
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): February 12, 2008

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 February 12, 2008, we issued a press release announcing financial information for the quarter ended December 31, 2007. This press release is attached as Exhibit 99.1. In addition, we posted on our web site supplemental information regarding our operations for the quarter ended December 31, 2007, a copy of which is attached as Exhibit 99.2.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

<u>No.</u>	<u>Description</u>
99.1	Press release dated February 12, 2008
99.2	Supplemental operating information for the quarter ended December 31, 2007

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

HIGHWOODS PROPERTIES, INC.

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

HIGHWOODS REALTY LIMITED PARTNERSHIP

By: Highwoods Properties, Inc., its general partner

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

Dated: February 13, 2008

FOR IMMEDIATE RELEASE

Ref: 08-07

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

Highwoods Properties Reports Fourth Quarter and Year End 2007 Financial and Operational Results

\$0.65 FFO per Diluted Share Reported for Fourth Quarter 2007

*\$2.77 FFO per Diluted Share for Full Year 2007
(As Adjusted to Exclude Impairment on Depreciable Assets
and Preferred Stock Redemption Charges)*

\$124 Million of 98% Leased Development Placed in Service in Fourth Quarter

92.0% Occupancy – Up 200 bps Year-over-Year

Raleigh, NC – February 12, 2008 – Highwoods Properties, Inc. (NYSE: HIW) , the largest owner and operator of suburban office properties in the Southeast, today reported unaudited financial and operational results for the fourth quarter and full year ended December 31, 2007.

Ed Fritsch, President and CEO stated, “2007 was a year of strong growth for the Company on many fronts. Highlights for the full year included:

- 92% year-end occupancy, up 200 basis points year-over-year;
- \$201 million of development delivered that is 90% leased;
- \$124 million of development started that is 59% pre-leased;
- \$144 million of 22-year old non-core properties sold at a 6.3% average cap rate;
- \$37 million of non-core land sold for a net gain of \$16 million; and
- \$62 million of high coupon preferred stock retired.

“The team also performed exceedingly well with regard to the initial three-year goals outlined in our long-term Strategic Plan. Between 2005 and 2007, we:

- Commenced \$563 million of development that is currently 78% pre-leased with average stabilized cash and GAAP yields of 9% and 10%, respectively;
- Disposed of \$742 million of non-core, non-differentiating properties that were, on average, 20 years old, at an average cap rate of 6.7%; and
- Sold \$96 million of non-core land for \$31 million of net gains.

(more)

“Our original goals, unveiled in January 2005, called for \$200 million to \$300 million of development starts, \$450 million to \$550 million of non-core dispositions, \$60 million to \$70 million of non-core land sales and occupancy at December 31, 2007 of between 88% and 90%,” added Mr. Fritsch.

“New development has been and will remain an important driver of the Company’s organic growth, as evidenced by the one million square feet placed in service in 2007 that is 95% leased. Since January 2005, we have delivered \$422 million of development and in 2008, we expect to deliver an additional \$211 million of development. Our current \$379 million development pipeline is 71% pre-leased and encompasses 15 projects in 10 markets. We are actively pursuing additional anchor tenant and build-to-suit opportunities, particularly where we own land in very desirable submarkets. It is in these strategic infill locations where we believe there are inherent barriers to entry and strong demand will be sustained over the long-term. We consider 493 acres, or about 77% of our development land, to be core which can support approximately \$1 billion of new development. In 2008, we expect to start \$100 million to \$200 million of development,” added Mr. Fritsch.

The Company also announced that it has paid off \$100 million of 7.125% bonds that matured on February 1, 2008, using its unsecured credit facility. The Company intends to use the proceeds from a three-year, \$137.5 million bank term loan, priced at LIBOR plus 110 basis points, to pay down its unsecured credit facility. This term loan is expected to close in the first quarter.

Fourth Quarter and Full Year 2007 Financial Results

For the fourth quarter of 2007, the Company reported net income available for common stockholders of \$14.2 million, or \$0.25 per diluted share. Net income available for common stockholders for the fourth quarter of 2006 was \$20.3 million, or \$0.35 per diluted share.

For full year 2007, net income available for common stockholders was \$76.5 million, or \$1.34 per diluted share, compared to net income available for common stockholders of \$34.9 million, or \$0.62 per diluted share, for full year 2006.

Funds From Operations (“FFO”) for the fourth quarter of 2007 was \$39.8 million, or \$0.65 per diluted share, compared to \$44.1 million, or \$0.71 per diluted share, for the fourth quarter of 2006. For full year 2007, FFO was \$168.1 million, or \$2.73 per diluted share, compared to FFO of \$145.3 million, or \$2.37 per diluted share, for full year 2006.

FFO in 2007 and 2006 included charges related to impairments on depreciable assets, preferred stock redemption charges, debt extinguishments and other charges, as noted in the tables below:

	3 Months Ended 12/31/07		3 Months Ended 12/31/06	
	(000)	Per Share	(000)	Per Share
FFO, as reported	\$39,775	\$ 0.65	\$44,140	\$ 0.71
Losses on debt extinguishments	0	0.00	27	0.00
FFO as adjusted to exclude these items	\$39,775	\$ 0.65	\$44,167	\$ 0.71

(more)

Highwoods Properties

	12 Months Ended 12/31/07		12 Months Ended 12/31/06	
	(000)	Per Share (2)	(000)	Per Share
FFO, as reported	\$168,094	\$ 2.73	\$145,285	\$ 2.37
Impairments on depreciable assets	384	0.01	2,600	0.04
Preferred stock redemption charges	2,285	0.04	1,803	0.03
Losses on debt extinguishments	0	0.00	1,218(1)	0.02
FFO as adjusted to exclude these items	\$170,763	\$ 2.77	\$150,906	\$ 2.46

(1) Includes the Company's share of joint venture loss on debt extinguishment.

(2) Per share total does not equal sum of individual items due to rounding.

Included in 2007 and 2006 fourth quarter and twelve month results were the following additional items:

	3 Months Ended 12/31/07		3 Months Ended 12/31/06	
	(000)	Per Share	(000)	Per Share
Land sale gains, net of impairments	\$ (419)	\$ (0.01)	\$ 6,974	\$ 0.11
Lease termination income	840	0.01	618	0.01
Straight line rental income	4,048	0.07	2,401	0.04
Capitalized interest	2,489	0.04	1,770	0.03
Gains on sales of depreciable assets (1)	8,623	0.14	10,925	0.18
Tenant bankruptcy settlement	0	0.00	1,581	0.03

	12 Months Ended 12/31/07		12 Months Ended 12/31/06	
	(000)	Per Share	(000)	Per Share
Land sale gains, net of impairments	\$15,821	\$ 0.26	\$12,043	\$ 0.20
Lease termination income (2)	3,233	0.05	2,376	0.04
Straight line rental income	7,418	0.12	8,592	0.14
Capitalized interest	9,743	0.16	5,002	0.08
Gains on sales of depreciable assets (1)	45,971	0.75	19,196	0.31
Tenant bankruptcy settlement	0	0.00	1,581	0.03
Gain on property insurance claim	4,128	0.07	0	0.00

(1) Gains on sales of depreciable assets are excluded in the calculation of FFO.

(2) Includes pro-rata share from joint ventures.

(more)

Fourth Quarter and Full Year 2007 Operating Highlights

- First and second generation leasing activity in the fourth quarter was approximately two million square feet, including 993,000 square feet of office space, 932,000 square feet of industrial space and 45,000 square feet of retail space. For the full year, the Company leased approximately 6.5 million square feet of first and second generation space.
- Average in-place cash rental rates across the Company's total portfolio rose 2.4% in the fourth quarter of 2007 compared to the same period in 2006. Average in-place cash rental rates across the Company's office portfolio were up 3.1% from the same period a year ago. Since the fourth quarter of 2004, the beginning of the Company's Strategic Plan, average in-place cash rental rates across the Company's total portfolio and office portfolio have increased 10.2% and 9.4%, respectively.
- Straight-line (GAAP) rental rates for signed office leases in the fourth quarter increased 6.4% from straight line rental rates under the previous leases. Cash rents for office leases signed in the fourth quarter declined 3.8%. For the full year, straight-line rental rates for signed office leases increased 5.2% compared to 2.9% in 2006.
- Same property NOI from continuing operations, which includes straight line rent and lease termination fees, for the three and twelve months ended December 31, 2007 increased 1.0% and 1.8%, respectively, from the corresponding periods of 2006. Excluding straight line rent and lease termination fees, same property NOI from continuing operations increased 2.4% and 4.2%, respectively, from the corresponding periods of 2006.
- Office tenant improvements and leasing commissions for signed second generation leases as a percentage of base rent over the entire lease term (netting out free rent) were 11.8% in the fourth quarter, compared to the five-quarter average of 11.4%.
- Six development projects totaling \$124 million and 98% pre-leased were placed in service in the fourth quarter. For the full year, \$159 million of development was placed in service that was, on average, 95% pre-leased.
- Fourth quarter dispositions totaled \$36 million, which included the Company's remaining assets in Columbia for gross proceeds of \$23.6 million. The properties sold in Columbia were primarily single-story flex buildings encompassing a total of 253,000 square feet. They were, on average, 20-years old and 83% occupied. In 2007, a total of \$144 million of non-core properties were sold at an average cap rate of 6.3%.

"We remain committed to our long term goal of improving the overall quality of our portfolio – not just through new development—but also through the disposition of non-core, non-differentiating properties. Over the next three years we expect to sell an additional \$300 million to \$600 million of non-core properties. The proceeds from these asset sales will be used primarily to fund our development pipeline and/or make attractive acquisitions," stated Mr. Fritsch.

(more)

Funds from Operations Outlook

For 2008, the Company reaffirmed the initial FFO guidance it provided on January 28, 2008 of \$2.56 to \$2.72 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, the impact of development deliveries, acquisitions, and includes dilution from projected property dispositions during 2008 of \$0.02 to \$0.06 per share. This estimate assumes 61.4 million diluted shares outstanding and excludes any gains or impairments associated with depreciable property dispositions, as well as any one-time, non-recurring charges or credits that may occur during the year. Factors that could cause actual 2008 FFO results to differ materially from The Company's current expectations are discussed below and are also detailed in the Company's 2006 Annual Report on Form 10-K. Management's outlook for 2008 is based on the following operating assumptions:

	<u>Low</u>	<u>High</u>
Year End Occupancy	92.0%	93.0%
Same Property Cash NOI Growth	1.5%	2.5%
G&A Expenses	\$40.0M	\$42.0M
Lease Termination Income	\$ 1.8M	\$ 3.0M
Gains from Land and Residential Condominium Sales	\$ 3.6M	\$ 6.0M
Straight Line Rental Income	\$ 6.0M	\$ 8.0M
Dispositions	\$ 100M	\$ 250M
Acquisitions	\$ 0M	\$ 200M
Development Starts	\$ 100M	\$ 200M

Supplemental Information

A copy of the Company's fourth quarter 2007 Supplemental Information that includes financial, leasing and operational statistics is available in the "Investor Relations/Quarterly Earnings" section of the Company's Web site at www.highwoods.com. 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

On Wednesday, February 13, at 11:00 a.m. Eastern time, Highwoods will host a teleconference call to discuss the matters outlined in this press release. For US/Canada callers, dial (888) 202-5268 and international callers dial (706) 643-7509. A live listen-only Web cast can be accessed through the Company's Web site at www.highwoods.com under the "Investor Relations" section.

Telephone, Web and Pod cast replays will be available two hours after the completion of the call. The telephone replay will be available for one week beginning at 2:00 p.m. Eastern time. Dial-in numbers for the replay are (800) 642-1687 US/Canada, (706) 645-9291 international. The conference ID is 30239497.

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Non-GAAP Information

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

FFO and FFO per share as disclosed by other REITs may not be comparable to our calculation of FFO and FFO per share as described below. FFO and FFO per share are non-GAAP financial measures and therefore do not represent net income or net income per share as defined by GAAP. Net income and net income per share as defined by GAAP are the most relevant measures in determining our operating performance because FFO and FFO per share include adjustments that investors may deem subjective, such as adding back expenses such as depreciation and amortization.

Furthermore, FFO per share does not depict the amount that accrues directly to the stockholders' benefit. Accordingly, FFO and FFO per share should never be considered as alternatives to net income or net income per share as indicators of our operating performance.

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

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

In calculating FFO, the Company also adds back minority interest in the income from its operating partnership, which we believe is consistent with standard industry practice for REITs that operate through an UPREIT structure. The Company believes that it is important to present FFO on an as-converted basis since all of the operating partnership units are redeemable on a one-for-one basis for shares of the Company's common stock.

(more)

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 December 31, 2007, the Company owned or had an interest in 378 in-service office, industrial and retail properties encompassing approximately 33.9 million square feet. Highwoods also owns 634 acres of development land. Highwoods is based in Raleigh, North Carolina, and its properties and development land are located in Florida, Georgia, Iowa, Kansas, Missouri, North Carolina, South Carolina, Tennessee and Virginia. For more information about Highwoods Properties, please visit our Web site at www.highwoods.com.

Certain matters discussed in this press release, such as expected 2007 and 2008 financial and operational results and the related assumptions underlying our expected results, are forward-looking statements within the meaning of the federal securities laws. These statements are distinguished by use of the words "will", "expect", "intend" and words of similar meaning. Although the Company 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 the Company's current expectations include, among others, the following: the final completion of audited financial statements for 2007 could necessitate unexpected adjustments; the financial condition of our customers could deteriorate; speculative development by others could result in excessive supply of properties relative to customer demand; development, acquisition, reinvestment, disposition or joint venture projects may not be completed as quickly or on as favorable terms as anticipated; we may not be able to lease or re-lease space quickly or on as favorable terms as old leases; unexpected difficulties in obtaining additional capital to satisfy our future cash needs or unexpected increases in interest rates would increase our debt service costs; our southeastern and Midwestern markets may suffer declines in economic growth; and others detailed in the Company's 2006 Annual Report on Form 10-K and subsequent SEC reports.

