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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 8-K

### CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 3, 2005

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## HIGHWOODS PROPERTIES, INC.

(Exact name of registrant specified in its charter)

**Maryland**  
(State of Incorporation)

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

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

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

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

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**Item 2.02. Results of Operations and Financial Condition**

On March 3, 2005, Highwoods Properties, Inc., the general partner of Highwoods Realty Limited Partnership, issued a press release announcing operational information for the year ended December 31, 2004 and the delay in its financial results for the year ended December 31, 2004. This press release is attached hereto as Exhibit 99.1. In addition, we posted on our web site supplemental information regarding our operations for the year ended December 31, 2004, a copy of which is attached hereto as Exhibit 99.2.

**Exhibit****Description**

- |              |  |
|--------------|--|
| <b>_____</b> | <b>_____</b>   |
| 99.1         | Press Release, dated March 3, 2005   |
| 99.2         | Supplemental operating information of Highwoods Properties, Inc. for the year ended December 31, 2004. |

**SIGNATURES**

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

HIGHWOODS PROPERTIES, INC.

By: /s/ Terry L. Stevens

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

Dated: March 3, 2005

**FOR IMMEDIATE RELEASE**

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

**Ref: 05-08**

**Highwoods Properties Operational Results Improve**

*85% Occupancy at Year End*

*Leases Additional 199,000 Square Feet at Highwoods Preserve*

**Delays Reporting Fourth Quarter and Full Year Financial Results**

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**RALEIGH, NC – March 3, 2005** – Highwoods Properties, Inc. (NYSE: HIW), the largest owner and operator of suburban office properties in the Southeast, today announced total occupancy of 85.0% at December 31, 2004, a 350 basis point increase from December 31, 2003 when occupancy was 81.5%. The Company also reported improving leasing activity in all of its core markets and just announced the execution of an 11-year lease for 199,000 square feet at Highwoods Preserve in Tampa, Florida.

Commenting on the quarter and full year Ed Fritsch, president and chief executive officer of Highwoods, said, “We are very pleased with our 2004 operating results and our economic outlook continues to improve. We exceeded our publicly stated year-end occupancy goal by 150 basis points, we expanded our well-leased development pipeline to \$90.3 million, we sold \$93.4 million of non-core properties and we made great progress at the Highwoods Preserve campus.”

The Company also announced that it has not yet finalized its financial results for the fourth quarter and full year of 2004. The Company is working diligently to wrap up the year-end financial reporting process and, in particular, as a result of a letter dated February 7, 2005 to the American Institute of Certified Public Accountants from the Chief Accountant of the Securities and Exchange Commission, is reviewing with its independent auditor, Ernst & Young LLP, certain of the Company’s lease accounting practices.

Mr. Fritsch added, “Our original expectation had been to release fourth quarter and full year financial information today. However, in light of the recent letter to the AICPA from the SEC’s Chief Accountant, we determined that certain of our lease accounting practices needed to be adjusted. Therefore, we are taking additional time to ensure that our financial statements comply with GAAP and present a transparent picture of the Company’s financial condition. Based on our current evaluation, we do not believe that any of these adjustments will have a material impact on FFO in 2004 or in future periods.”

**Fourth Quarter and Year End Highlights**

- Fourth quarter second generation leasing activity in Highwoods' portfolio totaled 2.4 million square feet, 1.1 million of which was office space. For the full year, the Company signed leases totaling 8.2 million square feet.
- Occupancy in the Company's 33.9 million square foot in-service portfolio at December 31, 2004 was 85.0% as compared to 83.2% at September 30, 2004 and 81.5% at year-end 2003.
- Customer retention for the full year was 73%.
- GAAP rental rates for signed office leases declined 5% in the fourth quarter over the comparable GAAP rental rates and declined 1.7% for the full year.

**Dispositions**

In the fourth quarter, the Company sold seven non-core properties encompassing 679,100 square feet of office and industrial space for gross proceeds of \$41.2 million. The average occupancy of the assets sold in the fourth quarter was 84.7%. In addition, the Company sold 94.6 acres of non-core land for a total of \$20.5 million.

Total asset sales in 2004 were \$93.4 million and included 1.3 million square feet of office, industrial and retail space. The average occupancy of the assets sold in 2004 was 67.6%. Land sales for the full year totaled 215 acres for gross proceeds of \$36.2 million and a net gain of \$2.9 million.

On October 20, 2004 the Company announced that it had listed for sale all of its 23 office properties in Charlotte, North Carolina, which encompass approximately 1.5 million square feet of space as well as 28 acres of land. As of the date of this press release the Company had narrowed its negotiations to one prospective buyer and anticipates providing an update to the public within the next six weeks. The Company will close its operations in Charlotte simultaneous upon a sale of the assets, which would result in net G&A savings of approximately \$500,000 annually.

**Development Activity**

In 2004, the Company broke ground on \$67.3 million of build-to-suit projects encompassing 358,000 square feet. These developments are 100% pre-leased and their expected completion dates are in the second half of 2005. The Company's total current development pipeline encompasses 717,600 square feet representing an investment of approximately \$90.3 million that is 99.3% pre-leased.

**Highwoods Preserve**

In a separate press release also distributed today the Company announced that it has signed an 11-year lease for 199,000 square feet at Highwoods Preserve in Tampa, Florida with Syniverse Technologies (NYSE:SVR). Syniverse, a global communications technology company founded in 1987 and currently headquartered in Tampa, is leasing all of Building I and will begin occupying the space in November 2005.

Since June 2004, the Company has leased or sold 56% of the Highwoods Preserve campus. In addition to Syniverse, The Depository Trust and Clearing Corporation and T-Mobile have

operations at the Preserve. When Syniverse assumes occupancy of Building I in November, approximately 1,800 people will be working at Highwoods Preserve.

### **Outlook**

The Company confirmed its guidance for 2005 which it originally published on January 5, 2005. At that time, the Company announced that it expected FFO per share to be in the range of \$2.25 to \$2.35. This estimate continues to reflect management's view of current and future market conditions, including assumptions with respect to rental rates, occupancy levels, operating expenses and asset dispositions and acquisitions. This estimate excludes any asset gains or impairments associated with potential property dispositions, as well as any one-time, non-recurring charges that may occur during the year. Factors that could cause actual results to differ materially from the Company's current expectations are detailed in the Company's amended 2003 Annual Report on Form 10-K and subsequent SEC reports.

"When I assumed the CEO position in July, my goal, and the goal of the our new management team, was to position the Company for long-term success. We are taking the steps to accomplish this goal and in 2005 you will continue to see the benefits of our strategic initiatives, which include selling non-core land, selectively expanding our build-to-suit and infill development pipeline, improving the overall quality of our portfolio through dispositions of non-differentiating properties and strengthening the balance sheet through the reduction of outstanding debt from these dispositions. Of course, occupancy will continue to be our main focus and our plan is to achieve occupancy of 88% to 90% and be CAD positive by the end of 2007," added Mr. Fritsch.

### **Fourth Quarter and Full Year Financial Results**

The Company, in consultation with Ernst & Young LLP, is currently reviewing certain of its lease accounting practices as a result of a letter dated February 7, 2005 to the American Institute of Certified Public Accountants from the Chief Accountant of the Securities and Exchange Commission. The intent of the letter was to clarify the SEC's interpretation of certain lease accounting issues and their application under generally accepted accounting principles relating to operating leases.

Based on a review of this letter and evaluation of the Company's lease accounting practices by the Company and its independent auditors, two areas have been identified where changes to the Company's lease accounting practices are required.

The Company's past practice has been to recognize rental income on a straight-line basis beginning as of the lease commencement date stated in the lease. The Company has now determined that straight line rental income should commence when a tenant takes possession of the leased premises, which in some instances, particularly with our retail tenants, is earlier than the stated lease commencement date.

The Company occasionally grants lease incentives to tenants. These incentives can be in the form of moving cost allowances, payments to cover rents owed by the tenant to former landlords or similar incentives. The Company's past practice was to include the cost of any lease incentives with capitalized tenant improvement costs and to amortize the costs on a straight-line basis over the lease term as depreciation and amortization expense. The Company has determined that such lease incentive costs should be recorded as an intangible asset and amortized over the lease term as a reduction of straight-line rental income. This change does not impact net income, but does reduce the computation of funds from operations ("FFO") as defined by NAREIT.

The Company, in consultation with its independent auditors, is diligently working to complete its evaluation of these matters and finalize the preparation and audit of its historical financial statements, which will include adjustments regarding lease accounting and any other adjustments necessitated by the year-end audit.

Based on its current evaluation, the Company does not expect that the adjustments from these changes will impact the Company's cash position, previously reported cash flows or bank loan covenants nor that any of the adjustments would have a material effect on FFO in 2004 or in future periods.

The Company will file its audited financial statements as part of its 2004 Annual Report on Form 10-K and mail its annual report and proxy statement to stockholders as soon as practicable.

#### **SOX 404 Update**

The Company and its independent auditors are also working diligently to complete their assessments of the Company's internal controls at December 31, 2004 as required under Section 404 of the Sarbanes-Oxley Act of 2002 ("SOX"), but have not yet completed their assessments, in part due to the concentration of focus and effort during the second half of 2004 to prepare the amended 2003 10-K's and quarterly filings for 2004 for the Company and its majority owned subsidiary, Highwoods Realty Limited Partnership.

Based on the preliminary evaluation and testing of the Company's internal controls completed to date by the Company and its independent auditors, the Company believes it is possible that certain conditions and control deficiencies, identified in connection with their SOX Section 404 internal controls assessments, will be considered material weaknesses or significant deficiencies once the final procedures have been concluded.

Assuming the Company's management concludes that any such material weaknesses in fact existed as of December 31, 2004, the Company and its auditors will not be able to report in the Company's 2004 Form 10-K that its internal controls were effective at December 31, 2004.

The Company's management is working closely with the audit committee to monitor the ongoing remediation and prevention of material weaknesses and significant deficiencies in the Company's internal controls with the objective that the Company will be able to report that its internal controls are effective at December 31, 2005.

#### **Non-GAAP Information**

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

indicators of our operating performance or to cash flows as measures of liquidity. Furthermore, FFO per share does not depict the amount that accrues directly to the stockholders' benefit.

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

### **Supplemental Information**

A copy of the Company's fourth quarter 2004 Supplemental Information that includes detailed operating information is available in the "Investor Relations/Quarterly Earnings" section of the Company's Web site at [www.highwoods.com](http://www.highwoods.com). The Supplemental Information, together with this release, has been furnished to the Securities and Exchange Commission on Form 8-K. Upon release of the Company's fourth quarter and full year 2004 financial results, the Company will make available on its Website an abbreviated Supplemental for the fourth quarter of 2004 that includes detailed financial information. You may also obtain a copy of all Supplemental Information published by the Company by contacting Highwoods Investor Relations at 919-875-6717 / 800-256-2963 or by e-mail to [HIW-IR@highwoods.com](mailto:HIW-IR@highwoods.com). If you would like to receive future Supplemental Information packages by e-mail, please contact the Investor Relations department as noted above or by written request to: Investor Relations Department, Highwoods Properties, Inc., 3100 Smoketree Court, Suite 600, Raleigh, NC 27604.

### **Conference Call**

On Friday, March 4, 2005 at 10:00 a.m. Eastern time, Highwoods will host a teleconference call to discuss its fourth quarter and 2004 operational results. For US/Canada callers, dial (888) 202-5268 and international callers dial (706) 643-7509. A live listen-only Web cast can be accessed through the Company's Web site at [www.highwoods.com](http://www.highwoods.com) under the "Investor Relations" section.

Telephone and Web cast replays will be available two hours after the completion of the call. The telephone replay will be available for one week beginning at 1:00 p.m. Eastern time. Dial-in numbers for the replay are (800) 642-1687 US/Canada, (706) 645-9291 international. The conference ID is 4050144.

### **About the Company**

Highwoods Properties, Inc., a member of the S&P MidCap 400 Index, is a fully integrated, self-administered real estate investment trust ("REIT") that provides leasing, management, development, construction and other customer-related services for its properties and for third parties. As of December 31, 2004, the Company owned or had an interest in 510 in-service office, industrial and retail properties encompassing approximately 40.8 million square feet. Highwoods also owns approximately 1,101 acres of development land. Highwoods is based in Raleigh, North Carolina, and its properties and development land are located in Florida, Georgia, Iowa, Kansas, Maryland, Missouri, North Carolina, South Carolina, Tennessee and Virginia. For more information about Highwoods Properties, please visit our Web site at [www.highwoods.com](http://www.highwoods.com).

Certain matters discussed in this press release, such as the effect of tenant bankruptcies on our operations, expected leasing and financing activities, financial and operating performance and share repurchases and the cost and timing of expected development projects and asset dispositions, are forward-looking statements within the meaning of the federal securities laws.

These statements are distinguished by use of the words “will”, “expect”, “intends” and words of similar meaning. Although Highwoods believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved.

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

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Supplemental Operating Information  
December 31, 2004

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**Supplemental Information**  
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**December 31, 2004**

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The information within refers to all Highwoods Properties' wholly-owned entities, except pages 24 to 30 unless noted otherwise.

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

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## Corporate Information

### **Board of Directors**

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

### **Senior Management Team**

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

President, Chief Executive Officer and Director

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

Executive Vice President and Chief Operating Officer

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

Senior Vice President and Director

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

Senior Vice President

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

Senior Vice President

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

Senior Vice President

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

Vice President, Investments and Strategic Analysis

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

Vice President, General Counsel and Secretary

#### **Terry L. Stevens**

Vice President, Chief Financial Officer and Treasurer

### **Research Coverage**

#### **Deutsche Banc Securities**

Lou Taylor - 212-469-4912

#### **Green Street Advisors**

Jim Sullivan - 949-640-8780

#### **KeyBanc Capital Markets**

Frank Greywitt - 216-443-4795

#### **Legg Mason**

David Fick - 410-454-5018

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

Gregory Whyte - 212-761-6331

#### **Prudential Equity Group**

Jim Sullivan - 212-778-2515

#### **Smith Barney Citigroup**

Jonathan Litt - 212-816-0231

#### **UBS Warburg**

Keith Mills - 212-713-3098



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## Corporate Information

### **Divisional Offices**

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

Gene H. Anderson - Regional Manager

Atlanta, GA

*Gene H. Anderson, Senior Vice President*

Piedmont Triad, NC

*Mark W. Shumaker, Vice President*

#### **Orlando/Tampa**

Michael F. Beale - Regional Manager

Orlando, FL

*Michael F. Beale, Senior Vice President*

Tampa, FL

*Stephen A. Meyers, Vice President*

#### **Raleigh/Richmond**

Robert G. Cutlip - Regional Manager

Raleigh, NC

*Robert G. Cutlip, Senior Vice President*

Richmond, VA

*Paul W. Kreckman, Vice President*

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

W. Brian Reames - Regional Manager

Nashville, TN

*W. Brian Reames, Senior Vice President*

Charlotte, NC

*Thomas F. Cochran, Senior Vice President*

Memphis, TN

*Steven Guinn, Vice President*

#### **Kansas City**

Kansas City, MO

*Barrett Brady, Senior Vice President*

### **Corporate Headquarters**

Highwoods Properties, Inc.

3100 Smoketree Court, Suite 600

Raleigh, NC 27604

919-872-4924

### **Stock Exchange**

NYSE      Trading Symbol: HIW

### **Investor Relations Contact**

Tabitha Zane

Sr. Director, Investor Relations

Phone: 919-431-1529

Fax: 919-876-6929

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

### **Information Request**

To request a standard Investor Relations package, Annual Report or to be added to our e-mail or fax list, please contact the Investor Relations Coordinator at: Phone: 919-875-6717 or 800-256-2963 Email: [HIW-IR@highwoods.com](mailto:HIW-IR@highwoods.com)

### **The Company**

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

parties. As of December 31, 2004, the Company owned or had an interest in 510 in-service office, industrial and retail properties encompassing approximately 40.8 million square feet. Highwoods also owns approximately 1,101 acres of development land. Highwoods is based in Raleigh, North Carolina, and its properties and development land are located in Florida, Georgia, Iowa, Kansas, Maryland, Missouri, North Carolina, South Carolina, Tennessee and Virginia. For more information about Highwoods Properties, please visit our Web site at [www.highwoods.com](http://www.highwoods.com).



