
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): October 25, 2005

HIGHWOODS PROPERTIES, INC.

(Exact name of registrant specified in its charter)

Maryland
(State of Incorporation)

1-13100
(Commission File Number)

56-1871668
(IRS Employer Identification No.)

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

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

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

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02. Results of Operations and Financial Condition

On October 25, 2005, Highwoods Properties, Inc. (the “Company”) issued a press release announcing operational information for the quarter ended September 30, 2005. This press release is attached hereto as Exhibit 99.1. In addition, the Company posted on its web site supplemental information regarding its operations for the quarter ended September 30, 2005, a copy of which is attached hereto as Exhibit 99.2.

Item 9.01. Financial Statements and Exhibits

<u>Exhibit</u>	<u>Description</u>
99.1	Press release dated October 25, 2005
99.2	Supplemental operating information for the quarter ended September 30, 2005

SIGNATURES

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

HIGHWOODS PROPERTIES, INC.

By: /s/ Terry L. Stevens

Terry L. Stevens
Vice President,
Chief Executive Officer and Treasurer

Dated: October 26, 2005

FOR IMMEDIATE RELEASE

Ref: 05-29

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

Highwoods Properties Reports:

Third Quarter 2005 Operational Results

85.8% Occupancy

1.6M sf Second Generation Space Leased

Multi-Tenant Office Building in Richmond Announced

Status Update on Financial Review and Audit

Raleigh, NC – October 25, 2005 – Highwoods Properties, Inc. (NYSE: HIW), the largest owner and operator of suburban office properties in the Southeast, today reported operational results for the third quarter of 2005. The Company also announced that it is building a multi-tenant office building in Richmond and provided a status update on the financial review and audit.

Ed Fritsch, President and Chief Executive Officer of Highwoods Properties, stated, “*Third quarter leasing activity remained strong, with 1.6 million square feet of second generation space leased. Total in-service occupancy increased to 85.8%, a 260 basis point improvement from the third quarter of 2004 and a 170 basis point sequential increase. We also saw a strong increase in office occupancy, which was 85.0% at the end of this quarter, compared to 83.5% the previous quarter and 80.9% a year ago.*”

The Company has made substantial progress this year in strengthening its balance sheet. Through September 30, 2005, we have paid off \$270.1 million of debt and preferred stock. This includes \$120.1 million of secured debt at an average rate of 7.2%, which unencumbered approximately \$280 million of assets, \$130 million of 8% preferred stock and a \$20 million floating rate unsecured term loan.”

Third Quarter 2005 Highlights

- Second generation leasing activity in Highwoods’ portfolio totaled approximately 1.6 million square feet, including 1.1 million square feet of office space. For the first nine months of the year, leasing activity totaled approximately 5.0 million square feet, 3.5 million of which was office space. Customer retention was 72% for the quarter and 70% year to date.
- Occupancy in the Company’s 29.8 million square foot in-service portfolio at September 30, 2005 was 85.8%, up 260 basis points from 83.2% at September 30, 2004. Office occupancy since September 30, 2004, has increased 410 basis points from 80.9% to 85.0%.

- Straight-line (GAAP) rental rates for signed office leases decreased 2.6% in the third quarter from straight line rental rates under the previous leases, in line with the Company's 2005 expectations. Cash rents for office leases signed declined 6.8%, also in line with the Company's expectations.
- Office tenant improvements and leasing commissions as a percentage of term base rent (excluding free rent) were 9.6% compared to the five quarter average of 11.2%. On a dollar per square foot basis, tenant improvements and leasing commissions were \$7.85, below our 2005 expectations of \$10 to \$11 per square foot.
- 2.5 million square feet were sold, generating \$234.5 million of gross proceeds. Through September 30, 2005, the Company has sold 4.4 million square feet for gross proceeds of \$336 million, surpassing the high end of the Company's 2005 disposition goal of \$300 million. The average occupancy of the properties sold through September 30, 2005 was 79.4%, which includes the two vacant buildings at Highwoods Preserve. Excluding Buildings II and IV at the Preserve, the average occupancy of the properties sold was 84.0%.
- The Company placed two buildings in service during the quarter. These properties, which encompass 466,000 square feet, represent an investment of \$36.6 million and are 100% leased.
- At quarter end, the Company's wholly owned development pipeline includes eight projects encompassing approximately 790,000 square feet, representing a total projected investment of \$127.6 million. At September 30, 2005, these projects were 57.5% pre-leased and were located in seven of the Company's markets.

Development of Multi-Tenant Office Building Announced in Richmond

The Company announced that it will begin development of Stony Point IV, a multi-tenant Class "A" 104,000 square foot office building in The Park at Stony Point located in Richmond, Virginia. This project, which is currently 46% pre-leased to a high credit, specialty insurance underwriter, represents a projected investment by the Company of approximately \$13.1 million, and is expected to be completed in the fourth quarter of 2006. The Company currently owns three additional properties in this office park, encompassing a total of 354,000 square feet, and they are 97% leased. The average occupancy of the submarket in which this office park is located is 90.3%. The Company noted that Stony Point IV is included in its third quarter development pipeline.

