at market value	142,802
Cash and cash equivalents	13,757
Highwoods share of unconsolidated JV's cash and cash equivalents	20,032
Restricted cash	2,258
Accounts receivable, net	23,687
Notes receivable and prepaid expenses	40,648
Deduct partner's share of Consolidated JV's other assets	(1,218)
Other assets total	<u>\$ 556,487</u>
Deductions:	
Total liabilities	\$ 135,609
Mortgages and notes payable	1,604,685
Deduct partner's share of Consolidated JV's liabilities and mortgages	(36,811)
Market value of debt adjustment 3/	(271,860)
Preferred stock, at liquidation value	81,592
Highwoods' share of unconsolidated joint ventures liabilities	259,778
	<u>\$1,772,993</u>
Estimated diluted common shares and common units for 2009 (000's)	<u>67,639</u>

- 1/ Projected 2009 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/ Consolidated Properties projected 2009 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.
- 3/ In accordance with prior practice, we included an adjustment to mark our debt and bonds to estimated fair value as of December 31, 2008.

Components of Discontinued Operations

Dollars in thousands

	Three Months Ended				
	03/31/09	12/31/08	09/30/08	06/30/08	03/31/08
Rental and other revenues	\$ 2	\$ 675	\$ 831	\$1,517	\$1,858
Operating expenses:					
Rental property and other expenses	2	309	389	612	836
Depreciation and amortization	—	167	171	158	361
Total operating expenses	2	476	560	770	1,197
Other income	—	8	2	4	9
Income before gains on sales of discontinued operations	—	207	273	751	670
Net gains on sales of discontinued operations	73	6,595	3,137	5,027	3,726
Net income from discontinued operations	\$ 73	\$6,802	\$3,410	\$5,778	\$4,396

Highwoods Properties, Inc.

5

3/31/09

Capitalization

Dollars, shares, and units in thousands

	<u>3/31/09</u>	<u>12/31/08</u>	<u>9/30/08</u>	<u>6/30/08</u>	<u>3/31/08</u>
Long-Term Debt (see pages 7 & 8):	<u>\$1,619,276</u>	<u>\$1,604,685</u>	<u>\$1,588,954</u>	<u>\$1,732,082</u>	<u>\$1,703,238</u>
Financing Obligations:	<u>\$ 34,509</u>	<u>\$ 34,174</u>	<u>\$ 35,195</u>	<u>\$ 35,145</u>	<u>\$ 35,296</u>
Preferred Stock (at liquidation value):					
Series A 8 ⁵ / 8 % Perpetual Preferred Stock	\$ 29,092	\$ 29,092	\$ 29,092	\$ 82,937	\$ 82,937
Series B 8% Perpetual Preferred Stock	<u>52,500</u>	<u>52,500</u>	<u>52,500</u>	<u>52,500</u>	<u>52,500</u>
Total preferred stock	<u>\$ 81,592</u>	<u>\$ 81,592</u>	<u>\$ 81,592</u>	<u>\$ 135,437</u>	<u>\$ 135,437</u>
Common Shares and Units Outstanding:					
Common stock outstanding	63,763	63,572	63,545	57,632	57,309
Noncontrolling interest partnership units	<u>4,067</u>	<u>4,067</u>	<u>3,906</u>	<u>3,933</u>	<u>3,951</u>
Total common shares and units outstanding	67,830	67,639	67,451	61,565	61,260
Stock price at period end	<u>\$ 21.42</u>	<u>\$ 27.36</u>	<u>\$ 35.56</u>	<u>\$ 31.42</u>	<u>\$ 31.07</u>
Market value of common equity	<u>\$1,452,919</u>	<u>\$1,850,603</u>	<u>\$2,398,558</u>	<u>\$1,934,372</u>	<u>\$1,903,348</u>
Total market capitalization with debt and obligations	<u>\$3,188,296</u>	<u>\$3,571,054</u>	<u>\$4,104,299</u>	<u>\$3,837,036</u>	<u>\$3,777,319</u>

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

Highwoods Properties, Inc.

Long-Term Debt Summary

Dollars in thousands

	3/31/09	12/31/08	9/30/08	6/30/08	3/31/08
Balances Outstanding:					
Secured:					
Conventional fixed rate 1/	\$ 631,207	\$ 634,317	\$ 638,032	\$ 640,557	\$ 643,041
Variable rate debt	34,540	20,869	31,954	47,087	26,890
Secured total	<u>665,747</u>	<u>655,186</u>	<u>669,986</u>	<u>687,644</u>	<u>669,931</u>
Unsecured:					
Fixed rate bonds and notes	599,029	648,999	648,968	648,938	648,907
Bank term loans	157,500	137,500	137,500	137,500	137,500
Credit facility	197,000	163,000	132,500	258,000	246,900
Unsecured total	<u>953,529</u>	<u>949,499</u>	<u>918,968</u>	<u>1,044,438</u>	<u>1,033,307</u>
Total	<u>\$1,619,276</u>	<u>\$ 1,604,685</u>	<u>\$ 1,588,954</u>	<u>\$1,732,082</u>	<u>\$1,703,238</u>
End of Period Weighted Average Interest Rates:					
Secured:					
Conventional fixed rate	6.61%	6.61%	6.62%	6.61%	6.62%
Variable rate debt	1.41%	1.73%	3.94%	4.01%	4.34%
Secured total	<u>6.34%</u>	<u>6.45%</u>	<u>6.49%</u>	<u>6.44%</u>	<u>6.50%</u>
Unsecured:					
Fixed rate bonds	6.40%	6.53%	6.53%	6.53%	6.53%
Bank term loans	2.83%	2.66%	4.38%	3.53%	0
Credit facility	1.34%	2.39%	4.02%	3.43%	3.65%
Unsecured total	<u>4.77%</u>	<u>5.26%</u>	<u>5.85%</u>	<u>5.37%</u>	<u>5.47%</u>
Average	<u>5.41%</u>	<u>5.75%</u>	<u>6.12%</u>	<u>5.79%</u>	<u>5.88%</u>

Maturity Schedule:

Year	Future Maturities of Debt		Total Debt 2/	Average Interest Rate
	Secured Debt 2/	Unsecured Debt		
2009	\$ 116,807	\$ —	\$ 116,807	7.63%
2010	30,909	197,000	227,909	1.34%
2011	—	137,500	137,500	2.68%
2012	211,767	20,000	231,767	6.68%
2013	261,604	—	261,604	5.90%
2014	36,431	—	36,431	5.79%
2015	—	—	—	—
2016	8,229	—	8,229	7.67%
2017	—	399,029	399,029	5.85%
2018	—	200,000	200,000	7.50%
Total maturities	<u>\$ 665,747</u>	<u>\$ 953,529</u>	<u>\$1,619,276</u>	<u>5.41%</u>

Weighted average maturity = 4.7 years

1/ Includes a \$22.2 million loan related to a consolidated 20% owned joint venture (Harborview) and \$36.4 million in loans at March 31, 2009 related to a consolidated 50% joint venture (Markel).

2/ All periods exclude annual principal amortization.

Long-Term Debt Detail

Dollars in thousands

Secured Loans

Lender	Rate	Maturity Date	Loan Balance 3/31/09	Undepreciated Book Value of Assets Secured
Northwestern Mutual	7.05%	Jan-12	\$ 189,535	\$ 300,704
Northwestern Mutual	6.03%	Mar-13	132,601	183,369
Massachusetts Mutual Life Ins. Co. 1/	5.68%	Dec-13	117,904	213,686
Monumental Life Ins. Co. 2/	7.77%	Nov-09	77,389	187,537
PNC/Regions/Union Bank of California/U.S. Bank 3/	1.35%	Dec-10	30,909	43,514
Monumental Life Ins. Co. 2/	7.87%	Nov-09	30,440	
Metropolitan Life Ins. Co. 4/	6.06%	Oct-12	22,233	39,107
Principal Life Insurance Company 5/	5.79%	Jan-14	11,168	14,408
Principal Life Insurance Company 5/	5.79%	Jan-14	11,168	18,781
Massachusetts Mutual Life Ins. Co. 1/	6.48%	Dec-13	10,471	
Principal Life Insurance Company 5/	5.74%	Jan-14	8,805	14,174
Union Realty Co.	7.65%	Feb-16	8,229	16,010
Principal Life Insurance Company 5/	5.89%	Jan-14	5,290	7,514
Royal Bank of Canada 3/	1.90%	Dec-09	3,631	21,423
Lutheran Brotherhood	6.75%	Apr-09	3,525	8,015
Security Life of Denver	8.85%	Aug-09	1,822	9,687
American United Life	9.00%	Jun-13	627	3,325
	<u>6.34%</u>		<u>665,747</u>	<u>\$ 1,081,254</u>

Unsecured Bonds

Bonds	5.85%	Mar-17	399,029	
Bonds	7.50%	Apr-18	200,000	
	<u>6.40%</u>		<u>599,029</u>	

Unsecured Loans

Credit facility 3/	1.34%	May-10	197,000	
Bank term loan 3/	2.68%	Feb-11	137,500	
BB&T term loan 3/	3.90%	Mar-12	20,000	
	2.00%		354,500	
Total Debt	<u>5.41%</u>		<u>\$1,619,276</u>	

Note: Credit facility maturity date includes one-year extension option which management exercised on February 5, 2009 and which becomes effective on May 1, 2009.

