
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): July 29, 2009

HIGHWOODS PROPERTIES, INC.

(Exact name of registrant specified in its charter)

Maryland
(State of Incorporation)

1-13100
(Commission File Number)

56-1871668
(IRS Employer
Identification No.)

HIGHWOODS REALTY LIMITED PARTNERSHIP

(Exact name of registrant specified in its charter)

North Carolina
(State of Incorporation)

000-21731
(Commission File Number)

56-1869557
(IRS Employer
Identification No.)

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

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

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

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

On July 29, 2009, we issued a press release announcing financial information for the quarter ended June 30, 2009. This press release is attached as Exhibit 99.1. In addition, we posted on our web site supplemental information regarding our operations for the quarter ended June 30, 2009, a copy of which is attached as Exhibit 99.2.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>No.</u>	<u>Description</u>
99.1	Press Release dated July 29, 2009
99.2	Supplemental information for the quarter ended June 30, 2009

SIGNATURES

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

HIGHWOODS PROPERTIES, INC.

By: /s/ Jeffrey D. Miller
Jeffrey D. Miller
Vice President, General Counsel and Secretary

HIGHWOODS REALTY LIMITED PARTNERSHIP

By: Highwoods Properties, Inc., its general partner

By: /s/ Jeffrey D. Miller
Jeffrey D. Miller
Vice President, General Counsel and Secretary

Dated: July 30, 2009



FOR IMMEDIATE RELEASE

Ref: 09-23

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

Highwoods Properties Reports Second Quarter 2009 Results

\$0.70 FFO per Diluted Share
1.4 Million Square Feet of Second Generation Space Leased

Full Year 2009 FFO Guidance Raised to \$2.52 to \$2.60
per Diluted Share

Previously \$2.43 to \$2.58 per Diluted Share

Raleigh, NC – July 29, 2009 – Highwoods Properties, Inc. (NYSE: HIW), the largest owner and operator of suburban office properties in the Southeast and 2009 NAIOP Developer of the Year, today reported results for the three and six months ended June 30, 2009.

Ed Fritsch, President and CEO, stated, “ *We were pleased with our second quarter results and continue to benefit from recently delivered, well-leased development projects as well as improved operating efficiencies across our portfolio. We leased 1.4 million square feet, a 67% increase from the first quarter and above our five quarter average of 1.1 million square feet. While occupancy in our wholly-owned portfolio declined 100 basis points to 88.0%, occupancy in our office portfolio, which contributes approximately 86% of our total annualized cash revenue, was 89.0%, just 10 basis points lower than last quarter.* ”

“This was also a quarter of significant accomplishments for Highwoods. We further strengthened our balance sheet, disposed of older, non-core assets and continued to benefit from lower operating and G&A expenses.”

Specifically, in the second quarter the Company:

- Sold three non-core community retail centers, encompassing 416,000 square feet and averaging 55 years old, for \$62.1 million at a 8.7% cap rate and a \$20.9 million gain,
- Placed two development projects in service encompassing 392,000 square feet, the FAA build-to-suit and the office and retail portion of RBC Plaza, which are 100% and 96% leased, respectively,
- Obtained \$162 million in secured loan commitments at a 7.1% weighted average rate,
- Raised \$144 million in a successful common stock offering,
- Paid off a 7.8% \$107 million secured loan,
- Repurchased \$3.2 million of 5.85% notes resulting in a \$630,000 gain, and
- Reduced year-over-year G&A by 12%.

Second Quarter and First Half Financial Results

For the second quarter of 2009, the Company reported net income available for common stockholders of \$33.2 million, or \$0.50 per diluted share. This compares to net income available for common stockholders of \$12.1 million, or \$0.21 per diluted share, for the second quarter of 2008.

For the six months ended June 30, 2009, net income available for common stockholders was \$44.0 million, or \$0.68 per diluted share, compared to \$25.0 million, or \$0.43 per diluted share, for the six months ended June 30, 2008. Net income per diluted share in the second quarter and first half of 2009 included \$0.31 and \$0.32, respectively, from gains on sales of depreciable assets. In 2008, gains on sales of depreciable assets contributed \$0.08 and \$0.14 per diluted share for the second quarter and first six months, respectively.

Funds from Operations (FFO), which does not include gains on the sale of depreciable assets, was \$49.3 million, or \$0.70 per diluted share, for the second quarter of 2009 and \$96.9 million, or \$1.41 per diluted share, for the first six months of 2009. In the second quarter of 2008, FFO was \$42.3 million, or \$0.68 per diluted share, and \$85.7 million, or \$1.39 per diluted share, for the first six months of 2008.

The following items were included in the determination of net income available for common stockholders for the three and six months ended June 30, 2009 and 2008:

	3 Months Ended 6/30/09		3 Months Ended 6/30/08	
	(000)	Per Share	(000)	Per Share
Land sale gains	\$ 124	\$ 0.00	\$ 89	\$ 0.00
Lease termination income	171	0.00	26	0.00
Straight line rental income	718	0.01	1,892	0.03
Capitalized interest	1,317	0.02	2,221	0.04
Gains on for-sale residential condos, net of partner's interest	295	0.00	0	0.00
Gains on sales of depreciable assets (1)	21,794	0.31	5,045	0.08
Gain on debt extinguishment	630	0.01	0	0.00

	6 Months Ended 6/30/09		6 Months Ended 6/30/08	
	(000)	Per Share	(000)	Per Share
Land sale gains	\$ 124	\$ 0.00	\$ 89	\$ 0.00
Lease termination income	1,309	0.02	1,926	0.03
Straight line rental income	2,252	0.03	4,296	0.07
Capitalized interest	2,821	0.04	4,806	0.08
Gains on for-sale residential condos, net of partner's interest	845	0.01	0	0.00
Gains on sales of depreciable assets (1)	21,886	0.32	8,771	0.14
Gain on debt extinguishment	630	0.01	0	0.00

(1) 2009 amounts include \$781,000, or \$0.01 per share, representing the Company's share of a gain recorded by an unconsolidated joint venture.

Second Quarter 2009 Operating Highlights

- Second generation leasing activity in the Company's portfolio was 1.4 million square feet, including 737,000 square feet of office space, 625,000 square feet of industrial space and 61,000 square feet of retail space.
- Straight-line (GAAP) rental rates for the 95 office leases signed increased 6.2% from straight line rental rates under the previous leases, while cash rents declined 2.7%.
- Average in-place cash rental rates across the Company's portfolio increased 5.5% compared to the second quarter of 2008. Average in-place cash rental rates across the Company's office portfolio were up 5.0% from a year ago.

Subsequent to the end of the second quarter, the Company announced that a joint venture (JV) between Highwoods and USAA Real Estate Company was awarded a build-to-suit lease by the U.S. General Services Administration (GSA) to develop an approximate \$45 million field office for the Federal Bureau of Investigation (FBI) in Charlotte. Highwoods will have a 10% ownership interest in the JV and will also receive development fees. The total stabilized cash return to Highwoods, including fees, is projected to be 11.5%.

Funds from Operations Outlook

The Company has raised its 2009 FFO guidance to \$2.52 to \$2.60 per diluted share from \$2.43 to \$2.58 per diluted share. This estimate reflects management's view of current and future market conditions, including assumptions with respect to rental rates, occupancy levels, operating and general and administrative expenses, interest rates, gains from land and condominium sales and the timing and impact of development deliveries and includes dilution from completed and potential property dispositions during 2009. FFO guidance excludes any gains or impairments associated with depreciable properties or joint venture interests, as well as unusual charges or credits that may occur during the remainder of the year. FFO guidance is based on 71.9 million diluted shares outstanding for full year 2009. Factors that could cause actual 2009 FFO results to differ materially from Highwoods' current expectations are discussed below and are also detailed in the Company's 2008 Annual Report on Form 10-K.

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

	<u>Low</u>	<u>High</u>
Year End Occupancy	87.0%	88.5%
Total Cash NOI Growth	0%	+1.5%
G&A Expenses	\$33.0M	\$34.0M
Lease Termination Income	\$ 1.3M	\$ 3.0M
Gains from Land and Residential Condo Sales	\$ 1.0M	\$ 2.0M
Straight Line Rental Income	\$ 3.0M	\$ 5.0M
Dispositions	\$ 69M	\$ 80M
Acquisitions	\$ 0M	\$ 100M
Development Starts	\$ 4.5M	\$ 50M

Supplemental Information

A copy of the Company's second quarter 2009 Supplemental Information that includes financial, leasing and operational statistics is available in the "Investor Relations/Financial Supplementals" section of the Company's Web site at www.highwoods.com. You may also obtain a copy of all Supplemental Information published by the Company by contacting Highwoods Investor Relations at 919-431-1529/ 800-256-2963 or by e-mail to HIW-IR@highwoods.com. If you would like to receive future Supplemental Information packages by e-mail, please contact the Investor Relations department as noted above or by written request to: Investor Relations Department, Highwoods Properties, Inc., 3100 Smoketree Court, Suite 600, Raleigh, NC 27604.

Conference Call

Tomorrow, Thursday, July 30 at 10:00 a.m. Eastern time, the Company will host a teleconference call to discuss the matters highlighted in this press release. For US/Canada callers, dial (800) 754-1346. A live, listen-only Web cast and a replay of the conference call can be accessed through the Company's Web site at www.highwoods.com.

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 real estate investment trust ("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 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.

FFO as defined by NAREIT is calculated 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

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

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

Same property NOI from continuing operations: The Company defines same property NOI as NOI for the Company's in-service properties included in continuing operations that were wholly-owned during the entirety of the periods presented (from January 1, 2008 to June 30, 2009). The Company's same property NOI calculations are reconciled to NOI in a table included with this release.

About the Company

Highwoods Properties, Inc., a member of the S&P MidCap 400 Index, is a fully integrated, self-administered real estate investment trust ("REIT") that provides leasing, management, development, construction and other customer-related services for its properties and for third parties. At June 30, 2009, the Company owned or had an interest in 378 in-service office, industrial and retail properties encompassing approximately 35.2 million square feet. Highwoods also owned 580 acres of development land. Highwoods is based in Raleigh, North Carolina, and its properties and development land are located in Florida, Georgia, Iowa, Missouri, Mississippi, North Carolina, South Carolina, Tennessee and Virginia. For more information about Highwoods Properties, please visit our Web site at www.highwoods.com.

Certain matters discussed in this press release, such as expected 2009 financial and operational results and the related assumptions underlying our expected results and the timing and impact of our development activities, are forward-looking statements within the meaning of the federal securities laws. These statements are distinguished by use of the words “will”, “expect”, “intend” and words of similar meaning. Although Highwoods believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved.

Factors that could cause actual results to differ materially from Highwoods’ current expectations include, among others, the following: the financial condition of our customers could deteriorate; speculative development by others could result in excessive supply of properties relative to customer demand; development, acquisition, reinvestment, disposition or joint venture projects may not be completed as quickly or on as favorable terms as anticipated; we may not be able to lease or re-lease space as quickly as anticipated or on as favorable terms as old leases; difficulties in obtaining additional capital to satisfy our future cash needs or increases in interest rates could adversely impact our ability to fund important business initiatives and increase our debt service costs; our Southeastern and Midwestern markets may suffer declines in economic growth; our banking and joint venture partners may suffer financial difficulties that adversely impact their ability to satisfy their contractual obligations to us; and others detailed in the Company’s 2008 Annual Report on Form 10-K and subsequent SEC reports.

Tables Follow

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Rental and other revenues	\$113,310	\$112,828	\$227,123	\$224,041
Operating expenses:				
Rental property and other expenses	39,458	40,501	80,352	78,233
Depreciation and amortization	32,931	30,749	65,960	61,096
General and administrative	9,486	10,766	17,801	20,477
Total operating expenses	81,875	82,016	164,113	159,806
Interest expenses:				
Contractual	19,945	23,345	40,524	46,808
Amortization of deferred financing costs	689	686	1,351	1,324
Financing obligations	710	764	1,445	1,504
	21,344	24,795	43,320	49,636
Other income:				
Interest and other income	2,284	1,597	3,291	2,389
Gain on debt extinguishment	630	—	630	—
	2,914	1,597	3,921	2,389
Income before disposition of property and condominiums and equity in earnings of unconsolidated affiliates	13,005	7,614	23,611	16,988
Net gains on disposition of property	194	107	213	107
Gains on for sale residential condominiums	289	—	636	—
Equity in earnings of unconsolidated affiliates	1,862	1,520	3,162	3,509
Income from continuing operations	15,350	9,241	27,622	20,604
Discontinued operations:				
Income from discontinued operations	781	1,745	1,636	3,390
Gains on disposition of discontinued operations	20,943	5,027	21,016	8,753
	21,724	6,772	22,652	12,143
Net income	37,074	16,013	50,274	32,747
Net (income) attributable to noncontrolling interests in the Operating Partnership	(2,054)	(839)	(2,748)	(1,732)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(116)	(191)	(134)	(389)
Dividends on preferred stock	(1,677)	(2,838)	(3,354)	(5,676)
Net income available for common stockholders	<u>\$ 33,227</u>	<u>\$ 12,145</u>	<u>\$ 44,038</u>	<u>\$ 24,950</u>
Earnings per common share - basic:				
Income from continuing operations available for common stockholders	\$ 0.19	\$ 0.10	\$ 0.35	\$ 0.24
Income from discontinued operations available for common stockholders	0.31	0.11	0.33	0.20
Net income available for common stockholders	<u>\$ 0.50</u>	<u>\$ 0.21</u>	<u>\$ 0.68</u>	<u>\$ 0.44</u>
Weighted average common shares outstanding - basic	<u>66,122</u>	<u>57,456</u>	<u>64,883</u>	<u>57,337</u>
Earnings per common share - diluted:				
Income from continuing operations available for common stockholders	\$ 0.19	\$ 0.10	\$ 0.35	\$ 0.23
Income from discontinued operations available for common stockholders	0.31	0.11	0.33	0.20
Net income available for common stockholders	<u>\$ 0.50</u>	<u>\$ 0.21</u>	<u>\$ 0.68</u>	<u>\$ 0.43</u>
Weighted average common shares outstanding - diluted	<u>70,234</u>	<u>61,822</u>	<u>68,978</u>	<u>61,625</u>
Net income available for common stockholders:				
Income from continuing operations available for common stockholders	\$ 12,767	\$ 5,811	\$ 22,706	\$ 13,596
Income from discontinued operations available for common stockholders	20,460	6,334	21,332	11,354
Net income available for common stockholders	<u>\$ 33,227</u>	<u>\$ 12,145</u>	<u>\$ 44,038</u>	<u>\$ 24,950</u>