Mr. Fritsch stated, *"This development project contributes to our achieving an important goal of our Strategic Management Plan which is to build high quality, differentiated assets. Our Stony Point properties have consistently performed very well and we anticipate the demand for this newest addition will be strong. This project is expected to generate a 10+% stabilized cash return on our total investment."*

Filing Status Update

The Company continues its work to finalize the preparation of its financial statements and Ernst & Young LLP, the Company's independent auditor, is in the process of auditing these financial statements. At this time, the Company cannot provide a definitive date as to when its financial review and E&Y's audit will be completed. However, based on current information and from discussions with E&Y, the Company believes it will file its 2004 Form 10-K prior to year end. Following the filing of its 2004 Form 10-K, the Company anticipates filing its 2005 10-Qs as soon as possible.

SEC Update

The Company noted that there has been no change in the status of the formal investigation by the Securities and Exchange Commission ("SEC"). Management continues to cooperate fully and remains confident and comfortable with the information being provided to the SEC.

2005 Funds from Operations Outlook

Based on its review of year-to-date operational results, the Company reconfirmed the FFO guidance it published on September 28, 2005 for full-year 2005 of \$2.27 to \$2.33 per share. This estimate continues to reflect management's view of current and future market conditions, including assumptions with respect to rental rates, occupancy levels, operating expenses and asset dispositions and acquisitions. This estimate excludes any asset gains or impairments associated with actual or potential depreciable property dispositions, as well as any one-time, non-recurring charges or credits that may occur during the year. Specifically, the estimate does not reflect the previously disclosed \$4.2 million reduction in FFO and net income available for common shareholders that the Company will record pursuant to EITF Topic D-42. This reduction, which will be taken in the third quarter, is related to the redemption of \$130 million of preferred stock on August 22, 2005. This outlook also assumes that any further adjustments to its historical financial statements as a result of the aforementioned review and audit will not have a material impact on the Company's expected 2005 financial results.

Non-GAAP Information

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

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

Supplemental Information

A copy of the Company's third quarter 2005 Supplemental Information that includes 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 919-431-1521/ 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, October 26, 2005 at 9:00 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 and Web cast replays will be available two hours after the completion of the call. The telephone replay will be available beginning at 12:00 p.m. Eastern time through 5:00 p.m., Friday, November 4. Dial-in numbers for the replay are (800) 642-1687 US/Canada, (706) 645-9291 international. The conference ID is 1122022.

About the Company

Highwoods Properties, Inc., a member of the S&P MidCap 400 Index, is a fully integrated, self-administered real estate investment trust ("REIT") that provides leasing, management, development, construction and other customer-related services for its properties and for third parties. As of September 30, 2005, the Company owned or had an interest in 454 in-service office, industrial and retail properties encompassing approximately 37.1 million square feet. Highwoods also owns 988 acres of development land. Highwoods is based in Raleigh, North Carolina, and its properties and development land are located in Florida, Georgia, Iowa, Kansas, Maryland, Missouri, North Carolina, South Carolina, Tennessee and Virginia. For more information about Highwoods Properties, please visit our Web site at www.highwoods.com.

Certain matters discussed in this press release, such as the effect of tenant bankruptcies on our operations, expected timing of the filing of our SEC reports, anticipated continuing compliance with debt agreements, expected leasing and financing activities and financial and operating performance and the cost and timing of expected development projects and asset dispositions, are forward-looking statements within the meaning of the federal securities laws. These statements are distinguished by use of the words "will", "expect", "intends" and words of similar meaning. Although Highwoods believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved.

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



Supplemental Information
September 30, 2005

Supplemental Information
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September 30, 2005

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The information within refers to all Highwoods Properties' wholly-owned entities, except pages 24 to 26 unless noted otherwise.

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

Corporate Information

Board of Directors

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

Senior Management Team

Edward J. Fritsch

President, Chief Executive Officer and Director

Michael E. Harris

Executive Vice President and Chief Operating Officer

Terry L. Stevens

Vice President, Chief Financial Officer

Gene H. Anderson

Senior Vice President and Director

Michael F. Beale

Senior Vice President

Robert G. Cutlip

Senior Vice President

S. Hugh Esleeck

Treasurer

W. Brian Reames

Senior Vice President

Thomas S. Hill

Corporate Vice President, Leasing

Carman J. Liuzzo

Vice President, Investments

Kevin E. Penn

Chief Information Officer and Vice President, Strategy

Mack D. Pridgen III

Vice President, General Counsel and Secretary

Research Coverage

Deutsche Banc Securities

Lou Taylor - 212-469-4912

Green Street Advisors

Jim Sullivan - 949-640-8780

KeyBanc Capital Markets

Richard Moore - 216-443-2815

Legg Mason

David Fick - 410-454-5018

Morgan Stanley Dean Witter

Gregory Whyte - 212-761-6331

Prudential Equity Group

Jim Sullivan - 212-778-2515

Smith Barney Citigroup
Jonathan Litt - 212-816-0231

Wachovia Securities
Chris Haley - 443-263-6773

Highwoods Properties, Inc.

Corporate Information

Divisional Offices

Atlanta/Piedmont Triad

Gene H. Anderson - Regional Manager

Atlanta, GA

Gene H. Anderson, Senior Vice President

Piedmont Triad, NC

Mark W. Shumaker, Vice President

Orlando/Tampa

Michael F. Beale - Regional Manager

Orlando, FL

Michael F. Beale, Senior Vice President

Tampa, FL

Stephen A. Meyers, Vice President

Raleigh/Richmond

Robert G. Cutlip - Regional Manager

Raleigh, NC

Robert G. Cutlip, Senior Vice President

Richmond, VA

Paul W. Kreckman, Vice President

Memphis/Nashville/Columbia/Greenville

W. Brian Reames - Regional Manager

Nashville, TN

W. Brian Reames, Senior Vice President

Columbia, SC and Greenville, SC

W. Brian Reames, Senior Vice President

Memphis, TN

Steven Guinn, Vice President

Kansas City

Kansas City, MO

Barrett Brady, Senior Vice President

Corporate Headquarters

Highwoods Properties, Inc.

