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# SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

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## FORM 8-K

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**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): July 29, 2008**

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### **HIGHWOODS PROPERTIES, INC.**

(Exact name of registrant specified in its charter)

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**Maryland**  
(State of Incorporation)

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

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

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### **HIGHWOODS REALTY LIMITED PARTNERSHIP**

(Exact name of registrant specified in its charter)

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**North Carolina**  
(State of Incorporation)

**000-21731**  
(Commission File Number)

**56-1869557**  
(IRS Employer Identification No.)

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

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

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

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

On July 29, 2008, we issued a press release announcing financial information for the quarter ended June 30, 2008. This press release is attached as Exhibit 99.1. In addition, we posted on our web site supplemental information regarding our operations for the quarter ended June 30, 2008, a copy of which is attached as Exhibit 99.2.

**Item 9.01. Financial Statements and Exhibits.**

(c) Exhibits

<u>No.</u>	<u>Description</u>
99.1	Press release dated July 29, 2008
99.2	Supplemental operating information for the quarter ended June 30, 2008

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## SIGNATURES

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

### **HIGHWOODS PROPERTIES, INC.**

By: /s/ Terry L. Stevens

Terry L. Stevens

Senior Vice President and Chief Financial Officer

### **HIGHWOODS REALTY LIMITED PARTNERSHIP**

By: Highwoods Properties, Inc., its general partner

By: /s/ Terry L. Stevens

Terry L. Stevens

Senior Vice President and Chief Financial Officer

Dated: July 30, 2008



**FOR IMMEDIATE RELEASE**

**Ref: 08-21**

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

**Highwoods Properties Reports Second Quarter 2008 Results**

**\$0.69 FFO per Diluted Share**

**1.4M Square Feet of Second Generation Space Leased**

**91.1% Occupancy at June 30, 2008**

*180 bps Increase Year-over-Year*

**\$336 Million Development Pipeline 66% Pre-Leased**

**Full Year 2008 FFO Guidance Raised to \$2.70 to \$2.78  
per Diluted Share**

*Previously \$2.60 to \$2.72 per Diluted Share*

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**Raleigh, NC – July 29, 2008** – Highwoods Properties, Inc. (NYSE: HIW), the largest owner and operator of suburban office properties in the Southeast, today reported results for the three and six months ended June 30, 2008.

Ed Fritsch, President and CEO, stated, *“We are pleased to report another strong quarter. FFO in the second quarter of 2008 grew 19% compared to the second quarter of 2007. In addition, we leased 1.4 million square feet of second generation space, increased same property NOI, started \$29 million of new development and, through a joint venture, acquired The Forum, a Class ‘A’ office park in Raleigh, for \$113 million. During the first half of 2008, we placed \$91.5 million of development projects in service, which are 87% leased, at a projected stabilized cash yield of 9.8%.”*

*“Based on our strong first half results and our expectations for the remainder of the year, we are raising our FFO guidance per diluted share for 2008 to \$2.70 to \$2.78 from \$2.60 to \$2.72. Our Company is stronger today than it was four years ago. We have transformed our portfolio and strengthened our balance sheet. We have no remaining debt maturities this year and \$155 million of high coupon debt maturing in 2009,”* added Mr. Fritsch.

## Second Quarter and First Half Financial Results

For the second quarter of 2008, the Company reported net income available for common stockholders of \$12.1 million, or \$0.21 per diluted share. This compares to net income available for common stockholders of \$4.0 million, or \$0.07 per diluted share, for the second quarter of 2007.

For the six months ended June 30, 2008, net income available for common stockholders was \$25.0 million, or \$0.44 per diluted share, compared to \$52.4 million, or \$0.92 per diluted share, for the six months ended June 30, 2007. Net income per diluted share in the first half of 2007 included \$0.27 of land sale gains, \$0.47 from gains on sales of depreciable assets and \$0.07 related to finalization of an insurance claim. Net income per diluted share in the first half of 2008 included \$0.14 from gains on sales of depreciable assets. There were nominal land sale gains and no insurance settlement gains in the first half of 2008.

Excluding these gains and the insurance claim, net income available for common stockholders in the first half of 2007 would have been \$0.11 per diluted share and \$0.30 per diluted share in the first half of 2008.

Funds from Operations (FFO) for the second quarter of 2008 was \$42.3 million, or \$0.69 per diluted share, compared to FFO of \$35.6 million, or \$0.58 per diluted share, for the second quarter of 2007. Excluding a \$1.4 million, or \$0.02 per diluted share, non-cash charge for the redemption of \$40 million of 8% preferred stock on May 29, 2007, second quarter 2007 FFO would have been \$0.60 per diluted share.

For the six months ended June 30, 2008, FFO was \$85.7 million, or \$1.40 per diluted share, compared to \$92.2 million, or \$1.49 per diluted share, for the six months ended June 30, 2007. FFO per diluted share in the first half of 2007 included \$0.27 of land sale gains and a gain on an insurance claim of \$0.07. Excluding these gains and the insurance claim, FFO per diluted share would have been \$1.15 for the first six months of 2007.

The following items were included in the determination of net income available for common stockholders for the three and six months ended June 30, 2008 and 2007:

	3 Months Ended 6/30/08		3 Months Ended 6/30/07	
	(000)	Per Share	(000)	Per Share
Land sale gains	\$ 89	\$ 0.00	\$ 969	\$ 0.02
Lease termination income	26	0.00	1,477	0.02
Straight line rental income	1,892	0.03	890	0.01
Capitalized interest	2,221	0.04	2,365	0.04
Gains on sales of depreciable assets	5,045	0.08	1,475	0.02
Preferred stock redemption charge	0	0.00	(1,443)	(0.02)

  

	6 Months Ended 6/30/08		6 Months Ended 6/30/07	
	(000)	Per Share	(000)	Per Share
Land sale gains	\$ 89	\$ 0.00	\$16,804	\$ 0.27
Lease termination income	1,926	0.03	2,134	0.03
Straight line rental income	4,296	0.07	2,462	0.04
Capitalized interest	4,806	0.08	4,512	0.07
Gains on sales of depreciable assets (1)	8,771	0.14	29,284	0.47
Gain on insurance claim	0	0.00	4,128	0.07
Preferred stock redemption charge	0	0.00	(1,443)	(0.02)

(1) Includes \$7.2 million of gain on sales of depreciable assets from unconsolidated joint ventures during the six months ended June 30, 2007.

## Second Quarter 2008 Operating Highlights

- Second generation leasing activity in the Company's portfolio was 1.4 million square feet, including 998,000 square feet of office space, 368,000 square feet of industrial space and 16,000 square feet of retail space.
- Straight-line (GAAP) rental rates for the 113 office leases signed in the second quarter increased 8.2% from straight line rental rates under the previous leases, while cash rents signed in the second quarter declined 4.5%.
- Average in-place cash rental rates across the Company's portfolio increased 2.9% compared to the second quarter of 2007. Average in-place cash rental rates across the Company's office portfolio were up 2.8% from a year ago.
- Same property NOI from continuing operations, which includes straight line rent and termination fees, for the three and six months ended June 30, 2008 increased 2.5% and 3.9%, respectively, from the corresponding periods of 2007. Excluding straight line rent and termination fees, same property NOI from continuing operations increased 4.9% and 3.8%, respectively, from the corresponding periods of 2007.
- Acquired The Forum, a \$113.3 million, 635,000 square foot Class "A" office park in North Raleigh, with a long-standing joint venture partner. On a stabilized cash basis, the first year cap rate to Highwoods is 9.2%, including fees.

## Funds from Operations Outlook

For 2008, the Company now expects FFO per diluted share to be in the range of \$2.70 to \$2.78, a \$0.10 increase from the low end of the previous guidance provided on May 1, 2008 and a \$0.06 increase from the high end. The Company's FFO estimate reflects management's view of current and future market conditions, including assumptions with respect to rental rates, occupancy levels, operating and general and administrative expenses, interest rates, gains from land and residential condominium sales, and the impact of development deliveries, acquisitions and dispositions. This estimate assumes approximately 61.6 million diluted shares outstanding and excludes any gains or impairments associated with potential depreciable property dispositions, as well as any one-time, non-recurring charges or credits that may occur during the remainder of the year. Factors that could cause actual 2008 FFO results to differ materially from the Company's current expectations are discussed below and are also detailed in the Company's 2007 Annual Report on Form 10-K.

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

	<u>Low</u>	<u>High</u>
Year End Occupancy	92.0%	93.0%
Same Property Cash NOI Growth	1.5%	2.5%
G&A Expenses	\$40.0M	\$42.0M
Lease Termination Income	\$ 1.9M	\$ 2.5M
Gains from Land and Residential Condominium Sales	\$ 4.2M	\$ 6.0M
Straight Line Rental Income	\$ 6.0M	\$ 8.0M
Dispositions	\$ 50M	\$ 100M
Acquisitions	\$ 28M	\$ 200M
Development Starts	\$ 75M	\$ 100M

**Supplemental Information**

A copy of the Company's second quarter 2008 Supplemental Information that includes financial, leasing and operational statistics is available in the "Investor Relations/Quarterly Earnings" section of the Company's Web site at [www.highwoods.com](http://www.highwoods.com). You may also obtain a copy of all Supplemental Information published by the Company by contacting Highwoods Investor Relations at 919-431-1529/ 800-256-2963 or by e-mail to [HIW-IR@highwoods.com](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**

Tomorrow, Wednesday, July 30, at 11:00 a.m. Eastern time, the Company will host a teleconference call to discuss the matters outlined in this press release. For US/Canada callers, dial (888) 202-5268 and international callers dial (706) 643-7509. A live listen-only Web cast can be accessed through the Company's web site at [www.highwoods.com](http://www.highwoods.com) under the "Investor Relations" section.

Telephone, web and pod cast replays will be available two hours after the completion of the call. The telephone replay will be available for one week beginning at 2:00 p.m. Eastern time. Dial-in numbers for the replay are (800) 642-1687 US/Canada, (706) 645-9291 international. The conference ID is 51585254.

**Non-GAAP Information**

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

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

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

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

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

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

Same property NOI from continuing operations: The Company defines same property NOI as NOI for the Company's in-service properties included in continuing operations that were wholly-owned during the entirety of the periods presented (from January 1, 2007 to June 30, 2008). The Company's same property NOI calculations are reconciled to NOI in a table included with this release.

### **About the Company**

Highwoods Properties, Inc., a member of the S&P MidCap 400 Index, is a fully integrated, self-administered real estate investment trust ("REIT") that provides leasing, management, development, construction and other customer-related services for its properties and for third parties. At June 30, 2008, the Company owned or had an interest in 384 in-service office, industrial and retail properties encompassing approximately 35.0 million square feet. Highwoods also owned 610 acres of development land. Highwoods is based in Raleigh, North Carolina, and its properties and development land are located in Florida, Georgia, Iowa, Kansas, Missouri, North Carolina, South Carolina, Tennessee and Virginia. For more information about Highwoods Properties, please visit our Web site at [www.highwoods.com](http://www.highwoods.com).

Certain matters discussed in this press release, such as expected 2008 financial and operational results and the related assumptions underlying our expected results, are forward-looking statements within the meaning of the federal securities laws. These statements are distinguished by use of the words "will", "expect", "intend" and words of similar meaning. Although Highwoods believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved.



Factors that could cause actual results to differ materially from Highwoods' current expectations include, among others, the following: the financial condition of our customers could deteriorate; speculative development by others could result in excessive supply of properties relative to customer demand; development, acquisition, reinvestment, disposition or joint venture projects may not be completed as quickly or on as favorable terms as anticipated; we may not be able to lease or re-lease space quickly or on as favorable terms as old leases; unexpected difficulties in obtaining additional capital to satisfy our future cash needs or unexpected increases in interest rates would increase our debt service costs; our Southeastern and Midwestern markets may suffer declines in economic growth and others detailed in the Company's 2007 Annual Report on Form 10-K and subsequent SEC reports.

**Tables Follow**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
<b>Rental and other revenues</b>	\$115,853	\$105,146	\$229,947	\$210,608
<b>Operating expenses:</b>				
Rental property and other expenses	41,572	37,587	80,426	75,227
Depreciation and amortization	31,365	29,756	62,250	58,585
General and administrative	10,766	10,868	20,477	21,779
Total operating expenses	83,703	78,211	163,153	155,591
<b>Interest expenses:</b>				
Contractual	23,345	23,097	46,808	45,786
Amortization of deferred financing costs	686	609	1,324	1,175
Financing obligations	764	995	1,504	1,987
	24,795	24,701	49,636	48,948
<b>Other income:</b>				
Interest and other income	1,604	2,115	2,406	3,625
	1,604	2,115	2,406	3,625
<b>Income before disposition of property, insurance gain, minority interest and equity in earnings of unconsolidated affiliates</b>	8,959	4,349	19,564	9,694
Gains on disposition of property, net	107	2,341	107	19,084
Gain from property insurance settlement	—	—	—	4,128
Minority interest	(679)	(376)	(1,500)	(2,940)
Equity in earnings of unconsolidated affiliates	1,520	2,006	3,509	11,723
<b>Income from continuing operations</b>	9,907	8,320	21,680	41,689
Discontinued operations:				
Income from discontinued operations, net of minority interest	374	873	761	1,800
Net gains on sales of discontinued operations, net of minority interest	4,702	96	8,185	18,358
	5,076	969	8,946	20,158
<b>Net income</b>	14,983	9,289	30,626	61,847
Dividends on preferred stock	(2,838)	(3,846)	(5,676)	(7,959)
Excess of preferred stock redemption cost over carrying value	—	(1,443)	—	(1,443)
<b>Net income available for common stockholders</b>	\$ 12,145	\$ 4,000	\$ 24,950	\$ 52,445
<b>Net income per common share—basic:</b>				
Income from continuing operations	\$ 0.12	\$ 0.05	\$ 0.28	\$ 0.57
Income from discontinued operations	0.09	0.02	0.16	0.36
Net income	\$ 0.21	\$ 0.07	\$ 0.44	\$ 0.93
Weighted average common shares outstanding—basic	56,940	56,460	56,833	56,216
<b>Net Income per common share—diluted:</b>				
Income from continuing operations	\$ 0.12	\$ 0.05	\$ 0.28	\$ 0.57
Income from discontinued operations	0.09	0.02	0.16	0.35
Net income	\$ 0.21	\$ 0.07	\$ 0.44	\$ 0.92
Weighted average common shares outstanding—diluted	61,492	61,562	61,290	61,709

