
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): October 30, 2007

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))
-

Item 2.02. Results of Operations and Financial Condition.

On October 30, 2007, we issued a press release announcing financial information for the quarter ended September 30, 2007. 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 September 30, 2007, a copy of which is attached as Exhibit 99.2.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

<u>No.</u>	<u>Description</u>
99.1	Press release dated October 30, 2007
99.2	Supplemental operating information for the quarter ended September 30, 2007

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/ Terry L. Stevens
Terry L. Stevens
Senior Vice President and Chief
Financial Officer

**HIGHWOODS REALTY LIMITED
PARTNERSHIP**

By: Highwoods Properties, Inc., its general partner

By: /s/ Terry L. Stevens
Terry L. Stevens
Senior Vice President and Chief
Financial Officer

Dated: October 31, 2007



FOR IMMEDIATE RELEASE

Ref: 07-37

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

Highwoods Properties Reports Third Quarter Results

\$0.61 FFO per Share

Excluding \$0.02 of Charges

(\$0.014 for 8.625% Preferred Stock Repurchase and \$0.006 for Building Impairment)

*90.4% Occupancy – Up 100 bps Year-over-Year
1.6M SF First and Second Generation Space Leased*

\$500 Million Development Pipeline 75% Pre-leased

Raleigh, NC – October 30, 2007 – Highwoods Properties, Inc. (NYSE: HIW) , the largest owner and operator of suburban office properties in the Southeast, today reported financial and operational results for the three and nine months ended September 30, 2007.

Ed Fritsch, President and CEO, stated, *“Third quarter results were again strong with 90.4% total occupancy at September 30, 2007, up 110 basis points from June 30, 2007 and up 100 basis points year-over-year. We expanded our development pipeline (which now stands at a healthy \$500 million that is 75% pre-leased), signed a lease to backfill our largest single 2008 lease expiration and sold \$36.8 million of non-core properties at a weighted average cap rate of 6.6%.”*

Third Quarter and Nine Month Financial Results

For the third quarter of 2007, the Company reported net income available for common stockholders of \$9.9 million, or \$0.17 per diluted share. Net income available for common stockholders for the third quarter of 2006 was \$4.8 million, or \$0.09 per diluted share.

For the nine months ended September 30, 2007, net income available for common stockholders was \$62.4 million, or \$1.09 per diluted share, compared to net income available for common stockholders of \$14.6 million, or \$0.26 per diluted share, for the nine months ended September 30, 2006.

Funds from Operations (FFO) for the third quarter of 2007 was \$36.1 million, or \$0.59 per diluted share, compared to \$32.8 million, or \$0.53 per diluted share, for the third quarter of 2006. Excluding \$1.2 million, or \$0.02 per diluted share, in charges related to the repurchase of \$22 million of 8.625% preferred stock in August 2007 and a building impairment, FFO for the third quarter of 2007 would have been \$0.61 per diluted share. This compares to FFO of \$0.59 per diluted share in the third quarter of 2006 after excluding \$3.3 million, or \$0.06 per diluted share, of charges for a loss on a debt extinguishment and a building impairment.

For the nine months ended September 30, 2007, FFO was \$128.3 million, or \$2.08 per diluted share, compared to FFO of \$101.1 million, or \$1.66 per diluted share for the nine months ended September 30, 2006. Excluding \$2.7 million, or \$0.05 per diluted share, related to the repurchase and redemption of \$62 million of high coupon preferred stock and a building impairment, FFO for the nine months ended September 30, 2007 would have been \$2.13 per diluted share. This compares to FFO of \$1.76 per diluted share for the first nine months of 2006 after excluding \$5.6 million, or \$0.10 per diluted share, of charges for a preferred stock redemption, losses on debt extinguishments and a building impairment.

The following items were included in the determination of net income available for common shareholders for the three and nine months ended September 30, 2007 and 2006:

	3 Months Ended 9/30/07		3 Months Ended 9/30/06	
	(000)	Per Share	(000)	Per Share
Impairments on depreciable assets	\$ (384)	\$ (0.01)	\$ (2,600)	\$ (0.04)
Preferred stock redemption/repurchase charges	(842)	(0.01)	—	—
Loss on debt extinguishment	—	—	(724)	(0.01)
Land sale gains	225	0.00	2,103	0.03
Land impairment	(789)	(0.01)	—	—
Lease termination income	259	0.00	249	0.00
Straight line rental income	908	0.01	2,006	0.03
Capitalized interest	2,742	0.04	1,701	0.03
Gains on sales of depreciable assets (1)	8,064	0.13	3,712	0.06
Release of FASB FIN 48 tax liability (2)	1,473	0.02	—	—
	9 Months Ended 9/30/07		9 Months Ended 9/30/06	
	(000)	Per Share	(000)	Per Share
Impairments on depreciable assets	\$ (384)	\$ (0.01)	\$ (2,600)	\$ (0.04)
Preferred stock redemption/repurchase charges	(2,285)	(0.04)	(1,803)	(0.03)
Losses on debt extinguishment	—	—	(1,191)	(0.02)
Land sale gains	17,029	0.28	5,069	0.08
Land impairment	(789)	(0.01)	—	—
Lease termination income	2,393(3)	0.04	2,438(4)	0.04
Straight line rental income	3,370	0.05	6,191(4)	0.10
Capitalized interest	7,254	0.12	3,232	0.05
Gains on sales of depreciable assets (1)	37,348	0.61	8,271	0.14
Gain on property insurance claim	4,128	0.07	—	—
Release of FASB FIN 48 tax liability (2)	1,473	0.02	—	—

- (1) Gains on sales of depreciable assets are excluded in the calculation of FFO. Gains on sales of depreciable assets in the first nine months of 2007 included \$7.2 million, or \$0.12 per diluted share, which represented our share of gains from first quarter sales by certain of our unconsolidated joint ventures.
- (2) In connection with the adoption of FIN 48, on January 1, 2007 the Company recorded a \$1.4 million liability for an uncertain tax position, with the related expense reflected as a reduction to the beginning balance of distributions in excess of net earnings. During the third quarter of 2007, the liability for the uncertain tax position was released, and income recognized, upon the expiration of the applicable statute of limitations. This item is not included in the calculation of FFO.

- (3) Lease termination income in the first quarter of 2007 included \$0.6 million representing our share from an unconsolidated joint venture.
- (4) Lease termination income in the second quarter of 2006 included \$0.9 million related to Harborview, a 20% owned consolidated joint venture. Straight line rental income in the same period was reduced by \$0.3 million to eliminate accrued straight line rent receivables from the same tenant that terminated its lease early. On a net basis after deducting our partner's 80% share in these lease termination effects as financing obligation interest, the contribution to FFO in the nine months ended September 30, 2006 was \$0.1 million, or less than \$0.002 per diluted share.

Third Quarter 2007 Highlights

- Second generation leasing activity in Highwoods' portfolio was 1.3 million square feet, of which 1.1 million square feet was office space. Approximately 300,000 square feet of first generation space was also signed, including:

<u>Development</u>	<u>Market</u>	<u>SF Leased</u>	<u>Pre-Leased</u>
Berkshire	Orlando	83,000	100%
Comcast	Memphis	62,000	100%
Bay Center	Tampa	92,000	67%

- Average in-place cash rental rates across the Company's total portfolio rose 6.2% compared to the third quarter of 2006. Average in-place cash rental rates across the Company's office portfolio were up 5.5% from the same period a year ago. Since the third quarter of 2004, average in-place cash rental rates across the Company's total portfolio and office portfolio have increased 11.9% and 9.5%, respectively.
- Five non-core properties encompassing 527,000 square feet were sold for gross proceeds of \$36.8 million at a weighted average cap rate of 6.6%. The average age and occupancy of the properties sold were 23 years and 75.4%, respectively.
- Same property NOI from continuing operations, which includes straight line rent and term fees, for the three and nine months ended September 30, 2007 increased 3.2% and 2.3%, respectively, from the corresponding periods of 2006. Excluding straight line rent and term fees, same property NOI from continuing operations increased 5.5% and 4.6%, respectively, from the corresponding periods of 2006.

Re-Leases Largest Single Office Space Set to Expire March 2008

The Company leased 223,000 square feet of second generation office space in Atlanta to a single, high quality, solid credit customer commencing March 1, 2008. This was the largest single office lease expiration the Company faced in 2008, in terms of both square footage and annual revenue contribution.

"We were pleased to take care of this large pending lease expiration. We had previously identified this property as non-core and we recognized that renewing or releasing this space prior to marketing it for sale was critical in order to receive fair value for this property. The new customer is essentially taking the space "as is" with Highwoods providing only \$1.10 per square foot for tenant improvements. In return for no significant outlay of capital expenditures and zero downtime between leases, we accepted a below market rental rate that negatively impacted our GAAP and cash rental rates for signed office leases in the third quarter. Releasing this space quickly and under these terms was a very good opportunity and the right business decision for our Company," stated Mr. Fritsch.

The chart below illustrates the impact of this lease on the following metrics:

	Office GAAP	Office Cash	Office
	<u>Rent Growth</u>	<u>Rent Growth</u>	<u>TIs/LCs psf</u>
With 223K sf Lease	3.0%	-5.6%	\$ 8.23
Without 223K sf Lease	12.4%	0.6%	\$ 8.81

Funds from Operations Outlook

For 2007, the Company estimates FFO per diluted share to be in the range of \$2.68 to \$2.73, no change from previous guidance provided on August 1, 2007 and reconfirmed on September 17, 2007. The Company's FFO 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, land sale gains, and the potential impact of development deliveries and property dispositions and acquisitions. This estimate assumes approximately 61.6 million diluted shares outstanding, and excludes preferred stock redemption and repurchase charges aggregating \$0.04 per share that were recorded in the second and third quarters as a result of the redemption of \$40 million of 8.0% preferred stock and the repurchase of \$22 million of 8.625% preferred stock. This estimate also excludes any gains or impairments associated with actual and potential depreciable property dispositions, as well as any one-time, non-recurring charges or credits that may occur during the remainder of the year. Factors that could cause actual 2007 FFO results to differ materially from Highwoods' current estimate are discussed below and are also detailed in the Company's 2006 Annual Report on Form 10-K.

Management's outlook for 2007 is based on the following operating assumptions:

	Low	High
Year End Occupancy	91.0%	92.5%
Same Property GAAP NOI Growth	2.0%	2.5%
G&A	\$41.5M	\$42.5M
Termination Fees	\$ 2.5M	\$ 3.5M
Land Sale Gains (1)	\$15.0M	\$16.5M
Dispositions (2)	\$ 108M	\$ 150M
Building Acquisitions	\$ 9M	\$ 9M

- (1) Net of land impairments
- (2) Excludes proceeds from the potential sale of the Company's Winston-Salem assets.

The Company expects to provide FFO guidance for 2008 in January, as it has in previous years.

Supplemental Information

A copy of the Company's third quarter 2007 Supplemental Information that includes financial, leasing and operational statistics is available in the "Investor Relations/Financial Supplementals" 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

Tomorrow, Wednesday, October 31, at 11:00 a.m. Eastern time, Highwoods will host a teleconference call to discuss the matters outlined in this press release. For US/Canada callers, dial (888) 202-5268 and international callers dial (706) 643-7509. A live listen-only Web cast can be accessed through the Company's Web site at www.highwoods.com under the "Investor Relations" section.

Telephone, Web and Pod cast replays will be available two hours after the completion of the call. Dial-in numbers for the replay are (800) 642-1687 US/Canada, (706) 645-9291 international. The conference ID is 17249931.

Non-GAAP Information

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

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

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

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

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

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

Same property NOI from continuing operations: The Company defines same property NOI as NOI for the Company's in-service properties included in continuing operations that were wholly-owned during the entirety of the periods presented (from January 1, 2006 to September 30, 2007). 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 September 30, 2007, the Company owned or had an interest in 378 in-service office, industrial and retail properties encompassing approximately 33.6 million square feet. Highwoods also owned 662 acres of development land. Highwoods is based in Raleigh, North Carolina, and its properties and development land are located in Florida, Georgia, Iowa, Kansas, Missouri, North Carolina, South Carolina, Tennessee and Virginia. For more information about Highwoods Properties, please visit our Web site at www.highwoods.com.

Certain matters discussed in this press release, such as expected 2007 operational results and the related assumptions underlying our expected operational results, 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; 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; development, acquisition, reinvestment, disposition or joint venture projects may not be completed as quickly or on as favorable terms as anticipated; we may not be able to lease or re-lease space quickly or on as favorable terms as old leases; unexpected difficulties in obtaining additional capital to satisfy our future cash needs or unexpected increases in interest rates would increase our debt service costs; and others detailed in the Company's 2006 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 September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Rental and other revenues	\$110,166	\$103,395	\$325,384	\$305,853
Operating expenses:				
Rental property and other expenses	39,958	38,895	117,530	111,511
Depreciation and amortization	32,517	28,168	92,275	84,000
Impairment of assets held for use	789	—	789	—
General and administrative	9,649	8,546	31,428	26,298
Total operating expenses	82,913	75,609	242,022	221,809
Interest expense:				
Contractual	23,728	23,809	69,514	71,855
Amortization of deferred financing costs	616	557	1,791	1,883
Financing obligations	981	850	2,968	3,190
	25,325	25,216	74,273	76,928
Other income/(expense):				
Interest and other income	1,471	1,174	5,105	4,287
Loss on debt extinguishments	—	—	—	(467)
	1,471	1,174	5,105	3,820
Income before disposition of property, insurance gain, minority interest and equity in earnings of unconsolidated affiliates	3,399	3,744	14,194	10,936
Gains on disposition of property, net	1,288	2,977	20,372	8,295
Gain from property insurance settlement	—	—	4,128	—
Minority interest	(307)	(445)	(3,324)	(1,276)
Equity in earnings of unconsolidated affiliates	1,207	1,342	12,930	5,349
Income from continuing operations	5,587	7,618	48,300	23,304
Discontinued operations:				
Income/(loss) from discontinued operations, net of minority interest	205	(1,304)	981	1,386
Net gains on sales of discontinued operations, net of minority interest	6,175	2,595	24,533	4,638
Release of FASB FIN 48 tax liability	1,473	—	1,473	—
	7,853	1,291	26,987	6,024
Net income	13,440	8,909	75,287	29,328
Dividends on preferred stock	(2,680)	(4,113)	(10,639)	(12,950)
Excess of preferred stock redemption cost over carrying value	(842)	—	(2,285)	(1,803)
Net income available for common stockholders	\$ 9,918	\$ 4,796	\$ 62,363	\$ 14,575
Net income per common share - basic:				
Income from continuing operations	\$ 0.04	\$ 0.07	\$ 0.63	\$ 0.16
Income from discontinued operations	0.14	0.02	0.48	0.11
Net income	\$ 0.18	\$ 0.09	\$ 1.11	\$ 0.27
Weighted average common shares outstanding - basic	56,628	54,470	56,376	54,069
Net income per common share - diluted:				
Income from continuing operations	\$ 0.04	\$ 0.07	\$ 0.62	\$ 0.15
Income from discontinued operations	0.13	0.02	0.47	0.11
Net income	\$ 0.17	\$ 0.09	\$ 1.09	\$ 0.26
Weighted average common shares outstanding - diluted	61,396	61,457	61,611	60,786