Revolving Credit Facility

Name of Lender	Total Commitment	Amount Outstanding at 3/31/09	Unfunded Commitment at 3/31/09
Bank of America, N.A.	\$ 50,000	\$ 21,889	\$ 28,111
Branch Banking and Trust Co.	50,000	21,889	28,111
Wachovia Bank, N.A. 6/	50,000	21,889	28,111
Wells Fargo Bank, N.A.	50,000	21,889	28,111
Emigrant Bank	35,000	15,323	19,677
Eurohypo AG, New York Branch	35,000	15,323	19,677
PNC Bank, N.A.	30,000	13,133	16,867
Regions Bank	30,000	13,133	16,867
Comerica Bank	25,000	10,944	14,056
RBC Bank	25,000	10,944	14,056
Union Bank of California, N.A.	25,000	10,944	14,056
US Bank	20,000	8,756	11,244
First Horizon Bank	15,000	6,567	8,433
Chevy Chase Bank	10,000	4,377	5,623
	<u>\$ 450,000</u>	<u>\$ 197,000</u>	<u>\$ 253,000</u>

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

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

- 3/ *Floating rate loans based on one month libor.*
- 4/ *Loan relates to a consolidated 20% owned joint venture (Harborview).*
- 5/ *Loans relate to a consolidated 50% owned joint venture (Markel).*
- 6/ *Wells Fargo acquired Wachovia effective December 31, 2008.*

Highwoods Properties, Inc.

8

3/31/09

Portfolio Summary - Wholly-Owned Properties Only 1/

(Rentable Square Feet)

	3/31/09	12/31/08	9/30/08	6/30/08	3/31/08
Office Industrial & Retail					
In-Service:					
Office 2/	19,594,000	19,556,000	19,416,000	19,416,000	19,565,000
Industrial	6,463,000	6,467,000	6,049,000	6,299,000	6,036,000
Retail 3/	1,337,000	1,350,000	1,342,000	1,343,000	1,314,000
Total 4/	27,394,000	27,373,000	26,807,000	27,058,000	26,915,000
Development Completed - Not Stabilized:					
Office 2/	665,000	665,000	873,000	428,000	524,000
Industrial	200,000	—	418,000	418,000	681,000
Retail	—	—	—	—	—
Total	865,000	665,000	1,291,000	846,000	1,205,000
Development - In Process:					
Office 2/	358,000	358,000	358,000	803,000	717,000
Industrial	—	200,000	200,000	200,000	200,000
Retail	—	—	—	—	—
Total	358,000	558,000	558,000	1,003,000	917,000
Total:					
Office 2/	20,617,000	20,579,000	20,647,000	20,647,000	20,806,000
Industrial	6,663,000	6,667,000	6,667,000	6,917,000	6,917,000
Retail 3/	1,337,000	1,350,000	1,342,000	1,343,000	1,314,000
Total 4/	28,617,000	28,596,000	28,656,000	28,907,000	29,037,000
Same Property					
Office 2/	18,792,000	18,792,000	18,792,000	18,792,000	18,792,000
Industrial	5,782,000	5,782,000	5,782,000	5,782,000	5,782,000
Retail	1,307,000	1,307,000	1,307,000	1,307,000	1,307,000
Total	25,881,000	25,881,000	25,881,000	25,881,000	25,881,000
Percent Leased/Pre-Leased:					
In-Service:					
Office	89.1%	90.2%	90.3%	90.8%	90.4%
Industrial	87.9%	92.6%	95.2%	91.4%	91.0%
Retail	93.2%	94.6%	93.6%	93.5%	92.9%
Total	89.0%	91.0%	91.6%	91.1%	90.7%
Development Completed - Not Stabilized:					
Office	64.2%	64.2%	69.4%	73.6%	67.4%
Industrial	50.0%	—	91.0%	72.0%	78.2%
Retail	—	—	—	—	—
Total	60.9%	64.2%	76.4%	72.8%	73.5%
Development - In Process:					
Office	65.7%	65.7%	65.7%	63.5%	65.7%
Industrial	—	50.0%	50.0%	50.0%	50.0%
Retail	—	—	—	—	—
Total	65.7%	60.1%	60.1%	60.8%	62.3%
Same Property					
Office	89.2%	90.3%	90.6%	91.0%	90.7%
Industrial	87.2%	93.0%	95.6%	91.3%	90.7%
Retail	93.1%	95.3%	94.6%	94.5%	94.1%
Total	89.0%	91.2%	91.9%	91.2%	90.9%

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 426,000 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, 2009

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/	3,711,000	85.5%	15.6%	—	—	15.6%
Nashville	2,997,000	95.2%	14.3%	—	—	14.3%
Atlanta	5,552,000	91.9%	10.2%	3.9%	—	14.1%
Tampa	2,658,000	88.7%	12.9%	—	—	12.9%
Kansas City	1,936,000 4/	90.8%	3.4%	—	9.3%	12.7%
Piedmont Triad 5/	5,526,000	81.8%	6.1%	3.1%	0.2%	9.4%
Richmond	2,228,000	91.3%	8.9%	—	—	8.9%
Memphis	1,472,000	92.5%	6.3%	—	—	6.3%
Greenville	897,000	93.8%	3.5%	—	—	3.5%
Orlando	317,000	97.4%	1.7%	—	—	1.7%
Other	100,000	84.3%	0.6%	—	—	0.6%
Total	<u>27,394,000</u>	<u>89.0%</u>	<u>83.5%</u>	<u>7.0%</u>	<u>9.5%</u>	<u>100.0%</u>

Summary by Location, Including Joint Venture Properties:

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Cash Revenue 2/ 6/				Total
			Office	Industrial	Retail	Multi-Family	
Raleigh	4,525,000	86.5%	14.6%	—	—	—	14.6%
Atlanta	6,387,000	90.1%	10.3%	3.4%	—	—	13.7%
Nashville	2,997,000	95.2%	12.6%	—	—	—	12.6%
Kansas City	2,655,000 4/	89.7%	4.0%	0.0%	8.2%	—	12.2%
Tampa	2,863,000	89.1%	11.6%	—	—	—	11.6%
Piedmont Triad	5,890,000	79.4%	5.6%	2.7%	0.2%	—	8.5%
Richmond	2,641,000	92.6%	8.5%	—	—	—	8.5%
Memphis	1,472,000	92.5%	5.6%	—	—	—	5.6%
Orlando	2,169,000	88.9%	4.8%	—	—	—	4.8%
Des Moines	2,505,000	87.1%	3.1%	0.5%	0.1%	0.4%	4.1%
Greenville	897,000	93.8%	3.1%	—	—	—	3.1%
Other	210,000	92.5%	0.6%	—	—	—	0.6%
Charlotte	148,000	100.0%	0.1%	—	—	—	0.1%
Total	<u>35,359,000</u>	<u>88.3%</u>	<u>84.5%</u>	<u>6.6%</u>	<u>8.5%</u>	<u>0.4%</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, 2009 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 426,000 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, 2009

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	3,711,000	85.5%	18.7%	—	—	—
Nashville	2,997,000	95.2%	17.1%	—	—	—
Tampa	2,658,000	88.7%	15.5%	—	—	—
Atlanta	2,470,000	90.4%	12.2%	3,082,000	93.1%	55.9%
Richmond	2,228,000	91.3%	10.7%	—	—	—
Memphis	1,472,000	92.5%	7.5%	—	—	—
Piedmont Triad	2,105,000	79.0%	7.3%	3,381,000	83.3%	44.1%
Greenville	897,000	93.8%	4.2%	—	—	—
Kansas City	639,000	86.3%	4.1%	—	—	—
Orlando	317,000	97.4%	2.0%	—	—	—
Other	100,000	84.3%	0.7%	—	—	—
	<u>19,594,000</u>	<u>89.1%</u>	<u>100.0%</u>	<u>6,463,000</u>	<u>87.9%</u>	<u>100.0%</u>

Market	Retail		
	Rentable Square Feet	Occupancy	Percentage of Retail Annualized Cash Revenue 2/
Kansas City 3/	1,297,000	93.0%	97.4%
Piedmont Triad	40,000	100.0%	2.6%
	<u>1,337,000</u>	<u>93.2%</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, 2009 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