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

	June 30, 2008	December 31, 2007
<b>Assets:</b>		
Real estate assets, at cost:		
Land	\$ 356,447	\$ 356,600
Buildings and tenant improvements	2,745,462	2,703,983
Development in process	122,381	101,661
Land held for development	98,134	103,365
	<u>3,322,424</u>	<u>3,265,609</u>
Less-accumulated depreciation	(680,310)	(648,142)
Net real estate assets	2,642,114	2,617,467
Real estate and other assets, net, held for sale	13,242	15,150
Cash and cash equivalents	4,033	3,140
Restricted cash	28,941	15,896
Accounts receivable, net	32,121	23,521
Notes receivable, net	3,750	5,226
Accrued straight-line rents receivable, net	78,542	74,427
Investment in unconsolidated affiliates	68,877	58,046
Deferred financing and leasing costs, net	73,682	72,128
Prepaid expenses and other assets	43,604	41,954
Total Assets	<u>\$2,988,906</u>	<u>\$2,926,955</u>
<b>Liabilities, Minority Interest and Stockholders' Equity:</b>		
Mortgages and notes payable	\$1,732,082	\$1,641,987
Accounts payable, accrued expenses and other liabilities	147,287	157,766
Financing obligations	35,145	35,071
Total Liabilities	1,914,514	1,834,824
Minority interest	67,389	70,098
Stockholders' Equity:		
Preferred stock	135,437	135,437
Common stock	576	572
Additional paid-in capital	1,456,448	1,448,055
Distributions in excess of net earnings	(584,796)	(561,093)
Accumulated other comprehensive loss	(662)	(938)
Total Stockholders' Equity	1,007,003	1,022,033
Total Liabilities, Minority Interest and Stockholders' Equity	<u>\$2,988,906</u>	<u>\$2,926,955</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
<b>Funds from operations:</b>				
Net income	\$14,983	\$ 9,289	\$30,626	\$ 61,847
Dividends to preferred stockholders	(2,838)	(3,846)	(5,676)	(7,959)
Excess of preferred stock redemption cost over carrying value	—	(1,443)	—	(1,443)
<b>Net income available for common stockholders</b>	<b>12,145</b>	<b>4,000</b>	<b>24,950</b>	<b>52,445</b>
Add/(deduct):				
Depreciation and amortization of real estate assets	30,920	29,148	61,248	57,340
(Gains) on disposition of depreciable properties	(18)	(1,372)	(18)	(2,280)
Minority interest from the Operating Partnership in income from continuing operations	488	208	1,111	2,592
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	3,395	2,878	6,330	5,744
(Gains) on disposition of depreciable properties	—	—	—	(7,158)
Discontinued operations:				
Depreciation and amortization of real estate assets	9	791	233	1,708
(Gains) on disposition of depreciable properties	(5,027)	(103)	(8,753)	(19,846)
Minority interest in income from discontinued operations	351	70	621	1,625
<b>Funds from operations</b>	<b>\$42,263</b>	<b>\$35,620</b>	<b>\$85,722</b>	<b>\$ 92,170</b>
<b>Funds from operations per share - diluted:</b>				
Net income available for common stockholders	\$ 0.21	\$ 0.07	\$ 0.44	\$ 0.92
Add/(deduct):				
Depreciation and amortization of real estate assets	0.50	0.47	1.00	0.93
(Gains) on disposition of depreciable properties	—	(0.02)	—	(0.04)
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	0.06	0.05	0.10	0.09
(Gains) on disposition of depreciable properties	—	—	—	(0.12)
Discontinued operations:				
Depreciation and amortization of real estate assets	—	0.01	—	0.03
(Gains) on disposition of depreciable properties	(0.08)	—	(0.14)	(0.32)
<b>Funds from operations</b>	<b>\$ 0.69</b>	<b>\$ 0.58</b>	<b>\$ 1.40</b>	<b>\$ 1.49</b>
<b>Weighted average shares outstanding - diluted</b>	<b>61,492</b>	<b>61,562</b>	<b>61,290</b>	<b>61,709</b>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
<b>Income before disposition of property, insurance gain, minority interest and equity in earnings of unconsolidated affiliates</b>	\$ 8,959	\$ 4,349	\$ 19,564	\$ 9,694
Other income	(1,604)	(2,115)	(2,406)	(3,625)
Interest expenses	24,795	24,701	49,636	48,948
General and administrative expense	10,766	10,868	20,477	21,779
Depreciation and amortization expense	31,365	29,756	62,250	58,585
<b>Net operating income from continuing operations</b>	74,281	67,559	149,521	135,381
Less—non same property and other net operating income	10,790	5,601	19,663	10,419
<b>Total same property net operating income from continuing operations</b>	<u>\$ 63,491</u>	<u>\$ 61,958</u>	<u>\$129,858</u>	<u>\$124,962</u>
Rental and other revenues	\$115,853	\$105,146	\$229,947	\$210,608
Rental property and other expenses	41,572	37,587	80,426	75,227
<b>Total net operating income from continuing operations</b>	74,281	67,559	149,521	135,381
Less—non same property and other net operating income	10,790	5,601	19,663	10,419
<b>Total same property net operating income from continuing operations</b>	<u>\$ 63,491</u>	<u>\$ 61,958</u>	<u>\$129,858</u>	<u>\$124,962</u>



Supplemental Information  
June 30, 2008

**Supplemental Information**  
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**June 30, 2008**

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The information within refers to all Highwoods Properties' wholly-owned entities, except pages 30 to 36, unless noted otherwise. Wholly-owned entities include properties classified as both continuing operations and discontinued operations.

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

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

## Summary

*Amounts in thousands, except per share amounts*

	<i>Three Months Ended</i>				
	<u>06/30/08</u>	<u>03/31/08</u>	<u>12/31/07</u>	<u>09/30/07</u>	<u>06/30/07</u>
<b>Shares and units:</b>					
Common shares outstanding at end of period	<b>57,362</b>	57,309	57,167	57,158	57,131
Common units outstanding at end of period	<b>3,933</b>	3,951	4,057	4,059	4,062
Weighted average common shares outstanding - basic	<b>56,940</b>	56,729	56,640	56,628	56,460
Weighted average common shares outstanding - diluted	<b>61,492</b>	61,050	61,347	61,396	61,562
<b>Share price:</b>					
At end of period	<b>\$ 31.42</b>	\$ 31.07	\$ 29.38	\$ 36.67	\$ 37.50
High close during period	<b>37.38</b>	32.34	38.26	39.01	43.84
Low close during period	<b>31.42</b>	26.67	28.89	32.09	37.50
<b>Financial information:</b>					
Land sale gains, net of (impairments)	<b>\$ 89</b>	\$ —	\$ (419)	\$ (564)	\$ 969
Lease termination income	<b>26</b>	1,900	840	259	1,477
Straight line rental income	<b>1,892</b>	2,404	4,048	908	890
Capitalized interest	<b>2,221</b>	2,585	2,489	2,742	2,365
Impairments on depreciable properties	<b>—</b>	—	—	(384)	—
Gains on sales of depreciable properties	<b>5,045</b>	3,726	8,623	8,064	1,475
<b>Funds from operations per share - diluted</b>	<b>\$ 0.69</b>	\$ 0.71	\$ 0.65	\$ 0.59	\$ 0.58
<b>Funds from operations per share - diluted, excluding certain items 1/</b>	<b>\$ 0.69</b>	\$ 0.71	\$ 0.65	\$ 0.61	\$ 0.60
<b>Wholly - owned property information:</b>					
<b>In-Service rentable square feet:</b>					
Office	<b>19,416</b>	19,565	19,260	19,003	19,194
Industrial	<b>6,299</b>	6,036	6,036	5,942	6,280
Retail	<b>1,343</b>	1,314	1,317	1,318	1,317
Total	<b><u>27,058</u></b>	<u>26,915</u>	<u>26,613</u>	<u>26,263</u>	<u>26,791</u>
<b>In-Service occupancy:</b>					
Office	<b>90.8%</b>	90.4%	91.1%	89.7%	88.5%
Industrial	<b>91.4%</b>	91.0%	94.2%	91.4%	90.8%
Retail	<b>93.5%</b>	92.9%	94.9%	94.4%	94.8%
Total	<b><u>91.1%</u></b>	<u>90.7%</u>	<u>92.0%</u>	<u>90.4%</u>	<u>89.3%</u>

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



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## Corporate Information

### **Board of Directors**

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

### **Corporate Officers**

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

President, Chief Executive Officer and Director

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

Executive Vice President and Chief Operating Officer

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

Senior Vice President, Chief Financial Officer

#### **Daniel L. Clemmens**

Vice President, Chief Accounting Officer

#### **S. Hugh Esleeck**

Treasurer

#### **Peter T. Jardine**

Vice President, Corporate Marketing

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

Vice President, Investments

#### **Art H. McCann**

Chief Information Officer

#### **Jeffrey D. Miller**

Vice President, General Counsel and Secretary

#### **Kevin E. Penn**

Vice President, Strategy

#### **Tabitha N. Zane**

Vice President, Investor Relations and Corporate Communications

Highwoods Properties, Inc.

### **Research Coverage**

#### **Credit Suisse - North America**

Steven Benyik - 212-538-0239

#### **Citigroup Global Markets**

Michael Bilerman - 212-816-1383

#### **Deutsche Banc Securities**

Lou Taylor - 212-469-4912

#### **Friedman, Billings, Ramsey & Co., Inc.**

Wilkes Graham - 703-312-9737

#### **Green Street Advisors**

Cedric Lachance - 949-640-8780

#### **RW Baird**

Chris Lucas - 703-821-5780

#### **Stifel Nicolaus**

John Guinee - 410-454-5520

#### **UBS Securities**

Jamie Feldman - 212-713-4932

#### **Wachovia Securities**

Chris Haley - 443-263-6773

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## Corporate Information

### **Divisional Officers**

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

Gene H. Anderson - Senior Vice President

Atlanta, GA

*James V. Bacchetta, Vice President*

Piedmont Triad, NC

*E. F. "Rick" Dehnert, Vice President*

#### **Orlando/Tampa**

Michael F. Beale - Senior Vice President

Orlando, FL

*Michael F. Beale, Senior Vice President*

Tampa, FL

*Daniel E. Woodward, Vice President*

#### **Raleigh**

Raleigh, NC

*Thomas "Skip" Hill, Vice President*

#### **Richmond**

Richmond, VA

*Paul W. Kreckman, Vice President*

#### **Nashville/Memphis/Greenville**

W. Brian Reames - Senior Vice President

Nashville, TN and Greenville, SC

*W. Brian Reames, Senior Vice President*

Memphis, TN

*Steven L. Guinn, Vice President*

#### **Kansas City**

Kansas City, MO

*Barrett Brady, Senior Vice President*

*Glenn E. Stephenson, VP of Retail Operations*

### **Corporate Headquarters**

Highwoods Properties, Inc.

3100 Smoketree Court, Suite 600

Raleigh, NC 27604

919-872-4924

### **Stock Exchange**

NYSE      Trading Symbol: HIW

### **Investor Relations Contact**

Tabitha Zane

Vice President, Investor Relations and Corporate Communications

Phone: 919-431-1529

Fax: 919-431-1439

E-mail: tabitha.zane@highwoods.com

### **Information Request**

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

Phone: 919-431-1529

Email: HIW-IR@highwoods.com

### **The Company**

Highwoods Properties, Inc., a member of the S&P MidCap 400 Index, is a fully integrated, self-administered and self-managed equity real estate investment trust ("REIT") that provides leasing, management, development, construction and other customer-related services for its properties and for third parties. As of June 30, 2008, the Company owned or had an interest in 384 in-service office, industrial and retail properties encompassing approximately 35.0 million square feet. Highwoods also wholly-owned 610 acres of development land. Highwoods is based in Raleigh, North Carolina, and its properties and development land are located in Florida, Georgia, Iowa, Kansas, Maryland, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, and Virginia. For more information about Highwoods Properties, please visit our website at [www.highwoods.com](http://www.highwoods.com).



# Consolidated Statements of Income

Amounts in thousands, except per share amounts

	Six Months Ended		Three Months Ended				
	06/30/08	06/30/07	06/30/08	03/31/08	12/31/07	09/30/07	06/30/07
<b>Rental and other revenues</b>	<b>\$229,947</b>	<b>\$210,608</b>	<b>\$115,853</b>	<b>\$114,094</b>	<b>\$113,803</b>	<b>\$107,580</b>	<b>\$105,146</b>
<b>Operating expenses:</b>							
Rental property and other expenses	80,426	75,227	41,572	38,854	40,782	38,682	37,587
Depreciation and amortization	62,250	58,585	31,365	30,885	30,471	31,891	29,756
Impairment of assets held for use	—	—	—	—	—	789	—
General and administrative	20,477	21,779	10,766	9,711	10,142	9,649	10,868
Total operating expenses	<u>163,153</u>	<u>155,591</u>	<u>83,703</u>	<u>79,450</u>	<u>81,395</u>	<u>81,011</u>	<u>78,211</u>
<b>Interest expenses:</b>							
Contractual	46,808	45,786	23,345	23,463	24,478	23,728	23,097
Amortization of deferred financing costs	1,324	1,175	686	638	624	616	609
Financing obligations	1,504	1,987	764	740	962	981	995
	<u>49,636</u>	<u>48,948</u>	<u>24,795</u>	<u>24,841</u>	<u>26,064</u>	<u>25,325</u>	<u>24,701</u>
<b>Other income:</b>							
Interest and other income	2,406	3,625	1,604	802	1,303	1,469	2,115
	<u>2,406</u>	<u>3,625</u>	<u>1,604</u>	<u>802</u>	<u>1,303</u>	<u>1,469</u>	<u>2,115</u>
<b>Income before disposition of property, insurance gain, minority interest and equity in earnings of unconsolidated affiliates</b>	<b>19,564</b>	<b>9,694</b>	<b>8,959</b>	<b>10,605</b>	<b>7,647</b>	<b>2,713</b>	<b>4,349</b>
Gains on disposition of property, net	107	19,084	107	—	190	1,288	2,341
Gain from property insurance settlement	—	4,128	—	—	—	—	—
Minority interest	(1,500)	(2,940)	(679)	(821)	(455)	(262)	(376)
Equity in earnings of unconsolidated affiliates	3,509	11,723	1,520	1,989	180	1,207	2,006
<b>Income from continuing operations</b>	<b>21,680</b>	<b>41,689</b>	<b>9,907</b>	<b>11,773</b>	<b>7,562</b>	<b>4,946</b>	<b>8,320</b>
Discontinued operations:							
Income from discontinued operations, net of minority interest	761	1,800	374	387	417	846	873
Net gains on sales of discontinued operations, net of minority interest	8,185	18,358	4,702	3,483	7,479	6,175	96
Release of FASB FIN 48 tax liability	—	—	—	—	—	1,473	—
	<u>8,946</u>	<u>20,158</u>	<u>5,076</u>	<u>3,870</u>	<u>7,896</u>	<u>8,494</u>	<u>969</u>
<b>Net income</b>	<b>30,626</b>	<b>61,847</b>	<b>14,983</b>	<b>15,643</b>	<b>15,458</b>	<b>13,440</b>	<b>9,289</b>
Dividends on preferred stock	(5,676)	(7,959)	(2,838)	(2,838)	(2,838)	(2,680)	(3,846)
Excess of preferred stock redemption cost over carrying value	—	(1,443)	—	—	—	(842)	(1,443)
<b>Net income available for common stockholders</b>	<b>\$ 24,950</b>	<b>\$ 52,445</b>	<b>\$ 12,145</b>	<b>\$ 12,805</b>	<b>\$ 12,620</b>	<b>\$ 9,918</b>	<b>\$ 4,000</b>
<b>Net income per common share - diluted:</b>							
Income from continuing operations	\$ 0.28	\$ 0.57	\$ 0.12	\$ 0.15	\$ 0.08	\$ 0.02	\$ 0.05
Income from discontinued operations	0.16	0.35	0.09	0.07	0.14	0.15	0.02
Net income	<u>\$ 0.44</u>	<u>\$ 0.92</u>	<u>\$ 0.21</u>	<u>\$ 0.22</u>	<u>\$ 0.22</u>	<u>\$ 0.17</u>	<u>\$ 0.07</u>
Weighted average common shares outstanding - diluted	<u>61,290</u>	<u>61,709</u>	<u>61,492</u>	<u>61,050</u>	<u>61,347</u>	<u>61,396</u>	<u>61,562</u>
Dividends declared and paid per common share	<u>\$ 0.850</u>	<u>\$ 0.850</u>	<u>\$ 0.425</u>	<u>\$ 0.425</u>	<u>\$ 0.425</u>	<u>\$ 0.425</u>	<u>\$ 0.425</u>