Tables Follow

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

	Three Months Ended December 31,		Year Ended December 31,	
	2007	2006	2007	2006
Rental and other revenues	\$115,111	\$106,544	\$437,059	\$409,273
Operating expenses:				
Rental property and other expenses	41,432	40,538	157,264	150,472
Depreciation and amortization	30,797	29,694	122,172	112,883
Impairment of assets held for use	—	—	789	—
General and administrative	10,142	11,011	41,570	37,309
Total operating expenses	82,371	81,243	321,795	300,664
Interest expense:				
Contractual	24,478	22,374	93,992	94,229
Amortization of deferred financing costs	624	492	2,415	2,375
Financing obligations	962	972	3,930	4,162
	26,064	23,838	100,337	100,766
Other income/(expense):				
Interest and other income	1,310	2,707	6,413	6,993
Settlement of tenant bankruptcy claim	—	1,581	—	1,581
Loss on debt extinguishments	—	(27)	—	(494)
	1,310	4,261	6,413	8,080
Income before disposition of property, insurance gain, minority interest and equity in earnings of unconsolidated affiliates	7,986	5,724	21,340	15,923
Gains on disposition of property, net	190	7,862	20,562	16,157
Gain from property insurance settlement	—	—	4,128	—
Minority interest	(631)	(1,036)	(3,898)	(2,245)
Equity in earnings of unconsolidated affiliates	1,880	1,492	14,810	6,841
Income from continuing operations	9,425	14,042	56,942	36,676
Discontinued operations:				
Income from discontinued operations, net of minority interest	101	1,154	1,865	3,210
Net gains on sales of discontinued operations, net of minority interest	7,479	9,220	32,012	13,858
Release of FASB FIN 48 tax liability	—	—	1,473	—
	7,580	10,374	35,350	17,068
Net income	17,005	24,416	92,292	53,744
Dividends on preferred stock	(2,838)	(4,113)	(13,477)	(17,063)
Excess of preferred stock redemption cost over carrying value	—	—	(2,285)	(1,803)
Net income available for common stockholders	\$ 14,167	\$ 20,303	\$ 76,530	\$ 34,878
Net income per common share—basic:				
Income from continuing operations	\$ 0.12	\$ 0.18	\$ 0.73	\$ 0.33
Income from discontinued operations	0.13	0.18	0.63	0.31
Net income	\$ 0.25	\$ 0.36	\$ 1.36	\$ 0.64
Weighted average common shares outstanding—basic	56,640	55,740	56,444	54,489
Net Income per common share—diluted:				
Income from continuing operations	\$ 0.12	\$ 0.17	\$ 0.72	\$ 0.32
Income from discontinued operations	0.13	0.18	0.62	0.30
Net income	\$ 0.25	\$ 0.35	\$ 1.34	\$ 0.62
Weighted average common shares outstanding—diluted	61,347	62,365	61,547	61,362

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

	<u>December 31,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
Assets:		
Real estate assets, at cost:		
Land	\$ 357,841	\$ 345,548
Buildings and tenant improvements	2,708,989	2,573,032
Development in process	101,661	101,899
Land held for development	103,365	102,642
	<u>3,271,856</u>	<u>3,123,121</u>
Less-accumulated depreciation	(649,765)	(588,307)
Net real estate assets	2,622,091	2,534,814
Real estate and other assets, net, held for sale	10,466	44,321
Cash and cash equivalents	3,140	16,690
Restricted cash	15,896	2,027
Accounts receivable, net	23,521	23,347
Notes receivable, net	5,226	7,871
Accrued straight-line rents receivable, net	74,427	68,364
Investment in unconsolidated affiliates	57,759	60,359
Deferred financing and leasing costs, net	72,188	66,352
Prepaid expenses and other assets	41,954	20,708
Total Assets	<u>\$2,926,668</u>	<u>\$2,844,853</u>
Liabilities, Minority Interest and Stockholders' Equity:		
Mortgages and notes payable	\$1,641,987	\$1,465,129
Accounts payable, accrued expenses and other liabilities	155,779	156,737
Financing obligations	35,071	35,530
Total Liabilities	1,832,837	1,657,396
Minority interest	70,251	79,726
Stockholders' Equity:		
Preferred stock	135,437	197,445
Common stock	572	562
Additional paid-in capital	1,448,055	1,449,337
Distributions in excess of net earnings	(559,546)	(538,098)
Accumulated other comprehensive loss	(938)	(1,515)
Total Stockholders' Equity	1,023,580	1,107,731
Total Liabilities, Minority Interest and Stockholders' Equity	<u>\$2,926,668</u>	<u>\$2,844,853</u>

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

	Three Months Ended December 31,		Year Ended December 31,	
	2007	2006	2007	2006
Funds from operations:				
Net income	\$17,005	\$ 24,416	\$ 92,292	\$ 53,744
Dividends to preferred stockholders	(2,838)	(4,113)	(13,477)	(17,063)
Excess of preferred stock redemption cost over carrying value	—	—	(2,285)	(1,803)
Net income available for common stockholders	14,167	20,303	76,530	34,878
Add/(deduct):				
Depreciation and amortization of real estate assets	30,221	28,946	119,754	109,796
(Gains) on disposition of depreciable properties	(609)	(888)	(3,952)	(4,114)
Minority interest from the Operating Partnership in income from continuing operations	470	877	3,219	1,640
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	2,887	3,048	11,738	11,191
(Gains) on disposition of depreciable properties	—	—	(7,158)	—
Discontinued operations:				
Depreciation and amortization of real estate assets	110	972	1,692	5,438
(Gains) on disposition of depreciable properties	(8,014)	(10,037)	(34,861)	(15,082)
Minority interest from the Operating Partnership in income from discontinued operations	543	919	2,605	1,538
Release of FASB FIN 48 tax liability	—	—	(1,473)	—
Funds from operations	\$39,775	\$ 44,140	\$168,094	\$145,285
Funds from operations per share—diluted:				
Net income available for common stockholders	\$ 0.25	\$ 0.35	\$ 1.34	\$ 0.62
Add/(deduct):				
Depreciation and amortization of real estate assets	0.49	0.46	1.95	1.79
(Gains) on disposition of depreciable properties	(0.01)	(0.01)	(0.06)	(0.07)
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	0.05	0.05	0.18	0.18
(Gains) on disposition of depreciable properties	—	—	(0.12)	—
Discontinued operations:				
Depreciation and amortization of real estate assets	—	0.02	0.03	0.09
(Gains) on disposition of depreciable properties	(0.13)	(0.16)	(0.57)	(0.24)
Release of FASB FIN 48 tax liability	—	—	(0.02)	—
Funds from operations	\$ 0.65	\$ 0.71	\$ 2.73	\$ 2.37
Weighted average shares outstanding—diluted	61,347	62,365	61,547	61,362

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

	Three Months Ended December 31,		Year Ended December 31,	
	2007	2006	2007	2006
Income before disposition of property, insurance gain, minority interest and equity in earnings of unconsolidated affiliates	\$ 7,986	\$ 5,724	\$ 21,340	\$ 15,923
Other income/(expense)	(1,310)	(4,261)	(6,413)	(8,080)
Interest expense	26,064	23,838	100,337	100,766
General and administrative expense	10,142	11,011	41,570	37,309
Impairment of assets held for use	—	—	789	—
Depreciation and amortization expense	30,797	29,694	122,172	112,883
Net operating income from continuing operations	<u>73,679</u>	<u>66,006</u>	<u>279,795</u>	<u>258,801</u>
Less-non same property and other net operating income	9,147	2,086	27,195	10,624
Total same property net operating income from continuing operations	<u>\$ 64,532</u>	<u>\$ 63,920</u>	<u>\$252,600</u>	<u>\$248,177</u>
Rental and other revenues	\$115,111	\$106,544	\$437,059	\$409,273
Rental property and other expenses	41,432	40,538	157,264	150,472
Total net operating income from continuing operations	<u>73,679</u>	<u>66,006</u>	<u>279,795</u>	<u>258,801</u>
Less-non same property and other net operating income	9,147	2,086	27,195	10,624
Total same property net operating income from continuing operations	<u>\$ 64,532</u>	<u>\$ 63,920</u>	<u>\$252,600</u>	<u>\$248,177</u>



Supplemental Information
December 31, 2007

Supplemental Information
Table of Contents
December 31, 2007

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

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

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

Summary

Amounts in thousands, except per share amounts and ratios

	<i>Three Months Ended</i>				
	<u>12/31/07</u>	<u>09/30/07</u>	<u>06/30/07</u>	<u>03/31/07</u>	<u>12/31/06</u>
Shares and units:					
Common shares outstanding at end of period	57,167	57,158	57,131	56,711	56,211
Common units outstanding at end of period	4,057	4,059	4,062	4,115	4,733
Weighted average common shares outstanding—basic	56,640	56,628	56,460	56,040	55,740
Weighted average common shares outstanding—diluted	61,347	61,396	61,562	61,900	62,365
Share price:					
At end of period	\$ 29.38	\$ 36.67	\$ 37.50	\$ 39.49	\$ 40.76
High close during period	38.26	39.01	43.84	46.95	41.31
Low close during period	28.89	32.09	37.50	37.99	36.40
Financial information:					
Land sale gains, net of (impairments)	\$ (419)	\$ (564)	\$ 969	\$15,835	\$ 6,974
Lease termination income	840	259	1,477	41	618
Straight line rental income	4,048	908	890	1,572	2,401
Capitalized interest	2,489	2,742	2,365	2,147	1,770
Impairments on depreciable properties	—	(384)	—	—	—
Gains on sales of depreciable properties	8,623	8,064	1,475	20,651	10,925
Gain from property insurance settlement	—	—	—	4,128	—
Funds from operations per share—diluted	\$ 0.65	\$ 0.59	\$ 0.58	\$ 0.91	\$ 0.71
Funds from operations per share—diluted, excluding certain items 1/	\$ 0.65	\$ 0.61	\$ 0.60	\$ 0.91	\$ 0.71
Wholly—owned property information:					
In-Service rentable square feet:					
Office	19,260	19,003	19,194	19,154	19,244
Industrial	6,036	5,942	6,280	6,280	6,281
Retail	1,317	1,318	1,317	1,326	1,327
Total	<u>26,613</u>	<u>26,263</u>	<u>26,791</u>	<u>26,760</u>	<u>26,852</u>
In-Service occupancy:					
Office	91.1%	89.7%	88.5%	89.3%	89.0%
Industrial	94.2%	91.4%	90.8%	91.9%	91.7%
Retail	94.9%	94.4%	94.8%	95.4%	95.7%
Total	<u>92.0%</u>	<u>90.4%</u>	<u>89.3%</u>	<u>90.2%</u>	<u>90.0%</u>

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

Board of Directors

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

Corporate Officers

Edward J. Fritsch

President, Chief Executive Officer and Director

Michael E. Harris

Executive Vice President and Chief Operating Officer

Terry L. Stevens

Senior Vice President, Chief Financial Officer

Daniel L. Clemmens

Vice President, Chief Accounting Officer

S. Hugh Esleeck

Treasurer

Carman J. Liuzzo

Vice President, Investments

Art H. McCann

Chief Information Officer

Jeffrey D. Miller

Vice President, General Counsel and Secretary

Kevin E. Penn

Vice President, Strategy

Tabitha N. Zane

Vice President, Investor Relations and Corporate Communications

Research Coverage

Credit Suisse—North America

John Stewart—212-538-3183

Deutsche Banc Securities

Lou Taylor—212-469-4912

Friedman, Billings, Ramsey & Co., Inc.

Wilkes Graham—703-312-9737

Green Street Advisors

Cedric Lachance—949-640-8780

Morgan Stanley

David Cohen—212-761-8564

Smith Barney Citigroup

Jonathan Litt—212-816-0231

Stifel Nicolaus

John Guinee—410-454-5520

UBS Securities

Jamie Feldman—212-713-4932

Wachovia Securities

Chris Haley—443-263-6773

Corporate Information

Divisional Officers

Atlanta/Piedmont Triad

Gene H. Anderson—Senior Vice President
Atlanta, GA
James V. Bacchetta, Vice President
Piedmont Triad, NC
E. F. “Rick” Dehnert, Vice President

Orlando/Tampa

Michael F. Beale—Senior Vice President
Orlando, FL
Michael F. Beale, Senior Vice President
Tampa, FL
Daniel E. Woodward, Vice President

Raleigh

Raleigh, NC
Thomas “Skip” Hill, Vice President

Richmond

Richmond, VA
Paul W. Kreckman, Vice President

Nashville/Memphis/Columbia/Greenville

W. Brian Reames—Senior Vice President
Nashville, TN; Columbia, SC; and Greenville, SC
W. Brian Reames, Senior Vice President
Memphis, TN
Steven L. Guinn, Vice President

Kansas City

Kansas City, MO
Barrett Brady, Senior Vice President
Glenn E. Stephenson, VP of Retail Operations

Corporate Headquarters

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

Stock Exchange

NYSE Trading Symbol: HIW

Investor Relations Contact

Tabitha Zane
Vice President, Investor Relations and Corporate Communications
Phone: 919-431-1529
Fax: 919-431-1439
E-mail: tabitha.zane@highwoods.com

Information Request

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

Phone: 919-431-1529
Email: HIW-IR@highwoods.com

The Company

Highwoods Properties, Inc., a member of the S&P MidCap 400 Index, is a fully integrated, self-administered and self-managed equity real estate investment trust ("REIT") that provides leasing, management, development, construction and other customer-related services for its properties and for third parties. As of December 31, 2007, the Company owned or had an interest in 378 in-service office, industrial and retail properties encompassing approximately 33.9 million square feet. Highwoods also owned 634 acres of development land. Highwoods is based in Raleigh, North Carolina, and its properties and development land are located in Florida, Georgia, Iowa, Kansas, Maryland, Mississippi, Missouri, North Carolina, 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

	Year Ended		Three Months Ended				
	12/31/07	12/31/06	12/31/07	09/30/07	06/30/07	03/31/07	12/31/06
Rental and other revenues	\$437,059	\$409,273	\$115,111	\$108,854	\$106,403	\$106,691	\$106,544
Operating expenses:							
Rental property and other expenses	157,264	150,472	41,432	39,302	38,254	38,276	40,538
Depreciation and amortization	122,172	112,883	30,797	32,199	30,034	29,142	29,694
Impairment of assets held for use	789	—	—	789	—	—	—
General and administrative	41,570	37,309	10,142	9,649	10,868	10,911	11,011
Total operating expenses	321,795	300,664	82,371	81,939	79,156	78,329	81,243
Interest expense:							
Contractual	93,992	94,229	24,478	23,728	23,097	22,689	22,374
Amortization of deferred financing costs	2,415	2,375	624	616	609	566	492
Financing obligations	3,930	4,162	962	981	995	992	972
	100,337	100,766	26,064	25,325	24,701	24,247	23,838
Other income/(expense):							
Interest and other income	6,413	6,993	1,310	1,471	2,117	1,515	2,707
Settlement of tenant bankruptcy claim	—	1,581	—	—	—	—	1,581
Loss on debt extinguishments	—	(494)	—	—	—	—	(27)
	6,413	8,080	1,310	1,471	2,117	1,515	4,261
Income before disposition of property, insurance gain, minority interest and equity in earnings of unconsolidated affiliates	21,340	15,923	7,986	3,061	4,663	5,630	5,724
Gains on disposition of property, net	20,562	16,157	190	1,288	2,341	16,743	7,862
Gain from property insurance settlement	4,128	—	—	—	—	4,128	—
Minority interest	(3,898)	(2,245)	(631)	(285)	(397)	(2,585)	(1,036)
Equity in earnings of unconsolidated affiliates	14,810	6,841	1,880	1,207	2,006	9,717	1,492
Income from continuing operations	56,942	36,676	9,425	5,271	8,613	33,633	14,042
Discontinued operations:							
Income from discontinued operations, net of minority interest	1,865	3,210	101	521	580	663	1,154
Net gains on sales of discontinued operations, net of minority interest	32,012	13,858	7,479	6,175	96	18,262	9,220
Release of FASB FIN 48 tax liability	1,473	—	—	1,473	—	—	—
	35,350	17,068	7,580	8,169	676	18,925	10,374
Net income	92,292	53,744	17,005	13,440	9,289	52,558	24,416
Dividends on preferred stock	(13,477)	(17,063)	(2,838)	(2,680)	(3,846)	(4,113)	(4,113)
Excess of preferred stock redemption cost over carrying value	(2,285)	(1,803)	—	(842)	(1,443)	—	—
Net income available for common stockholders	\$ 76,530	\$ 34,878	\$ 14,167	\$ 9,918	\$ 4,000	\$ 48,445	\$ 20,303
Net income per common share—diluted:							
Income from continuing operations	\$ 0.72	\$ 0.32	\$ 0.12	\$ 0.03	\$ 0.06	\$ 0.52	\$ 0.17
Income from discontinued operations	0.62	0.30	0.13	0.14	0.01	0.33	0.18
Net income	\$ 1.34	\$ 0.62	\$ 0.25	\$ 0.17	\$ 0.07	\$ 0.85	\$ 0.35
Weighted average common shares outstanding—diluted	61,547	61,362	61,347	61,396	61,562	61,900	62,365
Dividends declared and paid per common share	\$ 1.700	\$ 1.700	\$ 0.425	\$ 0.425	\$ 0.425	\$ 0.425	\$ 0.425