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

	September 30, <u>2007</u>	December 31, <u>2006</u>
Assets:		
Real estate assets, at cost:		
Land	\$ 353,659	\$ 345,548
Buildings and tenant improvements	2,663,378	2,573,032
Development in process	134,088	101,899
Land held for development	111,384	111,517
	<u>3,262,509</u>	<u>3,131,996</u>
Less-accumulated depreciation	(638,265)	(588,307)
Net real estate assets	2,624,244	2,543,689
Real estate and other assets, net, held for sale	3,200	35,446
Cash and cash equivalents	20,344	16,690
Restricted cash	8,213	2,027
Accounts receivable, net	27,263	23,347
Notes receivable, net	5,430	7,871
Accrued straight-line rents receivable, net	71,328	68,364
Investment in unconsolidated affiliates	57,970	60,359
Deferred financing and leasing costs, net	71,178	66,352
Prepaid expenses and other assets	23,475	20,708
Total Assets	<u>\$2,912,645</u>	<u>\$2,844,853</u>
Liabilities, Minority Interest and Stockholders' Equity:		
Mortgages and notes payable	\$1,601,474	\$1,465,129
Accounts payable, accrued expenses and other liabilities	173,438	156,737
Financing obligations	34,919	35,530
Total Liabilities	1,809,831	1,657,396
Minority interest	70,716	79,726
Stockholders' Equity:		
Preferred stock	135,437	197,445
Common stock	572	562
Additional paid-in capital	1,446,609	1,449,337
Distributions in excess of net earnings	(549,436)	(538,098)
Accumulated other comprehensive loss	(1,084)	(1,515)
Total Stockholders' Equity	<u>1,032,098</u>	<u>1,107,731</u>
Total Liabilities, Minority Interest and Stockholders' Equity	<u>\$2,912,645</u>	<u>\$2,844,853</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Funds from operations:				
Net income	\$13,440	\$ 8,909	\$ 75,287	\$ 29,328
Dividends to preferred stockholders	(2,680)	(4,113)	(10,639)	(12,950)
Excess of preferred stock redemption cost over carrying value	(842)	—	(2,285)	(1,803)
Net income available for common stockholders	9,918	4,796	62,363	14,575
Add/(deduct):				
Depreciation and amortization of real estate assets	31,920	27,407	90,433	81,661
(Gains) on disposition of depreciable properties	(1,063)	(874)	(3,343)	(3,226)
Minority interest from the Operating Partnership in income from continuing operations	137	328	2,806	830
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	3,107	2,790	8,851	8,143
(Gains) on disposition of depreciable properties	—	—	(7,158)	—
Discontinued operations:				
Depreciation and amortization of real estate assets	147	1,109	682	3,655
(Gains) on disposition of depreciable properties	(7,001)	(2,838)	(26,847)	(5,045)
Minority interest from the Operating Partnership in income from discontinued operations	457	120	2,005	552
Release of FASB FIN 48 tax liability	(1,473)	—	(1,473)	—
Funds from operations	\$36,149	\$32,838	\$128,319	\$101,145
Funds from operations per share - diluted:				
Net income available for common stockholders	\$ 0.17	\$ 0.09	\$ 1.09	\$ 0.26
Add/(deduct):				
Depreciation and amortization of real estate assets	0.52	0.45	1.47	1.34
(Gains) on disposition of depreciable properties	(0.02)	(0.01)	(0.05)	(0.05)
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	0.05	0.04	0.14	0.13
(Gains) on disposition of depreciable properties	—	—	(0.12)	—
Discontinued operations:				
Depreciation and amortization of real estate assets	—	0.01	0.01	0.06
(Gains) on disposition of depreciable properties	(0.11)	(0.05)	(0.44)	(0.08)
Release of FASB FIN 48 tax liability	(0.02)	—	(0.02)	—
Funds from operations	\$ 0.59	\$ 0.53	\$ 2.08	\$ 1.66
Weighted average shares outstanding - diluted	61,396	61,457	61,611	60,786

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Income before disposition of property, insurance gain, minority interest and equity in earnings of unconsolidated affiliates	\$ 3,399	\$ 3,744	\$ 14,194	\$ 10,936
Other income/(expense)	(1,471)	(1,174)	(5,105)	(3,820)
Interest expense	25,325	25,216	74,273	76,928
General and administrative expense	9,649	8,546	31,428	26,298
Impairment of assets held for use	789	—	789	—
Depreciation and amortization expense	32,517	28,168	92,275	84,000
Net operating income from continuing operations	70,208	64,500	207,854	194,342
Non same property and other net operating income	6,776	3,017	18,045	8,734
Total same property net operating income from continuing operations	<u>\$ 63,432</u>	<u>\$ 61,483</u>	<u>\$189,809</u>	<u>\$185,608</u>
Rental and other revenues	\$110,166	\$103,395	\$325,384	\$305,853
Rental property and other expenses	39,958	38,895	117,530	111,511
Total net operating income from continuing operations	70,208	64,500	207,854	194,342
Non same property and other net operating income	6,776	3,017	18,045	8,734
Total same property net operating income from continuing operations	<u>\$ 63,432</u>	<u>\$ 61,483</u>	<u>\$189,809</u>	<u>\$185,608</u>



Supplemental Information
September 30, 2007

Supplemental Information
Table of Contents
September 30, 2007

Schedule	Page
Corporate Information	i, ii and iii
Consolidated Statements of Income	1
Statement of Funds from Operations and Additional Information	2
Consolidated Balance Sheets	3
Estimated Net Asset Value	4
Components of Discontinued Operations	5
Capitalization	6
Long-Term Debt Summary	7
Long-Term Debt Detail	8
Portfolio Summary	9, 10 and 11
Occupancy Trends	12
Leasing Statistics	13, 14 and 15
Leasing Statistics by Market	16
Rental Rate Comparisons by Market	17
Lease Expirations	18 and 19
Office Lease Expirations by Market by Quarter	20
Industrial Lease Expirations by Market by Quarter	21
Office Lease Expirations by Market by Year	22
Industrial Lease Expirations by Market by Year	23
Customer Diversification	24
Same Property Performance	25
Acquisition Activity	26
Disposition Activity	27
Development Activity	28
Development Land	29
Unconsolidated Joint Ventures Assets, Debt and Liabilities	30
Unconsolidated Joint Ventures Income (Three Months)	31
Unconsolidated Joint Ventures Income (Nine Months)	32
Joint Ventures Long-Term Debt Detail	33
Joint Ventures Portfolio Summary	34
Joint Ventures Lease Expirations	35
Joint Venture Acquisition and Disposition Activity	36
Joint Ventures Development	37

The information within refers to all Highwoods Properties' wholly-owned entities, except pages 30 to 37, unless noted otherwise. Wholly-owned entities include properties classified as both continuing operations and discontinued operations.

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

Highwoods Properties, Inc.

Summary

Amounts in thousands, except per share amounts and ratios

	Three Months Ended				
	09/30/07	06/30/07	03/31/07	12/31/06	09/30/06
Shares and units:					
Common shares outstanding at end of period	57,158	57,131	56,711	56,211	55,635
Common units outstanding at end of period	4,059	4,062	4,115	4,733	5,014
Weighted average common shares outstanding - basic	56,628	56,460	56,040	55,740	54,470
Weighted average common shares outstanding - diluted	61,396	61,562	61,900	62,365	61,457
Share price:					
At end of period	\$ 36.67	\$ 37.50	\$ 39.49	\$ 40.76	\$ 37.21
High close during period	39.01	43.84	46.95	41.31	38.15
Low close during period	32.09	37.50	37.99	36.40	35.39
Financial information:					
Land sale gains	\$ 225	\$ 969	\$15,835	\$ 6,974	\$ 2,103
Land impairment	(789)	—	—	—	—
Lease termination income	259	1,477	41	618	249
Straight line rental income	908	890	1,572	2,401	2,006
Capitalized interest	2,742	2,365	2,147	1,770	1,701
Impairments on depreciable properties	(384)	—	—	—	(2,600)
Gains on sales of depreciable properties	8,064	1,475	20,651	10,925	3,712
Gain from property insurance settlement	—	—	4,128	—	—
Total debt/ total assets 1/	56.2%	55.3%	53.4%	52.7%	52.9%
Total debt/ total market capitalization 1/	40.7%	39.4%	36.9%	35.9%	37.9%
Funds from operations per share - diluted	\$ 0.59	\$ 0.58	\$ 0.91	\$ 0.71	\$ 0.53
Funds from operations per share - diluted, excluding certain items 2/	\$ 0.61	\$ 0.60	\$ 0.91	\$ 0.71	\$ 0.59
Wholly - owned property information:					
In-Service rentable square feet:					
Office	19,003	19,194	19,154	19,244	19,507
Industrial	5,942	6,280	6,280	6,281	6,605
Retail	1,318	1,317	1,326	1,327	1,431
Total	26,263	26,791	26,760	26,852	27,543
In-Service occupancy:					
Office	89.7%	88.5%	89.3%	89.0%	88.1%
Industrial	91.4%	90.8%	91.9%	91.7%	91.8%
Retail	94.4%	94.8%	95.4%	95.7%	96.2%
Total	90.4%	90.0%	89.4%	88.1%	87.7%

1/ Includes financing obligations.

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

Corporate Information

Board of Directors

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

Corporate Officers

Edward J. Fritsch

President, Chief Executive Officer and Director

Michael E. Harris

Executive Vice President and Chief Operating Officer

Terry L. Stevens

Senior Vice President, Chief Financial Officer

Daniel L. Clemmens

Vice President, Chief Accounting Officer

S. Hugh Esleeck

Treasurer

Julie M. Kelly

Vice President, Internal Audit and Compliance

Carman J. Liuzzo

Vice President, Investments

David J. Matthes

Corporate Vice President, Leasing

Art H. McCann

Chief Information Officer

Jeffrey D. Miller

Vice President, General Counsel and Secretary

Kevin E. Penn

Vice President, Strategy

Tabitha N. Zane

Vice President, Investor Relations and Corporate Communications

Highwoods Properties, Inc.

Research Coverage

Credit Suisse - North America

John Stewart - 212-538-3183

Deutsche Banc Securities

Lou Taylor - 212-469-4912

Friedman, Billings, Ramsey & Co., Inc.

Wilkes Graham - 703-312-9737

Green Street Advisors

Cedric Lachance - 949-640-8780

Morgan Stanley

David Cohen - 212-761-8564

Smith Barney Citigroup

Jonathan Litt - 212-816-0231

Stifel Nicolaus

John Guinee - 410-454-5520

UBS Securities

Jamie Feldman - 212-713-4932

Wachovia Securities

Chris Haley - 443-263-6773

Corporate Information

Divisional Officers

Atlanta/Piedmont Triad

Gene H. Anderson - Senior Vice President

Atlanta, GA

James V. Bacchetta, Vice President

Piedmont Triad, NC

Gene H. Anderson, Senior Vice President

Orlando/Tampa

Michael F. Beale - Senior Vice President

Orlando, FL

Michael F. Beale, Senior Vice President

Tampa, FL

Daniel E. Woodward, Vice President

Raleigh

Raleigh, NC

Thomas "Skip" Hill, Vice President

Richmond

Richmond, VA

Paul W. Kreckman, Vice President

Nashville/Memphis/Columbia/Greenville

W. Brian Reames - Senior Vice President

Nashville, TN; Columbia, SC; and Greenville, SC

W. Brian Reames, Senior Vice President

Memphis, TN

Steven L. Guinn, Vice President

Kansas City

Kansas City, MO

Barrett Brady, Senior Vice President

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 September 30, 2007, the Company owned or had an interest in 378 in-service office, industrial and retail properties encompassing approximately 33.6 million square feet. Highwoods also owned 648 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 website at www.highwoods.com.



Consolidated Statements of Income

Amounts in thousands, except per share amounts

	Nine Months Ended		Three Months Ended				
	09/30/07	09/30/06	09/30/07	06/30/07	03/31/07	12/31/06	09/30/06
Rental and other revenues	\$325,384	\$305,853	\$110,166	\$107,481	\$107,737	\$107,497	\$103,395
Operating expenses:							
Rental property and other expenses	117,530	111,511	39,958	38,845	38,727	41,029	38,895
Depreciation and amortization	92,275	84,000	32,517	30,265	29,493	29,927	28,168
Impairment of assets held for use	789	—	789	—	—	—	—
General and administrative	31,428	26,298	9,649	10,868	10,911	11,011	8,546
Total operating expenses	242,022	221,809	82,913	79,978	79,131	81,967	75,609
Interest expense:							
Contractual	69,514	71,855	23,728	23,097	22,689	22,374	23,809
Amortization of deferred financing costs	1,791	1,883	616	609	566	492	557
Financing obligations	2,968	3,190	981	995	992	972	850
	74,273	76,928	25,325	24,701	24,247	23,838	25,216
Other income/(expense):							
Interest and other income	5,105	4,287	1,471	2,118	1,516	2,707	1,174
Settlement of tenant bankruptcy claim	—	—	—	—	—	1,581	—
Loss on debt extinguishments	—	(467)	—	—	—	(27)	—
	5,105	3,820	1,471	2,118	1,516	4,261	1,174
Income before disposition of property, insurance gain, minority interest and equity in earnings of unconsolidated affiliates	14,194	10,936	3,399	4,920	5,875	5,953	3,744
Gains on disposition of property, net	20,372	8,295	1,288	2,341	16,743	7,862	2,977
Gain from property insurance settlement	4,128	—	—	—	4,128	—	—
Minority interest	(3,324)	(1,276)	(307)	(414)	(2,603)	(1,055)	(445)
Equity in earnings of unconsolidated affiliates	12,930	5,349	1,207	2,006	9,717	1,492	1,342
Income from continuing operations	48,300	23,304	5,587	8,853	33,860	14,252	7,618
Discontinued operations:							
Income/(loss) from discontinued operations, net of minority interest	981	1,386	205	340	436	944	(1,304)
Net gains on sales of discontinued operations, net of minority interest	24,533	4,638	6,175	96	18,262	9,220	2,595
Release of FASB FIN 48 tax liability	1,473	—	1,473	—	—	—	—
	26,987	6,024	7,853	436	18,698	10,164	1,291
Net income	75,287	29,328	13,440	9,289	52,558	24,416	8,909
Dividends on preferred stock	(10,639)	(12,950)	(2,680)	(3,846)	(4,113)	(4,113)	(4,113)
Excess of preferred stock redemption cost over carrying value	(2,285)	(1,803)	(842)	(1,443)	—	—	—
Net income available for common stockholders	\$ 62,363	\$ 14,575	\$ 9,918	\$ 4,000	\$ 48,445	\$ 20,303	\$ 4,796
Net income per common share - diluted:							
Income from continuing operations	\$ 0.62	\$ 0.15	\$ 0.04	\$ 0.06	\$ 0.52	\$ 0.18	\$ 0.07
Income from discontinued operations	0.47	0.11	0.13	0.01	0.33	0.17	0.02
Net income	\$ 1.09	\$ 0.26	\$ 0.17	\$ 0.07	\$ 0.85	\$ 0.35	\$ 0.09
Weighted average common shares outstanding - diluted	61,611	60,786	61,396	61,562	61,900	62,365	61,457
Dividends declared and paid per common share	\$ 1.275	\$ 1.275	\$ 0.425	\$ 0.425	\$ 0.425	\$ 0.425	\$ 0.425

Highwoods Properties, Inc.