3100 Smoketree Court, Suite 600

Raleigh, NC 27604

919-872-4924

Stock Exchange

NYSE Trading Symbol: HIW

Investor Relations Contact

Tabitha Zane

Vice President, Investor Relations

Phone: 919-431-1529

Fax: 919-876-6929

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 Investor Relations Coordinator at:

Phone: 919-431-1521

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 real estate investment trust

("REIT") that provides leasing, management, development, construction and other customer-related services for its properties and for third parties. As of September 30, 2005, the Company owned or had an interest in 454 in-service office, industrial and retail properties encompassing approximately 37.1 million square feet. Highwoods also owns 988 acres of development land. Highwoods is based in Raleigh, North Carolina, and its properties and development land are located in Florida, Georgia, Iowa, Kansas, Maryland, Missouri, North Carolina, South Carolina, Tennessee and Virginia. For more information about Highwoods Properties, please visit our Web site at www.highwoods.com.



Capitalization

Dollars, shares, and units in thousands

	09/30/05	06/30/05	03/31/05	12/31/04	09/30/04
Long-Term Debt (see page 9 & 10):	\$1,440,784	\$1,558,999	\$1,582,010	\$1,572,169	\$1,600,627
Eastshore Debt 1/	—	19,800	—	—	—
Total debt per the balance sheet	1,440,784	1,578,799	1,582,010	1,572,169	1,600,627
Finance Obligations:	\$ 34,746	\$ 43,168	\$ 63,096	\$ 65,309	\$ 64,754
Preferred Stock (at redemption value):					
Series A 8 ⁵ / 8 % Perpetual Preferred Stock	\$ 104,945	\$ 104,945	\$ 104,945	\$ 104,945	\$ 104,945
Series B 8% Perpetual Preferred Stock	142,500	172,500	172,500	172,500	172,500
Series D 8% Perpetual Preferred Stock	—	100,000	100,000	100,000	100,000
Total preferred stock	\$ 247,445	\$ 377,445	\$ 377,445	\$ 377,445	\$ 377,445
Shares and Units Outstanding:					
Common stock outstanding	54,030	54,037	54,053	53,813	53,713
Minority interest partnership units	5,493	5,668	5,828	6,102	6,128
Total shares and units outstanding	59,523	59,705	59,881	59,915	59,841
Stock price at period end	\$ 29.51	\$ 29.76	\$ 26.82	\$ 27.70	\$ 24.61
Market value of common equity	\$1,756,524	\$1,776,821	\$1,606,008	\$1,659,646	\$1,472,687
Total market capitalization with debt and obligations 3/	\$3,479,499	\$3,756,433	\$3,628,559	\$3,674,569	\$3,515,513

1/ This debt is the 100% obligation of an entity that Highwoods has no ownership interest in but has been consolidated according to GAAP. These properties are no longer consolidated as of 9/30/05.

See pages 24 to 26 for information regarding Highwoods' Joint Ventures

Long-Term Debt Summary

Dollars in thousands

	09/30/05	06/30/05	03/31/05	12/31/04	09/30/04
Balances Outstanding:					
Secured:					
Conventional fixed rate 1/	\$ 676,558	\$ 709,595	\$ 754,226	\$ 755,596	\$ 768,324
Variable rate debt 2/	46,226	84,404	67,784	66,573	50,803
Secured total	\$ 722,784	\$ 793,999	\$ 822,010	\$ 822,169	\$ 819,127
Unsecured:					
Fixed rate bonds and notes	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000	\$ 460,000
Variable rate debt	100,000	120,000	120,000	120,000	120,000
Credit facility	158,000	185,000	180,000	170,000	201,500
Unsecured total	\$ 718,000	\$ 765,000	\$ 760,000	\$ 750,000	\$ 781,500
Total	\$1,440,784	\$1,558,999	\$1,582,010	\$1,572,169	\$1,600,627
Average Interest Rates:					
Secured:					
Conventional fixed rate	7.0%	7.1%	7.1%	7.2%	7.2%
Variable rate debt	5.0%	4.9%	4.7%	4.2%	3.7%
Secured total	6.9%	6.8%	6.9%	6.9%	6.9%
Unsecured:					
Fixed rate bonds	7.4%	7.4%	7.4%	7.4%	7.4%
Variable rate debt	5.4%	4.7%	3.5%	3.5%	3.0%
Credit facility	4.9%	4.3%	3.4%	3.4%	2.2%
Unsecured total	6.5%	6.2%	6.0%	5.9%	5.4%
Average	6.7%	6.5%	6.5%	6.4%	6.2%

Maturity Schedule:

Year	Future Maturities of Debt		Total Debt 3/	Average Interest Rate
	Secured Debt 3/	Unsecured Debt		
2005	\$ —	\$ 100,000	\$ 100,000	5.4%
2006 4/	2,102	268,000	270,102	5.8%
2007	115,539	—	115,539	6.9%
2008	—	100,000	100,000	7.1%
2009	168,273	50,000	218,273	7.9%
2010	135,941	—	135,941	7.8%
2011	—	—	—	—
2012	22,800	—	22,800	6.1%
2013	272,867	—	272,867	5.9%
2014	—	—	—	—
Thereafter	5,262	200,000	205,262	7.5%
Total maturities	\$ 722,784	\$ 718,000	\$1,440,784	6.7%

Weighted average maturity = 5.1 years

1/ Includes a \$22.8 million loan related to a consolidated 20% owned joint venture property (Harborview).