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

Amounts in thousands, except per share amounts

	<i>Year Ended</i>		<i>Three Months Ended</i>				
	12/31/07	12/31/06	12/31/07	09/30/07	06/30/07	03/31/07	12/31/06
Funds from operations:							
Net income	\$ 92,292	\$ 53,744	\$17,005	\$13,440	\$ 9,289	\$ 52,558	\$ 24,416
Dividends to preferred stockholders	(13,477)	(17,063)	(2,838)	(2,680)	(3,846)	(4,113)	(4,113)
Excess of preferred stock redemption cost over carrying value	(2,285)	(1,803)	—	(842)	(1,443)	—	—
Net income available for common stockholders	76,530	34,878	14,167	9,918	4,000	48,445	20,303
Add/(deduct):							
Depreciation and amortization of real estate assets	119,754	109,796	30,221	31,602	29,426	28,505	28,946
(Gains) on disposition of depreciable properties	(3,952)	(4,114)	(609)	(1,063)	(1,372)	(908)	(888)
Minority interest from the Operating Partnership in income from operations	3,219	1,640	470	115	229	2,405	877
Unconsolidated affiliates:							
Depreciation and amortization of real estate assets	11,738	11,191	2,887	3,107	2,878	2,866	3,048
(Gains) on disposition of depreciable properties	(7,158)	—	—	—	—	(7,158)	—
Discontinued operations:							
Depreciation and amortization of real estate assets	1,692	5,438	110	465	513	604	972
(Gains) on disposition of depreciable properties	(34,861)	(15,082)	(8,014)	(7,001)	(103)	(19,743)	(10,037)
Release of FASB FIN 48 tax liability	(1,473)	—	—	(1,473)	—	—	—
Minority interest from the Operating Partnership in income from discontinued operations	2,605	1,538	543	479	49	1,534	919
Funds from operations	<u>\$ 168,094</u>	<u>\$145,285</u>	<u>\$39,775</u>	<u>\$36,149</u>	<u>\$35,620</u>	<u>\$ 56,550</u>	<u>\$ 44,140</u>
Funds from operations per share—diluted							
Net income available for common stockholders	\$ 1.34	\$ 0.62	\$ 0.25	\$ 0.17	\$ 0.07	\$ 0.85	\$ 0.35
Add/(deduct):							
Depreciation and amortization of real estate assets	1.95	1.79	0.49	0.51	0.48	0.46	0.46
(Gains) on disposition of depreciable properties	(0.06)	(0.07)	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)
Unconsolidated affiliates:							
Depreciation and amortization of real estate assets	0.18	0.18	0.05	0.05	0.04	0.04	0.05
(Gains) on disposition of depreciable properties	(0.12)	—	—	—	—	(0.12)	—
Discontinued operations:							
Depreciation and amortization of real estate assets	0.03	0.09	—	0.01	0.01	0.01	0.02
(Gains) on disposition of depreciable properties	(0.57)	(0.24)	(0.13)	(0.11)	—	(0.32)	(0.16)
Release of FASB FIN 48 tax liability	(0.02)	—	—	(0.02)	—	—	—
Funds from operations	<u>\$ 2.73</u>	<u>\$ 2.37</u>	<u>\$ 0.65</u>	<u>\$ 0.59</u>	<u>\$ 0.58</u>	<u>\$ 0.91</u>	<u>\$ 0.71</u>
Weighted average shares outstanding—diluted	<u>61,547</u>	<u>61,362</u>	<u>61,347</u>	<u>61,396</u>	<u>61,396</u>	<u>61,562</u>	<u>61,900</u>
Additional information: 1/							
Funds from operations, excluding certain items 2/	<u>\$ 170,763</u>	<u>\$150,906</u>	<u>\$39,775</u>	<u>\$37,375</u>	<u>\$37,063</u>	<u>\$ 56,550</u>	<u>\$ 44,167</u>
Funds from operations per share, excluding certain items 2/	<u>\$ 2.77</u>	<u>\$ 2.46</u>	<u>\$ 0.65</u>	<u>\$ 0.61</u>	<u>\$ 0.60</u>	<u>\$ 0.91</u>	<u>\$ 0.71</u>
Straight line rental income	\$ (7,418)						
Amortization of lease incentives	962						
Depreciation of non-real estate assets	1,754						
Ground lease straight line rent	198						
Amortization of stock-based compensation	5,031						
Amortization of deferred financing costs	2,415						
Amortization of accumulated other comprehensive loss	577						
Harborview non-cash FMV charge	536						

Cash portion of preferred stock repurchase charge	(248)
Non-incremental revenue generating capital expenditures paid: 3/	
Building improvements	(19,399)
2nd generation tenant improvements	(36,613)
2nd generation lease commissions	(11,900)
Common dividends and unit distributions paid	(103,718)

1/ Increase or (decrease) to cash flows.

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

3/ Excludes capital expenditures paid for buildings sold prior to December 31, 2007.

Consolidated Balance Sheets

Dollars in thousands

	12/31/07	12/31/06
Assets:		
Real estate assets, at cost:		
Land	\$ 357,841	\$ 345,548
Buildings and tenant improvements	2,708,989	2,573,032
Development in process	101,661	101,899
Land held for development	103,365	102,642
	<u>3,271,856</u>	<u>3,123,121</u>
Less-accumulated depreciation	(649,765)	(588,307)
Net real estate assets	2,622,091	2,534,814
Real estate and other assets, net, held for sale	10,466	44,321
Cash and cash equivalents	3,140	16,690
Restricted cash	15,896	2,027
Accounts receivable, net	23,521	23,347
Notes receivable, net	5,226	7,871
Accrued straight-line rents receivable, net	74,427	68,364
Investment in unconsolidated affiliates	57,759	60,359
Deferred financing and leasing costs, net	72,188	66,352
Prepaid expenses and other assets	41,954	20,708
Total Assets	<u>\$2,926,668</u>	<u>\$2,844,853</u>
Liabilities, Minority Interest and Stockholders' Equity:		
Mortgages and notes payable	\$1,641,987	\$1,465,129
Accounts payable, accrued expenses and other liabilities	155,779	156,737
Financing obligations	35,071	35,530
Total Liabilities	1,832,837	1,657,396
Minority interest	70,251	79,726
Stockholders' Equity:		
Preferred stock	135,437	197,445
Common stock	572	562
Additional paid-in capital	1,448,055	1,449,337
Distributions in excess of net earnings	(559,546)	(538,098)
Accumulated other comprehensive loss	(938)	(1,515)
Total Stockholders' Equity	1,023,580	1,107,731
Total Liabilities, Minority Interest and Stockholders' Equity	<u>\$2,926,668</u>	<u>\$2,844,853</u>

Highwoods Properties, Inc.

Estimated Net Asset Value Ranges
December 31, 2007

Dollars in thousands, except per share amounts

NOI Cap Rates:			
Office	7.00%	7.25%	7.50%
Retail	5.50%	5.75%	6.00%
Industrial/Other	7.25%	7.50%	7.75%
Consolidated Properties Projected Net Operating Income 1/ 3/			
Office	\$ 220,168	\$ 220,168	\$ 220,168
Retail	29,634	29,634	29,634
Industrial/Other	22,176	22,176	22,176
Total	<u>\$ 271,978</u>	<u>\$ 271,978</u>	<u>\$ 271,978</u>
Consolidated Properties Capitalized Value			
Office	\$3,145,257	\$3,036,800	\$2,935,573
Retail	538,800	515,374	493,900
Industrial/Other	305,876	295,680	286,142
Total	<u>\$3,989,933</u>	<u>\$3,847,854</u>	<u>\$3,715,615</u>
Highwoods' Share of Unconsolidated Joint Ventures			
Projected 2008 net operating income	\$ 30,584	\$ 30,584	\$ 30,584
Capitalization rates	7.00%	7.25%	7.50%
Capitalized value	<u>\$ 436,914</u>	<u>\$ 421,848</u>	<u>\$ 407,787</u>
Total In-Service Property Value	<u>\$4,426,847</u>	<u>\$4,269,702</u>	<u>\$4,123,402</u>
Value of Other income			
Development, leasing and management fees	\$ 4,773	\$ 4,773	\$ 4,773
Capitalization rate	20%	20%	20%
Value of other income	<u>\$ 23,867</u>	<u>\$ 23,867</u>	<u>\$ 23,867</u>
Add Other assets:			
Development pipeline investment at 135% of cost 2/	\$ 249,230	\$ 249,230	\$ 249,230
Assets not fairly valued by capitalized NOI valuation method 3/	204,698	204,698	204,698
Property held for sale at net sales price	10,674	10,674	10,674
Land held for development at market value	138,013	138,013	138,013
Cash and cash equivalents	3,140	3,140	3,140
Restricted cash	15,896	15,896	15,896
Accounts receivable, net	23,521	23,521	23,521
Notes receivable and prepaid expenses	47,180	47,180	47,180
Total	<u>\$ 692,352</u>	<u>\$ 692,352</u>	<u>\$ 692,352</u>
Gross Value of Assets	<u>\$5,143,066</u>	<u>\$4,985,920</u>	<u>\$4,839,620</u>
Deductions:			
Total liabilities	\$ 155,779	\$ 155,779	\$ 155,779
Mortgages and notes payable	1,641,987	1,641,987	1,641,987
Market value of debt adjustment	(9,065)	(9,065)	(9,065)
Minority interest adjustment 4/	41,280	41,280	41,280
Preferred stock, at liquidation value	135,437	135,437	135,437
Highwoods' share of unconsolidated joint ventures liabilities	246,814	247,552	247,552
Estimated Net Asset Value	<u>\$2,930,834</u>	<u>\$2,773,689</u>	<u>\$2,627,388</u>
Estimated diluted common shares and common units for 2008	61,425	61,425	61,425
Estimated Net Asset Value Per Share	<u>\$ 47.71</u>	<u>\$ 45.16</u>	<u>\$ 42.77</u>

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

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

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

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

Components of Discontinued Operations

Dollars in thousands

	Year Ended		Three Months Ended				
	12/31/07	12/31/06	12/31/07	09/30/07	06/30/07	03/31/07	12/31/06
Rental and other revenues	\$ 7,084	\$20,501	\$ 697	\$2,011	\$2,083	\$ 2,293	\$ 4,070
Operating expenses:							
Rental property and other expenses	3,416	8,374	493	990	950	983	1,766
Depreciation and amortization	1,692	5,438	110	465	513	604	972
Impairment of assets held for use	—	2,600	—	—	—	—	—
General and administrative	—	87	—	—	—	—	12
Total operating expenses	5,108	16,499	603	1,455	1,463	1,587	2,750
Interest expense	—	560	—	—	—	—	78
Other income	29	82	15	2	2	10	14
Income/(loss) before minority interest and gains on sales of discontinued operations	2,005	3,524	109	558	622	716	1,256
Minority interest in discontinued operations	(140)	(314)	(8)	(37)	(42)	(53)	(102)
Income/(loss) from discontinued operations before gains on sales of discontinued operations	1,865	3,210	101	521	580	663	1,154
Net gains on sales of discontinued operations	34,477	15,082	8,014	6,617	103	19,743	10,037
Minority interest in discontinued operations	(2,465)	(1,224)	(535)	(442)	(7)	(1,481)	(817)
Net gains on sales of discontinued operations, net of minority interest	32,012	13,858	7,479	6,175	96	18,262	9,220
Net income from discontinued operations before release of FASB FIN 48 tax liability	33,877	17,068	7,580	6,696	676	18,925	10,374
Release of FASB FIN 48 tax liability	1,473	—	—	1,473	—	—	—
Net income from discontinued operations	<u>\$35,350</u>	<u>\$17,068</u>	<u>\$7,580</u>	<u>\$8,169</u>	<u>\$ 676</u>	<u>\$18,925</u>	<u>\$10,374</u>

Highwoods Properties, Inc.

5

12/31/07

Capitalization

Dollars, shares, and units in thousands

	12/31/07	09/30/07	06/30/07	03/31/07	12/31/06
Long-Term Debt (see pages 7 & 8):	<u>\$1,641,988</u>	<u>\$1,601,474</u>	<u>\$1,557,571</u>	<u>\$1,487,509</u>	<u>\$1,465,129</u>
Financing Obligations:	<u>\$ 35,071</u>	<u>\$ 34,919</u>	<u>\$ 35,683</u>	<u>\$ 35,529</u>	<u>\$ 35,530</u>
Preferred Stock (at liquidation value):					
Series A 8 5/8% Perpetual Preferred Stock	\$ 82,937	\$ 82,937	\$ 104,945	\$ 104,945	\$ 104,945
Series B 8% Perpetual Preferred Stock	<u>52,500</u>	<u>52,500</u>	<u>52,500</u>	<u>92,500</u>	<u>92,500</u>
Total preferred stock	<u>\$ 135,437</u>	<u>\$ 135,437</u>	<u>\$ 157,445</u>	<u>\$ 197,445</u>	<u>\$ 197,445</u>
Common Shares and Units Outstanding:					
Common stock outstanding	57,167	57,158	57,131	56,711	56,211
Minority interest partnership units	<u>4,057</u>	<u>4,059</u>	<u>4,062</u>	<u>4,115</u>	<u>4,733</u>
Total common shares and units outstanding	<u>61,224</u>	<u>61,217</u>	<u>61,193</u>	<u>60,826</u>	<u>60,944</u>
Stock price at period end	\$ 29.38	\$ 36.67	\$ 37.50	\$ 39.49	\$ 40.76
Market value of common equity	<u>\$1,798,761</u>	<u>\$2,244,827</u>	<u>\$2,294,738</u>	<u>\$2,402,019</u>	<u>\$2,484,077</u>
Total market capitalization with debt and obligations	<u>\$3,611,257</u>	<u>\$4,016,657</u>	<u>\$4,045,437</u>	<u>\$4,122,502</u>	<u>\$4,182,181</u>

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

Highwoods Properties, Inc.