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

	June 30, 2009	December 31, 2008
Assets:		
Real estate assets, at cost:		
Land	\$ 349,386	\$ 352,872
Buildings and tenant improvements	2,808,834	2,819,844
Development in process	67,563	61,938
Land held for development	99,232	98,946
	<u>3,325,015</u>	<u>3,333,600</u>
Less-accumulated depreciation	(743,753)	(714,224)
Net real estate assets	2,581,262	2,619,376
For sale residential condominiums	19,660	24,284
Real estate and other assets, net, held for sale	1,249	1,242
Cash and cash equivalents	13,372	13,757
Restricted cash	14,707	2,258
Accounts receivable, net	18,050	23,687
Notes receivable, net	3,330	3,602
Accrued straight-line rents receivable, net	81,764	79,979
Investment in unconsolidated affiliates	66,631	67,723
Deferred financing and leasing costs, net	70,055	73,216
Prepaid expenses and other	36,683	37,046
Total Assets	<u>\$2,906,763</u>	<u>\$2,946,170</u>
Liabilities, Noncontrolling Interests in the Operating Partnership and Equity:		
Mortgages and notes payable	\$1,428,650	\$1,604,685
Accounts payable, accrued expenses and other liabilities	134,202	135,609
Financing obligations	34,758	34,174
Total Liabilities	1,597,610	1,774,468
Noncontrolling interests in the Operating Partnership	90,796	111,278
Equity:		
Preferred stock	81,592	81,592
Common stock	708	636
Additional paid-in capital	1,783,645	1,616,093
Distributions in excess of net earnings	(649,326)	(639,281)
Accumulated other comprehensive loss	(4,327)	(4,792)
Total Stockholders' Equity	1,212,292	1,054,248
Noncontrolling interests in consolidated affiliates	6,065	6,176
Total Equity	<u>1,218,357</u>	<u>1,060,424</u>
Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity	<u>\$2,906,763</u>	<u>\$2,946,170</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,	
	2009	2008	2009	2008
Funds from operations:				
Net income	\$ 37,074	\$16,013	\$ 50,274	\$32,747
Net (income) attributable to noncontrolling interests in the Operating Partnership	(2,054)	(839)	(2,748)	(1,732)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(116)	(191)	(134)	(389)
Dividends on preferred stock	<u>(1,677)</u>	<u>(2,838)</u>	<u>(3,354)</u>	<u>(5,676)</u>
Net income available for common stockholders	33,227	12,145	44,038	24,950
Add/(deduct):				
Depreciation and amortization of real estate assets	32,440	30,305	65,026	60,095
(Gains) on disposition of depreciable properties	(70)	(18)	(89)	(18)
Noncontrolling interests in the Operating Partnership	2,054	839	2,748	1,732
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	3,223	3,395	6,473	6,330
(Gains) on disposition of depreciable properties	(781)	—	(781)	—
Discontinued operations:				
Depreciation and amortization of real estate assets	155	624	550	1,386
(Gains) on disposition of depreciable properties	<u>(20,943)</u>	<u>(5,027)</u>	<u>(21,016)</u>	<u>(8,753)</u>
Funds from operations	<u>\$ 49,305</u>	<u>\$42,263</u>	<u>\$ 96,949</u>	<u>\$85,722</u>
Funds from operations per share - diluted:				
Net income available for common stockholders	\$ 0.50	\$ 0.21	\$ 0.68	\$ 0.43
Add/(deduct):				
Depreciation and amortization of real estate assets	0.46	0.49	0.94	0.98
(Gains) on disposition of depreciable properties	—	—	—	—
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	0.05	0.05	0.09	0.10
(Gains) on disposition of depreciable properties	(0.01)	—	(0.01)	—
Discontinued operations:				
Depreciation and amortization of real estate assets	—	0.01	0.01	0.02
(Gains) on disposition of depreciable properties	<u>(0.30)</u>	<u>(0.08)</u>	<u>(0.30)</u>	<u>(0.14)</u>
Funds from operations per share - diluted	<u>\$ 0.70</u>	<u>\$ 0.68</u>	<u>\$ 1.41</u>	<u>\$ 1.39</u>
Weighted average shares outstanding - diluted	<u>70,234</u>	<u>61,822</u>	<u>68,978</u>	<u>61,625</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Income before disposition of property and condominiums and equity in earnings of unconsolidated affiliates	\$ 13,005	\$ 7,614	\$ 23,611	\$ 16,988
Other income	(2,914)	(1,597)	(3,921)	(2,389)
Interest expense	21,344	24,795	43,320	49,636
General and administrative expense	9,486	10,766	17,801	20,477
Depreciation and amortization expense	32,931	30,749	65,960	61,096
Net operating income from continuing operations	<u>73,852</u>	<u>72,327</u>	<u>146,771</u>	<u>145,808</u>
Less - non same property and other net operating income	8,060	4,612	15,091	7,593
Total same property net operating income from continuing operations	<u>\$ 65,792</u>	<u>\$ 67,715</u>	<u>\$131,680</u>	<u>\$138,215</u>
Rental and other revenues	\$113,310	\$112,828	\$227,123	\$224,041
Rental property and other expenses	39,458	40,501	80,352	78,233
Total net operating income from continuing operations	<u>73,852</u>	<u>72,327</u>	<u>146,771</u>	<u>145,808</u>
Less - non same property and other net operating income	8,060	4,612	15,091	7,593
Total same property net operating income from continuing operations	<u>\$ 65,792</u>	<u>\$ 67,715</u>	<u>\$131,680</u>	<u>\$138,215</u>



Supplemental Information
June 30, 2009

Supplemental Information
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June 30, 2009

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

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

Summary

Amounts in thousands, except per share amounts

	<i>Three Months Ended</i>				
	<u>06/30/09</u>	<u>03/31/09</u>	<u>12/31/08</u>	<u>09/30/08</u>	<u>06/30/08</u>
Shares and units:					
Common shares outstanding at end of period	70,848	63,763	63,572	63,545	57,632
Common units outstanding at end of period	4,059	4,067	4,067	3,906	3,933
Weighted average common shares outstanding - basic	66,122	63,631	63,563	58,998	57,456
Weighted average common shares outstanding - diluted	70,234	67,705	67,568	63,228	61,822
Share price:					
At end of period	\$ 22.37	\$ 21.42	\$ 27.36	\$ 35.56	\$ 31.42
High close during period	26.13	26.17	34.29	37.94	37.38
Low close during period	20.34	16.57	15.59	29.88	31.42
Financial information:					
Land sale gains, net of (impairments)	\$ 124	\$ —	\$ (1,565)	\$ 1,727	\$ 89
Gains on for sale residential condominiums, net of partner's interest	295	550	4,301	—	—
Lease termination income	171	1,138	216	436	26
Straight line rental income	718	1,534	701	967	1,892
Capitalized interest	1,317	1,504	1,399	2,106	2,221
Impairments on depreciable properties	—	—	(32,442)	—	—
Gain on debt extinguishment 2/	630	—	—	—	—
Gains on disposition of depreciable properties	21,794	92	6,685	3,155	5,045
Funds from operations per share - diluted	\$ 0.70	\$ 0.70	\$ 0.20	\$ 0.71	\$ 0.68
Funds from operations per share - diluted, excluding certain items 1/	\$ 0.69	\$ 0.70	\$ 0.67	\$ 0.71	\$ 0.68
Wholly - owned property information:					
In-Service rentable square feet:					
Office	19,988	19,594	19,556	19,416	19,416
Industrial	6,463	6,463	6,467	6,049	6,299
Retail	909	1,337	1,350	1,342	1,343
Total	<u>27,360</u>	<u>27,394</u>	<u>27,373</u>	<u>26,807</u>	<u>27,058</u>
In-Service occupancy:					
Office	89.0%	89.1%	90.2%	90.3%	90.8%
Industrial	84.5%	87.9%	92.6%	95.2%	91.4%
Retail	90.7%	93.2%	94.6%	93.6%	93.5%
Total	<u>88.0%</u>	<u>89.0%</u>	<u>91.0%</u>	<u>91.6%</u>	<u>91.1%</u>

1/ Excludes impairments on depreciable assets, gain/(loss) on debt extinguishments, and preferred stock redemption/repurchase charges.

2/ June 30, 2009 amount includes \$781 representing the Company's share of a gain recorded by an unconsolidated joint venture.

Corporate Information

Board of Directors

O. Temple Sloan Jr., Chairman
Thomas W. Adler
Gene H. Anderson
Edward J. Fritsch
David J. Hartzell, Ph.D.
Lawrence S. Kaplan
Sherry A. Kellett
L. Glenn Orr Jr.

Corporate Officers

Edward J. Fritsch

President, Chief Executive Officer and Director

Michael E. Harris

Executive Vice President and Chief Operating Officer

Terry L. Stevens

Senior Vice President, Chief Financial Officer

Daniel L. Clemmens

Vice President, Chief Accounting Officer

S. Hugh Esleeck

Treasurer

Peter T. Jardine

Vice President, Corporate Marketing

Carman J. Liuzzo

Vice President, Investments

Art H. McCann

Chief Information Officer

Jeffrey D. Miller

Vice President, General Counsel and Secretary

Kevin E. Penn

Vice President, Strategy

Michael D. Starchville

Vice President, Asset Management

Tabitha N. Zane

Vice President, Investor Relations and Corporate Communications

Highwoods Properties, Inc.

Research Coverage

Bank of America/Merrill Lynch

Jamie Feldman - 212-449-6339

Citigroup Global Markets

Michael Bilerman - 212-816-1383

Credit Suisse - North America

Steve Benyik - 212-538-0239

Deutsche Bank

John Perry - 212-250-4912

Friedman, Billings, Ramsey & Co., Inc.

Wilkes Graham - 703-312-9737

Green Street Advisors

Cedric Lachance - 949-640-8780

Macquarie Research

Nick Pirsos - 212-231-2457

RBC Capital Markets

Dave Rodgers - 440-715-2647

RW Baird

Chris Lucas - 703-821-5780

Stifel Nicolaus

John Guinee - 443-224-1307

Erin Aslakson - 443-224-1350

Wells Fargo Securities, LLC

Brendan Maiorana - 443-263-6516

Corporate Information

Divisional Officers

Atlanta, GA

James V. Bacchetta, Vice President

Kansas City, MO

Glenn E. Stephenson, Vice President

Memphis, TN

Steven L. Guinn, Vice President

Nashville, TN; Memphis, TN; Greenville, SC

W. Brian Reames - Senior Vice President

Orlando, FL

Steven J. Garrity, Vice President

Piedmont Triad, NC

E. F. "Rick" Dehnert, Vice President

Raleigh, NC

Thomas "Skip" Hill, Vice President

Richmond, VA

Paul W. Kreckman, Vice President

Tampa, FL

Daniel E. Woodward, Vice President

Corporate Headquarters

Highwoods Properties, Inc.
3100 Smoketree Court, Suite 600
Raleigh, NC 27604
919-872-4924

Stock Exchange

NYSE Trading Symbol: HIW

Investor Relations Contact

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Information Request

To request a standard Investor Relations package, Annual Report or to be added to our e-mail, please contact the Corporate Communications/IR Specialist at:
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, 2009, the Company owned or had an interest in 378 in-service office, industrial and retail properties encompassing approximately 35.2 million square feet. Highwoods also wholly-owned 580 acres of development land. Highwoods is based in Raleigh, North Carolina, and its properties and development land are located in Florida, Georgia, Iowa, Maryland, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, and Virginia. For more information about Highwoods Properties, please visit our website at www.highwoods.com.



Consolidated Statements of Income

Amounts in thousands, except per share amounts

	Six Months Ended		Three Months Ended				
	06/30/09	06/30/08	06/30/09	03/31/09	12/31/08	09/30/08	06/30/08
Rental and other revenues	\$227,123	\$224,041	\$113,310	\$113,813	\$114,855	\$113,145	\$112,828
Operating expenses:							
Rental property and other expenses	80,352	78,233	39,458	40,894	43,206	40,995	40,501
Depreciation and amortization	65,960	61,096	32,931	33,029	32,458	31,535	30,749
Impairment of assets held for use	—	—	—	—	32,846	—	—
General and administrative	17,801	20,477	9,486	8,315	8,681	8,885	10,766
Total operating expenses	164,113	159,806	81,875	82,238	117,191	81,415	82,016
Interest expense:							
Contractual	40,524	46,808	19,945	20,579	23,055	22,995	23,345
Amortization of deferred financing costs	1,351	1,324	689	662	678	714	686
Financing obligations	1,445	1,504	710	735	631	783	764
	43,320	49,636	21,344	21,976	24,364	24,492	24,795
Other income:							
Interest and other income	3,291	2,389	2,284	1,007	419	1,017	1,597
Gain on debt extinguishment	630	—	630	—	—	—	—
	3,921	2,389	2,914	1,007	419	1,017	1,597
Income/(loss) before disposition of property and condominiums and equity in earnings of unconsolidated affiliates	23,611	16,988	13,005	10,606	(26,281)	8,255	7,614
Net gains/(losses) on disposition of property	213	107	194	19	(1,071)	1,745	107
Gains on for sale residential condominiums 1/	636	—	289	347	5,617	—	—
Equity in earnings of unconsolidated affiliates	3,162	3,509	1,862	1,300	1,155	1,214	1,520
Income/(loss) from continuing operations	27,622	20,604	15,350	12,272	(20,580)	11,214	9,241
Discontinued operations:							
Income from discontinued operations	1,636	3,390	781	855	1,124	1,373	1,745
Gains on disposition of discontinued operations	21,016	8,753	20,943	73	6,595	3,137	5,027
	22,652	12,143	21,724	928	7,719	4,510	6,772
Net income/(loss)	50,274	32,747	37,074	13,200	(12,861)	15,724	16,013
Net (income)/loss attributable to noncontrolling interests in the Operating Partnership	(2,748)	(1,732)	(2,054)	(694)	967	(812)	(839)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(134)	(389)	(116)	(18)	(1,451)	(201)	(191)
Dividends on preferred stock	(3,354)	(5,676)	(1,677)	(1,677)	(1,677)	(2,451)	(2,838)
Excess of preferred stock redemption cost over carrying value	—	—	—	—	—	(108)	—
Net income/(loss) available for common stockholders	\$ 44,038	\$ 24,950	\$ 33,227	\$ 10,811	\$ (15,022)	\$ 12,152	\$ 12,145
Earnings per common share - diluted:							
Income/(loss) from continuing operations available for common stockholders	\$ 0.35	\$ 0.23	\$ 0.19	\$ 0.16	\$ (0.35)	\$ 0.13	\$ 0.10
Income from discontinued operations available for common stockholders	0.33	0.20	0.31	0.01	0.11	0.08	0.11
Net income/(loss) available for common stockholders	\$ 0.68	\$ 0.43	\$ 0.50	\$ 0.17	\$ (0.24)	\$ 0.21	\$ 0.21
Weighted average common shares outstanding - diluted	68,978	61,625	70,234	67,705	63,563	63,228	61,822
Dividends declared and paid per common share	\$ 0.850	\$ 0.850	\$ 0.425	\$ 0.425	\$ 0.425	\$ 0.425	\$ 0.425
Net income/(loss) available for common stockholders:							
Income/(loss) from continuing operations available for common stockholders	\$ 22,706	\$ 13,596	\$ 12,767	\$ 9,939	\$ (22,276)	\$ 7,925	\$ 5,811

Income from discontinued operations available for common stockholders	<u>21,332</u>	<u>11,354</u>	<u>20,460</u>	<u>872</u>	<u>7,254</u>	<u>4,227</u>	<u>6,334</u>
Net income/(loss) available for common stockholders	<u>\$ 44,038</u>	<u>\$ 24,950</u>	<u>\$ 33,227</u>	<u>\$ 10,811</u>	<u>\$ (15,022)</u>	<u>\$ 12,152</u>	<u>\$ 12,145</u>

1/ After adjusting for our partner’s share, which is reflected in “Net income attributable to noncontrolling interest in consolidated affiliates”, net gains to the Company were \$295 and \$845 for the three and six months ended June 30, 2009, respectively.