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

*Amounts in thousands, except per share amounts*

	<i>Six Months Ended</i>		<i>Three Months Ended</i>				
	06/30/08	06/30/07	06/30/08	03/31/08	12/31/07	09/30/07	06/30/07
<b>Funds from operations:</b>							
Net income	\$ 30,626	\$ 61,847	\$14,983	\$15,643	\$15,458	\$13,440	\$ 9,289
Dividends to preferred stockholders	(5,676)	(7,959)	(2,838)	(2,838)	(2,838)	(2,680)	(3,846)
Excess of preferred stock redemption cost over carrying value	—	(1,443)	—	—	—	(842)	(1,443)
Net income available for common stockholders	24,950	52,445	12,145	12,805	12,620	9,918	4,000
Add/(deduct):							
Depreciation and amortization of real estate assets	61,248	57,340	30,920	30,328	29,895	31,294	29,148
(Gains) on disposition of depreciable properties	(18)	(2,280)	(18)	—	(609)	(1,063)	(1,372)
Minority interest from the Operating Partnership in income from continuing operations	1,111	2,592	488	623	294	92	208
Unconsolidated affiliates:							
Depreciation and amortization of real estate assets	6,330	5,744	3,395	2,935	4,587	3,107	2,878
(Gains) on disposition of depreciable properties	—	(7,158)	—	—	—	—	—
Discontinued operations:							
Depreciation and amortization of real estate assets	233	1,708	9	224	436	773	791
(Gains) on disposition of depreciable properties	(8,753)	(19,846)	(5,027)	(3,726)	(8,014)	(7,001)	(103)
Release of FASB FIN 48 tax liability	—	—	—	—	—	(1,473)	—
Minority interest in income from discontinued operations	621	1,625	351	270	566	502	70
Funds from operations	\$ 85,722	\$ 92,170	\$42,263	\$43,459	\$39,775	\$36,149	\$35,620
<b>Funds from operations per share - diluted</b>							
Net income available for common stockholders	\$ 0.44	\$ 0.92	\$ 0.21	\$ 0.22	\$ 0.22	\$ 0.17	\$ 0.07
Add/(deduct):							
Depreciation and amortization of real estate assets	1.00	0.93	0.50	0.50	0.49	0.51	0.47
(Gains) on disposition of depreciable properties	—	(0.04)	—	—	(0.01)	(0.02)	(0.02)
Unconsolidated affiliates:							
Depreciation and amortization of real estate assets	0.10	0.09	0.06	0.05	0.07	0.05	0.05
(Gains) on disposition of depreciable properties	—	(0.12)	—	—	—	—	—
Discontinued operations:							
Depreciation and amortization of real estate assets	—	0.03	—	—	0.01	0.01	0.01
(Gains) on disposition of depreciable properties	(0.14)	(0.32)	(0.08)	(0.06)	(0.13)	(0.11)	—
Release of FASB FIN 48 tax liability	—	—	—	—	—	(0.02)	—
Funds from operations	\$ 1.40	\$ 1.49	\$ 0.69	\$ 0.71	\$ 0.65	\$ 0.59	\$ 0.58
Weighted average shares outstanding - diluted	61,290	61,709	61,492	61,050	61,347	61,396	61,562
<b>Additional information: 1/</b>							
Funds from operations, excluding certain items 2/	\$ 85,722	\$ 93,613	\$42,263	\$43,459	\$39,775	\$37,375	\$37,063
Funds from operations per share, excluding certain items 2/	\$ 1.40	\$ 1.52	\$ 0.69	\$ 0.71	\$ 0.65	\$ 0.61	\$ 0.60
Straight line rental income	\$ (4,296)						
Amortization of lease incentives	486						
Depreciation of non-real estate assets	698						
Ground lease straight line rent	85						
Amortization of stock-based compensation	3,940						
Amortization of deferred financing costs	1,324						
Amortization of accumulated other comprehensive loss	126						
Harborview non-cash FMV charge	(70)						
Non-incremental revenue generating capital expenditures paid: 3/							
Building improvements	(5,641)						
2nd generation tenant improvements	(14,552)						
2nd generation lease commissions	(6,427)						
Common dividends and unit distributions paid	(52,009)						

1/ Increase or (decrease) to cash flows.

- 2/ *Excludes impairments on depreciable assets and preferred stock redemption/repurchase charges.*
- 3/ *Excludes capital expenditures paid for buildings sold prior to June 30, 2008.*

Highwoods Properties, Inc.

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6/30/08

## Consolidated Balance Sheets

*Dollars in thousands*

	06/30/08	12/31/07
<b>Assets:</b>		
Real estate assets, at cost:		
Land	\$ 356,447	\$ 356,600
Buildings and tenant improvements	2,745,462	2,703,983
Development in process	122,381	101,661
Land held for development	98,134	103,365
	<u>3,322,424</u>	<u>3,265,609</u>
Less-accumulated depreciation	(680,310)	(648,142)
Net real estate assets	2,642,114	2,617,467
Real estate and other assets, net, held for sale	13,242	15,150
Cash and cash equivalents	4,033	3,140
Restricted cash	28,941	15,896
Accounts receivable, net	32,121	23,521
Notes receivable, net	3,750	5,226
Accrued straight-line rents receivable, net	78,542	74,427
Investment in unconsolidated affiliates	68,877	58,046
Deferred financing and leasing costs, net	73,682	72,128
Prepaid expenses and other assets	43,604	41,954
Total Assets	<u>\$2,988,906</u>	<u>\$2,926,955</u>
<b>Liabilities, Minority Interest and Stockholders' Equity:</b>		
Mortgages and notes payable	\$1,732,082	\$1,641,987
Accounts payable, accrued expenses and other liabilities	147,287	157,766
Financing obligations	35,145	35,071
Total Liabilities	1,914,514	1,834,824
Minority interest	67,389	70,098
Stockholders' Equity:		
Preferred stock	135,437	135,437
Common stock	576	572
Additional paid-in capital	1,456,448	1,448,055
Distributions in excess of net earnings	(584,796)	(561,093)
Accumulated other comprehensive loss	(662)	(938)
Total Stockholders' Equity	<u>1,007,003</u>	<u>1,022,033</u>
Total Liabilities, Minority Interest and Stockholders' Equity	<u>\$2,988,906</u>	<u>\$2,926,955</u>

Highwoods Properties, Inc.

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6/30/08

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

*Dollars in thousands, except per share amounts*

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

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

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

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

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

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

## Components of Discontinued Operations

*Dollars in thousands*

	<i>Six Months Ended</i>		<i>Three Months Ended</i>				
	<u>06/30/08</u>	<u>06/30/07</u>	<u>06/30/08</u>	<u>03/31/08</u>	<u>12/31/07</u>	<u>09/30/07</u>	<u>06/30/07</u>
<b>Rental and other revenues</b>	<b>\$1,866</b>	<b>\$ 6,862</b>	<b>\$ 674</b>	<b>\$1,192</b>	<b>\$2,005</b>	<b>\$3,285</b>	<b>\$3,340</b>
<b>Operating expenses:</b>							
Rental property and other expenses	822	3,236	266	556	1,143	1,610	1,617
Depreciation and amortization	233	1,708	9	224	436	773	791
General and administrative	—	—	—	—	—	—	—
Total operating expenses	1,055	4,944	275	780	1,579	2,383	2,408
<b>Other income</b>	<b>3</b>	<b>19</b>	<b>1</b>	<b>2</b>	<b>22</b>	<b>4</b>	<b>4</b>
<b>Income before minority interest and gains on sales of discontinued operations</b>	<b>814</b>	<b>1,937</b>	<b>400</b>	<b>414</b>	<b>448</b>	<b>906</b>	<b>936</b>
Minority interest in discontinued operations	(53)	(137)	(26)	(27)	(31)	(60)	(63)
<b>Income from discontinued operations before gains on sales of discontinued operations</b>	<b>761</b>	<b>1,800</b>	<b>374</b>	<b>387</b>	<b>417</b>	<b>846</b>	<b>873</b>
Net gains on sales of discontinued operations	8,753	19,846	5,027	3,726	8,014	6,617	103
Minority interest in discontinued operations	(568)	(1,488)	(325)	(243)	(535)	(442)	(7)
<b>Net gains on sales of discontinued operations, net of minority interest</b>	<b>8,185</b>	<b>18,358</b>	<b>4,702</b>	<b>3,483</b>	<b>7,479</b>	<b>6,175</b>	<b>96</b>
<b>Net income from discontinued operations before release of FASB FIN 48 tax liability</b>	<b>8,946</b>	<b>20,158</b>	<b>5,076</b>	<b>3,870</b>	<b>7,896</b>	<b>7,021</b>	<b>969</b>
<b>Release of FASB FIN 48 tax liability</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,473</b>	<b>—</b>
<b>Net income from discontinued operations</b>	<b>\$8,946</b>	<b>\$20,158</b>	<b>\$5,076</b>	<b>\$3,870</b>	<b>\$7,896</b>	<b>\$8,494</b>	<b>\$ 969</b>



## Capitalization

*Dollars, shares, and units in thousands*

	6/30/08	3/31/08	12/31/07	9/30/07	6/30/07
<b>Long-Term Debt (see pages 7 &amp; 8):</b>	<b>\$1,732,082</b>	<b>\$1,703,238</b>	<b>\$1,641,987</b>	<b>\$1,601,474</b>	<b>\$1,557,571</b>
<b>Financing Obligations:</b>	<b>\$ 35,145</b>	<b>\$ 35,296</b>	<b>\$ 35,071</b>	<b>\$ 34,919</b>	<b>\$ 35,683</b>
<b>Preferred Stock (at liquidation value):</b>					
Series A 8 <sup>5</sup> / 8 % Perpetual Preferred Stock	\$ 82,937	\$ 82,937	\$ 82,937	\$ 82,937	\$ 104,945
Series B 8% Perpetual Preferred Stock	52,500	52,500	52,500	52,500	52,500
Total preferred stock	<u>\$ 135,437</u>	<u>\$ 135,437</u>	<u>\$ 135,437</u>	<u>\$ 135,437</u>	<u>\$ 157,445</u>
<b>Common Shares and Units Outstanding:</b>					
Common stock outstanding	57,632	57,309	57,167	57,158	57,131
Minority interest partnership units	3,933	3,951	4,057	4,059	4,062
Total common shares and units outstanding	<u>61,565</u>	<u>61,260</u>	<u>61,224</u>	<u>61,217</u>	<u>61,193</u>
Stock price at period end	\$ 31.42	\$ 31.07	\$ 29.38	\$ 36.67	\$ 37.50
Market value of common equity	<u>\$1,934,372</u>	<u>\$1,903,348</u>	<u>\$1,798,761</u>	<u>\$2,244,827</u>	<u>\$2,294,738</u>
Total market capitalization with debt and obligations	<u><b>\$3,837,036</b></u>	<u><b>\$3,777,319</b></u>	<u><b>\$3,611,256</b></u>	<u><b>\$4,016,657</b></u>	<u><b>\$4,045,437</b></u>

*See pages 30 to 36 for information regarding Highwoods' Joint Ventures.*

Highwoods Properties, Inc.

6

6/30/08

## Long-Term Debt Summary

*Dollars in thousands*

	6/30/08	3/31/08	12/31/07	9/30/07	6/30/07
<b>Balances Outstanding:</b>					
<b>Secured:</b>					
Conventional fixed rate 1/	\$ 640,557	\$ 643,041	\$ 645,500	\$ 657,408	\$ 659,741
Variable rate debt	47,087	26,890	19,811	11,920	1,014
Secured total	<u>687,644</u>	<u>669,931</u>	<u>665,311</u>	<u>669,328</u>	<u>660,755</u>
<b>Unsecured:</b>					
Fixed rate bonds and notes	648,938	648,907	748,876	748,846	748,816
Bank term loan	137,500	137,500	—	—	—
Credit facility	258,000	246,900	227,800	183,300	148,000
Unsecured total	<u>1,044,438</u>	<u>1,033,307</u>	<u>976,676</u>	<u>932,146</u>	<u>896,816</u>
Total	<u><u>\$1,732,082</u></u>	<u><u>\$1,703,238</u></u>	<u><u>\$1,641,987</u></u>	<u><u>\$1,601,474</u></u>	<u><u>\$1,557,571</u></u>

### End of Period Weighted Average Interest Rates:

<b>Secured:</b>					
Conventional fixed rate	6.61%	6.62%	6.62%	6.63%	6.63%
Variable rate debt	4.01%	4.34%	6.61%	7.02%	7.11%
Secured total	<u>6.44%</u>	<u>6.50%</u>	<u>6.62%</u>	<u>6.64%</u>	<u>6.63%</u>
<b>Unsecured:</b>					
Fixed rate bonds	6.53%	6.53%	6.61%	6.61%	6.61%
Bank term loan	3.53%	3.71%	—	—	—
Credit facility	3.43%	3.65%	5.80%	6.32%	6.12%
Unsecured total	<u>5.37%</u>	<u>5.47%</u>	<u>6.42%</u>	<u>6.56%</u>	<u>6.53%</u>
Average	<u><u>5.79%</u></u>	<u><u>5.88%</u></u>	<u><u>6.50%</u></u>	<u><u>6.59%</u></u>	<u><u>6.57%</u></u>

### Maturity Schedule:

Year	Future Maturities of Debt			Average Interest Rate
	Secured Debt 2/	Unsecured Debt	Total Debt 2/	
2008	\$ —	\$ —	\$ —	—
2009	140,014	308,000	448,014	5.20%
2010	32,563	—	32,563	4.08%
2011	—	137,500	137,500	3.53%
2012	212,523	—	212,523	6.95%
2013	265,527	—	265,527	5.90%
2014	37,017	—	37,017	5.79%
2015	—	—	—	—
2016	—	—	—	—
2017	—	398,938	398,938	5.85%
2018	—	200,000	200,000	7.50%
Total maturities	<u>\$ 687,644</u>	<u>\$ 1,044,438</u>	<u>\$1,732,082</u>	<u>5.79%</u>

Weighted average maturity = 5.0 years

1/ Includes a \$22.5 million loan related to a consolidated 20% owned joint venture (Harborview) and \$37.0 million in loans at June 30, 2008 related to a consolidated 50% joint venture (Markel).