Statement of Funds from Operations and Additional Information

Amounts in thousands, except per share amounts

	Nine Months Ended		Three Months Ended				
	09/30/07	09/30/06	09/30/07	06/30/07	03/31/07	12/31/06	09/30/06
Funds from operations:							
Net income	\$ 75,287	\$ 29,328	\$13,440	\$ 9,289	\$ 52,558	\$ 24,416	\$ 8,909
Dividends to preferred stockholders	(10,639)	(12,950)	(2,680)	(3,846)	(4,113)	(4,113)	(4,113)
Excess of preferred stock redemption cost over carrying value	(2,285)	(1,803)	(842)	(1,443)	—	—	—
Net income available for common stockholders	62,363	14,575	9,918	4,000	48,445	20,303	4,796
Add/(deduct):							
Depreciation and amortization of real estate assets	90,433	81,661	31,920	29,657	28,856	29,179	27,407
(Gains) on disposition of depreciable properties	(3,343)	(3,226)	(1,063)	(1,372)	(908)	(888)	(874)
Minority interest from the Operating Partnership in income from operations	2,806	830	137	246	2,423	896	328
Unconsolidated affiliates:							
Depreciation and amortization of real estate assets	8,851	8,143	3,107	2,878	2,866	3,048	2,790
(Gains) on disposition of depreciable properties	(7,158)	—	—	—	(7,158)	—	—
Discontinued operations:							
Depreciation and amortization of real estate assets	682	3,655	147	282	253	739	1,109
(Gains) on disposition of depreciable properties	(26,847)	(5,045)	(7,001)	(103)	(19,743)	(10,037)	(2,838)
Release of FASB FIN 48 tax liability	(1,473)	—	(1,473)	—	—	—	—
Minority interest from the Operating Partnership in income from discontinued operations	2,005	552	457	32	1,516	900	120
Funds from operations	\$128,319	\$101,145	\$36,149	\$35,620	\$ 56,550	\$ 44,140	\$32,838
Funds from operations per share - diluted							
Net income available for common stockholders	\$ 1.09	\$ 0.26	\$ 0.17	\$ 0.07	\$ 0.85	\$ 0.35	\$ 0.09
Add/(deduct):							
Depreciation and amortization of real estate assets	1.47	1.34	0.52	0.48	0.47	0.47	0.45
(Gains) on disposition of depreciable properties	(0.05)	(0.05)	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)
Unconsolidated affiliates:							
Depreciation and amortization of real estate assets	0.14	0.13	0.05	0.05	0.04	0.05	0.04
(Gains) on disposition of depreciable properties	(0.12)	—	—	—	(0.12)	—	—
Discontinued operations:							
Depreciation and amortization of real estate assets	0.01	0.06	—	—	—	0.01	0.01
(Gains) on disposition of depreciable properties	(0.44)	(0.08)	(0.11)	—	(0.32)	(0.16)	(0.05)
Release of FASB FIN 48 tax liability	(0.02)	—	(0.02)	—	—	—	—
Funds from operations	\$ 2.08	\$ 1.66	\$ 0.59	\$ 0.58	\$ 0.91	\$ 0.71	\$ 0.53
Weighted average shares outstanding - diluted	61,611	60,786	61,396	61,562	61,900	62,365	61,457
Additional information: 1/							
Funds from operations, excluding certain items 2/	\$130,988	\$106,739	\$37,375	\$37,063	\$ 56,550	\$ 44,167	\$36,162
Funds from operations per share, excluding certain items 2/	\$ 2.13	\$ 1.76	\$ 0.61	\$ 0.60	\$ 0.91	\$ 0.71	\$ 0.59
Straight line rental income	\$ (3,370)						
Amortization of lease incentives	719						
Depreciation of non-real estate assets	1,339						
Ground lease straight line rent	141						
Amortization of stock-based compensation	3,814						
Amortization of deferred financing costs	1,791						
Amortization of accumulated other comprehensive loss	431						
Harborview non-cash FMV charge	402						
Cash portion of preferred stock repurchase charge	(248)						
Non-incremental revenue generating capital expenditures paid: 3/							
Building improvements	(14,203)						
2nd generation tenant improvements	(31,001)						
2nd generation lease commissions	(11,129)						

Common dividends and unit distributions paid

(77,717)

1/ *Increase or (decrease) to cash flows.*

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

3/ *Excludes capital expenditures paid for buildings sold prior to September 30, 2007.*

Highwoods Properties, Inc.

2

Consolidated Balance Sheets

Dollars in thousands

	09/30/07	12/31/06
Assets:		
Real estate assets, at cost:		
Land	\$ 353,659	\$ 345,548
Buildings and tenant improvements	2,663,378	2,573,032
Development in process	134,088	101,899
Land held for development	111,384	111,517
	3,262,509	3,131,996
Less-accumulated depreciation	(638,265)	(588,307)
Net real estate assets	2,624,244	2,543,689
Real estate and other assets, net, held for sale	3,200	35,446
Cash and cash equivalents	20,344	16,690
Restricted cash	8,213	2,027
Accounts receivable, net	27,263	23,347
Notes receivable, net	5,430	7,871
Accrued straight-line rents receivable, net	71,328	68,364
Investment in unconsolidated affiliates	57,970	60,359
Deferred financing and leasing costs, net	71,178	66,352
Prepaid expenses and other assets	23,475	20,708
Total Assets	<u>\$2,912,645</u>	<u>\$2,844,853</u>
Liabilities, Minority Interest and Stockholders' Equity:		
Mortgages and notes payable	\$1,601,474	\$1,465,129
Accounts payable, accrued expenses and other liabilities	173,438	156,737
Financing obligations	34,919	35,530
Total Liabilities	1,809,831	1,657,396
Minority interest	70,716	79,726
Stockholders' Equity:		
Preferred stock	135,437	197,445
Common stock	572	562
Additional paid-in capital	1,446,609	1,449,337
Distributions in excess of net earnings	(549,436)	(538,098)
Accumulated other comprehensive loss	(1,084)	(1,515)
Total Stockholders' Equity	1,032,098	1,107,731
Total Liabilities, Minority Interest and Stockholders' Equity	<u>\$2,912,645</u>	<u>\$2,844,853</u>

Estimated Net Asset Value Ranges
As Released on February 14, 2007—See Note Below

Dollars in thousands, except per share amounts

Note: The following table sets forth information that was reported in our Supplemental issued February 14, 2007 and has not been updated to reflect facts or circumstances or changes in financial and operating assumptions that may have occurred subsequent to such date. This information is based on a range of estimated capitalization rates and projected net operating income, among other things, and is not intended to be an asset-by-asset or enterprise valuation.

NOI Cap Rates:			
Office	6.50%	6.75%	7.00%
Retail	5.25%	5.50%	5.75%
Industrial/Other	6.75%	7.00%	7.25%
Weighted average	6.36%	6.61%	6.86%
Wholly-Owned Properties Projected Net Operating Income 1/			
Office	\$ 209,693	\$ 209,693	\$ 209,693
Retail	27,764	27,764	27,764
Industrial/Other	22,038	22,038	22,038
Total Net Operating Income	\$ 259,495	\$ 259,495	\$ 259,495
Wholly-Owned Properties Capitalized Value			
Office	\$3,226,046	\$3,106,563	\$2,995,614
Retail	528,838	504,800	482,852
Industrial/Other	326,489	314,829	303,972
Total capitalized value - wholly owned properties	\$4,081,373	\$3,926,192	\$3,782,439
Highwoods' Share of Joint Ventures (Includes Consolidated JVs)			
Net operating income - projected	\$ 34,608	\$ 34,608	\$ 34,608
Capitalization rates	6.50%	6.75%	7.00%
Capitalized value - joint venture interests	\$ 532,431	\$ 512,711	\$ 494,400
Total In-Service Property Value	\$4,613,804	\$4,438,903	\$4,276,839
Value of Other income			
Development, leasing and management fees	\$ 6,061	\$ 6,061	\$ 6,061
Capitalization rate	20%	20%	20%
Value of other income	\$ 30,306	\$ 30,306	\$ 30,306
Add Other assets:			
Development pipeline investment at 135% of cost 2/	\$ 204,555	\$ 204,555	\$ 204,555
Low occupancy assets at NBV 3/	80,478	80,478	80,478
Property held for sale at net sales price	68,801	68,801	68,801
Land held for development at market value	139,009	139,009	139,009
Cash and cash equivalents	14,388	14,388	14,388
Restricted cash	1,764	1,764	1,764
Accounts receivable, net	23,200	23,200	23,200
Notes receivable and prepaid expenses	25,035	25,035	25,035
Other assets total	\$ 557,229	\$ 557,229	\$ 557,229
Gross Value of Assets	\$5,201,339	\$5,026,438	\$4,864,374
Deductions:			
Total liabilities	\$ 157,709	\$ 157,709	\$ 157,709
Mortgages and notes payable, at estimated fair value	1,445,554	1,445,554	1,445,554
Preferred stock, at redemption value	197,445	197,445	197,445
Highwoods' share of joint ventures liabilities	281,565	281,565	281,565
Estimated Net Asset Value	\$3,119,065	\$2,944,164	\$2,782,100
Estimated diluted common shares and operating units for 2007	62,600	62,600	62,600
Estimated Net Asset Value Per Share	\$ 49.83	\$ 47.03	\$ 44.44

1/ NOI excludes straight line income, lease termination fee income, NOI related to completed not stabilized developments, and NOI on certain low occupancy assets.

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

3/ Consolidated Properties NOI is adjusted to eliminate the net NOI for certain low occupancy properties for which a NOI capitalization approach is not appropriate. For those low occupancy assets, their net book value (after depreciation) is added as an estimate of their current valuation.

Components of Discontinued Operations

Dollars in thousands

	<i>Nine Months Ended</i>		<i>Three Months Ended</i>				
	<u>09/30/07</u>	<u>09/30/06</u>	<u>09/30/07</u>	<u>06/30/07</u>	<u>03/31/07</u>	<u>12/31/06</u>	<u>09/30/06</u>
Rental and other revenues	\$ 2,951	\$13,307	\$ 699	\$1,005	\$ 1,247	\$ 3,117	\$ 4,454
Operating expenses:							
Rental property and other expenses	1,225	5,031	334	359	532	1,275	1,838
Depreciation and amortization	682	3,655	147	282	253	739	1,109
Impairment of assets held for use	—	2,600	—	—	—	—	2,600
General and administrative	—	75	—	—	—	12	75
Total operating expenses	1,907	11,361	481	641	785	2,026	5,622
Interest expense	—	482	—	—	—	78	277
Other income	12	67	2	1	9	14	18
Income/(loss) before minority interest and gains on sales of discontinued operations	1,056	1,531	220	365	471	1,027	(1,427)
Minority interest in discontinued operations	(75)	(145)	(15)	(25)	(35)	(83)	123
Income/(loss) from discontinued operations before gains on sales of discontinued operations	981	1,386	205	340	436	944	(1,304)
Net gains on sales of discontinued operations	26,463	5,045	6,617	103	19,743	10,037	2,838
Minority interest in discontinued operations	(1,930)	(407)	(442)	(7)	(1,481)	(817)	(243)
Net gains on sales of discontinued operations, net of minority interest	24,533	4,638	6,175	96	18,262	9,220	2,595
Net income from discontinued operations before release of FASB FIN 48 tax liability	25,514	6,024	6,380	436	18,698	10,164	1,291
Release of FASB FIN 48 tax liability	1,473	—	1,473	—	—	—	—
Net income from discontinued operations	<u>\$26,987</u>	<u>\$ 6,024</u>	<u>\$7,853</u>	<u>\$ 436</u>	<u>\$18,698</u>	<u>\$10,164</u>	<u>\$ 1,291</u>

Highwoods Properties, Inc.

Capitalization

Dollars, shares, and units in thousands

	09/30/07	06/30/07	03/31/07	12/31/06	09/30/06
Long-Term Debt (see pages 7 & 8):	\$1,601,474	\$1,557,571	\$1,487,509	\$1,465,129	\$1,461,105
Financing Obligations:	\$ 34,919	\$ 35,683	\$ 35,529	\$ 35,530	\$ 36,098
Preferred Stock (at liquidation value):					
Series A 8 5/8% Perpetual Preferred Stock	\$ 82,937	\$ 104,945	\$ 104,945	\$ 104,945	\$ 104,945
Series B 8% Perpetual Preferred Stock	52,500	52,500	92,500	92,500	92,500
Total preferred stock	\$ 135,437	\$ 157,445	\$ 197,445	\$ 197,445	\$ 197,445
Common Shares and Units Outstanding:					
Common stock outstanding	57,158	57,131	56,711	56,211	55,635
Minority interest partnership units	4,059	4,062	4,115	4,733	5,014
Total common shares and units outstanding	61,217	61,193	60,826	60,944	60,649
Stock price at period end	\$ 36.67	\$ 37.50	\$ 39.49	\$ 40.76	\$ 37.21
Market value of common equity	\$2,244,827	\$2,294,738	\$2,402,019	\$2,484,077	\$2,256,749
Total market capitalization with debt and obligations	\$4,016,657	\$4,045,437	\$4,122,502	\$4,182,181	\$3,951,397

See pages 30 to 37 for information regarding Highwoods' Joint Ventures.

Highwoods Properties, Inc.

Long-Term Debt Summary

Dollars in thousands

	09/30/07	06/30/07	03/31/07	12/31/06	09/30/06
Balances Outstanding:					
Secured:					
Conventional fixed rate 1/	\$ 657,408	\$ 659,741	\$ 662,036	\$ 730,732	\$ 691,662
Variable rate debt	11,920	1,014	13,688	10,897	12,943
Secured total	<u>669,328</u>	<u>660,755</u>	<u>675,724</u>	<u>741,629</u>	<u>704,605</u>
Unsecured:					
Fixed rate bonds and notes	748,846	748,816	748,785	350,000	460,000
Credit facility	183,300	148,000	63,000	373,500	296,500
Unsecured total	<u>932,146</u>	<u>896,816</u>	<u>811,785</u>	<u>723,500</u>	<u>756,500</u>
Total	<u>\$1,601,474</u>	<u>\$1,557,571</u>	<u>\$1,487,509</u>	<u>\$1,465,129</u>	<u>\$1,461,105</u>
End of Period Weighted Average Interest Rates:					
Secured:					
Conventional fixed rate	6.63%	6.63%	6.63%	6.78%	6.92%
Variable rate debt	7.02%	7.11%	6.55%	6.55%	5.93%
Secured total	<u>6.64%</u>	<u>6.63%</u>	<u>6.63%</u>	<u>6.78%</u>	<u>6.91%</u>
Unsecured:					
Fixed rate bonds	6.61%	6.61%	6.61%	7.48%	7.37%
Credit facility	6.32%	6.12%	6.12%	6.14%	6.22%
Unsecured total	<u>6.56%</u>	<u>6.53%</u>	<u>6.57%</u>	<u>6.79%</u>	<u>6.92%</u>
Average	<u>6.59%</u>	<u>6.57%</u>	<u>6.60%</u>	<u>6.78%</u>	<u>6.91%</u>

Maturity Schedule:

Year	Future Maturities of Debt		Total Debt 2/	Average Interest Rate
	Secured Debt 2/	Unsecured Debt		
2007	\$ —	\$ —	\$ —	—
2008	—	100,000	100,000	7.13%
2009	137,774	233,300	371,074	7.12%
2010	11,920	—	11,920	6.82%
2011	—	—	—	—
2012	212,800	—	212,800	6.94%
2013	269,255	—	269,255	5.90%
2014	37,579	—	37,579	5.79%
2015	—	—	—	—
2016	—	—	—	—
Thereafter	—	598,846	598,846	6.40%
Total maturities	<u>\$ 669,328</u>	<u>\$ 932,146</u>	<u>\$1,601,474</u>	<u>6.59%</u>

Weighted average maturity = 6.2 years

- 1/ Includes a \$22.8 million loan related to a consolidated 20% owned joint venture (Harborview) and \$37.8 million in loans at September 30, 2007 related to a consolidated 50% joint venture (Markel).
- 2/ All periods exclude annual principal amortization.