3/ Excludes 426,000 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	3/31/09	12/31/08	9/30/08	6/30/08	3/31/08
Atlanta	Rentable Square Feet	5,552,000	5,552,000	5,552,000	5,552,000	5,289,000
	Occupancy	91.9%	93.4%	93.2%	92.0%	91.6%
	Current Properties 2/	91.5%	93.6%	93.5%	92.2%	91.6%
Greenville	Rentable Square Feet	897,000	897,000	897,000	897,000	897,000
	Occupancy	93.8%	94.4%	94.4%	91.4%	86.4%
	Current Properties 2/	93.8%	94.4%	94.4%	91.4%	86.4%
Kansas City 3/	Rentable Square Feet	1,936,000	1,953,000	1,955,000	1,956,000	2,229,000
	Occupancy	90.8%	92.3%	91.6%	91.3%	88.8%
	Current Properties 2/	90.8%	93.0%	92.3%	92.1%	91.5%
Memphis	Rentable Square Feet	1,472,000	1,473,000	1,337,000	1,337,000	1,276,000
	Occupancy	92.5%	92.5%	93.0%	93.5%	93.8%
	Current Properties 2/	92.4%	92.4%	92.6%	93.2%	93.8%
Nashville	Rentable Square Feet	2,997,000	2,988,000	3,181,000	3,181,000	3,184,000
	Occupancy	95.2%	95.0%	94.8%	94.9%	95.0%
	Current Properties 2/	95.2%	94.7%	95.4%	95.4%	95.6%
Orlando	Rentable Square Feet	317,000	317,000	317,000	317,000	317,000
	Occupancy	97.4%	98.4%	98.4%	98.4%	96.9%
	Current Properties 2/	97.4%	98.4%	98.4%	98.4%	96.9%
Piedmont Triad	Rentable Square Feet	5,526,000	5,526,000	5,108,000	5,358,000	5,358,000
	Occupancy	81.8%	86.1%	88.4%	85.9%	85.2%
	Current Properties 2/	81.0%	85.7%	88.4%	85.2%	84.5%
Raleigh	Rentable Square Feet	3,711,000	3,711,000	3,711,000	3,711,000	3,712,000
	Occupancy	85.5%	88.6%	89.9%	89.7%	90.3%
	Current Properties 2/	85.5%	88.6%	89.9%	89.7%	90.3%
Richmond	Rentable Square Feet	2,228,000	2,229,000	2,230,000	2,230,000	2,135,000
	Occupancy	91.3%	90.8%	90.0%	92.1%	93.5%
	Current Properties 2/	92.1%	91.6%	91.5%	93.6%	93.6%
Tampa	Rentable Square Feet	2,658,000	2,627,000	2,419,000	2,419,000	2,418,000
	Occupancy	88.7%	91.6%	92.2%	94.5%	94.7%
	Current Properties 2/	89.2%	92.3%	92.2%	94.4%	94.6%
Total 4/	Rentable Square Feet	27,294,000	27,273,000	26,707,000	26,958,000	26,815,000
	Occupancy	89.0%	91.0%	91.6%	91.1%	90.7%
	Current Properties 2/	89.0%	91.2%	91.8%	91.2%	90.8%

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 426,000 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					
	3/31/09 2/	12/31/08 3/	9/30/08 4/	6/30/08 5/	3/31/08 6/	Average
Net Effective Rents Related to Re-leased Space:						
Number of lease transactions (signed leases)	104	129	96	113	126	114
Rentable square footage leased	546,833	868,233	471,486	997,600	602,049	697,240
Square footage of Renewal Deals	430,986	703,690	330,751	913,530	385,756	552,943
Renewed square footage (% of total)	78.8%	81.0%	70.2%	91.6%	64.1%	79.3%
New Leases square footage (% of total)	21.2%	19.0%	29.8%	8.4%	35.9%	20.7%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 19.52	\$ 21.21	\$ 20.84	\$ 22.47	\$ 19.82	\$ 20.77
Tenant improvements	(2.12)	(1.21)	(1.35)	(1.16)	(1.10)	(1.39)
Leasing commissions 7/	(0.47)	(0.60)	(0.51)	(0.63)	(0.44)	(0.53)
Rent concessions	(0.40)	(0.35)	(0.22)	(0.28)	(0.13)	(0.28)
Effective rent	16.53	19.05	18.76	20.40	18.15	18.57
Expense stop	(6.83)	(6.07)	(6.64)	(7.12)	(5.90)	(6.51)
Equivalent effective net rent	\$ 9.70	\$ 12.98	\$ 12.12	\$ 13.28	\$ 12.25	\$ 12.06
Weighted average term in years	4.1	4.7	4.5	3.2	4.0	4.1
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$4,619,505	\$5,973,249	\$3,041,354	\$5,224,995	\$3,504,078	\$4,472,636
Rentable square feet	546,833	868,233	471,486	997,600	602,049	697,240
Per rentable square foot	\$ 8.45	\$ 6.88	\$ 6.45	\$ 5.24	\$ 5.82	\$ 6.41
Leasing Commissions:						
Total dollars committed under signed leases 7/	\$1,002,735	\$2,463,135	\$ 970,896	\$2,300,840	\$1,190,054	\$1,585,532
Rentable square feet	546,833	868,233	471,486	997,600	602,049	697,240
Per rentable square foot	\$ 1.83	\$ 2.84	\$ 2.06	\$ 2.31	\$ 1.98	\$ 2.27
Total:						
Total dollars committed under signed leases	\$5,622,240	\$8,436,384	\$4,012,250	\$7,525,835	\$4,694,132	\$6,058,168
Rentable square feet	546,833	868,233	471,486	997,600	602,049	697,240
Per rentable square foot	\$ 10.28	\$ 9.72	\$ 8.51	\$ 7.54	\$ 7.80	\$ 8.69

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 91K square feet of leases that start in 2011 or later.

3/ Includes 38K square feet of leases that start in 2011 or later.

4/ Includes 62K square feet of leases that start in 2010 or later.

5/ Includes 346K square feet of leases that start in 2010 or later.

6/ Includes 84K square feet of leases that start in 2010 or later.

7/ Excludes a full allocation of internal leasing costs.

Leasing Statistics

Industrial Portfolio

	Three Months Ended					
	3/31/09 1/	12/31/08	9/30/08 2/	6/30/08	3/31/08	Average
Net Effective Rents Related to Re-leased Space:						
Number of lease transactions (signed leases)	14	14	14	14	7	13
Rentable square footage leased	292,938	297,789	358,284	367,684	158,324	295,004
Square footage of Renewal Deals	128,542	249,927	294,376	155,126	150,170	195,628
Renewed square footage (% of total)	43.9%	83.9%	82.2%	42.2%	94.8%	66.3%
New Leases square footage (% of total)	56.1%	16.1%	17.8%	57.8%	5.2%	33.7%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 4.59	\$ 4.37	\$ 4.50	\$ 3.85	\$ 5.95	\$ 4.65
Tenant improvements	(0.27)	(0.26)	(0.45)	(0.18)	(0.07)	(0.25)
Leasing commissions 3/	(0.07)	(0.08)	(0.09)	(0.10)	0.00	(0.07)
Rent concessions	(0.17)	(0.01)	(0.01)	0.00	0.00	(0.04)
Effective rent	4.08	4.02	3.95	3.57	5.88	4.29
Expense stop	(0.35)	(0.08)	(0.05)	(0.19)	(0.10)	(0.15)
Equivalent effective net rent	\$ 3.73	\$ 3.94	\$ 3.90	\$ 3.38	\$ 5.78	\$ 4.14
Weighted average term in years	4.1	3.7	3.0	1.8	3.3	3.2
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$506,567	\$420,373	\$385,175	\$269,635	\$ 50,537	\$326,457
Rentable square feet	292,938	297,789	358,284	367,684	158,324	295,004
Per rentable square foot	\$ 1.73	\$ 1.41	\$ 1.08	\$ 0.73	\$ 0.32	\$ 1.11
Leasing Commissions:						
Total dollars committed under signed leases 3/	\$106,339	\$ 71,111	\$142,626	\$ 62,837	\$ 1,918	\$ 76,966
Rentable square feet	292,938	297,789	358,284	367,684	158,324	295,004
Per rentable square foot	\$ 0.36	\$ 0.24	\$ 0.40	\$ 0.17	\$ 0.01	\$ 0.26
Total:						
Total dollars committed under signed leases	\$612,906	\$491,484	\$527,801	\$332,471	\$ 52,455	\$403,424
Rentable square feet	292,938	297,789	358,284	367,684	158,324	295,004
Per rentable square foot	\$ 2.09	\$ 1.65	\$ 1.47	\$ 0.90	\$ 0.33	\$ 1.37

1/ Includes 56K square feet of leases that start in 2011 or later.