2/ All periods exclude annual principal amortization.

## Long-Term Debt Detail

*Dollars in thousands*

### Secured Loans

<u>Lender</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Loan Balance 6/30/08</u>	<u>Undepreciated Book Value of Assets Secured</u>
Northwestern Mutual	7.05%	Jan-12	\$ 190,000	\$ 299,896
Northwestern Mutual	6.03%	Mar-13	134,435	183,149
Massachusetts Mutual Life Ins. Co. 1/	5.68%	Dec-13	119,770	214,602
Monumental Life Ins. Co. 2/	7.77%	Nov-09	79,235	199,099
Monumental Life Ins. Co. 2/	7.87%	Nov-09	40,728	
Metropolitan Life Ins. Co. 3/	6.06%	Oct-12	22,523	39,066
Wells Fargo 4/ 5/	4.24%	May-10	17,476	20,552
Royal Bank of Canada 4/	3.86%	Dec-09	14,524	32,803
Principal Life Insurance Company 6/	5.79%	Jan-14	11,348	14,402
Principal Life Insurance Company 6/	5.79%	Jan-14	11,348	18,781
Massachusetts Mutual Life Ins. Co. 1/	6.48%	Dec-13	10,607	
Wells Fargo 4/	4.14%	May-10	10,395	12,790
Principal Life Insurance Company 6/	5.74%	Jan-14	8,948	14,131
Principal Life Insurance Company 6/	5.89%	Jan-14	5,374	7,514
PNC/Regions/Union Bank of California/U.S. Bank 4/	3.34%	Dec-10	4,692	5,606
Lutheran Brotherhood	6.75%	Apr-09	3,623	7,897
Security Life of Denver	8.85%	Aug-09	1,903	9,485
American United Life	9.00%	Jun-13	715	3,344
	<u>6.44%</u>		<u>687,644</u>	<u>\$ 1,083,117</u>

### Unsecured Bonds

Bonds	5.85%	Mar-17	398,938	
Bonds	7.50%	Apr-18	200,000	
Bonds	8.13%	Jan-09	50,000	
	<u>6.53%</u>		<u>648,938</u>	

### Unsecured Loans

Credit facility 4/ 7/	3.43%	May-09	258,000	
Bank term loan 4/	3.53%	Feb-11	137,500	
	<u>3.46%</u>		<u>395,500</u>	
<b>Total Debt</b>	<u>5.79%</u>		<u>\$1,732,082</u>	

- 1/ These two loans are secured by the same assets.  
2/ These two loans are secured by the same assets.  
3/ Loan relates to a consolidated 20% owned joint venture (Harborview).  
4/ Floating rate loans based on one month libor.  
5/ This loan was paid off on 7/18/2008.  
6/ Loans relate to a consolidated 50% owned joint venture (Markel).  
7/ Maturity date excludes one-year extension option.

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

(Rentable Square Feet)

Office Industrial & Retail	6/30/08	3/31/08	12/31/07	9/30/07	6/30/07
<b>In-Service:</b>					
Office 2/	19,416,000	19,565,000	19,260,000	19,003,000	19,194,000
Industrial	6,299,000	6,036,000	6,036,000	5,942,000	6,280,000
Retail 3/	1,343,000	1,314,000	1,317,000	1,318,000	1,317,000
Total 4/	27,058,000	26,915,000	26,613,000	26,263,000	26,791,000
<b>Development Completed - Not Stabilized:</b>					
Office 2/	428,000	524,000	607,000	867,000	560,000
Industrial	418,000	681,000	681,000	681,000	681,000
Retail	—	—	—	—	—
Total	846,000	1,205,000	1,288,000	1,548,000	1,241,000
<b>Development - In Process:</b>					
Office 2/	803,000	717,000	887,000	1,233,000	1,387,000
Industrial	200,000	200,000	—	120,000	120,000
Retail	—	—	30,000	30,000	—
Total	1,003,000	917,000	917,000	1,383,000	1,507,000
<b>Total:</b>					
Office 2/	20,647,000	20,806,000	20,754,000	21,103,000	21,141,000
Industrial	6,917,000	6,917,000	6,717,000	6,743,000	7,081,000
Retail 3/	1,343,000	1,314,000	1,347,000	1,348,000	1,317,000
Total 4/	28,907,000	29,037,000	28,818,000	29,194,000	29,539,000
<b>Same Property</b>					
Office 2/	18,224,000	18,224,000	18,224,000	18,224,000	18,224,000
Industrial	5,916,000	5,916,000	5,916,000	5,916,000	5,916,000
Retail	1,313,000	1,313,000	1,313,000	1,313,000	1,313,000
Total	25,453,000	25,453,000	25,453,000	25,453,000	25,453,000

### Percent Leased/Pre-Leased:

<b>In-Service:</b>					
Office	90.8%	90.4%	91.1%	89.7%	88.5%
Industrial	91.4%	91.0%	94.2%	91.4%	90.8%
Retail	93.5%	92.9%	94.9%	94.4%	94.8%
Total	91.1%	90.7%	92.0%	90.4%	89.3%
<b>Development Completed - Not Stabilized:</b>					
Office	73.6%	67.4%	75.9%	75.9%	69.9%
Industrial	72.0%	78.2%	78.2%	78.2%	61.0%
Retail	—	—	—	—	—
Total	72.8%	73.5%	77.1%	76.9%	65.0%
<b>Development - In Process:</b>					
Office	63.5%	65.7%	59.9%	71.2%	72.5%
Industrial	50.0%	50.0%	—	100.0%	0.0%
Retail	—	—	100.0%	100.0%	—
Total	60.8%	62.3%	61.2%	74.3%	66.7%
<b>Same Property</b>					
Office	90.8%	90.5%	91.2%	90.2%	89.2%
Industrial	91.4%	90.9%	94.1%	91.4%	91.7%
Retail	93.4%	92.9%	95.2%	94.7%	95.1%
Total	91.0%	90.7%	92.1%	90.7%	90.1%

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

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

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

4/ Excludes minor for rent apartment buildings.

**Portfolio Summary**  
(Continued)

As of June 30, 2008

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

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Cash Revenue 2/			
			Office	Industrial	Retail	Total
Raleigh 3/	3,711,000	89.7%	15.5%	—	—	15.5%
Nashville	3,181,000	94.9%	14.5%	—	—	14.5%
Atlanta	5,552,000	92.0%	10.0%	3.9%	—	13.9%
Tampa	2,419,000	94.5%	13.8%	—	—	13.8%
Kansas City	1,956,000 4/	91.3%	3.5%	0.0%	9.1%	12.6%
Piedmont Triad 5/	5,358,000	85.9%	6.2%	3.7%	0.1%	10.0%
Richmond	2,230,000	92.1%	8.9%	—	—	8.9%
Memphis	1,337,000	93.5%	5.6%	—	—	5.6%
Greenville	897,000	91.4%	3.2%	—	—	3.2%
Orlando	317,000	98.4%	1.5%	—	—	1.5%
Other	100,000	84.3%	0.5%	—	—	0.5%
Total	<u>27,058,000</u>	<u>91.1%</u>	<u>83.2%</u>	<u>7.6%</u>	<u>9.2%</u>	<u>100.0%</u>

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

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Cash Revenue 2/ 6/				
			Office	Industrial	Retail	Multi-Family	Total
Raleigh	4,525,000	89.5%	14.5%	—	—	—	14.5%
Atlanta	6,387,000	92.3%	10.2%	3.4%	—	—	13.6%
Nashville	3,181,000	94.9%	12.9%	—	—	—	12.9%
Tampa	2,624,000	94.8%	12.4%	—	—	—	12.4%
Kansas City	2,670,000 4/	89.0%	4.0%	0.0%	8.1%	—	12.1%
Piedmont Triad	5,722,000	85.0%	5.8%	3.2%	0.1%	—	9.1%
Richmond	2,643,000	93.3%	8.4%	—	—	—	8.4%
Memphis	1,337,000	93.5%	4.9%	—	—	—	4.9%
Orlando	2,171,000	91.0%	4.5%	—	—	—	4.5%
Des Moines	2,505,000	88.5%	3.2%	0.5%	0.1%	0.4%	4.2%
Greenville	897,000	91.4%	2.8%	—	—	—	2.8%
Other	210,000	92.5%	0.5%	—	—	—	0.5%
Charlotte	148,000	100.0%	0.1%	—	—	—	0.1%
Total	<u>35,020,000</u>	<u>90.7%</u>	<u>84.2%</u>	<u>7.1%</u>	<u>8.3%</u>	<u>0.4%</u>	<u>100.0%</u>

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

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

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

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

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

6/ Includes Highwoods' share of Joint Venture Annualized Cash Revenue, see page 34.

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

As of June 30, 2008

Market	Office Properties 1/			Industrial		
	Rentable Square Feet	Occupancy	Percentage of Office Annualized Cash Revenue 2/	Rentable Square Feet	Occupancy	Percentage of Industrial Annualized Cash Revenue 2/
Raleigh	3,711,000	89.7%	18.6%	—	—	—
Nashville	3,181,000	94.9%	17.4%	—	—	—
Tampa	2,419,000	94.5%	16.6%	—	—	—
Atlanta	2,470,000	89.9%	12.0%	3,082,000	93.6%	51.3%
Richmond	2,230,000	92.1%	10.7%	—	—	—
Piedmont Triad	2,115,000	80.4%	7.5%	3,213,000	89.4%	48.6%
Memphis	1,337,000	93.5%	6.7%	—	—	—
Kansas City	639,000	87.2%	4.2%	4,000	46.5%	0.1%
Greenville	897,000	91.4%	3.8%	—	—	—
Orlando	317,000	98.4%	1.8%	—	—	—
Other	100,000	84.3%	0.7%	—	—	—
	<u>19,416,000</u>	<u>90.8%</u>	<u>100.0%</u>	<u>6,299,000</u>	<u>91.4%</u>	<u>100.0%</u>

  

Market	Retail		
	Rentable Square Feet	Occupancy	Percentage of Retail Annualized Cash Revenue 2/
Kansas City 3/	1,313,000	93.4%	98.8%
Piedmont Triad	30,000	100.0%	1.2%
	<u>1,343,000</u>	<u>93.5%</u>	<u>100.0%</u>

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

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

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

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

Market	Measurement	6/30/08	3/31/08	12/31/07	9/30/07	6/30/07
Atlanta	Rentable Square Feet	<b>5,552,000</b>	5,289,000	5,289,000	5,199,000	5,514,000
	Occupancy	<b>92.0%</b>	91.6%	93.0%	92.8%	92.9%
	Current Properties 2/	<b>92.1%</b>	91.5%	92.9%	92.8%	92.7%
Columbia	Rentable Square Feet	—	—	—	253,000	253,000
	Occupancy	—	—	—	82.5%	72.0%
	Current Properties 2/	—	—	—	82.5%	72.0%
Greenville	Rentable Square Feet	<b>897,000</b>	897,000	897,000	897,000	1,109,000
	Occupancy	<b>91.4%</b>	86.4%	85.6%	87.7%	76.3%
	Current Properties 2/	<b>91.4%</b>	86.4%	85.6%	87.6%	83.9%
Kansas City 3/	Rentable Square Feet	<b>1,956,000</b>	2,229,000	2,215,000	2,216,000	2,215,000
	Occupancy	<b>91.3%</b>	88.8%	89.4%	89.3%	89.5%
	Current Properties 2/	<b>91.4%</b>	90.9%	91.9%	91.9%	92.3%
Memphis	Rentable Square Feet	<b>1,337,000</b>	1,276,000	1,276,000	1,276,000	1,276,000
	Occupancy	<b>93.5%</b>	93.8%	94.9%	92.5%	92.7%
	Current Properties 2/	<b>93.2%</b>	93.8%	94.9%	92.5%	92.7%
Nashville	Rentable Square Feet	<b>3,181,000</b>	3,184,000	3,184,000	2,875,000	2,875,000
	Occupancy	<b>94.9%</b>	95.0%	95.1%	92.5%	90.9%
	Current Properties 2/	<b>94.2%</b>	94.4%	94.7%	92.4%	90.6%
Orlando	Rentable Square Feet	<b>317,000</b>	317,000	218,000	218,000	218,000
	Occupancy	<b>98.4%</b>	96.9%	100.0%	99.4%	98.9%
	Current Properties 2/	<b>97.6%</b>	95.4%	100.0%	99.4%	98.9%
Piedmont Triad	Rentable Square Feet	<b>5,358,000</b>	5,358,000	5,328,000	5,234,000	5,235,000
	Occupancy	<b>85.9%</b>	85.2%	89.3%	86.1%	85.7%
	Current Properties 2/	<b>85.5%</b>	84.8%	89.1%	86.0%	85.7%
Raleigh	Rentable Square Feet	<b>3,711,000</b>	3,712,000	3,554,000	3,553,000	3,554,000
	Occupancy	<b>89.7%</b>	90.3%	91.5%	88.1%	86.5%
	Current Properties 2/	<b>90.1%</b>	90.8%	91.5%	88.1%	86.5%
Richmond	Rentable Square Feet	<b>2,230,000</b>	2,135,000	2,134,000	2,024,000	2,024,000
	Occupancy	<b>92.1%</b>	93.5%	92.5%	91.8%	90.0%
	Current Properties 2/	<b>93.2%</b>	93.4%	92.3%	91.6%	89.9%
Tampa	Rentable Square Feet	<b>2,419,000</b>	2,418,000	2,418,000	2,418,000	2,418,000
	Occupancy	<b>94.5%</b>	94.7%	95.0%	95.6%	96.5%
	Current Properties 2/	<b>94.5%</b>	94.7%	94.9%	95.5%	96.4%
Total 4/	Rentable Square Feet	<b>26,958,000</b>	26,815,000	26,513,000	26,163,000	26,691,000
	Occupancy	<b>91.1%</b>	90.7%	92.0%	90.4%	89.3%
	Current Properties 2/	<b>91.0%</b>	90.6%	92.0%	90.6%	90.0%