Long-Term Debt Summary

Dollars in thousands

	12/31/07	09/30/07	06/30/07	03/31/07	12/31/06
Balances Outstanding:					
Secured:					
Conventional fixed rate 1/	\$ 645,500	\$ 657,408	\$ 659,741	\$ 662,036	\$ 730,732
Variable rate debt	19,811	11,920	1,014	13,688	10,897
Secured total	<u>665,311</u>	<u>669,328</u>	<u>660,755</u>	<u>675,724</u>	<u>741,629</u>
Unsecured:					
Fixed rate bonds and notes	748,877	748,846	748,816	748,785	350,000
Credit facility	227,800	183,300	148,000	63,000	373,500
Unsecured total	<u>976,677</u>	<u>932,146</u>	<u>896,816</u>	<u>811,785</u>	<u>723,500</u>
Total	<u>\$ 1,641,988</u>	<u>\$1,601,474</u>	<u>\$1,557,571</u>	<u>\$1,487,509</u>	<u>\$1,465,129</u>

End of Period Weighted Average Interest Rates:

Secured:					
Conventional fixed rate	6.62%	6.63%	6.63%	6.63%	6.78%
Variable rate debt	6.61%	7.02%	7.11%	6.55%	6.55%
Secured total	<u>6.62%</u>	<u>6.64%</u>	<u>6.63%</u>	<u>6.63%</u>	<u>6.78%</u>
Unsecured:					
Fixed rate bonds	6.61%	6.61%	6.61%	6.61%	7.48%
Credit facility	5.80%	6.32%	6.12%	6.12%	6.14%
Unsecured total	<u>6.42%</u>	<u>6.56%</u>	<u>6.53%</u>	<u>6.57%</u>	<u>6.79%</u>
Average	<u>6.50%</u>	<u>6.59%</u>	<u>6.57%</u>	<u>6.60%</u>	<u>6.78%</u>

Maturity Schedule:

Year	Future Maturities of Debt			Average Interest Rate
	Secured Debt 2/	Unsecured Debt	Total Debt 2/	
2008	\$ —	\$ 100,000	\$ 100,000	7.13%
2009	127,370	277,800	405,170	6.72%
2010	19,811	—	19,811	6.61%
2011	—	—	—	—
2012	212,709	—	212,709	6.94%
2013	268,026	—	268,026	5.90%
2014	37,395	—	37,395	5.79%
2015	—	—	—	—
2016	—	—	—	—
2017	—	398,877	398,877	5.85%
2018	—	200,000	200,000	7.50%
Total maturities	<u>\$ 665,311</u>	<u>\$ 976,677</u>	<u>\$1,641,988</u>	<u>6.50%</u>

Weighted average maturity = 6.1 years

- 1/ Includes a \$22.7 million loan related to a consolidated 20% owned joint venture (Harborview) and \$37.4 million in loans at December 31, 2007 related to a consolidated 50% joint venture (Markel).
- 2/ All periods exclude annual principal amortization.

Long-Term Debt Detail

Dollars in thousands

Secured Loans

<u>Lender</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Loan Balance 12/31/07</u>	<u>Undepreciated Book Value of Assets Secured</u>
Northwestern Mutual	7.05%	Jan-12	\$ 190,000	\$ 297,585
Northwestern Mutual	6.03%	Mar-13	135,594	182,725
Massachusetts Mutual Life Ins. Co. 1/	5.68%	Dec-13	120,971	214,167
Monumental Life Ins. Co. 2/	7.77%	Nov-09	80,408	185,176
Monumental Life Ins. Co. 2/	7.87%	Nov-09	41,321	
Metropolitan Life Ins. Co. 3/	6.06%	Oct-12	22,709	38,953
Wells Fargo 4/	6.65%	May-10	12,120	16,263
Principal Life Insurance Company 5/	5.79%	Jan-14	11,463	14,888
Principal Life Insurance Company 5/	5.79%	Jan-14	11,463	18,781
Massachusetts Mutual Life Ins. Co. 1/	6.48%	Dec-13	10,693	
Principal Life Insurance Company 5/	5.74%	Jan-14	9,040	14,285
Wells Fargo 4/	6.55%	May-10	7,691	10,688
Principal Life Insurance Company 5/	5.89%	Jan-14	5,427	7,514
Lutheran Brotherhood	6.75%	Apr-09	3,686	8,027
Security Life of Denver	8.85%	Aug-09	1,954	9,392
American United Life	9.00%	Jun-13	771	3,321
	<u>6.62%</u>		<u>665,311</u>	<u>\$ 1,021,765</u>

Unsecured Bonds

Bonds	7.13%	Feb-08	100,000	
Bonds	8.13%	Jan-09	50,000	
Bonds	5.85%	Mar-17	398,877	
Bonds	7.50%	Apr-18	200,000	
	<u>6.61%</u>		<u>748,877</u>	

Unsecured Loans

Credit facility 4/ 6/ 7/	5.80%	May-09	227,800	
Total Debt	<u>6.50%</u>		<u>\$1,641,988</u>	

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

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

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

4/ Floating rate loans based on one month libor.

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

6/ Maturity date excludes one-year extension option.

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

Portfolio Summary—Wholly-Owned Properties Only 1/

(Rentable Square Feet)

Office Industrial & Retail	12/31/07	09/30/07	06/30/07	03/31/07	12/31/06
In-Service:					
Office 2/	19,260,000	19,003,000	19,194,000	19,154,000	19,244,000
Industrial	6,036,000	5,942,000	6,280,000	6,280,000	6,281,000
Retail 3/	1,317,000	1,318,000	1,317,000	1,326,000	1,327,000
Total 4/	<u>26,613,000</u>	<u>26,263,000</u>	<u>26,791,000</u>	<u>26,760,000</u>	<u>26,852,000</u>
Development Completed—Not Stabilized:					
Office 2/	607,000	867,000	560,000	600,000	504,000
Industrial	681,000	681,000	681,000	418,000	418,000
Retail	—	—	—	—	—
Total	<u>1,288,000</u>	<u>1,548,000</u>	<u>1,241,000</u>	<u>1,018,000</u>	<u>922,000</u>
Development—In Process:					
Office 2/	887,000	1,233,000	1,387,000	1,166,000	1,357,000
Industrial	—	120,000	120,000	383,000	383,000
Retail	30,000	30,000	—	—	—
Total	<u>917,000</u>	<u>1,383,000</u>	<u>1,507,000</u>	<u>1,549,000</u>	<u>1,740,000</u>
Total:					
Office 2/	20,754,000	21,103,000	21,141,000	20,920,000	21,105,000
Industrial	6,717,000	6,743,000	7,081,000	7,081,000	7,082,000
Retail 3/	1,347,000	1,348,000	1,317,000	1,326,000	1,327,000
Total 4/	<u>28,818,000</u>	<u>29,194,000</u>	<u>29,539,000</u>	<u>29,327,000</u>	<u>29,514,000</u>
Same Property					
Office 2/	18,369,000	18,369,000	18,369,000	18,369,000	18,369,000
Industrial	5,916,000	5,916,000	5,916,000	5,916,000	5,916,000
Retail	1,294,000	1,294,000	1,294,000	1,294,000	1,294,000
Total	<u>25,579,000</u>	<u>25,579,000</u>	<u>25,579,000</u>	<u>25,579,000</u>	<u>25,579,000</u>
Percent Leased/Pre-Leased:					
In-Service:					
Office	91.1%	89.7%	88.5%	89.3%	89.0%
Industrial	94.2%	91.4%	90.8%	91.9%	91.7%
Retail	94.9%	94.4%	94.8%	95.4%	95.7%
Total	<u>92.0%</u>	<u>90.4%</u>	<u>89.3%</u>	<u>90.2%</u>	<u>90.0%</u>
Development Completed—Not Stabilized:					
Office	71.4%	75.9%	69.9%	62.8%	62.8%
Industrial	78.2%	78.2%	61.0%	44.0%	44.0%
Retail	—	—	—	—	—
Total	<u>75.0%</u>	<u>76.9%</u>	<u>65.0%</u>	<u>55.1%</u>	<u>54.3%</u>
Development—In Process:					
Office	59.9%	71.2%	72.5%	55.0%	55.3%
Industrial	—	100.0%	0.0%	50.1%	0.0%
Retail	100.0%	100.0%	—	—	—
Total	<u>61.2%</u>	<u>74.3%</u>	<u>66.7%</u>	<u>53.8%</u>	<u>43.1%</u>
Same Property					
Office	90.9%	89.8%	88.8%	89.4%	89.7%
Industrial	94.1%	91.4%	91.7%	92.8%	92.9%
Retail	94.8%	94.3%	94.7%	95.3%	95.7%
Total	<u>91.8%</u>	<u>90.4%</u>	<u>89.8%</u>	<u>90.5%</u>	<u>90.7%</u>

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

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

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

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

Portfolio Summary
(Continued)

As of December 31, 2007

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

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Cash Revenue 2/			
			Office	Industrial	Retail	Total
Raleigh 3/	3,554,000	91.5%	15.4%	—	—	15.4%
Kansas City	2,215,000	4/ 89.4%	4.4%	0.0%	9.5%	13.9%
Atlanta	5,289,000	93.0%	9.7%	3.8%	—	13.5%
Tampa	2,418,000	95.0%	13.5%	—	—	13.5%
Nashville	3,184,000	95.1%	13.3%	—	—	13.3%
Piedmont Triad 5/	5,328,000	89.3%	6.8%	3.9%	—	10.7%
Richmond	2,134,000	92.5%	8.9%	—	—	8.9%
Memphis	1,276,000	94.9%	5.8%	—	—	5.8%
Greenville	897,000	85.6%	3.3%	—	—	3.3%
Orlando	218,000	100.0%	1.3%	—	—	1.3%
Other	100,000	69.6%	0.4%	—	—	0.4%
Total	<u>26,613,000</u>	<u>92.0%</u>	<u>82.8%</u>	<u>7.7%</u>	<u>9.5%</u>	<u>100.0%</u>

Summary by Location, Including Joint Venture Properties:

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Cash Revenue 2/ 6/				
			Office	Industrial	Retail	Multi-Family	Total
Raleigh	3,732,000	91.9%	13.9%	—	—	—	13.9%
Atlanta	6,124,000	93.6%	10.0%	3.4%	—	—	13.4%
Kansas City	2,929,000	4/ 87.9%	4.8%	0.0%	8.4%	—	13.2%
Tampa	2,623,000	95.3%	12.1%	—	—	—	12.1%
Nashville	3,184,000	95.1%	11.8%	—	—	—	11.8%
Piedmont Triad	5,692,000	89.8%	6.4%	3.4%	—	—	9.8%
Richmond	2,547,000	93.7%	8.5%	—	—	—	8.5%
Memphis	1,276,000	94.8%	5.1%	—	—	—	5.1%
Orlando	2,071,000	92.1%	4.5%	—	—	—	4.5%
Des Moines	2,505,000	92.4%	3.3%	0.5%	0.1%	0.4%	4.3%
Greenville	897,000	85.6%	2.9%	—	—	—	2.9%
Other	210,000	85.5%	0.4%	—	—	—	0.4%
Charlotte	148,000	100.0%	0.1%	—	—	—	0.1%
Total	<u>33,938,000</u>	<u>92.2%</u>	<u>83.8%</u>	<u>7.3%</u>	<u>8.5%</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 December, 2007 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

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

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

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

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

Portfolio Summary—Wholly-Owned Properties Only
(Continued)

As of December 31, 2007

Market	Office Properties 1/			Industrial		
	Rentable Square Feet	Occupancy	Percentage	Rentable Square Feet	Occupancy	Percentage
			of Office Annualized			of Industrial
			Cash Revenue 2/			Annualized Cash Revenue 2/
Raleigh	3,554,000	91.5%	18.8%	—	—	—
Tampa	2,418,000	95.0%	16.2%	—	—	—
Nashville	3,184,000	95.1%	16.1%	—	—	—
Atlanta	2,470,000	90.5%	11.7%	2,819,000	95.2%	49.7%
Richmond	2,134,000	92.5%	10.8%	—	—	—
Piedmont Triad	2,115,000	83.1%	8.2%	3,213,000	93.4%	50.2%
Memphis	1,276,000	94.9%	7.0%	—	—	—
Kansas City	894,000	81.6%	5.3%	4,000	46.5%	0.1%
Greenville	897,000	85.6%	3.9%	—	—	—
Orlando	218,000	100.0%	1.5%	—	—	—
Other	100,000	69.6%	0.5%	—	—	—
	<u>19,260,000</u>	<u>91.1%</u>	<u>100.0%</u>	<u>6,036,000</u>	<u>94.2%</u>	<u>100.0%</u>

Market	Retail		
	Rentable Square Feet	Occupancy	Percentage
			of Retail Annualized
			Cash Revenue 2/
Kansas City 3/	1,317,000	94.9%	100.0%
	<u>1,317,000</u>	<u>94.9%</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 December, 2007 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

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

Occupancy Trends—Office, Industrial and Retail Properties 1/

Market	Measurement	12/31/07	09/30/07	06/30/07	03/31/07	12/31/06
Atlanta	Rentable Square Feet	5,289,000	5,199,000	5,514,000	5,514,000	5,515,000
	Occupancy	93.0%	92.8%	92.9%	92.7%	94.0%
	Current Properties 2/	92.9%	92.8%	92.7%	92.3%	94.1%
Columbia	Rentable Square Feet	—	253,000	253,000	253,000	252,000
	Occupancy	—	82.5%	72.0%	71.0%	48.7%
	Current Properties 2/	—	82.5%	72.0%	71.0%	48.5%
Greenville	Rentable Square Feet	897,000	897,000	1,109,000	1,109,000	1,109,000
	Occupancy	85.6%	87.7%	76.3%	77.2%	75.3%
	Current Properties 2/	85.6%	87.7%	84.0%	85.1%	82.7%
Kansas City 3/	Rentable Square Feet	2,215,000	2,216,000	2,215,000	2,224,000	2,224,000
	Occupancy	89.4%	89.3%	89.5%	89.9%	90.1%
	Current Properties 2/	89.4%	89.3%	89.6%	89.9%	90.0%
Memphis	Rentable Square Feet	1,276,000	1,276,000	1,276,000	1,276,000	1,197,000
	Occupancy	94.9%	92.5%	92.7%	92.8%	91.8%
	Current Properties 2/	94.5%	92.1%	92.2%	92.3%	91.8%
Nashville	Rentable Square Feet	3,184,000	2,875,000	2,875,000	2,875,000	2,876,000
	Occupancy	95.1%	92.5%	90.9%	92.4%	91.6%
	Current Properties 2/	94.6%	92.3%	90.5%	92.1%	91.3%
Orlando	Rentable Square Feet	218,000	218,000	218,000	218,000	218,000
	Occupancy	100.0%	99.4%	98.9%	98.9%	100.0%
	Current Properties 2/	100.0%	99.4%	98.9%	98.9%	100.0%
Piedmont Triad	Rentable Square Feet	5,328,000	5,234,000	5,235,000	5,195,000	5,195,000
	Occupancy	89.3%	86.1%	85.7%	88.3%	88.7%
	Current Properties 2/	89.6%	86.7%	86.4%	88.3%	88.6%
Raleigh	Rentable Square Feet	3,554,000	3,553,000	3,554,000	3,554,000	3,810,000
	Occupancy	91.5%	88.1%	86.5%	86.6%	86.1%
	Current Properties 2/	91.5%	88.1%	86.5%	86.6%	86.6%
Richmond	Rentable Square Feet	2,134,000	2,024,000	2,024,000	2,024,000	2,024,000
	Occupancy	92.5%	91.8%	90.0%	89.8%	89.8%
	Current Properties 2/	92.3%	91.6%	89.9%	89.6%	89.7%
Tampa	Rentable Square Feet	2,418,000	2,418,000	2,418,000	2,418,000	2,332,000
	Occupancy	95.0%	95.6%	96.5%	98.2%	97.7%
	Current Properties 2/	94.8%	95.4%	96.4%	98.1%	97.7%
Total 4/	Rentable Square Feet	26,513,000	26,163,000	26,691,000	26,660,000	26,752,000
	Occupancy	92.0%	90.4%	89.3%	90.2%	90.0%
	Current Properties 2/	91.8%	90.5%	89.8%	90.5%	90.8%