## Capitalization

*Dollars, shares, and units in thousands*

|   | 12/31/04           | 09/30/04    | 06/30/04    | 03/31/04    | 12/31/03    |
|---|--------------------|-------------|-------------|-------------|-------------|
| <b>Long-Term Debt (see page 2 &amp; 3):</b>             | <b>\$1,571,777</b> | \$1,600,627 | \$1,603,485 | \$1,790,039 | \$1,717,765 |
| <b>Finance Obligations:</b>                             | <b>\$ 63,531</b>   | \$ 62,992   | \$ 63,345   | \$ 62,994   | \$ 124,063  |
| <b>Preferred Stock:</b>                                 |                    |             |             |             |             |
| Series A 8 <sup>5</sup> / 8 % Perpetual Preferred Stock | <b>\$ 104,945</b>  | \$ 104,945  | \$ 104,945  | \$ 104,945  | \$ 104,945  |
| Series B 8% Perpetual Preferred Stock                   | <b>172,500</b>     | 172,500     | 172,500     | 172,500     | 172,500     |
| Series D 8% Perpetual Preferred Stock                   | <b>100,000</b>     | 100,000     | 100,000     | 100,000     | 100,000     |
| Total preferred stock                                   | <b>\$ 377,445</b>  | \$ 377,445  | \$ 377,445  | \$ 377,445  | \$ 377,445  |
| <b>Shares and Units Outstanding:</b>                    |                    |             |             |             |             |
| Common stock outstanding                                | <b>53,813</b>      | 53,713      | 53,716      | 53,631      | 53,474      |
| Minority interest partnership units                     | <b>6,102</b>       | 6,128       | 6,146       | 6,146       | 6,203       |
| Total shares and units outstanding                      | <b>59,915</b>      | 59,841      | 59,862      | 59,777      | 59,677      |
| Stock price at period end                               | <b>\$ 27.70</b>    | \$ 24.61    | \$ 23.50    | \$ 26.21    | \$ 25.40    |
| Market value of common equity                           | <b>\$1,659,646</b> | \$1,472,687 | \$1,406,757 | \$1,566,755 | \$1,515,795 |
| Total market capitalization with debt and obligations   | <b>\$3,672,399</b> | \$3,513,751 | \$3,451,032 | \$3,797,233 | \$3,735,068 |

*See pages 24 to 30 for information regarding Highwoods' Joint Ventures*

## Long-Term Debt Summary

*Dollars in thousands*

|   | 12/31/04    | 09/30/04     | 06/30/04     | 03/31/04    | 12/31/03    |
|---|-------------|--------------|--------------|-------------|-------------|
| <b>Balances Outstanding:</b>                        |             |              |              |             |             |
| <b>Secured:</b>                                     |             |              |              |             |             |
| Conventional fixed rate                             | \$ 732,796  | \$ 745,524   | \$ 748,740   | \$ 751,894  | \$ 755,049  |
| Variable rate debt                                  | 66,181      | 50,803       | 54,945       | 204,845     | 68,709      |
| Conventional fixed rate 1/<br>Variable rate debt 2/ | 22,800      | 22,800       | 22,800       | 22,800      | 22,800      |
|   | —           | —            | —            | —           | 136,207     |
| Secured total                                       | \$ 821,777  | \$ 819,127   | \$ 826,485   | \$ 979,539  | \$ 982,765  |
| <b>Unsecured:</b>                                   |             |              |              |             |             |
| Fixed rate bonds and notes                          | \$ 460,000  | \$ 460,000   | \$ 460,000   | \$ 560,000  | \$ 560,000  |
| Variable rate debt                                  | 120,000     | 120,000      | 120,000      | 120,000     | 120,000     |
| Credit facility                                     | 170,000     | 201,500      | 197,000      | 130,500     | 55,000      |
| Unsecured total                                     | \$ 750,000  | \$ 781,500   | \$ 777,000   | \$ 810,500  | \$ 735,000  |
| Total   | \$1,571,777 | \$ 1,600,627 | \$ 1,603,485 | \$1,790,039 | \$1,717,765 |
| <b>Average Interest Rates:</b>                      |             |              |              |             |             |
| <b>Secured:</b>                                     |             |              |              |             |             |
| Conventional fixed rate                             | 7.2%        | 7.2%         | 7.2%         | 7.2%        | 7.2%        |
| Variable rate debt                                  | 4.2%        | 3.7%         | 3.1%         | 3.1%        | 3.1%        |
| Conventional fixed rate 1/<br>Variable rate debt 2/ | 6.1%        | 6.1%         | 6.1%         | 6.1%        | 6.1%        |
|   | —           | —            | —            | —           | 3.2%        |
| Secured total                                       | 6.9%        | 6.9%         | 6.9%         | 6.3%        | 6.3%        |
| <b>Unsecured:</b>                                   |             |              |              |             |             |
| Fixed rate bonds                                    | 7.4%        | 7.4%         | 7.4%         | 7.3%        | 7.3%        |
| Variable rate debt                                  | 3.5%        | 3.0%         | 2.9%         | 2.4%        | 2.5%        |
| Credit facility                                     | 3.4%        | 2.2%         | 2.3%         | 2.1%        | 2.2%        |
| Unsecured total                                     | 5.9%        | 5.4%         | 5.4%         | 5.8%        | 6.2%        |
| Average   | 6.4%        | 6.2%         | 6.2%         | 6.1%        | 6.3%        |
| <b>Capitalized Interest:</b>                        | \$ 447      | \$ 334       | \$ 257       | \$ 115      | \$ 204      |

### Maturity Schedule:

| Future Maturities of Debt |                 |                |               |                       |
|---------------------------|-----------------|----------------|---------------|-----------------------|
| Year                      | Secured Debt 3/ | Unsecured Debt | Total Debt 3/ | Average Interest Rate |
| 2005                      | \$ 67,650       | \$ 120,000     | \$ 187,650    | 5.3%                  |
| 2006                      | 53,118          | 280,000        | 333,118       | 4.8%                  |
| 2007                      | 92,534          | —              | 92,534        | 7.3%                  |
| 2008                      | —               | 100,000        | 100,000       | 7.1%                  |
| 2009                      | 171,797         | 50,000         | 221,797       | 7.9%                  |
| 2010                      | 137,969         | —              | 137,969       | 7.8%                  |
| 2011                      | —               | —              | —             | —                     |
| 2012                      | 22,800          | —              | 22,800        | 6.1%                  |
| 2013                      | 270,460         | —              | 270,460       | 5.9%                  |
| 2014                      | —               | —              | —             | —                     |
| Thereafter                | 5,449           | 200,000        | 205,449       | 7.5%                  |
| Total maturities          | \$ 821,777      | \$ 750,000     | \$1,571,777   | 6.4%                  |



Weighted average maturity = 4.7 years

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- 1/ *Loan relates to the consolidated 20% owned joint venture property (Harborview).*
- 2/ *Loan relates to the consolidated 20% owned joint venture properties (MG-HIW, LLC).*
- 3/ *Excludes annual principal amortization*
- 4/ *Included in the \$280.0 million of unsecured debt maturities is \$170.0 million related to the credit facility which matures in 2006.*

## Long-Term Debt Detail

*Dollars in thousands*

### **Secured Loans**

| <b>Lender</b>                      | <b>Rate</b> | <b>Maturity<br/>Date</b> | <b>Loan<br/>Balance<br/>12/31/04</b> | <b>Undepreciated</b>                    |
|------------------------------------|-------------|--------------------------|--------------------------------------|---|
|                                    |             |                          |                                      | <b>Book Value of<br/>Assets Secured</b> |
| Monumental Life Ins. Co.           | 7.8%        | Nov-09                   | \$ 163,814                           | \$ 236,302                              |
| Northwestern Mutual                | 6.0%        | Mar-13                   | 141,865                              | 186,090                                 |
| Northwestern Mutual                | 7.8%        | Nov-10                   | 137,969                              | 276,756                                 |
| Massachusetts Mutual Life Ins. Co. | 5.7%        | Dec-13                   | 127,541                              | 185,836                                 |
| Northwestern Mutual                | 8.2%        | Feb-07                   | 65,221                               | 138,820                                 |
| GECC 1/                            | 3.7%        | Jan-06                   | 46,985                               | 82,171                                  |
| Principal Life Ins. Co.            | 8.6%        | Apr-05                   | 41,204                               | 103,251                                 |
| Principal Life Ins. Co.            | 8.2%        | Aug-05                   | 26,446                               | 70,387                                  |
| Metropolitan Life Ins. Co. 2/      | 6.1%        | Oct-12                   | 22,800                               | 38,774                                  |
| PNC/Am South/Southtrust 3/         | 3.7%        | Oct-07                   | 15,449                               | 17,014                                  |
| PFL Life Ins. Co. 4/               | 8.1%        | Jun-07                   | 5,711                                | 22,457                                  |
| Ohio National                      | 8.0%        | Nov-17                   | 5,449                                | 10,915                                  |
| Lutheran Brotherhood               | 6.8%        | Apr-09                   | 4,023                                | 7,628                                   |
| PFL Life Ins. Co. 3/4/             | 3.8%        | Jun-07                   | 3,747                                | —                                       |
| American General                   | 7.9%        | Dec-06                   | 2,708                                | 7,088                                   |
| Assoc Retirement Trust Fund        | 8.0%        | Jan-07                   | 2,405                                | 6,812                                   |
| USG Annuity                        | 7.7%        | Feb-06                   | 2,198                                | 3,777                                   |
| Security Life of Denver            | 8.9%        | Aug-09                   | 2,061                                | 9,451                                   |
| Southland Life Ins. Co.            | 8.8%        | Aug-09                   | 1,899                                | 6,968                                   |
| American United Life               | 9.0%        | Jun-13                   | 1,056                                | 3,637                                   |
| CUNA Mutual                        | 8.0%        | Sep-06                   | 631                                  | 3,184                                   |
| Members Life Ins. Co               | 8.0%        | Sep-06                   | 596                                  | 3,259                                   |
|                                    | 6.9%        |                          | \$ 821,777                           | \$ 1,420,577                            |

### **Unsecured Bonds**

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

### **Unsecured Loans**

|                   |      |        |             |  |
|-------------------|------|--------|-------------|--|
| Term Loan 1/      | 3.4% | Sep-05 | \$ 20,000   |  |
| Term Loan 5/      | 3.7% | Nov-05 | 100,000     |  |
| Line of Credit 1/ | 3.4% | Jul-06 | 170,000     |  |
|                   | 3.5% |        | \$ 290,000  |  |
| <b>Total Debt</b> | 6.4% |        | \$1,571,777 |  |

1/ Floating rate loans based on one month libor.

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

3/ Floating rate loan based on ninety day libor.

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

5/ Floating rate loan based on two month libor.

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

*(Rentable Square Feet)*

|  | 12/31/04   | 09/30/04   | 06/30/04   | 03/31/04   | 12/31/03   |
|--|------------|------------|------------|------------|------------|
| <b>Office Industrial &amp; Retail</b>          |            |            |            |            |            |
| <b>In-Service:</b>                             |            |            |            |            |            |
| Office 2/                                      | 24,628,000 | 25,151,000 | 25,272,000 | 26,608,000 | 25,303,000 |
| Industrial                                     | 7,829,000  | 7,992,000  | 7,992,000  | 8,092,000  | 8,092,000  |
| Retail 3/                                      | 1,409,000  | 1,410,000  | 1,411,000  | 1,411,000  | 1,527,000  |
| Total  | 33,866,000 | 34,553,000 | 34,675,000 | 36,111,000 | 34,922,000 |
| <b>Development Completed - Not Stabilized:</b> |            |            |            |            |            |
| Office 2/                                      | —          | —          | —          | 140,000    | 140,000    |
| Industrial                                     | 350,000    | 350,000    | —          | —          | —          |
| Retail   | —          | —          | —          | —          | —          |
| Total  | 350,000    | 350,000    | —          | 140,000    | 140,000    |
| <b>Development - In Process:</b>               |            |            |            |            |            |
| Office 2/                                      | 358,000    | 333,000    | 222,000    | 112,000    | 112,000    |
| Industrial                                     | —          | —          | 350,000    | 350,000    | 350,000    |
| Retail   | 9,600      | —          | —          | —          | —          |
| Total  | 367,600    | 333,000    | 572,000    | 462,000    | 462,000    |
| <b>Total:</b>                                  |            |            |            |            |            |
| Office 2/                                      | 24,986,000 | 25,484,000 | 25,494,000 | 26,860,000 | 25,555,000 |
| Industrial                                     | 8,179,000  | 8,342,000  | 8,342,000  | 8,442,000  | 8,442,000  |
| Retail 3/                                      | 1,418,600  | 1,410,000  | 1,411,000  | 1,411,000  | 1,527,000  |
| Total  | 34,583,600 | 35,236,000 | 35,247,000 | 36,713,000 | 35,524,000 |
| <b>Same Property</b>                           |            |            |            |            |            |
| Office 2/                                      | 22,907,000 | 22,907,000 | 22,907,000 | 22,907,000 | 22,907,000 |
| Industrial                                     | 7,769,000  | 7,769,000  | 7,769,000  | 7,769,000  | 7,769,000  |
| Retail   | 1,409,000  | 1,409,000  | 1,409,000  | 1,409,000  | 1,409,000  |
| Total  | 32,085,000 | 32,085,000 | 32,085,000 | 32,085,000 | 32,085,000 |
| <b>Percent Leased/Pre-Leased:</b>              |            |            |            |            |            |
| <b>In-Service:</b>                             |            |            |            |            |            |
| Office   | 82.7%      | 80.9%      | 79.2%      | 79.2%      | 79.2%      |
| Industrial                                     | 90.2%      | 88.4%      | 88.0%      | 86.5%      | 85.7%      |
| Retail   | 97.3%      | 94.5%      | 93.4%      | 94.0%      | 96.3%      |
| Total  | 85.0%      | 83.2%      | 81.8%      | 81.4%      | 81.5%      |
| <b>Development Completed - Not Stabilized:</b> |            |            |            |            |            |
| Office   | —          | —          | —          | 36.0%      | 36.0%      |
| Industrial                                     | 100.0%     | 100.0%     | —          | —          | —          |
| Retail   | —          | —          | —          | —          | —          |
| Total  | 100.0%     | 100.0%     | —          | 36.0%      | 36.0%      |
| <b>Development - In Process:</b>               |            |            |            |            |            |
| Office   | 100.0%     | 100.0%     | 100.0%     | 100.0%     | 100.0%     |
| Industrial                                     | —          | —          | 100.0%     | 100.0%     | 100.0%     |
| Retail   | 44.0%      | —          | —          | —          | —          |
| Total  | 98.5%      | 100.0%     | 100.0%     | 100.0%     | 100.0%     |
| <b>Same Property</b>                           |            |            |            |            |            |

|            |              |       |       |       |       |
|------------|--------------|-------|-------|-------|-------|
| Office     | <b>83.1%</b> | 81.0% | 80.1% | 80.2% | 80.5% |
| Industrial | <b>90.3%</b> | 88.9% | 88.6% | 87.3% | 86.5% |
| Retail     | <b>97.3%</b> | 94.6% | 93.6% | 94.2% | 96.8% |
|            | <hr/>        | <hr/> | <hr/> | <hr/> | <hr/> |
| Total      | <b>85.5%</b> | 83.5% | 82.8% | 82.5% | 82.6% |
|            | <hr/>        | <hr/> | <hr/> | <hr/> | <hr/> |

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

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

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

**Portfolio Summary**  
(Continued)

As of December 31, 2004

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

| Market            | Rentable<br>Square Feet | Occupancy | Percentage of Annualized Revenue 2/ |            |        |        |
|-------------------|-------------------------|-----------|-------------------------------------|------------|--------|--------|
|                   |                         |           | Office                              | Industrial | Retail | Total  |
| Raleigh 3/        | 4,597,000               | 83.8%     | 15.7%                               | 0.2%       | —      | 15.9%  |
| Atlanta           | 6,826,000               | 83.7%     | 11.7%                               | 3.1%       | —      | 14.8%  |
| Tampa             | 4,196,000               | 71.0%     | 13.4%                               | —          | —      | 13.4%  |
| Kansas City       | 2,308,000 4/            | 94.1%     | 4.2%                                | —          | 8.5%   | 12.7%  |
| Nashville         | 2,870,000               | 93.3%     | 11.9%                               | —          | —      | 11.9%  |
| Piedmont Triad 5/ | 6,651,000               | 92.5%     | 6.3%                                | 4.2%       | —      | 10.5%  |
| Richmond          | 1,835,000               | 94.1%     | 7.0%                                | —          | —      | 7.0%   |
| Memphis           | 1,216,000               | 83.2%     | 4.5%                                | —          | —      | 4.5%   |
| Charlotte         | 1,492,000               | 72.9%     | 3.9%                                | —          | —      | 3.9%   |
| Greenville        | 1,127,000               | 80.5%     | 3.1%                                | 0.1%       | —      | 3.2%   |
| Columbia          | 426,000                 | 60.4%     | 1.0%                                | —          | —      | 1.0%   |
| Orlando           | 222,000                 | 93.3%     | 0.9%                                | —          | —      | 0.9%   |
| Other             | 100,000                 | 61.3%     | 0.3%                                | —          | —      | 0.3%   |
| Total             | 33,866,000              | 85.0%     | 83.9%                               | 7.6%       | 8.5%   | 100.0% |