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

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

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

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

**Leasing Statistics  
Office Portfolio 1/**

	Three Months Ended					
	6/30/08 2/	3/31/08 3/	12/31/07 4/	9/30/07 5/	6/30/07 6/	Average
Net Effective Rents Related to Re-leased Space:						
Number of lease transactions (signed leases)	113	126	126	121	166	130
Rentable square footage leased	997,600	602,049	920,405	1,125,050	865,958	902,212
Square footage of Renewal Deals	913,530	385,756	730,702	720,127	590,542	668,131
Renewed square footage (% of total)	91.6%	64.1%	79.4%	64.0%	68.2%	74.1%
New Leases square footage (% of total)	8.4%	35.9%	20.6%	36.0%	31.8%	25.9%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 22.47	\$ 19.82	\$ 19.35	\$ 19.32	\$ 20.13	\$ 20.22
Tenant improvements	(1.16)	(1.10)	(1.64)	(0.93)	(2.00)	(1.37)
Leasing commissions 7/	(0.63)	(0.44)	(0.62)	(0.51)	(0.63)	(0.57)
Rent concessions	(0.28)	(0.13)	(0.19)	(0.40)	(0.21)	(0.24)
Effective rent	20.40	18.15	16.90	17.48	17.29	18.04
Expense stop	(7.12)	(5.90)	(6.05)	(6.31)	(6.04)	(6.28)
Equivalent effective net rent	\$ 13.28	\$ 12.25	\$ 10.85	\$ 11.17	\$ 11.25	\$ 11.76
Weighted average term in years	3.2	4.0	4.4	4.6	4.5	4.1

**Capital Expenditures Related to Re-leased Space:**

**Tenant Improvements:**

Total dollars committed under signed leases	<b>\$5,224,995</b>	\$3,504,078	\$ 7,696,269	\$6,513,821	\$ 8,589,754	<b>\$6,305,783</b>
Rentable square feet	<b>997,600</b>	602,049	920,405	1,125,050	865,958	<b>902,212</b>
Per rentable square foot	<b>\$ 5.24</b>	<b>\$ 5.82</b>	<b>\$ 8.36</b>	<b>\$ 5.79</b>	<b>\$ 9.92</b>	<b>\$ 6.99</b>

**Leasing Commissions:**

Total dollars committed under signed leases 7/	<b>\$2,300,840</b>	\$1,190,054	\$ 2,719,401	\$2,747,213	\$ 2,303,936	<b>\$2,252,289</b>
Rentable square feet	<b>997,600</b>	602,049	920,405	1,125,050	865,958	<b>902,212</b>
Per rentable square foot	<b>\$ 2.31</b>	<b>\$ 1.98</b>	<b>\$ 2.95</b>	<b>\$ 2.44</b>	<b>\$ 2.66</b>	<b>\$ 2.50</b>

**Total:**

Total dollars committed under signed leases	<b>\$7,525,835</b>	\$4,694,132	\$10,415,670	\$9,261,034	\$10,893,690	<b>\$8,558,072</b>
Rentable square feet	<b>997,600</b>	602,049	920,405	1,125,050	865,958	<b>902,212</b>
Per rentable square foot	<b>\$ 7.54</b>	<b>\$ 7.80</b>	<b>\$ 11.32</b>	<b>\$ 8.23</b>	<b>\$ 12.58</b>	<b>\$ 9.49</b>

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

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

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

4/ Includes 91K square feet of leases that start in 2010 or later.

5/ Includes 94K square feet of leases that start in 2009 or later.

6/ Includes 213K square feet of leases that start in 2009 or later.

7/ Excludes a full allocation of internal leasing costs.



**Leasing Statistics  
Industrial Portfolio**

	Three Months Ended					
	6/30/08	3/31/08	12/31/07	9/30/07	6/30/07 1/	Average
Net Effective Rents Related to Re-leased Space:						
Number of lease transactions (signed leases)	14	7	10	8	18	11
Rentable square footage leased	367,684	158,324	694,808	115,617	575,033	382,293
Square footage of Renewal Deals	155,126	150,170	538,836	73,793	489,312	281,447
Renewed square footage (% of total)	42.2%	94.8%	77.6%	63.8%	85.1%	73.6%
New Leases square footage (% of total)	57.8%	5.2%	22.4%	36.2%	14.9%	26.4%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 3.85	\$ 5.95	\$ 4.03	\$ 7.53	\$ 3.82	\$ 5.04
Tenant improvements	(0.18)	(0.07)	(0.04)	(0.71)	(0.23)	(0.25)
Leasing commissions 2/	(0.10)	0.00	(0.05)	(0.14)	(0.06)	(0.07)
Rent concessions	0.00	0.00	0.00	(0.10)	(0.05)	(0.03)
Effective rent	3.57	5.88	3.94	6.58	3.48	4.69
Expense stop	(0.19)	(0.10)	(0.05)	(1.04)	(0.19)	(0.31)
Equivalent effective net rent	\$ 3.38	\$ 5.78	\$ 3.89	\$ 5.54	\$ 3.29	\$ 4.38
Weighted average term in years	1.8	3.3	2.6	4.3	2.3	2.9
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$269,635	\$ 50,537	\$ 40,925	\$424,840	\$528,135	\$262,814
Rentable square feet	367,684	158,324	694,808	115,617	575,033	382,293
Per rentable square foot	\$ 0.73	\$ 0.32	\$ 0.06	\$ 3.67	\$ 0.92	\$ 0.69
Leasing Commissions:						
Total dollars committed under signed leases 2/	\$ 62,837	\$ 1,918	\$136,633	\$ 74,106	\$142,246	\$ 83,548
Rentable square feet	367,684	158,324	694,808	115,617	575,033	382,293
Per rentable square foot	\$ 0.17	\$ 0.01	\$ 0.20	\$ 0.64	\$ 0.25	\$ 0.22
Total:						
Total dollars committed under signed leases	\$332,471	\$ 52,455	\$177,558	\$498,945	\$670,380	\$346,362
Rentable square feet	367,684	158,324	694,808	115,617	575,033	382,293
Per rentable square foot	\$ 0.90	\$ 0.33	\$ 0.26	\$ 4.32	\$ 1.17	\$ 0.91

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

2/ Excludes a full allocation of internal leasing costs.

**Leasing Statistics  
Retail Portfolio**

	Three Months Ended					
	6/30/08 1/	3/31/08	12/31/07 2/	9/30/07	6/30/07	Average
Net Effective Rents Related to Re-leased Space:						
Number of lease transactions (signed leases)	6	7	12	8	8	8
Rentable square footage leased	15,839	30,942	44,509	24,629	14,721	26,128
Square footage of Renewal Deals	14,162	18,826	37,318	18,097	7,072	19,095
Renewed square footage (% of total)	89.4%	60.8%	83.8%	73.5%	48.0%	73.1%
New Leases square footage (% of total)	10.6%	39.2%	16.2%	26.5%	52.0%	26.9%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 27.61	\$ 31.80	\$ 20.44	\$ 24.06	\$ 33.29	\$ 27.44
Tenant improvements	(1.52)	(0.40)	(1.46)	(1.17)	(2.57)	(1.42)
Leasing commissions 3/	(0.67)	(0.54)	(0.26)	(0.46)	(1.25)	(0.64)
Rent concessions	0.00	(1.47)	0.00	0.00	0.00	(0.29)
Effective rent	25.42	29.39	18.72	22.43	29.47	25.09
Expense stop	0.00	0.00	0.00	0.00	0.00	0.00
Equivalent effective net rent	\$ 25.42	\$ 29.39	\$ 18.72	\$ 22.43	\$ 29.47	\$ 25.09
Weighted average term in years	7.7	8.6	5.6	6.1	7.0	7.0
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$177,176	\$161,500	\$509,473	\$260,407	\$335,337	\$288,778
Rentable square feet	15,839	30,942	44,509	24,629	14,721	26,128
Per rentable square foot	\$ 11.19	\$ 5.22	\$ 11.45	\$ 10.57	\$ 22.78	\$ 11.05
Leasing Commissions:						
Total dollars committed under signed leases 3/	\$ 5,794	\$123,220	\$ 21,542	\$ 17,601	\$ 83,077	\$ 50,247
Rentable square feet	15,839	30,942	44,509	24,629	14,721	26,128
Per rentable square foot	\$ 0.37	\$ 3.98	\$ 0.48	\$ 0.71	\$ 5.64	\$ 1.92
Total:						
Total dollars committed under signed leases	\$182,970	\$284,720	\$531,015	\$278,008	\$418,414	\$339,025
Rentable square feet	15,839	30,942	44,509	24,629	14,721	26,128
Per rentable square foot	\$ 11.55	\$ 9.20	\$ 11.93	\$ 11.29	\$ 28.42	\$ 12.98

1/ Includes 3K square feet of leases that start in 2010 or later.

2/ Includes 9K square feet of leases that start in 2010 or later.

3/ Excludes a full allocation of internal leasing costs.

## Leasing Statistics by Market

For the Three Months Ended As of 6/30/08

### Office Portfolio 1/

<u>Market</u>	<u>Rentable Square Feet</u>	<u>Average</u>	<u>GAAP Rental Rate</u>	<u>TI's Per SF</u>	<u>Lease Commissions Per SF 2/ 3/</u>
	<u>Leased</u>	<u>Term</u>			
Tampa	448,048	3.7	\$25.78	\$ 5.03	\$ 3.08
Atlanta	204,240	1.9	19.75	3.65	0.91
Raleigh	104,235	1.8	20.00	2.09	0.77
Nashville	51,280	4.6	21.04	8.22	1.76
Piedmont Triad	50,644	3.2	12.62	2.75	0.23
Richmond	48,197	3.9	17.57	7.34	2.28
Greenville	31,991	4.7	17.37	13.69	4.65
Kansas City	28,805	4.9	23.92	11.69	5.97
Memphis	22,787	3.6	21.94	13.37	2.14
Orlando	4,733	1.3	26.70	0.00	1.42
Other	2,640	3.6	15.52	5.81	7.14
	<u>997,600</u>	<u>3.2</u>	<u>\$22.19</u>	<u>\$ 5.24</u>	<u>\$ 2.31</u>

### Industrial Portfolio

<u>Market</u>	<u>Rentable Square Feet</u>	<u>Average</u>	<u>GAAP Rental Rate</u>	<u>TI's Per SF</u>	<u>Lease Commissions Per SF 2/ 3/</u>
	<u>Leased</u>	<u>Term</u>			
Piedmont Triad	230,084	0.9	\$3.68	\$0.42	\$ 0.06
Atlanta	137,600	3.2	4.15	1.25	0.34
	<u>367,684</u>	<u>1.8</u>	<u>\$3.85</u>	<u>\$0.73</u>	<u>\$ 0.17</u>

### Retail Portfolio

<u>Market</u>	<u>Rentable Square Feet</u>	<u>Average</u>	<u>GAAP Rental Rate</u>	<u>TI's Per SF</u>	<u>Lease Commissions Per SF 2/ 3/</u>
	<u>Leased</u>	<u>Term</u>			
Kansas City	15,839	7.7	\$27.61	\$11.19	\$ 0.37
	<u>15,839</u>	<u>7.7</u>	<u>\$27.61</u>	<u>\$11.19</u>	<u>\$ 0.37</u>

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

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

3/ The amount of capitalized internal leasing cost not allocated to individual deals or product types was \$681K.

## Rental Rate Comparisons by Market

For the Three Months Ended As of 6/30/08

### Office Portfolio 1/

	Rentable Square Feet	Current	Previous	Percentage Change Rent
<u>Market</u>	<u>Leased</u>	<u>Rent</u>	<u>Rent</u>	
Tampa	448,048	\$25.78	\$23.18	11.2%
Atlanta	204,240	19.75	19.54	1.1%
Raleigh	104,235	20.00	19.31	3.6%
Nashville	51,280	21.04	17.81	18.1%
Piedmont Triad	50,644	12.62	12.29	2.7%
Richmond	48,197	17.57	16.23	8.3%
Greenville	31,991	17.37	16.83	3.2%
Kansas City	28,805	23.92	22.27	7.4%
Memphis	22,787	21.94	19.28	13.8%
Orlando	4,733	26.70	22.22	20.2%
Other	2,640	15.52	13.07	18.7%
GAAP Rent Growth	<u>997,600</u>	<u>\$22.19</u>	<u>\$20.51</u>	<u>8.2%</u>
Cash Rent Growth	<u>997,600</u>	<u>\$21.77</u>	<u>\$22.80</u>	<u>-4.5%</u>

### Industrial Portfolio

	Rentable Square Feet	Current	Previous	Percentage Change Rent
<u>Market</u>	<u>Leased</u>	<u>Rent</u>	<u>Rent</u>	
Piedmont Triad	230,084	\$ 3.68	\$ 3.53	4.2%
Atlanta	137,600	4.15	3.78	9.7%
GAAP Rent Growth	<u>367,684</u>	<u>\$ 3.85</u>	<u>\$ 3.62</u>	<u>6.3%</u>
Cash Rent Growth	<u>367,684</u>	<u>\$ 3.82</u>	<u>\$ 3.73</u>	<u>2.3%</u>

### Retail Portfolio

	Rentable Square Feet	Current	Previous	Percentage Change Rent
<u>Market</u>	<u>Leased</u>	<u>Rent</u>	<u>Rent 2/</u>	
Kansas City	15,839	\$27.61	\$24.08	14.7%
GAAP Rent Growth	<u>15,839</u>	<u>\$27.61</u>	<u>\$24.08</u>	<u>14.7%</u>
Cash Rent Growth	<u>15,839</u>	<u>\$26.88</u>	<u>\$25.53</u>	<u>5.3%</u>

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

<u>Type</u>	<u>6/30/08</u>	<u>6/30/07</u>	<u>6/30/06</u>	<u>6/30/05</u>	<u>6/30/04</u>
Office	\$19.80	\$19.26	\$18.16	\$17.64	\$17.49
Industrial	5.30	5.19	5.10	5.02	4.68
Retail 2/	31.33	30.94	28.07	27.80	25.88
<b>Weighted average rate</b>	<b><u>\$16.87</u></b>	<b><u>\$16.40</u></b>	<b><u>\$15.51</u></b>	<b><u>\$15.44</u></b>	<b><u>\$14.70</u></b>
<b>Annual % growth rate</b>	<b><u>2.9%</u></b>	<b><u>5.7%</u></b>	<b><u>0.5%</u></b>	<b><u>5.0%</u></b>	

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

2/ Excludes percentage rent.