2/ Includes 256K square feet of leases that start in 2011 or later.

3/ Excludes a full allocation of internal leasing costs.

Leasing Statistics

Retail Portfolio

	Three Months Ended					
	3/31/09	12/31/08 1/	9/30/08	6/30/08 2/	3/31/08	Average
Net Effective Rents Related to Re-leased Space:						
Number of lease transactions (signed leases)	5	13	3	6	7	7
Rentable square footage leased	11,279	57,245	7,719	15,839	30,942	24,605
Square footage of Renewal Deals	4,970	53,385	2,898	14,162	18,826	18,848
Renewed square footage (% of total)	44.1%	93.3%	37.5%	89.4%	60.8%	76.6%
New Leases square footage (% of total)	55.9%	6.7%	62.5%	10.6%	39.2%	23.4%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 20.47	\$ 18.46	\$25.81	\$ 27.61	\$ 31.80	\$ 24.83
Tenant improvements	(1.64)	(0.65)	0.00	(1.52)	(0.40)	(0.84)
Leasing commissions 3/	0.00	(0.04)	(0.15)	(0.67)	(0.54)	(0.28)
Rent concessions	0.00	(0.05)	0.00	0.00	(1.47)	(0.30)
Effective rent	18.83	17.72	25.66	25.42	29.39	23.41
Expense stop	(0.64)	0.00	0.00	0.00	0.00	(0.13)
Equivalent effective net rent	\$ 18.19	\$ 17.72	\$25.66	\$ 25.42	\$ 29.39	\$ 23.28
Weighted average term in years	6.1	7.6	8.6	7.7	8.6	7.7
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$158,227	\$344,272	\$ —	\$177,176	\$161,500	\$168,235
Rentable square feet	11,279	57,245	7,719	15,839	30,942	24,605
Per rentable square foot	\$ 14.03	\$ 6.01	\$ —	\$ 11.19	\$ 5.22	\$ 6.84
Leasing Commissions:						
Total dollars committed under signed leases 3/	\$ 1,000	\$ 20,072	\$1,165	\$ 5,794	\$123,220	\$ 30,250
Rentable square feet	11,279	57,245	7,719	15,839	30,942	24,605
Per rentable square foot	\$ 0.09	\$ 0.35	\$ 0.15	\$ 0.37	\$ 3.98	\$ 1.23
Total:						
Total dollars committed under signed leases	\$159,227	\$364,344	\$1,165	\$182,970	\$284,720	\$198,485
Rentable square feet	11,279	57,245	7,719	15,839	30,942	24,605
Per rentable square foot	\$ 14.12	\$ 6.36	\$ 0.15	\$ 11.55	\$ 9.20	\$ 8.07

1/ Includes 5K square feet of leases that start in 2011 or later.

2/ Includes 3K square feet of leases that start in 2011 or later.

3/ Excludes a full allocation of internal leasing costs.

Leasing Statistics by Market

For the Three Months Ended As of 3/31/09

Office Portfolio 1/

Market	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions Per SF 2/ 3/
	Leased	Term			
Nashville	139,332	4.0	\$19.90	\$ 6.91	\$ 2.32
Piedmont Triad	109,776	4.6	17.14	8.41	0.34
Tampa	75,366	4.4	21.72	18.62	3.23
Memphis	74,029	3.2	18.88	2.88	0.46
Richmond	55,793	6.2	16.85	13.61	3.40
Atlanta	40,511	2.2	18.85	0.96	0.63
Raleigh	38,024	2.9	18.93	5.11	0.30
Kansas City	8,601	5.5	24.61	8.63	7.49
Orlando	5,401	4.5	24.29	9.26	4.55
	546,833	4.1	\$19.12	\$ 8.45	\$ 1.83

Industrial Portfolio

Market	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions Per SF 2/ 3/
	Leased	Term			
Piedmont Triad	164,274	5.4	\$ 3.56	\$ 2.51	\$ 0.39
Atlanta	128,664	2.3	5.53	0.73	0.31
	292,938	4.1	\$ 4.42	\$ 1.73	\$ 0.36

Retail Portfolio

Market	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions Per SF 2/ 3/
	Leased	Term			
Kansas City	11,279	6.1	\$20.47	\$14.03	\$ 0.09
	11,279	6.1	\$20.47	\$14.03	\$ 0.09

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 \$412K.

Rental Rate Comparisons by Market

For the Three Months Ended As of 3/31/09

Office Portfolio 1/

	Rentable Square Feet	Current	Previous	Percentage Change Rent
Market	Leased	Rent	Rent	
Nashville	139,332	\$19.90	\$18.30	8.7%
Piedmont Triad	109,776	17.14	16.12	6.3%
Tampa	75,366	21.72	19.87	9.3%
Memphis	74,029	18.88	18.62	1.4%
Richmond	55,793	16.85	15.87	6.2%
Atlanta	40,511	18.85	18.24	3.3%
Raleigh	38,024	18.93	17.37	9.0%
Kansas City	8,601	24.61	23.42	5.1%
Orlando	5,401	24.29	24.08	0.9%
GAAP Rent Growth	546,833	\$19.12	\$17.93	6.6%
Cash Rent Growth	546,833	\$18.89	\$19.10	-1.1%

Industrial Portfolio

	Rentable Square Feet	Current	Previous	Percentage Change Rent
Market	Leased	Rent	Rent	
Piedmont Triad	164,274	\$ 3.56	\$ 4.75	-25.1%
Atlanta	128,664	5.53	5.28	4.7%
GAAP Rent Growth	292,938	\$ 4.42	\$ 4.98	-11.2%
Cash Rent Growth	292,938	\$ 4.74	\$ 5.34	-11.3%

Retail Portfolio

	Rentable Square Feet	Current	Previous	Percentage Change Rent
Market	Leased	Rent	Rent 2/	
Kansas City	11,279	\$20.47	\$23.89	-14.3%
GAAP Rent Growth	11,279	\$20.47	\$23.89	-14.3%
Cash Rent Growth	11,279	\$18.92	\$25.08	-24.6%

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

Type	3/31/09	3/31/08	3/31/07	3/31/06	3/31/05
Office	\$20.18	\$19.80	\$18.99	\$18.04	\$17.53
Industrial	5.20	5.27	5.11	5.08	4.73
Retail 2/	33.16	32.64	30.04	27.98	27.01
Weighted average rate	\$17.35	\$16.93	\$16.19	\$15.45	\$15.08
Annual % growth rate	2.5%	4.6%	4.8%	2.5%	

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, 2009 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, 2009

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/					
2009 /3	1,292,801	7.2%	\$ 26,404	\$20.42	7.3%
2010	1,996,866	11.2%	41,705	20.89	11.6%
2011	2,638,391	14.7%	52,943	20.07	14.7%
2012	2,499,384	14.0%	52,999	21.20	14.6%
2013	2,464,341	13.8%	51,020	20.70	14.1%
2014	1,899,818	10.6%	33,896	17.84	9.4%
2015	1,303,917	7.3%	26,648	20.44	7.4%
2016	901,071	5.0%	16,681	18.51	4.6%
2017	982,635	5.5%	19,702	20.05	5.5%
2018	547,495	3.1%	12,508	22.85	3.5%
2019 and thereafter	1,362,416	7.6%	26,507	19.46	7.3%
	<u>17,889,135</u>	<u>100.0%</u>	<u>\$361,013</u>	<u>\$20.18</u>	<u>100.0%</u>
Industrial:					
2009 /4	847,746	14.7%	\$ 4,203	\$ 4.96	14.0%
2010	812,938	14.1%	4,370	5.38	14.5%
2011	942,819	16.2%	5,407	5.73	17.9%
2012	473,669	8.2%	2,532	5.35	8.4%
2013	638,840	11.0%	3,924	6.14	13.0%
2014	647,954	11.2%	2,861	4.42	9.5%
2015	282,608	4.9%	1,273	4.50	4.2%
2016	264,597	4.6%	1,070	4.04	3.6%
2017	22,000	0.4%	107	4.86	0.4%
2018	71,884	1.2%	245	3.41	0.8%
2019 and thereafter	778,910	13.5%	4,112	5.28	13.7%
	<u>5,783,965</u>	<u>100.0%</u>	<u>\$ 30,104</u>	<u>\$ 5.20</u>	<u>100.0%</u>

1/ Annualized Cash Revenue is March, 2009 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 69,000 square feet of leases that are on a month to month basis or 0.3% of total annualized revenue.

4/ Includes 155,000 square feet of leases that are on a month to month basis or 0.2% of total annualized revenue.