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

| Market            | Rentable<br>Square Feet | Occupancy | Percentage of Annualized Revenue 2/6/ |            |        |              | Total  |
|-------------------|-------------------------|-----------|---------------------------------------|------------|--------|--------------|--------|
|                   |                         |           | Office                                | Industrial | Retail | Multi-Family |        |
| Atlanta           | 7,661,000               | 84.6%     | 11.9%                                 | 2.8%       | —      | —            | 14.7%  |
| Raleigh 3/        | 5,052,000               | 85.2%     | 14.3%                                 | 0.1%       | —      | —            | 14.4%  |
| Tampa             | 4,401,000               | 72.3%     | 12.2%                                 | —          | —      | —            | 12.2%  |
| Kansas City       | 2,736,000 4/            | 92.9%     | 4.6%                                  | —          | 7.6%   | —            | 12.2%  |
| Nashville         | 2,870,000               | 93.3%     | 10.6%                                 | —          | —      | —            | 10.6%  |
| Piedmont Triad 5/ | 7,015,000               | 92.9%     | 6.0%                                  | 3.8%       | —      | —            | 9.8%   |
| Richmond          | 2,248,000               | 95.1%     | 6.8%                                  | —          | —      | —            | 6.8%   |
| Memphis           | 1,216,000               | 83.2%     | 4.0%                                  | —          | —      | —            | 4.0%   |
| Des Moines        | 2,253,000               | 91.5%     | 3.0%                                  | 0.4%       | 0.1%   | 0.4%         | 3.9%   |
| Orlando           | 1,905,000               | 90.1%     | 3.6%                                  | —          | —      | —            | 3.6%   |
| Charlotte         | 1,640,000               | 75.4%     | 3.6%                                  | —          | —      | —            | 3.6%   |
| Greenville        | 1,127,000               | 80.5%     | 2.8%                                  | 0.1%       | —      | —            | 2.9%   |
| Columbia          | 426,000                 | 60.4%     | 0.9%                                  | —          | —      | —            | 0.9%   |
| Other             | 210,000                 | 81.6%     | 0.4%                                  | —          | —      | —            | 0.4%   |
| Total             | 40,760,000              | 84.7%     | 84.7%                                 | 7.2%       | 7.7%   | 0.4%         | 100.0% |

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

2/ Annualized Revenue is December, 2004 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

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

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

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

6/ Includes Highwoods' share of Joint Venture Annualized Rental Revenue, see page 35

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

As of December 31, 2004

| Market         | Office Properties       |              |   | Industrial              |              |   |
|----------------|-------------------------|--------------|---|-------------------------|--------------|---|
|                | Rentable<br>Square Feet | Occupancy    | Percentage<br>of Office<br>Annualized<br>Revenue 2/ | Rentable<br>Square Feet | Occupancy    | Percentage<br>of Industrial<br>Annualized<br>Revenue 2/ |
| Raleigh        | 4,496,000               | 84.0%        | 18.7%   | 101,000                 | 74.9%        | 2.2%  |
| Tampa          | 4,196,000               | 71.0%        | 16.0%   | —                       | —            | —   |
| Nashville      | 2,870,000               | 93.3%        | 14.1%   | —                       | —            | —   |
| Atlanta        | 3,575,000               | 83.0%        | 14.0%   | 3,251,000               | 84.3%        | 41.4%   |
| Richmond       | 1,835,000               | 94.1%        | 8.3%  | —                       | —            | —   |
| Piedmont Triad | 2,281,000               | 85.2%        | 7.5%  | 4,370,000               | 96.3%        | 55.4%   |
| Memphis        | 1,216,000               | 83.2%        | 5.3%  | —                       | —            | —   |
| Kansas City    | 895,000                 | 89.1%        | 5.0%  | 4,000                   | 100.0%       | 0.1%  |
| Charlotte      | 1,492,000               | 72.9%        | 4.7%  | —                       | —            | —   |
| Greenville     | 1,024,000               | 85.7%        | 3.7%  | 103,000                 | 28.9%        | 0.9%  |
| Columbia       | 426,000                 | 60.4%        | 1.2%  | —                       | —            | —   |
| Orlando        | 222,000                 | 93.3%        | 1.1%  | —                       | —            | —   |
| Other          | 100,000                 | 61.3%        | 0.4%  | —                       | —            | —   |
|                | <u>24,628,000</u>       | <u>82.7%</u> | <u>100.0%</u>                                       | <u>7,829,000</u>        | <u>90.2%</u> | <u>100.0%</u>   |

| Market         | Retail                  |              |   |
|----------------|-------------------------|--------------|---|
|                | Rentable<br>Square Feet | Occupancy    | Percentage<br>of Retail<br>Annualized<br>Revenue 2/ |
| Kansas City 3/ | 1,409,000               | 97.3%        | 100.0%  |
|                | <u>1,409,000</u>        | <u>97.3%</u> | <u>100.0%</u>                                       |

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

2/ Annualized Revenue is December, 2004 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

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

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

| Market         | Measurement           | 12/31/04          | 09/30/04   | 06/30/04   | 03/31/04   | 12/31/03   |
|----------------|-----------------------|-------------------|------------|------------|------------|------------|
| Atlanta        | Rentable Square Feet  | <b>6,825,000</b>  | 6,825,000  | 6,821,000  | 6,919,000  | 6,919,000  |
|                | Occupancy             | <b>83.7%</b>      | 81.3%      | 80.7%      | 78.8%      | 78.4%      |
|                | Current Properties 2/ | <b>83.7%</b>      | 81.3%      | 80.7%      | 78.9%      | 78.4%      |
| Charlotte      | Rentable Square Feet  | <b>1,492,000</b>  | 1,655,000  | 1,655,000  | 1,655,000  | 1,655,000  |
|                | Occupancy             | <b>72.9%</b>      | 74.6%      | 73.9%      | 80.5%      | 79.6%      |
|                | Current Properties 2/ | <b>72.9%</b>      | 75.1%      | 74.1%      | 81.6%      | 80.5%      |
| Columbia       | Rentable Square Feet  | <b>426,000</b>    | 426,000    | 426,000    | 426,000    | 426,000    |
|                | Occupancy             | <b>60.4%</b>      | 57.5%      | 57.9%      | 58.6%      | 57.9%      |
|                | Current Properties 2/ | <b>60.4%</b>      | 57.5%      | 57.9%      | 58.6%      | 57.8%      |
| Greenville     | Rentable Square Feet  | <b>1,127,000</b>  | 1,319,000  | 1,319,000  | 1,319,000  | 1,318,000  |
|                | Occupancy             | <b>80.5%</b>      | 79.4%      | 78.8%      | 78.8%      | 80.2%      |
|                | Current Properties 2/ | <b>80.5%</b>      | 78.4%      | 77.4%      | 77.4%      | 79.0%      |
| Kansas City 3/ | Rentable Square Feet  | <b>2,308,000</b>  | 2,308,000  | 2,310,000  | 2,309,000  | 2,433,000  |
|                | Occupancy             | <b>94.1%</b>      | 92.4%      | 91.4%      | 91.2%      | 92.7%      |
|                | Current Properties 2/ | <b>94.1%</b>      | 92.4%      | 91.4%      | 91.2%      | 92.8%      |
| Memphis        | Rentable Square Feet  | <b>1,216,000</b>  | 1,216,000  | 1,216,000  | 1,216,000  | 1,216,000  |
|                | Occupancy             | <b>83.2%</b>      | 82.1%      | 82.0%      | 81.3%      | 81.0%      |
|                | Current Properties 2/ | <b>83.2%</b>      | 82.1%      | 82.0%      | 81.3%      | 81.0%      |
| Nashville      | Rentable Square Feet  | <b>2,870,000</b>  | 2,870,000  | 2,870,000  | 2,870,000  | 2,869,000  |
|                | Occupancy             | <b>93.3%</b>      | 93.4%      | 91.7%      | 89.8%      | 91.5%      |
|                | Current Properties 2/ | <b>93.3%</b>      | 93.4%      | 91.7%      | 89.8%      | 91.4%      |
| Orlando        | Rentable Square Feet  | <b>222,000</b>    | 387,000    | 387,000    | 1,656,000  | 299,000    |
|                | Occupancy             | <b>93.2%</b>      | 94.4%      | 52.9%      | 75.8%      | 44.9%      |
|                | Current Properties 2/ | <b>93.2%</b>      | 93.2%      | 88.5%      | 91.5%      | 90.6%      |
| Piedmont Triad | Rentable Square Feet  | <b>6,652,000</b>  | 6,652,000  | 6,652,000  | 6,685,000  | 6,688,000  |
|                | Occupancy             | <b>92.5%</b>      | 91.9%      | 91.1%      | 90.5%      | 90.0%      |
|                | Current Properties 2/ | <b>92.5%</b>      | 91.9%      | 91.1%      | 91.0%      | 90.5%      |
| Raleigh        | Rentable Square Feet  | <b>4,597,000</b>  | 4,739,000  | 4,808,000  | 4,664,000  | 4,706,000  |
|                | Occupancy             | <b>83.8%</b>      | 81.1%      | 79.4%      | 80.9%      | 80.8%      |
|                | Current Properties 2/ | <b>83.8%</b>      | 80.8%      | 79.4%      | 79.6%      | 79.4%      |
| Richmond       | Rentable Square Feet  | <b>1,835,000</b>  | 1,835,000  | 1,835,000  | 1,851,000  | 1,852,000  |
|                | Occupancy             | <b>94.1%</b>      | 92.0%      | 89.7%      | 90.9%      | 91.5%      |
|                | Current Properties 2/ | <b>94.1%</b>      | 92.0%      | 89.7%      | 91.0%      | 91.6%      |
| Tampa          | Rentable Square Feet  | <b>4,196,000</b>  | 4,221,000  | 4,277,000  | 4,443,000  | 4,441,000  |
|                | Occupancy             | <b>71.0%</b>      | 66.1%      | 65.9%      | 63.7%      | 63.4%      |
|                | Current Properties 2/ | <b>71.0%</b>      | 66.1%      | 66.8%      | 65.9%      | 65.5%      |
| Total 4/       | Rentable Square Feet  | <b>33,766,000</b> | 34,453,000 | 34,576,000 | 36,013,000 | 34,822,000 |
|                | Occupancy             | <b>85.0%</b>      | 83.2%      | 81.8%      | 81.4%      | 81.5%      |
|                | Current Properties 2/ | <b>85.0%</b>      | 83.2%      | 82.3%      | 82.1%      | 82.1%      |

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

2/ Only properties that were owned and in-service on December 31, 2004 are included for each quarter shown.

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

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

**Leasing Statistics  
Office Portfolio 1/**

| Three Months Ended                                      |                |                |                 |                |                |                |
|---|----------------|----------------|-----------------|----------------|----------------|----------------|
|   | 12/31/04 2/    | 9/30/04 3/     | 6/30/04 4/      | 3/31/04 5/     | 12/31/03       | Average        |
| <b>Net Effective Rents Related to Re-Leased Space:</b>  |                |                |                 |                |                |                |
| Number of lease transactions (signed leases)            | 206            | 219            | 230             | 209            | 179            | 209            |
| Rentable square footage leased                          | 1,101,291      | 1,368,577      | 1,375,372       | 1,191,746      | 962,636        | 1,199,924      |
| Square footage of Renewal Deals                         | 726,959        | 703,003        | 1,011,662       | 673,551        | 614,969        | 746,029        |
| Renewed square footage (% of total)                     | 66.0%          | 51.4%          | 73.6%           | 56.5%          | 63.9%          | 62.2%          |
| New Leases square footage (% of total)                  | 34.0%          | 48.6%          | 26.4%           | 43.5%          | 36.1%          | 37.8%          |
| Average per rentable square foot over the lease term:   |                |                |                 |                |                |                |
| Base rent   | \$ 17.40       | \$ 16.68       | \$ 17.64        | \$ 17.43       | \$ 16.12       | \$ 17.05       |
| Tenant improvements                                     | (1.51)         | (1.27)         | (1.09)          | (1.57)         | (1.09)         | (1.31)         |
| Leasing commissions 6/                                  | (0.62)         | (0.64)         | (0.52)          | (0.58)         | (0.64)         | (0.60)         |
| Rent concessions  | (0.31)         | (0.37)         | (0.27)          | (0.63)         | (0.35)         | (0.39)         |
| <b>Effective rent</b>                                   | <b>14.96</b>   | <b>14.40</b>   | <b>15.76</b>    | <b>14.65</b>   | <b>14.04</b>   | <b>14.75</b>   |
| Expense stop  | (5.61)         | (5.32)         | (5.25)          | (5.70)         | (5.35)         | (5.45)         |
| <b>Equivalent effective net rent</b>                    | <b>\$ 9.35</b> | <b>\$ 9.08</b> | <b>\$ 10.51</b> | <b>\$ 8.95</b> | <b>\$ 8.69</b> | <b>\$ 9.30</b> |
| Average term in years                                   | 5.0            | 3.7            | 4.3             | 4.8            | 4.1            | 4.4            |
| <b>Capital Expenditures Related to Re-leased Space:</b> |                |                |                 |                |                |                |
| <b>Tenant Improvements:</b>                             |                |                |                 |                |                |                |
| Total dollars committed under signed leases             | \$ 9,208,835   | \$ 9,455,102   | \$ 8,908,277    | \$10,063,665   | \$5,355,637    | \$ 8,598,303   |
| Rentable square feet                                    | 1,101,291      | 1,368,577      | 1,375,372       | 1,191,746      | 962,636        | 1,199,924      |
| Per rentable square foot                                | \$ 8.36        | \$ 6.91        | \$ 6.48         | \$ 8.44        | \$ 5.56        | \$ 7.17        |
| <b>Leasing Commissions:</b>                             |                |                |                 |                |                |                |
| Total dollars committed under signed leases 6/          | \$ 2,806,566   | \$ 2,969,620   | \$ 2,878,161    | \$ 2,747,400   | \$2,102,659    | \$ 2,700,881   |
| Rentable square feet                                    | 1,101,291      | 1,368,577      | 1,375,372       | 1,191,746      | 962,636        | 1,199,924      |
| Per rentable square foot                                | \$ 2.55        | \$ 2.17        | \$ 2.09         | \$ 2.31        | \$ 2.18        | \$ 2.25        |
| <b>Total:</b>   |                |                |                 |                |                |                |
| Total dollars committed under signed leases             | \$12,015,400   | \$12,424,721   | \$11,786,438    | \$12,811,064   | \$7,458,296    | \$11,299,184   |
| Rentable square feet                                    | 1,101,291      | 1,368,577      | 1,375,372       | 1,191,746      | 962,636        | 1,199,924      |
| Per rentable square foot                                | \$ 10.91       | \$ 9.08        | \$ 8.57         | \$ 10.75       | \$ 7.75        | \$ 9.42        |

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



**Leasing Statistics  
Industrial Portfolio**

Three Months Ended

|   | 12/31/04       | 9/30/04 1/     | 06/30/04       | 03/31/04       | 12/31/03       | Average        |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Net Effective Rents Related to Re-Leased Space:</b>  |                |                |                |                |                |                |
| Number of lease transactions (signed leases)            | 36             | 34             | 7              | 32             | 36             | 29             |
| Rentable square footage leased                          | 1,216,644      | 285,706        | 820,933        | 630,829        | 1,131,281      | 817,079        |
| Square footage of Renewal Deals                         | 875,445        | 246,797        | 642,011        | 448,003        | 968,879        | 636,227        |
| Renewed square footage (% of total)                     | 72.0%          | 86.4%          | 78.2%          | 71.0%          | 85.6%          | 77.9%          |
| New Leases square footage (% of total)                  | 28.0%          | 13.6%          | 21.8%          | 29.0%          | 14.4%          | 22.1%          |
| Average per rentable square foot over the lease term:   |                |                |                |                |                |                |
| Base rent   | \$ 3.49        | \$ 4.73        | \$ 4.11        | \$ 3.67        | \$ 3.79        | \$ 3.96        |
| Tenant improvements                                     | (0.13)         | (0.33)         | (0.31)         | (0.17)         | (0.08)         | (0.20)         |
| Leasing commissions 2/                                  | (0.06)         | (0.07)         | (0.08)         | (0.14)         | (0.08)         | (0.09)         |
| Rent concessions  | (0.03)         | (0.05)         | (0.17)         | (0.05)         | (0.05)         | (0.07)         |
| <b>Effective rent</b>                                   | <b>3.27</b>    | <b>4.28</b>    | <b>3.55</b>    | <b>3.31</b>    | <b>3.58</b>    | <b>3.60</b>    |
| Expense stop  | (0.09)         | (0.54)         | (0.36)         | (0.18)         | (0.20)         | (0.27)         |
| <b>Equivalent effective net rent</b>                    | <b>\$ 3.18</b> | <b>\$ 3.74</b> | <b>\$ 3.19</b> | <b>\$ 3.13</b> | <b>\$ 3.38</b> | <b>\$ 3.33</b> |
| <b>Average term in years</b>                            | <b>2.0</b>     | <b>2.6</b>     | <b>3.2</b>     | <b>2.6</b>     | <b>3.2</b>     | <b>2.7</b>     |
| <b>Capital Expenditures Related to Re-leased Space:</b> |                |                |                |                |                |                |
| <b>Tenant Improvements:</b>                             |                |                |                |                |                |                |
| Total dollars committed under signed leases             | \$ 756,077     | \$307,534      | \$1,805,334    | \$640,867      | \$ 517,025     | \$ 805,367     |
| Rentable square feet                                    | 1,216,644      | 285,706        | 820,933        | 630,829        | 1,131,281      | 817,079        |
| Per rentable square foot                                | \$ 0.62        | \$ 1.08        | \$ 2.20        | \$ 1.02        | \$ 0.46        | \$ 0.99        |
| <b>Leasing Commissions:</b>                             |                |                |                |                |                |                |
| Total dollars committed under signed leases 2/          | \$ 226,000     | \$ 64,714      | \$ 207,676     | \$280,486      | \$ 338,143     | \$ 223,404     |
| Rentable square feet                                    | 1,216,644      | 285,706        | 820,933        | 630,829        | 1,131,281      | 817,079        |
| Per rentable square foot                                | \$ 0.19        | \$ 0.23        | \$ 0.25        | \$ 0.44        | \$ 0.30        | \$ 0.27        |
| <b>Total:</b>   |                |                |                |                |                |                |
| Total dollars committed under signed leases             | \$ 982,077     | \$372,247      | \$2,013,010    | \$921,354      | \$ 855,168     | \$1,028,771    |
| Rentable square feet                                    | 1,216,644      | 285,706        | 820,933        | 630,829        | 1,131,281      | 817,079        |
| Per rentable square foot                                | \$ 0.81        | \$ 1.30        | \$ 2.45        | \$ 1.46        | \$ 0.76        | \$ 1.26        |