2/ Includes the construction loan related to a consolidated 50% owned joint venture property (Vinings).

3/ Excludes annual principal amortization

4/ The \$268.0 million of unsecured debt maturities includes \$158.0 million related to the credit facility which matures in 2006.

Long-Term Debt Detail

Dollars in thousands

Secured Loans

<u>Lender</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Loan Balance 09/30/05</u>
Monumental Life Ins. Co.	7.8%	Nov-09	\$ 160,442
Northwestern Mutual	6.0%	Mar-13	140,405
Northwestern Mutual	7.8%	Nov-10	135,941
Massachusetts Mutual Life Ins. Co. 1/	5.7%	Dec-13	125,970
Northwestern Mutual	8.2%	Feb-07	63,872
PNC/Am South/Southtrust 2/	5.1%	Oct-07	38,271
Metropolitan Life Ins. Co. 3/	6.1%	Oct-12	22,800
PFL Life Ins. Co. 4/	8.1%	Jun-07	5,441
Massachusetts Mutual Life Ins. Co. 1/	6.5%	Dec-13	5,500
Ohio National	8.0%	Nov-17	5,262
Lutheran Brotherhood	6.8%	Apr-09	3,945
PFL Life Ins. Co. 4/ 5/	6.2%	Jun-07	3,544
USG Annuity	7.7%	Feb-06	2,102
Security Life of Denver	8.9%	Aug-09	2,023
Southland Life Ins. Co.	8.8%	Aug-09	1,864
American United Life	9.0%	Jun-13	991
Central Carolina Bank 3/ 6/	3.8%	Jan-08	4,411
	6.9%		\$ 722,784

Unsecured Bonds

Bonds	7.0%	Dec-06	\$ 110,000
Bonds	7.1%	Feb-08	100,000
Bonds	8.1%	Jan-09	50,000
Bonds	7.5%	Apr-18	200,000
	7.4%		\$ 460,000

Unsecured Loans

Term Loan 2/	5.4%	Nov-05	\$ 100,000
Line of Credit 2/	4.9%	Jul-06	158,000
	5.1%		\$ 258,000
Total Debt	6.7%		\$1,440,784

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

2/ Floating rate loan based on one month libor.

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

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

5/ Floating rate loan based on ninety day libor.

6/ Loan relates to a consolidated 50% owned joint venture property (Vinings).

Portfolio Summary - Wholly-Owned Properties Only 1/

(Rentable Square Feet)

	09/30/05	06/30/05	03/31/05	12/31/04	09/30/04
Office Industrial & Retail In-Service:					
Office 2/	21,432,000	23,849,000	24,254,000	24,628,000	25,151,000
Industrial	6,977,000	6,623,000	6,991,000	7,829,000	7,992,000
Retail 3/	1,417,000	1,417,000	1,409,000	1,409,000	1,410,000
Total	29,826,000	31,889,000	32,654,000	33,866,000	34,553,000
Development Completed - Not Stabilized:					
Office 2/	—	—	—	—	—
Industrial	—	353,000	353,000	353,000	353,000
Retail	9,600	9,600	—	—	—
Total	9,600	362,600	353,000	353,000	353,000
Development - In Process:					
Office 2/	780,000	710,000	358,000	358,000	333,000
Industrial	—	—	—	—	—
Retail	—	—	9,600	9,600	—
Total	780,000	710,000	367,600	367,600	333,000
Total:					
Office 2/	22,212,000	24,559,000	24,612,000	24,986,000	25,484,000
Industrial	6,977,000	6,976,000	7,344,000	8,182,000	8,345,000
Retail 3/	1,426,600	1,426,600	1,418,600	1,418,600	1,410,000
Total	30,615,600	32,961,600	33,374,600	34,586,600	35,239,000
Same Property					
Office 2/	21,092,000	21,092,000	21,092,000	21,092,000	21,092,000
Industrial	6,623,000	6,623,000	6,623,000	6,623,000	6,623,000
Retail	1,417,000	1,417,000	1,417,000	1,417,000	1,417,000
Total	29,132,000	29,132,000	29,132,000	29,132,000	29,132,000
Percent Leased/Pre-Leased:					
In-Service:					
Office	85.0%	83.5%	82.3%	82.7%	80.9%
Industrial	86.2%	83.8%	86.8%	90.2%	88.4%
Retail	96.4%	96.0%	95.5%	97.3%	94.5%
Total	85.8%	84.1%	83.8%	85.0%	83.2%
Development Completed - Not Stabilized:					
Office	—	—	—	—	—
Industrial	—	100.0%	100.0%	100.0%	100.0%
Retail	87.0%	87.0%	—	—	—
Total	87.0%	100.0%	100.0%	100.0%	100.0%
Development - In Process:					
Office	57.1%	60.8%	100.0%	100.0%	100.0%
Industrial	—	—	—	—	0.0%
Retail	—	—	66.0%	44.0%	—
Total	57.1%	61.1%	99.1%	98.5%	100.0%
Same Property					
Office	85.1%	84.6%	84.5%	84.6%	82.3%
Industrial	86.1%	83.8%	86.2%	88.7%	87.1%

