
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): September 28, 2005

HIGHWOODS PROPERTIES, INC.

(Exact name of registrant specified in its charter)

North Carolina
(State of Formation)

0-21731
(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)

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

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

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02. Results of Operations and Financial Condition

On September 28, 2005, Highwoods Properties, Inc., the general partner of Highwoods Realty Limited Partnership, issued a press release announcing its operating results for the three months ended June 30, 2005. This press release is attached hereto as Exhibit 99.1. In addition, we posted on our web site supplemental information regarding our operating results for the three months ended June 30, 2005, a copy of which is attached hereto as Exhibit 99.2.

Exhibit**Description**

99.1	Press Release, dated September 28, 2005
99.2	Supplemental operating information of Highwoods Properties, Inc. for the three months ended June 30, 2005.

SIGNATURES

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

HIGHWOODS PROPERTIES, INC.

By: /s/ Terry L. Stevens

Terry L. Stevens
Vice President, Chief Financial Officer and Treasurer

Dated: September 28, 2005



FOR IMMEDIATE RELEASE

Ref: 05-27

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

Highwoods Properties Reports Second Quarter 2005 Operational Results

Provides Status Update on Financial Review and Audit

**Will Host Conference Call Today, September 28
5:00 P.M. Eastern Time**

Raleigh, NC – September 28, 2005 – Highwoods Properties, Inc. (NYSE: HIW), the largest owner and operator of suburban office properties in the Southeast, today reported operational results for the second quarter of 2005. The Company also announced a continuing delay in the filing of the 2004 Form 10-K, which will include previously disclosed restated financial statements for prior periods, and Form 10-Qs for the first two quarters of 2005.

The Company will host a conference call today, September 28, at 5:00 p.m. Eastern time, to discuss these matters. The dial in number for US/Canada callers is (888) 202-5268. International callers should dial (706) 643-7509. A live listen-only Web cast can be accessed through the Company's Web site at www.highwoods.com under the "Investor Relations" section.

Ed Fritsch, President and Chief Executive Officer of Highwoods Properties, stated, *"We are pleased with the continued execution of our Strategic Management Plan and our second quarter leasing activity. Office occupancy is moving in the right direction, increasing 1.2% from the first quarter of 2005 and 4.3% year over year. In addition to improving occupancy, our focus remains on upgrading the quality of our portfolio through infill development and the disposition of non-core, older assets and strengthening our balance sheet through the reduction of high coupon debt and preferred stock."*

Year to date, we have sold \$336 million of non-core properties, above the high end of our \$100 million to \$300 million range for the year, and we have commenced \$55 million of new development, including our build-to-suit lease for ThyssenKrupp's North American headquarters in Memphis which was announced at the end of August. We have also paid off \$250 million of debt and preferred stock; including \$120 million of high coupon secured debt and \$130 million of 8% preferred stock."

Second Quarter 2005 Highlights

- Second generation leasing activity in Highwoods' portfolio totaled approximately 1.6 million square feet, including 1.2 million square feet of office space. For the first six months of the year, leasing activity totaled approximately 3.4 million square feet, 2.4 million of which was office space. Customer retention for the quarter was 71%.
- Occupancy in the Company's 31.9 million square foot in-service portfolio at June 30, 2005 was 84.1%, up 2.3% from June 30, 2004. Office occupancy since June 30, 2004 has increased 4.3% from 79.2% to 83.5%.

- Straight-line (GAAP) rental rates for signed office leases decreased 1.0% in the second quarter from straight line rental rates under the previous leases. Cash rents for office leases signed declined 8.4%, slightly better than the decline reported in the first quarter and in line with the Company's guidance.
- Office tenant improvements and leasing commissions as a percentage of term base rent were 11.8% compared to the five quarter average of 10.9%. On a dollar per square foot basis, tenant improvements and leasing commissions were \$9.95, at the low end of our 2005 expectations of \$10 to \$11 per square foot, and in line with prior quarters.
- 690,000 square feet of assets were sold, generating \$39.9 million of gross proceeds, including Buildings II and IV at Highwoods Preserve in Tampa, which were vacant at the time of sale. Excluding the Preserve, the average age and occupancy of the properties sold were 27 years and 91%, respectively.
- The Company's wholly owned development pipeline encompassed 1.1 million square feet, representing a total projected investment of \$142 million. At June 30, 2005, these eight projects were 74% pre-leased and were located in six of the Company's markets.

Filing of 2004 Form 10-K and First and Second Quarter 10-Qs

The Company also announced that the review and audit of its 2004 and first and second quarter financial statements and associated restatements of prior period financial statements are ongoing.

Mr. Fritsch said, *"While finalizing our work on our 2004 and first and second quarter financial statements in mid-July, we were evaluating the accounting for a second quarter takedown of development land pursuant to a staged transaction that was originally signed in 1999. The outcome of this evaluation led to a review of the Company's accounting methodologies related to prior period land cost allocations for this development as well as others."*

The Company subsequently determined that adjustments to these historical land cost allocations were required. These adjustments, which are still subject to audit, in the aggregate would reduce gains from sales of land and buildings recorded from 1997 to 2004 by approximately \$5.0 million, of which approximately \$0.1 million was in 2002, \$2.9 million was in 2003 and \$(0.6) million was in 2004.

Because of these unexpected prior period accounting adjustments, which were determined after the Company's July 6, 2005 press release and conference call, the Company, in consultation with its auditors, determined that additional reviews should be undertaken related to certain other past transactions and accounting practices. These include the capitalization of interest, property taxes and other fixed costs related to development projects occurring prior to 2002, as well as the application of purchase accounting under APB 16 for our portfolio acquisitions and mergers completed from 1995 to 1998.

The Company expects that the primary impact of any such adjustments will be to the recorded value of certain real estate assets acquired or developed in the past. In turn, the primary current and future period impact of such adjustments will be corresponding changes to depreciation expense and to gains or losses to the extent real estate assets impacted by such adjustments have been or will in the future be sold.

Mr. Fritsch concluded, *"It is important to bear in mind that the accounting methodologies under review relate to transactions that occurred a number of years ago. Any adjustments that may be required are not expected to have a material impact to FFO going forward or have any impact on the Company's cash position."*

SEC Update

The Company noted that there has been no change in the status of the formal investigation by the Securities and Exchange Commission ("SEC"). Management continues to cooperate fully and remains confident and comfortable with the information being provided to the SEC.

2005 Funds from Operations Outlook

Based on its review of year-to-date operational results, the Company confirmed the FFO guidance it published on July 6 for full-year 2005 of \$2.27 to \$2.33 per share. This estimate continues to reflect management's view of current and future market conditions, including assumptions with respect to rental rates, occupancy levels, operating expenses and asset dispositions and acquisitions. It does include \$0.02 of FFO from US Airways for the remainder of the year (August through December) offset by approximately \$0.02 of higher utility costs for the year. This estimate excludes any asset gains or impairments associated with actual or potential depreciable property dispositions, as well as any one-time, non-recurring charges or credits that may occur during the year. Specifically, the estimate does not reflect the \$4.2 million reduction in FFO and net income available for common shareholders that the Company will record pursuant to EITF Topic D-42. This reduction, which will be taken in the third quarter, is related to the redemption of \$130 million of preferred stock on August 22, 2005. This outlook also assumes that any further adjustments to its historical financial statements as a result of the aforementioned review and audit will not have a material impact on the Company's expected 2005 financial results.

Non-GAAP Information

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

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

Supplemental Information

A copy of the Company's second quarter 2005 Supplemental Information that includes leasing and operational statistics is available in the "Investor Relations/Quarterly Earnings" section of the Company's Web site at www.highwoods.com. You may also obtain a copy of all Supplemental Information published by the Company by contacting Highwoods Investor Relations at 919-431-1529/ 800-256-2963 or by e-mail to HIW-IR@highwoods.com. If you would like to receive future Supplemental Information packages by e-mail, please contact the Investor Relations department as noted above or by written request to: Investor Relations Department, Highwoods Properties, Inc., 3100 Smoketree Court, Suite 600, Raleigh, NC 27604.

Conference Call

Today, September 28, 2005 at 5:00 p.m. Eastern time, Highwoods will host a teleconference call to discuss the matters outlined in this press release. For US/Canada callers, dial (888) 202-5268 and international callers dial (706) 643-7509. A live listen-only Web cast can be accessed through the Company's Web site at www.highwoods.com under the "Investor Relations" section.

Telephone and Web cast replays will be available two hours after the completion of the call. The telephone replay will be available beginning at 8:00 p.m. Eastern time through 5:00 p.m. October 8. Dial-in numbers for the replay are (800) 642-1687 US/Canada, (706) 645-9291 international. The conference ID is 9997037.

About the Company

Highwoods Properties, Inc., a member of the S&P MidCap 400 Index, is a fully integrated, self-administered real estate investment trust ("REIT") that provides leasing, management, development, construction and other customer-related services for its properties and for third parties. As of June 30, 2005, the Company owned or had an interest in 490 in-service office, industrial and retail properties encompassing approximately 38.8 million square feet. Highwoods also owns 1,011 acres of development land. Highwoods is based in Raleigh, North Carolina, and its properties and development land are located in Florida, Georgia, Iowa, Kansas, Maryland, Missouri, North Carolina, South Carolina, Tennessee and Virginia. For more information about Highwoods Properties, please visit our Web site at www.highwoods.com.

Certain matters discussed in this press release, such as the effect of tenant bankruptcies on our operations, anticipated continuing compliance with debt agreements, expected leasing and financing activities and financial and operating performance and the cost and timing of expected development projects and asset dispositions, are forward-looking statements within the meaning of the federal securities laws. These statements are distinguished by use of the words "will", "expect", "intends" and words of similar meaning. Although Highwoods believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved.