Note: 2009 and beyond expirations that have been renewed are reflected above based on the renewal expiration date.

Lease Expirations

March 31, 2009

(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:					
2009 2/	133,062	10.7%	\$ 3,784	\$28.44	9.2%
2010	96,492	7.7%	3,861	40.01	9.3%
2011	52,456	4.2%	1,997	38.07	4.8%
2012	165,056	13.2%	5,410	32.78	13.1%
2013	77,396	6.2%	3,022	39.05	7.3%
2014	106,153	8.5%	2,962	27.90	7.2%
2015	147,049	11.8%	5,125	34.85	12.4%
2016	70,046	5.6%	2,904	41.46	7.0%
2017	100,530	8.1%	2,488	24.75	6.0%
2018	67,786	5.4%	2,220	32.75	5.4%
2019 and thereafter	230,815	18.6%	7,567	32.78	18.3%
	<u>1,246,841</u>	<u>100.0%</u>	<u>\$ 41,340</u>	<u>\$33.16</u>	<u>100.0%</u>
Total:					
2009 3/ 4/	2,273,609	9.1%	\$ 34,391	\$15.13	8.0%
2010	2,906,296	11.7%	49,936	17.18	11.5%
2011	3,633,666	14.5%	60,347	16.61	14.0%
2012	3,138,109	12.6%	60,941	19.42	14.0%
2013	3,180,577	12.8%	57,966	18.22	13.4%
2014	2,653,925	10.6%	39,719	14.97	9.2%
2015	1,733,574	7.0%	33,046	19.06	7.6%
2016	1,235,714	5.0%	20,655	16.72	4.8%
2017	1,105,165	4.4%	22,297	20.18	5.2%
2018	687,165	2.8%	14,973	21.79	3.5%
2019 and thereafter	2,372,141	9.5%	38,186	16.10	8.8%
	<u>24,919,941</u>	<u>100.0%</u>	<u>\$432,457</u>	<u>\$17.35</u>	<u>100.0%</u>

1/ Annualized Cash Revenue is March, 2009 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

2/ Includes 33,000 square feet of leases that are on a month to month basis or 0.2% of total annualized revenue.

3/ Includes 257,000 square feet of leases that are on a month to month basis or 0.7% of total annualized revenue.

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

Note: 2009 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				Total
		6/30/09 2/	9/30/09	12/31/09	3/31/10	
Atlanta	RSF	91,885	156,350	14,915	36,056	299,206
	% of Total Office RSF	0.5%	0.9%	0.1%	0.2%	1.7%
	Annualized Cash Revenue 3/	\$ 1,138	\$ 2,863	\$ 274	\$ 733	\$ 5,008
	% of Total Office Annl Cash Rev	0.3%	0.8%	0.1%	0.2%	1.4%
Greenville	RSF	43,451	0	10,989	34,951	89,391
	% of Total Office RSF	0.2%	0.0%	0.1%	0.2%	0.5%
	Annualized Cash Revenue 3/	\$ 843	\$ —	\$ 205	\$ 630	\$ 1,678
	% of Total Office Annl Cash Rev	0.2%	0.0%	0.1%	0.2%	0.5%
Kansas City	RSF	2,155	9,499	9,987	9,913	31,554
	% of Total Office RSF	0.0%	0.1%	0.1%	0.1%	0.2%
	Annualized Cash Revenue 3/	\$ 87	\$ 223	\$ 244	\$ 224	\$ 778
	% of Total Office Annl Cash Rev	0.0%	0.1%	0.1%	0.1%	0.2%
Memphis	RSF	16,449	35,252	71,222	59,876	182,799
	% of Total Office RSF	0.1%	0.2%	0.4%	0.3%	1.0%
	Annualized Cash Revenue 3/	\$ 344	\$ 683	\$ 1,438	\$ 1,310	\$ 3,775
	% of Total Office Annl Cash Rev	0.1%	0.2%	0.4%	0.4%	1.0%
Nashville	RSF	27,967	156,895	80,671	62,646	328,179
	% of Total Office RSF	0.2%	0.9%	0.5%	0.4%	1.8%
	Annualized Cash Revenue 3/	\$ 619	\$ 3,702	\$ 1,633	\$ 1,395	\$ 7,349
	% of Total Office Annl Cash Rev	0.2%	1.0%	0.5%	0.4%	2.0%
Orlando	RSF	6,788	1,232	4,733	2,779	15,532
	% of Total Office RSF	0.0%	0.0%	0.0%	0.0%	0.1%
	Annualized Cash Revenue 3/	\$ 186	\$ 26	\$ 125	\$ 76	\$ 413
	% of Total Office Annl Cash Rev	0.1%	0.0%	0.0%	0.0%	0.1%
Piedmont Triad	RSF	36,186	57,906	7,329	28,820	130,241
	% of Total Office RSF	0.2%	0.3%	0.0%	0.2%	0.7%
	Annualized Cash Revenue 3/	\$ 586	\$ 895	\$ 125	\$ 466	\$ 2,072
	% of Total Office Annl Cash Rev	0.2%	0.2%	0.0%	0.1%	0.6%
Raleigh	RSF	67,596	64,138	101,236	157,850	390,820
	% of Total Office RSF	0.3%	0.4%	0.6%	0.9%	2.1%
	Annualized Cash Revenue 3/	\$ 1,538	\$ 1,316	\$ 2,371	\$ 2,669	\$ 7,894
	% of Total Office Annl Cash Rev	0.4%	0.4%	0.7%	0.7%	2.2%
Richmond	RSF	38,016	52,685	29,549	55,759	176,009
	% of Total Office RSF	0.2%	0.3%	0.2%	0.3%	1.0%
	Annualized Cash Revenue 3/	\$ 1,016	\$ 902	\$ 605	\$ 1,165	\$ 3,688
	% of Total Office Annl Cash Rev	0.3%	0.2%	0.2%	0.3%	1.0%
Tampa	RSF	8,311	725	81,899	51,870	142,805
	% of Total Office RSF	0.0%	0.0%	0.5%	0.3%	0.8%
	Annualized Cash Revenue 3/	\$ 238	\$ 21	\$ 2,002	\$ 1,304	\$ 3,565
	% of Total Office Annl Cash Rev	0.1%	0.0%	0.6%	0.4%	1.0%
Other	RSF	6,166	619	0	1,289	8,074
	% of Total Office RSF	0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Cash Revenue 3/	\$ 146	\$ 11	\$ —	\$ 37	\$ 194
	% of Total Office Annl Cash Rev	0.0%	0.0%	0.0%	0.0%	0.1%
Total	RSF	344,970	535,301	412,530	501,809	1,794,610
	% of Total Office RSF	1.9%	3.0%	2.3%	2.8%	10.0%
	Annualized Cash Revenue 3/	\$ 6,741	\$ 10,642	\$ 9,022	\$ 10,009	\$ 36,414
	% of Total Office Annl Cash Rev	1.9%	2.9%	2.5%	2.8%	10.1%

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 69,000 square feet of leases that are on a month to month basis or 0.3% of total annualized revenue.

3/ Annualized Cash Revenue is March, 2009 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>				Total
		<u>6/30/09 1/</u>	<u>9/30/09</u>	<u>12/31/09</u>	<u>3/31/10</u>	
Atlanta	RSF	64,591	108,939	40,617	62,000	276,147
	% of Total Industrial RSF	1.1%	1.9%	0.7%	1.1%	4.8%
	Annualized Cash Revenue 2/	\$ 384	\$ 953	\$ 257	\$ 335	\$ 1,929
	% of Total Industrial Annl Cash Rev	1.3%	3.2%	0.9%	1.1%	6.5%
Piedmont Triad	RSF	595,170	5,544	32,885	303,480	937,079
	% of Total Industrial RSF	10.3%	0.1%	0.6%	5.2%	16.2%
	Annualized Cash Revenue 2/	\$ 2,230	\$ 52	\$ 328	\$ 1,280	\$ 3,890
	% of Total Industrial Annl Cash Rev	7.4%	0.2%	1.1%	4.3%	12.9%
Total	RSF	659,761	114,483	73,502	365,480	1,213,226
	% of Total Industrial RSF	11.4%	2.0%	1.3%	6.3%	21.0%
	Annualized Cash Revenue 2/	\$ 2,614	\$ 1,005	\$ 585	\$ 1,615	\$ 5,819
	% of Total Industrial Annl Cash Rev	8.7%	3.3%	1.9%	5.4%	19.4%

1/ Includes 155,000 square feet of leases that are on a month to month basis or 0.2% of total annualized revenue.