Retail	96.4%	96.0%	95.1%	96.8%	94.1%
Total	85.8%	85.0%	85.4%	86.1%	83.9%

-
- 1/ Excludes properties recorded on our Balance Sheet that were sold but accounted for as Financings or Profit Sharing arrangements under FAS 66
- 2/ Substantially all of our Office properties are located in suburban markets
- 3/ Excludes 430,000 square feet of basement space in the Country Club Plaza and other Kansas City retail properties

Portfolio Summary
(Continued)

As of 9/30/2005

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

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Revenue 2/			
			Office	Industrial	Retail	Total
Raleigh 3/	4,358,000	85.5%	16.1%	0.2%	—	16.3%
Atlanta	6,818,000	83.3%	12.3%	3.8%	—	16.1%
Kansas City	2,316,000 ^{4/}	91.7%	4.3%	—	9.5%	13.8%
Nashville	2,874,000	95.6%	13.0%	—	—	13.0%
Tampa	2,851,000	76.7%	11.5%	—	—	11.5%
Piedmont Triad 5/	5,589,000	89.1%	7.0%	3.6%	—	10.6%
Richmond	1,955,000	93.1%	8.3%	—	—	8.3%
Memphis	1,216,000	83.8%	4.8%	—	—	4.8%
Greenville	1,105,000	71.2%	2.7%	0.1%	—	2.8%
Columbia	426,000	62.1%	1.2%	—	—	1.2%
Orlando	218,000	100.0%	1.2%	—	—	1.2%
Other	100,000	56.3%	0.4%	—	—	0.4%
Total	29,826,000	85.8%	82.8%	7.7%	9.5%	100.0%

Summary by Location, Including Joint Venture Properties:

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Revenue 2/ 6/			
			Office	Industrial	Retail	Multi-Family
Piedmont Triad	5,953,000	89.7%	6.6%	3.2%	—	—
Atlanta	7,653,000	84.3%	12.3%	3.3%	—	—
Raleigh	4,813,000	86.8%	14.8%	0.1%	—	—
Tampa	3,056,000	78.3%	10.4%	—	—	—
Kansas City	3,029,000 ^{4/}	89.7%	4.8%	0.0%	8.4%	—
Richmond	2,368,000	94.3%	8.0%	—	—	—
Nashville	2,874,000	95.6%	11.6%	—	—	—
Orlando	1,903,000	92.6%	4.1%	—	—	—
Des Moines	2,324,000	90.8%	3.3%	0.4%	0.1%	0.4%
Greenville	1,105,000	71.2%	2.4%	0.1%	—	—
Memphis	1,216,000	83.8%	4.2%	—	—	—
Columbia	426,000	62.0%	1.0%	—	—	—
Other	210,000	79.2%	0.4%	—	—	—
Charlotte	148,000	100.0%	0.1%	0.0%	—	—
Total	37,078,000	87.2%	84.0%	7.1%	8.5%	0.4%

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

2/ Annualized Revenue is September, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

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

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

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

6/ Includes Highwoods' share of Joint Venture Annualized Rental Revenue, see page 24

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

As of 9/30/2005

Market	Office Properties			Industrial		
	Rentable Square Feet	Occupancy	Percentage of Office Annualized Revenue 2/	Rentable Square Feet	Occupancy	Percentage of Industrial Annualized Revenue 2/
Raleigh	4,257,000	85.9%	19.6%	101,000	68.9%	2.0%
Nashville	2,874,000	95.6%	15.7%	—	—	—
Atlanta	3,492,000	80.5%	14.9%	3,326,000	86.1%	49.3%
Tampa	2,851,000	76.7%	13.9%	—	—	—
Richmond	1,955,000	93.1%	10.1%	—	—	—
Piedmont Triad	2,146,000	90.1%	8.4%	3,443,000	88.4%	47.5%
Memphis	1,216,000	83.8%	5.8%	—	—	—
Kansas City	895,000	84.2%	5.2%	4,000	100.0%	0.1%
Greenville	1,002,000	75.5%	3.2%	103,000	28.9%	1.1%
Columbia	426,000	62.1%	1.4%	—	—	—
Orlando	218,000	100.0%	1.4%	—	—	—
Other	100,000	56.3%	0.4%	—	—	—
	<u>21,432,000</u>	<u>85.0%</u>	<u>100.0%</u>	<u>6,977,000</u>	<u>86.2%</u>	<u>100.0%</u>
Retail						
Market	Rentable Square Feet	Occupancy	Percentage of Retail Annualized Revenue 2/			
Kansas City 3/	1,417,000	96.4%	100.0%			
	<u>1,417,000</u>	<u>96.4%</u>	<u>100.0%</u>			

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

2/ Annualized Revenue is September, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