Factors that could cause actual results to differ materially from Highwoods' current expectations include, among others, the following: the financial condition of our customers could deteriorate; the final completion of audited financial statements and SOX 404 testing could necessitate additional unexpected adjustments and/or result in unexpected costs; unwaived defaults, if any, under our debt instruments could result in an acceleration of some of our outstanding debt; speculative development by others could result in excessive supply of office properties relative to customer demand; we may not be able to lease or re-lease space quickly or on as favorable terms as old leases; unexpected difficulties in obtaining additional capital to satisfy our future cash needs or unexpected increases in interest rates would increase our debt service costs; and others detailed in the Company's amended 2003 Annual Report on Form 10-K and subsequent SEC reports.



HIGHWOODS PROPERTIES

Supplemental Information
June 30, 2005

Supplemental Information
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June 30, 2005

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The information within refers to all Highwoods Properties' wholly-owned entities, except pages 24 to 26 unless noted otherwise.

Certain matters discussed in this supplemental, including estimates of net operating income, pre-leasing commitments and the cost, timing and stabilization of announced development projects, are forward- looking statements within the meaning of the federal securities laws. Although Highwoods believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved. Factors that could cause actual results to differ materially from Highwoods' current expectations include general economic conditions, local real estate conditions, the timely development and lease-up of properties, and the other risks detailed from time to time in the Company's SEC reports.

Highwoods Properties, Inc.

6/30/05

Corporate Information

Board of Directors

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

Senior Management Team

Edward J. Fritsch

President, Chief Executive Officer and Director

Michael E. Harris

Executive Vice President and Chief Operating Officer

Terry L. Stevens

Vice President, Chief Financial Officer and Treasurer

Gene H. Anderson

Senior Vice President and Director

Michael F. Beale

Senior Vice President

Robert G. Cutlip

Senior Vice President

W. Brian Reames

Senior Vice President

Thomas S. Hill

Corporate Vice President, Leasing

Carman J. Liuzzo

Vice President, Investments

Kevin E. Penn

Chief Information Officer and Vice President, Strategy

Mack D. Pridgen III

Vice President, General Counsel and Secretary

Research Coverage

Deutsche Banc Securities

Lou Taylor - 212-469-4912

Green Street Advisors

Jim Sullivan - 949-640-8780

KeyBanc Capital Markets

Richard Moore - 216-443-2815

Legg Mason

David Fick - 410-454-5018

Morgan Stanley Dean Witter

Gregory Whyte - 212-761-6331

Prudential Equity Group

Jim Sullivan - 212-778-2515

Smith Barney Citigroup

Jonathan Litt - 212-816-0231

Wachovia Securities

Chris Haley - 443-263-6773

Highwoods Properties, Inc.

Corporate Information

Divisional Offices

Atlanta/Piedmont Triad

Gene H. Anderson - Regional Manager

Atlanta, GA

Gene H. Anderson, Senior Vice President

Piedmont Triad, NC

Mark W. Shumaker, Vice President

Orlando/Tampa

Michael F. Beale - Regional Manager

Orlando, FL

Michael F. Beale, Senior Vice President

Tampa, FL

Stephen A. Meyers, Vice President

Raleigh/Richmond

Robert G. Cutlip - Regional Manager

Raleigh, NC

Robert G. Cutlip, Senior Vice President

Richmond, VA

Paul W. Kreckman, Vice President

Memphis/Nashville/Columbia/Greenville

W. Brian Reames - Regional Manager

Nashville, TN

W. Brian Reames, Senior Vice President

Columbia, SC and Greenville, SC

W. Brian Reames, Senior Vice President

Memphis, TN

Steven Guinn, Vice President

Kansas City

Kansas City, MO

Barrett Brady, Senior Vice President

Corporate Headquarters

Highwoods Properties, Inc.

3100 Smoketree Court, Suite 600

Raleigh, NC 27604

919-872-4924

Stock Exchange

NYSE Trading Symbol: HIW

Investor Relations Contact

Tabitha Zane

Sr. Director, Investor Relations

Phone: 919-431-1529

Fax: 919-876-6929

E-mail: tabitha.zane@highwoods.com

Information Request

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

Phone: 919-431-1521

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 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 June 30, 2005, the Company owned or had an interest in 490 in-service office, industrial and retail properties encompassing approximately 38.8 million square feet. Highwoods also owns 1,011 acres of development land. Highwoods is based in Raleigh, North Carolina, and its properties and development land are located in Florida, Georgia, Iowa, Kansas, Maryland, Missouri, North Carolina, South Carolina, Tennessee and Virginia. For more information about Highwoods Properties, please visit our Web site at www.highwoods.com.



Capitalization

Dollars, shares, and units in thousands

	06/30/05	03/31/05	12/31/04	09/30/04	06/30/04
Long-Term Debt (see page 2 & 3):	\$1,558,999	\$1,582,010	\$1,572,169	\$1,600,627	\$1,603,485
Eastshore Debt 1/	19,800	—	—	—	—
Total debt per the balance sheet	1,578,799	1,582,010	1,572,169	1,600,627	1,603,485
Finance Obligations:	\$ 43,168	\$ 63,096	\$ 65,309	\$ 64,754	\$ 65,091
Preferred Stock (at redemption value):					
Series A 8 ⁵ / 8 % Perpetual Preferred Stock	\$ 104,945	\$ 104,945	\$ 104,945	\$ 104,945	\$ 104,945
Series B 8% Perpetual Preferred Stock	172,500 2/	172,500	172,500	172,500	172,500
Series D 8% Perpetual Preferred Stock	100,000 2/	100,000	100,000	100,000	100,000
Total preferred stock	\$ 377,445	\$ 377,445	\$ 377,445	\$ 377,445	\$ 377,445
Shares and Units Outstanding:					
Common stock outstanding	54,037	54,053	53,813	53,713	53,716
Minority interest partnership units	5,668	5,828	6,102	6,128	6,146
Total shares and units outstanding	59,705	59,881	59,915	59,841	59,862
Stock price at period end	\$ 29.76	\$ 26.82	\$ 27.70	\$ 24.61	\$ 23.50
Market value of common equity	\$1,776,821	\$1,606,008	\$1,659,646	\$1,472,687	\$1,406,757
Total market capitalization with debt and obligations 3/	\$3,756,433	\$3,628,559	\$3,674,569	\$3,515,513	\$3,452,778

- 1/ This debt is the 100% obligation of an entity that Highwoods has no ownership interest in but is consolidated according to GAAP. These properties will no longer be consolidated as of 9/30/05.
- 2/ Redeemed all Series D and \$30 million of Series B perpetual preferred stock on 8/22/05

Long-Term Debt Summary

Dollars in thousands

	06/30/05	03/31/05	12/31/04	09/30/04	06/30/04
Balances Outstanding:					
Secured:					
Conventional fixed rate 1/	\$ 709,595	\$ 754,226	\$ 755,596	\$ 768,324	\$ 771,540
Variable rate debt 2/	84,404	67,784	66,573	50,803	54,945
Secured total	\$ 793,999	\$ 822,010	\$ 822,169	\$ 819,127	\$ 826,485
Unsecured:					
Fixed rate bonds and notes	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000
Variable rate debt	120,000	120,000	120,000	120,000	120,000
Credit facility	185,000	180,000	170,000	201,500	197,000
Unsecured total	\$ 765,000	\$ 760,000	\$ 750,000	\$ 781,500	\$ 777,000
Total	\$1,558,999	\$1,582,010	\$1,572,169	\$1,600,627	\$1,603,485
Average Interest Rates:					
Secured:					
Conventional fixed rate	7.1%	7.1%	7.2%	7.2%	7.2%
Variable rate debt	4.9%	4.7%	4.2%	3.7%	3.1%
Secured total	6.8%	6.9%	6.9%	6.9%	6.9%
Unsecured:					
Fixed rate bonds	7.4%	7.4%	7.4%	7.4%	7.4%
Variable rate debt	4.7%	3.5%	3.5%	3.0%	2.9%
Credit facility	4.3%	3.4%	3.4%	2.2%	2.3%
Unsecured total	6.2%	6.0%	5.9%	5.4%	5.4%
Average	6.5%	6.5%	6.4%	6.2%	6.2%
Capitalized Interest:	\$ 925	\$ 423	\$ 478	\$ 406	\$ 324

Maturity Schedule:

Year	Future Maturities of Debt			Average Interest Rate
	Secured Debt 3/	Unsecured Debt	Total Debt 3/	
2005 4/	\$ 26,016	\$ 120,000	\$ 146,016	5.3%
2006 5/	50,277	295,000	345,277	5.3%
2007	109,617	—	109,617	7.0%
2008	—	100,000	100,000	7.1%
2009	169,470	50,000	219,470	7.9%
2010	136,610	—	136,610	7.8%
2011	—	—	—	—
2012	22,800	—	22,800	6.1%
2013	273,883	—	273,883	5.9%
2014	—	—	—	—
Thereafter	5,326	200,000	205,326	7.5%
Total maturities	\$ 793,999	\$ 765,000	\$1,558,999	6.5%

Weighted average maturity = 4.8 years

1/ Includes the \$22.8 million loan related to a consolidated 20% owned joint venture property (Harborview).

2/ Includes the construction loan related to a consolidated 50% owned joint venture property (Vinings).