Long-Term Debt Detail

Dollars in thousands

				Undepreciated
Secured Loans				
Lender	Rate	Maturity Date	Loan Balance 09/30/07	Book Value of Assets Secured
Northwestern Mutual	7.05%	Jan-12	\$ 190,000	\$ 295,890
Northwestern Mutual	6.03%	Mar-13	136,165	158,402
Massachusetts Mutual Life Ins. Co. 1/	5.68%	Dec-13	121,558	211,962
Monumental Life Ins. Co. 2/	7.77%	Nov-09	80,978	201,036
Monumental Life Ins. Co. 2/	7.87%	Nov-09	51,100	
Metropolitan Life Ins. Co. 3/	6.06%	Oct-12	22,800	38,953
Principal Life Insurance Company 4/	5.79%	Jan-14	11,520	14,888
Principal Life Insurance Company 4/	5.79%	Jan-14	11,520	18,781
Massachusetts Mutual Life Ins. Co. 1/	6.48%	Dec-13	10,735	
Principal Life Insurance Company 4/	5.74%	Jan-14	9,085	14,282
Wells Fargo 5/	6.89%	May-10	6,721	8,226
Principal Life Insurance Company 4/	5.89%	Jan-14	5,454	7,514
Lutheran Brotherhood	6.75%	Apr-09	3,717	8,020
Wells Fargo 5/ 6/	7.56%	May-10	2,741	3,359
Wells Fargo 5/	6.79%	May-10	2,458	6,035
Security Life of Denver	8.85%	Aug-09	1,979	9,384
American United Life	9.00%	Jun-13	797	3,321
	<u>6.64%</u>		<u>669,328</u>	<u>\$ 1,000,053</u>
Unsecured Bonds				
Bonds	7.13%	Feb-08	100,000	
Bonds	8.13%	Jan-09	50,000	
Bonds	5.85%	Mar-17	398,846	
Bonds	7.50%	Apr-18	200,000	
	<u>6.61%</u>		<u>748,846</u>	
Unsecured Loans				
Credit facility 5/ 7/ 8/	6.32%	May-09	183,300	
Total Debt	<u>6.59%</u>		<u>\$1,601,474</u>	

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

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

3/ Loan relates to a consolidated 20% owned joint venture (Harborview).

4/ Loans relate to a consolidated 50% owned joint venture (Markel).

5/ Floating rate loan based on one month libor.

6/ This loan was paid off on October, 10, 2007.

7/ Maturity date excludes one-year extension option.

8/ In August, 2007, Company entered into a \$50 million swap locking in a fixed rate of 4.7025% for a one year period.

Portfolio Summary - Wholly-Owned Properties Only 1/

(Rentable Square Feet)

	09/30/07	06/30/07	03/31/07	12/31/06	09/30/06
Office Industrial & Retail					
In-Service:					
Office 2/	19,003,000	19,194,000	19,154,000	19,244,000	19,507,000
Industrial	5,942,000	6,280,000	6,280,000	6,281,000	6,605,000
Retail 3/	1,318,000	1,317,000	1,326,000	1,327,000	1,431,000
Total 4/	26,263,000	26,791,000	26,760,000	26,852,000	27,543,000
Development Completed - Not Stabilized:					
Office 2/	867,000	560,000	600,000	504,000	311,000
Industrial	681,000	681,000	418,000	418,000	—
Retail	—	—	—	—	—
Total	1,548,000	1,241,000	1,018,000	922,000	311,000
Development - In Process:					
Office 2/	1,233,000	1,387,000	1,166,000	1,357,000	1,405,000
Industrial	120,000	120,000	383,000	383,000	681,000
Retail	30,000	—	—	—	—
Total	1,383,000	1,507,000	1,549,000	1,740,000	2,086,000
Total:					
Office 2/	21,103,000	21,141,000	20,920,000	21,105,000	21,223,000
Industrial	6,743,000	7,081,000	7,081,000	7,082,000	7,286,000
Retail 3/	1,348,000	1,317,000	1,326,000	1,327,000	1,431,000
Total 4/	29,194,000	29,539,000	29,327,000	29,514,000	29,940,000
Same Property					
Office 2/	18,719,000	18,719,000	18,719,000	18,719,000	18,719,000
Industrial	5,942,000	5,942,000	5,942,000	5,942,000	5,942,000
Retail	1,295,000	1,295,000	1,295,000	1,295,000	1,295,000
Total	25,956,000	25,956,000	25,956,000	25,956,000	25,956,000
Percent Leased/Pre-Leased:					
In-Service:					
Office	89.7%	88.5%	89.3%	89.0%	88.1%
Industrial	91.4%	90.8%	91.9%	91.7%	91.8%
Retail	94.4%	94.8%	95.4%	95.7%	96.2%
Total	90.4%	89.3%	90.2%	90.0%	89.4%
Development Completed - Not Stabilized:					
Office	75.9%	69.9%	62.8%	62.8%	52.3%
Industrial	78.2%	61.0%	44.0%	44.0%	—
Retail	—	—	—	—	—
Total	76.9%	65.0%	55.1%	54.3%	52.3%
Development - In Process:					
Office	71.2%	72.5%	55.0%	55.3%	58.4%
Industrial	100.0%	0.0%	50.1%	0.0%	27.0%
Retail	100.0%	—	—	—	—
Total	74.3%	66.7%	53.8%	43.1%	48.2%
Same Property					
Office	89.8%	88.7%	89.2%	89.2%	88.4%
Industrial	91.4%	91.7%	92.8%	92.9%	92.4%
Retail	94.3%	94.7%	95.2%	95.6%	96.1%
Total	90.4%	89.7%	90.3%	90.4%	89.7%

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 430,000 square feet of basement space in the Country Club Plaza and other Kansas City Retail properties.

4/ Excludes for sale residential units and minor for rent apartment buildings.

Portfolio Summary

(Continued)

As of September 30, 2007

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/	3,553,000	88.1%	14.9%	—	—	14.9%
Atlanta	5,199,000	92.8%	10.1%	3.8%	—	13.9%
Kansas City	2,216,000	4/ 89.3%	4.4%	0.0%	9.5%	13.9%
Tampa	2,418,000	95.6%	13.4%	—	—	13.4%
Nashville	2,875,000	92.5%	13.3%	—	—	13.3%
Piedmont Triad 5/	5,234,000	86.1%	6.8%	3.7%	—	10.5%
Richmond	2,024,000	91.8%	8.9%	—	—	8.9%
Memphis	1,276,000	92.5%	5.7%	—	—	5.7%
Greenville	897,000	87.7%	3.4%	—	—	3.4%
Orlando	218,000	99.4%	1.3%	—	—	1.3%
Columbia	253,000	82.5%	0.5%	—	—	0.5%
Other	100,000	69.6%	0.3%	—	—	0.3%
Total	26,263,000	90.4%	83.0%	7.5%	9.5%	100.0%

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	
Atlanta	6,034,000	93.3%	10.4%	3.3%	—	—	13.7%
Raleigh	3,731,000	88.7%	13.4%	—	—	—	13.4%
Kansas City	2,934,000	4/ 87.3%	4.8%	0.0%	8.4%	—	13.2%
Tampa	2,623,000	95.9%	12.1%	—	—	—	12.1%
Nashville	2,875,000	92.5%	11.7%	—	—	—	11.7%
Piedmont Triad	5,598,000	86.8%	6.4%	3.2%	—	—	9.6%
Richmond	2,437,000	93.1%	8.4%	—	—	—	8.4%
Memphis	1,276,000	92.5%	5.1%	—	—	—	5.1%
Orlando	2,071,000	91.7%	4.6%	—	—	—	4.6%
Des Moines	2,474,000	92.9%	3.4%	0.5%	0.1%	0.4%	4.4%
Greenville	897,000	87.7%	3.0%	—	—	—	3.0%
Columbia	253,000	82.5%	0.4%	—	—	—	0.4%
Other	210,000	85.5%	0.3%	—	—	—	0.3%
Charlotte	148,000	100.0%	0.1%	—	—	—	0.1%
Total	33,561,000	90.9%	84.1%	7.0%	8.5%	0.4%	100.0%

- 1/ Excludes properties recorded on our Balance Sheet that relate to 50% or less owned joint ventures properties that are consolidated under GAAP.
- 2/ Annualized Cash Revenue is September, 2007 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 430,000 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 Rental Revenue, see page 34.

Portfolio Summary - Wholly-Owned Properties Only

(Continued)

As of September 30, 2007

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	3,553,000	88.1%	18.0%	—	—	—
Tampa	2,418,000	95.6%	16.2%	—	—	—
Nashville	2,875,000	92.5%	16.0%	—	—	—
Atlanta	2,380,000	90.3%	12.2%	2,819,000	94.9%	50.5%
Richmond	2,024,000	91.8%	10.7%	—	—	—
Piedmont Triad	2,115,000	82.7%	8.2%	3,119,000	88.4%	49.4%
Memphis	1,276,000	92.5%	6.9%	—	—	—
Kansas City	894,000	81.9%	5.3%	4,000	46.5%	0.1%
Greenville	897,000	87.7%	4.1%	—	—	—
Orlando	218,000	99.4%	1.5%	—	—	—
Columbia	253,000	82.5%	0.6%	—	—	—
Other	100,000	69.6%	0.3%	—	—	—
	<u>19,003,000</u>	<u>89.7%</u>	<u>100.0%</u>	<u>5,942,000</u>	<u>91.4%</u>	<u>100.0%</u>

Market	Retail		
	Rentable Square Feet	Occupancy	Percentage of Retail Annualized Cash Revenue 2/
Kansas City 3/	1,318,000	94.4%	100.0%
	<u>1,318,000</u>	<u>94.4%</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 September, 2007 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

3/ 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	09/30/07	06/30/07	03/31/07	12/31/06	09/30/06
Atlanta	Rentable Square Feet	5,199,000	5,514,000	5,514,000	5,515,000	5,584,000
	Occupancy	92.8%	92.9%	92.7%	94.0%	92.4%
	Current Properties 2/	92.8%	92.7%	92.3%	94.1%	92.4%
Columbia	Rentable Square Feet	253,000	253,000	253,000	252,000	252,000
	Occupancy	82.5%	72.0%	71.0%	48.7%	49.4%
	Current Properties 2/	82.5%	72.0%	71.0%	48.5%	49.2%
Greenville	Rentable Square Feet	897,000	1,109,000	1,109,000	1,109,000	1,109,000
	Occupancy	87.7%	76.3%	77.2%	75.3%	75.0%
	Current Properties 2/	87.7%	84.0%	85.1%	82.7%	82.3%
Kansas City 3/	Rentable Square Feet	2,216,000	2,215,000	2,224,000	2,224,000	2,329,000
	Occupancy	89.3%	89.5%	89.9%	90.1%	90.7%
	Current Properties 2/	89.3%	89.5%	89.9%	90.0%	90.4%
Memphis	Rentable Square Feet	1,276,000	1,276,000	1,276,000	1,197,000	1,197,000
	Occupancy	92.5%	92.7%	92.8%	91.8%	91.9%
	Current Properties 2/	92.1%	92.2%	92.3%	91.8%	91.9%
Nashville	Rentable Square Feet	2,875,000	2,875,000	2,875,000	2,876,000	2,875,000
	Occupancy	92.5%	90.9%	92.4%	91.6%	92.8%
	Current Properties 2/	92.5%	90.9%	92.4%	91.6%	92.8%
Orlando	Rentable Square Feet	218,000	218,000	218,000	218,000	218,000
	Occupancy	99.4%	98.9%	98.9%	100.0%	100.0%
	Current Properties 2/	99.4%	98.9%	98.9%	100.0%	100.0%
Piedmont Triad	Rentable Square Feet	5,234,000	5,235,000	5,195,000	5,195,000	5,589,000
	Occupancy	86.1%	85.7%	88.3%	88.7%	89.9%
	Current Properties 2/	86.7%	86.4%	88.4%	88.7%	89.5%
Raleigh	Rentable Square Feet	3,553,000	3,554,000	3,554,000	3,810,000	3,812,000
	Occupancy	88.1%	86.5%	86.6%	86.1%	82.6%
	Current Properties 2/	88.1%	86.5%	86.6%	86.6%	82.8%
Richmond	Rentable Square Feet	2,024,000	2,024,000	2,024,000	2,024,000	1,954,000
	Occupancy	91.8%	90.0%	89.8%	89.8%	88.6%
	Current Properties 2/	91.5%	89.7%	89.4%	89.5%	88.6%
Tampa	Rentable Square Feet	2,418,000	2,418,000	2,418,000	2,332,000	2,524,000
	Occupancy	95.6%	96.5%	98.2%	97.7%	96.0%
	Current Properties 2/	95.4%	96.4%	98.1%	97.7%	96.8%
Total 4/	Rentable Square Feet	26,163,000	26,691,000	26,660,000	26,752,000	27,443,000
	Occupancy	90.4%	89.3%	90.2%	90.0%	89.4%
	Current Properties 2/	90.5%	89.8%	90.4%	90.5%	89.8%

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 430,000 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					
	9/30/07 2/	6/30/07 3/	3/31/07 4/	12/31/06 5/	9/30/06 6/	Average
Net Effective Rents Related to Re-Leased Space:						
Number of lease transactions (signed leases)	121	166	130	137	140	139
Rentable square footage leased	1,125,050	865,958	726,080	868,941	915,289	900,264
Square footage of Renewal Deals	720,127	590,542	451,125	601,796	681,640	609,046
Renewed square footage (% of total)	64.0%	68.2%	62.1%	69.3%	74.5%	67.7%
New Leases square footage (% of total)	36.0%	31.8%	37.9%	30.7%	25.5%	32.3%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 19.32	\$ 20.13	\$ 18.25	\$ 19.72	\$ 19.23	\$ 19.33
Tenant improvements	(0.93)	(2.00)	(1.70)	(1.77)	(1.56)	(1.59)
Leasing commissions 7/	(0.51)	(0.63)	(0.59)	(0.56)	(0.46)	(0.55)
Rent concessions	(0.40)	(0.21)	(0.06)	(0.22)	(0.11)	(0.20)
Effective rent	17.48	17.29	15.90	17.17	17.10	16.99
Expense stop	(6.31)	(6.04)	(5.06)	(5.45)	(5.04)	(5.58)
Equivalent effective net rent	\$ 11.17	\$ 11.25	\$ 10.84	\$ 11.72	\$ 12.06	\$ 11.41
Weighted average term in years	4.6	4.5	5.0	5.2	4.5	4.8
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$6,513,821	\$ 8,589,754	\$7,604,253	\$ 9,392,949	\$ 7,994,295	\$ 8,019,015
Rentable square feet	1,125,050	865,958	726,080	868,941	915,289	900,264
Per rentable square foot	\$ 5.79	\$ 9.92	\$ 10.47	\$ 10.81	\$ 8.73	\$ 8.91
Leasing Commissions:						
Total dollars committed under signed leases 7/	\$2,747,213	\$ 2,303,936	\$2,107,213	\$ 2,256,508	\$ 2,144,582	\$ 2,311,890
Rentable square feet	1,125,050	865,958	726,080	868,941	915,289	900,264
Per rentable square foot	\$ 2.44	\$ 2.66	\$ 2.90	\$ 2.60	\$ 2.34	\$ 2.57
Total:						
Total dollars committed under signed leases	\$9,261,034	\$10,893,690	\$9,711,466	\$11,649,457	\$10,138,877	\$10,330,905
Rentable square feet	1,125,050	865,958	726,080	868,941	915,289	900,264
Per rentable square foot	\$ 8.23	\$ 12.58	\$ 13.38	\$ 13.41	\$ 11.08	\$ 11.48

- 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 94K square feet of leases that start in 2009 or later.
- 3/ Includes 213K square feet of leases that start in 2009 or later.
- 4/ Includes 98K square feet of leases that start in 2009 or later.
- 5/ Includes 17K square feet of leases that start in 2009 or later.
- 6/ Includes 179K square feet of leases that start in 2008 or later.
- 7/ Excludes a full allocation of internal leasing costs.