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

Occupancy Trends - Office, Industrial and Retail Properties 1/

Market	Measurement	09/30/05	06/30/05	03/31/05	12/31/04	09/30/04
Atlanta	Rentable Square Feet	6,818,000	6,465,000	6,826,000	6,825,000	6,825,000
	Occupancy	83.3%	81.9%	83.0%	83.7%	81.3%
	Current Properties 2/3/	83.0%	81.9%	82.3%	83.3%	80.9%
Charlotte	Rentable Square Feet	—	1,492,000	1,492,000	1,492,000	1,655,000
	Occupancy	—	66.9%	67.7%	72.9%	74.6%
	Current Properties 2/	—	—	—	—	—
Columbia	Rentable Square Feet	426,000	426,000	426,000	426,000	426,000
	Occupancy	62.0%	61.6%	59.9%	60.4%	57.5%
	Current Properties 2/	62.0%	61.6%	59.9%	60.4%	57.5%
Greenville	Rentable Square Feet	1,105,000	1,105,000	1,127,000	1,127,000	1,319,000
	Occupancy	71.2%	75.5%	81.1%	80.5%	79.4%
	Current Properties 2/	71.2%	75.5%	82.7%	82.1%	80.0%
Kansas City 4/	Rentable Square Feet	2,315,000	2,315,000	2,308,000	2,308,000	2,308,000
	Occupancy	91.7%	91.4%	91.6%	94.1%	92.4%
	Current Properties 2/	91.7%	91.4%	91.3%	93.8%	92.1%
Memphis	Rentable Square Feet	1,216,000	1,216,000	1,216,000	1,216,000	1,216,000
	Occupancy	83.8%	82.3%	80.6%	83.2%	82.1%
	Current Properties 2/	83.8%	82.3%	80.6%	83.2%	82.1%
Nashville	Rentable Square Feet	2,874,000	2,873,000	2,870,000	2,870,000	2,870,000
	Occupancy	95.6%	95.1%	92.8%	93.3%	93.4%
	Current Properties 2/	95.6%	95.0%	92.7%	93.2%	93.3%
Orlando	Rentable Square Feet	218,000	218,000	222,000	222,000	387,000
	Occupancy	100.0%	96.8%	97.7%	93.2%	94.4%
	Current Properties 2/	100.0%	96.8%	99.5%	94.9%	94.9%
Piedmont Triad	Rentable Square Feet	5,589,000	5,593,000	5,722,000	6,652,000	6,652,000
	Occupancy	89.1%	88.3%	90.4%	92.5%	91.9%
	Current Properties 2/	89.1%	88.4%	91.0%	91.9%	91.2%
Raleigh	Rentable Square Feet	4,358,000	4,432,000	4,432,000	4,597,000	4,739,000
	Occupancy	85.5%	83.8%	83.3%	83.8%	81.1%
	Current Properties 2/	85.5%	83.8%	83.2%	83.2%	80.1%
Richmond	Rentable Square Feet	1,955,000	1,841,000	1,836,000	1,835,000	1,835,000
	Occupancy	93.1%	93.2%	95.1%	94.1%	92.0%
	Current Properties 2/3/	92.7%	93.2%	94.8%	93.7%	91.7%
Tampa	Rentable Square Feet	2,851,000	3,813,000	4,077,000	4,196,000	4,221,000
	Occupancy	76.7%	77.2%	70.5%	71.0%	66.1%
	Current Properties 2/	76.7%	73.3%	71.1%	72.4%	65.5%
Total 5/		29,725,000	31,789,000	32,554,000	33,766,000	34,453,000
	Rentable Square Feet					
	Occupancy	85.8%	84.1%	83.8%	85.0%	83.2%
	Current Properties 2/3/	85.8%	84.8%	85.2%	85.9%	83.7%

- 1/ Excludes properties recorded on our Balance Sheet that were sold but accounted for as Financings or Profit Sharing arrangements under FAS 66
- 2/ Only properties that were owned and in-service on September 30, 2005 are included for each quarter shown.
- 3/ Excludes properties placed in service in Q3 05
- 4/ Excludes 430,000 square feet of basement space in the Country Club Plaza and other Kansas City retail properties
- 5/ Excludes a 100,000 square foot building located in South Florida

Leasing Statistics
Office Portfolio 1/

	Three Months Ended					
	9/30/05 2/	6/30/05 3/	3/31/05 4/	12/31/04 5/	9/30/04 6/	Average
Net Effective Rents Related to Re-Leased Space:						
Number of lease transactions (signed leases)	180	223	188	206	219	203
Rentable square footage leased	1,069,468	1,155,513	1,235,718	1,101,291	1,368,577	1,186,113
Square footage of Renewal Deals	826,512	785,827	677,799	726,959	703,003	744,020
Renewed square footage (% of total)	77.3%	68.0%	54.9%	66.0%	51.4%	62.7%
New Leases square footage (% of total)	22.7%	32.0%	45.1%	34.0%	48.6%	37.3%
Average per rentable square foot over the lease term:						
Base rent	\$ 17.71	\$ 17.31	\$ 16.20	\$ 17.40	\$ 16.68	\$ 17.06
Tenant improvements	(1.10)	(1.45)	(0.94)	(1.51)	(1.27)	(1.25)
Leasing commissions 7/	(0.57)	(0.60)	(0.66)	(0.62)	(0.64)	(0.62)
Rent concessions	(0.27)	(0.31)	(0.41)	(0.31)	(0.37)	(0.33)
Effective rent	15.77	14.95	14.19	14.96	14.40	14.86
Expense stop	(4.85)	(5.33)	(4.46)	(5.61)	(5.32)	(5.11)
Equivalent effective net rent	\$ 10.92	\$ 9.62	\$ 9.73	\$ 9.35	\$ 9.08	\$ 9.75
Average term in years	3.8	4.1	5.7	5.0	3.7	4.4
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$5,996,413	\$ 8,869,553	\$5,644,830	\$ 9,208,835	\$ 9,455,102	\$ 7,834,947
Rentable square feet	1,069,468	1,155,513	1,235,718	1,101,291	1,368,577	1,186,113
Per rentable square foot	\$ 5.61	\$ 7.68	\$ 4.57	\$ 8.36	\$ 6.91	\$ 6.61
Leasing Commissions:						
Total dollars committed under signed leases 7/	\$2,398,139	\$ 2,629,936	\$4,109,601	\$ 2,806,566	\$ 2,969,620	\$ 2,982,772
Rentable square feet	1,069,468	1,155,513	1,235,718	1,101,291	1,368,577	1,186,113
Per rentable square foot	\$ 2.24	\$ 2.28	\$ 3.33	\$ 2.55	\$ 2.17	\$ 2.51
Total:						
Total dollars committed under signed leases	\$8,394,553	\$11,499,489	\$9,754,430	\$12,015,400	\$12,424,721	\$10,817,719
Rentable square feet	1,069,468	1,155,513	1,235,718	1,101,291	1,368,577	1,186,113
Per rentable square foot	\$ 7.85	\$ 9.95	\$ 7.89	\$ 10.91	\$ 9.08	\$ 9.12