3/ *Excludes annual principal amortization*

4/ *The \$26,016 loan was paid off on July 15, 2005.*

5/ *The \$295.0 million of unsecured debt maturities includes \$185.0 million related to the credit facility which matures in 2006.*

Long-Term Debt Detail

Dollars in thousands

Lender	Rate	Maturity Date	Loan Balance 06/30/05	Undepreciated Book Value of Assets Secured
Secured Loans				
Monumental Life Ins. Co.	7.8%	Nov-09	\$ 161,587	\$ 241,796
Northwestern Mutual	6.0%	Mar-13	140,883	187,517
Northwestern Mutual	7.8%	Nov-10	136,610	279,290
Massachusetts Mutual Life Ins. Co. 1/	5.7%	Dec-13	126,487	187,412
Northwestern Mutual	8.2%	Feb-07	64,321	140,873
GECC 2/	5.1%	Jan-06	46,985	83,465
PNC/Am South/Southtrust 3/	4.6%	Oct-07	32,474	39,143
Principal Life Ins. Co. 4/	8.2%	Aug-05	26,016	72,609
Metropolitan Life Ins. Co. 5/	6.1%	Oct-12	22,800	39,106
PFL Life Ins. Co. 6/	8.1%	Jun-07	5,533	22,917
Massachusetts Mutual Life Ins. Co. 1/	6.5%	Dec-13	5,500	—
Ohio National	8.0%	Nov-17	5,326	10,967
Lutheran Brotherhood	6.8%	Apr-09	3,971	7,651
PFL Life Ins. Co. 6/ 7/	5.6%	Jun-07	3,611	—
Assoc Retirement Trust Fund 8/	8.0%	Jan-07	2,345	6,846
USG Annuity	7.7%	Feb-06	2,134	3,817
Security Life of Denver	8.9%	Aug-09	2,036	9,584
Southland Life Ins. Co.	8.8%	Aug-09	1,876	6,924
American United Life	9.0%	Jun-13	1,013	3,664
Central Carolina Bank 2/ 9/	3.3%	Jan-08	1,334	2,774
CUNA Mutual 10/	8.0%	Sep-06	595	3,195
Members Life Ins. Co 10/	8.0%	Sep-06	562	3,297
	6.8%		\$ 793,999	\$ 1,352,847
Unsecured Bonds				
Bonds	7.0%	Dec-06	\$ 110,000	
Bonds	7.1%	Feb-08	100,000	
Bonds	8.1%	Jan-09	50,000	
Bonds	7.5%	Apr-18	200,000	
	7.3%		\$ 460,000	
Unsecured Loans				
Term Loan 2/	4.3%	Sep-05	\$ 20,000	
Term Loan 3/	4.7%	Nov-05	100,000	
Line of Credit 2/	4.3%	Jul-06	185,000	
	4.4%		\$ 305,000	
Total Debt	6.5%		\$1,558,999	

- 1/ These two loans are secured by the same assets.
2/ Paid off on 8/1/05
3/ Floating rate loan based on two month libor.
4/ Paid off on 7/15/2005
5/ Loan relates to a consolidated 20% owned joint venture property (Harborview).
6/ These two loans are secured by the same assets.
7/ Floating rate loan based on ninety day libor.
8/ Paid off on 9/1/05
9/ Loan relates to a consolidated 50% owned joint venture property (Vinings).
10/ Paid off on 9/15/05

Portfolio Summary - Wholly-Owned Properties Only 1/

(Rentable Square Feet)

	06/30/05	03/31/05	12/31/04	09/30/04	06/30/04
Office Industrial & Retail In-Service:					
Office 2/	23,849,000	24,254,000	24,628,000	25,151,000	25,272,000
Industrial	6,623,000	6,991,000	7,829,000	7,992,000	7,992,000
Retail 3/	1,417,000	1,409,000	1,409,000	1,410,000	1,411,000
Total	31,889,000	32,654,000	33,866,000	34,553,000	34,675,000
Development Completed - Not Stabilized:					
Office 2/	—	—	—	—	—
Industrial	353,000	353,000	353,000	353,000	—
Retail	—	—	—	—	—
Total	353,000	353,000	353,000	353,000	—
Development - In Process:					
Office 2/	710,000	358,000	358,000	333,000	222,000
Industrial	—	—	—	—	350,000
Retail	9,600	9,600	9,600	—	—
Total	719,600	367,600	367,600	333,000	572,000
Total:					
Office 2/	24,559,000	24,612,000	24,986,000	25,484,000	25,494,000
Industrial	6,976,000	7,344,000	8,179,000	8,342,000	8,342,000
Retail 3/	1,426,600	1,418,600	1,418,600	1,410,000	1,411,000
Total	32,961,600	33,374,600	34,583,600	35,236,000	35,247,000
Same Property					
Office 2/	23,662,000	23,684,184	23,684,184	23,684,184	23,684,184
Industrial	6,623,000	6,623,252	6,623,252	6,623,252	6,623,252
Retail	1,417,000	1,416,639	1,416,639	1,416,639	1,416,639
Total	31,702,000	31,724,075	31,724,075	31,724,075	31,724,075
Percent Leased/Pre-Leased:					
In-Service:					
Office	83.5%	82.3%	82.7%	80.9%	79.2%
Industrial	83.8%	86.8%	90.2%	88.4%	88.0%
Retail	96.0%	95.5%	97.3%	94.5%	93.4%
Total	84.1%	83.8%	85.0%	83.2%	81.8%
Development Completed - Not Stabilized:					
Office	—	—	—	—	—
Industrial	100.0%	100.0%	100.0%	100.0%	—
Retail	—	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%	—
Development - In Process:					
Office	60.8%	100.0%	100.0%	100.0%	100.0%
Industrial	—	—	—	—	100.0%
Retail	87.0%	66.0%	44.0%	—	—
Total	61.1%	99.1%	98.5%	100.0%	100.0%
Same Property					
Office	83.5%	83.3%	83.7%	81.7%	80.8%
Industrial	83.8%	86.2%	88.7%	87.1%	86.7%
Retail	96.0%	95.1%	96.8%	94.1%	93.1%

Total

84.1%

84.5%

85.3%

83.4%

82.6%

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

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

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

Portfolio Summary
(Continued)

As of June 30, 2005

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

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Revenue 2/			
			Office	Industrial	Retail	Total
Raleigh 3/	4,432,000	83.8%	15.6%	0.2%	—	15.8%
Atlanta	6,464,000	81.9%	11.4%	3.4%	—	14.8%
Tampa 4/	3,813,000	77.2%	14.2%	—	—	14.2%
Kansas City	2,316,000 5/	91.3%	4.0%	—	9.0%	13.0%
Nashville	2,873,000	95.1%	12.1%	—	—	12.1%
Piedmont Triad 6/	5,593,000	87.7%	6.4%	3.4%	—	9.8%
Richmond	1,841,000	93.2%	7.1%	—	—	7.1%
Memphis	1,216,000	82.3%	4.6%	—	—	4.6%
Charlotte 4/	1,492,000	66.9%	3.6%	—	—	3.6%
Greenville	1,105,000	75.5%	2.6%	0.1%	—	2.7%
Columbia	426,000	61.7%	1.0%	—	—	1.0%
Orlando	218,000	96.9%	1.0%	—	—	1.0%
Other	100,000	56.3%	0.3%	—	—	0.3%
Total	31,889,000	84.1%	83.9%	7.1%	9.0%	100.0%

Summary by Location, Including Joint Venture Properties:

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Revenue 2/ 7/			
			Office	Industrial	Retail	Multi-Family
Atlanta	7,299,000	83.1%	11.5%	3.0%	—	—
Raleigh	4,887,000	85.3%	14.2%	0.1%	—	—
Tampa 4/	4,018,000	78.3%	12.8%	—	—	—
Kansas City	2,744,000	90.8%	4.6%	—	8.0%	—
Nashville	2,873,000	95.1%	10.8%	—	—	—
Piedmont Triad	5,957,000	89.0%	6.1%	3.0%	—	—
Richmond	2,254,000	94.4%	6.9%	—	—	—
Memphis	1,216,000	82.3%	4.1%	—	—	—
Des Moines	2,245,000	95.4%	3.1%	0.4%	0.1%	0.4%
Orlando	1,902,000	91.4%	3.9%	—	—	—
Charlotte 4/	1,640,000	69.9%	3.3%	—	—	—
Greenville	1,105,000	75.5%	2.3%	0.1%	—	—
Columbia	426,000	61.6%	0.9%	—	—	—
Other	210,000	79.2%	0.4%	—	—	—
Total	38,776,000	85.9%	84.9%	6.6%	8.1%	0.4%

- 1/ Excludes properties recorded on our Balance Sheet that were sold but accounted for as Financings or Profit Sharing arrangements under FAS 66
- 2/ Annualized Revenue is June, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.
- 3/ Raleigh Market encompasses Raleigh, Durham, Cary, and Research Triangle metropolitan area.
- 4/ Includes 1,492,000 square feet of office space in Charlotte and 940,000 square feet of office space in Tampa that was sold on July 22, 2005.
- 5/ Excludes 430,000 square feet of basement space in the Country Club Plaza and other Kansas City retail properties
- 6/ Piedmont Triad Market encompasses Greensboro, Winston-Salem metropolitan area.
- 7/ Includes Highwoods' share of Joint Venture Annualized Rental Revenue, see page 24

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

As of June 30, 2005

Market	Office Properties			Industrial		
	Rentable Square Feet	Occupancy	Percentage of Office Annualized Revenue 2/	Rentable Square Feet	Occupancy	Percentage of Industrial Annualized Revenue 2/
Raleigh	4,331,000	84.2%	18.5%	101,000	68.9%	2.3%
Tampa 3/	3,813,000	77.2%	16.9%	—	—	—
Nashville	2,873,000	95.1%	14.4%	—	—	—
Atlanta	3,492,000	81.1%	13.6%	2,972,000	82.7%	48.3%
Richmond	1,841,000	93.2%	8.5%	—	—	—
Piedmont Triad	2,150,000	90.9%	7.6%	3,443,000	86.8%	48.1%
Memphis	1,216,000	82.3%	5.5%	—	—	—
Kansas City	895,000	83.9%	4.8%	4,000	100.0%	0.1%
Charlotte 3/	1,492,000	66.9%	4.3%	—	—	—
Greenville	1,002,000	80.3%	3.1%	103,000	28.9%	1.2%
Columbia	426,000	61.7%	1.2%	—	—	—
Orlando	218,000	96.9%	1.2%	—	—	—
Other	100,000	56.3%	0.4%	—	—	—
	<u>23,849,000</u>	<u>83.5%</u>	<u>100.0%</u>	<u>6,623,000</u>	<u>83.8%</u>	<u>100.0%</u>

Market	Retail		
	Rentable Square Feet	Occupancy	Percentage of Retail Annualized Revenue 2/
Kansas City 4/	<u>1,417,000</u>	<u>96.0%</u>	<u>100.0%</u>
	<u>1,417,000</u>	<u>96.0%</u>	<u>100.0%</u>

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

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

3/ Includes 1,492,000 square feet of office space in Charlotte and 940,000 square feet of office space in Tampa that was sold on July 22, 2005.