2/ Annualized Cash Revenue is March, 2009 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

			2009 2/	2010	2011	2012	Thereafter
Atlanta	RSF		263,150	109,250	285,694	346,775	1,229,100
	% of Total Office RSF		1.5%	0.6%	1.6%	1.9%	6.9%
	Annualized Cash Revenue	3/	\$ 4,275	\$ 2,153	\$ 6,331	\$ 7,624	\$ 23,540
	% of Total Office Annl Cash Rev		1.2%	0.6%	1.8%	2.1%	6.5%
Greenville	RSF		54,440	57,236	104,244	242,769	383,058
	% of Total Office RSF		0.3%	0.3%	0.6%	1.4%	2.1%
	Annualized Cash Revenue	3/	\$ 1,048	\$ 994	\$ 1,922	\$ 4,150	\$ 6,879
	% of Total Office Annl Cash Rev		0.3%	0.3%	0.5%	1.1%	1.9%
Kansas City	RSF		21,641	106,818	79,417	72,838	269,839
	% of Total Office RSF		0.1%	0.6%	0.4%	0.4%	1.5%
	Annualized Cash Revenue	3/	\$ 554	\$ 3,120	\$ 2,064	\$ 1,835	\$ 7,191
	% of Total Office Annl Cash Rev		0.2%	0.9%	0.6%	0.5%	2.0%
Memphis	RSF		122,923	228,677	153,788	170,126	686,650
	% of Total Office RSF		0.7%	1.3%	0.9%	1.0%	3.8%
	Annualized Cash Revenue	3/	\$ 2,465	\$ 4,910	\$ 3,308	\$ 3,412	\$ 13,122
	% of Total Office Annl Cash Rev		0.7%	1.4%	0.9%	0.9%	3.6%
Nashville	RSF		265,533	439,090	401,260	314,665	1,444,045
	% of Total Office RSF		1.5%	2.5%	2.2%	1.8%	8.1%
	Annualized Cash Revenue	3/	\$ 5,953	\$ 9,202	\$ 8,507	\$ 6,829	\$ 31,338
	% of Total Office Annl Cash Rev		1.6%	2.5%	2.4%	1.9%	8.7%
Orlando	RSF		12,753	77,080	111,007	5,830	101,677
	% of Total Office RSF		0.1%	0.4%	0.6%	0.0%	0.6%
	Annualized Cash Revenue	3/	\$ 337	\$ 1,841	\$ 2,488	\$ 155	\$ 2,577
	% of Total Office Annl Cash Rev		0.1%	0.5%	0.7%	0.0%	0.7%
Piedmont Triad	RSF		101,421	178,777	418,123	405,232	559,537
	% of Total Office RSF		0.6%	1.0%	2.3%	2.3%	3.1%
	Annualized Cash Revenue	3/	\$ 1,606	\$ 2,875	\$ 6,186	\$ 7,937	\$ 7,725
	% of Total Office Annl Cash Rev		0.4%	0.8%	1.7%	2.2%	2.1%
Raleigh	RSF		232,970	343,866	561,106	412,060	2,037,974
	% of Total Office RSF		1.3%	1.9%	3.1%	2.3%	11.4%
	Annualized Cash Revenue	3/	\$ 5,224	\$ 6,321	\$ 11,434	\$ 8,172	\$ 36,463
	% of Total Office Annl Cash Rev		1.4%	1.8%	3.2%	2.3%	10.1%
Richmond	RSF		120,250	245,722	404,052	267,865	995,696
	% of Total Office RSF		0.7%	1.4%	2.3%	1.5%	5.6%
	Annualized Cash Revenue	3/	\$ 2,523	\$ 4,892	\$ 7,808	\$ 5,147	\$ 18,157
	% of Total Office Annl Cash Rev		0.7%	1.4%	2.2%	1.4%	5.0%
Tampa	RSF		90,935	209,061	118,120	261,224	1,679,582
	% of Total Office RSF		0.5%	1.2%	0.7%	1.5%	9.4%
	Annualized Cash Revenue	3/	\$ 2,260	\$ 5,361	\$ 2,837	\$ 7,704	\$ 37,754
	% of Total Office Annl Cash Rev		0.6%	1.5%	0.8%	2.1%	10.5%
Other	RSF		6,785	1,289	1,580	0	74,535
	% of Total Office RSF		0.0%	0.0%	0.0%	0.0%	0.4%
	Annualized Cash Revenue	3/	\$ 157	\$ 37	\$ 57	\$ 34	\$ 2,216
	% of Total Office Annl Cash Rev		0.0%	0.0%	0.0%	0.0%	0.6%
Total	RSF		1,292,801	1,996,866	2,638,391	2,499,384	9,461,693
	% of Total Office RSF		7.2%	11.2%	14.7%	14.0%	52.9%
	Annualized Cash Revenue	3/	\$ 26,402	\$ 41,706	\$ 52,942	\$ 52,999	\$ 186,962
	% of Total Office Annl Cash Rev		7.3%	11.6%	14.7%	14.7%	51.8%

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 69,000 square feet of leases that are on a month to month basis or 0.3% of total annualized revenue.

3/ Annualized Cash Revenue is March, 2009 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

			2009 1/	2010	2011	2012	Thereafter
Atlanta	RSF		214,147	318,195	575,416	311,970	1,548,990
	% of Total Industrial RSF		3.7%	5.5%	9.9%	5.4%	26.8%
	Annualized Cash Revenue	2/	\$ 1,594	\$ 1,937	\$ 3,198	\$ 1,574	\$ 8,515
	% of Total Industrial Annl Cash Rev		5.3%	6.4%	10.6%	5.2%	28.3%
Piedmont Triad	RSF		633,599	494,743	367,403	161,699	1,157,803
	% of Total Industrial RSF		11.0%	8.6%	6.4%	2.8%	20.0%
	Annualized Cash Revenue	2/	\$ 2,609	\$ 2,433	\$ 2,209	\$ 958	\$ 5,077
	% of Total Industrial Annl Cash Rev		8.7%	8.1%	7.3%	3.2%	16.9%
Total	RSF		847,746	812,938	942,819	473,669	2,706,793
	% of Total Industrial RSF		14.7%	14.1%	16.3%	8.2%	46.8%
	Annualized Cash Revenue	2/	\$ 4,203	\$ 4,370	\$ 5,407	\$ 2,532	\$ 13,592
	% of Total Industrial Annl Cash Rev		14.0%	14.5%	18.0%	8.4%	45.2%

1/ Includes 155,000 square feet of leases that are on a month to month basis or 0.2% of total annualized revenue.

2/ Annualized Cash Revenue is March, 2009 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

Customer Diversification 1/

March 31, 2009

Dollars in thousands

Top 20 Customers

Customer	RSF	Annualized	Percent of Annualized	Average Remaining Lease Term in Years
		Cash Revenue 2/	Cash Revenue 2/	
Federal Government	1,612,112	\$ 31,957	7.37%	8.0
AT&T 3/	785,036	14,327	3.26%	4.9
Price Waterhouse Coopers	400,178	11,505	2.65%	3.5
State of Georgia 4/	367,986	7,880	1.82%	1.6
Healthways	290,689	7,479	1.72%	13.2
Metropolitan Life Insurance	296,595	5,926	1.37%	8.9
T-Mobile USA	207,517	5,449	1.26%	5.1
Lockton Companies	160,561	4,423	1.02%	5.9
BB&T	258,363	4,273	0.98%	3.9
Syniverse Technologies	198,750	4,003	0.92%	7.6
Fluor Enterprises	209,474	3,747	0.86%	2.9
RBC Bank	164,271	3,673	0.85%	19.4
SCI Services 5/	162,784	3,658	0.84%	8.3
HCA Corporation	160,945	3,515	0.81%	4.5
Wells Fargo/Wachovia 6/	129,389	3,110	0.72%	1.9
Vanderbilt University	144,161	3,003	0.69%	6.5
Jacobs Engineering Group	181,794	2,931	0.68%	6.5
Lifepoint Corporate Services	139,625	2,916	0.67%	2.3
Icon Clinical Research	110,909	2,634	0.61%	4.5
Talecris Biotherapeutics	122,870	2,407	0.55%	3.3
	<u>6,104,009</u>	<u>\$128,816</u>	<u>29.65%</u>	<u>6.4</u>

By Industry

Category	Percent of Annualized Cash Revenue 2/
Professional, Scientific, and Technical Services	20.5%
Government/Public Administration	9.8%
Finance/Banking	9.7%
Insurance	8.8%
Retail Trade	7.2%
Health Care and Social Assistance	6.9%
Manufacturing	6.6%
Wholesale Trade	6.4%
Telecommunication	5.7%
Real Estate Rental and Leasing	3.7%
Information	3.1%
Accommodation and Food Services	2.8%
Administrative and Support Services	2.8%
Other Services (except Public Administration)	2.2%
Transportation and Warehousing	2.1%
Educational Services	1.7%
	<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, 2009 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.
- 3/ Annualized Cash Revenue reflects addback of rent concessions related to renewals commencing this quarter.
- 4/ Includes 123,000 square feet of annually renewable leases.
- 5/ SCI Services (Saxon Capital, Inc.) is a wholly owned subsidiary of Morgan Stanley.
- 6/ Wells Fargo acquired Wachovia effective December 31, 2008.