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

2/ Includes 115K square feet of leases that start in 2007 or later

3/ Includes 68K square feet of leases that start in 2007 or later

4/ Includes 89K square feet of leases that start in 2007 or later

5/ Includes 111K square feet of leases that start in 2007 or later

6/ Includes 128K square feet of leases that start in 2006 or later

7/ Excludes a full allocation of internal marketing cost

Leasing Statistics
Industrial Portfolio

Three Months Ended

	9/30/05 1/	6/30/05 2/	3/31/05	12/31/04	9/30/04 3/	Average
Net Effective Rents Related to Re-Leased Space:						
Number of lease transactions (signed leases)	32	30	15	36	34	29
Rentable square footage leased	498,819	359,342	599,048	1,216,644	285,706	591,912
Square footage of Renewal Deals	349,405	224,203	579,069	875,445	246,797	454,984
Renewed square footage (% of total)	70.0%	62.4%	96.7%	72.0%	86.4%	76.9%
New Leases square footage (% of total)	30.0%	37.6%	3.3%	28.0%	13.6%	23.1%
Average per rentable square foot over the lease term:						
Base rent	\$ 4.19	\$ 5.16	\$ 3.39	\$ 3.49	\$ 4.73	\$ 4.19
Tenant improvements	(0.45)	(0.51)	(0.16)	(0.13)	(0.33)	(0.32)
Leasing commissions 4/	(0.06)	(0.12)	(0.06)	(0.06)	(0.07)	(0.07)
Rent concessions	(0.02)	(0.16)	(0.01)	(0.03)	(0.05)	(0.05)
Effective rent	3.66	4.37	3.16	3.27	4.28	3.75
Expense stop	(0.38)	(0.31)	(0.08)	(0.09)	(0.54)	(0.28)
Equivalent effective net rent	\$ 3.28	\$ 4.06	\$ 3.08	\$ 3.18	\$ 3.74	\$ 3.47
Average term in years	4.1	3.7	1.3	2.0	2.6	2.7
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$1,256,241	\$ 917,527	\$361,044	\$ 756,077	\$307,534	\$719,684
Rentable square feet	498,819	359,342	599,048	1,216,644	285,706	591,912
Per rentable square foot	\$ 2.52	\$ 2.55	\$ 0.60	\$ 0.62	\$ 1.08	\$ 1.22
Leasing Commissions:						
Total dollars committed under signed leases 4/	\$ 185,669	\$ 172,719	\$ 63,473	\$ 226,000	\$ 64,714	\$142,515
Rentable square feet	498,819	359,342	599,048	1,216,644	285,706	591,912
Per rentable square foot	\$ 0.37	\$ 0.48	\$ 0.11	\$ 0.19	\$ 0.23	\$ 0.24
Total:						
Total dollars committed under signed leases	\$1,441,910	\$1,090,245	\$424,517	\$ 982,077	\$372,247	\$862,199
Rentable square feet	498,819	359,342	599,048	1,216,644	285,706	591,912
Per rentable square foot	\$ 2.89	\$ 3.03	\$ 0.71	\$ 0.81	\$ 1.30	\$ 1.46