4/ Excludes 430,000 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	06/30/05	03/31/05	12/31/04	09/30/04	06/30/04
Atlanta	Rentable Square Feet	6,465,000	6,826,000	6,825,000	6,825,000	6,821,000
	Occupancy	81.9%	83.0%	83.7%	81.3%	80.7%
	Current Properties 2/	81.9%	82.3%	83.3%	80.9%	80.5%
Charlotte 3/	Rentable Square Feet	1,492,000	1,492,000	1,492,000	1,655,000	1,655,000
	Occupancy	66.9%	67.7%	72.9%	74.6%	73.9%
	Current Properties 2/	66.9%	67.7%	72.9%	75.1%	74.1%
Columbia	Rentable Square Feet	426,000	426,000	426,000	426,000	426,000
	Occupancy	61.6%	59.9%	60.4%	57.5%	57.9%
	Current Properties 2/	61.6%	59.9%	60.4%	57.5%	57.9%
Greenville	Rentable Square Feet	1,105,000	1,127,000	1,127,000	1,319,000	1,319,000
	Occupancy	75.5%	81.1%	80.5%	79.4%	78.8%
	Current Properties 2/	75.5%	82.7%	82.1%	80.0%	78.9%
Kansas City 4/	Rentable Square Feet	2,315,000	2,308,000	2,308,000	2,308,000	2,310,000
	Occupancy	91.4%	91.6%	94.1%	92.4%	91.4%
	Current Properties 2/	91.4%	91.3%	93.8%	92.1%	91.2%
Memphis	Rentable Square Feet	1,216,000	1,216,000	1,216,000	1,216,000	1,216,000
	Occupancy	82.3%	80.6%	83.2%	82.1%	82.0%
	Current Properties 2/	82.3%	80.6%	83.2%	82.1%	82.0%
Nashville	Rentable Square Feet	2,873,000	2,870,000	2,870,000	2,870,000	2,870,000
	Occupancy	95.1%	92.8%	93.3%	93.4%	91.7%
	Current Properties 2/	95.1%	92.7%	93.2%	93.3%	91.6%
Orlando	Rentable Square Feet	218,000	222,000	222,000	387,000	387,000
	Occupancy	96.8%	97.7%	93.2%	94.4%	52.9%
	Current Properties 2/	96.8%	99.5%	94.9%	94.9%	90.1%
Piedmont Triad	Rentable Square Feet	5,593,000	5,722,000	6,652,000	6,652,000	6,652,000
	Occupancy	88.3%	90.4%	92.5%	91.9%	91.1%
	Current Properties 2/	88.3%	90.9%	91.8%	91.1%	90.2%
Raleigh	Rentable Square Feet	4,432,000	4,432,000	4,597,000	4,739,000	4,808,000
	Occupancy	83.8%	83.3%	83.8%	81.1%	79.4%
	Current Properties 2/	83.8%	83.3%	83.3%	80.2%	78.7%
Richmond	Rentable Square Feet	1,841,000	1,836,000	1,835,000	1,835,000	1,835,000
	Occupancy	93.2%	95.1%	94.1%	92.0%	89.7%
	Current Properties 2/	93.2%	94.8%	93.7%	91.7%	89.4%
Tampa 3/	Rentable Square Feet	3,813,000	4,077,000	4,196,000	4,221,000	4,277,000
	Occupancy	77.2%	70.5%	71.0%	66.1%	65.9%
	Current Properties 2/	77.2%	75.4%	76.0%	70.6%	71.4%
Total 5/	Rentable Square Feet	31,789,000	32,554,000	33,766,000	34,453,000	34,576,000
	Occupancy	84.1%	83.8%	85.0%	83.2%	81.8%
	Current Properties 2/	84.1%	84.5%	85.3%	83.4%	82.5%

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

2/ Only properties that were owned and in-service on June 30, 2005 are included for each quarter shown.

3/ Includes 1,492,000 square feet of office space in Charlotte and 940,000 square feet of office space in Tampa that was sold on July 22, 2005.

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

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

**Leasing Statistics
Office Portfolio 1/**

Three Months Ended

	6/30/05 2/	3/31/05 3/	12/31/04 4/	9/30/04 5/	6/30/04 6/	Average
Net Effective Rents Related to Re-Leased Space:						
Number of lease transactions (signed leases)	223	188	206	219	230	213
Rentable square footage leased	1,155,513	1,235,718	1,101,291	1,368,577	1,375,372	1,247,294
Square footage of Renewal Deals	785,827	677,799	726,959	703,003	1,011,662	781,050
Renewed square footage (% of total)	68.0%	54.9%	66.0%	51.4%	73.6%	62.6%
New Leases square footage (% of total)	32.0%	45.1%	34.0%	48.6%	26.4%	37.4%
Average per rentable square foot over the lease term:						
Base rent	\$ 17.31	\$ 16.20	\$ 17.40	\$ 16.68	\$ 17.64	\$ 17.05
Tenant improvements	(1.45)	(0.94)	(1.51)	(1.27)	(1.09)	(1.25)
Leasing commissions 7/	(0.60)	(0.66)	(0.62)	(0.64)	(0.52)	(0.61)
Rent concessions	(0.31)	(0.41)	(0.31)	(0.37)	(0.27)	(0.33)
Effective rent	14.95	14.19	14.96	14.40	15.76	14.86
Expense stop	(5.33)	(4.46)	(5.61)	(5.32)	(5.25)	(5.19)
Equivalent effective net rent	\$ 9.62	\$ 9.73	\$ 9.35	\$ 9.08	\$ 10.51	\$ 9.67
Average term in years	4.1	5.7	5.0	3.7	4.3	4.6
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$ 8,869,553	\$5,644,830	\$ 9,208,835	\$ 9,455,102	\$ 8,908,277	\$ 8,417,319
Rentable square feet	1,155,513	1,235,718	1,101,291	1,368,577	1,375,372	1,247,294
Per rentable square foot	\$ 7.68	\$ 4.57	\$ 8.36	\$ 6.91	\$ 6.48	\$ 6.75
Leasing Commissions:						
Total dollars committed under signed leases 7/	\$ 2,629,936	\$4,109,601	\$ 2,806,566	\$ 2,969,620	\$ 2,878,161	\$ 3,078,776
Rentable square feet	1,155,513	1,235,718	1,101,291	1,368,577	1,375,372	1,247,294
Per rentable square foot	\$ 2.28	\$ 3.33	\$ 2.55	\$ 2.17	\$ 2.09	\$ 2.47
Total:						
Total dollars committed under signed leases	\$11,499,489	\$9,754,430	\$12,015,400	\$12,424,721	\$11,786,438	\$11,496,096
Rentable square feet	1,155,513	1,235,718	1,101,291	1,368,577	1,375,372	1,247,294
Per rentable square foot	\$ 9.95	\$ 7.89	\$ 10.91	\$ 9.08	\$ 8.57	\$ 9.22

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

2/ Includes 68K square feet of leases that start in 2007 or later

3/ Includes 89K square feet of leases that start in 2007 or later

4/ Includes 111K square feet of leases that start in 2007 or later

5/ Includes 128K square feet of leases that start in 2006 or later

6/ Includes 100K square feet of leases that start in 2006 or later

7/ Excludes a full allocation of internal marketing cost

**Leasing Statistics
Industrial Portfolio**

Three Months Ended

	6/30/05 1/	3/31/05	12/31/04	9/30/04 2/	06/30/04	Average
Net Effective Rents Related to Re-Leased Space:						
Number of lease transactions (signed leases)	30	15	36	34	7	24
Rentable square footage leased	359,342	599,048	1,216,644	285,706	820,933	656,335
Square footage of Renewal Deals	224,203	579,069	875,445	246,797	642,011	513,505
Renewed square footage (% of total)	62.4%	96.7%	72.0%	86.4%	78.2%	78.2%
New Leases square footage (% of total)	37.6%	3.3%	28.0%	13.6%	21.8%	21.8%
Average per rentable square foot over the lease term:						
Base rent	\$ 5.16	\$ 3.39	\$ 3.49	\$ 4.73	\$ 4.11	\$ 4.18
Tenant improvements	(0.51)	(0.16)	(0.13)	(0.33)	(0.31)	(0.29)
Leasing commissions 3/	(0.12)	(0.06)	(0.06)	(0.07)	(0.08)	(0.08)
Rent concessions	(0.16)	(0.01)	(0.03)	(0.05)	(0.17)	(0.08)
Effective rent	4.37	3.16	3.27	4.28	3.55	3.73
Expense stop	(0.31)	(0.08)	(0.09)	(0.54)	(0.36)	(0.28)
Equivalent effective net rent	\$ 4.06	\$ 3.08	\$ 3.18	\$ 3.74	\$ 3.19	\$ 3.45
Average term in years	3.7	1.3	2.0	2.6	3.2	2.5
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$ 917,527	\$361,044	\$ 756,077	\$307,534	\$1,805,334	\$829,503
Rentable square feet	359,342	599,048	1,216,644	285,706	820,933	656,335
Per rentable square foot	\$ 2.55	\$ 0.60	\$ 0.62	\$ 1.08	\$ 2.20	\$ 1.26
Leasing Commissions:						
Total dollars committed under signed leases 3/	\$ 172,719	\$ 63,473	\$ 226,000	\$ 64,714	\$ 207,676	\$146,916
Rentable square feet	359,342	599,048	1,216,644	285,706	820,933	656,335
Per rentable square foot	\$ 0.48	\$ 0.11	\$ 0.19	\$ 0.23	\$ 0.25	\$ 0.22
Total:						
Total dollars committed under signed leases	\$1,090,245	\$424,517	\$ 982,077	\$372,247	\$2,013,010	\$976,419
Rentable square feet	359,342	599,048	1,216,644	285,706	820,933	656,335
Per rentable square foot	\$ 3.03	\$ 0.71	\$ 0.81	\$ 1.30	\$ 2.45	\$ 1.49