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

2/ Excludes a full allocation of internal marketing cost

**Leasing Statistics  
Retail Portfolio**

Three Months Ended

|  | 12/31/04        | 9/30/04         | 6/30/04 1/      | 3/31/04 2/      | 12/31/03        | Average         |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Net Effective Rents Related to Re-Leased Space:</b>       |                 |                 |                 |                 |                 |                 |
| Number of lease transactions (signed leases)                 | 23              | 18              | 13              | 10              | 9               | 15              |
| Rentable square footage leased                               | 106,629         | 34,300          | 38,548          | 37,303          | 75,947          | 58,545          |
| Square footage of Renewal Deals                              | 78,579          | 15,530          | 17,482          | 27,219          | 53,541          | 38,470          |
| Renewed square footage (% of total)                          | 73.7%           | 45.3%           | 45.4%           | 73.0%           | 70.5%           | 65.7%           |
| New Leases square footage (% of total)                       | 26.3%           | 54.7%           | 54.6%           | 27.0%           | 29.5%           | 34.3%           |
| <b>Average per rentable square foot over the lease term:</b> |                 |                 |                 |                 |                 |                 |
| Base rent  | \$ 17.03        | \$ 26.45        | \$ 22.98        | \$ 30.87        | \$ 12.30        | \$ 21.93        |
| Tenant improvements  | (1.73)          | (1.84)          | (2.04)          | (1.58)          | (0.31)          | (1.50)          |
| Leasing commissions 3/                                       | (0.26)          | (0.56)          | (0.32)          | (0.31)          | (0.14)          | (0.32)          |
| Rent concessions   | 0.00            | (0.04)          | 0.00            | (0.06)          | 0.00            | (0.02)          |
| <b>Effective rent</b>  | <b>15.04</b>    | <b>24.01</b>    | <b>20.62</b>    | <b>28.92</b>    | <b>11.85</b>    | <b>20.09</b>    |
| Expense stop   | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            |
| <b>Equivalent effective net rent</b>                         | <b>\$ 15.04</b> | <b>\$ 24.01</b> | <b>\$ 20.62</b> | <b>\$ 28.92</b> | <b>\$ 11.85</b> | <b>\$ 20.09</b> |
| <b>Average term in years</b>                                 | <b>8.3</b>      | <b>5.7</b>      | <b>8.0</b>      | <b>6.1</b>      | <b>6.8</b>      | <b>7.0</b>      |
| <b>Capital Expenditures Related to Re-leased Space:</b>      |                 |                 |                 |                 |                 |                 |
| <b>Tenant Improvements:</b>                                  |                 |                 |                 |                 |                 |                 |
| Total dollars committed under signed leases                  | \$2,137,327     | \$403,309       | \$800,125       | \$866,975       | \$239,110       | \$889,369       |
| Rentable square feet   | 106,629         | 34,300          | 38,548          | 37,303          | 75,947          | 58,545          |
| Per rentable square foot                                     | \$ 20.04        | \$ 11.76        | \$ 20.76        | \$ 23.24        | \$ 3.15         | \$ 15.19        |
| <b>Leasing Commissions:</b>                                  |                 |                 |                 |                 |                 |                 |
| Total dollars committed under signed leases 3/               | \$ 220,528      | \$ 86,458       | \$ 34,423       | \$ 28,206       | \$ 17,212       | \$ 77,365       |
| Rentable square feet   | 106,629         | 34,300          | 38,548          | 37,303          | 75,947          | 58,545          |
| Per rentable square foot                                     | \$ 2.07         | \$ 2.52         | \$ 0.89         | \$ 0.76         | \$ 0.23         | \$ 1.32         |
| <b>Total:</b>  |                 |                 |                 |                 |                 |                 |
| Total dollars committed under signed leases                  | \$2,357,855     | \$489,767       | \$834,548       | \$895,181       | \$256,322       | \$966,735       |
| Rentable square feet   | 106,629         | 34,300          | 38,548          | 37,303          | 75,947          | 58,545          |
| Per rentable square foot                                     | \$ 22.11        | \$ 14.28        | \$ 21.65        | \$ 24.00        | \$ 3.38         | \$ 16.51        |

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

## Leasing Statistics by Market

For the Three Months ended December 31, 2004

### Office Portfolio 1/

| Market         | Rentable<br>Square Feet | Average    | GAAP<br>Rental<br>Rate | TI's<br>Per SF | Lease<br>Commissions |
|----------------|-------------------------|------------|------------------------|----------------|----------------------|
|                | Leased                  | Term       |                        |                | Per SF 2/            |
| Raleigh        | 273,485                 | 5.0        | \$15.51                | \$ 8.09        | \$ 3.25              |
| Tampa          | 150,572                 | 4.6        | 19.15                  | 11.73          | 2.48                 |
| Memphis        | 147,013                 | 6.9        | 19.46                  | 14.00          | 2.12                 |
| Nashville      | 141,497                 | 6.5        | 20.31                  | 9.13           | 3.56                 |
| Richmond       | 114,827                 | 4.2        | 19.16                  | 7.44           | 1.66                 |
| Piedmont Triad | 87,039                  | 4.4        | 11.11                  | 2.26           | 0.26                 |
| Atlanta        | 77,653                  | 3.0        | 12.14                  | 3.75           | 1.56                 |
| Charlotte      | 70,122                  | 3.5        | 14.57                  | 5.88           | 1.64                 |
| Kansas City    | 23,543                  | 3.4        | 21.95                  | 2.08           | 3.31                 |
| Orlando        | 6,788                   | 2.7        | 24.03                  | 7.56           | 0.00                 |
| Greenville     | 6,167                   | 2.7        | 18.31                  | 3.61           | 1.42                 |
| Columbia       | 2,585                   | 2.7        | 14.41                  | 0.93           | 1.55                 |
|                | <b>1,101,291</b>        | <b>5.0</b> | <b>\$17.09</b>         | <b>\$ 8.36</b> | <b>\$ 2.55</b>       |

### Industrial Portfolio

| Market         | Rentable<br>Square Feet | Average    | GAAP<br>Rental<br>Rate | TI's<br>Per SF | Lease<br>Commissions |
|----------------|-------------------------|------------|------------------------|----------------|----------------------|
|                | Leased                  | Term       |                        |                | Per SF 2/            |
| Piedmont Triad | 954,519                 | 1.5        | \$ 3.08                | \$ 0.17        | \$ 0.08              |
| Atlanta        | 262,125                 | 3.7        | 4.84                   | 2.27           | 0.50                 |
|                | <b>1,216,644</b>        | <b>2.0</b> | <b>\$ 3.46</b>         | <b>\$ 0.62</b> | <b>\$ 0.19</b>       |

### Retail Portfolio

| Market      | Rentable<br>Square Feet | Average    | GAAP<br>Rental<br>Rate | TI's<br>Per SF | Lease<br>Commissions |
|-------------|-------------------------|------------|------------------------|----------------|----------------------|
|             | Leased                  | Term       |                        |                | Per SF               |
| Kansas City | 106,629                 | 8.3        | \$17.03                | \$20.04        | \$ 2.07              |
|             | <b>106,629</b>          | <b>8.3</b> | <b>\$17.03</b>         | <b>\$20.04</b> | <b>\$ 2.07</b>       |

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

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

## Rental Rate Comparisons by Market

For the Three Months ended December 31, 2004

### Office Portfolio 1/

|                  | Rentable<br>Square Feet | Current<br>GAAP Rent | Previous<br>GAAP Rent | Percentage<br>Change<br>GAAP Rent |
|------------------|-------------------------|----------------------|-----------------------|-----------------------------------|
| Market           | Leased                  |                      |                       |                                   |
| Raleigh          | 273,485                 | \$ 15.51             | \$ 16.88              | -8.1%                             |
| Tampa            | 150,572                 | 19.15                | 19.46                 | -1.6%                             |
| Memphis          | 147,013                 | 19.46                | 19.27                 | 1.0%                              |
| Nashville        | 141,497                 | 20.31                | 19.44                 | 4.5%                              |
| Richmond         | 114,827                 | 19.16                | 18.53                 | 3.4%                              |
| Piedmont Triad   | 87,039                  | 11.11                | 15.15                 | -26.7%                            |
| Atlanta          | 77,653                  | 12.14                | 17.64                 | -31.2%                            |
| Charlotte        | 70,122                  | 14.57                | 15.85                 | -8.1%                             |
| Kansas City      | 23,543                  | 21.95                | 20.67                 | 6.2%                              |
| Orlando          | 6,788                   | 24.03                | 20.34                 | 18.1%                             |
| Greenville       | 6,167                   | 18.31                | 17.24                 | 6.2%                              |
| Columbia         | 2,585                   | 14.41                | 17.99                 | -19.9%                            |
|                  | <b>1,101,291</b>        | <b>\$ 17.09</b>      | <b>\$ 17.99</b>       | <b>-5.0%</b>                      |
| Cash Rent Growth | <b>1,101,291</b>        | <b>\$ 16.43</b>      | <b>\$ 19.02</b>       | <b>-13.7%</b>                     |

### Industrial Portfolio

|                  | Rentable<br>Square Feet | Current<br>GAAP Rent | Previous<br>GAAP Rent | Percentage<br>Change<br>GAAP Rent |
|------------------|-------------------------|----------------------|-----------------------|-----------------------------------|
| Market           | Leased                  |                      |                       |                                   |
| Piedmont Triad   | 954,519                 | \$ 3.08              | \$ 3.03               | 1.6%                              |
| Atlanta          | 262,125                 | 4.84                 | 5.54                  | -12.6%                            |
|                  | <b>1,216,644</b>        | <b>\$ 3.46</b>       | <b>\$ 3.60</b>        | <b>-3.8%</b>                      |
| Cash Rent Growth | <b>1,216,644</b>        | <b>\$ 3.45</b>       | <b>\$ 3.67</b>        | <b>-6.0%</b>                      |

### Retail Portfolio

|                  | Rentable<br>Square Feet | Current<br>GAAP Rent | Previous<br>GAAP Rent | Percentage<br>Change<br>GAAP Rent |
|------------------|-------------------------|----------------------|-----------------------|-----------------------------------|
| Market           | Leased                  |                      |                       |                                   |
| Kansas City      | 106,629                 | \$ 17.03             | \$ 17.20              | -1.0%                             |
|                  | <b>106,629</b>          | <b>\$ 17.03</b>      | <b>\$ 17.20</b>       | <b>-1.0%</b>                      |
| Cash Rent Growth | <b>106,629</b>          | <b>\$ 15.99</b>      | <b>\$ 17.60</b>       | <b>-9.1%</b>                      |

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

## Lease Expirations

December 31, 2004

*Dollars in thousands*

| Year                | Rentable<br>Square Feet<br>Expiring | Percent of<br>Rentable<br>Square Feet | Annualized<br>Revenue 1/ | Average<br>Rental<br>Rate | Percent of<br>Annualized<br>Revenue 1/ |
|---------------------|-------------------------------------|---------------------------------------|--------------------------|---------------------------|--|
| <b>Office: 2/</b>   |                                     |                                       |                          |                           |  |
| 2005 3/             | 3,114,226                           | 15.2%                                 | \$ 56,695                | \$18.21                   | 15.9%                                  |
| 2006                | 3,179,399                           | 15.5%                                 | 59,037                   | 18.57                     | 16.6%                                  |
| 2007                | 2,069,793                           | 10.2%                                 | 35,202                   | 17.01                     | 9.9%                                   |
| 2008                | 3,111,840                           | 15.3%                                 | 50,196                   | 16.13                     | 14.1%                                  |
| 2009                | 2,838,459                           | 13.9%                                 | 49,006                   | 17.27                     | 13.7%                                  |
| 2010                | 1,913,500                           | 9.4%                                  | 34,812                   | 18.19                     | 9.8%                                   |
| 2011                | 1,389,886                           | 6.8%                                  | 25,769                   | 18.54                     | 7.2%                                   |
| 2012                | 766,121                             | 3.8%                                  | 14,066                   | 18.36                     | 3.9%                                   |
| 2013                | 480,340                             | 2.4%                                  | 8,087                    | 16.84                     | 2.3%                                   |
| 2014                | 419,418                             | 2.1%                                  | 7,868                    | 18.76                     | 2.2%                                   |
| 2015 and thereafter | 1,099,229                           | 5.4%                                  | 15,834                   | 14.40                     | 4.4%                                   |
|                     | <b>20,382,211</b>                   | <b>100.0%</b>                         | <b>\$356,572</b>         | <b>\$17.49</b>            | <b>100.0%</b>                          |
| <b>Industrial:</b>  |                                     |                                       |                          |                           |  |
| 2005 4/             | 1,981,682                           | 28.2%                                 | \$ 8,377                 | \$ 4.23                   | 25.9%                                  |
| 2006                | 964,023                             | 13.7%                                 | 4,821                    | 5.00                      | 14.9%                                  |
| 2007                | 1,897,292                           | 26.9%                                 | 8,746                    | 4.61                      | 27.1%                                  |
| 2008                | 627,041                             | 8.9%                                  | 2,851                    | 4.55                      | 8.8%                                   |
| 2009                | 644,325                             | 9.1%                                  | 3,598                    | 5.58                      | 11.1%                                  |
| 2010                | 159,418                             | 2.3%                                  | 795                      | 4.99                      | 2.5%                                   |
| 2011                | 150,822                             | 2.1%                                  | 713                      | 4.73                      | 2.2%                                   |
| 2012                | 171,340                             | 2.4%                                  | 435                      | 2.54                      | 1.3%                                   |
| 2013                | 102,384                             | 1.5%                                  | 621                      | 6.07                      | 1.9%                                   |
| 2014                | 206,731                             | 2.9%                                  | 799                      | 3.86                      | 2.5%                                   |
| 2015 and thereafter | 142,170                             | 2.0%                                  | 596                      | 4.19                      | 1.8%                                   |
|                     | <b>7,047,228</b>                    | <b>100.0%</b>                         | <b>\$ 32,352</b>         | <b>\$ 4.59</b>            | <b>100.0%</b>                          |

1/ Annualized Revenue is December, 2004 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

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

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

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

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

## Lease Expirations

December 31, 2004

(Continued)