**Leasing Statistics
Industrial Portfolio**

	Three Months Ended					
	9/30/07	6/30/07 1/	3/31/07	12/31/06	9/30/06	Average
Net Effective Rents Related to Re-Leased Space:						
Number of lease transactions (signed leases)	8	18	14	17	23	16
Rentable square footage leased	115,617	575,033	188,562	539,939	485,936	381,017
Square footage of Renewal Deals	73,793	489,312	175,579	315,423	237,061	258,234
Renewed square footage (% of total)	63.8%	85.1%	93.1%	58.4%	48.8%	67.8%
New Leases square footage (% of total)	36.2%	14.9%	6.9%	41.6%	51.2%	32.2%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 7.53	\$ 3.82	\$ 4.63	\$ 3.81	\$ 4.13	\$ 4.78
Tenant improvements	(0.71)	(0.23)	(0.20)	(0.45)	(0.31)	(0.38)
Leasing commissions 2/	(0.14)	(0.06)	(0.04)	(0.14)	(0.09)	(0.09)
Rent concessions	(0.10)	(0.05)	(0.02)	(0.05)	(0.11)	(0.07)
Effective rent	6.58	3.48	4.37	3.17	3.62	4.24
Expense stop	(1.04)	(0.19)	(0.24)	(0.08)	(0.17)	(0.34)
Equivalent effective net rent	\$ 5.54	\$ 3.29	\$ 4.13	\$ 3.09	\$ 3.45	\$ 3.90
Weighted average term in years	4.3	2.3	2.5	5.2	3.8	3.6
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$424,840	\$528,135	\$142,102	\$1,323,790	\$732,593	\$630,292
Rentable square feet	115,617	575,033	188,562	539,939	485,936	381,017
Per rentable square foot	\$ 3.67	\$ 0.92	\$ 0.75	\$ 2.45	\$ 1.51	\$ 1.65
Leasing Commissions:						
Total dollars committed under signed leases 2/	\$ 74,106	\$142,246	\$ 23,647	\$ 433,927	\$109,087	\$156,602
Rentable square feet	115,617	575,033	188,562	539,939	485,936	381,017
Per rentable square foot	\$ 0.64	\$ 0.25	\$ 0.13	\$ 0.80	\$ 0.22	\$ 0.41
Total:						
Total dollars committed under signed leases	\$498,945	\$670,380	\$165,749	\$1,757,717	\$841,680	\$786,894
Rentable square feet	115,617	575,033	188,562	539,939	485,936	381,017
Per rentable square foot	\$ 4.32	\$ 1.17	\$ 0.88	\$ 3.26	\$ 1.73	\$ 2.07

1/ Includes 5K square feet of leases that start in 2008 or later.

2/ Excludes a full allocation of internal leasing costs.

**Leasing Statistics
Retail Portfolio**

	Three Months Ended					
	9/30/07	6/30/07	3/31/07 1/	12/31/06	9/30/06	Average
Net Effective Rents Related to Re-Leased Space:						
Number of lease transactions (signed leases)	8	8	9	8	8	8
Rentable square footage leased	24,629	14,721	41,357	23,748	26,472	26,185
Square footage of Renewal Deals	18,097	7,072	39,171	9,855	17,179	18,275
Renewed square footage (% of total)	73.5%	48.0%	94.7%	41.5%	64.9%	69.8%
New Leases square footage (% of total)	26.5%	52.0%	5.3%	58.5%	35.1%	30.2%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 24.06	\$ 33.29	\$ 23.23	\$ 18.27	\$ 24.75	\$ 24.72
Tenant improvements	(1.17)	(2.57)	(0.12)	(0.08)	(1.40)	(1.07)
Leasing commissions 2/	(0.46)	(1.25)	(0.24)	(0.41)	(0.61)	(0.59)
Rent concessions	0.00	0.00	0.00	(0.20)	0.00	(0.04)
Effective rent	22.43	29.47	22.87	17.58	22.74	23.02
Expense stop	0.00	0.00	0.00	0.00	0.00	0.00
Equivalent effective net rent	\$ 22.43	\$ 29.47	\$ 22.87	\$ 17.58	\$ 22.74	\$ 23.02
Weighted average term in years	6.1	7.0	4.2	8.6	5.2	6.2
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$260,407	\$335,337	\$27,507	\$15,000	\$288,272	\$185,304
Rentable square feet	24,629	14,721	41,357	23,748	26,472	26,185
Per rentable square foot	\$ 10.57	\$ 22.78	\$ 0.67	\$ 0.63	\$ 10.89	\$ 7.08
Leasing Commissions:						
Total dollars committed under signed leases 2/	\$ 17,601	\$ 83,077	\$ 1,981	\$ 1,981	\$ 46,048	\$ 30,138
Rentable square feet	24,629	14,721	41,357	23,748	26,472	26,185
Per rentable square foot	\$ 0.71	\$ 5.64	\$ 0.05	\$ 0.08	\$ 1.74	\$ 1.15
Total:						
Total dollars committed under signed leases	\$278,008	\$418,414	\$29,488	\$16,981	\$334,320	\$215,442
Rentable square feet	24,629	14,721	41,357	23,748	26,472	26,185
Per rentable square foot	\$ 11.29	\$ 28.42	\$ 0.71	\$ 0.72	\$ 12.63	\$ 8.23

1/ Includes 17K square feet of leases that start in 2009 or later.

2/ Excludes a full allocation of internal leasing costs.

Leasing Statistics by Market

For the Three Months Ended As of 9/30/07

Office Portfolio 1/					
	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions Per SF 2/
Market	Leased	Term			
Atlanta	383,316	3.7	\$16.29	\$ 1.09	\$ 2.93
Nashville	254,504	4.1	20.08	3.96	2.23
Raleigh	186,672	5.1	20.40	7.89	2.28
Richmond	96,962	6.6	18.94	16.82	1.79
Piedmont Triad	55,420	5.0	17.12	2.03	0.68
Greenville	37,208	4.9	16.23	15.50	4.77
Tampa	32,628	4.8	25.75	7.34	1.59
Kansas City	31,730	4.4	18.61	5.70	2.76
Memphis	24,661	4.6	23.41	11.27	2.13
Other	19,560	9.2	34.11	29.43	0.17
Orlando	2,389	5.0	25.48	10.00	0.00
	1,125,050	4.6	\$18.92	\$ 5.79	\$ 2.44
Industrial Portfolio					
	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions Per SF 2/
Market	Leased	Term			
Atlanta	62,976	3.8	\$ 5.53	\$ 1.30	\$ 0.15
Piedmont Triad	52,641	4.8	9.69	6.51	1.19
	115,617	4.3	\$ 7.43	\$ 3.67	\$ 0.64
Retail Portfolio					
	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions Per SF
Market	Leased	Term			
Kansas City	24,629	6.1	\$24.06	\$10.57	\$ 0.71
	24,629	6.1	\$24.06	\$10.57	\$ 0.71

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 per square foot excludes capitalized internal leasing costs.

Rental Rate Comparisons by Market

For the Three Months Ended As of 9/30/07

Office Portfolio 1/	Rentable Square Feet Leased	Current Rent	Previous Rent	Percentage Change Rent
Market				
Atlanta	383,316	\$16.29	\$19.38	-15.9%
Nashville	254,504	20.08	16.39	22.5%
Raleigh	186,672	20.40	19.67	3.7%
Richmond	96,962	18.94	17.69	7.1%
Piedmont Triad	55,420	17.12	15.32	11.7%
Greenville	37,208	16.23	14.02	15.8%
Tampa	32,628	25.75	21.68	18.8%
Kansas City	31,730	18.61	17.85	4.2%
Memphis	24,661	23.41	20.24	15.7%
Other	19,560	34.11	26.25	29.9%
Orlando	2,389	25.48	23.20	9.8%
GAAP Rent Growth	<u>1,125,050</u>	<u>\$18.92</u>	<u>\$18.37</u>	<u>3.0%</u>
Cash Rent Growth	<u>1,125,050</u>	<u>\$18.53</u>	<u>\$19.62</u>	<u>-5.6%</u>

Industrial Portfolio	Rentable Square Feet Leased	Current Rent	Previous Rent	Percentage Change Rent
Market				
Atlanta	62,976	\$ 5.53	\$ 5.13	7.7%
Piedmont Triad	52,641	9.69	9.65	0.5%
GAAP Rent Growth	<u>115,617</u>	<u>\$ 7.43</u>	<u>\$ 7.19</u>	<u>3.3%</u>
Cash Rent Growth	<u>115,617</u>	<u>\$ 7.59</u>	<u>\$ 8.13</u>	<u>-6.7%</u>

Retail Portfolio	Rentable Square Feet Leased	Current Rent	Previous Rent 2/	Percentage Change Rent
Market				
Kansas City	24,629	\$24.06	\$21.33	12.8%
GAAP Rent Growth	<u>24,629</u>	<u>\$24.06</u>	<u>\$21.33</u>	<u>12.8%</u>
Cash Rent Growth	<u>24,629</u>	<u>\$24.10</u>	<u>\$23.30</u>	<u>3.5%</u>

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

Type	9/30/07	9/30/06	9/30/05	9/30/04	9/30/03
Office	\$19.32	\$18.32	\$17.76	\$17.64	\$17.48
Industrial	5.20	5.06	4.98	4.69	4.60
Retail 2/	30.97	28.14	27.36	26.01	23.34
Weighted average rate	<u>\$16.56</u>	<u>\$15.60</u>	<u>\$15.27</u>	<u>\$14.80</u>	<u>\$14.13</u>
Annual % growth rate	<u>6.2%</u>	<u>2.2%</u>	<u>3.2%</u>	<u>4.7%</u>	

- 1/ Excludes properties recorded on our Balance Sheet that relate to 50% or less owned joint ventures properties that are consolidated under GAAP.
- 2/ Excludes percentage rent.
- 3/ Average cash rental rates represent September, 2007 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

September 30, 2007

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/					
2007 /3	218,997	1.3%	\$ 4,638	\$21.18	1.4%
2008	2,038,585	11.7%	39,251	19.25	11.6%
2009	2,633,477	15.1%	51,566	19.58	15.3%
2010	2,425,315	13.9%	50,273	20.73	14.9%
2011	2,847,865	16.2%	54,291	19.06	16.0%
2012	2,222,089	12.7%	43,929	19.77	13.0%
2013	1,087,243	6.2%	20,470	18.83	6.1%
2014	817,091	4.7%	16,137	19.75	4.8%
2015	817,107	4.7%	16,158	19.77	4.8%
2016	729,773	4.2%	13,383	18.34	4.0%
2017 and thereafter	1,624,143	9.3%	27,206	16.75	8.1%
	<u>17,461,685</u>	<u>100.0%</u>	<u>\$337,302</u>	<u>\$19.32</u>	<u>100.0%</u>
Industrial:					
2007 /4	69,674	1.2%	\$ 307	\$ 4.41	1.0%
2008	953,656	16.4%	5,555	5.82	18.4%
2009	1,114,782	19.2%	5,859	5.26	19.4%
2010	861,012	14.8%	4,530	5.26	15.0%
2011	631,548	10.9%	3,401	5.39	11.3%
2012	421,419	7.3%	2,300	5.46	7.6%
2013	210,052	3.6%	1,241	5.91	4.1%
2014	414,465	7.1%	1,698	4.10	5.6%
2015	233,882	4.0%	878	3.75	2.9%
2016	264,597	4.6%	976	3.69	3.2%
2017 and thereafter	634,240	10.9%	3,480	5.49	11.5%
	<u>5,809,327</u>	<u>100.0%</u>	<u>\$ 30,225</u>	<u>\$ 5.20</u>	<u>100.0%</u>

1/ Annualized Cash Revenue is September, 2007 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 51,000 square feet of leases that are on a month to month basis or 0.3% of total annualized revenue.

4/ Includes 59,000 square feet of leases that are on a month to month basis or 0.0% of total annualized revenue.

Note: 2007 and beyond expirations that have been renewed are reflected above based on the renewal expiration date.

Lease Expirations

September 30, 2007

(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:					
2007 2/	19,238	1.5%	\$ 561	\$29.16	1.5%
2008	101,057	8.1%	2,864	28.34	7.4%
2009	138,904	11.2%	3,966	28.55	10.3%
2010	95,283	7.7%	3,712	38.96	9.6%
2011	75,164	6.0%	2,233	29.71	5.8%
2012	158,079	12.7%	4,815	30.46	12.5%
2013	64,443	5.2%	2,627	40.76	6.8%
2014	92,969	7.5%	1,891	20.34	4.9%
2015	127,995	10.3%	4,174	32.61	10.8%
2016	65,526	5.3%	2,641	40.30	6.9%
2017 and thereafter	305,193	24.5%	9,035	29.60	23.5%
	<u>1,243,851</u>	<u>100.0%</u>	<u>\$ 38,519</u>	<u>\$30.97</u>	<u>100.0%</u>
Total:					
2007 3/ 4/	307,909	1.3%	\$ 5,506	\$17.88	1.4%
2008	3,093,298	12.6%	47,670	15.41	11.7%
2009	3,887,163	15.8%	61,391	15.79	15.0%
2010	3,381,610	13.8%	58,515	17.30	14.4%
2011	3,554,577	14.5%	59,925	16.86	14.8%
2012	2,801,587	11.4%	51,044	18.22	12.6%
2013	1,361,738	5.6%	24,338	17.87	6.0%
2014	1,324,525	5.4%	19,726	14.89	4.9%
2015	1,178,984	4.8%	21,210	17.99	5.2%
2016	1,059,896	4.3%	17,000	16.04	4.2%
2017 and thereafter	2,563,576	10.5%	39,721	15.49	9.8%
	<u>24,514,863</u>	<u>100.0%</u>	<u>\$406,046</u>	<u>\$16.56</u>	<u>100.0%</u>

1/ Annualized Cash Revenue is September, 2007 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

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

3/ Includes 120,000 square feet of leases that are on a month to month basis or 0.4% 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: 2007 and beyond expirations that have been renewed are reflected above based on the renewal expiration date.