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

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

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

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

**Leasing Statistics
Office Portfolio 1/**

	Three Months Ended					
	12/31/07 2/	9/30/07 3/	6/30/07 4/	3/31/07 5/	12/31/06 6/	Average
Net Effective Rents Related to Re-Leased Space:						
Number of lease transactions (signed leases)	126	121	166	130	137	136
Rentable square footage leased	920,405	1,125,050	865,958	726,080	868,941	901,287
Square footage of Renewal Deals	730,702	720,127	590,542	451,125	601,796	618,858
Renewed square footage (% of total)	79.4%	64.0%	68.2%	62.1%	69.3%	68.7%
New Leases square footage (% of total)	20.6%	36.0%	31.8%	37.9%	30.7%	31.3%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 19.35	\$ 19.32	\$ 20.13	\$ 18.25	\$ 19.72	\$ 19.35
Tenant improvements	(1.64)	(0.93)	(2.00)	(1.70)	(1.77)	(1.61)
Leasing commissions 7/	(0.62)	(0.51)	(0.63)	(0.59)	(0.56)	(0.58)
Rent concessions	(0.19)	(0.40)	(0.21)	(0.06)	(0.22)	(0.22)
Effective rent	16.90	17.48	17.29	15.90	17.17	16.94
Expense stop	(6.05)	(6.31)	(6.04)	(5.06)	(5.45)	(5.78)
Equivalent effective net rent	\$ 10.85	\$ 11.17	\$ 11.25	\$ 10.84	\$ 11.72	\$ 11.16
Weighted average term in years	4.4	4.6	4.5	5.0	5.2	4.7
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$ 7,696,269	\$6,513,821	\$ 8,589,754	\$7,604,253	\$ 9,392,949	\$ 7,959,409
Rentable square feet	920,405	1,125,050	865,958	726,080	868,941	901,287
Per rentable square foot	\$ 8.36	\$ 5.79	\$ 9.92	\$ 10.47	\$ 10.81	\$ 8.83
Leasing Commissions:						
Total dollars committed under signed leases 7/	\$ 2,719,401	\$2,747,213	\$ 2,303,936	\$2,107,213	\$ 2,256,508	\$ 2,426,854
Rentable square feet	920,405	1,125,050	865,958	726,080	868,941	901,287
Per rentable square foot	\$ 2.95	\$ 2.44	\$ 2.66	\$ 2.90	\$ 2.60	\$ 2.69
Total:						
Total dollars committed under signed leases	\$10,415,670	\$9,261,034	\$10,893,690	\$9,711,466	\$11,649,457	\$10,386,263
Rentable square feet	920,405	1,125,050	865,958	726,080	868,941	901,287
Per rentable square foot	\$ 11.32	\$ 8.23	\$ 12.58	\$ 13.38	\$ 13.41	\$ 11.52

- 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 91K square feet of leases that start in 2010 or later.
- 3/ Includes 94K square feet of leases that start in 2009 or later.
- 4/ Includes 213K square feet of leases that start in 2009 or later.
- 5/ Includes 98K square feet of leases that start in 2009 or later.
- 6/ Includes 17K square feet of leases that start in 2009 or later.
- 7/ Excludes a full allocation of internal leasing costs.

**Leasing Statistics
Industrial Portfolio**

	Three Months Ended					
	12/31/07	9/30/07	6/30/07 1/	3/31/07	12/31/06	Average
Net Effective Rents Related to Re-Leased Space:						
Number of lease transactions (signed leases)	10	8	18	14	17	13
Rentable square footage leased	694,808	115,617	575,033	188,562	539,939	422,792
Square footage of Renewal Deals	538,836	73,793	489,312	175,579	315,423	318,589
Renewed square footage (% of total)	77.6%	63.8%	85.1%	93.1%	58.4%	75.4%
New Leases square footage (% of total)	22.4%	36.2%	14.9%	6.9%	41.6%	24.6%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 4.03	\$ 7.53	\$ 3.82	\$ 4.63	\$ 3.81	\$ 4.76
Tenant improvements	(0.04)	(0.71)	(0.23)	(0.20)	(0.45)	(0.33)
Leasing commissions 2/	(0.05)	(0.14)	(0.06)	(0.04)	(0.14)	(0.09)
Rent concessions	0.00	(0.10)	(0.05)	(0.02)	(0.05)	(0.04)
Effective rent	3.94	6.58	3.48	4.37	3.17	4.30
Expense stop	(0.05)	(1.04)	(0.19)	(0.24)	(0.08)	(0.32)
Equivalent effective net rent	\$ 3.89	\$ 5.54	\$ 3.29	\$ 4.13	\$ 3.09	\$ 3.98
Weighted average term in years	2.6	4.3	2.3	2.5	5.2	3.4
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$ 40,925	\$424,840	\$528,135	\$142,102	\$1,323,790	\$491,958
Rentable square feet	694,808	115,617	575,033	188,562	539,939	422,792
Per rentable square foot	\$ 0.06	\$ 3.67	\$ 0.92	\$ 0.75	\$ 2.45	\$ 1.16
Leasing Commissions:						
Total dollars committed under signed leases 2/	\$136,633	\$ 74,106	\$142,246	\$ 23,647	\$ 433,927	\$162,112
Rentable square feet	694,808	115,617	575,033	188,562	539,939	422,792
Per rentable square foot	\$ 0.20	\$ 0.64	\$ 0.25	\$ 0.13	\$ 0.80	\$ 0.38
Total:						
Total dollars committed under signed leases	\$177,558	\$498,945	\$670,380	\$165,749	\$1,757,717	\$654,070
Rentable square feet	694,808	115,617	575,033	188,562	539,939	422,792
Per rentable square foot	\$ 0.26	\$ 4.32	\$ 1.17	\$ 0.88	\$ 3.26	\$ 1.55

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

2/ Excludes a full allocation of internal leasing costs.

**Leasing Statistics
Retail Portfolio**

	Three Months Ended					
	12/31/07 1/	9/30/07	6/30/07	3/31/07 2/	12/31/06	Average
Net Effective Rents Related to Re-Leased Space:						
Number of lease transactions (signed leases)	12	8	8	9	8	9
Rentable square footage leased	44,509	24,629	14,721	41,357	23,748	29,793
Square footage of Renewal Deals	37,318	18,097	7,072	39,171	9,855	22,303
Renewed square footage (% of total)	83.8%	73.5%	48.0%	94.7%	41.5%	74.9%
New Leases square footage (% of total)	16.2%	26.5%	52.0%	5.3%	58.5%	25.1%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 20.44	\$ 24.06	\$ 33.29	\$ 23.23	\$ 18.27	\$ 23.86
Tenant improvements	(1.46)	(1.17)	(2.57)	(0.12)	(0.08)	(1.08)
Leasing commissions 3/	(0.26)	(0.46)	(1.25)	(0.24)	(0.41)	(0.52)
Rent concessions	0.00	0.00	0.00	0.00	(0.20)	(0.04)
Effective rent	18.72	22.43	29.47	22.87	17.58	22.22
Expense stop	0.00	0.00	0.00	0.00	0.00	0.00
Equivalent effective net rent	\$ 18.72	\$ 22.43	\$ 29.47	\$ 22.87	\$ 17.58	\$ 22.22
Weighted average term in years	5.6	6.1	7.0	4.2	8.6	6.3
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$509,473	\$260,407	\$335,337	\$27,507	\$15,000	\$229,545
Rentable square feet	44,509	24,629	14,721	41,357	23,748	29,793
Per rentable square foot	\$ 11.45	\$ 10.57	\$ 22.78	\$ 0.67	\$ 0.63	\$ 7.70
Leasing Commissions:						
Total dollars committed under signed leases 3/	\$ 21,542	\$ 17,601	\$ 83,077	\$ 1,981	\$ 1,981	\$ 25,236
Rentable square feet	44,509	24,629	14,721	41,357	23,748	29,793
Per rentable square foot	\$ 0.48	\$ 0.71	\$ 5.64	\$ 0.05	\$ 0.08	\$ 0.85
Total:						
Total dollars committed under signed leases	\$531,015	\$278,008	\$418,414	\$29,488	\$16,981	\$254,781
Rentable square feet	44,509	24,629	14,721	41,357	23,748	29,793
Per rentable square foot	\$ 11.93	\$ 11.29	\$ 28.42	\$ 0.71	\$ 0.72	\$ 8.55

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

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

3/ Excludes a full allocation of internal leasing costs.

Leasing Statistics by Market

For the Three Months Ended As of 12/31/07

Office Portfolio 1/

Market	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions Per SF 2/
	Leased	Term			
Atlanta	278,800	5.2	\$19.24	\$ 7.78	\$ 3.60
Piedmont Triad	181,437	3.4	16.13	9.22	2.02
Raleigh	88,775	3.3	20.45	3.52	2.07
Richmond	81,790	2.7	19.79	2.82	0.53
Nashville	79,107	4.6	20.24	4.25	2.62
Memphis	68,497	3.9	21.37	9.52	1.78
Kansas City	61,161	6.0	20.48	14.33	4.44
Greenville	54,600	5.0	16.73	17.13	5.02
Tampa	26,238	7.6	25.11	19.51	7.58
	920,405	4.4	\$19.16	\$ 8.36	\$ 2.95

Industrial Portfolio

Market	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions Per SF 2/
	Leased	Term			
Piedmont Triad	414,043	1.9	\$3.73	\$0.04	\$ 0.12
Atlanta	280,765	3.6	4.48	0.09	0.30
	694,808	2.6	\$4.03	\$0.06	\$ 0.20

Retail Portfolio

Market	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions Per SF 2/
	Leased	Term			
Kansas City	44,509	5.6	\$20.44	\$11.45	\$ 0.48
	44,509	5.6	\$20.44	\$11.45	\$ 0.48

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

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

Rental Rate Comparisons by Market

For the Three Months Ended As of 12/31/07

Office Portfolio 1/

Market	Rentable Square Feet	Current	Previous	Percentage Change Rent
	Leased	Rent	Rent	
Atlanta	278,800	\$19.24	\$17.76	8.3%
Piedmont Triad	181,437	16.13	16.08	0.3%
Raleigh	88,775	20.45	17.52	16.7%
Richmond	81,790	19.79	18.75	5.5%
Nashville	79,107	20.24	19.58	3.4%
Memphis	68,497	21.37	18.95	12.8%
Kansas City	61,161	20.48	19.62	4.4%
Greenville	54,600	16.73	18.17	-7.9%
Tampa	26,238	25.11	20.95	19.9%
GAAP Rent Growth	<u>920,405</u>	<u>\$19.16</u>	<u>\$18.00</u>	<u>6.4%</u>
Cash Rent Growth	<u>920,405</u>	<u>\$18.48</u>	<u>\$19.21</u>	<u>-3.8%</u>

Industrial Portfolio

Market	Rentable Square Feet	Current	Previous	Percentage Change Rent
	Leased	Rent	Rent	
Piedmont Triad	414,043	\$ 3.73	\$ 3.16	18.0%
Atlanta	280,765	4.48	4.55	-1.5%
GAAP Rent Growth	<u>694,808</u>	<u>\$ 4.03</u>	<u>\$ 3.72</u>	<u>8.4%</u>
Cash Rent Growth	<u>694,808</u>	<u>\$ 3.94</u>	<u>\$ 3.87</u>	<u>2.0%</u>

Retail Portfolio

Market	Rentable Square Feet	Current	Previous	Percentage Change Rent
	Leased	Rent	Rent 2/	
Kansas City	44,509	\$20.44	\$21.05	-2.9%
GAAP Rent Growth	<u>44,509</u>	<u>\$20.44</u>	<u>\$21.05</u>	<u>-2.9%</u>
Cash Rent Growth	<u>44,509</u>	<u>\$19.93</u>	<u>\$20.56</u>	<u>-3.1%</u>

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

Type	12/31/07	12/31/06	12/31/05	12/31/04	12/31/03
Office	\$19.14	\$18.57	\$17.57	\$17.49	\$17.42
Industrial	5.07	5.14	4.76	4.59	4.74
Retail 2/	31.20	29.66	27.61	26.35	24.45
Weighted average rate	<u>\$16.27</u>	<u>\$15.89</u>	<u>\$14.99</u>	<u>\$14.76</u>	<u>\$14.70</u>
Annual % growth rate	<u>2.4%</u>	<u>6.0%</u>	<u>1.6%</u>	<u>0.4%</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 December, 2007 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12 and divided by the related leased square feet.

Lease Expirations

December 31, 2007

Dollars in thousands

Year	Rentable Square Feet Expiring	Percent of Rentable Square Feet	Annualized Cash Revenue 1/	Average Rental Rate	Percent of Annualized Cash Revenue 1/
Office: 2/					
2008 /3	1,880,418	10.6%	\$ 36,172	\$19.24	10.6%
2009	2,286,375	12.9%	45,364	19.84	13.3%
2010	2,459,056	13.8%	51,751	21.05	15.3%
2011	2,623,730	14.7%	50,524	19.26	14.8%
2012	2,284,521	12.8%	46,373	20.30	13.6%
2013	1,316,694	7.4%	24,703	18.76	7.3%
2014	1,320,510	7.4%	22,129	16.76	6.5%
2015	962,435	5.4%	19,303	20.06	5.7%
2016	740,354	4.2%	13,734	18.55	4.0%
2017	934,673	5.3%	17,957	19.21	5.3%
2018 and thereafter	979,698	5.5%	12,380	12.64	3.6%
	<u>17,788,464</u>	<u>100.0%</u>	<u>\$340,390</u>	<u>\$19.14</u>	<u>100.0%</u>
Industrial:					
2008 /4	632,195	10.2%	\$ 3,463	\$ 5.48	11.0%
2009	1,114,535	17.8%	5,883	5.28	18.7%
2010	834,512	13.4%	4,376	5.24	13.9%
2011	1,061,883	17.1%	5,285	4.98	16.7%
2012	427,636	6.9%	2,462	5.76	7.8%
2013	442,636	7.1%	2,480	5.60	7.9%
2014	414,465	6.7%	1,786	4.31	5.7%
2015	271,382	4.4%	983	3.62	3.1%
2016	264,597	4.3%	991	3.75	3.1%
2017	149,600	2.4%	722	4.83	2.3%
2018 and thereafter	604,640	9.7%	3,103	5.13	9.8%
	<u>6,218,081</u>	<u>100.0%</u>	<u>\$ 31,534</u>	<u>\$ 5.07</u>	<u>100.0%</u>

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

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

3/ Includes 53,000 square feet of leases that are on a month to month basis or 0.3% of total annualized revenue.