Dollars in thousands

| Year                | Rentable<br>Square Feet<br>Expiring | Percent of<br>Rentable<br>Square Feet | Annualized<br>Revenue 1/ | Average<br>Rental<br>Rate | Percent of<br>Annualized<br>Revenue 1/ |
|---------------------|-------------------------------------|---------------------------------------|--------------------------|---------------------------|--|
| <b>Retail:</b>      |                                     |                                       |                          |                           |  |
| 2005 2/             | 64,184                              | 4.7%                                  | \$ 1,747                 | \$27.22                   | 4.8%                                   |
| 2006                | 101,607                             | 7.4%                                  | 2,498                    | 24.58                     | 6.9%                                   |
| 2007                | 79,810                              | 5.8%                                  | 2,197                    | 27.53                     | 6.1%                                   |
| 2008                | 131,003                             | 9.6%                                  | 3,711                    | 28.33                     | 10.3%                                  |
| 2009                | 190,401                             | 13.9%                                 | 4,735                    | 24.87                     | 13.1%                                  |
| 2010                | 88,790                              | 6.5%                                  | 2,989                    | 33.66                     | 8.3%                                   |
| 2011                | 58,071                              | 4.2%                                  | 1,867                    | 32.15                     | 5.2%                                   |
| 2012                | 140,336                             | 10.2%                                 | 3,923                    | 27.95                     | 10.9%                                  |
| 2013                | 108,866                             | 7.9%                                  | 2,681                    | 24.63                     | 7.4%                                   |
| 2014                | 83,349                              | 6.1%                                  | 1,570                    | 18.84                     | 4.3%                                   |
| 2015 and thereafter | 324,988                             | 23.7%                                 | 8,212                    | 25.27                     | 22.7%                                  |
|                     | <b>1,371,405</b>                    | <b>100.0%</b>                         | <b>\$ 36,130</b>         | <b>\$26.35</b>            | <b>100.0%</b>                          |
| <b>Total:</b>       |                                     |                                       |                          |                           |  |
| 2005 3/4/           | 5,160,092                           | 17.9%                                 | 66,819                   | 12.95                     | 15.6%                                  |
| 2006                | 4,245,029                           | 14.7%                                 | 66,356                   | 15.63                     | 15.6%                                  |
| 2007                | 4,046,895                           | 14.1%                                 | 46,145                   | 11.40                     | 10.9%                                  |
| 2008                | 3,869,884                           | 13.4%                                 | 56,758                   | 14.67                     | 13.4%                                  |
| 2009                | 3,673,185                           | 12.8%                                 | 57,339                   | 15.61                     | 13.5%                                  |
| 2010                | 2,161,708                           | 7.5%                                  | 38,596                   | 17.85                     | 9.1%                                   |
| 2011                | 1,598,779                           | 5.6%                                  | 28,349                   | 17.73                     | 6.7%                                   |
| 2012                | 1,077,797                           | 3.7%                                  | 18,424                   | 17.09                     | 4.3%                                   |
| 2013                | 691,590                             | 2.4%                                  | 11,389                   | 16.47                     | 2.7%                                   |
| 2014                | 709,498                             | 2.5%                                  | 10,237                   | 14.43                     | 2.4%                                   |
| 2015 and thereafter | 1,566,387                           | 5.4%                                  | 24,642                   | 15.73                     | 5.8%                                   |
|                     | <b>28,800,844</b>                   | <b>100.0%</b>                         | <b>\$425,054</b>         | <b>\$14.76</b>            | <b>100.0%</b>                          |

1/ Annualized Revenue is December, 2004 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

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

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

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

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

# Office Lease Expirations by Market by Quarter 1/

Dollars in thousands

|                |                            | Three Months Ended |          |          |          |          |
|----------------|----------------------------|--------------------|----------|----------|----------|----------|
|                |                            | 3/31/05 2/         | 06/30/05 | 09/30/05 | 12/31/05 | Total    |
| Atlanta        | RSF                        | 151,868            | 72,363   | 343,766  | 30,501   | 598,498  |
|                | % of Total Office RSF      | 0.7%               | 0.4%     | 1.7%     | 0.1%     | 2.9%     |
|                | Annualized Revenue 3/      | \$ 1,888           | \$ 1,191 | \$ 5,862 | \$ 468   | \$ 9,409 |
|                | % of Total Office Annl Rev | 0.5%               | 0.3%     | 1.6%     | 0.1%     | 2.6%     |
| Charlotte      | RSF                        | 139,577            | 47,871   | 58,557   | 22,267   | 268,272  |
|                | % of Total Office RSF      | 0.7%               | 0.2%     | 0.3%     | 0.1%     | 1.3%     |
|                | Annualized Revenue 3/      | \$ 2,286           | \$ 900   | \$ 767   | \$ 377   | \$ 4,330 |
|                | % of Total Office Annl Rev | 0.6%               | 0.3%     | 0.2%     | 0.1%     | 1.2%     |
| Columbia       | RSF                        | 0                  | 0        | 27,437   | 3,352    | 30,789   |
|                | % of Total Office RSF      | 0.0%               | 0.0%     | 0.1%     | 0.0%     | 0.2%     |
|                | Annualized Revenue 3/      | \$ —               | \$ —     | \$ 506   | \$ 60    | \$ 566   |
|                | % of Total Office Annl Rev | 0.0%               | 0.0%     | 0.1%     | 0.0%     | 0.2%     |
| Greenville     | RSF                        | 11,608             | 0        | 101,444  | 0        | 113,052  |
|                | % of Total Office RSF      | 0.1%               | 0.0%     | 0.5%     | 0.0%     | 0.6%     |
|                | Annualized Revenue 3/      | \$ 257             | \$ —     | \$ 1,585 | \$ —     | \$ 1,842 |
|                | % of Total Office Annl Rev | 0.1%               | 0.0%     | 0.4%     | 0.0%     | 0.5%     |
| Kansas City    | RSF                        | 62,994             | 33,324   | 20,970   | 26,654   | 143,942  |
|                | % of Total Office RSF      | 0.3%               | 0.2%     | 0.1%     | 0.1%     | 0.7%     |
|                | Annualized Revenue 3/      | \$ 1,384           | \$ 627   | \$ 406   | \$ 489   | \$ 2,906 |
|                | % of Total Office Annl Rev | 0.4%               | 0.2%     | 0.1%     | 0.1%     | 0.8%     |
| Memphis        | RSF                        | 88,827             | 12,770   | 71,392   | 9,867    | 182,856  |
|                | % of Total Office RSF      | 0.4%               | 0.1%     | 0.4%     | 0.0%     | 0.9%     |
|                | Annualized Revenue 3/      | \$ 1,594           | \$ 258   | \$ 1,376 | \$ 177   | \$ 3,405 |
|                | % of Total Office Annl Rev | 0.4%               | 0.1%     | 0.4%     | 0.0%     | 1.0%     |
| Nashville      | RSF                        | 62,131             | 97,717   | 60,152   | 115,545  | 335,545  |
|                | % of Total Office RSF      | 0.3%               | 0.5%     | 0.3%     | 0.6%     | 1.6%     |
|                | Annualized Revenue 3/      | \$ 1,289           | \$ 2,014 | \$ 1,231 | \$ 2,362 | \$ 6,896 |
|                | % of Total Office Annl Rev | 0.4%               | 0.6%     | 0.3%     | 0.7%     | 1.9%     |
| Orlando        | RSF                        | 7,847              | 0        | 0        | 0        | 7,847    |
|                | % of Total Office RSF      | 0.0%               | 0.0%     | 0.0%     | 0.0%     | 0.0%     |
|                | Annualized Revenue 3/      | \$ 130             | \$ —     | \$ —     | \$ —     | \$ 130   |
|                | % of Total Office Annl Rev | 0.0%               | 0.0%     | 0.0%     | 0.0%     | 0.0%     |
| Piedmont Triad | RSF                        | 35,735             | 75,089   | 96,135   | 41,764   | 248,723  |
|                | % of Total Office RSF      | 0.2%               | 0.4%     | 0.5%     | 0.2%     | 1.2%     |
|                | Annualized Revenue 3/      | \$ 623             | \$ 1,349 | \$ 1,515 | \$ 709   | \$ 4,196 |
|                | % of Total Office Annl Rev | 0.2%               | 0.4%     | 0.4%     | 0.2%     | 1.2%     |
| Raleigh        | RSF                        | 79,653             | 176,674  | 118,453  | 109,598  | 484,378  |
|                | % of Total Office RSF      | 0.3%               | 0.9%     | 0.6%     | 0.5%     | 2.3%     |
|                | Annualized Revenue 3/      | \$ 1,428           | \$ 3,443 | \$ 2,325 | \$ 2,272 | \$ 9,468 |
|                | % of Total Office Annl Rev | 0.4%               | 1.0%     | 0.7%     | 0.6%     | 2.7%     |
| Richmond       | RSF                        | 20,687             | 64,056   | 163,736  | 92,200   | 340,679  |
|                | % of Total Office RSF      | 0.1%               | 0.3%     | 0.8%     | 0.5%     | 1.7%     |
|                | Annualized Revenue 3/      | \$ 391             | \$ 1,151 | \$ 3,216 | \$ 1,409 | \$ 6,167 |
|                | % of Total Office Annl Rev | 0.1%               | 0.3%     | 0.9%     | 0.4%     | 1.7%     |
| Tampa          | RSF                        | 118,001            | 65,225   | 87,754   | 67,089   | 338,069  |
|                | % of Total Office RSF      | 0.6%               | 0.3%     | 0.4%     | 0.3%     | 1.7%     |
|                | Annualized Revenue 3/      | \$ 2,174           | \$ 1,463 | \$ 1,818 | \$ 1,472 | \$ 6,927 |
|                | % of Total Office Annl Rev | 0.6%               | 0.4%     | 0.5%     | 0.4%     | 1.9%     |
| Other          | RSF                        | 1,095              | 0        | 20,481   | 0        | 21,576   |
|                | % of Total Office RSF      | 0.0%               | 0.0%     | 0.1%     | 0.0%     | 0.1%     |
|                | Annualized Revenue 3/      | \$ 5               | \$ —     | \$ 451   | \$ —     | \$ 456   |
|                | % of Total Office Annl Rev | 0.0%               | 0.0%     | 0.1%     | 0.0%     | 0.1%     |

|       |                            |           |           |           |          |           |
|-------|----------------------------|-----------|-----------|-----------|----------|-----------|
| Total | RSF                        | 780,023   | 645,089   | 1,170,277 | 518,837  | 3,114,226 |
|       | % of Total Office RSF      | 3.8%      | 3.2%      | 5.7%      | 2.5%     | 15.2%     |
|       | Annualized Revenue 3/      | \$ 13,449 | \$ 12,396 | \$ 21,058 | \$ 9,795 | \$ 56,698 |
|       | % of Total Office Annl Rev | 3.8%      | 3.5%      | 5.9%      | 2.7%     | 15.9%     |

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- 1/ Excludes properties recorded on our Balance Sheet that were sold but accounted for as Financings or Profit Sharing arrangements under FAS 66
- 2/ Includes 104,000 square feet of leases that are on a month to month basis or 0.4% of total annualized revenue
- 3/ Annualized Revenue is December, 2004 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.



## Industrial Lease Expirations by Market by Quarter

Dollars in thousands

|                |                                | Three Months Ended |          |          |          | Total     |
|----------------|--------------------------------|--------------------|----------|----------|----------|-----------|
|                |                                | 3/31/05 1/         | 06/30/05 | 09/30/05 | 12/31/05 |           |
| Atlanta        | RSF                            | 198,966            | 104,219  | 170,528  | 271,953  | 745,666   |
|                | % of Total Industrial RSF      | 2.8%               | 1.5%     | 2.4%     | 3.9%     | 10.6%     |
|                | Annualized Revenue 2/          | \$ 548             | \$ 415   | \$ 837   | \$ 1,595 | \$ 3,395  |
|                | % of Total Industrial Annl Rev | 1.7%               | 1.3%     | 2.6%     | 4.9%     | 10.5%     |
| Charlotte      | RSF                            | 0                  | 0        | 0        | 0        | 0         |
|                | % of Total Industrial RSF      | 0.0%               | 0.0%     | 0.0%     | 0.0%     | 0.0%      |
|                | Annualized Revenue 2/          | \$ —               | \$ —     | \$ —     | \$ —     | \$ —      |
|                | % of Total Industrial Annl Rev | 0.0%               | 0.0%     | 0.0%     | 0.0%     | 0.0%      |
| Greenville     | RSF                            | 0                  | 0        | 0        | 0        | 0         |
|                | % of Total Industrial RSF      | 0.0%               | 0.0%     | 0.0%     | 0.0%     | 0.0%      |
|                | Annualized Revenue 2/          | \$ —               | \$ —     | \$ —     | \$ —     | \$ —      |
|                | % of Total Industrial Annl Rev | 0.0%               | 0.0%     | 0.0%     | 0.0%     | 0.0%      |
| Kansas City    | RSF                            | 2,018              | 0        | 0        | 0        | 2,018     |
|                | % of Total Industrial RSF      | 0.0%               | 0.0%     | 0.0%     | 0.0%     | 0.0%      |
|                | Annualized Revenue 2/          | \$ 17              | \$ —     | \$ —     | \$ —     | \$ 17     |
|                | % of Total Industrial Annl Rev | 0.1%               | 0.0%     | 0.0%     | 0.0%     | 0.1%      |
| Piedmont Triad | RSF                            | 840,404            | 92,444   | 232,595  | 26,966   | 1,192,409 |
|                | % of Total Industrial RSF      | 11.9%              | 1.3%     | 3.3%     | 0.4%     | 16.9%     |
|                | Annualized Revenue 2/          | \$ 3,143           | \$ 524   | \$ 753   | \$ 184   | \$ 4,604  |
|                | % of Total Industrial Annl Rev | 9.7%               | 1.6%     | 2.3%     | 0.6%     | 14.2%     |
| Raleigh        | RSF                            | 3,728              | 5,950    | 31,911   | 0        | 41,589    |
|                | % of Total Industrial RSF      | 0.1%               | 0.1%     | 0.5%     | 0.0%     | 0.6%      |
|                | Annualized Revenue 2/          | \$ 34              | \$ 49    | \$ 278   | \$ —     | \$ 361    |
|                | % of Total Industrial Annl Rev | 0.1%               | 0.2%     | 0.9%     | 0.0%     | 1.1%      |
| Total          | RSF                            | 1,045,116          | 202,613  | 435,034  | 298,919  | 1,981,682 |
|                | % of Total Industrial RSF      | 14.8%              | 2.9%     | 6.2%     | 4.2%     | 28.1%     |
|                | Annualized Revenue 2/          | \$ 3,742           | \$ 988   | \$ 1,868 | \$ 1,779 | \$ 8,377  |
|                | % of Total Industrial Annl Rev | 11.6%              | 3.1%     | 5.8%     | 5.5%     | 25.9%     |

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

2/ Annualized Revenue is December, 2004 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