Highwoods Properties, Inc.

Office Lease Expirations by Market by Quarter 1/

Dollars in thousands

		Three Months Ended					Total
		12/31/07 2/	03/31/08	06/30/08	09/30/08		
Atlanta	RSF		18,237	351,241	2,191	148,215	519,884
	% of Total Office RSF		0.1%	2.0%	0.0%	0.8%	3.0%
	Annualized Cash Revenue	3/ \$	182	\$ 5,786	\$ 51	\$ 2,833	\$ 8,852
	% of Total Office Annl Cash Rev		0.1%	1.7%	0.0%	0.8%	2.6%
Columbia	RSF		3,258	0	0	0	3,258
	% of Total Office RSF		0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Cash Revenue	3/ \$	61	\$ —	\$ —	\$ —	\$ 61
	% of Total Office Annl Cash Rev		0.0%	0.0%	0.0%	0.0%	0.0%
Greenville	RSF		120	37,994	2,322	19,763	60,199
	% of Total Office RSF		0.0%	0.2%	0.0%	0.1%	0.3%
	Annualized Cash Revenue	3/ \$	2	\$ 706	\$ 42	\$ 383	\$ 1,133
	% of Total Office Annl Cash Rev		0.0%	0.2%	0.0%	0.1%	0.3%
Kansas City	RSF		30,556	14,601	11,395	21,413	77,965
	% of Total Office RSF		0.2%	0.1%	0.1%	0.1%	0.4%
	Annualized Cash Revenue	3/ \$	725	\$ 285	\$ 220	\$ 478	\$ 1,708
	% of Total Office Annl Cash Rev		0.2%	0.1%	0.1%	0.1%	0.5%
Memphis	RSF		8,542	52,005	28,037	15,681	104,265
	% of Total Office RSF		0.0%	0.3%	0.2%	0.1%	0.6%
	Annualized Cash Revenue	3/ \$	94	\$ 1,117	\$ 577	\$ 312	\$ 2,100
	% of Total Office Annl Cash Rev		0.0%	0.3%	0.2%	0.1%	0.6%
Nashville	RSF		32,252	39,742	39,047	49,070	160,111
	% of Total Office RSF		0.2%	0.2%	0.2%	0.3%	0.9%
	Annualized Cash Revenue	3/ \$	771	\$ 822	\$ 772	\$ 970	\$ 3,335
	% of Total Office Annl Cash Rev		0.2%	0.2%	0.2%	0.3%	1.0%
Orlando	RSF		6,340	3,610	0	0	9,950
	% of Total Office RSF		0.0%	0.0%	0.0%	0.0%	0.1%
	Annualized Cash Revenue	3/ \$	171	\$ 96	\$ —	\$ —	\$ 267
	% of Total Office Annl Cash Rev		0.1%	0.0%	0.0%	0.0%	0.1%
Piedmont Triad	RSF		24,243	134,765	29,565	24,642	213,215
	% of Total Office RSF		0.1%	0.8%	0.2%	0.1%	1.2%
	Annualized Cash Revenue	3/ \$	388	\$ 2,298	\$ 407	\$ 494	\$ 3,587
	% of Total Office Annl Cash Rev		0.1%	0.7%	0.1%	0.1%	1.1%
Raleigh	RSF		30,012	162,978	50,103	203,736	446,829
	% of Total Office RSF		0.1%	0.9%	0.3%	1.2%	2.5%
	Annualized Cash Revenue	3/ \$	597	\$ 2,765	\$ 963	\$ 4,627	\$ 8,952
	% of Total Office Annl Cash Rev		0.2%	0.8%	0.3%	1.4%	2.7%
Richmond	RSF		45,803	102,141	43,186	93,806	284,936
	% of Total Office RSF		0.3%	0.6%	0.2%	0.5%	1.6%
	Annualized Cash Revenue	3/ \$	992	\$ 2,067	\$ 840	\$ 1,836	\$ 5,735
	% of Total Office Annl Cash Rev		0.3%	0.6%	0.2%	0.5%	1.7%
Tampa	RSF		18,539	16,515	38,985	52,640	126,679
	% of Total Office RSF		0.1%	0.1%	0.2%	0.3%	0.7%
	Annualized Cash Revenue	3/ \$	604	\$ 437	\$ 940	\$ 1,080	\$ 3,061
	% of Total Office Annl Cash Rev		0.2%	0.1%	0.3%	0.3%	0.9%
Other	RSF		1,095	1,351	4,432	3,936	10,814
	% of Total Office RSF		0.0%	0.0%	0.0%	0.0%	0.1%
	Annualized Cash Revenue	3/ \$	53	\$ 36	\$ 117	\$ 124	\$ 330
	% of Total Office Annl Cash Rev		0.0%	0.0%	0.0%	0.0%	0.1%
Total	RSF		218,997	916,943	249,263	632,902	2,018,105
	% of Total Office RSF		1.2%	5.3%	1.4%	3.6%	11.5%
	Annualized Cash Revenue	3/ \$	4,640	\$ 16,415	\$ 4,929	\$ 13,137	\$ 39,121
	% of Total Office Annl Cash Rev		1.4%	4.9%	1.5%	3.9%	11.6%

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

2/ Includes 51,000 square feet of leases that are on a month to month basis or 0.3% of total annualized revenue.

3/ Annualized Cash Revenue is September, 2007 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

Dollars in thousands

		Three Months Ended					
		09/30/07 1/	12/31/07	03/31/08	06/30/08	Total	
Atlanta	RSF	0	134,043	223,335	115,423	472,801	
	% of Total Industrial RSF	0.0%	2.3%	3.8%	2.0%	8.1%	
	Annualized Cash Revenue	2/ \$ 1	\$ 621	\$ 1,242	\$ 658	\$ 2,522	
	% of Total Industrial Annl Cash Rev	0.1%	2.1%	4.1%	2.2%	8.4%	
Kansas City	RSF	0	0	0	0	0	
	% of Total Industrial RSF	0.0%	0.0%	0.0%	0.0%	0.0%	
	Annualized Cash Revenue	2/ \$ —	\$ —	\$ —	\$ —	\$ —	
	% of Total Industrial Annl Cash Rev	0.0%	0.0%	0.0%	0.0%	0.0%	
Piedmont Triad	RSF	69,674	382,794	13,092	5,209	470,769	
	% of Total Industrial RSF	1.2%	6.6%	0.2%	0.1%	8.1%	
	Annualized Cash Revenue	2/ \$ 307	\$ 2,283	\$ 194	\$ 56	\$ 2,840	
	% of Total Industrial Annl Cash Rev	1.0%	7.6%	0.6%	0.2%	9.4%	
Total	RSF	69,674	516,837	236,427	120,632	943,570	
	% of Total Industrial RSF	1.2%	8.9%	4.1%	2.1%	16.2%	
	Annualized Cash Revenue	2/ \$ 308	\$ 2,904	\$ 1,436	\$ 714	\$ 5,362	
	% of Total Industrial Annl Cash Rev	1.1%	9.6%	4.8%	2.4%	17.8%	

1/ Includes 59,000 square feet of leases that are on a month to month basis or 0.0% of total annualized revenue.

2/ Annualized Cash Revenue is September, 2007 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

			2007 2/	2008	2009	2010	Thereafter
Atlanta	RSF		18,237	539,579	339,100	89,634	1,162,635
	% of Total Office RSF		0.1%	3.1%	1.9%	0.5%	6.7%
	Annualized Cash Revenue	3/	\$ 182	\$ 9,443	\$ 5,823	\$ 1,701	\$ 23,956
	% of Total Office Annl Cash Rev		0.1%	2.8%	1.7%	0.5%	7.1%
Columbia	RSF		3,258	21,107	8,409	6,475	169,515
	% of Total Office RSF		0.0%	0.1%	0.0%	0.0%	1.0%
	Annualized Cash Revenue	3/	\$ 61	\$ 273	\$ 132	\$ 106	\$ 1,465
	% of Total Office Annl Cash Rev		0.0%	0.1%	0.0%	0.0%	0.4%
Greenville	RSF		120	60,079	60,122	54,914	611,223
	% of Total Office RSF		0.0%	0.3%	0.3%	0.3%	3.5%
	Annualized Cash Revenue	3/	\$ 2	\$ 1,132	\$ 1,027	\$ 923	\$ 10,614
	% of Total Office Annl Cash Rev		0.0%	0.3%	0.3%	0.3%	3.1%
Kansas City	RSF		30,556	76,048	127,377	123,860	404,417
	% of Total Office RSF		0.2%	0.4%	0.7%	0.7%	2.3%
	Annualized Cash Revenue	3/	\$ 725	\$ 1,567	\$ 2,568	\$ 3,230	\$ 9,637
	% of Total Office Annl Cash Rev		0.2%	0.5%	0.8%	1.0%	2.9%
Memphis	RSF		8,542	125,443	171,604	210,614	664,077
	% of Total Office RSF		0.0%	0.7%	1.0%	1.2%	3.8%
	Annualized Cash Revenue	3/	\$ 94	\$ 2,671	\$ 3,391	\$ 4,344	\$ 12,814
	% of Total Office Annl Cash Rev		0.0%	0.8%	1.0%	1.3%	3.8%
Nashville	RSF		32,252	167,592	674,195	488,651	1,422,218
	% of Total Office RSF		0.2%	1.0%	3.9%	2.8%	8.1%
	Annualized Cash Revenue	3/	\$ 771	\$ 3,473	\$ 13,197	\$ 9,749	\$ 26,653
	% of Total Office Annl Cash Rev		0.2%	1.0%	3.9%	2.9%	7.9%
Orlando	RSF		6,340	3,610	11,482	79,163	131,756
	% of Total Office RSF		0.0%	0.0%	0.1%	0.5%	0.8%
	Annualized Cash Revenue	3/	\$ 171	\$ 96	\$ 265	\$ 1,808	\$ 2,836
	% of Total Office Annl Cash Rev		0.1%	0.0%	0.1%	0.5%	0.8%
Piedmont Triad	RSF		24,243	203,513	137,457	218,845	1,165,083
	% of Total Office RSF		0.1%	1.2%	0.8%	1.3%	6.7%
	Annualized Cash Revenue	3/	\$ 388	\$ 3,434	\$ 2,214	\$ 3,419	\$ 18,280
	% of Total Office Annl Cash Rev		0.1%	1.0%	0.7%	1.0%	5.4%
Raleigh	RSF		30,012	462,297	499,143	363,638	1,890,666
	% of Total Office RSF		0.2%	2.6%	2.9%	2.1%	10.8%
	Annualized Cash Revenue	3/	\$ 596	\$ 9,193	\$ 10,161	\$ 6,803	\$ 34,050
	% of Total Office Annl Cash Rev		0.2%	2.7%	3.0%	2.0%	10.1%
Richmond	RSF		45,803	248,015	203,606	243,523	1,220,384
	% of Total Office RSF		0.3%	1.4%	1.2%	1.4%	7.0%
	Annualized Cash Revenue	3/	\$ 992	\$ 4,903	\$ 3,906	\$ 4,537	\$ 21,883
	% of Total Office Annl Cash Rev		0.3%	1.5%	1.2%	1.3%	6.5%
Tampa	RSF		18,539	121,583	394,197	515,017	1,282,440
	% of Total Office RSF		0.1%	0.7%	2.3%	2.9%	7.3%
	Annualized Cash Revenue	3/	\$ 604	\$ 2,787	\$ 8,754	\$ 13,617	\$ 28,782
	% of Total Office Annl Cash Rev		0.2%	0.8%	2.6%	4.0%	8.5%
Other	RSF		1,095	9,719	6,785	30,981	20,897
	% of Total Office RSF		0.0%	0.1%	0.0%	0.2%	0.1%
	Annualized Cash Revenue	3/	\$ 53	\$ 278	\$ 130	\$ 36	\$ 604
	% of Total Office Annl Cash Rev		0.0%	0.1%	0.0%	0.0%	0.2%
Total	RSF		218,997	2,038,585	2,633,477	2,425,315	10,145,311
	% of Total Office RSF		1.3%	11.7%	15.1%	13.9%	58.1%
	Annualized Cash Revenue	3/	\$ 4,639	\$ 39,250	\$ 51,568	\$ 50,273	\$ 191,574
	% of Total Office Annl Cash Rev		1.4%	11.6%	15.2%	14.9%	56.9%

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

2/ Includes 51,000 square feet of leases that are on a month to month basis or 0.3% of total annualized revenue.

3/ Annualized Cash Revenue is September, 2007 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

			2007 1/	2008	2009	2010	Thereafter
Atlanta	RSF		0	472,801	320,555	316,221	1,758,786
	% of Total Industrial RSF		0.0%	8.1%	5.5%	5.4%	30.3%
	Annualized Cash Revenue	2/	\$ —	\$ 2,520	\$ 2,068	\$ 1,814	\$ 8,885
	% of Total Industrial Annl Cash Rev		0.0%	8.3%	6.8%	6.0%	29.4%
Kansas City	RSF		0	0	1,756	0	0
	% of Total Industrial RSF		0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Cash Revenue	2/	\$ —	\$ —	\$ 20	\$ —	\$ —
	% of Total Industrial Annl Cash Rev		0.0%	0.0%	0.1%	0.0%	0.0%
Piedmont Triad	RSF		69,674	480,855	792,471	544,791	1,051,417
	% of Total Industrial RSF		1.2%	8.3%	13.6%	9.4%	18.1%
	Annualized Cash Revenue	2/	\$ 307	\$ 3,034	\$ 3,770	\$ 2,717	\$ 5,091
	% of Total Industrial Annl Cash Rev		1.0%	10.0%	12.5%	9.0%	16.8%
Total	RSF		69,674	953,656	1,114,782	861,012	2,810,203
	% of Total Industrial RSF		1.2%	16.4%	19.2%	14.8%	48.4%
	Annualized Cash Revenue	2/	\$ 307	\$ 5,554	\$ 5,858	\$ 4,531	\$ 13,976
	% of Total Industrial Annl Cash Rev		1.0%	18.4%	19.4%	15.0%	46.2%

1/ Includes 59,000 square feet of leases that are on a month to month basis or 0.0% of total annualized revenue.