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

## Lease Expirations

June 30, 2008

*Dollars in thousands*

Year	Rentable Square Feet Expiring	Percent of Rentable Square Feet	Annualized Cash Revenue 1/	Average Rental Rate	Percent of Annualized Cash Revenue 1/
<b>Office: 2/</b>					
2008 /3	647,954	3.6%	\$ 14,041	\$21.67	4.0%
2009	2,246,706	12.6%	45,175	20.11	12.8%
2010	2,097,533	11.7%	43,036	20.52	12.2%
2011	2,677,157	15.1%	52,213	19.50	14.7%
2012	2,290,329	12.8%	46,886	20.47	13.2%
2013	2,274,011	12.7%	42,783	18.81	12.1%
2014	1,540,106	8.6%	30,768	19.98	8.7%
2015	1,055,101	5.9%	21,280	20.17	6.0%
2016	755,315	4.2%	14,035	18.58	4.0%
2017	952,032	5.3%	19,193	20.16	5.4%
2018 and thereafter	1,334,308	7.5%	24,346	18.25	6.9%
	<b><u>17,870,552</u></b>	<b><u>100.0%</u></b>	<b><u>\$353,756</u></b>	<b><u>\$19.80</u></b>	<b><u>100.0%</u></b>
<b>Industrial:</b>					
2008 /4	224,368	3.7%	\$ 1,063	\$ 4.74	3.3%
2009	1,182,188	19.4%	6,457	5.46	20.0%
2010	825,682	13.5%	4,301	5.21	13.4%
2011	1,116,037	18.3%	5,479	4.91	17.0%
2012	454,550	7.5%	2,766	6.09	8.6%
2013	547,142	9.0%	3,372	6.16	10.5%
2014	436,065	7.2%	2,479	5.68	7.7%
2015	271,382	4.5%	1,124	4.14	3.5%
2016	264,597	4.4%	1,040	3.93	3.2%
2017	149,600	2.5%	737	4.93	2.3%
2018 and thereafter	604,640	10.0%	3,367	5.57	10.5%
	<b><u>6,076,251</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 32,185</u></b>	<b><u>\$ 5.30</u></b>	<b><u>100.0%</u></b>

- 1/ Annualized Cash Revenue is June, 2008 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.
- 2/ Excludes properties recorded on our Balance Sheet that relate to 50% or less owned joint ventures properties that are consolidated under GAAP.
- 3/ Includes 26,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue.
- 4/ Includes 105,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue.

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

# Lease Expirations

June 30, 2008

(Continued)

Dollars in thousands

Year	Rentable Square Feet Expiring	Percent of Rentable Square Feet	Annualized Cash Revenue 1/	Average Rental Rate	Percent of Annualized Cash Revenue 1/
<b>Retail:</b>					
2008 2/	57,467	4.6%	\$ 1,019	\$17.73	2.6%
2009	136,490	10.9%	4,384	32.12	11.1%
2010	90,339	7.2%	3,602	39.87	9.2%
2011	58,702	4.7%	1,975	33.64	5.0%
2012	165,979	13.2%	5,162	31.10	13.1%
2013	70,818	5.6%	2,728	38.52	6.9%
2014	102,285	8.1%	2,478	24.23	6.3%
2015	144,364	11.5%	4,636	32.11	11.8%
2016	65,526	5.2%	2,744	41.88	7.0%
2017	107,946	8.6%	2,724	25.23	6.9%
2018 and thereafter	255,786	20.4%	7,895	30.87	20.1%
	<b><u>1,255,702</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 39,347</u></b>	<b><u>\$31.33</u></b>	<b><u>100.0%</u></b>
<b>Total:</b>					
2008 3/ 4/	929,789	3.7%	\$ 16,123	\$17.34	3.8%
2009	3,565,384	14.1%	56,016	15.71	13.2%
2010	3,013,554	12.0%	50,939	16.90	12.0%
2011	3,851,896	15.4%	59,667	15.49	13.9%
2012	2,910,858	11.5%	54,814	18.83	12.9%
2013	2,891,971	11.5%	48,883	16.90	11.5%
2014	2,078,456	8.2%	35,725	17.19	8.4%
2015	1,470,847	5.8%	27,040	18.38	6.4%
2016	1,085,438	4.3%	17,819	16.42	4.2%
2017	1,209,578	4.8%	22,654	18.73	5.3%
2018 and thereafter	2,194,734	8.7%	35,608	16.22	8.4%
	<b><u>25,202,505</u></b>	<b><u>100.0%</u></b>	<b><u>\$425,288</u></b>	<b><u>\$16.87</u></b>	<b><u>100.0%</u></b>

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

2/ Includes 15,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue.

3/ Includes 146,000 square feet of leases that are on a month to month basis or 0.3% of total annualized revenue.

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

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

# Office Lease Expirations by Market by Quarter 1/

Dollars in thousands

		Three Months Ended				
		9/30/08 2/	12/31/08	3/31/09	6/30/09	Total
Atlanta	RSF	41,536	10,482	20,132	64,921	137,071
	% of Total Office RSF	0.2%	0.1%	0.1%	0.4%	0.8%
	Annualized Cash Revenue 3/	\$ 909	\$ 195	\$ 372	\$ 936	\$ 2,412
	% of Total Office Annl Cash Rev	0.3%	0.1%	0.1%	0.3%	0.7%
Greenville	RSF	16,970	0	19,998	29,135	66,103
	% of Total Office RSF	0.1%	0.0%	0.1%	0.2%	0.4%
	Annualized Cash Revenue 3/	\$ 331	\$ —	\$ 333	\$ 492	\$ 1,156
	% of Total Office Annl Cash Rev	0.1%	0.0%	0.1%	0.1%	0.3%
Kansas City	RSF	6,592	11,023	16,833	7,805	42,253
	% of Total Office RSF	0.0%	0.1%	0.1%	0.0%	0.2%
	Annualized Cash Revenue 3/	\$ 213	\$ 270	\$ 400	\$ 191	\$ 1,074
	% of Total Office Annl Cash Rev	0.1%	0.1%	0.1%	0.1%	0.3%
Memphis	RSF	17,479	29,772	63,708	26,133	137,092
	% of Total Office RSF	0.1%	0.2%	0.4%	0.1%	0.8%
	Annualized Cash Revenue 3/	\$ 355	\$ 665	\$ 1,444	\$ 528	\$ 2,992
	% of Total Office Annl Cash Rev	0.1%	0.2%	0.4%	0.1%	0.8%
Nashville	RSF	15,525	30,386	118,500	100,106	264,517
	% of Total Office RSF	0.1%	0.2%	0.7%	0.6%	1.5%
	Annualized Cash Revenue 3/	\$ 284	\$ 677	\$ 2,339	\$ 1,943	\$ 5,243
	% of Total Office Annl Cash Rev	0.1%	0.2%	0.7%	0.5%	1.5%
Orlando	RSF	0	0	0	11,482	11,482
	% of Total Office RSF	0.0%	0.0%	0.0%	0.1%	0.1%
	Annualized Cash Revenue 3/	\$ —	\$ —	\$ —	\$ 274	\$ 274
	% of Total Office Annl Cash Rev	0.0%	0.0%	0.0%	0.1%	0.1%
Piedmont Triad	RSF	31,696	14,074	23,056	31,062	99,888
	% of Total Office RSF	0.2%	0.1%	0.1%	0.2%	0.6%
	Annualized Cash Revenue 3/	\$ 617	\$ 243	\$ 463	\$ 536	\$ 1,859
	% of Total Office Annl Cash Rev	0.2%	0.1%	0.1%	0.2%	0.5%
Raleigh	RSF	200,645	49,326	226,469	20,991	497,431
	% of Total Office RSF	1.1%	0.3%	1.3%	0.1%	2.7%
	Annualized Cash Revenue 3/	\$ 4,737	\$ 942	\$ 4,669	\$ 462	\$ 10,810
	% of Total Office Annl Cash Rev	1.3%	0.3%	1.3%	0.1%	3.1%
Richmond	RSF	88,058	13,456	109,235	48,814	259,563
	% of Total Office RSF	0.5%	0.1%	0.6%	0.3%	1.5%
	Annualized Cash Revenue 3/	\$ 1,767	\$ 248	\$ 2,257	\$ 911	\$ 5,183
	% of Total Office Annl Cash Rev	0.5%	0.1%	0.6%	0.3%	1.5%
Tampa	RSF	54,965	10,442	108,499	54,683	228,589
	% of Total Office RSF	0.3%	0.1%	0.6%	0.3%	1.3%
	Annualized Cash Revenue 3/	\$ 1,190	\$ 252	\$ 2,544	\$ 1,231	\$ 5,217
	% of Total Office Annl Cash Rev	0.3%	0.1%	0.7%	0.3%	1.5%
Other	RSF	5,527	0	6,166	0	11,693
	% of Total Office RSF	0.0%	0.0%	0.0%	0.0%	0.1%
	Annualized Cash Revenue 3/	\$ 148	\$ —	\$ 121	\$ —	\$ 269
	% of Total Office Annl Cash Rev	0.0%	0.0%	0.0%	0.0%	0.1%
Total	RSF	478,993	168,961	712,596	395,132	1,755,682
	% of Total Office RSF	2.6%	0.9%	4.0%	2.2%	9.8%
	Annualized Cash Revenue 3/	\$ 10,551	\$ 3,492	\$ 14,942	\$ 7,504	\$ 36,489
	% of Total Office Annl Cash Rev	3.0%	1.0%	4.2%	2.1%	10.3%

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

2/ Includes 26,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue.

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

# Industrial Lease Expirations by Market by Quarter

Dollars in thousands

		Three Months Ended				
		9/30/08 1/	12/31/08	3/31/09	6/30/09	Total
Atlanta	RSF	49,857	0	112,612	34,300	196,769
	% of Total Industrial RSF	0.8%	0.0%	1.9%	0.6%	3.2%
	Annualized Cash Revenue 2/	\$ 170	\$ —	\$ 731	\$ 215	\$ 1,116
	% of Total Industrial Annl Cash Rev	0.6%	0.0%	2.3%	0.7%	3.5%
Kansas City	RSF	0	0	1,756	0	1,756
	% of Total Industrial RSF	0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Cash Revenue 2/	\$ —	\$ —	\$ 20	\$ —	\$ 20
	% of Total Industrial Annl Cash Rev	0.0%	0.0%	0.1%	0.0%	0.1%
Piedmont Triad	RSF	96,047	78,464	289,378	519,320	983,209
	% of Total Industrial RSF	1.6%	1.3%	4.8%	8.5%	16.2%
	Annualized Cash Revenue 2/	\$ 389	\$ 505	\$ 1,463	\$ 2,400	\$ 4,757
	% of Total Industrial Annl Cash Rev	1.2%	1.6%	4.5%	7.5%	14.8%
Total	RSF	145,904	78,464	403,746	553,620	1,181,734
	% of Total Industrial RSF	2.4%	1.3%	6.6%	9.1%	19.4%
	Annualized Cash Revenue 2/	\$ 559	\$ 505	\$ 2,214	\$ 2,615	\$ 5,893
	% of Total Industrial Annl Cash Rev	1.8%	1.6%	6.9%	8.1%	18.4%

1/ Includes 105,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue.

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



# Office Lease Expirations by Market by Year 1/

Dollars in thousands

		2008 2/	2009	2010	2011	Thereafter
Atlanta	RSF	52,018	264,001	91,795	293,199	1,503,040
	% of Total Office RSF	0.3%	1.5%	0.5%	1.6%	8.4%
	Annualized Cash Revenue 3/	\$ 1,104	\$ 4,459	\$ 1,796	\$ 6,328	\$ 28,711
	% of Total Office Annl Cash Rev	0.3%	1.3%	0.5%	1.8%	8.1%
Greenville	RSF	16,970	60,122	57,236	104,244	581,607
	% of Total Office RSF	0.1%	0.3%	0.3%	0.6%	3.3%
	Annualized Cash Revenue 3/	\$ 331	\$ 1,022	\$ 868	\$ 1,900	\$ 9,359
	% of Total Office Annl Cash Rev	0.1%	0.3%	0.2%	0.5%	2.6%
Kansas City	RSF	17,615	44,124	104,158	69,865	321,787
	% of Total Office RSF	0.1%	0.2%	0.6%	0.4%	1.8%
	Annualized Cash Revenue 3/	\$ 483	\$ 1,051	\$ 2,986	\$ 1,806	\$ 8,421
	% of Total Office Annl Cash Rev	0.1%	0.3%	0.8%	0.5%	2.4%
Memphis	RSF	47,251	176,505	212,005	156,906	657,777
	% of Total Office RSF	0.3%	1.0%	1.2%	0.9%	3.7%
	Annualized Cash Revenue 3/	\$ 1,019	\$ 3,588	\$ 4,491	\$ 3,112	\$ 11,577
	% of Total Office Annl Cash Rev	0.3%	1.0%	1.3%	0.9%	3.3%
Nashville	RSF	45,911	574,808	456,444	386,346	1,556,164
	% of Total Office RSF	0.3%	3.2%	2.6%	2.2%	8.7%
	Annualized Cash Revenue 3/	\$ 961	\$ 11,802	\$ 9,354	\$ 7,841	\$ 31,855
	% of Total Office Annl Cash Rev	0.3%	3.3%	2.6%	2.2%	9.0%
Orlando	RSF	0	16,215	77,080	106,313	111,676
	% of Total Office RSF	0.0%	0.1%	0.4%	0.6%	0.6%
	Annualized Cash Revenue 3/	\$ —	\$ 400	\$ 1,788	\$ 2,332	\$ 1,750
	% of Total Office Annl Cash Rev	0.0%	0.1%	0.5%	0.7%	0.5%
Piedmont Triad	RSF	45,770	135,583	235,164	423,301	861,380
	% of Total Office RSF	0.3%	0.8%	1.3%	2.4%	4.8%
	Annualized Cash Revenue 3/	\$ 861	\$ 2,236	\$ 3,813	\$ 6,199	\$ 13,270
	% of Total Office Annl Cash Rev	0.2%	0.6%	1.1%	1.8%	3.8%
Raleigh	RSF	249,971	480,105	384,891	615,092	1,690,706
	% of Total Office RSF	1.4%	2.7%	2.2%	3.4%	9.5%
	Annualized Cash Revenue 3/	\$ 5,678	\$ 10,015	\$ 7,504	\$ 12,482	\$ 30,365
	% of Total Office Annl Cash Rev	1.6%	2.8%	2.1%	3.5%	8.6%
Richmond	RSF	101,514	232,353	249,499	420,310	1,049,014
	% of Total Office RSF	0.6%	1.3%	1.4%	2.4%	5.9%
	Annualized Cash Revenue 3/	\$ 2,015	\$ 4,529	\$ 4,767	\$ 7,864	\$ 18,554
	% of Total Office Annl Cash Rev	0.6%	1.3%	1.3%	2.2%	5.2%
Tampa	RSF	65,407	256,105	196,991	100,001	1,830,024
	% of Total Office RSF	0.4%	1.4%	1.1%	0.6%	10.2%
	Annualized Cash Revenue 3/	\$ 1,442	\$ 5,942	\$ 4,847	\$ 2,293	\$ 44,267
	% of Total Office Annl Cash Rev	0.4%	1.7%	1.4%	0.6%	12.5%
Other	RSF	5,527	6,785	32,270	1,580	38,027
	% of Total Office RSF	0.0%	0.0%	0.2%	0.0%	0.2%
	Annualized Cash Revenue 3/	\$ 148	\$ 131	\$ 823	\$ 56	\$ 1,162
	% of Total Office Annl Cash Rev	0.0%	0.0%	0.2%	0.0%	0.3%
Total	RSF	647,954	2,246,706	2,097,533	2,677,157	10,201,202
	% of Total Office RSF	3.6%	12.6%	11.7%	15.0%	57.1%
	Annualized Cash Revenue 3/	\$ 14,042	\$ 45,175	\$ 43,037	\$ 52,213	\$ 199,291
	% of Total Office Annl Cash Rev	4.0%	12.8%	12.2%	14.8%	56.3%

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

2/ Includes 26,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue.