4/ Includes 61,000 square feet of leases that are on a month to month basis or 0.0% of total annualized revenue.

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

Lease Expirations

December 31, 2007

(Continued)

Dollars in thousands

Year	Rentable Square Feet Expiring	Percent of Rentable Square Feet	Annualized Cash Revenue 1/	Average Rental Rate	Percent of Annualized Cash Revenue 1/
Retail:					
2008 2/	108,599	8.7%	\$ 2,693	\$24.80	6.9%
2009	130,487	10.4%	4,113	31.52	10.5%
2010	96,255	7.7%	3,765	39.11	9.6%
2011	58,702	4.7%	1,895	32.28	4.9%
2012	165,979	13.3%	5,042	30.38	12.9%
2013	69,296	5.5%	2,601	37.53	6.7%
2014	97,976	7.8%	2,218	22.64	5.7%
2015	147,338	11.8%	4,556	30.92	11.7%
2016	65,526	5.2%	2,639	40.27	6.8%
2017	110,420	8.8%	2,782	25.19	7.1%
2018 and thereafter	200,336	16.1%	6,730	33.59	17.2%
	<u>1,250,914</u>	<u>100.0%</u>	<u>\$ 39,034</u>	<u>\$31.20</u>	<u>100.0%</u>
Total:					
2008 3/ 4/	2,621,212	10.4%	\$ 42,328	\$16.15	10.3%
2009	3,531,397	14.0%	55,360	15.68	13.5%
2010	3,389,823	13.4%	59,892	17.67	14.7%
2011	3,744,315	14.8%	57,704	15.41	14.0%
2012	2,878,136	11.4%	53,877	18.72	13.1%
2013	1,828,626	7.2%	29,784	16.29	7.2%
2014	1,832,951	7.3%	26,133	14.26	6.4%
2015	1,381,155	5.5%	24,842	17.99	6.0%
2016	1,070,477	4.2%	17,364	16.22	4.2%
2017	1,194,693	4.7%	21,461	17.96	5.2%
2018 and thereafter	1,784,674	7.1%	22,213	12.45	5.4%
	<u>25,257,459</u>	<u>100.0%</u>	<u>\$410,958</u>	<u>\$16.27</u>	<u>100.0%</u>

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

2/ Includes 13,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue.

3/ Includes 127,000 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: 2008 and beyond expirations that have been renewed are reflected above based on the renewal expiration date.

Office Lease Expirations by Market by Quarter 1/

Dollars in thousands

		Three Months Ended				Total
		3/31/08 2/	06/30/08	09/30/08	12/31/08	
Atlanta	RSF	340,631	2,840	144,708	12,991	501,170
	% of Total Office RSF	1.9%	0.0%	0.8%	0.1%	2.8%
	Annualized Cash Revenue	3/ \$ 5,518	\$ 67	\$ 2,770	\$ 210	\$ 8,565
	% of Total Office Annl Cash Rev	1.6%	0.0%	0.8%	0.1%	2.5%
Greenville	RSF	4,150	0	19,763	0	23,913
	% of Total Office RSF	0.0%	0.0%	0.1%	0.0%	0.1%
	Annualized Cash Revenue	3/ \$ 83	\$ —	\$ 383	\$ —	\$ 466
	% of Total Office Annl Cash Rev	0.0%	0.0%	0.1%	0.0%	0.1%
Kansas City	RSF	20,375	10,338	18,521	30,040	79,274
	% of Total Office RSF	0.1%	0.1%	0.1%	0.2%	0.4%
	Annualized Cash Revenue	3/ \$ 441	\$ 199	\$ 395	\$ 615	\$ 1,650
	% of Total Office Annl Cash Rev	0.1%	0.1%	0.1%	0.2%	0.5%
Memphis	RSF	58,211	25,924	15,681	35,892	135,708
	% of Total Office RSF	0.3%	0.1%	0.1%	0.2%	0.8%
	Annualized Cash Revenue	3/ \$ 1,225	\$ 524	\$ 312	\$ 744	\$ 2,805
	% of Total Office Annl Cash Rev	0.4%	0.2%	0.1%	0.2%	0.8%
Nashville	RSF	22,593	39,651	45,313	38,714	146,271
	% of Total Office RSF	0.1%	0.2%	0.3%	0.2%	0.8%
	Annualized Cash Revenue	3/ \$ 345	\$ 772	\$ 896	\$ 888	\$ 2,901
	% of Total Office Annl Cash Rev	0.1%	0.2%	0.3%	0.3%	0.9%
Orlando	RSF	9,950	0	0	0	9,950
	% of Total Office RSF	0.1%	0.0%	0.0%	0.0%	0.1%
	Annualized Cash Revenue	3/ \$ 270	\$ —	\$ —	\$ —	\$ 270
	% of Total Office Annl Cash Rev	0.1%	0.0%	0.0%	0.0%	0.1%
Piedmont Triad	RSF	99,888	23,907	24,642	16,079	164,516
	% of Total Office RSF	0.6%	0.1%	0.1%	0.1%	0.9%
	Annualized Cash Revenue	3/ \$ 1,776	\$ 297	\$ 494	\$ 275	\$ 2,842
	% of Total Office Annl Cash Rev	0.5%	0.1%	0.1%	0.1%	0.8%
Raleigh	RSF	174,374	46,740	190,017	45,480	456,611
	% of Total Office RSF	0.9%	0.3%	1.1%	0.3%	2.5%
	Annualized Cash Revenue	3/ \$ 3,016	\$ 896	\$ 4,352	\$ 854	\$ 9,118
	% of Total Office Annl Cash Rev	0.9%	0.3%	1.3%	0.3%	2.7%
Richmond	RSF	89,784	34,907	91,231	10,610	226,532
	% of Total Office RSF	0.5%	0.2%	0.5%	0.1%	1.3%
	Annualized Cash Revenue	3/ \$ 1,774	\$ 684	\$ 1,786	\$ 192	\$ 4,436
	% of Total Office Annl Cash Rev	0.5%	0.2%	0.5%	0.1%	1.3%
Tampa	RSF	22,872	38,985	50,359	13,443	125,659
	% of Total Office RSF	0.1%	0.2%	0.3%	0.1%	0.7%
	Annualized Cash Revenue	3/ \$ 504	\$ 939	\$ 1,036	\$ 334	\$ 2,813
	% of Total Office Annl Cash Rev	0.1%	0.3%	0.3%	0.1%	0.8%
Other	RSF	6,382	4,432	0	0	10,814
	% of Total Office RSF	0.0%	0.0%	0.0%	0.0%	0.1%
	Annualized Cash Revenue	3/ \$ 191	\$ 117	\$ —	\$ —	\$ 308
	% of Total Office Annl Cash Rev	0.1%	0.0%	0.0%	0.0%	0.1%
Total	RSF	849,210	227,724	600,235	203,249	1,880,418
	% of Total Office RSF	4.7%	1.3%	3.4%	1.1%	10.5%
	Annualized Cash Revenue	3/ \$ 15,143	\$ 4,495	\$ 12,424	\$ 4,112	\$ 36,174
	% of Total Office Annl Cash Rev	4.4%	1.3%	3.6%	1.2%	10.6%

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

2/ Includes 53,000 square feet of leases that are on a month to month basis or 0.3% of total annualized revenue.

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

Industrial Lease Expirations by Market by Quarter

Dollars in thousands

		Three Months Ended				Total
		3/31/08 1/	06/30/08	09/30/08	12/31/08	
Atlanta	RSF	41,767	43,000	115,423	0	200,190
	% of Total Industrial RSF	0.7%	0.7%	1.9%	0.0%	3.2%
	Annualized Cash Revenue	2/ \$ 178	\$ 260	\$ 667	\$ —	\$ 1,105
	% of Total Industrial Annl Cash Rev	0.6%	0.8%	2.1%	0.0%	3.6%
Kansas City	RSF	0	0	0	0	0
	% of Total Industrial RSF	0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Cash Revenue	2/ \$ —	\$ —	\$ —	\$ —	\$ —
	% of Total Industrial Annl Cash Rev	0.0%	0.0%	0.0%	0.0%	0.0%
Piedmont Triad	RSF	333,944	13,092	5,209	79,760	432,005
	% of Total Industrial RSF	5.4%	0.2%	0.1%	1.3%	6.9%
	Annualized Cash Revenue	2/ \$ 1,601	\$ 194	\$ 56	\$ 509	\$ 2,360
	% of Total Industrial Annl Cash Rev	5.1%	0.6%	0.2%	1.6%	7.5%
Total	RSF	375,711	56,092	120,632	79,760	632,195
	% of Total Industrial RSF	6.0%	0.9%	1.9%	1.3%	10.2%
	Annualized Cash Revenue	2/ \$ 1,779	\$ 454	\$ 723	\$ 509	\$ 3,465
	% of Total Industrial Annl Cash Rev	5.7%	1.4%	2.3%	1.6%	11.0%

1/ Includes 61,000 square feet of leases that are on a month to month basis or 0.0% of total annualized revenue.

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

Office Lease Expirations by Market by Year 1/

Dollars in thousands

			2008 2/	2009	2010	2011	Thereafter
Atlanta	RSF		501,170	132,610	96,764	303,613	1,201,500
	% of Total Office RSF		2.8%	0.7%	0.5%	1.7%	6.8%
	Annualized Cash Revenue	3/	\$ 8,564	\$ 1,987	\$ 1,924	\$ 6,402	\$ 20,895
	% of Total Office Annl Cash Rev		2.5%	0.6%	0.6%	1.9%	6.1%
Greenville	RSF		23,913	60,122	53,206	120,645	510,014
	% of Total Office RSF		0.1%	0.3%	0.3%	0.7%	2.9%
	Annualized Cash Revenue	3/	\$ 467	\$ 1,027	\$ 896	\$ 2,130	\$ 8,911
	% of Total Office Annl Cash Rev		0.1%	0.3%	0.3%	0.6%	2.6%
Kansas City	RSF		79,274	106,255	123,061	100,199	359,360
	% of Total Office RSF		0.4%	0.6%	0.7%	0.6%	2.0%
	Annualized Cash Revenue	3/	\$ 1,650	\$ 2,115	\$ 3,230	\$ 2,301	\$ 8,700
	% of Total Office Annl Cash Rev		0.5%	0.6%	0.9%	0.7%	2.6%
Memphis	RSF		135,708	169,320	212,008	164,119	529,055
	% of Total Office RSF		0.8%	1.0%	1.2%	0.9%	3.0%
	Annualized Cash Revenue	3/	\$ 2,806	\$ 3,372	\$ 4,378	\$ 3,064	\$ 10,263
	% of Total Office Annl Cash Rev		0.8%	1.0%	1.3%	0.9%	3.0%
Nashville	RSF		146,271	575,544	483,769	373,387	1,447,802
	% of Total Office RSF		0.8%	3.2%	2.7%	2.1%	8.1%
	Annualized Cash Revenue	3/	\$ 2,901	\$ 11,609	\$ 9,666	\$ 7,467	\$ 23,089
	% of Total Office Annl Cash Rev		0.9%	3.4%	2.8%	2.2%	6.8%
Orlando	RSF		9,950	11,482	77,080	106,313	28,884
	% of Total Office RSF		0.1%	0.1%	0.4%	0.6%	0.2%
	Annualized Cash Revenue	3/	\$ 270	\$ 265	\$ 1,755	\$ 2,218	\$ 711
	% of Total Office Annl Cash Rev		0.1%	0.1%	0.5%	0.7%	0.2%
Piedmont Triad	RSF		164,516	141,899	239,259	419,706	791,323
	% of Total Office RSF		0.9%	0.8%	1.3%	2.4%	4.4%
	Annualized Cash Revenue	3/	\$ 2,842	\$ 2,302	\$ 3,742	\$ 6,309	\$ 12,718
	% of Total Office Annl Cash Rev		0.8%	0.7%	1.1%	1.9%	3.7%
Raleigh	RSF		456,611	474,752	376,259	548,393	1,524,978
	% of Total Office RSF		2.6%	2.7%	2.1%	3.1%	8.6%
	Annualized Cash Revenue	3/	\$ 9,117	\$ 9,617	\$ 7,035	\$ 11,142	\$ 26,864
	% of Total Office Annl Cash Rev		2.7%	2.8%	2.1%	3.3%	7.9%
Richmond	RSF		226,532	213,409	250,144	389,191	911,980
	% of Total Office RSF		1.3%	1.2%	1.4%	2.2%	5.1%
	Annualized Cash Revenue	3/	\$ 4,436	\$ 4,134	\$ 4,703	\$ 7,274	\$ 16,064
	% of Total Office Annl Cash Rev		1.3%	1.2%	1.4%	2.1%	4.7%
Tampa	RSF		125,659	394,197	516,525	96,584	1,214,672
	% of Total Office RSF		0.7%	2.2%	2.9%	0.5%	6.8%
	Annualized Cash Revenue	3/	\$ 2,812	\$ 8,808	\$ 13,738	\$ 2,161	\$ 27,788
	% of Total Office Annl Cash Rev		0.8%	2.6%	4.0%	0.6%	8.2%
Other	RSF		10,814	6,785	30,981	1,580	19,317
	% of Total Office RSF		0.1%	0.0%	0.2%	0.0%	0.1%
	Annualized Cash Revenue	3/	\$ 308	\$ 130	\$ 684	\$ 56	\$ 572
	% of Total Office Annl Cash Rev		0.1%	0.0%	0.2%	0.0%	0.2%
Total	RSF		1,880,418	2,286,375	2,459,056	2,623,730	8,538,885
	% of Total Office RSF		10.6%	12.9%	13.8%	14.7%	48.0%
	Annualized Cash Revenue	3/	\$ 36,173	\$ 45,366	\$ 51,751	\$ 50,524	\$ 156,575
	% of Total Office Annl Cash Rev		10.6%	13.3%	15.1%	14.8%	46.1%

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 53,000 square feet of leases that are on a month to month basis or 0.3% of total annualized revenue.