2/ Annualized Cash Revenue is September, 2007 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

Customer Diversification 1/

September 30, 2007

Dollars in thousands

Top 20 Customers

Customer	RSF	Annualized Cash Revenue 2/	Percent of Annualized Cash Revenue 2/	Average Remaining Lease Term in Years
Federal Government	1,506,152	\$ 27,765	6.84%	8.0
AT&T	656,905	13,112	3.23%	1.4
Price Waterhouse Coopers	358,611	9,714	2.39%	2.6
State of Georgia	367,986	7,664	1.89%	2.7
T-Mobile USA	207,517	5,578	1.37%	6.2
Metropolitan Life Insurance	262,586	5,040	1.24%	9.2
Lockton Companies	156,255	4,089	1.01%	7.4
Volvo	278,940	3,942	0.97%	2.8
Syniverse Technologies	198,750	3,869	0.95%	9.1
Northern Telecom	246,000	3,651	0.90%	0.4
SCI Services 3/	162,784	3,605	0.89%	9.8
Fluor Enterprises	185,600	3,321	0.82%	4.3
BB&T	209,237	3,247	0.80%	4.8
US Airways	182,775	3,139	0.77%	3.9
Jacobs Engineering Group	181,794	2,899	0.71%	8.0
Vanderbilt University	144,161	2,633	0.65%	8.0
Lifepoint Corporate Services	129,217	2,548	0.63%	3.7
Talecris Biotherapeutics	127,981	2,436	0.60%	4.3
Icon Clinical Research	110,909	2,417	0.60%	5.9
Wachovia	107,487	2,224	0.55%	2.6
	<u>5,781,647</u>	<u>\$112,893</u>	<u>27.81%</u>	<u>5.4</u>

By Industry

Category	Percent of Annualized Cash Revenue 2/
Professional, Scientific, and Technical Services	20.5%
Finance/Banking	9.9%
Insurance	9.3%
Government/Public Administration	9.1%
Retail Trade	7.6%
Telecommunication	6.9%
Manufacturing	6.5%
Wholesale Trade	6.3%
Health Care and Social Assistance	5.6%
Real Estate Rental and Leasing	3.8%
Administrative and Support Services	2.9%
Accommodation and Food Services	2.9%
Information	2.8%
Transportation and Warehousing	2.5%
Other Services (except Public Administration)	2.1%
Educational Services	1.3%
	<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 September, 2007 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

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

Same Property Performance

Dollars in thousands

	Three months ended September 30,		Percentage Change
	2007	2006	
Rental revenues 1/	\$ 101,245	\$ 96,503	4.9%
Operating expenses	(38,317)	(36,828)	-4.0%
	62,928	59,675	5.5%
Straight line rent	253	1,589	-84.1%
Lease termination fees	251	219	14.6%
Net operating income	\$ 63,432	\$ 61,483	3.2%
Average occupancy	90.3%	89.4%	1.0%
Rentable square feet	25,956,000	25,956,000	

	Nine months ended September 30,		Percentage Change
	2007	2006	
Rental revenues 1/	\$ 298,865	\$ 284,827	4.9%
Operating expenses	(112,044)	(106,260)	-5.4%
	186,821	178,567	4.6%
Straight line rent	1,222	5,686	-78.5%
Lease termination fees	1,766	1,355	30.3%
Net operating income	\$ 189,809	\$ 185,608	2.3%
Average occupancy	90.1%	88.7%	1.5%
Rentable square feet	25,956,000	25,956,000	

Market	Third Quarter: 2007 vs 2006		September YTD: 2007 vs 2006	
	NOI Percentage Change	Occupancy Percentage Change	NOI Percentage Change	Occupancy Percentage Change
Atlanta	3.0%	1.1%	3.7%	1.5%
Columbia	88.2%	66.5%	81.4%	56.0%
Greenville	13.2%	8.3%	8.2%	6.6%
Kansas City	5.3%	-0.8%	1.7%	-0.5%
Memphis	-2.1%	1.2%	1.3%	1.9%
Nashville	-2.7%	-0.2%	0.9%	0.2%
Orlando	-13.7%	-1.4%	-5.5%	-1.8%
Piedmont Triad	-3.5%	-2.9%	-7.7%	-0.9%
Raleigh	9.0%	5.5%	6.1%	4.6%
Richmond	11.4%	2.6%	1.9%	0.1%
Tampa	6.0%	-1.1%	7.6%	2.6%
	3.2%	1.0%	2.3%	1.5%

1/ Excludes straight line rents and lease termination fees.

Acquisition Activity

Dollars in thousands

Name	Market	Type	Date Acquired	Square Footage	Total Cost
First quarter 2007:					
None					
Second quarter 2007:					
None					
Third quarter 2007:					
None					
Highwoods Properties, Inc.		26			

Disposition Activity

Dollars in thousands

						Gross Sales
Name	Market	Type 1/	Date Sold	Square Footage	Occupancy	Price
First quarter 2007:						
1740-90 Century Center	Atlanta	O	01/17/07	69,000	N/A	2/ \$ 9,530
Red Oak	Raleigh	O	02/02/07	65,000	68.6%	
Laurel	Raleigh	O	02/02/07	40,000	85.2%	
Global Software	Raleigh	O	02/02/07	93,000	90.4%	
Magnolia	Raleigh	O	02/02/07	59,000	68.1%	
				<u>257,000</u>	<u>79.0%</u>	<u>\$ 30,416</u>
First quarter totals				<u>326,000</u>	<u>79.0%</u>	<u>\$ 39,946</u>
Second quarter 2007:						
Colonial Shops	Kansas City	R	04/25/07	9,000	100.0%	\$ 1,001
Second quarter totals				<u>9,000</u>	<u>100.0%</u>	<u>\$ 1,001</u>
Third quarter 2007:						
EKA Chemical	Atlanta	O	09/05/07	80,000	100.0%	\$ 9,550
Oakbrook Summit	Atlanta	I	09/12/07	234,000	95.7%	\$ 11,625
Patewood VII	Greenville	O	09/13/07	72,000	43.0%	
770 Pelham Road	Greenville	O	09/13/07	38,000	96.2%	
				<u>110,000</u>	<u>61.4%</u>	<u>\$ 11,600</u>
Patewood Business Center	Greenville	I	09/17/07	103,000	25.4%	\$ 4,050
Third quarter totals				<u>527,000</u>	<u>75.4%</u>	<u>\$ 36,825</u>
2007 totals				<u>862,000</u>	<u>77.0%</u>	<u>\$ 77,772</u>

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

2/ This property was scheduled for demolition after its disposition. All tenants vacated this property and it was removed from Highwoods’ in-service portfolio prior to 12/31/06.

Development Activity

Dollars in thousands

In - Process								
Property	Market	Type 1/	Rentable Square Feet	Anticipated Total Investment	Investment @ 09/30/07	Pre Leased %	Estimated Completion Date	Estimated Stabilization Date
Office:								
Dept. of Homeland Security	Atlanta	O	91,000	\$ 21,700	\$ 21,181	100%	4Q 07	4Q 07
FAA	Atlanta	O	50,000	10,213	939	100%	2Q 08	2Q 08
Jackson FBI	Jackson, MS	O	110,000	31,713	1,351	100%	1Q 09	1Q 09
Comcast	Memphis	O	62,000	9,449	2,823	100%	3Q 08	3Q 08
Healthways	Nashville	O	255,000	58,659	43,929	100%	2Q 08	2Q 08
Cool Springs IV	Nashville	O	153,000	27,597	6,585	0%	3Q 08	1Q 10
Centregreen V	Raleigh	O	98,000	15,662	7,445	51%	1Q 08	3Q 09
Glenlake VI	Raleigh	O	122,000	24,448	12,862	57%	1Q 08	3Q 09
RBC Plaza 2/	Raleigh	O	292,000	76,056	27,995	65%	4Q 08	4Q 09
Total or Weighted Average			<u>1,233,000</u>	<u>\$275,497</u>	<u>\$ 125,110</u>	<u>71%</u>		
						<u>\$Weighted %</u>	<u>74%</u>	
Industrial:								
Enterprise III	Piedmont Triad	I	<u>120,000</u>	<u>4,614</u>	<u>4,330</u>	<u>100%</u>	4Q 07	4Q 08
For Sale Development:								
RBC Plaza Condominiums 3/4/	Raleigh	RC	139 Units	\$ 42,380	\$ 8,763	139 Contracts	4Q 08	2Q 09
hhgregg ®	Piedmont Triad	R	<u>30,000</u>	<u>5,125</u>	<u>2,210</u>	<u>100%</u>	2Q 08	2Q 08
			30,000	47,505	10,973	100%		
In-Process Total or Weighted Average 4/			<u>1,383,000</u>	<u>\$327,616</u>	<u>\$ 140,413</u>	<u>74%</u>		
						<u>\$Weighted %</u>	<u>75%</u>	
Completed Not Stabilized 5/								
Office:								
Cordoba 6/	Kansas City	O	46,000	\$ 6,548	\$ 6,479	84%	4Q 06	1Q 08
Cool Springs III	Nashville	O	153,000	22,661	22,026	95%	2Q 06	4Q 07
Berkshire	Orlando	O	99,000	15,096	11,970	100%	3Q 07	2Q 08
Glenlake IV	Raleigh	O	158,000	27,311	24,729	74%	3Q 06	1Q 08
Stony Point IV	Richmond	O	107,000	13,125	12,980	96%	4Q 06	4Q 07
North Shore Commons II	Richmond	O	96,000	14,855	11,818	17%	1Q 07	2Q 08
Highwoods Baycenter I	Tampa	O	208,000	42,024	36,154	67%	3Q 07	4Q 08
Total or Weighted Average			<u>867,000</u>	<u>\$141,620</u>	<u>\$ 126,156</u>	<u>76%</u>		
						<u>\$Weighted %</u>	<u>75%</u>	
Industrial:								
Newpoint V	Atlanta	I	263,000	\$ 12,947	\$ 11,953	88%	2Q 07	2Q 08
Enterprise II	Piedmont Triad	I	<u>418,000</u>	<u>15,137</u>	<u>14,388</u>	<u>72%</u>	4Q 06	4Q 08
			681,000	\$ 28,084	\$ 26,341	78%		
						<u>\$Weighted %</u>	<u>79%</u>	
Completed Not Stabilized Total or Weighted Average			<u>1,548,000</u>	<u>\$169,704</u>	<u>\$ 152,497</u>	<u>77%</u>		
						<u>\$Weighted %</u>	<u>75%</u>	
Grand Total or Weighted Average			<u>2,931,000</u>	<u>\$497,320</u>	<u>\$ 292,910</u>	<u>76%</u>		
						<u>\$Weighted %</u>	<u>75%</u>	
Placed in Service								
Property	Market	Type 1/	In-Service Date	Rentable Square Feet	Investment @ 09/30/07	Pre Leased %	Occ %	
3330 Healy Rd 6/	Piedmont Triad	O	6/1/2007	40,000	\$ 4,198	25%	0%	
ThyssenKrupp	Memphis	O	1/10/2007	78,000	9,375	100%	100%	
Highwoods Preserve VII	Tampa	O	2/1/2007	115,000	21,028	100%	100% 7/	
Total or Weighted Average				<u>233,000</u>	<u>\$ 34,601</u>	<u>87%</u>	<u>83%</u>	
						<u>\$Weighted %</u>	<u>91%</u>	<u>88%</u>

-
- 1/ *The Letters "O", "I", "R" and "RC" represent: Office, Industrial, Retail and For Sale Residential Condominiums, respectively.*
 - 2/ *Includes ancillary retail space on the ground level of approximately 11,000 square feet.*
 - 3/ *In January 2007 the Company executed a Joint Venture agreement for this development. The Company will have a 93% interest and will consolidate this Joint Venture. The investment amounts shown represent the Company's 93% share.*
 - 4/ *As of 9/30/07, all units are under contract. Condo units and reservations numbers are not part of In-Process Total or Weighted Average for SF & Pre-Leasing percentage.*
 - 5/ *"Completed Not Stabilized" and Redevelopment properties are recorded in the Consolidated Balance Sheet in the Land and Building accounts, not Development-in-Process.*
 - 6/ *Redevelopment property, the investment amounts shown include original Land and Building basis, in addition to the incremental redevelopment costs.*
 - 7/ *29,000 sf is leased but will not be occupied until 4Q 08; this 29,000 sf is not included in our In-Service portfolio rentable sf until occupied.*

Development Land
September 30, 2007

Dollars in thousands

Market	Usable Acres	Total Estimated Market Value
Atlanta	256	\$ 25,751
Raleigh	190	43,216
Greensboro	54	12,518
Baltimore	39	10,900
Richmond	33	7,935
Tampa	26	13,890
Nashville	16	5,285
Memphis	15	3,620
Orlando	15	13,900
Winston-Salem	3	1,500
Kansas City	1	2,100
Total 1/ 2/	<u>648</u>	<u>\$ 140,615</u>

1/ *Developable square footage on core land holdings, which constitute 523 of the total 648 acres, is approximately 4.6 million of office space and 3.0 million of industrial space.*

2/ *Includes 6 acres (\$2 million based on expected gross proceeds) included in property held for sale at September 30, 2007.*

Unconsolidated Joint Ventures Assets, Debt and Liabilities
September 30, 2007

Dollars in thousands

Joint Venture	Type 1/	Own %	Venture's Books		
			Total Assets	Debt	Total Liabilities
Board of Trade Investment Co.	O	49.0%	\$ 7,567	\$ —	\$ 771
Dallas County Partners I, LP	O/ I	50.0%	37,647	49,571	52,021
Dallas County Partners II, LP	O	50.0%	14,795	17,080	18,215
Dallas County Partners III, LP	O	50.0%	48	—	39
Fountain Three	O/I/R	50.0%	29,278	33,106	34,819
RRHWoods , LLC	O/ M	50.0%	88,905	80,742	84,121
Kessinger/Hunter, LLC	—	26.5%	8,577	—	1,064
4600 Madison Associates, LP	O	12.5%	18,777	13,784	14,485
Highwoods DLF 98/29, LP	O	22.8%	152,924	76,022	81,333
Highwoods DLF 97/26 DLF 99/32, LP	O	42.9%	104,223	56,046	59,821
Concourse Center Associates, LLC	O	50.0%	13,537	8,967	9,166
Plaza Colonnade, LLC	O/R	50.0%	73,815	67,016	68,709
Highwoods KC Glenridge Office, LP	O	40.0%	22,614	16,500	17,174
Highwoods KC Glenridge Land, LP	O	40.0%	773	—	91
Highwoods KC Orlando, LLC	O	40.0%	207,891	142,595	150,986
Weston Lakeside, LLC	M	50.0%	—	—	—
Total			\$ 781,371	\$561,429	\$ 592,815