**Funds from Operations
and Additional Information**

Amounts in thousands, except per share amounts

	<i>Six Months Ended</i>		<i>Three Months Ended</i>				
	<u>06/30/09</u>	<u>06/30/08</u>	<u>06/30/09</u>	<u>03/31/09</u>	<u>12/31/08</u>	<u>09/30/08</u>	<u>06/30/08</u>
Funds from operations:							
Net income/(loss)	\$ 50,274	\$ 32,747	\$ 37,074	\$ 13,200	\$ (12,861)	\$ 15,724	\$ 16,013
Net (income)/loss attributable to noncontrolling interests in the Operating Partnership	(2,748)	(1,732)	(2,054)	(694)	967	(812)	(839)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(134)	(389)	(116)	(18)	(1,451)	(201)	(191)
Dividends on preferred stock	(3,354)	(5,676)	(1,677)	(1,677)	(1,677)	(2,451)	(2,838)
Excess of preferred stock redemption cost over carrying value	—	—	—	—	—	(108)	—
Net income/(loss) available for common stockholders	44,038	24,950	33,227	10,811	(15,022)	12,152	12,145
Add/(deduct):							
Depreciation and amortization of real estate assets	65,026	60,095	32,440	32,586	31,985	31,064	30,305
(Gains) on disposition of depreciable properties	(89)	(18)	(70)	(19)	(90)	(18)	(18)
Noncontrolling interests from the Operating Partnership	2,748	1,732	2,054	694	(967)	812	839
Unconsolidated affiliates:							
Depreciation and amortization of real estate assets	6,473	6,330	3,223	3,250	3,285	3,136	3,395
(Gains) on disposition of depreciable properties	(781)	—	(781)	—	—	—	—
Discontinued operations:							
Depreciation and amortization of real estate assets	550	1,386	155	395	570	575	624
(Gains) on disposition of depreciable properties	(21,016)	(8,753)	(20,943)	(73)	(6,595)	(3,137)	(5,027)
Funds from operations	<u>\$ 96,949</u>	<u>\$ 85,722</u>	<u>\$ 49,305</u>	<u>\$ 47,644</u>	<u>\$ 13,166</u>	<u>\$ 44,584</u>	<u>\$ 42,263</u>
Funds from operations per share - diluted							
Net income/(loss) available for common stockholders	\$ 0.68	\$ 0.43	\$ 0.50	\$ 0.17	\$ (0.24)	\$ 0.21	\$ 0.21
Add/(deduct):							
Depreciation and amortization of real estate assets	0.94	0.98	0.46	0.47	0.47	0.49	0.49
(Gains) on disposition of depreciable properties	—	—	—	—	—	—	—
Unconsolidated affiliates:							
Depreciation and amortization of real estate assets	0.09	0.10	0.05	0.05	0.05	0.05	0.05
(Gains) on disposition of depreciable properties	(0.01)	—	(0.01)	—	—	—	—
Discontinued operations:							
Depreciation and amortization of real estate assets	0.01	0.02	—	0.01	0.01	0.01	0.01
(Gains) on disposition of depreciable properties	(0.30)	(0.14)	(0.30)	—	(0.10)	(0.05)	(0.08)
Funds from operations per share - diluted	<u>\$ 1.41</u>	<u>\$ 1.39</u>	<u>\$ 0.70</u>	<u>\$ 0.70</u>	<u>\$ 0.19</u>	<u>\$ 0.71</u>	<u>\$ 0.68</u>
Weighted average shares outstanding - diluted	<u>68,978</u>	<u>61,625</u>	<u>70,234</u>	<u>67,705</u>	<u>67,568</u>	<u>63,228</u>	<u>61,822</u>
Additional information: 1/							
Funds from operations, excluding certain items 2/	<u>\$ 96,319</u>	<u>\$ 85,722</u>	<u>\$ 48,675</u>	<u>\$ 47,644</u>	<u>\$ 45,608</u>	<u>\$ 44,692</u>	<u>\$ 42,263</u>
Funds from operations per share, excluding certain items 2/	<u>\$ 1.40</u>	<u>\$ 1.39</u>	<u>\$ 0.69</u>	<u>\$ 0.70</u>	<u>\$ 0.67</u>	<u>\$ 0.71</u>	<u>\$ 0.68</u>
Straight line rental income	\$ (2,252)	\$ (4,296)	\$ (718)	\$ (1,534)	\$ (701)	\$ (967)	\$ (1,892)
Amortization of lease incentives	548	486	250	298	258	297	264

Depreciation of non-real estate assets	608	698	327	281	308	306	285
Ground lease straight line rent	173	85	48	125	38	42	42
Amortization of stock-based compensation	3,573	3,940	1,731	1,842	1,432	1,345	1,713
Amortization of deferred financing costs	1,351	1,324	689	662	679	714	686
Amortization of accumulated other comprehensive loss	(141)	126	(71)	(70)	7	48	46
Harborview non-cash FMV charge	(94)	(70)	(47)	(47)	(35)	(35)	(35)
Non-incremental revenue generating capital expenditures paid: 3/							
Building improvements	(3,446)	(5,641)	(2,524)	(922)	(12,502)	(4,059)	(3,169)
2nd generation tenant improvements	(10,098)	(14,552)	(4,716)	(5,382)	(6,744)	(5,780)	(4,327)
2nd generation lease commissions	(4,026)	(6,427)	(1,746)	(2,280)	(3,295)	(2,455)	(3,057)
Common dividends and unit distributions paid	(57,526)	(52,009)	(28,844)	(28,682)	(28,667)	(26,281)	(26,027)

1/ Increase or (decrease) to cash flows.

2/ Excludes impairments on depreciable assets, gain/(loss) on debt extinguishments, and preferred stock redemption/repurchase charges.

3/ Excludes capital expenditures paid for buildings sold prior to June 30, 2009.

Consolidated Balance Sheets

Dollars in thousands

	06/30/09	12/31/08
Assets:		
Real estate assets, at cost:		
Land	\$ 349,386	\$ 352,872
Buildings and tenant improvements	2,808,834	2,819,844
Development in process	67,563	61,938
Land held for development	99,232	98,946
	<u>3,325,015</u>	<u>3,333,600</u>
Less-accumulated depreciation	(743,753)	(714,224)
Net real estate assets	2,581,262	2,619,376
For sale residential condominiums	19,660	24,284
Real estate and other assets, net, held for sale	1,249	1,242
Cash and cash equivalents	13,372	13,757
Restricted cash	14,707	2,258
Accounts receivable, net	18,050	23,687
Notes receivable, net	3,330	3,602
Accrued straight-line rents receivable, net	81,764	79,979
Investment in unconsolidated affiliates	66,631	67,723
Deferred financing and leasing costs, net	70,055	73,216
Prepaid expenses and other assets	36,683	37,046
Total Assets	<u>\$2,906,763</u>	<u>\$2,946,170</u>
Liabilities, Noncontrolling Interests in the Operating Partnership and Equity:		
Mortgages and notes payable	\$1,428,650	\$1,604,685
Accounts payable, accrued expenses and other liabilities	134,202	135,609
Financing obligations	34,758	34,174
Total Liabilities	1,597,610	1,774,468
Noncontrolling interests in the Operating Partnership	90,796	111,278
Equity:		
Preferred stock	81,592	81,592
Common stock	708	636
Additional paid-in capital	1,783,645	1,616,093
Distributions in excess of net earnings	(649,326)	(639,281)
Accumulated other comprehensive loss	(4,327)	(4,792)
Total Stockholders' Equity	1,212,292	1,054,248
Noncontrolling interests in consolidated affiliates	6,065	6,176
Total Equity	1,218,357	1,060,424
Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity	<u>\$2,906,763</u>	<u>\$2,946,170</u>

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

Dollars in thousands

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

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

- 1/ Projected 2009 NOI excludes straight line income, lease termination fee income, NOI related to completed not stabilized developments, and NOI related to assets undervalued by capitalized NOI method.
- 2/ Consolidated Properties projected 2009 NOI is adjusted to eliminate the net NOI for properties for which a NOI capitalization approach is not appropriate. For these assets, an alternative methodology has been applied.
- 3/ In accordance with prior practice, we included an adjustment to mark our debt and bonds to estimated fair value as of December 31, 2008.

Components of Discontinued Operations

Dollars in thousands

	<i>Six Months Ended</i>		<i>Three Months Ended</i>				
	<u>06/30/09</u>	<u>06/30/08</u>	<u>06/30/09</u>	<u>03/31/09</u>	<u>12/31/08</u>	<u>09/30/08</u>	<u>06/30/08</u>
Rental and other revenues	\$ 3,535	\$ 7,773	\$ 1,384	\$2,151	\$2,919	\$3,133	\$3,698
Operating expenses:							
Rental property and other expenses	1,351	3,016	448	903	1,234	1,188	1,337
Depreciation and amortization	550	1,386	155	395	570	575	624
Total operating expenses	1,901	4,402	603	1,298	1,804	1,763	1,961
Other income	2	19	—	2	9	3	8
Income before gains on sales of discontinued operations	1,636	3,390	781	855	1,124	1,373	1,745
Net gains on sales of discontinued operations	21,016	8,753	20,943	73	6,595	3,137	5,027
Net income from discontinued operations	\$22,652	\$12,143	\$21,724	\$ 928	\$7,719	\$4,510	\$6,772

Highwoods Properties, Inc.

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6/30/09

Capitalization

Dollars, shares, and units in thousands

	<u>6/30/09</u>	<u>3/31/09</u>	<u>12/31/08</u>	<u>9/30/08</u>	<u>6/30/08</u>
Long-Term Debt (see pages 7 & 8):	<u>\$1,428,650</u>	<u>\$1,619,276</u>	<u>\$1,604,685</u>	<u>\$1,588,954</u>	<u>\$1,732,082</u>
Financing Obligations:	<u>\$ 34,758</u>	<u>\$ 34,509</u>	<u>\$ 34,174</u>	<u>\$ 35,195</u>	<u>\$ 35,145</u>
Preferred Stock (at liquidation value):					
Series A 8 ⁵ / 8 % Perpetual Preferred Stock	<u>\$ 29,092</u>	<u>\$ 29,092</u>	<u>\$ 29,092</u>	<u>\$ 29,092</u>	<u>\$ 82,937</u>
Series B 8% Perpetual Preferred Stock	<u>52,500</u>	<u>52,500</u>	<u>52,500</u>	<u>52,500</u>	<u>52,500</u>
Total preferred stock	<u>\$ 81,592</u>	<u>\$ 81,592</u>	<u>\$ 81,592</u>	<u>\$ 81,592</u>	<u>\$ 135,437</u>
Common Shares and Units Outstanding:					
Common stock outstanding	<u>70,848</u>	<u>63,763</u>	<u>63,572</u>	<u>63,545</u>	<u>57,632</u>
Noncontrolling interest partnership units	<u>4,059</u>	<u>4,067</u>	<u>4,067</u>	<u>3,906</u>	<u>3,933</u>
Total common shares and units outstanding	<u>74,907</u>	<u>67,830</u>	<u>67,639</u>	<u>67,451</u>	<u>61,565</u>
Stock price at period end	<u>\$ 22.37</u>	<u>\$ 21.42</u>	<u>\$ 27.36</u>	<u>\$ 35.56</u>	<u>\$ 31.42</u>
Market value of common equity	<u>\$1,675,670</u>	<u>\$1,452,919</u>	<u>\$1,850,603</u>	<u>\$2,398,558</u>	<u>\$1,934,372</u>
Total market capitalization with debt and obligations	<u>\$3,220,670</u>	<u>\$3,188,296</u>	<u>\$3,571,054</u>	<u>\$4,104,299</u>	<u>\$3,837,036</u>

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

Long-Term Debt Summary

Dollars in thousands

	6/30/09	3/31/09	12/31/08	9/30/08	6/30/08
Balances Outstanding:					
Secured:					
Conventional fixed rate 1/	\$ 523,560	\$ 631,207	\$ 634,317	\$ 638,032	\$ 640,557
Variable rate debt	43,733	34,540	20,869	31,954	47,087
Secured total	<u>567,293</u>	<u>665,747</u>	<u>655,186</u>	<u>669,986</u>	<u>687,644</u>
Unsecured:					
Fixed rate bonds and notes	595,857	599,029	648,999	648,968	648,938
Bank term loans	157,500	157,500	137,500	137,500	137,500
Credit facility	108,000	197,000	163,000	132,500	258,000
Unsecured total	<u>861,357</u>	<u>953,529</u>	<u>949,499</u>	<u>918,968</u>	<u>1,044,438</u>
Total	<u>\$1,428,650</u>	<u>\$1,619,276</u>	<u>\$1,604,685</u>	<u>\$1,588,954</u>	<u>\$1,732,082</u>