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

Industrial Lease Expirations by Market by Year

Dollars in thousands

			2008 1/	2009	2010	2011	Thereafter
Atlanta	RSF		200,190	327,755	316,221	670,900	1,398,951
	% of Total Industrial RSF		3.2%	5.3%	5.1%	10.8%	22.5%
	Annualized Cash Revenue	2/ \$	1,103	\$ 2,117	\$ 1,824	\$ 3,733	\$ 6,898
	% of Total Industrial Annl Cash Rev		3.5%	6.7%	5.8%	11.8%	21.9%
Kansas City	RSF		0	1,756	0	0	0
	% of Total Industrial RSF		0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Cash Revenue	2/ \$	—	\$ 20	\$ —	\$ —	\$ —
	% of Total Industrial Annl Cash Rev		0.0%	0.1%	0.0%	0.0%	0.0%
Piedmont Triad	RSF		432,005	785,024	518,291	390,983	1,176,005
	% of Total Industrial RSF		6.9%	12.6%	8.3%	6.3%	18.9%
	Annualized Cash Revenue	2/ \$	2,360	\$ 3,746	\$ 2,552	\$ 1,552	\$ 5,629
	% of Total Industrial Annl Cash Rev		7.5%	11.9%	8.1%	4.9%	17.9%
Total	RSF		632,195	1,114,535	834,512	1,061,883	2,574,956
	% of Total Industrial RSF		10.2%	17.9%	13.4%	17.1%	41.4%
	Annualized Cash Revenue	2/ \$	3,463	\$ 5,883	\$ 4,376	\$ 5,285	\$ 12,527
	% of Total Industrial Annl Cash Rev		11.0%	18.7%	13.9%	16.8%	39.7%

1/ Includes 61,000 square feet of leases that are on a month to month basis or 0.0% of total annualized revenue.

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

Customer Diversification 1/

December 31, 2007

Dollars in thousands

Top 20 Customers

Customer	RSF	Annualized	Percent of Annualized	Average Remaining Lease Term in Years
		Cash Revenue 2/	Cash Revenue 2/	
Federal Government	1,746,749	\$ 31,626	7.62%	8.3
AT&T	656,905	12,936	3.12%	2.8
Price Waterhouse Coopers	358,611	9,781	2.36%	2.3
State of Georgia	367,986	7,664	1.85%	2.5
T-Mobile USA	207,517	5,680	1.37%	5.9
Metropolitan Life Insurance	262,586	5,022	1.21%	10.0
Lockton Companies	156,255	4,090	0.99%	7.2
Volvo	278,940	3,947	0.95%	4.0
Syniverse Technologies	198,750	3,931	0.95%	8.8
BB&T	238,595	3,768	0.91%	5.0
Northern Telecom	246,000	3,651	0.88%	0.2
Fluor Enterprises	205,036	3,625	0.87%	4.1
SCI Services 3/	162,784	3,605	0.87%	9.6
US Airways	182,775	3,139	0.76%	3.7
Jacobs Engineering Group	181,794	2,918	0.70%	7.7
Vanderbilt University	144,161	2,825	0.68%	7.8
Lifepoint Corporate Services	129,217	2,549	0.61%	3.5
Talecris Biotherapeutics	132,624	2,531	0.61%	4.2
Icon Clinical Research	110,909	2,422	0.58%	5.6
Wachovia	107,487	2,405	0.58%	2.5
	<u>6,075,681</u>	<u>\$118,115</u>	<u>28.47%</u>	<u>5.6</u>

By Industry

Category	Percent of Annualized
	Cash Revenue 2/
Professional, Scientific, and Technical Services	20.1%
Finance/Banking	9.8%
Government/Public Administration	9.8%
Insurance	9.1%
Retail Trade	7.6%
Telecommunication	6.8%
Manufacturing	6.5%
Wholesale Trade	6.0%
Health Care and Social Assistance	5.6%
Real Estate Rental and Leasing	4.2%
Administrative and Support Services	2.9%
Accommodation and Food Services	2.8%
Information	2.8%
Transportation and Warehousing	2.6%
Other Services (except Public Administration)	2.2%
Educational Services	1.2%
	<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 December, 2007 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12.

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

Same Property Performance

Dollars in thousands

	Three months ended December,		Percentage
	2007	2006	Change
Rental revenues 1/	\$ 100,632	\$ 97,531	3.2%
Operating expenses	(38,976)	(37,347)	-4.4%
	61,656	60,184	2.4%
Straight line rent	2,040	1,569	30.1%
Lease termination fees	836	2,167	-61.4%
Net operating income	\$ 64,532	\$ 63,920	1.0%
Average occupancy	91.3%	90.2%	1.2%
Rentable square feet	25,579,000	25,579,000	

	Twelve months ended December,		Percentage
	2007	2006	Change
Rental revenues 1/	\$ 396,588	\$ 379,540	4.5%
Operating expenses	(149,322)	(142,188)	-5.0%
	247,266	237,352	4.2%
Straight line rent	2,732	7,302	-62.6%
Lease termination fees	2,602	3,523	-26.1%
Net operating income	\$ 252,600	\$ 248,177	1.8%
Average occupancy	90.5%	89.4%	1.3%
Rentable square feet	25,579,000	25,579,000	

Market	Fourth Quarter: 2007 vs 2006		December YTD: 2007 vs 2006	
	NOI 2/ Percentage Change	Occupancy Percentage Change	NOI 2/ Percentage Change	Occupancy Percentage Change
Atlanta	7.4%	-0.6%	4.6%	1.0%
Greenville	18.6%	6.6%	11.0%	6.6%
Kansas City	.06%	-0.2%	1.5%	-0.4%
Memphis	-3.7%	2.3%	0.0%	2.0%
Nashville	5.9%	2.2%	2.1%	0.7%
Orlando	11.5%	0.0%	-1.6%	-1.3%
Piedmont Triad	-1.3%	-1.2%	-6.2%	-0.9%
Raleigh	-6.8%	8.3%	2.4%	5.5%
Richmond	1.5%	3.0%	1.8%	0.8%
Tampa	-6.4%	-2.6%	3.8%	1.2%
	1.0%	1.2%	1.8%	1.3%

1/ Excludes straight line rents and lease termination fees.

2/ Includes straight line rents and lease termination fees.

Disposition Activity

Dollars in thousands

<u>Name</u>	<u>Market</u>	<u>Type 1/</u>	<u>Date Sold</u>	<u>Square Footage</u>	<u>Occupancy</u>	<u>Gross Sales Price</u>
First quarter 2007:						
1740-90 Century Center	Atlanta	O	01/17/07	69,000	N/A2/	\$ 9,530
Red Oak	Raleigh	O	02/02/07	65,000	68.6%	
Laurel	Raleigh	O	02/02/07	40,000	85.2%	
Global Software	Raleigh	O	02/02/07	93,000	90.4%	
Magnolia	Raleigh	O	02/02/07	59,000	68.1%	
				<u>257,000</u>	<u>79.0%</u>	<u>\$ 30,416</u>
First quarter totals				<u>326,000</u>	<u>79.0%</u>	<u>\$ 39,946</u>
Second quarter 2007:						
Colonial Shops	Kansas City	R	04/25/07	9,000	100.0%	\$ 1,001
Second quarter totals				<u>9,000</u>	<u>100.0%</u>	<u>\$ 1,001</u>
Third quarter 2007:						
EKA Chemical	Atlanta	O	09/05/07	80,000	100.0%	\$ 9,550
Oakbrook Summit	Atlanta	I	09/12/07	234,000	95.7%	\$ 11,625
Patewood VII	Greenville	O	09/13/07	72,000	43.0%	
770 Pelham Road	Greenville	O	09/13/07	38,000	96.2%	
				<u>110,000</u>	<u>61.4%</u>	<u>\$ 11,600</u>
Patewood Business Center	Greenville	I	09/17/07	103,000	25.4%	\$ 4,050
Third quarter totals				<u>527,000</u>	<u>75.4%</u>	<u>\$ 36,825</u>
Fourth quarter 2007:						
Lakeview Ridge I	Nashville	O	11/02/07	100,000	100.0%	\$ 10,900
125 Business Park Drive (ALO)	Triad (Winston-Salem)	I	12/13/07	27,000	100.0%	\$ 1,593
Fontaine I, II, III, and IV	Columbia	O	12/14/07	253,000	82.5%	\$ 23,637
Fourth quarter totals				<u>380,000</u>	<u>88.3%</u>	<u>\$ 36,130</u>
2007 totals				<u>1,242,000</u>	<u>80.6%</u>	<u>\$113,902</u>

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

2/ This property was scheduled for demolition after its disposition. All tenants vacated this property and it was removed from Highwoods' in-service portfolio prior to 12/31/06, thus it is excluded from all occupancy calculations.

Development Activity

Dollars in thousands

Property	Market	Type 1/	Rentable Square Feet	Anticipated Total Investment	Investment @ 12/31/07	Pre Leased %	Estimated Completion Date	Estimated Stabilization Date
In - Process Office:								
FAA	Atlanta	O	50,000	\$ 10,213	\$ 1,844	100%	2Q 08	2Q 08
Jackson FBI	Jackson, MS	O	110,000	31,713	2,418	100%	1Q 09	1Q 09
Comcast	Memphis	O	62,000	9,449	3,704	100%	3Q 08	3Q 08
Cool Springs IV	Nashville	O	153,000	27,597	8,932	0%	3Q 08	1Q 10
Centregreen V	Raleigh	O	98,000	15,662	11,076	51%	1Q 08	3Q 09
Glenlake VI	Raleigh	O	122,000	24,448	16,852	57%	1Q 08	3Q 09
RBC Plaza 2/	Raleigh	O	292,000	76,056	44,505	65%	4Q 08	4Q 09
Total or Weighted Average			<u>887,000</u>	<u>\$195,138</u>	<u>\$ 89,331</u>	<u>60%</u>		
						\$Weighted%	63%	
For Sale Development:								
RBC Plaza Condominiums 3/ 4/						139		
	Raleigh	RC	139 Units	\$ 42,380	\$ 11,948	Contracts	4Q 08	2Q 09
hhgregg ®	Piedmont Triad	R	30,000	5,125	2,070	100%	2Q 08	2Q 08
			<u>30,000</u>	<u>\$ 47,505</u>	<u>\$ 14,018</u>	<u>100%</u>		
In-Process Total or Weighted Average 4/			<u>917,000</u>	<u>\$242,643</u>	<u>\$ 103,349</u>	<u>61%</u>		
						\$Weighted%	64%	
Completed Not Stabilized 5/								
Office:								
Cordoba	Kansas City	O	46,000	\$ 6,700	\$ 6,579	84%	4Q 06	1Q 08
Berkshire	Orlando	O	99,000	15,096	13,845	100%	3Q 07	2Q 08
Glenlake IV	Raleigh	O	158,000	27,311	25,126	74%	3Q 06	1Q 08
North Shore Commons II	Richmond	O	96,000	14,855	12,063	46%	1Q 07	2Q 08
Highwoods Baycenter I	Tampa	O	208,000	42,024	37,638	78%	3Q 07	4Q 08
Total or Weighted Average			<u>607,000</u>	<u>\$105,986</u>	<u>\$ 95,251</u>	<u>76%</u>		
						\$Weighted%	76%	
Industrial:								
Newpoint V	Atlanta	I	263,000	\$ 12,947	\$ 12,259	88%	2Q 07	2Q 08
Enterprise II	Piedmont Triad	I	418,000	17,222	16,110	72%	4Q 06	4Q 08
			<u>681,000</u>	<u>\$ 30,169</u>	<u>\$ 28,369</u>	<u>78%</u>		
						\$Weighted%	79%	
Completed Not Stabilized Total or Weighted Average			<u>1,288,000</u>	<u>\$136,155</u>	<u>\$ 123,620</u>	<u>77%</u>		
						\$Weighted%	77%	
Grand Total or Weighted Average			<u>2,205,000</u>	<u>\$378,798</u>	<u>\$ 226,969</u>	<u>71%</u>		
						\$Weighted%	69%	

Placed in Service

Property	Market	Type 1/	Rentable Square Feet	Anticipated Total Investment	Investment @ 12/31/07	Pre Leased%	Occ%	In-Service Date
ThyssenKrupp	Memphis	O	78,000	\$ 9,377	\$ 9,377	100%	100%	1/10/2007
Highwoods Preserve VII	Tampa	O	115,000	21,245	20,843	100%	100%	2/1/2007/6/
3330 Healy Rd	Piedmont Triad	O	40,000	5,098	4,242	25%	25%	6/1/2007
Healthways	Nashville	O	255,000	58,369	52,557	100%	100%	10/1/2007
Enterprise III	Piedmont Triad	I	120,000	4,831	4,831	100%	100%	10/1/2007
Dept. of Homeland Security	Atlanta	O	91,000	21,773	20,514	100%	97%	10/1/2007
Stony Point IV	Richmond	O	107,000	13,228	13,125	96%	96%	11/1/2007
Cool Springs III	Nashville	O	153,000	22,911	22,786	100%	95%	12/1/2007
Total or Weighted Average			959,000	\$156,832	\$ 148,275	96%	95%	

Development Land
December 31, 2007

Dollars in thousands

Market	Usable Acres	Total Estimated Market Value
Atlanta	242	\$ 26,865
Raleigh	190	43,616
Greensboro	47	12,487
Baltimore	39	10,700
Richmond	33	8,325
Tampa	26	15,949
Nashville	16	7,859
Memphis	15	3,620
Orlando	15	15,028
Winston-Salem	10	2,138
Kansas City	1	2,100
Total 1/2/	<u>634</u>	<u>\$ 148,687</u>

1/ Developable square footage on core land holdings, which constitute 493 of the total 634 acres, is approximately 4.9 million of office space and 2.7 million of industrial space.

2/ Includes 40 acres (\$10.7 million based on expected gross proceeds) included in property held for sale at December 31, 2007.