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

# Industrial Lease Expirations by Market by Year

Dollars in thousands

		2008 1/	2009	2010	2011	Thereafter
Atlanta	RSF	49,857	333,368	316,221	719,054	1,483,974
	% of Total Industrial RSF	0.8%	5.5%	5.2%	11.8%	24.4%
	Annualized Cash Revenue 2/	\$ 169	\$ 2,200	\$ 1,840	\$ 3,931	\$ 8,379
	% of Total Industrial Annl Cash Rev	0.5%	6.8%	5.7%	12.2%	26.0%
Kansas City	RSF	0	1,756	0	0	0
	% of Total Industrial RSF	0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Cash Revenue 2/	\$ —	\$ 20	\$ —	\$ —	\$ —
	% of Total Industrial Annl Cash Rev	0.0%	0.1%	0.0%	0.0%	0.0%
Piedmont Triad	RSF	174,511	847,064	509,461	396,983	1,244,002
	% of Total Industrial RSF	2.9%	13.9%	8.4%	6.5%	20.5%
	Annualized Cash Revenue 2/	\$ 894	\$ 4,238	\$ 2,461	\$ 1,549	\$ 6,506
	% of Total Industrial Annl Cash Rev	2.8%	13.2%	7.6%	4.8%	20.2%
Total	RSF	224,368	1,182,188	825,682	1,116,037	2,727,976
	% of Total Industrial RSF	3.7%	19.5%	13.6%	18.4%	44.9%
	Annualized Cash Revenue 2/	\$ 1,063	\$ 6,458	\$ 4,301	\$ 5,480	\$ 14,885
	% of Total Industrial Annl Cash Rev	3.3%	20.1%	13.4%	17.0%	46.2%

1/ Includes 105,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue.

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

## Customer Diversification 1/

June 30, 2008

*Dollars in thousands*

### Top 20 Customers

Customer	RSF	Annualized Cash Revenue 2/	Percent of Annualized Cash Revenue 2/	Average Remaining Lease Term in Years
Federal Government	1,628,980	\$ 32,008	7.53%	8.0
AT&T	896,147	15,000	3.53%	3.6
Price Waterhouse Coopers	369,649	9,699	2.28%	3.3
State of Georgia	367,986	7,685	1.81%	2.3
Healthways	255,041	5,704	1.34%	14.7
T-Mobile USA	207,517	5,639	1.33%	5.5
Metropolitan Life Insurance	267,787	5,401	1.27%	9.4
Lockton Companies	160,561	4,402	1.04%	6.7
Syniverse Technologies	198,750	3,949	0.93%	8.3
BB&T	238,595	3,854	0.91%	4.5
Fluor Enterprises	209,474	3,729	0.88%	3.6
SCI Services 3/	162,784	3,620	0.85%	9.1
Jacobs Engineering Group	181,794	2,858	0.67%	7.2
Vanderbilt University	144,161	2,843	0.67%	7.3
Lifepoint Corporate Services	129,217	2,629	0.62%	3.1
Wachovia	112,781	2,544	0.60%	2.7
Icon Clinical Research	110,909	2,540	0.60%	5.2
Talecris Biotherapeutics	122,870	2,371	0.56%	4.0
HDR Engineering	80,499	2,293	0.54%	8.5
HCA Physician Services	130,599	2,286	0.54%	5.5
	<u>5,976,101</u>	<u>\$121,054</u>	<u>28.50%</u>	<u>6.3</u>

### By Industry

Category	Percent of Annualized Cash Revenue 2/
Professional, Scientific, and Technical Services	20.9%
Government/Public Administration	9.9%
Finance/Banking	9.4%
Insurance	9.0%
Retail Trade	7.5%
Manufacturing	6.3%
Telecommunication	6.3%
Wholesale Trade	6.2%
Health Care and Social Assistance	6.1%
Real Estate Rental and Leasing	4.0%
Information	2.9%
Administrative and Support Services	2.9%
Accommodation and Food Services	2.7%
Transportation and Warehousing	2.3%
Other Services (except Public Administration)	2.1%
Educational Services	1.5%
	<u>100.0%</u>

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

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

3/ SCI Services (Saxon Capital, Inc.) is a wholly owned subsidiary of Morgan Stanley.

## Same Property Performance 1/

*Dollars and Square Feet in thousands*

	Three months ended June 30,		Percentage
	2008	2007	Change
Rental revenues 2/	\$101,040	\$ 96,421	4.8%
Operating expenses	(37,674)	(35,995)	-4.7%
	<b>63,366</b>	<b>60,426</b>	<b>4.9%</b>
Straight line rent	102	55	85.5%
	<b>63,468</b>	<b>60,481</b>	<b>4.9%</b>
Lease termination fees	23	1,477	-98.4%
<b>Net operating income</b>	<b>\$ 63,491</b>	<b>\$ 61,958</b>	<b>2.5%</b>
Average occupancy	90.8%	90.3%	0.6%
Rentable square feet	25,203	25,203	

	Six months ended June 30,		Percentage
	2008	2007	Change
Rental revenues 2/	\$201,495	\$194,416	3.6%
Operating expenses	(74,184)	(71,718)	-3.4%
	<b>127,311</b>	<b>122,698</b>	<b>3.8%</b>
Straight line rent	624	749	-16.7%
	<b>127,935</b>	<b>123,447</b>	<b>3.6%</b>
Lease termination fees	1,923	1,515	26.9%
<b>Net operating income</b>	<b>\$129,858</b>	<b>\$124,962</b>	<b>3.9%</b>
Average occupancy	90.8%	90.3%	0.6%
Rentable square feet	25,203	25,203	

Market	Second Quarter: 2008 vs 2007		June YTD: 2008 vs 2007	
	NOI 3/ Percentage Change	Occupancy Percentage Change	NOI 3/ Percentage	Occupancy
			Change	Change
Atlanta	-6.9%	-0.8%	-3.5%	-0.5%
Greenville	15.0%	6.2%	11.7%	4.5%
Kansas City	1.8%	-0.8%	-2.3%	-1.3%
Memphis	7.9%	0.5%	5.5%	1.5%
Nashville	12.5%	3.6%	9.9%	3.7%
Orlando	-5.4%	-0.7%	-5.5%	-2.1%
Piedmont Triad	2.3%	-2.3%	0.0%	-2.9%
Raleigh	11.2%	4.3%	8.5%	4.6%
Richmond	9.4%	3.8%	8.2%	4.0%
Tampa	9.5%	-2.5%	5.9%	-3.1%
	<b>4.9%</b>	<b>0.6%</b>	<b>3.6%</b>	<b>0.6%</b>

1/ Excludes a property held for sale at 6/30/08 which constitutes 250,000 rentable square feet.

2/ Excludes straight line rents and lease termination fees.

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

## Disposition Activity

*Dollars in thousands*

						Gross Sales
Name	Market	Type 1/	Date Sold	Square Footage	Occupancy	Price
First quarter 2008:						
Parkway Medical	Kansas City	O	02/15/08	30,000	81.4%	\$ 6,050
First quarter totals				30,000	81.4%	\$ 6,050
Second quarter 2008:						
Fairway North & West	Kansas City	O	04/02/08	130,000	74.6%	\$ 11,676
Corinth Office	Kansas City	O	06/20/08	141,000	75.3%	9,950
Second quarter totals				271,000	74.9%	\$ 21,626
2008 totals				301,000	75.6%	\$ 27,676

1/ The letter "O" represents Office.

Highwoods Properties, Inc.

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6/30/08

## Development Activity

*Dollars in thousands*

Property In - Process	Market	Type 1/	Rentable Square Feet	Anticipated Total Investment	Investment @ 06/30/08	Pre Leased %	Estimated Completion Date	Estimated Stabilization Date
<b>Office:</b>								
FAA	Atlanta	O	100,000	\$ 18,071	\$ 3,005	100%	2Q 09	2Q 09
Jackson FBI	Jackson, MS	O	110,000	31,713	6,016	100%	1Q 09	1Q 09
Triad Centre III	Memphis	O	148,000	29,187	2,134	17%	3Q 09	2Q 11
Cool Springs IV	Nashville	O	153,000	27,597	17,997	6%	3Q 08	1Q 10
RBC Plaza 2/	Raleigh	O	292,000	76,056	57,764	91%	4Q 08	4Q 09
Total or Weighted Average			<u>803,000</u>	<u>\$182,624</u>	<u>\$ 86,916</u>	<u>64%</u>		
					<u>\$ Weighted %</u>	<u>69%</u>		
<b>For Sale Development:</b>								
RBC Plaza Condominiums 3/ 4/	Raleigh	RC	139 Units	\$ 42,380	\$ 30,249	138 Contracts	4Q 08	2Q 09
				<u>\$ 42,380</u>	<u>\$ 30,249</u>			
<b>Industrial:</b>								
River Point IV	Atlanta	I	200,000	\$ 10,435	\$ 1,564	50%	1Q 09	2Q 10
			<u>200,000</u>	<u>\$ 10,435</u>	<u>\$ 1,564</u>	<u>50%</u>		
<b>In-Process Total or Weighted Average 4/</b>			<u>1,003,000</u>	<u>\$235,439</u>	<u>\$ 118,729</u>	<u>61%</u>		
					<u>\$ Weighted %</u>	<u>68%</u>		
<b>Completed Not Stabilized 5/</b>								
<b>Office:</b>								
Centregreen V	Raleigh	O	98,000	\$ 15,662	\$ 12,329	68%	1Q 08	3Q 09
Glenlake VI	Raleigh	O	122,000	24,448	20,723	57%	1Q 08	3Q 09
Highwoods Baycenter I	Tampa	O	208,000	43,100	42,070	86%	3Q 07	4Q 08
Total or Weighted Average			<u>428,000</u>	<u>\$ 83,210</u>	<u>\$ 75,122</u>	<u>74%</u>		
					<u>\$ Weighted %</u>	<u>74%</u>		
<b>Industrial:</b>								
Enterprise II	Piedmont Triad	I	418,000	\$ 17,222	\$ 15,875	72%	4Q 06	4Q 08
			<u>418,000</u>	<u>\$ 17,222</u>	<u>\$ 15,875</u>	<u>72%</u>		
					<u>\$ Weighted %</u>	<u>72%</u>		
<b>Completed Not Stabilized Total or Weighted Average</b>			<u>846,000</u>	<u>\$100,432</u>	<u>\$ 90,997</u>	<u>73%</u>		
					<u>\$ Weighted %</u>	<u>74%</u>		
<b>Grand Total or Weighted Average</b>			<u>1,849,000</u>	<u>\$335,871</u>	<u>\$ 209,726</u>	<u>66%</u>		
					<u>\$ Weighted %</u>	<u>70%</u>		

### Placed in Service in 2Q

Property	Market	Type 1/	Rentable Square Feet	Anticipated Total Investment	Investment @ 06/30/08	Pre Leased %	Occ %	In-Service Date
Comcast	Memphis	O	62,000	\$ 9,449	\$ 8,256	100%	100%	4/1/08
Newpoint V	Atlanta	I	263,000	12,947	12,309	88%	88%	6/1/08
North Shore Commons II	Richmond	O	96,000	14,855	13,304	66%	59%	6/1/08
Total or Weighted Average			<u>421,000</u>	<u>\$ 37,251</u>	<u>\$ 33,869</u>	<u>85%</u>	<u>83%</u>	
					<u>\$ Weighted %</u>	<u>82%</u>	<u>79%</u>	

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

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

3/ In January 2007 the Company executed a Joint Venture agreement for this development. The Company has a 93% interest and consolidates this Joint Venture.  
The investment amounts shown represent the Company's 93% share.

4/ As of 6/30/08, Condo units and numbers are not part of In-Process Total or Weighted Average for SF & Pre-Leasing percentage.

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



**Development Land**  
**June 30, 2008**

*Dollars in thousands*

	Usable	Total
<u>Market</u>	<u>Acres</u>	<u>Estimated</u> <u>Market Value</u>
Atlanta	224	\$ 24,863
Raleigh	190	43,558
Greensboro	47	12,495
Baltimore	39	10,300
Richmond	33	8,211
Tampa	20	13,901
Nashville	16	7,917
Memphis	15	3,487
Orlando	15	16,278
Winston-Salem	10	2,148
Kansas City	1	2,100
<b>Total 1/ 2/ 3/</b>	<b><u>610</u></b>	<b><u>\$ 145,258</u></b>

1/ Developable square footage on core land holdings, which constitute 475 of the total 610 acres, is approximately 4.9 million of office space and 2.5 million of industrial space.

2/ Includes 34 acres (\$8.9 million based on expected gross proceeds) included in property held for sale at June 30, 2008.