End of Period Weighted Average Interest Rates:

Secured:					
Conventional fixed rate	6.37%	6.61%	6.61%	6.62%	6.61%
Variable rate debt	1.20%	1.41%	1.73%	3.94%	4.01%
Secured total	<u>5.97%</u>	<u>6.34%</u>	<u>6.45%</u>	<u>6.49%</u>	<u>6.44%</u>
Unsecured:					
Fixed rate bonds	6.40%	6.40%	6.53%	6.53%	6.53%
Bank term loans	2.75%	2.83%	2.66%	4.38%	3.53%
Credit facility	1.11%	1.34%	2.39%	4.02%	3.43%
Unsecured total	<u>5.07%</u>	<u>4.77%</u>	<u>5.26%</u>	<u>5.85%</u>	<u>5.37%</u>
Average	<u>5.43%</u>	<u>5.41%</u>	<u>5.75%</u>	<u>6.12%</u>	<u>5.79%</u>

Maturity Schedule:

Year	Future Maturities of Debt		Total Debt 2/	Average Interest Rate
	Secured Debt 2/	Unsecured Debt		
2009	\$ 3,788	\$ —	\$ 3,788	5.69%
2010	41,741 3/	108,000	149,741	1.13%
2011	—	137,500	137,500	2.58%
2012	217,094	20,000	237,094	6.69%
2013	260,283	—	260,283	5.90%
2014	36,230	—	36,230	5.79%
2015	—	—	—	—
2016	8,157	—	8,157	7.67%
2017	—	395,857	395,857	5.85%
2018	—	200,000	200,000	7.50%
Total maturities	<u>\$ 567,293</u>	<u>\$ 861,357</u>	<u>\$1,428,650</u>	<u>5.43%</u>

Weighted average maturity = 5.0 years

- 1/ Includes a \$22.1 million loan related to a consolidated 20% owned joint venture (Harborview) and \$36.2 million in loans at June 30, 2009 related to a consolidated 50% joint venture (Markel).
- 2/ All periods exclude annual principal amortization.
- 3/ Maturity date does not reflect two one-year extension options.

Long-Term Debt Detail

Dollars in thousands

Secured Loans

<u>Lender</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Loan Balance 6/30/09</u>	<u>Undepreciated Book Value of Assets Secured</u>
Northwestern Mutual	7.05%	Jan-12	\$ 189,062	\$ 301,211
Northwestern Mutual	6.03%	Mar-13	131,997	183,381
Massachusetts Mutual Life Ins. Co. 1/	5.68%	Dec-13	117,264	214,226
PNC/Regions/Union Bank of California/U.S. Bank 2/ 3/	1.17%	Dec-10	41,741	58,864
Metropolitan Life Ins. Co. 4/	6.06%	Oct-12	22,133	39,108
Principal Life Insurance Company 5/	5.79%	Jan-14	11,106	14,408
Principal Life Insurance Company 5/	5.79%	Jan-14	11,106	18,781
Massachusetts Mutual Life Ins. Co. 1/	6.48%	Dec-13	10,425	
Principal Life Insurance Company 5/	5.74%	Jan-14	8,756	14,174
Union Realty Co.	7.65%	Feb-16	8,157	16,332
Lutheran Brotherhood	6.80%	Apr-12	5,900	8,036
Principal Life Insurance Company 5/	5.89%	Jan-14	5,261	7,514
Royal Bank of Canada 2/	1.72%	Dec-09	1,992	19,660
Security Life of Denver	8.85%	Aug-09	1,796	9,691
American United Life	9.00%	Jun-13	597	3,325
	5.97%		567,293	\$ 908,711

Unsecured Bonds

Bonds	5.85%	Mar-17	395,857
Bonds	7.50%	Apr-18	200,000
	6.40%		595,857

Unsecured Loans

Credit facility 2/	1.11%	May-10	108,000
Bank term loan 2/	2.58%	Feb-11	137,500
BB&T term loan 2/	3.90%	Mar-12	20,000
	2.08%		265,500
Total Debt	5.43%		\$1,428,650

Revolving Credit Facility

<u>Name of Lender</u>	<u>Total Commitment</u>	<u>Amount Outstanding at 6/30/09</u>	<u>Unfunded Commitment at 6/30/09</u>
Bank of America, N.A.	\$ 50,000	\$ 12,000	\$ 38,000
Branch Banking and Trust Co.	50,000	12,000	38,000
Wachovia Bank, N.A. 6/	50,000	12,000	38,000
Wells Fargo Bank, N.A.	50,000	12,000	38,000
Emigrant Bank	35,000	8,400	26,600
Eurohypo AG, New York Branch	35,000	8,400	26,600
PNC Bank, N.A.	30,000	7,200	22,800
Regions Bank	30,000	7,200	22,800
Comerica Bank	25,000	6,000	19,000
RBC Bank	25,000	6,000	19,000
Union Bank of California, N.A.	25,000	6,000	19,000
US Bank	20,000	4,800	15,200
First Horizon Bank	15,000	3,600	11,400
Chevy Chase Bank	10,000	2,400	7,600
	\$ 450,000	\$ 108,000	\$ 342,000

- 1/ These two loans are secured by the same assets.
2/ Floating rate loans based on one month libor.
3/ Maturity date does not reflect two one-year extension options.
4/ Loan relates to a consolidated 20% owned joint venture (Harborview).
5/ Loans relate to a consolidated 50% owned joint venture (Markel).
6/ Wells Fargo acquired Wachovia effective December 31, 2008.

Portfolio Summary – Wholly-Owned Properties Only 1/

(Rentable Square Feet)

	6/30/09	3/31/09	12/31/08	9/30/08	6/30/08
Office Industrial & Retail					
In-Service:					
Office 2/	19,988,000	19,594,000	19,556,000	19,416,000	19,416,000
Industrial	6,463,000	6,463,000	6,467,000	6,049,000	6,299,000
Retail 3/	909,000	1,337,000	1,350,000	1,342,000	1,343,000
Total 4/	27,360,000	27,394,000	27,373,000	26,807,000	27,058,000
Development Completed - Not Stabilized:					
Office 2/	373,000	665,000	665,000	873,000	428,000
Industrial	200,000	200,000	—	418,000	418,000
Retail	—	—	—	—	—
Total	573,000	865,000	665,000	1,291,000	846,000
Development - In Process:					
Office 2/	258,000	358,000	358,000	358,000	803,000
Industrial	—	—	200,000	200,000	200,000
Retail	—	—	—	—	—
Total	258,000	358,000	558,000	558,000	1,003,000
Total:					
Office 2/	20,619,000	20,617,000	20,579,000	20,647,000	20,647,000
Industrial	6,663,000	6,663,000	6,667,000	6,667,000	6,917,000
Retail 3/	909,000	1,337,000	1,350,000	1,342,000	1,343,000
Total 4/	28,191,000	28,617,000	28,596,000	28,656,000	28,907,000
Same Property					
Office 2/	18,794,000	18,794,000	18,794,000	18,794,000	18,794,000
Industrial	5,782,000	5,782,000	5,782,000	5,782,000	5,782,000
Retail	878,000	878,000	878,000	878,000	878,000
Total	25,454,000	25,454,000	25,454,000	25,454,000	25,454,000
Percent Leased/Pre-Leased:					
In-Service:					
Office	89.0%	89.1%	90.2%	90.3%	90.8%
Industrial	84.5%	87.9%	92.6%	95.2%	91.4%
Retail	90.7%	93.2%	94.6%	93.6%	93.5%
Total	88.0%	89.0%	91.0%	91.6%	91.1%
Development Completed - Not Stabilized:					
Office	41.6%	64.2%	64.2%	69.4%	73.6%
Industrial	50.0%	50.0%	—	91.0%	72.0%
Retail	—	—	—	—	—
Total	44.6%	60.9%	64.2%	76.4%	72.8%
Development - In Process:					
Office	52.4%	65.7%	65.7%	65.7%	63.5%
Industrial	—	—	50.0%	50.0%	50.0%
Retail	—	—	—	—	—
Total	52.4%	65.7%	60.1%	60.1%	60.8%
Same Property					
Office	88.9%	89.2%	90.3%	90.5%	91.0%
Industrial	84.7%	87.2%	93.0%	95.6%	91.3%
Retail	90.4%	93.3%	96.8%	95.7%	95.8%
Total	88.0%	88.9%	91.1%	91.9%	91.2%

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 205,000 square feet of basement space in the Country Club Plaza and other Kansas City Retail properties.

4/ Excludes minor “for rent” apartment building.

Portfolio Summary
(Continued)

As of June 30, 2009

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

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Cash Revenue 2/			
			Office	Industrial	Retail	Total
Raleigh 3/	4,004,000	83.7%	15.7%	—	—	15.7%
Atlanta	5,653,000	91.4%	11.7%	4.0%	—	15.7%
Nashville	2,997,000	95.0%	14.4%	—	—	14.4%
Tampa	2,658,000	90.8%	14.1%	—	—	14.1%
Kansas City	1,508,000 4/	89.3%	3.4%	—	6.8%	10.2%
Richmond	2,228,000	92.0%	8.9%	—	—	8.9%
Piedmont Triad 5/	5,526,000	78.2%	6.0%	2.7%	0.2%	8.9%
Memphis	1,472,000	93.1%	6.4%	—	—	6.4%
Greenville	897,000	90.5%	3.4%	—	—	3.4%
Orlando	317,000	98.7%	1.7%	—	—	1.7%
Other	100,000	90.5%	0.6%	—	—	0.6%
Total	<u>27,360,000</u>	<u>88.0%</u>	<u>86.3%</u>	<u>6.7%</u>	<u>7.0%</u>	<u>100.0%</u>

Summary by Location, Including Joint Venture Properties:

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Cash Revenue 2/ 6/				Total
			Office	Industrial	Retail	Multi-Family	
Atlanta	6,488,000	89.6%	11.7%	3.5%	—	—	15.2%
Raleigh	4,818,000	85.5%	14.5%	—	—	—	14.5%
Nashville	2,997,000	95.0%	12.7%	—	—	—	12.7%
Tampa	2,863,000	91.0%	12.7%	—	—	—	12.7%
Kansas City	2,227,000 4/	89.3%	4.0%	—	6.1%	—	10.1%
Richmond	2,641,000	93.3%	8.5%	—	—	—	8.5%
Piedmont Triad	5,890,000	76.0%	5.5%	2.4%	0.2%	—	8.1%
Memphis	1,472,000	93.2%	5.7%	—	—	—	5.7%
Orlando	2,169,000	89.0%	4.8%	—	—	—	4.8%
Des Moines	2,505,000	86.8%	3.1%	0.5%	0.1%	0.4%	4.1%
Greenville	897,000	90.6%	3.0%	—	—	—	3.0%
Other	100,000	90.5%	0.5%	—	—	—	0.5%
Charlotte	148,000	100.0%	0.1%	—	—	—	0.1%
Total	<u>35,215,000</u>	<u>87.6%</u>	<u>86.8%</u>	<u>6.4%</u>	<u>6.4%</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, 2009 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

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

4/ Excludes 205,000 square feet of basement space in the Country Club Plaza and other Kansas City Retail properties.

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

6/ Includes Highwoods' share of Joint Venture Annualized Cash Revenue, see page 33.

Portfolio Summary – Wholly-Owned Properties Only
(Continued)

As of June 30, 2009

Market	Office Properties 1/			Industrial		
	Rentable Square Feet	Occupancy	Percentage of Office Annualized	Rentable Square Feet	Occupancy	Percentage of Industrial Annualized Cash Revenue 2/
			Cash Revenue 2/			Annualized Cash Revenue 2/
Raleigh	4,004,000	83.7%	18.1%	—	—	—
Nashville	2,997,000	95.0%	16.6%	—	—	—
Tampa	2,658,000	90.8%	16.4%	—	—	—
Atlanta	2,571,000	90.2%	13.6%	3,082,000	92.3%	59.6%
Richmond	2,228,000	92.0%	10.3%	—	—	—
Memphis	1,472,000	93.1%	7.4%	—	—	—
Piedmont Triad	2,105,000	79.2%	7.0%	3,381,000	77.3%	40.4%
Kansas City	639,000	88.0%	4.0%	—	—	—
Greenville	897,000	90.5%	3.9%	—	—	—
Orlando	317,000	98.7%	2.0%	—	—	—
Other	100,000	90.5%	0.7%	—	—	—
	<u>19,988,000</u>	<u>89.0%</u>	<u>100.0%</u>	<u>6,463,000</u>	<u>84.5%</u>	<u>100.0%</u>
Market	Retail			Percentage		
	Rentable Square Feet	Occupancy	Cash Revenue 2/	Rentable Square Feet	Occupancy	Percentage of Retail Annualized
						Annualized Cash Revenue 2/
Kansas City 3/	869,000	90.3%	96.6%			
Piedmont Triad	40,000	100.0%	3.4%			
	<u>909,000</u>	<u>90.7%</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, 2009 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