Acquisition Activity

Dollars in thousands

<u>Name</u>	<u>Market</u>	<u>Type</u>	<u>Date Acquired</u>	<u>Square Footage</u>	<u>Total Cost</u>
First quarter 2007:					
None					
Second quarter 2007:					
None					
Third quarter 2007:					
None					
Fourth quarter 2007:					
None					
Highwoods Properties, Inc.			29		12/31/07

Unconsolidated Joint Ventures Assets, Debt and Liabilities
December 31, 2007

Dollars in thousands

Joint Venture	Type 1/	Own%	Total Assets	Venture's Books	
				Debt	Total Liabilities
Board of Trade Investment Co.	O	49.0%	\$ 7,103	\$ —	\$ 378
Dallas County Partners I, LP	O/I	50.0%	38,016	49,334	52,819
Dallas County Partners II, LP	O	50.0%	14,948	16,642	18,082
Dallas County Partners III, LP	O	50.0%	36	—	37
Fountain Three	O/I /R	50.0%	28,831	32,952	35,143
RRHWoods, LLC	O/M	50.0%	87,562	80,533	84,824
Kessinger/Hunter, LLC	—	26.5%	8,260	—	582
4600 Madison Associates, LP	O	12.5%	18,261	13,560	13,969
Highwoods DLF 98/29, LP	O	22.8%	153,329	75,688	82,682
Highwoods DLF 97/26 DLF 99/32, LP	O	42.9%	102,646	55,815	58,996
Concourse Center Associates, LLC	O	50.0%	13,531	8,911	9,082
Plaza Colonnade, LLC	O/R	50.0%	73,120	66,842	67,921
Highwoods KC Glenridge Office, LP	O	40.0%	22,310	16,500	17,022
Highwoods KC Glenridge Land, LP	O	40.0%	775	—	96
Highwoods KC Orlando, LLC	O	40.0%	205,703	141,980	149,348
Weston Lakeside, LLC	M	50.0%	—	—	—
Total			\$ 774,431	\$558,757	\$ 590,981

Joint Venture	Type 1/	Own%	Highwoods' Share of Joint Venture		
			Total Assets	Debt	Total Liabilities
Board of Trade Investment Co.	O	49.00%	\$ 3,480	\$ —	\$ 185
Dallas County Partners I, LP	O/ I	50.00%	19,008	24,667	26,410
Dallas County Partners II, LP	O	50.00%	7,474	8,321	9,041
Dallas County Partners III, LP	O	50.00%	18	—	19
Fountain Three	O/I /R	50.00%	14,416	16,476	17,572
RRHWoods, LLC	O/ M	50.00%	43,781	40,267	42,412
Kessinger/Hunter, LLC	—	26.50%	2,189	—	154
4600 Madison Associates, LP	O	12.50%	2,283	1,695	1,746
Highwoods DLF 98/29, LP	O	22.81%	34,974	17,264	18,860
Highwoods DLF 97/26 DLF 99/32, LP	O	42.93%	44,066	23,961	25,327
Concourse Center Associates, LLC	O	50.00%	6,766	4,456	4,541
Plaza Colonnade, LLC	O/R	50.00%	36,560	33,421	33,961
Highwoods KC Glenridge Office, LP	O	40.00%	8,924	6,600	6,809
Highwoods KC Glenridge Land, LP	O	40.00%	310	—	38
Highwoods KC Orlando, LLC	O	40.00%	82,281	56,792	59,739
Weston Lakeside, LLC	M	50.00%	—	—	—
Total 2/			\$ 306,530	\$233,920	\$ 246,814

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 December 31, 2007

Dollars in thousands

Joint Venture	Own%	Venture's Books					Net Income/
		Revenue	Operating Exp	Interest	Depr/Amort	Gain on Sale	(Loss)
Board of Trade Investment Co.	49.00%	\$ 552	\$ 393	\$ —	\$ 229	\$ —	\$ (70)
Dallas County Partners I, LP	50.00%	3,430	1,943	776	639	—	72
Dallas County Partners II, LP	50.00%	1,633	757	417	172	—	287
Dallas County Partners III, LP	50.00%	49	57	—	1	—	(9)
Fountain Three	50.00%	1,906	991	526	411	—	(22)
RRHWoods, LLC	50.00%	4,295	2,396	1,075	1,082	—	(258)
Kessinger/Hunter, LLC	26.50%	2,121	1,309	—	147	—	665
4600 Madison Associates, LP	12.50%	1,223	589	237	398	—	(1)
Highwoods DLF 98/29, LP	22.80%	4,598	1,486	1,261	1,212	—	639
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	4,258	1,421	1,080	1,018	—	739
Concourse Center Associates, LLC	50.00%	487	140	162	77	—	108
Plaza Colonnade, LLC	50.00%	2,514	885	979	556	—	94
Highwoods KC Glenridge Office, LP	40.00%	825	387	210	164	—	64
Highwoods KC Glenridge Land, LP	40.00%	—	2	—	—	—	(2)
Highwoods KC Orlando, LLC	40.00%	8,197	3,438	1,871	2,054	—	834
Weston Lakeside, LLC	50.00%	—	—	—	—	—	—
Total		\$36,088	\$ 16,194	\$8,594	\$ 8,160	\$ —	\$ 3,140

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%	\$ 270	\$ 192	\$ —	\$ 112	\$ —	\$ (34)
Dallas County Partners I, LP	50.00%	1,715	971	388	320	—	36
Dallas County Partners II, LP	50.00%	817	378	208	86	—	145
Dallas County Partners III, LP	50.00%	25	29	—	1	—	(5)
Fountain Three	50.00%	953	495	263	205	—	(10)
RRHWoods, LLC	50.00%	2,147	1,198	537	541	—	(129)
Kessinger/Hunter, LLC	26.50%	562	347	—	39	—	176
4600 Madison Associates, LP	12.50%	153	74	29	50	—	—
Highwoods DLF 98/29, LP	22.81%	1,049	339	287	276	—	147
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	1,828	610	464	437	—	317
Concourse Center Associates, LLC	50.00%	243	70	81	39	—	53
Plaza Colonnade, LLC	50.00%	1,257	442	489	278	—	48
Highwoods KC Glenridge Office, LP	40.00%	330	155	84	66	—	25
Highwoods KC Glenridge Land, LP	40.00%	—	—	—	—	—	—
Highwoods KC Orlando, LLC	40.00%	3,278	1,375	749	822	—	332
Weston Lakeside, LLC	50.00%	—	—	—	—	—	—
Total 1/ 2/		\$14,627	\$ 6,675	\$3,579	\$ 3,272	\$ —	\$ 1,101

- 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 Year Ended December 31, 2007

Dollars in thousands

Joint Venture	Own%	Venture's Books					Net Income/ (Loss)
		Revenue	Operating Exp	Interest	Depr/Amort	Gain on Sale	
Board of Trade Investment Co.	49.00%	\$ 2,278	\$ 1,715	\$ 5	\$ 527	\$ —	\$ 31
Dallas County Partners I, LP	50.00%	12,479	6,750	3,139	2,475	—	115
Dallas County Partners II, LP	50.00%	6,255	2,776	1,776	696	—	1,007
Dallas County Partners III, LP	50.00%	195	223	—	5	—	(33)
Fountain Three	50.00%	7,471	3,696	2,207	1,602	—	(34)
RRHWoods, LLC	50.00%	16,814	9,154	4,262	4,260	—	(862)
Kessinger/Hunter, LLC	26.50%	7,518	5,173	—	621	—	1,724
4600 Madison Associates, LP	12.50%	4,841	2,269	969	1,668	—	(65)
Highwoods DLF 98/29, LP	22.80%	21,241	5,944	4,456	4,824	9,311	15,328
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	16,703	5,539	4,349	4,079	—	2,736
Concourse Center Associates, LLC	50.00%	2,014	542	654	315	—	503
Plaza Colonnade, LLC	50.00%	9,697	3,576	3,918	2,153	—	50
Highwoods KC Glenridge Office, LP	40.00%	3,557	1,630	827	645	—	455
Highwoods KC Glenridge Land, LP	40.00%	—	36	—	—	—	(36)
Highwoods KC Orlando, LLC	40.00%	32,316	12,970	7,504	7,717	—	4,125
Weston Lakeside, LLC	50.00%	222	201	193	329	11,310	10,809
Total		\$143,601	\$ 62,194	\$34,259	\$ 31,916	\$ 20,621	\$ 35,853

Joint Venture	Own%	Highwoods' Share of Joint Venture					Net Income/ (Loss)
		Revenue	Operating Exp	Interest	Depr/Amort	Gain on Sale	
Board of Trade Investment Co.	49.00%	\$ 1,116	\$ 840	\$ 2	\$ 258	\$ —	\$ 16
Dallas County Partners I, LP	50.00%	6,240	3,375	1,570	1,238	—	57
Dallas County Partners II, LP	50.00%	3,128	1,388	888	348	—	504
Dallas County Partners III, LP	50.00%	98	112	—	3	—	(17)
Fountain Three	50.00%	3,736	1,848	1,104	801	—	(17)
RRHWoods, LLC	50.00%	8,407	4,577	2,131	2,130	—	(431)
Kessinger/Hunter, LLC	26.50%	1,992	1,371	—	165	—	456
4600 Madison Associates, LP	12.50%	605	284	121	209	—	(9)
Highwoods DLF 98/29, LP	22.81%	4,845	1,356	1,016	1,100	2,124	3,497
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	7,171	2,378	1,867	1,751	—	1,175
Concourse Center Associates, LLC	50.00%	1,007	271	327	158	—	251
Plaza Colonnade, LLC	50.00%	4,849	1,788	1,959	1,077	—	25
Highwoods KC Glenridge Office, LP	40.00%	1,423	652	331	258	—	182
Highwoods KC Glenridge Land, LP	40.00%	—	14	—	—	—	(14)
Highwoods KC Orlando, LLC	40.00%	12,926	5,188	3,002	3,087	—	1,649
Weston Lakeside, LLC 1/	50.00%	111	101	97	165	5,034	4,782
Total 2/ 3/		\$ 57,654	\$ 25,543	\$14,415	\$ 12,748	\$ 7,158	\$ 12,106

- 1/ Highwoods' share of Gain on Sale is less than 50% for Weston Lakeside, LLC due to the preferred return to Crosland as the developer.
- 2/ Highwoods' share of Depreciation and Amortization from these tables will not equal Depreciation and Amortization of Real Estate Assets for Unconsolidated Affiliates on the Statement of Funds from Operations due to various purchase accounting and related adjustments, which are not reflected in the Joint Ventures' stand-alone financial statements.
- 3/ Highwoods' share of Net Income from these tables will not equal Equity in Earnings of Unconsolidated Affiliates on the Consolidated Income Statement due to various purchase accounting and related adjustments, which are not reflected in the Joint Ventures' stand-alone financial statements.

Joint Ventures Long-Term Debt Detail 1/

Dollars in thousands

Joint Venture	Own%	Lender	Interest Rate	Maturity Date	Loan Balance 12/31/07
Dallas County Partners I, LP	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	\$ 42,054
Dallas County Partners I, LP	50.0%	Thrivent	8.45%	Aug-10	1,587
Dallas County Partners I, LP	50.0%	Regions	6.30%	Jun-14	3,484
Dallas County Partners I, LP	50.0%	Sun Life	5.92%	Feb-16	1,044
Dallas County Partners I, LP	50.0%	Bankers Trust	8.00%	Jul-11	1,165
			6.31%		49,334
Dallas County Partners II, LP	50.0%	Principal Life Insurance Company	10.19%	Jun-13	16,642
Fountain Three	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	16,785
Fountain Three	50.0%	Thrivent	6.01%	Oct-10	3,709
Fountain Three	50.0%	Thrivent	6.01%	Apr-09	3,709
Fountain Three	50.0%	Lehman Brothers	8.02%	Jul-09	3,492
Fountain Three	50.0%	Thrivent	7.00%	Sep-12	5,257
			6.47%		32,952
RRHWoods, LLC	50.0%	Industrial Revenue Bonds 2/	3.38%	Nov-15	23,000
RRHWoods, LLC	50.0%	Bank of America	6.80%	Sep-12	26,459
RRHWoods, LLC	50.0%	Industrial Revenue Bonds 2/	3.37%	Sep-15	6,000
RRHWoods, LLC	50.0%	Industrial Revenue Bonds 2/	3.41%	Nov-15	5,500
RRHWoods, LLC	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	4,644
RRHWoods, LLC	50.0%	Massachusetts Mutual Life Ins. Co.	5.85%	Mar-16	7,433
RRHWoods, LLC	50.0%	UNUM Life Insurance Company	5.67%	Mar-17	4,013
RRHWoods, LLC	50.0%	Regions	6.30%	Jun-14	3,484
			5.14%		80,533
Plaza Colonnade, LLC	50.0%	Met Life	5.72%	Jan-17	48,727
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	5.38%	Mar-10	1,818
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	6.00%	Mar-16	4,394
Plaza Colonnade, LLC	50.0%	Tax Incremental Financing	5.90%	Mar-24	11,903
			5.76%		66,842
4600 Madison Associates, LLC	12.5%	State Farm	6.85%	Apr-18	13,560
Highwoods DLF 98/29, LP	22.8%	USG Annuity & Life Company	6.78%	Apr-11	48,038
Highwoods DLF 98/29, LP	22.8%	Goldman Sachs	6.11%	Jul-17	27,650
Highwoods DLF 97/26 DLF 99/32, LP	42.9%	Massachusetts Mutual Life Ins. Co.	7.66%	May-12	55,815
Concourse Center Associates, LLC	50.0%	Lincoln National Life Insurance Co.	6.95%	Jul-10	8,911
Highwoods KC Orlando, LLC	40.0%	Met Life	5.21%	Jul-14	141,980
Highwoods KC Glenridge Office	40.0%	Wachovia	4.84%	Jun-14	16,500
			6.07%		312,454
			6.07%		\$558,757
Highwoods' share of the above					\$233,920

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

2/ Floating rate loan based on market rates.

Joint Ventures Portfolio Summary

As of December 31, 2007

Summary by Location:

Market	Rentable Square Feet	Occupancy	Office	Percentage of Annualized Cash Revenue Highwoods' Share Only 1/			
				Industrial	Retail	Multi- Family	Total
Des Moines 2/	2,505,000	92.3%	28.7%	4.3%	1.0%	3.3%	37.3%
Orlando	1,853,000	91.2%	29.1%	—	—	—	29.1%
Atlanta	835,000	97.2%	12.1%	—	—	—	12.1%
Kansas City	714,000	83.0%	8.2%	—	—	—	8.2%
Richmond	413,000	100.0%	5.0%	—	—	—	5.0%
Piedmont Triad	364,000	96.9%	3.4%	—	—	—	3.4%
Tampa	205,000	98.8%	2.0%	—	—	—	2.0%
Raleigh	178,000	100.0%	1.6%	—	—	—	1.6%
Charlotte	148,000	100.0%	0.8%	—	—	—	0.8%
Other	110,000	100.0%	0.5%	—	—	—	0.5%
Total 3/	<u>7,325,000</u>	<u>93.0%</u>	<u>91.4%</u>	<u>4.3%</u>	<u>1.0%</u>	<u>3.3%</u>	<u>100.0%</u>

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

2/ Excludes 418 apartment units and related occupancy percentage of 95.1%.

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

Joint Ventures Lease Expirations

December 31, 2007

Dollars in thousands

Year	Rentable Square Feet Expiring 1/	Percent of Rentable Square Feet 1/	Annualized Cash Revenue 2/	Average Rental Rate 2/	Percent of Annualized Cash Revenue 1/
Total					
2008	1,120,687	16.3%	\$ 20,094	\$17.93	15.3%
2009	651,654	9.5%	13,636	20.93	10.4%
2010	832,008	12.2%	15,566	18.71	11.9%
2011	986,705	14.5%	19,054	19.31	14.6%
2012	571,951	8.4%	12,198	21.33	9.3%
2013	1,036,464	15.2%	17,448	16.83	13.4%
2014	468,728	6.9%	10,536	22.48	8.1%
2015	651,037	9.5%	11,213	17.22	8.6%
2016	101,873	1.5%	1,121	11.00	0.9%
2017	236,693	3.5%	5,812	24.56	4.5%
2018 and thereafter	169,150	2.5%	3,877	22.92	3.0%
	<u>6,826,950</u>	<u>100.0%</u>	<u>\$130,555</u>	<u>\$19.12</u>	<u>100.0%</u>

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

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

Joint Venture Acquisition and Disposition Activity

Dollars in thousands

Acquisitions

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

Dispositions

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

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

2/ Reflects Highwoods pro-rata share only.

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

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

Joint Venture Development Activity

Dollars in thousands

<u>Placed in Service</u>							
<u>Property</u>	<u>% Ownership</u>	<u>Market</u>	<u>Rentable Square Feet</u>	<u>Anticipated Total Investment</u>	<u>Investment @ 12/31/07</u>	<u>Pre- Leasing</u>	<u>In-Service Date</u>
Brickstone	50%	Des Moines	31,000	\$ 5,149	\$ 4,691	64%	12/01/07
Highwoods' Share of the above				<u>\$ 2,575</u>	<u>\$ 2,346</u>		
Highwoods Properties, Inc.		37					12/31/07