# Office Lease Expirations by Market by Year 1/

Dollars in thousands

|                |                            | 2005 2/   | 2006      | 2007      | 2008      | Thereafter |
|----------------|----------------------------|-----------|-----------|-----------|-----------|------------|
| Atlanta        | RSF                        | 598,498   | 373,647   | 199,083   | 539,637   | 1,275,489  |
|                | % of Total Office RSF      | 2.9%      | 1.8%      | 1.0%      | 2.6%      | 6.3%       |
|                | Annualized Revenue 3/      | \$ 9,410  | \$ 5,906  | \$ 2,899  | \$ 8,487  | \$ 23,164  |
|                | % of Total Office Annl Rev | 2.6%      | 1.7%      | 0.8%      | 2.4%      | 6.5%       |
| Charlotte      | RSF                        | 268,272   | 171,575   | 125,838   | 102,969   | 419,262    |
|                | % of Total Office RSF      | 1.3%      | 0.8%      | 0.6%      | 0.5%      | 2.1%       |
|                | Annualized Revenue 3/      | \$ 4,330  | \$ 2,751  | \$ 1,912  | \$ 1,653  | \$ 5,948   |
|                | % of Total Office Annl Rev | 1.2%      | 0.8%      | 0.5%      | 0.5%      | 1.7%       |
| Columbia       | RSF                        | 30,789    | 59,586    | 58,951    | 63,170    | 44,698     |
|                | % of Total Office RSF      | 0.2%      | 0.3%      | 0.3%      | 0.3%      | 0.2%       |
|                | Annualized Revenue 3/      | \$ 565    | \$ 1,110  | \$ 1,046  | \$ 1,085  | \$ 460     |
|                | % of Total Office Annl Rev | 0.2%      | 0.3%      | 0.3%      | 0.3%      | 0.1%       |
| Greenville     | RSF                        | 113,052   | 218,167   | 16,115    | 98,992    | 431,299    |
|                | % of Total Office RSF      | 0.6%      | 1.1%      | 0.1%      | 0.5%      | 2.1%       |
|                | Annualized Revenue 3/      | \$ 1,842  | \$ 4,097  | \$ 295    | \$ 1,794  | \$ 5,147   |
|                | % of Total Office Annl Rev | 0.5%      | 1.1%      | 0.1%      | 0.5%      | 1.4%       |
| Kansas City    | RSF                        | 143,942   | 148,045   | 89,495    | 56,558    | 359,313    |
|                | % of Total Office RSF      | 0.7%      | 0.7%      | 0.4%      | 0.3%      | 1.8%       |
|                | Annualized Revenue 3/      | \$ 2,906  | \$ 3,284  | \$ 1,875  | \$ 1,113  | \$ 8,621   |
|                | % of Total Office Annl Rev | 0.8%      | 0.9%      | 0.5%      | 0.3%      | 2.4%       |
| Memphis        | RSF                        | 182,856   | 96,277    | 103,781   | 185,782   | 442,961    |
|                | % of Total Office RSF      | 0.9%      | 0.5%      | 0.5%      | 0.9%      | 2.2%       |
|                | Annualized Revenue 3/      | \$ 3,405  | \$ 1,796  | \$ 1,974  | \$ 3,582  | \$ 8,207   |
|                | % of Total Office Annl Rev | 1.0%      | 0.5%      | 0.6%      | 1.0%      | 2.3%       |
| Nashville      | RSF                        | 335,545   | 471,315   | 235,334   | 178,944   | 1,451,973  |
|                | % of Total Office RSF      | 1.6%      | 2.3%      | 1.2%      | 0.9%      | 7.1%       |
|                | Annualized Revenue 3/      | \$ 6,896  | \$ 9,540  | \$ 4,560  | \$ 3,378  | \$ 25,943  |
|                | % of Total Office Annl Rev | 1.9%      | 2.7%      | 1.3%      | 0.9%      | 7.3%       |
| Orlando        | RSF                        | 7,847     | 6,465     | 19,339    | 8,216     | 164,934    |
|                | % of Total Office RSF      | 0.0%      | 0.0%      | 0.1%      | 0.0%      | 0.8%       |
|                | Annualized Revenue 3/      | \$ 130    | \$ 170    | \$ 338    | \$ 184    | \$ 3,177   |
|                | % of Total Office Annl Rev | 0.0%      | 0.0%      | 0.1%      | 0.1%      | 0.9%       |
| Piedmont Triad | RSF                        | 248,723   | 182,774   | 283,320   | 617,992   | 611,382    |
|                | % of Total Office RSF      | 1.2%      | 0.9%      | 1.4%      | 3.0%      | 3.0%       |
|                | Annualized Revenue 3/      | \$ 4,196  | \$ 3,124  | \$ 3,251  | \$ 7,054  | \$ 9,131   |
|                | % of Total Office Annl Rev | 1.2%      | 0.9%      | 0.9%      | 2.0%      | 2.6%       |
| Raleigh        | RSF                        | 484,378   | 827,520   | 372,092   | 560,340   | 1,531,136  |
|                | % of Total Office RSF      | 2.4%      | 4.1%      | 1.8%      | 2.7%      | 7.5%       |
|                | Annualized Revenue 3/      | \$ 9,467  | \$ 14,394 | \$ 6,908  | \$ 9,580  | \$ 26,308  |
|                | % of Total Office Annl Rev | 2.7%      | 4.0%      | 1.9%      | 2.7%      | 7.4%       |
| Richmond       | RSF                        | 340,679   | 250,054   | 312,340   | 202,596   | 620,244    |
|                | % of Total Office RSF      | 1.7%      | 1.2%      | 1.5%      | 1.0%      | 3.0%       |
|                | Annualized Revenue 3/      | \$ 6,166  | \$ 5,007  | \$ 5,069  | \$ 3,742  | \$ 9,587   |
|                | % of Total Office Annl Rev | 1.7%      | 1.4%      | 1.4%      | 1.0%      | 2.7%       |
| Tampa          | RSF                        | 338,069   | 367,808   | 241,398   | 477,195   | 1,552,973  |
|                | % of Total Office RSF      | 1.7%      | 1.8%      | 1.2%      | 2.3%      | 7.6%       |
|                | Annualized Revenue 3/      | \$ 6,925  | \$ 7,700  | \$ 4,752  | \$ 8,026  | \$ 29,723  |
|                | % of Total Office Annl Rev | 1.9%      | 2.2%      | 1.3%      | 2.3%      | 8.3%       |
| Other          | RSF                        | 21,576    | 6,166     | 12,707    | 19,449    | 1,289      |
|                | % of Total Office RSF      | 0.1%      | 0.0%      | 0.1%      | 0.1%      | 0.0%       |
|                | Annualized Revenue 3/      | \$ 456    | \$ 157    | \$ 322    | \$ 518    | \$ 28      |
|                | % of Total Office Annl Rev | 0.1%      | 0.0%      | 0.1%      | 0.1%      | 0.0%       |
| Total          | RSF                        | 3,114,226 | 3,179,399 | 2,069,793 | 3,111,840 | 8,906,953  |
|                | % of Total Office RSF      | 15.3%     | 15.6%     | 10.2%     | 15.3%     | 43.7%      |

Annualized Revenue 3/  
% of Total Office Annl Rev

\$ 56,694  
15.9%

\$ 59,036  
16.6%

\$ 35,201  
9.9%

\$ 50,196  
14.1%

\$ 155,444  
43.6%

- 
- 1/ *Excludes properties recorded on our Balance Sheet that were sold but accounted for as Financings or Profit Sharing arrangements under FAS 66*
- 2/ *Includes 104,000 square feet of leases that are on a month to month basis or 0.4% of total annualized revenue*
- 3/ *Annualized Revenue is December, 2004 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.*

# Industrial Lease Expirations by Market by Year

Dollars in thousands

|                |                                | 2005 1/   | 2006     | 2007      | 2008     | Thereafter |
|----------------|--------------------------------|-----------|----------|-----------|----------|------------|
| Atlanta        | RSF                            | 745,666   | 345,292  | 665,087   | 213,372  | 759,492    |
|                | % of Total Industrial RSF      | 10.6%     | 4.9%     | 9.4%      | 3.0%     | 10.7%      |
|                | Annualized Revenue 2/          | \$ 3,395  | \$ 2,069 | \$ 3,462  | \$ 1,013 | \$ 3,503   |
|                | % of Total Industrial Annl Rev | 10.5%     | 6.4%     | 10.7%     | 3.1%     | 10.5%      |
| Charlotte      | RSF                            | 0         | 0        | 0         | 0        | 0          |
|                | % of Total Industrial RSF      | 0.0%      | 0.0%     | 0.0%      | 0.0%     | 0.0%       |
|                | Annualized Revenue 2/          | \$ —      | \$ —     | \$ —      | \$ —     | \$ —       |
|                | % of Total Industrial Annl Rev | 0.0%      | 0.0%     | 0.0%      | 0.0%     | 0.0%       |
| Greenville     | RSF                            | 0         | 16,081   | 0         | 5,350    | 8,470      |
|                | % of Total Industrial RSF      | 0.0%      | 0.2%     | 0.0%      | 0.1%     | 0.1%       |
|                | Annualized Revenue 2/          | \$ —      | \$ 201   | \$ —      | \$ 58    | \$ 46      |
|                | % of Total Industrial Annl Rev | 0.0%      | 0.6%     | 0.0%      | 0.2%     | 0.1%       |
| Kansas City    | RSF                            | 2,018     | 0        | 0         | 0        | 1,756      |
|                | % of Total Industrial RSF      | 0.0%      | 0.0%     | 0.0%      | 0.0%     | 0.0%       |
|                | Annualized Revenue 2/          | \$ 17     | \$ —     | \$ —      | \$ —     | \$ 20      |
|                | % of Total Industrial Annl Rev | 0.1%      | 0.0%     | 0.0%      | 0.0%     | 0.1%       |
| Piedmont Triad | RSF                            | 1,192,409 | 590,763  | 1,232,205 | 393,131  | 800,333    |
|                | % of Total Industrial RSF      | 16.9%     | 8.4%     | 17.5%     | 5.6%     | 11.4%      |
|                | Annualized Revenue 2/          | \$ 4,603  | \$ 2,433 | \$ 5,284  | \$ 1,618 | \$ 3,920   |
|                | % of Total Industrial Annl Rev | 14.2%     | 7.5%     | 16.3%     | 5.0%     | 12.1%      |
| Raleigh        | RSF                            | 41,589    | 11,887   | 0         | 15,188   | 7,139      |
|                | % of Total Industrial RSF      | 0.6%      | 0.2%     | 0.0%      | 0.2%     | 0.1%       |
|                | Annualized Revenue 2/          | \$ 362    | \$ 118   | \$ —      | \$ 163   | \$ 67      |
|                | % of Total Industrial Annl Rev | 1.1%      | 0.4%     | 0.0%      | 0.5%     | 0.2%       |
| Total          | RSF                            | 1,981,682 | 964,023  | 1,897,292 | 627,041  | 1,577,190  |
|                | % of Total Industrial RSF      | 28.1%     | 13.7%    | 26.9%     | 8.9%     | 22.3%      |
|                | Annualized Revenue 2/          | \$ 8,377  | \$ 4,821 | \$ 8,746  | \$ 2,852 | \$ 7,556   |
|                | % of Total Industrial Annl Rev | 25.9%     | 14.9%    | 27.0%     | 8.8%     | 23.1%      |

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

2/ Annualized Revenue is December, 2004 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

## Customer Diversification 1/

December 31, 2004

*Dollars in thousands*

### Top 20 Customers

| Customer                  | RSF       | Annualized<br>Revenue 2/ | Percent of<br>Annualized<br>Revenue 2/ | Average<br>Remaining<br>Lease<br>Term in Years |
|---------------------------|-----------|--------------------------|--|--|
| Federal Government        | 789,696   | \$ 16,466                | 3.94%                                  | 6.7  |
| AT&T 3/                   | 537,529   | 10,008                   | 2.40%                                  | 4.1  |
| Price Waterhouse Coopers  | 297,795   | 7,385                    | 1.77%                                  | 5.3  |
| State Of Georgia          | 361,687   | 7,070                    | 1.69%                                  | 4.2  |
| T-Mobile USA              | 205,394   | 4,757                    | 1.14%                                  | 4.5  |
| Sara Lee                  | 1,195,383 | 4,682                    | 1.12%                                  | 2.7  |
| IBM                       | 194,649   | 4,100                    | 0.98%                                  | 1.2  |
| Northern Telecom          | 246,000   | 3,651                    | 0.87%                                  | 3.2  |
| Volvo                     | 270,774   | 3,483                    | 0.83%                                  | 4.6  |
| US Airways                | 295,046   | 3,376                    | 0.81%                                  | 3.0  |
| Lockton Companies         | 132,718   | 3,303                    | 0.79%                                  | 10.2   |
| BB&T                      | 229,459   | 3,252                    | 0.78%                                  | 6.7  |
| CHS Professional Services | 168,436   | 2,994                    | 0.72%                                  | 2.1  |
| ITC Deltacom 4/           | 147,379   | 2,989                    | 0.72%                                  | 0.4  |
| Ford Motor Company        | 125,989   | 2,729                    | 0.65%                                  | 5.1  |
| IKON                      | 181,361   | 2,610                    | 0.63%                                  | 1.7  |
| MCI                       | 127,268   | 2,533                    | 0.61%                                  | 1.5  |
| Hartford Insurance        | 116,010   | 2,508                    | 0.60%                                  | 1.8  |
| Aspect Communications     | 116,692   | 2,343                    | 0.56%                                  | 1.9  |
| Jacob's Engineering       | 229,626   | 2,258                    | 0.54%                                  | 11.3   |
|                           | 5,968,891 | \$ 92,497                | 22.15%                                 | 4.5  |

### By Industry

| Category   | Percent of<br>Annualized<br>Revenue 2/ |
|--|--|
| Professional, Scientific, and Technical Services | 21.6%                                  |
| Insurance  | 10.1%                                  |
| Manufacturing                                    | 9.4%                                   |
| Telecommunication                                | 8.2%                                   |
| Finance/Banking                                  | 8.0%                                   |
| Retail Trade                                     | 7.2%                                   |
| Government/Public Administration                 | 6.2%                                   |
| Health Care and Social Assistance                | 6.0%                                   |
| Wholesale Trade                                  | 5.5%                                   |
| Transportation and Warehousing                   | 3.3%                                   |
| Administrative and Support Services              | 3.1%                                   |
| Real Estate Rental and Leasing                   | 2.8%                                   |
| Accommodation and Food Services                  | 2.7%                                   |
| Other Services (except Public Administration)    | 2.7%                                   |
| Information                                      | 2.1%                                   |
| Educational Services                             | 1.1%                                   |
|  | 100.0%                                 |

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

2/ Annualized Revenue is December, 2004 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

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

4/ *ITC Deltacom (formerly Business Telecom) is located in a property that, as of December 31, 2004, is under contract for sale. The sale is projected for the first quarter of 2005.*

## Acquisition Activity

*Dollars in thousands*

| <u>Name</u>                 | <u>Market</u> | <u>Type 1/</u> | <u>Date<br/>Acquired</u> | <u>Square<br/>Footage</u> | <u>Total<br/>Cost</u> |
|-----------------------------|---------------|----------------|--------------------------|---------------------------|-----------------------|
| <b>First quarter 2004:</b>  |               |                |                          |                           |                       |
| Signature Plaza             | Orlando       | O              | 03/02/04                 | 274,000                   |                       |
| Capital Plaza I             | Orlando       | O              | 03/02/04                 | 242,000                   |                       |
| Capital Plaza II            | Orlando       | O              | 03/02/04                 | 303,000                   |                       |
| Landmark I                  | Orlando       | O              | 03/02/04                 | 226,000                   |                       |
| Landmark II                 | Orlando       | O              | 03/02/04                 | 225,000                   |                       |
|                             |               |                |                          | <u>1,270,000</u>          | <u>\$171,526</u>      |
| Windsor at Metro Center 3/  | Orlando       | O              | 03/02/04                 | 88,000                    | \$ 6,100 3/           |
| <b>Second quarter 2004:</b> |               |                |                          |                           |                       |
| None                        |               |                |                          |                           |                       |
| <b>Third quarter 2004:</b>  |               |                |                          |                           |                       |
| None                        |               |                |                          |                           |                       |
| <b>Fourth quarter 2004:</b> |               |                |                          |                           |                       |
| None                        |               |                |                          |                           |                       |
|                             |               |                |                          | <u>1,358,000</u>          | <u>\$177,626</u>      |

## Joint Venture Acquisitions

|                             | <u>Market</u> | <u>Type 1/</u> | <u>Date<br/>Acquired</u> | <u>Square<br/>Footage</u> | <u>Cost</u>     |
|-----------------------------|---------------|----------------|--------------------------|---------------------------|-----------------|
| <b>First quarter 2004:</b>  |               |                |                          |                           |                 |
| Glenridge 100               | Atlanta       | O              | 02/26/04                 | 91,500                    |                 |
| Glenridge 200               | Atlanta       | O              | 02/26/04                 | 93,900                    |                 |
|                             |               |                |                          | <u>185,400</u>            | <u>\$23,850</u> |
| <b>Second quarter 2004:</b> |               |                |                          |                           |                 |
| None                        |               |                |                          |                           |                 |
| <b>Third quarter 2004:</b>  |               |                |                          |                           |                 |
| None                        |               |                |                          |                           |                 |
| <b>Fourth quarter 2004:</b> |               |                |                          |                           |                 |
| None                        |               |                |                          |                           |                 |
|                             |               |                |                          | <u>185,400</u>            | <u>\$23,850</u> |

1/ The letter "O" represents Office

2/ As discussed in Notes 3 and 18 to the financial statements included in our amended 2003 Form 10K, these five properties held in the MG-HIW LLC joint venture and the related \$136.2 million of mortgage debt were consolidated in our statements. In March we acquired our partners 80% interest in the joint venture entity that owns these properties. The \$171.5 million amount reflects the \$62.5 million to acquire the MG's 80% equity interest and MG's 80% interest in the \$136.2 million related debt.

3/ We purchased our partner's 50% interest in this Metrowest property.

4/ We purchased a 40% interest in these two properties.

## Disposition Activity

*Dollars in thousands*

| Name                             | Market      | Type 1/ | Date Sold | Square Footage | Gross Sales<br>Price |
|----------------------------------|-------------|---------|-----------|----------------|----------------------|
| <b>First quarter 2004:</b>       |             |         |           |                |                      |
| Brookside Shopping Center        | Kansas City | R       | 01/29/04  | 111,800        |                      |
| 63rd & Brookside Building        | Kansas City | O       | 01/29/04  | 7,800          |                      |
|                                  |             |         |           |                |                      |
|                                  |             |         |           | 119,600        | \$ 15,250            |
| Northpark I                      | Raleigh     | O       | 03/28/04  | 42,300         | 4,500                |
| <b>Second quarter 2004:</b>      |             |         |           |                |                      |
| 1309 E. Cary Street              | Richmond    | O       | 05/21/04  | 16,000         | 1,075                |
| Highwoods Preserve III           | Tampa       | O       | 06/16/04  | 176,000        | 20,190               |
| 1035 Fred Drive                  | Atlanta     | I       | 06/24/04  | 100,000        | 2,000                |
| <b>Third quarter 2004:</b>       |             |         |           |                |                      |
| Sabal Tech Center                | Tampa       | O       | 08/10/04  | 58,600         | 3,350                |
| Lake Plaza East                  | Raleigh     | O       | 08/16/04  | 71,800         | 5,850                |
| <b>Fourth quarter 2004:</b>      |             |         |           |                |                      |
| Highwoods Business Park          | Charlotte   | I       | 11/05/04  | 162,700        | 9,500                |
| SunPort Center                   | Orlando     | O       | 11/23/04  | 165,000        | 6,800                |
| South Square I                   | Raleigh     | O       | 11/23/04  | 57,900         | 4,700                |
| South Square II                  | Raleigh     | O       | 11/23/04  | 59,300         | 4,050                |
| Bay Vista                        | Tampa       | O       | 12/08/04  | 17,800         | 1,955                |
| Pulse Athletic Club at Highwoods | Raleigh     | O       | 12/17/04  | 24,800         | 1,850                |
| Bank of America                  | Greenville  | O       | 12/22/04  | 191,600        | 12,350               |
|                                  |             |         |           |                |                      |
|                                  |             |         |           | 1,263,400      | \$ 93,420            |

## Depreciable Assets Contributed to Joint Ventures



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

2/ As discussed in Note 4 to the financial statements in our amended 2003 Form 10K, the Company sold a 60% equity interest in the subsidiary that owned these five properties and retained a 40% interest. The \$126.9 million amount reflects \$41.1 million cash received, net of future payments required to be paid by the Company for leasing and tenant improvements, and \$85.8 million representing 60% of the \$143 million debt.