3/ Excludes 205,000 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	6/30/09	3/31/09	12/31/08	9/30/08	6/30/08
Atlanta	Rentable Square Feet	5,653,000	5,552,000	5,552,000	5,552,000	5,552,000
	Occupancy	91.4%	91.9%	93.4%	93.2%	92.0%
	Current Properties 2/	91.2%	91.9%	93.3%	93.2%	92.0%
Greenville	Rentable Square Feet	897,000	897,000	897,000	897,000	897,000
	Occupancy	90.5%	93.8%	94.4%	94.4%	91.4%
	Current Properties 2/	90.5%	93.8%	94.4%	94.4%	91.4%
Kansas City 3/	Rentable Square Feet	1,508,000	1,936,000	1,953,000	1,955,000	1,956,000
	Occupancy	89.3%	90.8%	92.3%	91.6%	91.3%
	Current Properties 2/	89.3%	90.3%	93.1%	92.4%	92.1%
Memphis	Rentable Square Feet	1,472,000	1,472,000	1,473,000	1,337,000	1,337,000
	Occupancy	93.1%	92.5%	92.5%	93.0%	93.5%
	Current Properties 2/	93.5%	92.8%	92.7%	93.0%	93.5%
Nashville	Rentable Square Feet	2,997,000	2,997,000	2,988,000	3,181,000	3,181,000
	Occupancy	95.0%	95.2%	95.0%	94.8%	94.9%
	Current Properties 2/	95.0%	95.2%	94.7%	95.4%	95.4%
Orlando	Rentable Square Feet	317,000	317,000	317,000	317,000	317,000
	Occupancy	98.7%	97.4%	98.4%	98.4%	98.4%
	Current Properties 2/	98.7%	97.4%	98.4%	98.4%	98.4%
Piedmont Triad	Rentable Square Feet	5,526,000	5,526,000	5,526,000	5,108,000	5,358,000
	Occupancy	78.2%	81.8%	86.1%	88.4%	85.9%
	Current Properties 2/	78.7%	81.0%	85.7%	88.4%	85.2%
Raleigh	Rentable Square Feet	4,004,000	3,711,000	3,711,000	3,711,000	3,711,000
	Occupancy	83.7%	85.5%	88.6%	89.9%	89.7%
	Current Properties 2/	82.7%	85.5%	88.6%	89.9%	89.7%
Richmond	Rentable Square Feet	2,228,000	2,228,000	2,229,000	2,230,000	2,230,000
	Occupancy	92.0%	91.3%	90.8%	90.0%	92.1%
	Current Properties 2/	92.0%	91.3%	90.8%	90.0%	92.1%
Tampa	Rentable Square Feet	2,658,000	2,658,000	2,627,000	2,419,000	2,419,000
	Occupancy	90.8%	88.7%	91.6%	92.2%	94.5%
	Current Properties 2/	91.0%	89.2%	92.3%	92.2%	94.4%
Total 4/	Rentable Square Feet	27,260,000	27,294,000	27,273,000	26,707,000	26,958,000
	Occupancy	88.0%	89.0%	91.0%	91.6%	91.1%
	Current Properties 2/	88.1%	89.0%	91.0%	91.7%	91.1%

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

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

3/ Excludes 205,000 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					
	6/30/09 2/	3/31/09 3/	12/31/08 4/	9/30/08 5/	6/30/08 6/	Average
Net Effective Rents Related to Re-leased Space:						
Number of lease transactions (signed leases)	95	104	129	96	113	107
Rentable square footage leased	737,490	546,833	868,233	471,486	997,600	724,328
Square footage of Renewal Deals	622,050	430,986	703,690	330,751	913,530	600,201
Renewed square footage (% of total)	84.3%	78.8%	81.0%	70.2%	91.6%	82.9%
New Leases square footage (% of total)	15.7%	21.2%	19.0%	29.8%	8.4%	17.1%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 19.06	\$ 19.52	\$ 21.21	\$ 20.84	\$ 22.47	\$ 20.62
Tenant improvements	(0.87)	(2.12)	(1.21)	(1.35)	(1.16)	(1.34)
Leasing commissions 7/	(0.44)	(0.47)	(0.60)	(0.51)	(0.63)	(0.53)
Rent concessions	(0.39)	(0.40)	(0.35)	(0.22)	(0.28)	(0.33)
Effective rent	17.36	16.53	19.05	18.76	20.40	18.42
Expense stop	(5.74)	(6.83)	(6.07)	(6.64)	(7.12)	(6.48)
Equivalent effective net rent	\$ 11.62	\$ 9.70	\$ 12.98	\$ 12.12	\$ 13.28	\$ 11.94
Weighted average term in years	3.6	4.1	4.7	4.5	3.2	4.0
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$3,304,902	\$4,619,505	\$5,973,249	\$3,041,354	\$5,224,995	\$4,432,801
Rentable square feet	737,490	546,833	868,233	471,486	997,600	724,328
Per rentable square foot	\$ 4.48	\$ 8.45	\$ 6.88	\$ 6.45	\$ 5.24	\$ 6.12
Leasing Commissions:						
Total dollars committed under signed leases 7/	\$1,361,976	\$1,002,735	\$2,463,135	\$ 970,896	\$2,300,840	\$1,619,916
Rentable square feet	737,490	546,833	868,233	471,486	997,600	724,328
Per rentable square foot	\$ 1.85	\$ 1.83	\$ 2.84	\$ 2.06	\$ 2.31	\$ 2.24
Total:						
Total dollars committed under signed leases	\$4,666,878	\$5,622,240	\$8,436,384	\$4,012,250	\$7,525,835	\$6,052,718
Rentable square feet	737,490	546,833	868,233	471,486	997,600	724,328
Per rentable square foot	\$ 6.33	\$ 10.28	\$ 9.72	\$ 8.51	\$ 7.54	\$ 8.36

- 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 143K square feet of leases that start in 2011 or later.
- 3/ Includes 91K square feet of leases that start in 2011 or later.
- 4/ Includes 38K square feet of leases that start in 2011 or later.
- 5/ Includes 62K square feet of leases that start in 2010 or later.
- 6/ Includes 346K square feet of leases that start in 2010 or later.
- 7/ Excludes a full allocation of internal leasing costs.

Leasing Statistics
Industrial Portfolio

	Three Months Ended					
	6/30/09	3/31/09 1/	12/31/08	9/30/08 2/	6/30/08	Average
Net Effective Rents Related to Re-leased Space:						
Number of lease transactions (signed leases)	14	14	14	14	14	14
Rentable square footage leased	624,617	292,938	297,789	358,284	367,684	388,262
Square footage of Renewal Deals	459,757	128,542	249,927	294,376	155,126	257,546
Renewed square footage (% of total)	73.6%	43.9%	83.9%	82.2%	42.2%	66.3%
New Leases square footage (% of total)	26.4%	56.1%	16.1%	17.8%	57.8%	33.7%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 3.47	\$ 4.59	\$ 4.37	\$ 4.50	\$ 3.85	\$ 4.16
Tenant improvements	(0.29)	(0.27)	(0.26)	(0.45)	(0.18)	(0.29)
Leasing commissions 3/	(0.10)	(0.07)	(0.08)	(0.09)	(0.10)	(0.09)
Rent concessions	(0.09)	(0.17)	(0.01)	(0.01)	0.00	(0.06)
Effective rent	2.99	4.08	4.02	3.95	3.57	3.72
Expense stop	(0.31)	(0.35)	(0.08)	(0.05)	(0.19)	(0.20)
Equivalent effective net rent	\$ 2.68	\$ 3.73	\$ 3.94	\$ 3.90	\$ 3.38	\$ 3.52
Weighted average term in years	3.1	4.1	3.7	3.0	1.8	3.1
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$775,542	\$506,567	\$420,373	\$385,175	\$269,635	\$471,458
Rentable square feet	624,617	292,938	297,789	358,284	367,684	388,262
Per rentable square foot	\$ 1.24	\$ 1.73	\$ 1.41	\$ 1.08	\$ 0.73	\$ 1.21
Leasing Commissions:						
Total dollars committed under signed leases 3/	\$218,170	\$106,339	\$ 71,111	\$142,626	\$ 62,837	\$120,217
Rentable square feet	624,617	292,938	297,789	358,284	367,684	388,262
Per rentable square foot	\$ 0.35	\$ 0.36	\$ 0.24	\$ 0.40	\$ 0.17	\$ 0.31
Total:						
Total dollars committed under signed leases	\$993,712	\$612,906	\$491,484	\$527,801	\$332,471	\$591,675
Rentable square feet	624,617	292,938	297,789	358,284	367,684	388,262
Per rentable square foot	\$ 1.59	\$ 2.09	\$ 1.65	\$ 1.47	\$ 0.90	\$ 1.52

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

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

3/ Excludes a full allocation of internal leasing costs.

Leasing Statistics
Retail Portfolio

	Three Months Ended					
	6/30/09 1/	3/31/09	12/31/08 2/	9/30/08	6/30/08 3/	Average
Net Effective Rents Related to Re-leased Space:						
Number of lease transactions (signed leases)	9	5	13	3	6	7
Rentable square footage leased	60,665	11,279	57,245	7,719	15,839	30,549
Square footage of Renewal Deals	54,455	4,970	53,385	2,898	14,162	25,974
Renewed square footage (% of total)	89.8%	44.1%	93.3%	37.5%	89.4%	85.0%
New Leases square footage (% of total)	10.2%	55.9%	6.7%	62.5%	10.6%	15.0%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 15.71	\$ 20.47	\$ 18.46	\$25.81	\$ 27.61	\$ 21.61
Tenant improvements	(0.40)	(1.64)	(0.65)	0.00	(1.52)	(0.84)
Leasing commissions 4/	(0.06)	0.00	(0.04)	(0.15)	(0.67)	(0.18)
Rent concessions	(0.04)	0.00	(0.05)	0.00	0.00	(0.02)
Effective rent	15.21	18.83	17.72	25.66	25.42	20.57
Expense stop	0.00	(0.64)	0.00	0.00	0.00	(0.13)
Equivalent effective net rent	\$ 15.21	\$ 18.19	\$ 17.72	\$25.66	\$ 25.42	\$ 20.44
Weighted average term in years	2.8	6.1	7.6	8.6	7.7	6.6
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$241,785	\$158,227	\$344,272	\$ —	\$177,176	\$184,292
Rentable square feet	60,665	11,279	57,245	7,719	15,839	30,549
Per rentable square foot	\$ 3.99	\$ 14.03	\$ 6.01	\$ —	\$ 11.19	\$ 6.03
Leasing Commissions:						
Total dollars committed under signed leases 3/	\$ 34,975	\$ 1,000	\$ 20,072	\$1,165	\$ 5,794	\$ 12,601
Rentable square feet	60,665	11,279	57,245	7,719	15,839	30,549
Per rentable square foot	\$ 0.58	\$ 0.09	\$ 0.35	\$ 0.15	\$ 0.37	\$ 0.41
Total:						
Total dollars committed under signed leases	\$276,760	\$159,227	\$364,344	\$1,165	\$182,970	\$196,893
Rentable square feet	60,665	11,279	57,245	7,719	15,839	30,549
Per rentable square foot	\$ 4.56	\$ 14.12	\$ 6.36	\$ 0.15	\$ 11.55	\$ 6.45

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

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

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

4/ Excludes a full allocation of internal leasing costs.

Leasing Statistics by Market

For the Three Months Ended As of 6/30/09

Office Portfolio 1/					
	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions Per SF 2/ 3/
Market	Leased	Term			
Atlanta	311,789	2.9	\$16.49	\$2.60	\$ 1.54
Nashville	180,845	4.8	20.49	5.23	2.10
Raleigh	76,566	4.8	20.71	9.83	2.22
Richmond	65,488	2.9	17.00	4.15	1.96
Piedmont Triad	28,959	3.4	16.55	2.48	1.28
Tampa	24,896	3.2	26.57	8.71	1.48
Memphis	24,288	2.6	21.69	7.53	1.21
Other	7,444	1.4	24.19	0.00	0.98
Orlando	6,788	1.0	27.37	0.00	1.09
Greenville	6,712	6.0	15.68	4.46	3.76
Kansas City	3,715	2.4	22.46	5.80	3.11
	737,490	3.6	\$18.67	\$4.48	\$ 1.85
Industrial Portfolio					
	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions Per SF 2/ 3/
Market	Leased	Term			
Piedmont Triad	423,180	3.1	\$ 2.90	\$0.98	\$ 0.30
Atlanta	201,437	3.0	4.39	1.79	0.45
	624,617	3.1	\$ 3.38	\$1.24	\$ 0.35
Retail Portfolio					
	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions Per SF 2/ 3/
Market	Leased	Term			
Kansas City	60,665	2.8	\$15.67	\$3.99	\$ 0.58
	60,665	2.8	\$15.67	\$3.99	\$ 0.58

- 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 \$464K.

Rental Rate Comparisons by Market

For the Three Months Ended As of 6/30/09

Office Portfolio 1/		Rentable Square Feet	Current	Previous	Percentage Change Rent
Market	Leased	Rent	Rent		
Atlanta	311,789	\$16.49	\$16.33		1.0%
Nashville	180,845	20.49	18.82		8.9%
Raleigh	76,566	20.71	17.68		17.1%
Richmond	65,488	17.00	16.86		0.8%
Piedmont Triad	28,959	16.55	16.32		1.4%
Tampa	24,896	26.57	20.59		29.0%
Memphis	24,288	21.69	19.12		13.5%
Other	7,444	24.19	21.42		12.9%
Orlando	6,788	27.37	23.75		15.2%
Greenville	6,712	15.68	22.73		-31.0%
Kansas City	3,715	22.46	24.23		-7.3%
GAAP Rent Growth	<u>737,490</u>	<u>\$18.67</u>	<u>\$17.58</u>		<u>6.2%</u>
Cash Rent Growth	<u>737,490</u>	<u>\$18.59</u>	<u>\$19.10</u>		<u>-2.7%</u>
Industrial Portfolio		Rentable Square Feet	Current	Previous	Percentage Change Rent
Market	Leased	Rent	Rent		
Piedmont Triad	423,180	\$ 2.90	\$ 2.98		-2.7%
Atlanta	201,437	4.39	4.63		-5.2%
GAAP Rent Growth	<u>624,617</u>	<u>\$ 3.38</u>	<u>\$ 3.51</u>		<u>-3.8%</u>
Cash Rent Growth	<u>624,617</u>	<u>\$ 3.46</u>	<u>\$ 3.68</u>		<u>-5.9%</u>
Retail Portfolio		Rentable Square Feet	Current	Previous	Percentage Change Rent
Market	Leased	Rent	Rent 2/		
Kansas City	60,665	\$15.67	\$13.70		14.5%
GAAP Rent Growth	<u>60,665</u>	<u>\$15.67</u>	<u>\$13.70</u>		<u>14.5%</u>
Cash Rent Growth	<u>60,665</u>	<u>\$15.85</u>	<u>\$16.77</u>		<u>-5.5%</u>

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

Type	6/30/09	6/30/08	6/30/07	6/30/06	6/30/05
Office	\$20.79	\$19.80	\$19.26	\$18.16	\$17.64
Industrial	5.21	5.30	5.19	5.10	5.02
Retail 2/	<u>37.19</u>	<u>31.33</u>	<u>30.94</u>	<u>28.07</u>	<u>27.80</u>
Weighted average rate	<u>\$17.79</u>	<u>\$16.87</u>	<u>\$16.40</u>	<u>\$15.51</u>	<u>\$15.44</u>
Annual % growth rate	<u>5.5%</u>	<u>2.9%</u>	<u>5.7%</u>	<u>0.5%</u>	

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

2/ Excludes percentage rent.