- 1/ Includes 4K square feet of leases that start in 2007 or later
2/ Includes 74K square feet of leases that start in 2006 or later
3/ Excludes a full allocation of internal marketing cost

**Leasing Statistics
Retail Portfolio**

	Three Months Ended					
	6/30/05 1/	3/31/05	12/31/04	9/30/04	6/30/04 2/	Average
Net Effective Rents Related to Re-Leased Space:						
Number of lease transactions (signed leases)	10	4	23	18	13	14
Rentable square footage leased	39,723	10,993	106,629	34,300	38,548	46,039
Square footage of Renewal Deals	36,118	1,750	78,579	15,530	17,482	29,892
Renewed square footage (% of total)	90.9%	15.9%	73.7%	45.3%	45.4%	64.9%
New Leases square footage (% of total)	9.1%	84.1%	26.3%	54.7%	54.6%	35.1%
Average per rentable square foot over the lease term:						
Base rent	\$ 21.49	\$ 26.09	\$ 17.03	\$ 26.45	\$ 22.98	\$ 22.81
Tenant improvements	(1.64)	(2.65)	(1.73)	(1.84)	(2.04)	(1.98)
Leasing commissions 3/	(0.40)	(0.88)	(0.26)	(0.56)	(0.32)	(0.48)
Rent concessions	0.00	0.00	0.00	(0.04)	0.00	(0.01)
Effective rent	19.45	22.56	15.04	24.01	20.62	20.34
Expense stop	0.00	0.00	0.00	0.00	0.00	0.00
Equivalent effective net rent	\$ 19.45	\$ 22.56	\$ 15.04	\$ 24.01	\$ 20.62	\$ 20.34
Average term in years	8.7	9.3	8.3	5.7	8.0	8.0
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$695,152	\$308,098	\$2,137,327	\$403,309	\$800,125	\$868,802
Rentable square feet	39,723	10,993	106,629	34,300	38,548	46,039
Per rentable square foot	\$ 17.50	\$ 28.03	\$ 20.04	\$ 11.76	\$ 20.76	\$ 18.87
Leasing Commissions:						
Total dollars committed under signed leases 3/	\$ 43,041	\$ 3,778	\$ 220,528	\$ 86,458	\$ 34,423	\$ 77,646
Rentable square feet	39,723	10,993	106,629	34,300	38,548	46,039
Per rentable square foot	\$ 1.08	\$ 0.34	\$ 2.07	\$ 2.52	\$ 0.89	\$ 1.69
Total:						
Total dollars committed under signed leases	\$738,193	\$311,876	\$2,357,855	\$489,767	\$834,548	\$946,448
Rentable square feet	39,723	10,993	106,629	34,300	38,548	46,039
Per rentable square foot	\$ 18.58	\$ 28.37	\$ 22.11	\$ 14.28	\$ 21.65	\$ 20.56

1/ Includes 16K square feet of leases that start in 2007 or later

2/ Includes 6K square feet of leases that start in 2006 or later

3/ Excludes a full allocation of internal marketing cost

Leasing Statistics by Market

For the Three Months ended June 30, 2005

Office Portfolio 1/

Market	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions Per SF 2/
	Leased	Term			
Richmond	194,067	1.7	\$16.01	\$ 2.58	\$ 0.94
Raleigh	192,978	4.7	14.90	7.18	2.43
Tampa	182,938	5.1	19.95	15.90	3.22
Nashville	176,501	5.4	19.53	6.01	2.79
Atlanta	162,640	3.4	14.93	5.79	1.45
Charlotte	62,836	3.5	15.58	8.51	0.88
Memphis	57,596	5.8	18.37	16.97	2.82
Piedmont Triad	52,783	3.6	16.64	2.66	0.30
Kansas City	30,695	3.5	19.67	1.57	3.22
Greenville	28,418	4.3	14.85	9.05	3.62
Orlando	6,823	6.2	16.41	12.47	0.00
Columbia	6,108	2.7	12.16	3.69	2.01
Other	1,130	2.0	9.74	4.50	1.54
	1,155,513	4.1	\$17.00	\$ 7.68	\$ 2.28

Industrial Portfolio

Market	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions Per SF 2/
	Leased	Term			
Atlanta	233,811	3.3	\$ 4.74	\$ 2.30	\$ 0.36
Piedmont Triad	98,873	4.5	4.93	2.89	0.54
Research Triangle	24,640	4.1	7.49	3.84	0.70
Kansas City	2,018	1.0	8.25	0.00	0.00
	359,342	3.7	\$ 5.00	\$ 2.55	\$ 0.48

Retail Portfolio

Market	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions Per SF
	Leased	Term			
Kansas City	39,723	8.7	\$21.49	\$17.50	\$ 1.08
	39,723	8.7	\$21.49	\$17.50	\$ 1.08

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

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

Rental Rate Comparisons by Market
For the Three Months ended June 30, 2005

Office Portfolio 1/

Market	Rentable Square Feet	Current	Previous	Percentage
	Leased	Rent	Rent	Change Rent
Richmond	194,067	\$16.01	\$15.62	2.5%
Raleigh	192,978	14.90	17.24	-13.6%
Tampa	182,938	19.95	17.89	11.5%
Nashville	176,501	19.53	19.36	0.9%
Atlanta	162,640	14.93	15.17	-1.6%
Charlotte	62,836	15.58	15.76	-1.1%
Memphis	57,596	18.37	19.20	-4.3%
Piedmont Triad	52,783	16.64	16.31	2.0%
Kansas City	30,695	19.67	19.06	3.2%
Greenville	28,418	14.85	18.17	-18.3%
Orlando	6,823	16.41	12.58	30.5%
Columbia	6,108	12.16	18.53	-34.4%
Other	1,130	9.74	14.03	-30.6%
GAAP Rent Growth	1,155,513	\$17.00	\$17.17	-1.0%
Cash Rent Growth	1,155,513	\$16.67	\$18.23	-8.4%

Industrial Portfolio

Market	Rentable Square Feet	Current	Previous	Percentage
	Leased	Rent	Rent	Change Rent
Atlanta	233,811	\$ 4.74	\$ 5.03	-5.7%
Piedmont Triad	98,873	4.93	4.28	15.3%
Research Triangle	24,640	7.49	6.88	8.9%
Kansas City	2,018	8.25	8.25	0.0%
GAAP Rent Growth	359,342	\$ 5.00	\$ 4.98	0.5%
Cash Rent Growth	359,342	\$ 5.29	\$ 5.52	-4.2%

Retail Portfolio

Market	Rentable Square Feet	Current	Previous	Percentage
	Leased	Rent	Rent	Change Rent
Kansas City	39,723	\$21.49	\$22.97	-6.5%
GAAP Rent Growth	39,723	\$21.49	\$22.97	-6.5%
Cash Rent Growth	39,723	\$20.78	\$23.38	-11.1%

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

Lease Expirations

June 30, 2005

Dollars in thousands

Year	Rentable Square Feet Expiring	Percent of Rentable Square Feet	Annualized Revenue 1/	Average Rental Rate	Percent of Annualized Revenue 1/
Office: 2/					
2005 3/	1,486,249	7.5%	\$ 26,785	\$18.02	7.6%
2006	3,276,840	16.4%	60,708	18.53	17.2%
2007	1,980,269	9.9%	35,355	17.85	10.1%
2008	3,284,593	16.5%	54,449	16.58	15.5%
2009	2,757,324	13.9%	49,948	18.11	14.2%
2010	2,570,736	12.9%	45,147	17.56	12.9%
2011	1,549,647	7.8%	28,836	18.61	8.2%
2012	892,307	4.5%	17,326	19.42	4.9%
2013	471,902	2.4%	8,381	17.76	2.4%
2014	419,428	2.1%	8,288	19.76	2.4%
2015 and thereafter	1,218,780	6.1%	16,044	13.16	4.6%
	19,908,075	100.0%	\$351,267	\$17.64	100.0%
Industrial:					
2005 4/	1,005,827	17.3%	\$ 4,225	\$ 4.20	14.5%
2006	976,885	16.8%	4,962	5.08	17.0%
2007	1,076,728	18.4%	6,232	5.79	21.4%
2008	716,031	12.3%	3,321	4.64	11.4%
2009	643,486	11.1%	3,868	6.01	13.3%
2010	263,118	4.5%	1,527	5.80	5.2%
2011	155,862	2.7%	762	4.89	2.6%
2012	198,536	3.4%	780	3.93	2.7%
2013	102,384	1.8%	626	6.11	2.1%
2014	206,731	3.6%	817	3.95	2.8%
2015 and thereafter	469,730	8.1%	2,045	4.35	7.0%
	5,815,318	100.0%	\$ 29,165	\$ 5.02	100.0%

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

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

3/ Includes 254,000 square feet of leases that are on a month to month basis or 0.8% of total annualized revenue

4/ Includes 180,000 square feet of leases that are on a month to month basis or 0.2% of total annualized revenue