## Development Activity

*Dollars in thousands*

| Property                                | Market         | Type 1/ | Rentable<br>Square<br>Feet | Anticipated         | Investment    | Pre -   | Estimated  | Estimated     |
|---|----------------|---------|----------------------------|---------------------|---------------|---------|------------|---------------|
|   |                |         |                            | Total<br>Investment | @<br>12/31/04 | Leasing | Completion | Stabilization |
|   |                |         |                            |                     |               |         | Date       | Date          |
| <b><u>In - Process</u></b>              |                |         |                            |                     |               |         |            |               |
| <b>Office:</b>                          |                |         |                            |                     |               |         |            |               |
| Center for Disease Control              | Atlanta        | O       | 109,000                    | \$ 21,375           | \$ —          | 100%    | 4Q05       | 4Q05          |
| Saxon                                   | Richmond       | O       | 112,000                    | 14,829              | 3,559         | 100%    | 3Q05       | 3Q05          |
| FBI 2/                                  | Tampa          | O       | 137,000                    | 31,091              | 11,025        | 100%    | 4Q05       | 4Q05          |
| Total or Weighted Average               |                |         | 358,000                    | \$ 67,295           | \$ 14,584     | 100%    |            |               |
| <b>Retail:</b>                          |                |         |                            |                     |               |         |            |               |
| Griffith Road/Boutique Shops            | Piedmont Triad | R       | 9,600                      | \$ 2,634            | \$ 1,386      | 44%     | 2Q05       | 2Q06          |
| Total or Weighted Average               |                |         | 9,600                      | \$ 2,634            | \$ 1,386      | 44%     |            |               |
| Total or Weighted Average               |                |         | 367,600                    | \$ 69,929           | \$ 15,970     | 99%     |            |               |
| <b>Completed Not Stabilized 3/</b>      |                |         |                            |                     |               |         |            |               |
| National Archives Record Administration | Atlanta        | I       | 350,000                    | \$ 20,387           | \$ 17,014     | 100%    | 3Q04       | 4Q05          |
| Total or Weighted Average               |                |         | 350,000                    | \$ 20,387           | \$ 17,014     | 100%    |            |               |
| Grand Total or Weighted Average         |                |         | 717,600                    | \$ 90,316           | \$ 32,984     | 99%     |            |               |

### Developed for Sale

|                         | Market   | Type 1/ | Rentable<br>Square<br>Feet | Anticipated         |                             |               | Estimated<br>Completion<br>Date |
|-------------------------|----------|---------|----------------------------|---------------------|-----------------------------|---------------|---------------------------------|
|                         |          |         |                            | Total<br>Investment | Investment<br>@<br>12/31/04 | Pre-<br>Sales |                                 |
| Grove Park Condominiums | Richmond | O       | 65,000                     | \$ 6,163            | \$ 5,804                    | 76%           | 4Q04                            |

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

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

3/ This property contributed \$140,000 in Net Operating Income (Property Revenue - Property Expense) in Q4 2004.

**Development Land  
December, 2004**

*Dollars in thousands*

| Market                       | Acres        | Developable Square Footage |                  |                  | Total<br>Estimated<br>Market Value |
|------------------------------|--------------|----------------------------|------------------|------------------|------------------------------------|
|                              |              | Office                     | Retail           | Industrial       |                                    |
| <b>On Balance Sheet:</b>     |              |                            |                  |                  |                                    |
| Research Triangle            | 339          | 2,774,000                  | 60,000           | 162,000          | \$ 58,900                          |
| Atlanta                      | 249          | 270,000                    | 1,100,000        | 1,390,000        | 35,200                             |
| Piedmont Triad               | 117          | 787,000                    | 37,000           | 1,190,000        | 21,400                             |
| Kansas City 1/               | 46           | 550,000                    | 91,000           | —                | 12,300                             |
| Baltimore                    | 45           | 771,000                    | —                | —                | 14,300                             |
| Richmond                     | 61           | 688,000                    | —                | —                | 10,500                             |
| Charlotte                    | 73           | 1,151,000                  | —                | —                | 12,600                             |
| Nashville                    | 48           | 830,000                    | —                | —                | 12,900                             |
| Orlando                      | 49           | 862,000                    | —                | —                | 15,600                             |
| Tampa                        | 29           | 462,000                    | —                | 15,000           | 12,200                             |
| Memphis                      | 22           | 288,000                    | —                | —                | 4,200                              |
| Greenville                   | 12           | 150,000                    | —                | —                | 1,800                              |
| Jacksonville                 | 9            | 80,000                     | —                | —                | 900                                |
| Columbia                     | 2            | 20,000                     | —                | —                | 300                                |
|                              | <b>1,101</b> | <b>9,683,000</b>           | <b>1,288,000</b> | <b>2,757,000</b> | <b>\$ 213,100</b>                  |
| <b>Deferred or optioned:</b> |              |                            |                  |                  |                                    |
| Atlanta                      | 25           | —                          | 500,000          | —                |                                    |
|                              | <b>25</b>    | <b>—</b>                   | <b>500,000</b>   | <b>—</b>         |                                    |
| <b>Total</b>                 | <b>1,126</b> | <b>9,683,000</b>           | <b>1,788,000</b> | <b>2,757,000</b> |                                    |

1/ Includes 27 acres of residential land

**Unconsolidated Joint Ventures Assets, Debt and Liabilities**  
December 31, 2004

*Dollars in thousands (unaudited)*

| Joint Venture                         | Type 1/ | Own % | Venture's Books   |                   |                   |
|---------------------------------------|---------|-------|-------------------|-------------------|-------------------|
|                                       |         |       | Total Assets      | Debt              | Total Liabilities |
|                                       |         |       |                   |                   |                   |
| Board of Trade Investment Co.         | O       | 49.0% | \$ 8,044          | \$ 565            | \$ 790            |
| Dallas County Partners I, LP          | O/ I    | 50.0% | 44,985            | 40,712            | 43,604            |
| Dallas County Partners II, LP         | O       | 50.0% | 16,857            | 21,223            | 22,662            |
| Dallas County Partners III, LP        | O       | 50.0% | 45                | —                 | 26                |
| Fountain Three                        | O/I/ R  | 50.0% | 33,569            | 28,818            | 30,774            |
| RRHWoods, LLC                         | O/ M    | 50.0% | 82,267            | 69,714            | 73,467            |
| Kessinger/Hunter, LLC                 | —       | 26.5% | 9,058             | —                 | 816               |
| 4600 Madison Associates, LP           | O       | 12.5% | 21,171            | 16,010            | 16,756            |
| Highwoods DLF 98/29, LP               | O       | 22.8% | 138,252           | 66,206            | 68,817            |
| Highwoods DLF 97/26 DLF 99/32, LP     | O       | 42.9% | 112,090           | 58,313            | 61,682            |
| Highwoods-Markel Associates, LLC      | O       | 50.0% | 50,157            | 39,442            | 39,840            |
| MG-HIW Metrowest I, LLC               | O       | 50.0% | —                 | —                 | —                 |
| MG-HIW Metrowest II, LLC              | O       | 50.0% | —                 | —                 | —                 |
| Concourse Center Associates, LLC      | O       | 50.0% | 14,473            | 9,519             | 9,898             |
| Plaza Colonnade, LLC                  | O/R     | 50.0% | 80,498            | 68,685            | 71,885            |
| Highwoods KC Glenridge Office, LLC    | O       | 40.0% | 24,637            | 16,500            | 16,919            |
| Highwoods KC Glenridge Land, LLC      | O       | 40.0% | 770               | 250               | 260               |
| HIW-KC Orlando, LLC                   | O       | 40.0% | 216,273           | 143,000           | 146,603           |
| The Vinings at University Center, LLC | M       | 50.0% | 1,991             | 392               | 392               |
| <b>Total</b>                          |         |       | <b>\$ 855,137</b> | <b>\$ 579,349</b> | <b>\$ 605,191</b> |

| Joint Venture                         | Type 1/ | Own % | Highwoods' Share of Joint Venture |                   |                   |
|---------------------------------------|---------|-------|-----------------------------------|-------------------|-------------------|
|                                       |         |       | Total Assets                      | Debt              | Total Liabilities |
|                                       |         |       |                                   |                   |                   |
| Board of Trade Investment Co.         | O       | 49.0% | \$ 3,942                          | \$ 277            | \$ 387            |
| Dallas County Partners I, LP          | O/ I    | 50.0% | 22,493                            | 20,356            | 21,802            |
| Dallas County Partners II, LP         | O       | 50.0% | 8,429                             | 10,612            | 11,331            |
| Dallas County Partners III, LP        | O       | 50.0% | 23                                | —                 | 13                |
| Fountain Three                        | O/I/ R  | 50.0% | 16,785                            | 14,409            | 15,387            |
| RRHWoods, LLC                         | O/ M    | 50.0% | 41,134                            | 34,857            | 36,734            |
| Kessinger/Hunter, LLC                 | —       | 26.5% | 2,400                             | —                 | 216               |
| 4600 Madison Associates, LP           | O       | 12.5% | 2,646                             | 2,001             | 2,095             |
| Highwoods DLF 98/29, LP               | O       | 22.8% | 31,535                            | 15,102            | 15,697            |
| Highwoods DLF 97/26 DLF 99/32, LP     | O       | 42.9% | 48,120                            | 25,034            | 26,480            |
| Highwoods-Markel Associates, LLC      | O       | 50.0% | 25,079                            | 19,721            | 19,920            |
| MG-HIW Metrowest I, LLC               | O       | 50.0% | —                                 | —                 | —                 |
| MG-HIW Metrowest II, LLC              | O       | 50.0% | —                                 | —                 | —                 |
| Concourse Center Associates, LLC      | O       | 50.0% | 7,237                             | 4,760             | 4,949             |
| Plaza Colonnade, LLC                  | O/R     | 50.0% | 40,249                            | 34,343            | 35,943            |
| Highwoods KC Glenridge Office, LLC    | O       | 40.0% | 9,855                             | 6,600             | 6,768             |
| Highwoods KC Glenridge Land, LLC      | O       | 40.0% | 308                               | 100               | 104               |
| HIW-KC Orlando, LLC                   | O       | 40.0% | 86,509                            | 57,200            | 58,641            |
| The Vinings at University Center, LLC | M       | 50.0% | 996                               | 196               | 196               |
| <b>Total</b>                          |         |       | <b>\$ 347,740</b>                 | <b>\$ 245,568</b> | <b>\$ 256,663</b> |

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

**Unconsolidated Joint Ventures Income**  
For the three months ended December 31, 2004

*Dollars in thousands (unaudited)*

| Joint Venture                         | Own % | Venture's Books |                  |                |                 |                 |
|---------------------------------------|-------|-----------------|------------------|----------------|-----------------|-----------------|
|                                       |       | Operating Exp   |                  | Depr/Amort     | Net Income      |                 |
|                                       |       | Revenue         | Interest         |                |                 |                 |
| Board of Trade Investment Co.         | 49.0% | \$ 634          | \$ 500           | \$ 12          | \$ 121          | \$ 1            |
| Dallas County Partners I, LP          | 50.0% | 2,986           | 1,536            | 740            | 678             | 32              |
| Dallas County Partners II, LP         | 50.0% | 1,649           | 792              | 536            | 186             | 135             |
| Dallas County Partners III, LP        | 50.0% | 54              | 30               | —              | 1               | 23              |
| Fountain Three                        | 50.0% | 1,709           | 821              | 519            | 408             | (39)            |
| RRHWoods, LLC                         | 50.0% | 3,557           | 1,889            | 773            | 1,024           | (129)           |
| Kessinger/Hunter, LLC                 | 26.5% | 2,079           | 1,172            | —              | 120             | 787             |
| 4600 Madison Associates, LP           | 12.5% | 1,312           | 534              | 278            | 441             | 59              |
| Highwoods DLF 98/29, LP               | 22.8% | 5,202           | 1,483            | 1,124          | 893             | 1,702           |
| Highwoods DLF 97/26 DLF 99/32, LP     | 42.9% | 3,790           | 1,123            | 1,129          | 1,016           | 522             |
| Highwoods-Markel Associates, LLC      | 50.0% | 1,618           | 337              | 572            | 356             | 353             |
| Concourse Center Associates, LLC      | 50.0% | 526             | 129              | 173            | 83              | 141             |
| Plaza Colonnade, LLC                  | 50.0% | 769             | 193              | 264            | 354             | (42)            |
| Highwoods KC Glenridge Office, LLC    | 40.0% | 908             | 381              | 210            | 175             | 142             |
| Highwoods KC Glenridge Land, LLC      | 40.0% | —               | 5                | —              | —               | (5)             |
| HIW-KC Orlando, LLC                   | 40.0% | 6,992           | 2,996            | 1,895          | 1,041           | 1,060           |
| The Vinings at University Center, LLC | 50.0% | —               | —                | —              | —               | —               |
| <b>Total</b>                          |       | <b>\$33,785</b> | <b>\$ 13,921</b> | <b>\$8,225</b> | <b>\$ 6,897</b> | <b>\$ 4,742</b> |

| Joint Venture                         | Own % | Highwoods' Share of Joint Venture |                 |                |                 | Net Income      |
|---------------------------------------|-------|-----------------------------------|-----------------|----------------|-----------------|-----------------|
|                                       |       | Operating Exp                     |                 | Depr/Amort     | Interest        |                 |
|                                       |       | Revenue                           |                 |                |                 |                 |
| Board of Trade Investment Co.         | 49.0% | \$ 311                            | \$ 245          | \$ 6           | \$ 59           | \$ 1            |
| Dallas County Partners I, LP          | 50.0% | 1,493                             | 768             | 370            | 339             | 16              |
| Dallas County Partners II, LP         | 50.0% | 825                               | 396             | 268            | 93              | 68              |
| Dallas County Partners III, LP        | 50.0% | 27                                | 15              | —              | 1               | 11              |
| Fountain Three                        | 50.0% | 855                               | 411             | 260            | 204             | (20)            |
| RRHWoods, LLC                         | 50.0% | 1,779                             | 945             | 387            | 512             | (65)            |
| Kessinger/Hunter, LLC                 | 26.5% | 551                               | 311             | —              | 32              | 208             |
| 4600 Madison Associates, LP           | 12.5% | 164                               | 67              | 35             | 55              | 7               |
| Highwoods DLF 98/29, LP               | 22.8% | 1,187                             | 338             | 256            | 204             | 389             |
| Highwoods DLF 97/26 DLF 99/32, LP     | 42.9% | 1,627                             | 482             | 485            | 436             | 224             |
| Highwoods-Markel Associates, LLC      | 50.0% | 809                               | 169             | 286            | 178             | 176             |
| Concourse Center Associates, LLC      | 50.0% | 263                               | 65              | 87             | 42              | 69              |
| Plaza Colonnade, LLC                  | 50.0% | 385                               | 97              | 132            | 177             | (21)            |
| Highwoods KC Glenridge Office, LLC    | 40.0% | 363                               | 152             | 84             | 70              | 57              |
| Highwoods KC Glenridge Land, LLC      | 40.0% | —                                 | 2               | —              | —               | (2)             |
| HIW-KC Orlando, LLC                   | 40.0% | 2,797                             | 1,198           | 758            | 416             | 425             |
| The Vinings at University Center, LLC | 50.0% | —                                 | —               | —              | —               | —               |
| <b>Total 1/ 2/</b>                    |       | <b>\$13,436</b>                   | <b>\$ 5,661</b> | <b>\$3,414</b> | <b>\$ 2,818</b> | <b>\$ 1,543</b> |

1/ Highwoods' Share of JV income shown above does not include the amortization of a \$143K deferred gain.

2/ Highwoods' Share of JV income shown above does not include \$433K of reimbursed administrative costs.