3/ Average cash rental rates represent June, 2009 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12 and divided by the related leased square feet.

Lease Expirations

June 30, 2009

Dollars in thousands

Year	Rentable Square Feet Expiring	Percent of Rentable Square Feet	Annualized Cash Revenue 1/	Average Rental Rate	Percent of Annualized Cash Revenue 1/
Office: 2/					
2009 /3	820,178	4.6%	\$ 17,353	\$21.16	4.6%
2010	2,103,039	11.7%	43,613	20.74	11.7%
2011	2,572,355	14.2%	51,961	20.20	13.9%
2012	2,501,969	13.9%	53,351	21.32	14.3%
2013	2,379,639	13.3%	51,428	21.61	13.8%
2014	2,124,414	11.8%	42,617	20.06	11.4%
2015	1,340,869	7.5%	28,233	21.06	7.6%
2016	944,111	5.3%	17,633	18.68	4.7%
2017	1,041,932	5.8%	21,059	20.21	5.6%
2018	568,975	3.2%	13,295	23.37	3.6%
2019 and thereafter	1,556,180	8.7%	32,803	21.08	8.8%
	<u>17,953,661</u>	<u>100.0%</u>	<u>\$373,346</u>	<u>\$20.79</u>	<u>100.0%</u>
Industrial:					
2009 /4	256,730	4.6%	\$ 1,758	\$ 6.85	6.1%
2010	846,391	15.2%	3,893	4.60	13.4%
2011	960,819	17.3%	5,219	5.43	18.1%
2012	593,129	10.7%	3,083	5.20	10.6%
2013	608,340	10.9%	3,681	6.05	12.7%
2014	771,147	13.9%	3,701	4.80	12.8%
2015	282,608	5.1%	1,246	4.41	4.3%
2016	264,597	4.8%	1,070	4.04	3.7%
2017	52,500	0.9%	372	7.09	1.3%
2018	71,884	1.3%	245	3.41	0.8%
2019 and thereafter	851,581	15.3%	4,703	5.52	16.2%
	<u>5,559,726</u>	<u>100.0%</u>	<u>\$ 28,971</u>	<u>\$ 5.21</u>	<u>100.0%</u>

- 1/ Annualized Cash Revenue is June, 2009 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.
- 2/ Excludes properties recorded on our Balance Sheet that relate to 50% or less owned joint ventures properties that are consolidated under GAAP.
- 3/ Includes 55,000 square feet of leases that are on a month to month basis or 0.3% of total annualized revenue.
- 4/ Includes 76,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue.

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

Lease Expirations

June 30, 2009

(Continued)

Dollars in thousands

Year	Rentable Square Feet Expiring	Percent of Rentable Square Feet	Annualized Cash Revenue 1/	Average Rental Rate	Percent of Annualized Cash Revenue 1/
Retail:					
2009 2/	26,803	3.3%	\$ 1,314	\$49.02	4.3%
2010	47,206	5.7%	2,505	53.07	8.2%
2011	72,150	8.8%	2,215	30.70	7.2%
2012	89,850	10.9%	3,583	39.88	11.7%
2013	51,177	6.2%	2,207	43.12	7.2%
2014	36,130	4.4%	1,869	51.73	6.1%
2015	70,970	8.6%	2,831	39.89	9.2%
2016	55,279	6.7%	2,460	44.50	8.0%
2017	110,570	13.4%	2,374	21.47	7.7%
2018	41,825	5.1%	1,753	41.91	5.7%
2019 and thereafter	221,997	26.9%	7,534	33.94	24.7%
	823,957	100.0%	\$ 30,645	\$37.19	100.0%
Total:					
2009 3/ 4/	1,103,711	4.5%	\$ 20,425	\$18.51	4.7%
2010	2,996,636	12.3%	50,011	16.69	11.6%
2011	3,605,324	14.8%	59,395	16.47	13.7%
2012	3,184,948	13.1%	60,017	18.84	13.9%
2013	3,039,156	12.5%	57,316	18.86	13.2%
2014	2,931,691	12.0%	48,187	16.44	11.1%
2015	1,694,447	7.0%	32,310	19.07	7.5%
2016	1,263,987	5.2%	21,163	16.74	4.9%
2017	1,205,002	5.0%	23,805	19.76	5.5%
2018	682,684	2.8%	15,293	22.40	3.5%
2019 and thereafter	2,629,758	10.8%	45,040	17.13	10.4%
	24,337,344	100.0%	\$432,962	\$17.79	100.0%

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

2/ Includes 11,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue.

3/ Includes 142,000 square feet of leases that are on a month to month basis or 0.4% of total annualized revenue.

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

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

Office Lease Expirations by Market by Quarter 1/

Dollars in thousands

		Three Months Ended				Total
		9/30/09 2/	12/31/09	3/31/10	6/30/10	
Atlanta	RSF	36,509	14,915	24,429	10,580	86,433
	% of Total Office RSF	0.2%	0.1%	0.1%	0.1%	0.5%
	Annualized Cash Revenue					
	3/	\$ 660	\$ 274	\$ 477	\$ 200	\$ 1,611
	% of Total Office Annl Cash Rev	0.2%	0.1%	0.1%	0.1%	0.4%
Greenville	RSF	14,316	10,989	34,951	5,240	65,496
	% of Total Office RSF	0.1%	0.1%	0.2%	0.0%	0.4%
	Annualized Cash Revenue					
	3/	\$ 337	\$ 205	\$ 630	\$ 98	\$ 1,270
	% of Total Office Annl Cash Rev	0.1%	0.1%	0.2%	0.0%	0.3%
Kansas City	RSF	10,162	9,987	9,913	21,550	51,612
	% of Total Office RSF	0.1%	0.1%	0.1%	0.1%	0.3%
	Annualized Cash Revenue					
	3/	\$ 232	\$ 244	\$ 225	\$ 518	\$ 1,219
	% of Total Office Annl Cash Rev	0.1%	0.1%	0.1%	0.1%	0.3%
Memphis	RSF	61,987	67,653	62,071	65,239	256,950
	% of Total Office RSF	0.3%	0.4%	0.3%	0.4%	1.4%
	Annualized Cash Revenue					
	3/	\$ 1,229	\$ 1,359	\$ 1,357	\$ 1,430	\$ 5,375
	% of Total Office Annl Cash Rev	0.3%	0.4%	0.4%	0.4%	1.4%
Nashville	RSF	157,129	80,671	57,746	179,800	475,346
	% of Total Office RSF	0.9%	0.4%	0.3%	1.0%	2.6%
	Annualized Cash Revenue					
	3/	\$ 3,798	\$ 1,633	\$ 1,282	\$ 3,739	\$ 10,452
	% of Total Office Annl Cash Rev	1.0%	0.4%	0.3%	1.0%	2.8%
Orlando	RSF	1,232	4,733	2,779	6,788	15,532
	% of Total Office RSF	0.0%	0.0%	0.0%	0.0%	0.1%
	Annualized Cash Revenue					
	3/	\$ 26	\$ 129	\$ 76	\$ 186	\$ 417
	% of Total Office Annl Cash Rev	0.0%	0.0%	0.0%	0.0%	0.1%
Piedmont Triad	RSF	57,505	5,540	28,820	64,564	156,429
	% of Total Office RSF	0.3%	0.0%	0.2%	0.4%	0.9%
	Annualized Cash Revenue					
	3/	\$ 874	\$ 89	\$ 466	\$ 883	\$ 2,312
	% of Total Office Annl Cash Rev	0.2%	0.0%	0.1%	0.2%	0.6%
Raleigh	RSF	58,223	83,935	157,850	100,401	400,409
	% of Total Office RSF	0.3%	0.5%	0.9%	0.6%	2.2%
	Annualized Cash Revenue					
	3/	\$ 1,239	\$ 1,868	\$ 2,670	\$ 1,803	\$ 7,580
	% of Total Office Annl Cash Rev	0.3%	0.5%	0.7%	0.5%	2.0%
Richmond	RSF	35,176	26,273	58,153	120,540	240,142
	% of Total Office RSF	0.2%	0.1%	0.3%	0.7%	1.3%
	Annualized Cash Revenue					
	3/	\$ 546	\$ 537	\$ 1,181	\$ 2,292	\$ 4,556
	% of Total Office Annl Cash Rev	0.1%	0.1%	0.3%	0.6%	1.2%
Tampa	RSF	725	81,899	51,870	117,236	251,730

	% of Total Office RSF	0.0%	0.5%	0.3%	0.7%	1.4%
	Annualized Cash Revenue					
	3/	\$ 62	\$ 2,001	\$ 1,292	\$ 3,109	\$ 6,464
	% of Total Office Annl					
	Cash Rev	0.0%	0.5%	0.3%	0.8%	1.7%
Other	RSF	619	0	5,707	0	6,326
	% of Total Office RSF	0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Cash Revenue					
	3/	\$ 11	\$ —	\$ 123	\$ —	\$ 134
	% of Total Office Annl					
	Cash Rev	0.0%	0.0%	0.0%	0.0%	0.0%
Total	RSF	433,583	386,595	494,289	691,938	2,006,405
	% of Total Office RSF	2.4%	2.2%	2.8%	3.9%	11.1%
	Annualized Cash Revenue					
	3/	\$ 9,014	\$ 8,339	\$ 9,779	\$ 14,258	\$ 41,390
	% of Total Office Annl					
	Cash Rev	2.4%	2.2%	2.6%	3.8%	11.1%

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

2/ Includes 55,000 square feet of leases that are on a month to month basis or 0.3% of total annualized revenue.

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

Industrial Lease Expirations by Market by Quarter

Dollars in thousands

		Three Months Ended				Total
		9/30/09 1/	12/31/09	3/31/10	6/30/10	
Atlanta	RSF	120,804	40,617	102,026	12,700	276,147
	% of Total Industrial RSF	2.2%	0.7%	1.8%	0.2%	5.0%
	Annualized Cash Revenue					
	2/	\$ 992	\$ 259	\$ 506	\$ 39	\$ 1,796
	% of Total Industrial Annl Cash Rev	3.5%	0.9%	1.7%	0.1%	6.2%
Piedmont Triad	RSF	62,424	32,885	404,580	72,586	572,475
	% of Total Industrial RSF	1.1%	0.6%	7.3%	1.3%	10.3%
	Annualized Cash Revenue					
	2/	\$ 181	\$ 328	\$ 1,278	\$ 479	\$ 2,266
	% of Total Industrial Annl Cash Rev	0.6%	1.1%	4.4%	1.7%	7.8%
Total	RSF	183,228	73,502	506,606	85,286	848,622
	% of Total Industrial RSF	3.3%	1.3%	9.1%	1.5%	15.3%
	Annualized Cash Revenue					
	2/	\$ 1,173	\$ 587	\$ 1,784	\$ 518	\$ 4,062
	% of Total Industrial Annl Cash Rev	4.1%	2.0%	6.2%	1.8%	14.1%

1/ Includes 76,000 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, 2009 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

Office Lease Expirations by Market by Year 1/

Dollars in thousands

		2009 2/	2010	2011	2012	Thereafter
Atlanta	RSF	51,424	200,667	291,136	340,075	1,434,836
	% of Total Office RSF	0.3%	1.1%	1.6%	1.9%	8.0%
	Annualized Cash Revenue 3/	\$ 934	\$ 3,813	\$ 6,408	\$ 7,819	\$ 31,896
	% of Total Office Annl Cash Rev	0.3%	1.0%	1.7%	2.1%	8.5%
Greenville	RSF	25,305	57,236	104,244	242,769	383,058
	% of Total Office RSF	0.1%	0.3%	0.6%	1.4%	2.1%
	Annualized Cash Revenue 3/	\$ 542	\$ 997	\$ 1,922	\$ 4,155	\$ 7,031
	% of Total Office Annl Cash Rev	0.1%	0.3%	0.5%	1.1%	1.9%
Kansas City	RSF	20,149	106,902	80,256	73,215	281,830
	% of Total Office RSF	0.1%	0.6%	0.4%	0.4%	1.6%
	Annualized Cash Revenue 3/	\$ 476	\$ 3,077	\$ 2,085	\$ 1,844	\$ 7,314
	% of Total Office Annl Cash Rev	0.1%	0.8%	0.6%	0.5%	2.0%
Memphis	RSF	129,640	208,590	155,162	170,179	707,607
	% of Total Office RSF	0.7%	1.2%	0.9%	0.9%	3.9%
	Annualized Cash Revenue 3/	\$ 2,588	\$ 4,533	\$ 3,344	\$ 3,509	\$ 13,729
	% of Total Office Annl Cash Rev	0.7%	1.2%	0.9%	0.9%	3.7%
Nashville	RSF	237,800	433,295	331,770	292,208	1,564,976
	% of Total Office RSF	1.3%	2.4%	1.8%	1.6%	8.7%
	Annualized Cash Revenue 3/	\$ 5,431	\$ 9,080	\$ 7,276	\$ 6,337	\$ 33,948
	% of Total Office Annl Cash Rev	1.5%	2.4%	1.9%	1.7%	9.1%
Orlando	RSF	5,965	83,868	111,007	5,830	105,846
	% of Total Office RSF	0.0%	0.5%	0.6%	0.0%	0.6%
	Annualized Cash Revenue 3/	\$ 155	\$ 2,056	\$ 2,490	\$ 155	\$ 2,701
	% of Total Office Annl Cash Rev	0.0%	0.6%	0.7%	0.0%	0.7%
Piedmont Triad	RSF	63,045	183,865	413,082	409,976	597,732
	% of Total Office RSF	0.4%	1.0%	2.3%	2.3%	3.3%
	Annualized Cash Revenue 3/	\$ 963	\$ 2,985	\$ 6,133	\$ 7,968	\$ 7,973
	% of Total Office Annl Cash Rev	0.3%	0.8%	1.6%	2.1%	2.1%
Raleigh	RSF	142,158	332,607	562,306	432,766	2,025,150
	% of Total Office RSF	0.8%	1.9%	3.1%	2.4%	11.3%
	Annualized Cash Revenue 3/	\$ 3,106	\$ 6,024	\$ 11,508	\$ 8,412	\$ 38,302
	% of Total Office Annl Cash Rev	0.8%	1.6%	3.1%	2.3%	10.3%
Richmond	RSF	61,449	281,241	400,666	270,464	1,037,386
	% of Total Office RSF	0.3%	1.6%	2.2%	1.5%	5.8%
	Annualized Cash Revenue 3/	\$ 1,083	\$ 5,545	\$ 7,786	\$ 5,273	\$ 18,884
	% of Total Office Annl Cash Rev	0.3%	1.5%	2.1%	1.4%	5.1%
Tampa	RSF	82,624	209,061	118,120	264,487	1,738,145
	% of Total Office RSF	0.5%	1.2%	0.7%	1.5%	9.7%