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

Lease Expirations

June 30, 2005

(Continued)

Dollars in thousands

Year	Rentable Square Feet Expiring	Percent of Rentable Square Feet	Annualized Revenue 1/	Average Rental Rate	Percent of Annualized Revenue 1/
Retail:					
2005 2/	23,225	1.7%	\$ 1,007	\$43.36	2.7%
2006	118,046	8.7%	2,938	24.89	7.8%
2007	82,574	6.1%	2,398	29.04	6.3%
2008	129,441	9.5%	3,685	28.47	9.7%
2009	175,222	12.8%	4,538	25.90	12.0%
2010	97,175	7.1%	3,367	34.65	8.9%
2011	56,468	4.1%	1,838	32.55	4.9%
2012	141,451	10.4%	4,104	29.01	10.8%
2013	108,866	8.0%	2,804	25.76	7.4%
2014	80,159	5.9%	1,453	18.13	3.8%
2015 and thereafter	349,612	25.7%	9,736	27.85	25.7%
	1,362,239	100.0%	\$ 37,868	\$27.80	100.0%
Total:					
2005 3/4/	2,515,301	9.3%	\$ 32,017	\$12.73	7.7%
2006	4,371,771	16.2%	68,608	15.69	16.3%
2007	3,139,571	11.6%	43,985	14.01	10.5%
2008	4,130,065	15.3%	61,455	14.88	14.7%
2009	3,576,032	13.2%	58,354	16.32	14.0%
2010	2,931,029	10.8%	50,041	17.07	12.0%
2011	1,761,977	6.5%	31,436	17.84	7.5%
2012	1,232,294	4.5%	22,210	18.02	5.3%
2013	683,152	2.5%	11,811	17.29	2.8%
2014	706,318	2.6%	10,558	14.95	2.5%
2015 and thereafter	2,038,122	7.5%	27,825	13.65	6.7%
	27,085,632	100.0%	\$418,300	\$15.44	100.0%

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

2/ Includes 14,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue

3/ Includes 448,000 square feet of leases that are on a month to month basis or 1.1% of total annualized revenue

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

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

Office Lease Expirations by Market by Quarter 1/

Dollars in thousands

		Three Months Ended				Total
		9/30/05 /2	12/31/05	03/31/06	06/30/06	
Atlanta	RSF	343,121	33,121	134,599	88,483	599,324
	% of Total Office RSF	1.7%	0.2%	0.7%	0.4%	3.0%
	Annualized Revenue	3/ \$ 5,440	\$ 508	\$ 1,848	\$ 1,367	\$ 9,163
	% of Total Office Annl Rev	1.5%	0.1%	0.5%	0.4%	2.6%
Charlotte	RSF	77,500	13,240	36,827	23,985	151,552
	% of Total Office RSF	0.4%	0.1%	0.2%	0.1%	0.8%
	Annualized Revenue	3/ \$ 1,086	\$ 236	\$ 558	\$ 434	\$ 2,314
	% of Total Office Annl Rev	0.3%	0.1%	0.2%	0.1%	0.7%
Columbia	RSF	26,360	3,352	1,077	0	30,789
	% of Total Office RSF	0.1%	0.0%	0.0%	0.0%	0.2%
	Annualized Revenue	3/ \$ 487	\$ 60	\$ 18	\$ —	\$ 565
	% of Total Office Annl Rev	0.1%	0.0%	0.0%	0.0%	0.2%
Greenville	RSF	72,152	0	29,998	119,623	221,773
	% of Total Office RSF	0.4%	0.0%	0.2%	0.6%	1.1%
	Annualized Revenue	3/ \$ 829	\$ —	\$ 589	\$ 2,248	\$ 3,666
	% of Total Office Annl Rev	0.2%	0.0%	0.2%	0.6%	1.0%
Kansas City	RSF	29,229	31,292	61,265	18,549	140,335
	% of Total Office RSF	0.1%	0.2%	0.3%	0.1%	0.7%
	Annualized Revenue	3/ \$ 608	\$ 589	\$ 1,326	\$ 373	\$ 2,896
	% of Total Office Annl Rev	0.2%	0.2%	0.4%	0.1%	0.8%
Memphis	RSF	58,611	10,981	47,663	32,602	149,857
	% of Total Office RSF	0.3%	0.1%	0.2%	0.2%	0.8%
	Annualized Revenue	3/ \$ 1,115	\$ 339	\$ 943	\$ 596	\$ 2,993
	% of Total Office Annl Rev	0.3%	0.1%	0.3%	0.2%	0.9%
Nashville	RSF	50,646	125,908	153,871	50,911	381,336
	% of Total Office RSF	0.3%	0.6%	0.8%	0.3%	1.9%
	Annualized Revenue	3/ \$ 840	\$ 2,488	\$ 3,105	\$ 1,068	\$ 7,501
	% of Total Office Annl Rev	0.2%	0.7%	0.9%	0.3%	2.1%
Orlando	RSF	0	0	0	0	0
	% of Total Office RSF	0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Revenue	3/ \$ —	\$ —	\$ —	\$ —	\$ —
	% of Total Office Annl Rev	0.0%	0.0%	0.0%	0.0%	0.0%
Piedmont Triad	RSF	118,969	37,762	93,611	63,612	313,954
	% of Total Office RSF	0.6%	0.2%	0.5%	0.3%	1.6%
	Annualized Revenue	3/ \$ 1,894	\$ 659	\$ 1,632	\$ 1,159	\$ 5,344
	% of Total Office Annl Rev	0.5%	0.2%	0.5%	0.3%	1.5%
Raleigh	RSF	116,571	92,875	263,965	126,326	599,737
	% of Total Office RSF	0.5%	0.5%	1.3%	0.6%	3.0%
	Annualized Revenue	3/ \$ 2,333	\$ 2,073	\$ 5,371	\$ 2,634	\$ 12,411
	% of Total Office Annl Rev	0.7%	0.6%	1.5%	0.7%	3.5%
Richmond	RSF	41,395	6,709	149,186	43,177	240,467
	% of Total Office RSF	0.2%	0.0%	0.7%	0.2%	1.2%
	Annualized Revenue	3/ \$ 764	\$ 102	\$ 2,392	\$ 928	\$ 4,186
	% of Total Office Annl Rev	0.2%	0.0%	0.7%	0.3%	1.2%
Tampa	RSF	112,092	62,787	74,355	103,731	352,965
	% of Total Office RSF	0.6%	0.3%	0.4%	0.5%	1.8%
	Annualized Revenue	3/ \$ 2,342	\$ 1,536	\$ 1,429	\$ 2,096	\$ 7,403
	% of Total Office Annl Rev	0.7%	0.4%	0.4%	0.6%	2.1%
Other	RSF	21,576	0	0	0	21,576
	% of Total Office RSF	0.1%	0.0%	0.0%	0.0%	0.1%
	Annualized Revenue	3/ \$ 456	\$ —	\$ —	\$ —	\$ 456
	% of Total Office Annl Rev	0.1%	0.0%	0.0%	0.0%	0.1%
Total	RSF	1,068,222	418,027	1,046,417	670,999	3,203,665
	% of Total Office RSF	5.3%	2.1%	5.3%	3.4%	16.0%
	Annualized Revenue	3/ \$ 18,194	\$ 8,590	\$ 19,211	\$ 12,903	\$ 58,898
	% of Total Office Annl Rev	5.2%	2.4%	5.5%	3.7%	16.8%

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

2/ Includes 254,000 square feet of leases that are on a month to month basis or 0.8% of total annualized revenue

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

Industrial Lease Expirations by Market by Quarter

Dollars in thousands

		Three Months Ended				Total
		9/30/05 /1	12/31/05	03/31/06	06/30/06	
Atlanta	RSF	147,828	235,019	63,322	34,091	480,260
	% of Total Industrial RSF	2.5%	4.0%	1.1%	0.6%	8.3%
	Annualized Revenue	2/ \$ 569	\$ 1,368	\$ 445	\$ 237	\$ 2,619
	% of Total Industrial Annl Rev	2.0%	4.7%	1.5%	0.8%	9.0%
Charlotte	RSF	0	0	0	0	0
	% of Total Industrial RSF	0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Revenue	2/ \$ —	\$ —	\$ —	\$ —	\$ —
	% of Total Industrial Annl Rev	0.0%	0.0%	0.0%	0.0%	0.0%
Greenville	RSF	0	0	16,081	0	16,081
	% of Total Industrial RSF	0.0%	0.0%	0.3%	0.0%	0.3%
	Annualized Revenue	2/ \$ —	\$ —	\$ 206	\$ —	\$ 206
	% of Total Industrial Annl Rev	0.0%	0.0%	0.7%	0.0%	0.7%
Kansas City	RSF	0	0	2,018	0	2,018
	% of Total Industrial RSF	0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Revenue	2/ \$ —	\$ —	\$ 17	\$ —	\$ 17
	% of Total Industrial Annl Rev	0.0%	0.0%	0.1%	0.0%	0.1%
Piedmont Triad	RSF	580,515	26,966	135,857	225,924	969,262
	% of Total Industrial RSF	10.0%	0.5%	2.3%	3.9%	16.7%
	Annualized Revenue	2/ \$ 1,966	\$ 184	\$ 673	\$ 686	\$ 3,509
	% of Total Industrial Annl Rev	6.7%	0.6%	2.3%	2.4%	12.0%
Raleigh	RSF	15,499	0	9,548	0	25,047
	% of Total Industrial RSF	0.3%	0.0%	0.2%	0.0%	0.4%
	Annualized Revenue	2/ \$ 139	\$ —	\$ 94	\$ —	\$ 233
	% of Total Industrial Annl Rev	0.5%	0.0%	0.3%	0.0%	0.8%
Total	RSF	743,842	261,985	226,826	260,015	1,492,668
	% of Total Industrial RSF	12.8%	4.5%	3.9%	4.5%	25.7%
	Annualized Revenue	2/ \$ 2,674	\$ 1,552	\$ 1,435	\$ 923	\$ 6,584
	% of Total Industrial Annl Rev	9.2%	5.3%	4.9%	3.2%	22.6%