# Unconsolidated Joint Ventures Income

For the year ended December 31, 2004

Dollars in thousands (unaudited)

| Joint Venture                         | Own % | Venture's Books  |                  |                 |                  |                  |
|---------------------------------------|-------|------------------|------------------|-----------------|------------------|------------------|
|                                       |       | Revenue          | Operating Exp    | Interest        | Depr/Amort       | Net Income       |
|                                       |       |                  |                  |                 |                  |                  |
| Board of Trade Investment Co.         | 49.0% | \$ 2,534         | \$ 1,786         | \$ 52           | \$ 461           | \$ 235           |
| Dallas County Partners I, LP          | 50.0% | 11,895           | 5,806            | 2,762           | 2,085            | 1,242            |
| Dallas County Partners II, LP         | 50.0% | 6,276            | 2,811            | 2,222           | 742              | 501              |
| Dallas County Partners III, LP        | 50.0% | 215              | 126              | —               | 6                | 83               |
| Fountain Three                        | 50.0% | 7,176            | 3,223            | 2,116           | 1,555            | 282              |
| RRHWoods, LLC                         | 50.0% | 14,049           | 7,736            | 2,734           | 3,561            | 18               |
| Kessinger/Hunter, LLC                 | 26.5% | 6,895            | 4,764            | —               | 642              | 1,489            |
| 4600 Madison Associates, LP           | 12.5% | 5,248            | 2,207            | 1,132           | 1,768            | 141              |
| Highwoods DLF 98/29, LP               | 22.8% | 20,063           | 5,770            | 4,521           | 3,550            | 6,222            |
| Highwoods DLF 97/26 DLF 99/32, LP     | 42.9% | 14,877           | 4,441            | 4,538           | 4,148            | 1,750            |
| Highwoods-Markel Associates, LLC      | 50.0% | 6,607            | 1,453            | 2,301           | 1,459            | 1,394            |
| MG-HIW Metrowest I, LLC               | 50.0% | —                | 5                | —               | —                | (5)              |
| MG-HIW Metrowest II, LLC              | 50.0% | 141              | 88               | 39              | 70               | (56)             |
| Concourse Center Associates, LLC      | 50.0% | 2,105            | 568              | 695             | 332              | 510              |
| Plaza Colonnade, LLC                  | 50.0% | 796              | 196              | 264             | 370              | (34)             |
| Highwoods KC Glenridge Office, LLC    | 40.0% | 2,907            | 1,256            | 542             | 549              | 560              |
| Highwoods KC Glenridge Land, LLC      | 40.0% | —                | 8                | —               | —                | (8)              |
| HIW-KC Orlando, LLC                   | 40.0% | 14,179           | 5,749            | 3,818           | 2,077            | 2,535            |
| The Vinings at University Center, LLC | 50.0% | —                | —                | —               | —                | —                |
| <b>Total</b>                          |       | <b>\$115,963</b> | <b>\$ 47,993</b> | <b>\$27,736</b> | <b>\$ 23,375</b> | <b>\$ 16,859</b> |

| Joint Venture                         | Own % | Highwoods' Share of Joint Venture |                  |                 |                 |                 |
|---------------------------------------|-------|-----------------------------------|------------------|-----------------|-----------------|-----------------|
|                                       |       | Revenue                           | Operating Exp    | Interest        | Depr/Amort      | Net Income      |
|                                       |       |                                   |                  |                 |                 |                 |
| Board of Trade Investment Co.         | 49.0% | \$ 1,242                          | \$ 875           | \$ 25           | \$ 226          | \$ 116          |
| Dallas County Partners I, LP          | 50.0% | 5,948                             | 2,903            | 1,381           | 1,043           | 621             |
| Dallas County Partners II, LP         | 50.0% | 3,138                             | 1,406            | 1,111           | 371             | 250             |
| Dallas County Partners III, LP        | 50.0% | 108                               | 63               | —               | 3               | 42              |
| Fountain Three                        | 50.0% | 3,588                             | 1,612            | 1,058           | 778             | 140             |
| RRHWoods, LLC                         | 50.0% | 7,025                             | 3,868            | 1,367           | 1,781           | 9               |
| Kessinger/Hunter, LLC                 | 26.5% | 1,827                             | 1,262            | —               | 170             | 395             |
| 4600 Madison Associates, LP           | 12.5% | 656                               | 276              | 142             | 221             | 17              |
| Highwoods DLF 98/29, LP               | 22.8% | 4,576                             | 1,316            | 1,031           | 810             | 1,419           |
| Highwoods DLF 97/26 DLF 99/32, LP     | 42.9% | 6,387                             | 1,907            | 1,948           | 1,781           | 751             |
| Highwoods-Markel Associates, LLC      | 50.0% | 3,304                             | 727              | 1,151           | 730             | 696             |
| MG-HIW Metrowest I, LLC               | 50.0% | —                                 | 3                | —               | —               | (3)             |
| MG-HIW Metrowest II, LLC              | 50.0% | 71                                | 44               | 20              | 35              | (28)            |
| Concourse Center Associates, LLC      | 50.0% | 1,053                             | 284              | 348             | 166             | 255             |
| Plaza Colonnade, LLC                  | 50.0% | 398                               | 98               | 132             | 185             | (17)            |
| Highwoods KC Glenridge Office, LLC    | 40.0% | 1,163                             | 502              | 217             | 220             | 224             |
| Highwoods KC Glenridge Land, LLC      | 40.0% | —                                 | 3                | —               | —               | (3)             |
| HIW-KC Orlando, LLC                   | 40.0% | 5,672                             | 2,300            | 1,527           | 831             | 1,014           |
| The Vinings at University Center, LLC | 50.0% | —                                 | —                | —               | —               | —               |
| <b>Total 1/ 2/</b>                    |       | <b>\$ 46,156</b>                  | <b>\$ 19,449</b> | <b>\$11,458</b> | <b>\$ 9,351</b> | <b>\$ 5,898</b> |

1/ Highwoods' Share of JV income shown above does not include the amortization of a \$534K deferred gain.

2/ Highwoods' Share of JV income shown above does not include \$1,151K of reimbursed administrative costs.

## Joint Ventures Long-Term Debt Detail

*Dollars in thousands*

| Joint Venture                         | Own % | Lender                              | Interest Rate | Maturity Date | Loan Balance 12/31/04 |
|---------------------------------------|-------|-------------------------------------|---------------|---------------|-----------------------|
| Dallas County Partners I, LP          | 50.0% | American Express                    | 7.0%          | Sep-09        | 3,535                 |
| Dallas County Partners I, LP          | 50.0% | American Express                    | 6.9%          | Jun-09        | 7,484                 |
| Dallas County Partners I, LP          | 50.0% | John Hancock Life Insurance Co.     | 7.6%          | Mar-08        | 2,995                 |
| Dallas County Partners I, LP          | 50.0% | State Farm                          | 7.1%          | Oct-08        | 3,060                 |
| Dallas County Partners I, LP          | 50.0% | State Farm                          | 7.9%          | Sep-06        | 3,031                 |
| Dallas County Partners I, LP          | 50.0% | State Farm                          | 7.5%          | May-07        | 4,390                 |
| Dallas County Partners I, LP          | 50.0% | Bank of America                     | 5.7%          | Oct-07        | 4,010                 |
| Dallas County Partners I, LP          | 50.0% | State Farm                          | 7.5%          | Dec-07        | 5,107                 |
| Dallas County Partners I, LP          | 50.0% | Thrivent                            | 8.5%          | Aug-10        | 1,690                 |
| Dallas County Partners I, LP          | 50.0% | Union Planters                      | 6.3%          | Jun-14        | 3,680                 |
| Dallas County Partners I, LP          | 50.0% | Union Planters                      | 7.2%          | Jan-06        | 493                   |
| Dallas County Partners I, LP          | 50.0% | Bankers Trust                       | 8.0%          | Jul-11        | 1,237                 |
|                                       |       |                                     | 7.1%          |               | 40,712                |
| Dallas County Partners II, LP         | 50.0% | Principal Life Insurance Company    | 10.2%         | Jun-13        | 21,223                |
| Fountain Three                        | 50.0% | John Hancock Life Insurance Co.     | 7.8%          | Jan-08        | 6,058                 |
| Fountain Three                        | 50.0% | American Express                    | 6.9%          | Jun-09        | 4,001                 |
| Fountain Three                        | 50.0% | Thrivent                            | 8.0%          | Oct-10        | 3,768                 |
| Fountain Three                        | 50.0% | Thrivent                            | 7.3%          | Apr-09        | 3,605                 |
| Fountain Three                        | 50.0% | Wells Fargo                         | 8.2%          | May-08        | 2,167                 |
| Fountain Three                        | 50.0% | Lehman Brothers                     | 8.0%          | Jul-09        | 3,628                 |
| Fountain Three                        | 50.0% | Thrivent                            | 7.0%          | Sep-12        | 5,591                 |
|                                       |       |                                     | 7.5%          |               | 28,818                |
| RRHWoods, LLC                         | 50.0% | Industrial Revenue Bonds            | 1.0%          | Nov-15        | 23,000                |
| RRHWoods, LLC                         | 50.0% | Bank of America                     | 6.8%          | Sep-12        | 27,471                |
| RRHWoods, LLC                         | 50.0% | Industrial Revenue Bonds            | 1.0%          | Sep-15        | 6,000                 |
| RRHWoods, LLC                         | 50.0% | Industrial Revenue Bonds            | 1.1%          | Nov-15        | 5,500                 |
| RRHWoods, LLC                         | 50.0% | Bank of America                     | 5.7%          | Oct-07        | 4,063                 |
| RRHWoods, LLC                         | 50.0% | Union Planters                      | 6.3%          | Jun-14        | 3,680                 |
|                                       |       |                                     | 3.8%          |               | 69,714                |
| Plaza Colonnade, LLC                  | 50.0% | Met Life                            | 5.7%          | Jan-17        | 50,000                |
| Plaza Colonnade, LLC                  | 50.0% | Tax Incremental Financing           | 5.4%          | Mar-10        | 1,818                 |
| Plaza Colonnade, LLC                  | 50.0% | Tax Incremental Financing           | 6.0%          | Mar-16        | 4,394                 |
| Plaza Colonnade, LLC                  | 50.0% | Tax Incremental Financing           | 5.9%          | Mar-24        | 12,473                |
|                                       |       |                                     | 5.8%          |               | 68,685                |
| 4600 Madison Associates, LLC          | 12.5% | State Farm                          | 6.9%          | Apr-18        | 16,010                |
| Board of Trade Investment Company     | 49.0% | KC Board of Trade Clearing Corp.    | 7.8%          | Sep-07        | 565                   |
| Highwoods DLF 98/29, LP               | 22.8% | USG Annuity & Life Company          | 6.8%          | Apr-11        | 66,206                |
| Highwoods DLF 97/26 DLF 99/32, LP     | 42.9% | Massachusetts Mutual Life Ins. Co.  | 7.7%          | May-12        | 58,313                |
| Concourse Center Associates, LLC      | 50.0% | Lincoln National Life Insurance Co. | 7.0%          | Jul-10        | 9,519                 |
| Highwoods KC Orlando, LLC             | 40.0% | Met Life                            | 5.2%          | Jul-14        | 143,000               |
| Highwoods - Markel Associates, LLC    | 50.0% | Principal Life Insurance Company    | 5.8%          | Jan-14        | 39,442                |
| Highwoods KC Glenridge Office         | 40.0% | Wachovia                            | 4.8%          | Jun-14        | 16,500                |
| Highwoods KC Glenridge Land           | 40.0% | Transwestern                        | 0.0%          | Feb-05        | 250                   |
| The Vinings at University Center, LLC | 50.0% | Central Carolina Bank               | 4.6%          | Dec-07        | 392                   |
|                                       |       |                                     |               |               | 350,197               |
|                                       |       |                                     | 6.1%          |               | <b>\$579,349</b>      |
| Highwoods' Share of the above         |       |                                     |               |               | <b>\$245,568</b>      |

## Joint Ventures Portfolio Summary

*As of December 31, 2004*

### Summary by Location:

| Market         | Rentable<br>Square Feet 1/ | Occupancy 2/ | Percentage of Annualized Revenue - Highwoods' Share Only 3/ |            |        |              |        |
|----------------|----------------------------|--------------|---|------------|--------|--------------|--------|
|                |                            |              | Office  | Industrial | Retail | Multi-Family | Total  |
| Des Moines     | 2,253,000                  | 91.4%        | 28.6%   | 3.6%       | 1.0%   | 3.5%         | 36.7%  |
| Orlando        | 1,683,000                  | 89.7%        | 25.7%   | —          | —      | —            | 25.7%  |
| Atlanta        | 835,000                    | 92.5%        | 12.9%   | —          | —      | —            | 12.9%  |
| Raleigh        | 455,000                    | 99.5%        | 3.7%  | —          | —      | —            | 3.7%   |
| Kansas City    | 428,000                    | 86.4%        | 8.4%  | —          | —      | —            | 8.4%   |
| Piedmont Triad | 364,000                    | 100.0%       | 4.0%  | —          | —      | —            | 4.0%   |
| Tampa          | 205,000                    | 99.1%        | 2.1%  | —          | —      | —            | 2.1%   |
| Charlotte      | 148,000                    | 100.0%       | 0.8%  | —          | —      | —            | 0.8%   |
| Richmond       | 413,000                    | 99.7%        | 5.2%  | —          | —      | —            | 5.2%   |
| Other          | 110,000                    | 100.0%       | 0.5%  | —          | —      | —            | 0.5%   |
| Total          | 6,894,000                  | 92.9%        | 91.9%   | 3.6%       | 1.0%   | 3.5%         | 100.0% |

1/ Excludes Des Moines' apartment units

2/ Excludes Des Moines' apartment occupancy percentage of 95.7%

3/ Annualized Rental Revenue is December, 2004 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

# Joint Ventures Lease Expirations

December 31, 2004

Dollars in thousands

| Year                | Rentable<br>Square Feet<br>Expiring | Percent of<br>Rentable<br>Square Feet | Annualized<br>Revenue 1/ | Average<br>Rental<br>Rate | Percent of<br>Annualized<br>Revenue 1/ |
|---------------------|-------------------------------------|---------------------------------------|--------------------------|---------------------------|--|
| <b>Total</b>        |                                     |                                       |                          |                           |  |
| 2005                | 673,634                             | 10.1%                                 | \$ 11,176                | \$16.59                   | 9.0%                                   |
| 2006                | 657,868                             | 9.9%                                  | 12,485                   | 18.98                     | 10.0%                                  |
| 2007                | 375,057                             | 5.6%                                  | 7,670                    | 20.45                     | 6.2%                                   |
| 2008                | 1,259,399                           | 18.9%                                 | 21,513                   | 17.08                     | 17.2%                                  |
| 2009                | 844,347                             | 12.6%                                 | 15,763                   | 18.67                     | 12.7%                                  |
| 2010                | 353,475                             | 5.3%                                  | 6,446                    | 18.24                     | 5.2%                                   |
| 2011                | 526,104                             | 7.9%                                  | 9,781                    | 18.59                     | 7.9%                                   |
| 2012                | 377,923                             | 5.7%                                  | 8,561                    | 22.65                     | 6.9%                                   |
| 2013                | 689,447                             | 10.3%                                 | 13,622                   | 19.76                     | 11.0%                                  |
| 2014                | 358,248                             | 5.4%                                  | 7,860                    | 21.94                     | 6.3%                                   |
| 2015 and thereafter | 552,994                             | 8.3%                                  | 9,396                    | 16.99                     | 7.6%                                   |
|                     | <b>6,668,496</b>                    | <b>100.0%</b>                         | <b>\$124,273</b>         | <b>\$18.64</b>            | <b>100.0%</b>                          |

1/ Annualized Revenue is December, 2004 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.



## Joint Ventures Development

*Dollars in thousands*

| Property                      | % Ownership | Market      | Rentable Square Feet | Anticipated      |                       | Pre-Leasing | Estimated Completion | Estimated Stabilization |
|-------------------------------|-------------|-------------|----------------------|------------------|-----------------------|-------------|----------------------|-------------------------|
|                               |             |             |                      | Total Investment | Investment @ 12/31/04 |             | Date                 | Date                    |
| Plaza Colonade, LLC 1/        | 50%         | Kansas City | 285,000              | \$ 71,500        | \$ 65,099             | 76%         | 4Q04                 | 3Q05                    |
| Summit                        | 50%         | Des Moines  | 35,000               | 3,559            | 3,435                 | 75%         | 3Q04                 | 3Q05                    |
| Pinehurst                     | 50%         | Des Moines  | 35,000               | 3,559            | 3,497                 | 79%         | 3Q04                 | 3Q05                    |
| Sonoma                        | 50%         | Des Moines  | 75,000               | 9,364            | 202                   | 0%          | 2Q05                 | 2Q06                    |
| Total or Weighted Average     |             |             | <b>430,000</b>       | <b>\$ 87,982</b> | <b>\$ 72,233</b>      | <b>63%</b>  |                      |                         |
| Highwoods' Share of the above |             |             | <b>430,000</b>       | <b>\$ 43,991</b> | <b>\$ 36,117</b>      | <b>63%</b>  |                      |                         |

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