Same Property Performance

Dollars and Square Feet in thousands

	Three months ended March 31,		Percentage
	2009	2008	Change
Rental revenues 1/	\$101,952	\$102,706	-0.7%
Operating expenses	(36,496)	(34,171)	-6.8%
	65,456	68,535	-4.5%
Straight line rent	647	2,015	-67.9%
	66,103	70,550	-6.3%
Lease termination fees	1,035	1,901	-45.6%
Net operating income	\$ 67,138	\$ 72,451	-7.3%
Average occupancy	88.6%	90.8%	-2.4%
Rentable square feet	25,881	25,881	

Market	First Quarter: 2009 vs 2008	
	NOI 2/ Percentage	Occupancy Percentage
	Change	Change
Atlanta	-7.1%	-0.2%
Greenville	11.7%	9.4%
Kansas City	-12.7%	0.7%
Memphis	-6.1%	-2.1%
Nashville	-0.4%	-1.4%
Orlando	4.8%	2.7%
Piedmont Triad	-12.4%	-7.1%
Raleigh	-8.1%	-4.9%
Richmond	-5.4%	-2.2%
Tampa	-3.4%	-4.8%
	-6.3%	-2.4%

1/ Excludes straight line rents and lease termination fees.

2/ 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 2009:						
Somerset	Kansas City	I	01/16/09	4,000	46.5%	\$ 200
First quarter totals				4,000	46.5%	\$ 200
2009 totals				4,000	46.5%	\$ 200

1/ The letter “I” represents Industrial.

Highwoods Properties, Inc.

Development Activity

Dollars in thousands

Property In - Process	Market	Type	Rentable Square Feet	Anticipated Total Investment	Investment @ 03/31/09	Pre Leased %	Estimated Completion Date	Estimated Stabilization Date
Office:								
FAA	Atlanta	O	100,000	\$ 18,071	\$ 17,224	100%	2Q 09	2Q 09
Jackson FBI	Jackson, MS	O	110,000	34,900	26,290	100%	2Q 09	2Q 09
Triad Centre III	Memphis	O	148,000	29,187	18,679	17%	3Q 09	2Q 11
Total or Weighted Average			<u>358,000</u>	<u>\$ 82,158</u>	<u>\$ 62,193</u>	<u>66%</u>		
						\$Weighted%	<u>71%</u>	
Completed Not Stabilized 1/								
Office:								
Cool Springs IV	Nashville	O	153,000	\$ 27,597	\$ 21,413	8%	3Q 08	1Q 10
Centregreen V	Raleigh	O	98,000	15,662	14,133	75%	1Q 08	3Q 09
Glenlake VI	Raleigh	O	122,000	24,448	22,996	57%	1Q 08	3Q 09
RBC Plaza 2/	Raleigh	O	292,000	76,056	69,823	93%	3Q 08	4Q 09
Total or Weighted Average			<u>665,000</u>	<u>\$ 143,763</u>	<u>\$ 128,365</u>	<u>64%</u>		
						\$Weighted%	<u>69%</u>	
Industrial:								
River Point IV	Atlanta	I	200,000	\$ 12,414	\$ 11,142	50%	1Q 09	2Q 10
			<u>200,000</u>	<u>\$ 12,414</u>	<u>\$ 11,142</u>	<u>50%</u>		
						\$Weighted%	<u>50%</u>	
Completed Not Stabilized Total or Weighted Average			<u>865,000</u>	<u>\$ 156,177</u>	<u>\$ 139,507</u>	<u>61%</u>		
						\$Weighted%	<u>67%</u>	
Grand Total or Weighted Average			<u>1,223,000</u>	<u>\$ 238,335</u>	<u>\$ 201,700</u>	<u>62%</u>		
						\$Weighted%	<u>68%</u>	

For Sale Residential Condominiums

		Units For Sale	Units Sold	PTD Gross Sale Proceeds	PTD Gain 4/
RBC Plaza Condominiums 3/	Raleigh	66	73	\$ 30,529	\$ 4,851

- 1/ "Completed Not Stabilized" properties are recorded in the Consolidated Balance Sheet in the Land and Building accounts, not Development-in-Process.
- 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 majority interest and consolidates this Joint Venture.
- 4/ Gain includes any forfeited deposits and is net of partner's interest; in 1Q09 net gain was \$550

Development Land
March 31, 2009

Dollars in thousands

Market	Usable Acres	Total Estimated Market Value
Atlanta	233	\$ 33,329
Raleigh	190	43,577
Greensboro	47	10,155
Richmond	33	8,296
Tampa	20	15,423
Nashville	16	8,106
Orlando	15	16,409
Memphis	15	3,496
Baltimore	7	1,800
Winston-Salem	3	1,500
Kansas City	1	2,100
Total 1/ 2/ 3/	<u>580</u>	<u>\$ 144,191</u>

1/ Includes 75 acres currently classified as Development in Process on our consolidated balance sheet.

2/ Developable square footage on core land holdings, which constitute 490 of the total 580 acres, is approximately 5.2 million of office space and 2.5 million of industrial space.

3/ Includes 4.4 acres (\$1.4 million based on expected gross proceeds) included in property held for sale at March 31, 2009.

Acquisition Activity

Dollars in thousands

					Total
<u>Name</u>	<u>Market</u>	<u>Type</u>	<u>Date Acquired</u>	<u>Square Footage</u>	<u>Cost</u>
First quarter 2009:					
None					
Highwoods Properties, Inc.		29			3/31/09

Unconsolidated Joint Ventures Assets, Debt and Liabilities

March 31, 2009

Dollars in thousands

Joint Venture	Type 1/	Own %	Venture's Books		
			Total Assets	Debt	Total Liabilities
Board of Trade Investment Co.	O	49.00%	\$ 7,220	\$ —	\$ 223
Dallas County Partners I, LP	O/ I	50.00%	29,652	48,092	50,701
Dallas County Partners II, LP	O	50.00%	13,386	14,282	15,480
Dallas County Partners III, LP	O	50.00%	116	—	29
Fountain Three	O/ I / R	50.00%	24,813	32,147	34,362
RRHWoods, LLC	O/ M	50.00%	84,548	80,615	84,294
Kessinger/Hunter, LLC	—	26.50%	7,375	—	917
4600 Madison Associates, LP	O	12.50%	17,502	12,381	12,840
Highwoods DLF 98/29, LP	O	22.81%	145,692	74,458	79,487
Highwoods DLF 97/26 DLF 99/32, LP	O	42.93%	97,143	54,593	57,549
Concourse Center Associates, LLC	O	50.00%	13,297	8,618	8,759
Plaza Colonnade, LLC	O/R	50.00%	71,297	65,024	66,667
Highwoods KC Glenridge Office, LP	O	40.00%	24,082	16,301	17,101
Highwoods KC Glenridge Land, LP	O	40.00%	780	—	109
Highwoods KC Orlando, LLC	O	40.00%	200,763	138,784	146,601
Highwoods DLF Forum, LLC	O	25.00%	117,076	67,500	70,329
Total			\$ 854,742	\$ 612,795	\$ 645,448

Joint Venture	Type 1/	Own %	Highwoods' Share of Joint Venture		
			Total Assets	Debt	Total Liabilities
Board of Trade Investment Co.	O	49.00%	\$ 3,538	\$ —	\$ 109
Dallas County Partners I, LP	O/ I	50.00%	14,826	24,046	25,351
Dallas County Partners II, LP	O	50.00%	6,693	7,141	7,740
Dallas County Partners III, LP	O	50.00%	58	—	15
Fountain Three	O/ I / R	50.00%	12,407	16,074	17,181
RRHWoods, LLC	O/ M	50.00%	42,274	40,308	42,147
Kessinger/Hunter, LLC	—	26.50%	1,954	—	243
4600 Madison Associates, LP	O	12.50%	2,188	1,548	1,605
Highwoods DLF 98/29, LP	O	22.81%	33,232	16,984	18,131
Highwoods DLF 97/26 DLF 99/32, LP	O	42.93%	41,703	23,438	24,706
Concourse Center Associates, LLC	O	50.00%	6,649	4,309	4,380
Plaza Colonnade, LLC	O/R	50.00%	35,649	32,512	33,334
Highwoods KC Glenridge Office, LP	O	40.00%	9,633	6,520	6,840
Highwoods KC Glenridge Land, LP	O	40.00%	312	—	44
Highwoods KC Orlando, LLC	O	40.00%	80,305	55,514	58,640
Highwoods DLF Forum, LLC	O	25.00%	29,264	16,872	17,579
Total 2/			\$ 320,685	\$ 245,266	\$ 258,045