1/ Includes 180,000 square feet of leases that are on a month to month basis or 0.2% of total annualized revenue

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

Office Lease Expirations by Market by Year 1/

Dollars in thousands

			2005 2/	2006	2007	2008	Thereafter
Atlanta	RSF		376,242	353,197	231,462	550,867	1,320,915
	% of Total Office RSF		1.9%	1.8%	1.2%	2.8%	6.6%
	Annualized Revenue	3/	\$ 5,948	\$ 5,352	\$ 3,323	\$ 8,611	\$ 24,569
Charlotte	% of Total Office Annl Rev		1.7%	1.5%	0.9%	2.5%	7.0%
	RSF		90,740	177,064	146,427	126,902	457,596
	% of Total Office RSF		0.5%	0.9%	0.7%	0.6%	2.3%
Columbia	Annualized Revenue	3/	\$ 1,322	\$ 2,831	\$ 2,317	\$ 1,872	\$ 6,626
	% of Total Office Annl Rev		0.4%	0.8%	0.7%	0.5%	1.9%
	RSF		29,712	60,663	58,951	63,170	49,898
Greenville	% of Total Office RSF		0.1%	0.3%	0.3%	0.3%	0.3%
	Annualized Revenue	3/	\$ 547	\$ 1,129	\$ 1,046	\$ 1,056	\$ 522
	% of Total Office Annl Rev		0.2%	0.3%	0.3%	0.3%	0.1%
Kansas City	RSF		72,152	188,865	16,115	99,410	428,282
	% of Total Office RSF		0.4%	0.9%	0.1%	0.5%	2.2%
	Annualized Revenue	3/	\$ 829	\$ 3,578	\$ 302	\$ 1,838	\$ 4,474
Memphis	% of Total Office Annl Rev		0.2%	1.0%	0.1%	0.5%	1.3%
	RSF		60,521	156,247	92,491	71,817	369,755
	% of Total Office RSF		0.3%	0.8%	0.5%	0.4%	1.9%
Nashville	Annualized Revenue	3/	\$ 1,196	\$ 3,425	\$ 1,932	\$ 1,453	\$ 8,925
	% of Total Office Annl Rev		0.3%	1.0%	0.6%	0.4%	2.5%
	RSF		69,592	98,568	102,650	186,012	543,392
Orlando	% of Total Office RSF		0.3%	0.5%	0.5%	0.9%	2.7%
	Annualized Revenue	3/	\$ 1,455	\$ 1,888	\$ 1,999	\$ 3,828	\$ 10,048
	% of Total Office Annl Rev		0.4%	0.5%	0.6%	1.1%	2.9%
Piedmont Triad	RSF		176,554	444,188	229,372	205,363	1,675,479
	% of Total Office RSF		0.9%	2.2%	1.2%	1.0%	8.4%
	Annualized Revenue	3/	\$ 3,329	\$ 9,060	\$ 4,432	\$ 4,341	\$ 29,592
Raleigh	% of Total Office Annl Rev		0.9%	2.6%	1.3%	1.2%	8.4%
	RSF		0	6,465	21,694	9,240	173,710
	% of Total Office RSF		0.0%	0.0%	0.1%	0.0%	0.9%
Richmond	Annualized Revenue	3/	\$ —	\$ 170	\$ 397	\$ 186	\$ 3,399
	% of Total Office Annl Rev		0.0%	0.0%	0.1%	0.1%	1.0%
	RSF		156,731	226,502	209,194	626,385	734,882
Tampa	% of Total Office RSF		0.8%	1.1%	1.1%	3.1%	3.7%
	Annualized Revenue	3/	\$ 2,553	\$ 3,886	\$ 3,072	\$ 7,240	\$ 10,069
	% of Total Office Annl Rev		0.7%	1.1%	0.9%	2.1%	2.9%
Other	RSF		209,446	831,003	377,265	579,159	1,648,705
	% of Total Office RSF		1.1%	4.2%	1.9%	2.9%	8.3%
	Annualized Revenue	3/	\$ 4,405	\$ 14,575	\$ 7,239	\$ 9,855	\$ 28,588
Total	% of Total Office Annl Rev		1.3%	4.1%	2.1%	2.8%	8.1%
	RSF		48,104	359,481	257,373	272,891	778,488
	% of Total Office RSF		0.2%	1.8%	1.3%	1.4%	3.9%
Total	Annualized Revenue	3/	\$ 867	\$ 6,664	\$ 4,328	\$ 5,068	\$ 12,963
	% of Total Office Annl Rev		0.2%	1.9%	1.2%	1.4%	3.7%
	RSF		174,879	374,597	223,438	473,928	1,697,733
Total	% of Total Office RSF		0.9%	1.9%	1.1%	2.4%	8.5%
	Annualized Revenue	3/	\$ 3,878	\$ 8,129	\$ 4,584	\$ 8,582	\$ 34,168
	% of Total Office Annl Rev		1.1%	2.3%	1.3%	2.4%	9.7%
Total	RSF		21,576	0	13,837	19,449	1,289
	% of Total Office RSF		0.1%	0.0%	0.1%	0.1%	0.0%
	Annualized Revenue	3/	\$ 456	\$ 18	\$ 386	\$ 519	\$ 28
Total	% of Total Office Annl Rev		0.1%	0.0%	0.1%	0.1%	0.0%
	RSF		1,486,249	3,276,840	1,980,269	3,284,593	9,880,124
	% of Total Office RSF		7.5%	16.5%	9.9%	16.5%	49.6%
Total	Annualized Revenue	3/	\$ 26,785	\$ 60,705	\$ 35,357	\$ 54,449	\$ 173,971
	% of Total Office Annl Rev		7.6%	17.3%	10.1%	15.5%	49.5%

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

2/ Includes 254,000 square feet of leases that are on a month to month basis or 0.8% of total annualized revenue

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

Industrial Lease Expirations by Market by Year

Dollars in thousands

			2005 1/	2006	2007	2008	Thereafter
Atlanta	RSF		382,847	271,373	614,623	299,278	1,157,284
	% of Total Industrial RSF		6.6%	4.7%	10.6%	5.1%	19.9%
	Annualized Revenue	2/	\$ 1,936	\$ 1,770	\$ 3,261	\$ 1,441	\$ 5,677
	% of Total Industrial Annl Rev		6.6%	6.1%	11.2%	4.9%	19.5%
Charlotte	RSF		0	0	0	0	0
	% of Total Industrial RSF		0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Revenue	2/	\$ —	\$ —	\$ —	\$ —	\$ —
	% of Total Industrial Annl Rev		0.0%	0.0%	0.0%	0.0%	0.0%
Greenville	RSF		0	16,081	0	5,350	8,470
	% of Total Industrial RSF		0.0%	0.3%	0.0%	0.1%	0.1%
	Annualized Revenue	2/	\$ —	\$ 206	\$ —	\$ 59	\$ 91
	% of Total Industrial Annl Rev		0.0%	0.7%	0.0%	0.2%	0.3%
Kansas City	RSF		0	2,018	0	0	1,756
	% of Total Industrial RSF		0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Revenue	2/	\$ —	\$ 17	\$ —	\$ —	\$ 19
	% of Total Industrial Annl Rev		0.0%	0.1%	0.0%	0.0%	0.1%
Piedmont Triad	RSF		607,481	677,865	458,555	396,215	846,447
	% of Total Industrial RSF		10.4%	11.7%	7.9%	6.8%	14.6%
	Annualized Revenue	2/	\$ 2,150	\$ 2,876	\$ 2,934	\$ 1,657	\$ 4,408
	% of Total Industrial Annl Rev		7.4%	9.9%	10.1%	5.7%	15.1%
Raleigh	RSF		15,499	9,548	3,550	15,188	25,890
	% of Total Industrial RSF		0.3%	0.2%	0.1%	0.3%	0.4%
	Annualized Revenue	2/	\$ 139	\$ 94	\$ 37	\$ 163	\$ 230
	% of Total Industrial Annl Rev		0.5%	0.3%	0.1%	0.6%	0.8%
Total	RSF		1,005,827	976,885	1,076,728	716,031	2,039,847
	% of Total Industrial RSF		17.3%	16.8%	18.5%	12.3%	35.1%
	Annualized Revenue	2/	\$ 4,225	\$ 4,963	\$ 6,232	\$ 3,320	\$ 10,425
	% of Total Industrial Annl Rev		14.5%	17.0%	21.4%	11.4%	35.7%

1/ Includes 180,000 square feet of leases that are on a month to month basis or 0.2% of total annualized revenue

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

Customer Diversification 1/

June 30, 2005

Dollars in thousands

Top 20 Customers

Customer	RSF	Annualized Revenue 2/	Percent of Annualized Revenue 2/	Average Remaining Lease Term in Years
Federal Government	869,733	\$ 17,190	4.11%	6.3
AT&T 3/	537,529	10,187	2.44%	3.6
Price Waterhouse Coopers	297,795	7,528	1.80%	4.8
State Of Georgia	361,687	6,687	1.60%	3.6
T-Mobile USA	205,394	4,926	1.18%	3.9
IBM	188,763	3,978	0.95%	0.9
Northern Telecom	246,000	3,651	0.87%	2.7
Volvo	270,525	3,595	0.86%	4.1
US Airways	295,046	3,410	0.82%	2.5
Lockton Companies	132,718	3,339	0.80%	9.7
BB&T	229,459	3,273	0.78%	6.7
CHS Professional Services	170,524	3,045	0.73%	1.6
Ford Motor Company	125,989	2,783	0.67%	4.6
Hartford Insurance	118,807	2,600	0.62%	1.4
MCI	127,268	2,585	0.62%	0.9
Bank of America	96,349	2,447	0.58%	4.7
Metropolitan Life Insurance	118,017	2,250	0.54%	6.0
Icon Clinical Research	99,163	2,114	0.51%	6.9
The Martin Agency	118,518	2,018	0.48%	11.8
CIGNA Healthcare of NC	180,000	1,999	0.48%	1.1
	4,789,284	\$ 89,605	21.44%	4.5

By Industry

Category	Percent of Annualized Revenue 2/
Professional, Scientific, and Technical Services	20.6%
Insurance	10.2%
Manufacturing	8.7%
Finance/Banking	8.7%
Retail Trade	7.6%
Telecommunication	7.5%
Government/Public Administration	6.5%
Health Care and Social Assistance	6.1%
Wholesale Trade	5.5%
Transportation and Warehousing	3.5%
Real Estate Rental and Leasing	3.2%
Administrative and Support Services	3.1%
Accommodation and Food Services	2.8%
Other Services (except Public Administration)	2.5%
Information	2.1%
Educational Services	1.4%
	100.0%

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

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

3/ AT&T and SBC have received final approval on their plans to merge. SBC currently leases 5K square feet with \$114K in associated annualized revenue.