Joint Venture	Type 1/	Own %	Highwoods' Share of Joint Venture		
			Total Assets	Debt	Total Liabilities
Board of Trade Investment Co.	O	49.00%	\$ 3,708	\$ —	\$ 378
Dallas County Partners I, LP	O/ I	50.00%	18,824	24,786	26,011
Dallas County Partners II, LP	O	50.00%	7,398	8,540	9,108
Dallas County Partners III, LP	O	50.00%	24	—	20
Fountain Three	O/I/R	50.00%	14,639	16,553	17,410
RRHWoods , LLC	O/ M	50.00%	44,453	40,371	42,061
Kessinger/Hunter, LLC	—	26.50%	2,273	—	282
4600 Madison Associates, LP	O	12.50%	2,347	1,723	1,811
Highwoods DLF 98/29, LP	O	22.81%	34,882	17,341	18,552
Highwoods DLF 97/26 DLF 99/32, LP	O	42.93%	44,743	24,061	25,681
Concourse Center Associates, LLC	O	50.00%	6,769	4,484	4,583
Plaza Colonnade, LLC	O/R	50.00%	36,908	33,508	34,355
Highwoods KC Glenridge Office, LP	O	40.00%	9,046	6,600	6,870
Highwoods KC Glenridge Land, LP	O	40.00%	309	—	36
Highwoods KC Orlando, LLC	O	40.00%	83,156	57,038	60,394
Weston Lakeside, LLC	M	50.00%	—	—	—
Total 2/			\$ 309,479	\$235,005	\$ 247,552

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 September 30, 2007

Dollars in thousands

Joint Venture	Own %	Venture's Books					Net Income/
		Revenue	Operating Exp	Interest	Depr/Amort	Gain on Sale	(Loss)
Board of Trade Investment Co.	49.00%	\$ 535	\$ 433	\$ 1	\$ 104	\$ —	\$ (3)
Dallas County Partners I, LP	50.00%	2,976	1,698	784	742	—	(248)
Dallas County Partners II, LP	50.00%	1,509	643	443	175	—	248
Dallas County Partners III, LP	50.00%	48	56	—	1	—	(9)
Fountain Three	50.00%	1,696	872	558	398	—	(132)
RRHWoods , LLC	50.00%	4,283	2,229	1,062	1,053	—	(61)
Kessinger/Hunter, LLC	26.50%	1,552	1,285	—	158	—	109
4600 Madison Associates, LP	12.50%	1,208	539	240	401	—	28
Highwoods DLF 98/29, LP	22.80%	4,733	1,796	1,269	1,617	—	51
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	4,260	1,480	1,086	1,064	—	630
Concourse Center Associates, LLC	50.00%	493	135	163	76	—	119
Plaza Colonnade, LLC	50.00%	2,547	920	979	533	—	115
Highwoods KC Glenridge Office, LP	40.00%	764	401	211	164	—	(12)
Highwoods KC Glenridge Land, LP	40.00%	—	27	—	—	—	(27)
Highwoods KC Orlando, LLC	40.00%	7,746	3,330	1,879	1,962	—	575
Weston Lakeside, LLC	50.00%	—	—	—	—	—	—
Total		\$34,350	\$ 15,844	\$8,675	\$ 8,448	\$ —	\$ 1,383

Joint Venture	Own %	Highwoods' Share of Joint Venture					Net Income/
		Revenue	Operating Exp	Interest	Depr/Amort	Gain on Sale	(Loss)
Board of Trade Investment Co.	49.00%	\$ 262	\$ 212	\$ —	\$ 51	\$ —	\$ (1)
Dallas County Partners I, LP	50.00%	1,488	849	392	371	—	(124)
Dallas County Partners II, LP	50.00%	754	322	222	87	—	123
Dallas County Partners III, LP	50.00%	24	28	—	—	—	(4)
Fountain Three	50.00%	848	436	279	199	—	(66)
RRHWoods , LLC	50.00%	2,142	1,114	531	526	—	(29)
Kessinger/Hunter, LLC	26.50%	411	341	—	42	—	28
4600 Madison Associates, LP	12.50%	151	67	30	50	—	4
Highwoods DLF 98/29, LP	22.81%	1,079	410	290	369	—	10
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	1,829	636	466	457	—	270
Concourse Center Associates, LLC	50.00%	247	67	81	38	—	61
Plaza Colonnade, LLC	50.00%	1,274	460	490	267	—	57
Highwoods KC Glenridge Office, LP	40.00%	306	160	85	65	—	(4)
Highwoods KC Glenridge Land, LP	40.00%	—	11	—	—	—	(11)
Highwoods KC Orlando, LLC	40.00%	3,099	1,332	751	785	—	231
Weston Lakeside, LLC	50.00%	—	—	—	—	—	—
Total 1/ 2/		\$13,914	\$ 6,445	\$3,617	\$ 3,307	\$ —	\$ 545

- 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.

Unconsolidated Joint Ventures Income
For the Nine Months Ended September 30, 2007

Dollars in thousands

Joint Venture	Own %	Venture's Books					Net Income/
		Revenue	Operating Exp	Interest	Depr/Amort	Gain on Sale	(Loss)
Board of Trade Investment Co.	49.00%	\$ 1,726	\$ 1,322	\$ 5	\$ 298	\$ —	\$ 101
Dallas County Partners I, LP	50.00%	9,049	4,807	2,363	1,836	—	43
Dallas County Partners II, LP	50.00%	4,622	2,019	1,359	524	—	720
Dallas County Partners III, LP	50.00%	146	166	—	4	—	(24)
Fountain Three	50.00%	5,565	2,705	1,681	1,191	—	(12)
RRHWoods , LLC	50.00%	12,519	6,758	3,187	3,178	—	(604)
Kessinger/Hunter, LLC	26.50%	5,397	3,864	—	474	—	1,059
4600 Madison Associates, LP	12.50%	3,618	1,680	732	1,270	—	(64)
Highwoods DLF 98/29, LP	22.80%	16,643	4,458	3,195	3,612	9,311	14,689
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	12,445	4,118	3,269	3,061	—	1,997
Concourse Center Associates, LLC	50.00%	1,527	402	492	238	—	395
Plaza Colonnade, LLC	50.00%	7,183	2,691	2,939	1,597	—	(44)
Highwoods KC Glenridge Office, LP	40.00%	2,732	1,243	617	481	—	391
Highwoods KC Glenridge Land, LP	40.00%	—	34	—	—	—	(34)
Highwoods KC Orlando, LLC	40.00%	24,119	9,532	5,633	5,663	—	3,291
Weston Lakeside, LLC	50.00%	222	201	193	329	11,310	10,809
Total		\$107,513	\$ 46,000	\$25,665	\$ 23,756	\$ 20,621	\$ 32,713

Joint Venture	Own %	Highwoods' Share of Joint Venture					Net Income/
		Revenue	Operating Exp	Interest	Depr/Amort	Gain on Sale	(Loss)
Board of Trade Investment Co.	49.00%	\$ 846	\$ 648	\$ 2	\$ 146	\$ —	\$ 50
Dallas County Partners I, LP	50.00%	4,525	2,404	1,182	918	—	21
Dallas County Partners II, LP	50.00%	2,311	1,010	680	262	—	359
Dallas County Partners III, LP	50.00%	73	83	—	2	—	(12)
Fountain Three	50.00%	2,783	1,353	841	596	—	(7)
RRHWoods , LLC	50.00%	6,260	3,379	1,594	1,589	—	(302)
Kessinger/Hunter, LLC	26.50%	1,430	1,024	—	126	—	280
4600 Madison Associates, LP	12.50%	452	210	92	159	—	(9)
Highwoods DLF 98/29, LP	22.81%	3,796	1,017	729	824	2,124	3,350
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	5,343	1,768	1,403	1,314	—	858
Concourse Center Associates, LLC	50.00%	764	201	246	119	—	198
Plaza Colonnade, LLC	50.00%	3,592	1,346	1,470	799	—	(23)
Highwoods KC Glenridge Office, LP	40.00%	1,093	497	247	192	—	157
Highwoods KC Glenridge Land, LP	40.00%	—	14	—	—	—	(14)
Highwoods KC Orlando, LLC	40.00%	9,648	3,813	2,253	2,265	—	1,317
Weston Lakeside, LLC 1/	50.00%	111	101	97	165	5,034	4,782
Total 2/ 3/		\$ 43,027	\$ 18,868	\$10,836	\$ 9,476	\$ 7,158	\$ 11,005

- 1/ Highwoods' share of Gain on Sale is less than 50% for Weston Lakeside, LLC due to the preferred return to Crosland as the developer.
- 2/ 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.
- 3/ 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 09/30/07
Dallas County Partners I, LP	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	\$ 42,249
Dallas County Partners I, LP	50.0%	Thrivent	8.45%	Aug-10	1,596
Dallas County Partners I, LP	50.0%	Regions	6.30%	Jun-14	3,502
Dallas County Partners I, LP	50.0%	Sun Life	5.92%	Feb-16	1,052
Dallas County Partners I, LP	50.0%	Bankers Trust	8.00%	Jul-11	1,172
			6.31%		49,571
Dallas County Partners II, LP	50.0%	Principal Life Insurance Company	10.19%	Jun-13	17,080
Fountain Three	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	16,864
Fountain Three	50.0%	Thrivent	6.01%	Oct-10	3,725
Fountain Three	50.0%	Thrivent	6.01%	Apr-09	3,725
Fountain Three	50.0%	Lehman Brothers	8.02%	Jul-09	3,505
Fountain Three	50.0%	Thrivent	7.00%	Sep-12	5,287
			6.47%		33,106
RRHWoods, LLC	50.0%	Industrial Revenue Bonds 2/	3.77%	Nov-15	23,000
RRHWoods, LLC	50.0%	Bank of America	6.80%	Sep-12	26,553
RRHWoods, LLC	50.0%	Industrial Revenue Bonds 2/	3.77%	Sep-15	6,000
RRHWoods, LLC	50.0%	Industrial Revenue Bonds 2/	3.81%	Nov-15	5,500
RRHWoods, LLC	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	4,666
RRHWoods, LLC	50.0%	Massachusetts Mutual Life Ins. Co.	5.85%	Mar-16	7,489
RRHWoods, LLC	50.0%	UNUM Life Insurance Company	5.67%	Mar-17	4,032
RRHWoods, LLC	50.0%	Regions	6.30%	Jun-14	3,502
			5.31%		80,742
Plaza Colonnade, LLC	50.0%	Met Life	5.72%	Jan-17	48,901
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	5.38%	Mar-10	1,818
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	6.00%	Mar-16	4,394
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	5.90%	Mar-24	11,903
			5.76%		67,016
4600 Madison Associates, LLC	12.5%	State Farm	6.85%	Apr-18	13,784
Highwoods DLF 98/29, LP	22.8%	USG Annuity & Life Company	6.78%	Apr-11	48,372
Highwoods DLF 98/29, LP	22.8%	Goldman Sachs	6.11%	Jul-17	27,650
Highwoods DLF 97/26 DLF 99/32, LP	42.9%	Massachusetts Mutual Life Ins. Co.	7.66%	May-12	56,046
Concourse Center Associates, LLC	50.0%	Lincoln National Life Insurance Co.	6.95%	Jul-10	8,967
Highwoods KC Orlando, LLC	40.0%	Met Life	5.21%	Jul-14	142,595
Highwoods KC Glenridge Office	40.0%	Wachovia	4.84%	Jun-14	16,500
			6.07%		313,914
			6.09%		\$561,429
Highwoods' share of the above					\$235,005

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

2/ Floating rate loan based on market rates.

Joint Ventures Portfolio Summary

As of September 30, 2007

Summary by Location:

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Cash Revenue Highwoods' Share Only 1/				
			Office	Industrial	Retail	Multi-Family	Total
Des Moines 2/	2,474,000	92.9%	28.2%	4.1%	1.0%	3.3%	36.6%
Orlando	1,853,000	90.8%	29.5%	—	—	—	29.5%
Atlanta	835,000	96.4%	12.8%	—	—	—	12.8%
Kansas City	718,000	81.2%	8.2%	—	—	—	8.2%
Richmond	413,000	100.0%	4.9%	—	—	—	4.9%
Piedmont Triad	364,000	96.9%	3.4%	—	—	—	3.4%
Tampa	205,000	98.8%	1.9%	—	—	—	1.9%
Raleigh	178,000	100.0%	1.5%	—	—	—	1.5%
Charlotte	148,000	100.0%	0.7%	—	—	—	0.7%
Other	110,000	100.0%	0.5%	—	—	—	0.5%
Total 3/	7,298,000	92.8%	91.6%	4.1%	1.0%	3.3%	100.0%

1/ Annualized Cash Revenue is September, 2007 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 98.1%.

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

Joint Ventures Lease Expirations

September 30, 2007

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/
Total					
2007	223,746	3.3%	\$ 4,372	\$19.54	3.3%
2008	1,222,332	18.1%	22,335	18.27	16.7%
2009	662,588	9.8%	13,795	20.82	10.4%
2010	720,750	10.6%	13,329	18.49	10.0%
2011	936,561	13.8%	19,485	20.80	14.6%
2012	541,105	8.0%	11,519	21.29	8.7%
2013	1,012,896	15.0%	18,651	18.41	14.0%
2014	406,766	6.0%	9,282	22.82	7.0%
2015	611,874	9.0%	10,674	17.44	8.0%
2016	76,970	1.1%	975	12.67	0.7%
2017 and thereafter	360,963	5.3%	8,744	24.22	6.6%
	<u>6,776,551</u>	<u>100.0%</u>	<u>\$133,161</u>	<u>\$19.65</u>	<u>100.0%</u>

1/ Annualized Cash Revenue is September, 2007 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

Name	Market	Type 1/	Date Acquired	Square Footage	Total Cost 2/
First quarter 2007:					
None					
Second quarter 2007:					
Eola Park Centre	Orlando	O	05/21/07	167,000	\$8,958
Second quarter totals				167,000	\$8,958
Third quarter 2007:					
None					
2007 totals				167,000	\$8,958

Dispositions

						Gross Sales
Name	Market	Type 1/	Date Sold	Square Footage	Occupancy	Price 2/
First quarter 2007:						
Weston Lakeside 3/	Raleigh	M	02/22/07	322 Units	N/A	\$ 22,500
3404 North Duke Street 4/	Raleigh	O	03/12/07	67,000	100.0%	
4020 North Roxboro Road 4/	Raleigh	O	03/12/07	42,000	100.0%	
4101 North Roxboro Road 4/	Raleigh	O	03/12/07	56,000	100.0%	
Fairfield I 4/	Raleigh	O	03/12/07	51,000	100.0%	
Fairfield II 4/	Raleigh	O	03/12/07	60,000	96.9%	
				276,000	99.3%	\$ 7,801
First quarter totals				276,000	99.3%	\$ 30,301
Second quarter 2007:						
None						
Third quarter 2007:						
None						
2007 totals				276,000	99.3%	\$ 30,301

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

2/ Reflects Highwoods pro-rata share only.

3/ The Weston Lakeside properties were owned by a 50% owned joint venture.

4/ These properties were 22.81% owned properties through the DLF 98/29 joint venture.

Joint Venture Development Activity

Dollars in thousands

Completed Not Stabilized								
Property	% Ownership	Market	Rentable Square Feet	Anticipated Total Investment	Investment @ 09/30/07	Pre- Leasing	Estimated Completion Date	Estimated Stabilization Date
Brickstone	50%	Des Moines	31,000	\$ 5,149	\$ 4,665	60%	4Q 06	4Q 07
Completed Not Stabilized Total				\$ 5,149	\$ 4,665			
Highwoods' Share of the above				\$ 2,575	\$ 2,333			

Highwoods Properties, Inc.