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, 2009

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%	\$ 571	\$ 357	\$ —	\$ 133	\$ 81
Dallas County Partners I, LP	50.00%	2,433	1,644	760	440	(411)
Dallas County Partners II, LP	50.00%	1,588	757	372	216	243
Dallas County Partners III, LP	50.00%	56	57	—	—	(1)
Fountain Three	50.00%	1,948	1,043	522	335	48
RRHWoods, LLC	50.00%	4,395	2,603	804	1,052	(64)
Kessinger/Hunter, LLC	26.50%	2,513	2,684	—	148	(319)
4600 Madison Associates, LP	12.50%	1,376	540	213	418	205
Highwoods DLF 98/29, LP	22.81%	4,694	1,559	1,229	1,205	701
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	3,701	1,447	1,057	1,008	189
Concourse Center Associates, LLC	50.00%	490	140	157	76	117
Plaza Colonnade, LLC	50.00%	2,713	932	950	558	273
Highwoods KC Glenridge Office, LP	40.00%	708	394	204	174	(64)
Highwoods KC Glenridge Land, LP	40.00%	—	1	—	—	(1)
Highwoods KC Orlando, LLC	40.00%	8,188	3,296	1,829	1,866	1,197
Highwoods DLF Forum, LLC	25.00%	3,486	1,186	878	1,354	68
Total		\$38,860	\$ 18,640	\$8,975	\$ 8,983	\$ 2,262

Joint Venture	Own %	Highwoods' Share of Joint Venture				Net Income/
		Revenue	Operating Exp	Interest	Depr/Amort	(Loss)
Board of Trade Investment Co.	49.00%	\$ 280	\$ 175	\$ —	\$ 65	\$ 40
Dallas County Partners I, LP	50.00%	1,217	822	380	220	(205)
Dallas County Partners II, LP	50.00%	794	379	186	108	121
Dallas County Partners III, LP	50.00%	28	29	—	—	(1)
Fountain Three	50.00%	974	522	261	168	23
RRHWoods, LLC	50.00%	2,198	1,302	402	526	(32)
Kessinger/Hunter, LLC	26.50%	666	711	—	39	(84)
4600 Madison Associates, LP	12.50%	172	68	27	52	25
Highwoods DLF 98/29, LP	22.81%	1,071	356	280	275	160
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	1,589	621	454	433	81
Concourse Center Associates, LLC	50.00%	245	70	79	38	58
Plaza Colonnade, LLC	50.00%	1,357	466	475	279	137
Highwoods KC Glenridge Office, LP	40.00%	283	158	82	70	(27)
Highwoods KC Glenridge Land, LP	40.00%	—	—	—	—	—
Highwoods KC Orlando, LLC	40.00%	3,275	1,318	732	746	479
Highwoods DLF Forum, LLC	25.00%	872	297	220	339	16
Total 1/ 2/		\$15,021	\$ 7,294	\$3,578	\$ 3,358	\$ 791

- 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 3/31/09
Dallas County Partners I, LP	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	\$ 41,036
Dallas County Partners I, LP	50.0%	Regions	6.30%	Jun-14	3,389
Dallas County Partners I, LP	50.0%	Thrivent	8.45%	Aug-10	1,535
Dallas County Partners I, LP	50.0%	Bankers Trust	8.00%	Jul-11	1,129
Dallas County Partners I, LP	50.0%	Sun Life	5.92%	Feb-16	1,003
			6.31%		48,092
Dallas County Partners II, LP	50.0%	Principal Life Insurance Company	10.19%	Jun-13	14,282
					14,282
Fountain Three	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	16,380
Fountain Three	50.0%	Thrivent	7.00%	Sep-12	5,095
Fountain Three	50.0%	Thrivent	6.01%	Sep-17	3,624
Fountain Three	50.0%	Thrivent	6.01%	Sep-17	3,624
Fountain Three	50.0%	Lehman Brothers	8.02%	Aug-09	3,424
			6.47%		32,147
RRHWoods, LLC	50.0%	Bank of America	6.80%	Sep-12	25,972
RRHWoods, LLC	50.0%	Industrial Revenue Bonds /2	0.53%	Nov-15	23,000
RRHWoods, LLC	50.0%	Massachusetts Mutual Life Ins. Co.	5.85%	Mar-16	8,309
RRHWoods, LLC	50.0%	Industrial Revenue Bonds /2	0.45%	Sep-15	6,000
RRHWoods, LLC	50.0%	Industrial Revenue Bonds /2	0.60%	Nov-15	5,500
RRHWoods, LLC	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	4,532
RRHWoods, LLC	50.0%	UNUM Life Insurance Company	5.67%	Mar-17	3,913
RRHWoods, LLC	50.0%	Regions	6.30%	Jun-14	3,389
			3.91%		80,615
Plaza Colonnade, LLC	50.0%	Met Life	5.72%	Jan-17	47,819
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	5.90%	Mar-24	12,345
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	6.00%	Mar-16	4,350
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	5.38%	Mar-10	510
			5.77%		65,024
Highwoods KC Orlando, LLC	40.0%	Met Life	5.21%	Jul-14	138,784
Highwoods DLF Forum, LLC	25.0%	Jackson National Life Insurance Company	5.13%	Nov-13	67,500
Highwoods DLF 97/26 DLF 99/32, LP	42.9%	Massachusetts Mutual Life Ins. Co.	7.66%	May-12	54,593
Highwoods DLF 98/29, LP	22.8%	USG Annuity & Life Company	6.78%	Apr-11	46,808
Highwoods DLF 98/29, LP	22.8%	Goldman Sachs	6.11%	Jul-17	27,650
Highwoods KC Glenridge Office	40.0%	Wachovia	4.84%	May-14	16,301
4600 Madison Associates, LLC	12.5%	State Farm	6.85%	Apr-18	12,381
Concourse Center Associates, LLC	50.0%	Lincoln National Life Insurance Co.	6.95%	Jul-10	8,618
			5.90%		372,635
			5.78%		\$612,795
Highwoods' share of the above					\$245,266

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, 2009

Summary by Location:

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Cash Revenue Highwoods' Share Only 1/				Total
			Office	Industrial	Retail	Multi-Family	
Des Moines 2/	2,505,000	87.1%	26.5%	4.2%	0.7%	3.2%	34.6%
Orlando	1,852,000	87.4%	28.6%	—	—	—	28.6%
Atlanta	835,000	78.0%	11.1%	—	—	—	11.1%
Kansas City	719,000	86.6%	8.3%	—	—	—	8.3%
Raleigh	814,000	91.0%	7.2%	—	—	—	7.2%
Richmond	413,000	100.0%	5.0%	—	—	—	5.0%
Tampa	205,000	94.2%	2.1%	—	—	—	2.1%
Piedmont Triad	364,000	43.0%	1.9%	—	—	—	1.9%
Charlotte	148,000	100.0%	0.7%	—	—	—	0.7%
Other	110,000	100.0%	0.5%	—	—	—	0.5%
Total 3/	<u>7,965,000</u>	<u>85.8%</u>	<u>91.9%</u>	<u>4.2%</u>	<u>0.7%</u>	<u>3.2%</u>	<u>100.0%</u>

1/ Annualized Cash Revenue is March, 2009 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 92.3%.

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

Joint Ventures Lease Expirations

March 31, 2009

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					
2009	326,979	4.8%	\$ 7,114	\$21.76	5.0%
2010	900,895	13.2%	17,765	19.72	12.6%
2011	1,097,783	16.1%	22,921	20.88	16.2%
2012	545,321	8.0%	12,485	22.89	8.8%
2013	1,325,920	19.4%	27,063	20.41	19.1%
2014	856,650	12.6%	19,950	23.29	14.1%
2015	718,130	10.5%	13,702	19.08	9.7%
2016	59,902	0.9%	1,088	18.16	0.8%
2017	549,422	8.1%	12,609	22.95	8.9%
2018	78,634	1.2%	1,789	22.75	1.3%
2019 and thereafter	351,157	5.2%	4,959	14.12	3.5%
	<u>6,810,793</u>	<u>100.0%</u>	<u>\$141,445</u>	<u>\$20.77</u>	<u>100.0%</u>

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

2/ Annualized Cash Revenue is March, 2009 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>	
<u>First quarter 2009:</u>						
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>
<u>First quarter 2009:</u>						
None						
Highwoods Properties, Inc.			35			3/31/09