Acquisition Activity

Dollars in thousands

Name	Market	Type	Date Acquired	Square Footage	Total Cost
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First quarter 2005:
None

Second quarter 2005:
None

Disposition Activity

Dollars in thousands

Name	Market	Type 1/ Date Sold	Date Sold	Square Footage	Occupancy	Gross Sales Price
First quarter 2005:						
Northside	Tampa	O	02/24/05	85,700	93.5%	\$ 9,000
531 Northridge Warehouse	Piedmont Triad	I	02/28/05	598,100	100.0%	
531 Northridge Office	Piedmont Triad	O	02/28/05	91,800	100.0%	
				689,900	100.0%	18,656
3928 Westpoint Boulevard	Piedmont Triad	I	02/28/05	240,000	100.0%	6,225
4300 Six Forks Road	Raleigh	O	03/31/05	163,300	98.0%	27,318
				1,178,900	99.3%	61,199
Second quarter 2005:						
2599 Empire Drive	Piedmont Triad	I	04/15/05	89,600	100.0%	2,150
Highwoods Preserve II	Tampa	O	06/30/05	32,600	0.0%	
Highwoods Preserve IV	Tampa	O	06/30/05	207,100	0.0%	
				239,700	0.0%	24,500
Kennestone Corporate Center	Atlanta	O	06/30/05	82,600	73.3%	
Chattahoochee Avenue	Atlanta	I	06/30/05	62,100	90.1%	
LaVista Business Park	Atlanta	I	06/30/05	216,300	94.5%	
				361,000	88.8%	13,250
				690,300	59.4%	39,900
Second quarter totals				690,300	59.4%	39,900
Six month totals				1,869,200	84.5%	\$101,099

Depreciable Assets Contributed to Joint Ventures

Name	Market	Type 1/ Date Contributed	Date Contributed	Square Footage	Occupancy	Gross Sales Price
First quarter 2005:						
None						
Second quarter 2005:						
None						

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

Development Activity

Dollars in thousands

Property	Market	Type 1/	Rentable Square Feet	Anticipated		Pre- Leasing	Estimated Completion	Estimated Stabilization
				Total Investment	Investment @ 06/30/05			
<u>In - Process</u>								
Office:								
Center for Disease Control	Atlanta	O	109,000	\$ 21,375	\$ 13,519	100%	4Q05	4Q05
Cool Springs III	Nashville	O	153,000	20,050	2,425	0%	2Q06	4Q07
Glenlake Four	Raleigh	O	158,000	26,889	2,408	46%	3Q06	1Q08
Saxon	Richmond	O	112,000	16,176	14,291	100%	3Q05	3Q05
3330 Healy Road 2/	Piedmont Triad	O	40,000	3,600	2,998	0%	4Q06	2Q07
FBI 3/	Tampa	O	138,000	31,090	20,839	100%	4Q05	4Q05
Total or Weighted Average			710,000	\$119,180	\$ 56,480	61%		
Retail 4/:								
Griffith Road/Boutique Shops	Piedmont Triad	R	9,600	\$ 2,634	\$ 2,304	87%	2Q05	2Q06
Total or Weighted Average			9,600	\$ 2,634	\$ 2,304	87%		
Total or Weighted Average 5/			719,600	\$121,814	\$ 58,784	61%		
Completed Not Stabilized 6/:								
National Archives Record Administration	Atlanta	I	353,000	\$ 20,387	\$ 18,304	100%	3Q04	4Q05
Total or Weighted Average			353,000	\$ 20,387	\$ 18,304	100%		
Grand Total or Weighed Average			1,072,600	\$142,201	\$ 77,088	74%		

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

2/ Redevelopment property

3/ An approved 25,000 square feet expansion at an additional anticipated cost of \$4.5 million is included.

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

5/ These "In-process" developments, together with \$460,000 of other development costs, are included on the Consolidated Balance Sheet as "Developments-in-process."

6/ Completed Not Stabilized properties are recorded in the Consolidated Balance Sheet in the Land and Building accounts, not Development-in-process.

Development Land
June, 2005

Dollars in thousands

Market	Usable	Total Estimated Market Value
	Acres	
On Balance Sheet:		
Research Triangle	316	\$ 69,523
Atlanta	226	39,767
Piedmont Triad	114	23,150
Kansas City 1/	46	17,816
Baltimore	44	13,166
Richmond	61	14,296
Charlotte 2/	67	12,106
Nashville	39	12,486
Orlando	25	12,470
Tampa 3/	29	14,026
Memphis	21	5,100
Greenville	12	1,800
Jacksonville	9	1,885
Columbia	2	276
	1,011	\$ 237,867
Deferred or optioned:		
Atlanta	13	\$ 3,810
	13	\$ 3,810
Total 4/	1,023	\$ 241,677

1/ Includes 27 acres of residential land

2/ Includes 28 acres that was sold on July 22, 2005

3/ Includes 2 acres that was sold on July 22, 2005

4/ Developable square footage on core land holdings is approximately 6.3 million of office space and 1.8 million of industrial space

Joint Ventures Portfolio Summary

As of June 30, 2005

Summary by Location:

Market	Rentable Square Feet 1/	Occupancy 2/	Percentage of Annualized Revenue - Highwoods' Share Only 3/				
			Office	Industrial	Retail	Multi-Family	Total
Des Moines	2,245,000	95.4%	27.9%	3.9%	1.0%	3.3%	36.1%
Orlando	1,684,000	90.6%	27.1%	—	—	—	27.1%
Atlanta	835,000	92.6%	12.1%	—	—	—	12.1%
Kansas City	428,000	88.1%	8.7%	—	—	—	8.7%
Richmond	413,000	100.0%	5.1%	—	—	—	5.1%
Piedmont Triad	364,000	100.0%	3.9%	—	—	—	3.9%
Raleigh	455,000	99.6%	3.7%	—	—	—	3.7%
Tampa	205,000	99.1%	2.0%	—	—	—	2.0%
Charlotte	148,000	100.0%	0.8%	—	—	—	0.8%
Other	110,000	100.0%	0.5%	—	—	—	0.5%
Total	6,887,000	94.5%	91.8%	3.9%	1.0%	3.3%	100.0%

1/ Excludes Des Moines' apartment units

2/ Excludes Des Moines' apartment occupancy percentage of 94.0%

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

**Joint Ventures Lease Expirations
June 30, 2005**

Dollars in thousands

<u>Year</u>	<u>Rentable Square Feet Expiring</u>	<u>Percent of Rentable Square Feet</u>	<u>Annualized Revenue 1/</u>	<u>Average Rental Rate</u>	<u>Percent of Annualized Revenue 1/</u>
Total					
2005	337,472	5.0%	\$ 5,462	\$16.19	4.3%
2006	662,534	9.7%	12,635	19.07	9.9%
2007	430,393	6.3%	8,064	18.74	6.3%
2008	1,325,225	19.4%	22,545	17.01	17.8%
2009	853,316	12.5%	15,931	18.67	12.5%
2010	550,250	8.1%	9,321	16.94	7.3%
2011	555,390	8.2%	10,339	18.62	8.1%
2012	401,183	5.9%	8,469	21.11	6.7%
2013	710,834	10.4%	15,482	21.78	12.2%
2014	382,579	5.6%	8,326	21.76	6.5%
2015 and thereafter	603,260	8.9%	10,729	17.79	8.4%
	6,812,436	100.0%	\$127,303	\$18.69	100.0%

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

Joint Ventures Development

Dollars in thousands

Property	% Ownership	Market	Rentable Square Feet	Anticipated		Pre-Leasing	Estimated Completion Date	Estimated Stabilization Date
				Total Investment	Investment @ 06/30/05			
Plaza Colonade, LLC 1/	50%	Kansas City	285,000	\$ 71,500	\$ 69,038	77%	4Q04	3Q05
Summit	50%	Des Moines	35,000	3,784	3,648	75%	3Q04	3Q05
Pinehurst	50%	Des Moines	35,000	3,651	3,438	90%	3Q04	3Q05
Sonoma	50%	Des Moines	75,000	9,364	3,213	43%	2Q05	2Q06
The Vinings at University Center 2/	50%	Charlotte	156 units	10,800	2,774	0%	4Q05	3Q06
Total or Weighted Average 3/			430,000	\$ 99,099	\$ 82,111	72%		
Highwoods' Share of the above				\$ 49,550	\$ 41,055			

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

2/ The Vinings at University Center is currently a fifty percent owned joint venture consolidated under the provisions of FIN 46.

3/ Pre-leasing percentage does not include multi-family