	Annualized Cash Revenue 3/ % of Total Office Annl Cash Rev	\$ 2,063 0.6%	\$ 5,380 1.4%	\$ 2,858 0.8%	\$ 7,844 2.1%	\$ 43,011 11.5%
Other	RSF % of Total Office RSF	619 0.0%	5,707 0.0%	4,606 0.0%	0 0.0%	79,554 0.4%
	Annualized Cash Revenue 3/ % of Total Office Annl Cash Rev	\$ 11 0.0%	\$ 123 0.0%	\$ 152 0.0%	\$ 34 0.0%	\$ 2,280 0.6%
Total	RSF % of Total Office RSF	820,178 4.6%	2,103,039 11.7%	2,572,355 14.3%	2,501,969 13.9%	9,956,120 55.5%
	Annualized Cash Revenue 3/ % of Total Office Annl Cash Rev	\$ 17,352 4.6%	\$ 43,613 11.7%	\$ 51,962 13.9%	\$ 53,350 14.3%	\$ 207,069 55.5%

- 1/ Excludes properties recorded on our Balance Sheet that relate to 50% or less owned joint ventures properties that are consolidated under GAAP.
- 2/ Includes 55,000 square feet of leases that are on a month to month basis or 0.3% of total annualized revenue.
- 3/ Annualized Cash Revenue is June, 2009 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

Industrial Lease Expirations by Market by Year

Dollars in thousands

		2009 1/	2010	2011	2012	Thereafter
Atlanta	RSF	161,421	247,728	575,416	288,570	1,672,183
	% of Total Industrial RSF	2.9%	4.5%	10.3%	5.2%	30.1%
	Annualized Cash Revenue 2/	\$ 1,250	\$ 1,421	\$ 3,217	\$ 1,579	\$ 9,808
	% of Total Industrial Annl Cash Rev	4.3%	4.9%	11.1%	5.5%	33.9%
Piedmont Triad	RSF	95,309	598,663	385,403	304,559	1,230,474
	% of Total Industrial RSF	1.7%	10.8%	6.9%	5.5%	22.1%
	Annualized Cash Revenue 2/	\$ 509	\$ 2,472	\$ 2,002	\$ 1,505	\$ 5,210
	% of Total Industrial Annl Cash Rev	1.8%	8.5%	6.9%	5.2%	18.0%
Total	RSF	256,730	846,391	960,819	593,129	2,902,657
	% of Total Industrial RSF	4.6%	15.2%	17.3%	10.7%	52.2%
	Annualized Cash Revenue 2/	\$ 1,759	\$ 3,893	\$ 5,219	\$ 3,084	\$ 15,018
	% of Total Industrial Annl Cash Rev	6.1%	13.4%	18.0%	10.6%	51.8%

1/ Includes 76,000 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, 2009 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

Customer Diversification 1/

June 30, 2009

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	1,716,213	\$ 37,685	8.70%	8.0
AT&T 3/	768,579	14,335	3.31%	4.7
Price Waterhouse Coopers	400,178	11,522	2.66%	3.2
State of Georgia 4/	375,105	8,032	1.86%	1.6
Healthways	290,689	7,479	1.73%	13.0
T-Mobile USA	207,517	5,974	1.38%	4.4
Metropolitan Life Insurance	296,595	5,928	1.37%	8.6
Lockton Companies	160,561	4,423	1.02%	5.7
BB&T	258,363	4,287	0.99%	3.9
RBC Bank	164,271	4,030	0.93%	17.5
Syniverse Technologies	198,750	4,003	0.92%	7.3
Fluor Enterprises	209,474	3,747	0.87%	2.6
SCI Services 5/	162,784	3,658	0.84%	8.1
HCA Corporation	160,945	3,545	0.82%	4.3
Wells Fargo/Wachovia 6/	129,389	3,112	0.72%	1.7
Jacobs Engineering Group	181,794	3,066	0.71%	6.3
Vanderbilt University	144,161	3,003	0.69%	6.3
Lifepoint Corporate Services	139,625	2,890	0.67%	2.1
Icon Clinical Research	110,909	2,677	0.62%	4.3
Talecris Biotherapeutics	122,870	2,407	0.56%	3.0
	<u>6,198,772</u>	<u>\$135,803</u>	<u>31.37%</u>	<u>6.3</u>

By Industry

Category	Percent of Annualized Cash Revenue 2/
Professional, Scientific, and Technical Services	20.5%
Government/Public Administration	9.8%
Finance/Banking	9.7%
Insurance	8.8%
Health Care and Social Assistance	7.2%
Wholesale Trade	6.9%
Manufacturing	6.6%
Telecommunication	6.4%
Retail Trade	5.7%
Real Estate Rental and Leasing	3.7%
Information	3.1%
Administrative and Support Services	2.8%
Accommodation and Food Services	2.8%
Transportation and Warehousing	2.2%
Other Services (except Public Administration)	2.1%
Educational Services	1.7%
	<u>100.0%</u>

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

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

3/ Annualized Cash Revenue reflects addback of rent concessions related to renewals starting this quarter.

4/ Includes 123,000 square feet of annually renewable leases.

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

6/ *Wells Fargo acquired Wachovia effective December 31, 2008.*

Highwoods Properties, Inc.

Same Property Performance

Dollars and Square Feet in thousands

	Three months ended June 30,		Percentage
	2009	2008	Change
Rental revenues 1/	\$100,232	\$102,400	-2.1%
Operating expenses	(34,497)	(35,441)	2.7%
	65,735	66,959	-1.8%
Straight line rent	(114)	734	-115.5%
	65,621	67,693	-3.1%
Lease termination fees	171	22	677.3%
Net operating income	\$ 65,792	\$ 67,715	-2.8%
Average occupancy	88.0%	90.9%	-3.2%
Rentable square feet	25,454	25,454	

	Six months ended June 30,		Percentage
	2009	2008	Change
Rental revenues 1/	\$200,044	\$202,863	-1.4%
Operating expenses	(70,096)	(69,347)	-1.1%
	129,948	133,516	-2.7%
Straight line rent	526	2,775	-81.0%
	130,474	136,291	-4.3%
Lease termination fees	1,206	1,924	-37.3%
Net operating income	\$131,680	\$138,215	-4.7%
Average occupancy	88.3%	90.8%	-2.8%
Rentable square feet	25,454	25,454	

Market	Second Quarter: 2009 vs 2008		June YTD: 2009 vs 2008	
	NOI 2/ Percentage Change	Occupancy Percentage Change	NOI 2/ Percentage Change	Occupancy Percentage Change
Atlanta	2.9%	-1.2%	-2.1%	-0.7%
Greenville	8.8%	2.0%	10.1%	5.7%
Kansas City	-10.3%	-1.7%	-11.6%	-0.5%
Memphis	-3.4%	-0.1%	-5.3%	-1.1%
Nashville	3.2%	-0.7%	1.1%	-1.1%
Orlando	6.7%	2.1%	3.0%	2.4%
Piedmont Triad	-6.0%	-7.2%	-8.3%	-7.1%
Raleigh	-5.9%	-7.5%	-5.9%	-6.2%
Richmond	-4.5%	-0.6%	-3.5%	-1.4%
Tampa	-8.3%	-4.1%	-5.8%	-4.4%
	-3.1%	-3.2%	-4.3%	-2.8%

1/ Excludes straight line rents and lease termination fees.

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

Disposition Activity

Dollars in thousands

Name	Market	Type 1/	Date Sold	Square Footage	Occupancy	Gross Sales Price
First quarter 2009:						
Somerset	Kansas City	I	01/16/09	4,000	46.5%	\$ 200
First quarter totals				4,000	46.5%	\$ 200
Second quarter 2009:						
KC Community Centers	Kansas City	R	05/28/09	416,000	94.5%	\$ 62,142
Second quarter totals				416,000	94.5%	\$ 62,142
2009 totals				420,000	94.0%	\$ 62,342

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

Highwoods Properties, Inc.	26	6/30/09
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Development Activity

Dollars in thousands

Property	Market	Type	Rentable Square Feet	Anticipated Total Investment	Investment @ 06/30/09	Pre Leased %	Estimated Completion Date	Estimated Stabilization Date
In - Process								
Office:								
Jackson FBI	Jackson, MS	O	110,000	\$ 34,900	\$ 33,560	100%	3Q 09	3Q 09
Triad Centre III	Memphis	O	148,000	29,187	24,208	17%	3Q 09	2Q 11
In - Process Total or Weighted Average			<u>258,000</u>	<u>\$ 64,087</u>	<u>\$ 57,768</u>	<u>52%</u>		
					<u>\$Weighted%</u>	<u>62%</u>		
Completed Not Stabilized 1/								
Office:								
Cool Springs IV	Nashville	O	153,000	\$ 27,597	\$ 21,763	8%	3Q 08	1Q 10
Centregreen V	Raleigh	O	98,000	15,662	14,133	75%	1Q 08	3Q 09
Glenlake VI	Raleigh	O	122,000	24,448	23,016	57%	1Q 08	3Q 09
Total or Weighted Average			<u>373,000</u>	<u>\$ 67,707</u>	<u>\$ 58,912</u>	<u>42%</u>		
					<u>\$Weighted%</u>	<u>41%</u>		
Industrial:								
River Point IV	Atlanta	I	200,000	\$ 12,414	\$ 11,390	50%	1Q 09	2Q 10
			<u>200,000</u>	<u>\$ 12,414</u>	<u>\$ 11,390</u>	<u>50%</u>		
					<u>\$Weighted%</u>	<u>50%</u>		
Completed Not Stabilized Total or Weighted Average			<u>573,000</u>	<u>\$ 80,121</u>	<u>\$ 70,302</u>	<u>45%</u>		
					<u>\$Weighted%</u>	<u>43%</u>		
Grand Total or Weighted Average			<u>831,000</u>	<u>\$ 144,208</u>	<u>\$ 128,070</u>	<u>47%</u>		
					<u>\$Weighted%</u>	<u>51%</u>		

Placed in Service in 2Q

Property	Market	Type	Rentable Square Feet	Anticipated Total Investment	Investment @ 06/30/09	Pre Leased %	Occ %	In-Service Date
FAA	Atlanta	O	100,000	\$ 18,071	\$ 17,640	100%	100%	04/01/09
RBC Plaza 2/	Raleigh	O	292,000	76,056	73,006	96%	96%	06/30/09
Placed in Service Total or Weighted Average			<u>392,000</u>	<u>\$ 94,127</u>	<u>\$ 90,646</u>	<u>97%</u>	<u>97%</u>	
					<u>\$Weighted%</u>	<u>97%</u>	<u>97%</u>	

For Sale Residential Condominiums

		Units For Sale	Units Sold	PTD Gross Sale Proceeds	PTD Gain 4/
RBC Plaza Condominiums 3/	Raleigh	60	79	\$ 32,399	\$ 5,146

- 1/ "Completed Not Stabilized" properties are recorded in the Consolidated Balance Sheet in the Land and Building accounts, not Development-in-Process.
- 2/ Includes ancillary retail space on the ground level of approximately 11,000 square feet.
- 3/ In January 2007 the Company executed a Joint Venture agreement for this development. The Company has a majority interest and consolidates this Joint Venture.
- 4/ Gain includes any forfeited deposits and is net of partner's interest; in 2Q09 net gain was \$295

Development Land
June 30, 2009

Dollars in thousands

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

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

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

3/ Includes 4.4 acres (\$1.4 million based on expected gross proceeds) included in property held for sale at June 30, 2009.

Acquisition Activity

Dollars in thousands

					Total
<u>Name</u>	<u>Market</u>	<u>Type</u>	<u>Date Acquired</u>	<u>Square Footage</u>	<u>Cost</u>
First quarter 2009:					
None					
Second quarter 2009:					
None					
Highwoods Properties, Inc.			29		6/30/09

Unconsolidated Joint Ventures Assets, Debt and Liabilities
June 30, 2009

Dollars in thousands

<u>Joint Venture</u>	<u>Type 1/</u>	<u>Own %</u>	<u>Venture's Books</u>		
			<u>Total Assets</u>	<u>Debt</u>	<u>Total Liabilities</u>
Board of Trade Investment Co.	O	49.00%	\$ 7,311	\$ —	\$ 277
Dallas County Partners I, LP	O/ I	50.00%	29,548	47,832	51,082
Dallas County Partners II, LP	O	50.00%	13,480	13,773	15,283
Dallas County Partners III, LP	O	50.00%	124	—	39
Fountain Three	O/ I / R	50.00%	25,156	31,979	34,546
RRHWoods, LLC	O/ M	50.00%	84,640	80,408	84,756
Kessinger/Hunter, LLC	-	26.50%	7,284	—	897
4600 Madison Associates, LP	O	12.50%	17,263	12,133	12,693
Highwoods DLF 98/29, LP	O	22.81%	134,314	68,729	73,769
Highwoods DLF 97/26 DLF 99/32, LP	O	42.93%	97,426	54,334	58,019
Concourse Center Associates, LLC	O	50.00%	13,456	8,556	8,796
Plaza Colonnade, LLC	O/R	50.00%	71,259	64,834	66,406
Highwoods KC Glenridge Office, LP	O	40.00%	23,956	16,242	17,068
Highwoods KC Glenridge Land, LP	O	40.00%	782	—	118
Highwoods KC Orlando, LLC	O	40.00%	201,431	138,120	146,526
Highwoods DLF Forum, LLC	O	25.00%	115,329	67,500	69,959
Total			\$ 842,759	\$604,440	\$ 640,234