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



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## Acquisition Activity

*Dollars in thousands*

<u>Name</u>	<u>Market</u>	<u>Type</u>	<u>Date Acquired</u>	<u>Square Footage</u>	<u>Total Cost</u>
<b>First quarter 2008:</b>					
None					
<b>Second quarter 2008:</b>					
None					
Highwoods Properties, Inc.			29		6/30/08

# **Unconsolidated Joint Ventures Assets, Debt and Liabilities**

June 30, 2008

*Dollars in thousands*

Joint Venture	Type 1/	Own %	Venture's Books		
			Total Assets	Debt	Total Liabilities
Board of Trade Investment Co.	O	49.00%	\$ 7,350	\$ —	\$ 543
Dallas County Partners I, LP	O/ I	50.00%	32,230	48,849	52,197
Dallas County Partners II, LP	O	50.00%	14,268	15,734	17,270
Dallas County Partners III, LP	O	50.00%	126	—	39
Fountain Three	O/I/R	50.00%	25,257	32,638	34,795
RRHWoods, LLC	O/ M	50.00%	87,001	81,232	85,743
Kessinger/Hunter, LLC	-	26.50%	7,108	—	254
4600 Madison Associates, LP	O	12.50%	18,034	13,100	13,694
Highwoods DLF 98/29, LP	O	22.81%	149,886	75,260	80,471
Highwoods DLF 97/26 DLF 99/32, LP	O	42.93%	100,667	55,340	58,918
Concourse Center Associates, LLC	O	50.00%	13,395	8,797	9,037
Plaza Colonnade, LLC	O/R	50.00%	72,445	66,056	67,653
Highwoods KC Glenridge Office, LP	O	40.00%	22,636	16,479	17,561
Highwoods KC Glenridge Land, LP	O	40.00%	779	—	105
Highwoods KC Orlando, LLC	O	40.00%	204,435	140,727	149,313
Highwoods DLF Forum, LLC	O	25.00%	121,236	67,500	71,928
<b>Total</b>			<b>\$ 876,853</b>	<b>\$ 621,712</b>	<b>\$ 659,521</b>

Joint Venture	Type 1/	Own %	Highwoods' Share of Joint Venture		
			Total Assets	Debt	Total Liabilities
Board of Trade Investment Co.	O	49.00%	\$ 3,602	\$ —	\$ 266
Dallas County Partners I, LP	O/ I	50.00%	16,115	24,425	26,099
Dallas County Partners II, LP	O	50.00%	7,134	7,867	8,635
Dallas County Partners III, LP	O	50.00%	63	—	20
Fountain Three	O/I/R	50.00%	12,629	16,319	17,398
RRHWoods, LLC	O/ M	50.00%	43,501	40,616	42,872
Kessinger/Hunter, LLC	-	26.50%	1,884	—	67
4600 Madison Associates, LP	O	12.50%	2,254	1,638	1,712
Highwoods DLF 98/29, LP	O	22.81%	34,189	17,167	18,355
Highwoods DLF 97/26 DLF 99/32, LP	O	42.93%	43,216	23,758	25,293
Concourse Center Associates, LLC	O	50.00%	6,698	4,399	4,519
Plaza Colonnade, LLC	O/R	50.00%	36,223	33,028	33,827
Highwoods KC Glenridge Office, LP	O	40.00%	9,054	6,592	7,024
Highwoods KC Glenridge Land, LP	O	40.00%	312	—	42
Highwoods KC Orlando, LLC	O	40.00%	81,774	56,291	59,725
Highwoods DLF Forum, LLC	O	25.00%	30,304	16,872	17,979
<b>Total 2/</b>			<b>\$ 328,952</b>	<b>\$ 248,972</b>	<b>\$ 263,833</b>

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

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

**Unconsolidated Joint Ventures Income**  
For the Three Months Ended June 30, 2008

*Dollars in thousands*

Joint Venture	Own %	Venture's Books				Net Income/
		Revenue	Operating Exp	Interest	Depr/Amort	(Loss)
Board of Trade Investment Co.	49.00%	\$ 588	\$ 394	\$ —	\$ 137	\$ 57
Dallas County Partners I, LP	50.00%	2,890	1,720	774	512	(116)
Dallas County Partners II, LP	50.00%	1,704	967	409	216	112
Dallas County Partners III, LP	50.00%	90	59	—	2	29
Fountain Three	50.00%	2,006	963	532	454	57
RRHWoods, LLC	50.00%	4,410	2,531	939	1,127	(187)
Kessinger/Hunter, LLC	26.50%	4,021	3,666	—	149	206
4600 Madison Associates, LP	12.50%	1,249	585	235	408	21
Highwoods DLF 98/29, LP	22.80%	4,879	1,740	1,205	1,313	621
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	4,017	1,459	1,072	1,000	486
Concourse Center Associates, LLC	50.00%	492	141	160	76	115
Plaza Colonnade, LLC	50.00%	2,410	851	961	547	51
Highwoods KC Glenridge Office, LP	40.00%	885	390	208	161	126
Highwoods KC Glenridge Land, LP	40.00%	—	3	—	—	(3)
Highwoods KC Orlando, LLC	40.00%	8,222	3,430	1,855	1,822	1,115
Highwoods DLF Forum, LLC	25.00%	3,329	1,133	855	1,401	(60)
<b>Total</b>		<b>\$41,192</b>	<b>\$ 20,032</b>	<b>\$9,205</b>	<b>\$ 9,325</b>	<b>\$ 2,630</b>

Joint Venture	Own %	Highwoods' Share of Joint Venture				Net Income/
		Revenue	Operating Exp	Interest	Depr/Amort	(Loss)
Board of Trade Investment Co.	49.00%	\$ 288	\$ 193	\$ —	\$ 67	\$ 28
Dallas County Partners I, LP	50.00%	1,445	860	387	256	(58)
Dallas County Partners II, LP	50.00%	852	483	205	108	56
Dallas County Partners III, LP	50.00%	45	30	—	1	14
Fountain Three	50.00%	1,003	482	266	227	28
RRHWoods, LLC	50.00%	2,205	1,266	469	563	(93)
Kessinger/Hunter, LLC	26.50%	1,066	972	—	40	54
4600 Madison Associates, LP	12.50%	156	73	30	51	2
Highwoods DLF 98/29, LP	22.81%	1,113	397	275	300	141
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	1,725	627	460	429	209
Concourse Center Associates, LLC	50.00%	246	70	80	38	58
Plaza Colonnade, LLC	50.00%	1,205	425	480	273	27
Highwoods KC Glenridge Office, LP	40.00%	354	156	83	64	51
Highwoods KC Glenridge Land, LP	40.00%	—	1	—	—	(1)
Highwoods KC Orlando, LLC	40.00%	3,289	1,372	742	729	446
Highwoods DLF Forum, LLC	25.00%	833	283	214	350	(14)
<b>Total 1/ 2/</b>		<b>\$15,825</b>	<b>\$ 7,690</b>	<b>\$3,691</b>	<b>\$ 3,496</b>	<b>\$ 948</b>

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

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

**Unconsolidated Joint Ventures Income**  
For the Six Months Ended June 30, 2008

*Dollars in thousands*

Joint Venture	Own %	Venture's Books				Net Income/
		Revenue	Operating Exp	Interest	Depr/Amort	(Loss)
Board of Trade Investment Co.	49.00%	\$ 1,169	\$ 801	\$ —	\$ 282	\$ 86
Dallas County Partners I, LP	50.00%	5,766	3,464	1,550	984	(232)
Dallas County Partners II, LP	50.00%	3,507	1,782	829	432	464
Dallas County Partners III, LP	50.00%	138	117	—	3	18
Fountain Three	50.00%	4,403	1,985	1,065	939	414
RRHWoods, LLC	50.00%	8,875	5,135	1,914	2,150	(324)
Kessinger/Hunter, LLC	26.50%	8,139	7,264	—	300	575
4600 Madison Associates, LP	12.50%	2,494	1,175	468	803	48
Highwoods DLF 98/29, LP	22.80%	9,584	3,269	2,480	2,589	1,246
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	8,236	2,841	2,148	1,805	1,442
Concourse Center Associates, LLC	50.00%	983	270	321	154	238
Plaza Colonnade, LLC	50.00%	4,888	1,772	1,928	1,094	94
Highwoods KC Glenridge Office, LP	40.00%	1,712	764	417	315	216
Highwoods KC Glenridge Land, LP	40.00%	—	5	—	—	(5)
Highwoods KC Orlando, LLC	40.00%	16,495	6,686	3,717	3,727	2,365
Highwoods DLF Forum, LLC	25.00%	3,331	1,133	855	1,401	(58)
<b>Total</b>		<b>\$79,720</b>	<b>\$ 38,463</b>	<b>\$17,692</b>	<b>\$ 16,978</b>	<b>\$ 6,587</b>

Joint Venture	Own %	Highwoods' Share of Joint Venture				Net Income/
		Revenue	Operating Exp	Interest	Depr/Amort	(Loss)
Board of Trade Investment Co.	49.00%	\$ 573	\$ 392	\$ —	\$ 138	\$ 43
Dallas County Partners I, LP	50.00%	2,883	1,732	775	492	(116)
Dallas County Partners II, LP	50.00%	1,754	891	415	216	232
Dallas County Partners III, LP	50.00%	69	59	—	2	8
Fountain Three	50.00%	2,202	993	533	470	206
RRHWoods, LLC	50.00%	4,438	2,568	957	1,075	(162)
Kessinger/Hunter, LLC	26.50%	2,157	1,925	—	80	152
4600 Madison Associates, LP	12.50%	312	147	59	100	6
Highwoods DLF 98/29, LP	22.81%	2,186	746	566	591	283
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	3,536	1,220	922	775	619
Concourse Center Associates, LLC	50.00%	492	135	161	77	119
Plaza Colonnade, LLC	50.00%	2,444	886	964	547	47
Highwoods KC Glenridge Office, LP	40.00%	685	306	167	126	86
Highwoods KC Glenridge Land, LP	40.00%	—	2	—	—	(2)
Highwoods KC Orlando, LLC	40.00%	6,598	2,674	1,487	1,491	946
Highwoods DLF Forum, LLC	25.00%	833	283	214	350	(14)
<b>Total 1/ 2/</b>		<b>\$31,162</b>	<b>\$ 14,959</b>	<b>\$ 7,220</b>	<b>\$ 6,530</b>	<b>\$ 2,453</b>

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

# Joint Ventures Long-Term Debt Detail 1/

Dollars in thousands

Joint Venture	Own %	Lender	Interest		Loan Balance 6/30/08
			Rate	Maturity Date	
Dallas County Partners I, LP	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	\$ 41,656
Dallas County Partners I, LP	50.0%	Regions	6.30%	Jun-14	3,447
Dallas County Partners I, LP	50.0%	Thrivent	8.45%	Aug-10	1,567
Dallas County Partners I, LP	50.0%	Bankers Trust	8.00%	Jul-11	1,151
Dallas County Partners I, LP	50.0%	Sun Life	5.92%	Feb-16	1,028
			6.31%		48,849
Dallas County Partners II, LP	50.0%	Principal Life Insurance Company	10.19%	Jun-13	15,734
Fountain Three	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	16,626
Fountain Three	50.0%	Thrivent	7.00%	Sep-12	5,194
Fountain Three	50.0%	Thrivent	6.01%	Oct-10	3,676
Fountain Three	50.0%	Thrivent	6.01%	Apr-09	3,676
Fountain Three	50.0%	Lehman Brothers	8.02%	Jul-09	3,466
			6.47%		32,638
RRHWoods, LLC	50.0%	Bank of America	6.80%	Sep-12	26,273
RRHWoods, LLC	50.0%	Industrial Revenue Bonds /2	2.96%	Nov-15	23,000
RRHWoods, LLC	50.0%	Massachusetts Mutual Life Ins. Co.	5.85%	Mar-16	8,438
RRHWoods, LLC	50.0%	Industrial Revenue Bonds /2	2.93%	Sep-15	6,000
RRHWoods, LLC	50.0%	Industrial Revenue Bonds /2	2.97%	Nov-15	5,500
RRHWoods, LLC	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	4,600
RRHWoods, LLC	50.0%	UNUM Life Insurance Company	5.67%	Mar-17	3,974
RRHWoods, LLC	50.0%	Regions	6.30%	Jun-14	3,447
			4.96%		81,232
Plaza Colonnade, LLC	50.0%	Met Life	5.72%	Jan-17	47,941
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	5.90%	Mar-24	11,903
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	6.00%	Mar-16	4,394
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	5.38%	Mar-10	1,818
			5.76%		66,056
Highwoods KC Orlando, LLC	40.0%	Met Life	5.21%	Jul-14	140,727
Highwoods DLF Forum, LLC	25.0%	Jackson National Life Insurance Company	5.13%	Nov-13	67,500
Highwoods DLF 97/26 DLF 99/32, LP	42.9%	Massachusetts Mutual Life Ins. Co.	7.66%	May-12	55,340
Highwoods DLF 98/29, LP	22.8%	USG Annuity & Life Company	6.78%	Apr-11	47,610
Highwoods DLF 98/29, LP	22.8%	Goldman Sachs	6.11%	Jul-17	27,650
Highwoods KC Glenridge Office	40.0%	Wachovia	4.84%	Jun-14	16,479
4600 Madison Associates, LLC	12.5%	State Farm	6.85%	Apr-18	13,100
Concourse Center Associates, LLC	50.0%	Lincoln National Life Insurance Co.	6.95%	Jul-10	8,797
			5.90%		377,203
			<b>5.93%</b>		<b>\$621,712</b>
Highwoods' share of the above					<u>\$248,972</u>

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

2/ Floating rate loan based on market rates.

## Joint Ventures Portfolio Summary

As of June 30, 2008

### Summary by Location:

	Percentage of Annualized Cash Revenue Highwoods' Share Only 1/						
Market	Rentable Square Feet	Occupancy	Office	Industrial	Retail	Multi- Family	Total
Des Moines 2/	2,505,000	88.5%	27.0%	4.1%	0.9%	3.1%	35.1%
Orlando	1,854,000	89.8%	27.8%	—	—	—	27.8%
Atlanta	835,000	94.7%	12.3%	—	—	—	12.3%
Kansas City	714,000	83.0%	8.2%	—	—	—	8.2%
Raleigh	814,000	88.5%	6.2%	—	—	—	6.2%
Richmond	413,000	100.0%	4.9%	—	—	—	4.9%
Piedmont Triad	364,000	72.1%	2.4%	—	—	—	2.4%
Tampa	205,000	98.8%	1.9%	—	—	—	1.9%
Charlotte	148,000	100.0%	0.7%	—	—	—	0.7%
Other	110,000	100.0%	0.5%	—	—	—	0.5%
Total 3/	7,962,000	89.5%	91.9%	4.1%	0.9%	3.1%	100.0%

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

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

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

## Joint Ventures Lease Expirations

June 30, 2008

*Dollars in thousands*

Year	Rentable Square Feet Expiring 1/	Percent of Rentable Square Feet 1/	Annualized Cash Revenue 2/	Average Rental Rate	Percent of Annualized Cash Revenue 2/
<b>Total</b>					
2008	557,604	7.8%	\$ 9,343	\$16.76	6.6%
2009	859,240	12.1%	16,318	18.99	11.6%
2010	790,996	11.1%	15,175	19.18	10.7%
2011	1,063,452	14.9%	21,523	20.24	15.2%
2012	599,671	8.4%	12,587	20.99	8.9%
2013	1,149,165	16.1%	23,573	20.51	16.7%
2014	538,493	7.6%	12,099	22.47	8.6%
2015	680,293	9.5%	12,403	18.23	8.8%
2016	39,470	0.6%	1,011	25.61	0.7%
2017	518,326	7.3%	11,521	22.23	8.2%
2018 and thereafter	330,159	4.6%	5,667	17.16	4.0%
	<b><u>7,126,869</u></b>	<b><u>100.0%</u></b>	<b><u>\$141,220</u></b>	<b><u>\$19.82</u></b>	<b><u>100.0%</u></b>

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

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

## Joint Venture Acquisition and Disposition Activity

*Dollars in thousands*

### Acquisitions

<u>Name</u>	<u>Market</u>	<u>Type</u>	<u>Date Acquired</u>	<u>Square Footage</u>	<u>Total Cost 2/</u>
<b>First quarter 2008:</b>					
None					
<b>Second quarter 2008:</b>					
Forum	Raleigh	O	04/03/08	635,000	\$28,000

### Dispositions

<u>Name</u>	<u>Market</u>	<u>Type</u>	<u>Date Sold</u>	<u>Square Footage</u>	<u>Occupancy</u>	<u>Gross Sales Price</u>
<b>First quarter 2008:</b>						
None						
<b>Second quarter 2008:</b>						
None						

- 1/    *The letters "O" represents Office.*  
2/    *Reflects Highwoods pro-rata share only.*

Highwoods Properties, Inc.			36			6/30/08
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