<u>Joint Venture</u>	<u>Type 1/</u>	<u>Own %</u>	<u>Highwoods' Share of Joint Venture</u>		
			<u>Total Assets</u>	<u>Debt</u>	<u>Total Liabilities</u>
Board of Trade Investment Co.	O	49.00%	\$ 3,582	\$ —	\$ 136
Dallas County Partners I, LP	O/ I	50.00%	14,774	23,916	25,541
Dallas County Partners II, LP	O	50.00%	6,740	6,887	7,642
Dallas County Partners III, LP	O	50.00%	62	—	20
Fountain Three	O/ I / R	50.00%	12,578	15,990	17,273
RRHWoods, LLC	O/ M	50.00%	42,320	40,204	42,378
Kessinger/Hunter, LLC	-	26.50%	1,930	—	238
4600 Madison Associates, LP	O	12.50%	2,158	1,517	1,587
Highwoods DLF 98/29, LP	O	22.81%	30,637	15,677	16,827
Highwoods DLF 97/26 DLF 99/32, LP	O	42.93%	41,825	23,326	24,908
Concourse Center Associates, LLC	O	50.00%	6,728	4,278	4,398
Plaza Colonnade, LLC	O/R	50.00%	35,630	32,417	33,203
Highwoods KC Glenridge Office, LP	O	40.00%	9,582	6,497	6,827
Highwoods KC Glenridge Land, LP	O	40.00%	313	—	47
Highwoods KC Orlando, LLC	O	40.00%	80,572	55,248	58,610
Highwoods DLF Forum, LLC	O	25.00%	28,828	16,872	17,487
Total 2/			\$ 318,259	\$242,829	\$ 257,122

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, 2009

Dollars in thousands

Joint Venture	Own %	Venture's Books					Net Income/
		Revenue	Operating Exp	Interest	Depr/Amort	Gain on Sale	(Loss)
Board of Trade Investment Co.	49.00%	\$ 561	\$ 390	\$ —	\$ 134	\$ —	\$ 37
Dallas County Partners I, LP	50.00%	2,229	1,493	758	464	—	(486)
Dallas County Partners II, LP	50.00%	1,545	678	360	216	—	291
Dallas County Partners III, LP	50.00%	59	60	—	—	—	(1)
Fountain Three	50.00%	1,895	877	521	339	—	158
RRHWoods, LLC	50.00%	4,193	2,228	802	1,047	—	116
Kessinger/Hunter, LLC	26.50%	2,514	2,438	—	147	—	(71)
4600 Madison Associates, LP	12.50%	1,376	597	216	456	—	107
Highwoods DLF 98/29, LP	22.81%	4,061	1,640	1,152	1,155	3,426	3,540
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	3,444	1,459	1,053	1,039	—	(107)
Concourse Center Associates, LLC	50.00%	479	125	156	77	—	121
Plaza Colonnade, LLC	50.00%	2,701	963	944	573	—	221
Highwoods KC Glenridge Office, LP	40.00%	675	382	206	180	—	(93)
Highwoods KC Glenridge Land, LP	40.00%	—	6	—	—	—	(6)
Highwoods KC Orlando, LLC	40.00%	8,140	3,567	1,820	1,760	—	993
Highwoods DLF Forum, LLC	25.00%	3,466	1,162	878	1,377	—	49
Total		\$37,338	\$ 18,065	\$8,866	\$ 8,964	\$ 3,426	\$ 4,869

Joint Venture	Own %	Highwoods' Share of Joint Venture					Net Income/
		Revenue	Operating Exp	Interest	Depr/Amort	Gain on Sale	(Loss)
Board of Trade Investment Co.	49.00%	\$ 275	\$ 191	\$ —	\$ 66	\$ —	\$ 18
Dallas County Partners I, LP	50.00%	1,114	747	379	232	—	(244)
Dallas County Partners II, LP	50.00%	773	339	180	108	—	146
Dallas County Partners III, LP	50.00%	30	30	—	—	—	—
Fountain Three	50.00%	948	438	261	169	—	80
RRHWoods, LLC	50.00%	2,096	1,114	401	524	—	57
Kessinger/Hunter, LLC	26.50%	666	646	—	39	—	(19)
4600 Madison Associates, LP	12.50%	172	74	27	57	—	14
Highwoods DLF 98/29, LP	22.81%	926	374	263	263	781	807
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	1,478	627	452	446	—	(47)
Concourse Center Associates, LLC	50.00%	240	63	78	39	—	60
Plaza Colonnade, LLC	50.00%	1,350	482	472	287	—	109
Highwoods KC Glenridge Office, LP	40.00%	270	152	82	72	—	(36)
Highwoods KC Glenridge Land, LP	40.00%	—	3	—	—	—	(3)
Highwoods KC Orlando, LLC	40.00%	3,256	1,427	728	704	—	397
Highwoods DLF Forum, LLC	25.00%	866	290	219	344	—	13
Total 1/ 2/		\$14,460	\$ 6,997	\$3,542	\$ 3,350	\$ 781	\$ 1,352

- 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, 2009

Dollars in thousands

Joint Venture	Own %	Venture's Books					Net Income/
		Revenue	Operating Exp	Interest	Depr/Amort	Gain on Sale	(Loss)
Board of Trade Investment Co.	49.00%	\$ 1,132	\$ 747	\$ —	\$ 267	\$ —	\$ 118
Dallas County Partners I, LP	50.00%	4,662	3,137	1,518	904	—	(897)
Dallas County Partners II, LP	50.00%	3,133	1,435	732	432	—	534
Dallas County Partners III, LP	50.00%	115	117	—	—	—	(2)
Fountain Three	50.00%	3,843	1,920	1,043	674	—	206
RRHWoods, LLC	50.00%	8,588	4,831	1,606	2,099	—	52
Kessinger/Hunter, LLC	26.50%	5,027	5,122	—	295	—	(390)
4600 Madison Associates, LP	12.50%	2,752	1,137	429	874	—	312
Highwoods DLF 98/29, LP	22.81%	8,755	3,199	2,381	2,360	3,426	4,241
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	7,145	2,906	2,110	2,047	—	82
Concourse Center Associates, LLC	50.00%	969	265	313	153	—	238
Plaza Colonnade, LLC	50.00%	5,414	1,895	1,894	1,131	—	494
Highwoods KC Glenridge Office, LP	40.00%	1,383	776	410	354	—	(157)
Highwoods KC Glenridge Land, LP	40.00%	—	7	—	—	—	(7)
Highwoods KC Orlando, LLC	40.00%	16,328	6,863	3,649	3,626	—	2,190
Highwoods DLF Forum, LLC	25.00%	6,952	2,348	1,756	2,731	—	117
Total		\$76,198	\$ 36,705	\$17,841	\$ 17,947	\$ 3,426	\$ 7,131

Joint Venture	Own %	Highwoods' Share of Joint Venture					Net Income/
		Revenue	Operating Exp	Interest	Depr/Amort	Gain on Sale	(Loss)
Board of Trade Investment Co.	49.00%	\$ 555	\$ 366	\$ —	\$ 131	\$ —	\$ 58
Dallas County Partners I, LP	50.00%	2,331	1,569	759	452	—	(449)
Dallas County Partners II, LP	50.00%	1,567	718	366	216	—	267
Dallas County Partners III, LP	50.00%	58	59	—	—	—	(1)
Fountain Three	50.00%	1,922	960	522	337	—	103
RRHWoods, LLC	50.00%	4,294	2,416	803	1,050	—	25
Kessinger/Hunter, LLC	26.50%	1,332	1,357	—	78	—	(103)
4600 Madison Associates, LP	12.50%	344	142	54	109	—	39
Highwoods DLF 98/29, LP	22.81%	1,997	730	543	538	781	967
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	3,067	1,248	906	879	—	34
Concourse Center Associates, LLC	50.00%	485	133	157	77	—	118
Plaza Colonnade, LLC	50.00%	2,707	948	947	566	—	246
Highwoods KC Glenridge Office, LP	40.00%	553	310	164	142	—	(63)
Highwoods KC Glenridge Land, LP	40.00%	—	3	—	—	—	(3)
Highwoods KC Orlando, LLC	40.00%	6,531	2,745	1,460	1,450	—	876
Highwoods DLF Forum, LLC	25.00%	1,738	587	439	683	—	29
Total 1/ 2/		\$29,481	\$ 14,291	\$ 7,120	\$ 6,708	\$ 781	\$ 2,143

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

Joint Ventures Long-Term Debt Detail 1/

Dollars in thousands

Joint Venture	Own %	Lender	Interest Rate	Maturity Date	Loan Balance 6/30/09
Dallas County Partners I, LP	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	\$ 40,822
Dallas County Partners I, LP	50.0%	Regions	6.30%	Jun-14	3,370
Dallas County Partners I, LP	50.0%	Thrivent	8.45%	Aug-10	1,524
Dallas County Partners I, LP	50.0%	Bankers Trust	8.00%	Jul-11	1,122
Dallas County Partners I, LP	50.0%	Sun Life	5.92%	Feb-16	994
			6.31%		47,832
Dallas County Partners II, LP	50.0%	Principal Life Insurance Company	10.19%	Jun-13	13,773
Fountain Three	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	16,295
Fountain Three	50.0%	Thrivent	7.00%	Sep-12	5,061
Fountain Three	50.0%	Thrivent	6.01%	Sep-17	3,606
Fountain Three	50.0%	Thrivent	6.01%	Sep-17	3,606
Fountain Three	50.0%	Lehman Brothers	8.02%	Aug-09	3,411
			6.47%		31,979
RRHWoods, LLC	50.0%	Bank of America	6.80%	Sep-12	25,873
RRHWoods, LLC	50.0%	Industrial Revenue Bonds /2	0.62%	Nov-15	23,000
RRHWoods, LLC	50.0%	Massachusetts Mutual Life Ins. Co.	5.85%	Mar-16	8,264
RRHWoods, LLC	50.0%	Industrial Revenue Bonds /2	0.55%	Sep-15	6,000
RRHWoods, LLC	50.0%	Industrial Revenue Bonds /2	0.54%	Nov-15	5,500
RRHWoods, LLC	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	4,508
RRHWoods, LLC	50.0%	UNUM Life Insurance Company	5.67%	Mar-17	3,893
RRHWoods, LLC	50.0%	Regions	6.30%	Jun-14	3,370
			3.93%		80,408
Plaza Colonnade, LLC	50.0%	Met Life	5.72%	Jan-17	47,629
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	5.90%	Mar-24	12,345
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	6.00%	Mar-16	4,350
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	5.38%	Mar-10	510
			5.77%		64,834
Highwoods KC Orlando, LLC	40.0%	Met Life	5.21%	Jul-14	138,120
Highwoods DLF Forum, LLC	25.0%	Jackson National Life Insurance Company	5.13%	Nov-13	67,500
Highwoods DLF 97/26 DLF 99/32, LP	42.9%	Massachusetts Mutual Life Ins. Co.	7.66%	May-12	54,334
Highwoods DLF 98/29, LP	22.8%	USG Annuity & Life Company	6.78%	Apr-11	41,079
Highwoods DLF 98/29, LP	22.8%	Goldman Sachs	6.11%	Jul-17	27,650
Highwoods KC Glenridge Office	40.0%	Wachovia	4.84%	May-14	16,242
4600 Madison Associates, LLC	12.5%	State Farm	6.85%	Apr-18	12,133
Concourse Center Associates, LLC	50.0%	Lincoln National Life Insurance Co.	6.95%	Jul-10	8,556
			5.88%		365,614
			5.77%		\$604,440
Highwoods' share of the above					\$242,829

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, 2009

Summary by Location:

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Cash Revenue Highwoods' Share Only 1/				
			Office	Industrial	Retail	Multi-Family	Total
Des Moines 2/	2,505,000	86.8%	26.9%	4.1%	0.7%	3.3%	35.0%
Orlando	1,852,000	87.4%	28.0%	—	—	—	28.0%
Atlanta	835,000	77.7%	11.3%	—	—	—	11.3%
Kansas City	719,000	89.2%	8.3%	—	—	—	8.3%
Raleigh	814,000	94.4%	7.6%	—	—	—	7.6%
Richmond	413,000	100.0%	5.1%	—	—	—	5.1%
Tampa	205,000	94.2%	2.1%	—	—	—	2.1%
Piedmont Triad	364,000	43.0%	1.9%	—	—	—	1.9%
Charlotte	148,000	100.0%	0.7%	—	—	—	0.7%
Total 3/	<u>7,855,000</u>	<u>86.1%</u>	<u>91.9%</u>	<u>4.1%</u>	<u>0.7%</u>	<u>3.3%</u>	<u>100.0%</u>

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

2/ Excludes 418 apartment units and related occupancy percentage of 97.6%.

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

Joint Ventures Lease Expirations

June 30, 2009

Dollars in thousands

Year	Rentable Square Feet	Percent of Rentable Square Feet 1/	Annualized Cash Revenue 2/	Average Rental Rate	Percent of Annualized Cash Revenue 2/
Total	Expiring 1/				
2009	218,824	3.3%	\$ 4,865	\$22.23	3.5%
2010	897,198	13.3%	17,612	19.63	12.5%
2011	1,097,999	16.3%	22,959	20.91	16.3%
2012	551,223	8.2%	12,656	22.96	9.0%
2013	1,227,170	18.2%	26,403	21.52	18.7%
2014	904,791	13.5%	20,208	22.33	14.4%
2015	726,555	10.8%	14,052	19.34	10.0%
2016	99,544	1.5%	2,018	20.27	1.4%
2017	572,153	8.5%	13,182	23.04	9.4%
2018	78,634	1.2%	1,789	22.75	1.3%
2019 and thereafter	349,575	5.2%	4,921	14.08	3.5%
	<u>6,723,666</u>	<u>100.0%</u>	<u>\$140,665</u>	<u>\$20.92</u>	<u>100.0%</u>

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

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

Joint Venture Acquisition and Disposition Activity

Dollars in thousands

Acquisitions							Total
<u>Name</u>	<u>Own %</u>	<u>Market</u>	<u>Type</u>	<u>Date Acquired</u>	<u>Square Footage</u>		<u>Cost</u>
First quarter 2009:							
None							
Second quarter 2009:							
None							

Dispositions								Gross Sales
<u>Name</u>	<u>Own %</u>	<u>Market</u>	<u>Type 1/</u>	<u>Date Sold</u>	<u>Square Footage</u>	<u>Occupancy</u>		<u>Price</u>
First quarter 2009:								
None								
Second quarter 2009:								
Automatic Data Processing	22.8%	Baltimore	O	04/15/09	110,000	100.0%		\$ 14,800
Second quarter totals					110,000	100.0%		\$ 14,800

1/ The letter “O” represents Office.

Highwoods Properties, Inc.	36	6/30/09
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