1/ Includes 113K square feet of leases that start in 2007 or later

2/ Includes 4K square feet of leases that start in 2007 or later

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

4/ Excludes a full allocation of internal marketing cost

Leasing Statistics

Retail Portfolio

	Three Months Ended					
	9/30/05	6/30/05 1/	3/31/05	12/31/04	9/30/04 2/	Average
Net Effective Rents Related to Re-Leased Space:						
Number of lease transactions (signed leases)	7	10	4	23	18	12
Rentable square footage leased	10,721	39,723	10,993	106,629	34,300	40,473
Square footage of Renewal Deals	6,502	36,118	1,750	78,579	15,530	27,696
Renewed square footage (% of total)	60.6%	90.9%	15.9%	73.7%	45.3%	68.4%
New Leases square footage (% of total)	39.4%	9.1%	84.1%	26.3%	54.7%	31.6%
Average per rentable square foot over the lease term:						
Base rent	\$ 17.61	\$ 21.49	\$ 26.09	\$ 17.03	\$ 26.45	\$ 21.73
Tenant improvements	(1.21)	(1.64)	(2.65)	(1.73)	(1.84)	(1.81)
Leasing commissions 3/	(1.11)	(0.40)	(0.88)	(0.26)	(0.56)	(0.64)
Rent concessions	(0.08)	0.00	0.00	0.00	(0.04)	(0.02)
Effective rent	15.21	19.45	22.56	15.04	24.01	19.26
Expense stop	0.00	0.00	0.00	0.00	0.00	0.00
Equivalent effective net rent	\$ 15.21	\$ 19.45	\$ 22.56	\$ 15.04	\$ 24.01	\$ 19.26
Average term in years	4.3	8.7	9.3	8.3	5.7	7.3
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$62,187	\$695,152	\$308,098	\$2,137,327	\$403,309	\$721,215
Rentable square feet	10,721	39,723	10,993	106,629	34,300	40,473
Per rentable square foot	\$ 5.80	\$ 17.50	\$ 28.03	\$ 20.04	\$ 11.76	\$ 17.82
Leasing Commissions:						
Total dollars committed under signed leases 3/	\$12,026	\$ 43,041	\$ 3,778	\$ 220,528	\$ 86,458	\$ 73,166
Rentable square feet	10,721	39,723	10,993	106,629	34,300	40,473
Per rentable square foot	\$ 1.12	\$ 1.08	\$ 0.34	\$ 2.07	\$ 2.52	\$ 1.81
Total:						
Total dollars committed under signed leases	\$74,213	\$738,193	\$311,876	\$2,357,855	\$489,767	\$794,381
Rentable square feet	10,721	39,723	10,993	106,629	34,300	40,473
Per rentable square foot	\$ 6.92	\$ 18.58	\$ 28.37	\$ 22.11	\$ 14.28	\$ 19.63

1/ Includes 16K square feet of leases that start in 2007 or later

2/ Includes 6K square feet of leases that start in 2006 or later

3/ Excludes a full allocation of internal marketing cost

Leasing Statistics by Market

For the Three Months ended September 30, 2005

Office Portfolio 1/

Market	Rentable Square Feet	Average	GAAP	TI's	Lease
	Leased	Term	Rental Rate	Per SF	Commissions Per SF 2/
Atlanta	302,736	2.3	\$16.50	\$ 2.55	\$ 0.48
Raleigh	202,649	4.4	17.72	5.68	2.31
Piedmont Triad	168,941	3.7	15.58	2.43	2.50
Tampa	118,982	5.1	16.83	13.33	4.41
Memphis	93,278	3.0	19.15	6.45	0.73
Richmond	62,313	4.8	20.12	8.91	2.46
Nashville	45,811	3.9	19.77	3.56	1.83
Kansas City	38,763	5.9	24.86	7.44	4.97
Greenville	28,606	6.0	14.35	15.40	6.57
Columbia	7,389	4.6	15.00	3.88	2.36
	1,069,468	3.8	\$17.44	\$ 5.61	\$ 2.24

Industrial Portfolio

Market	Rentable Square Feet	Average	GAAP	TI's	Lease
	Leased	Term	Rental Rate	Per SF	Commissions Per SF 2/
Atlanta	293,881	5.6	\$ 3.85	\$ 3.29	0.49
Piedmont Triad	193,233	1.9	4.54	1.40	\$ 0.14
Raleigh	11,705	2.5	5.96	1.74	0.38
	498,819	4.1	\$ 4.17	\$ 2.52	\$ 0.37

Retail Portfolio

Market	Rentable Square Feet	Average	GAAP	TI's	Lease
	Leased	Term	Rental Rate	Per SF	Commissions Per SF
Kansas City	10,721	4.3	\$17.53	\$ 5.80	\$ 1.12
	10,721	4.3	\$17.53	\$ 5.80	\$ 1.12

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

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

Rental Rate Comparisons by Market

For the Three Months ended September 30, 2005

Office Portfolio 1/

Market	Rentable Square Feet	Current	Previous	Percentage
	Leased	Rent	Rent	Change Rent
Atlanta	302,736	\$16.50	\$17.67	-6.6%
Raleigh	202,649	17.72	19.73	-10.2%
Piedmont Triad	168,941	15.58	14.99	3.9%
Tampa	118,982	16.83	16.80	0.2%
Memphis	93,278	19.15	19.44	-1.5%
Richmond	62,313	20.12	20.07	0.2%
Nashville	45,811	19.77	18.94	4.4%
Kansas City	38,763	24.86	21.91	13.5%
Greenville	28,606	14.35	12.43	15.5%
Columbia	7,389	15.00	16.79	-10.7%
GAAP Rent Growth	1,069,468	\$17.44	\$17.90	-2.6%
Cash Rent Growth	1,069,468	\$17.25	\$18.50	-6.8%

Industrial Portfolio

Market	Rentable Square Feet	Current	Previous	Percentage
	Leased	Rent	Rent	Change Rent
Atlanta	293,881	\$ 3.85	\$ 3.57	7.8%
Piedmont Triad	193,233	4.54	5.15	-11.8%
Raleigh	11,705	5.96	8.74	-31.8%
GAAP Rent Growth	498,819	\$ 4.17	\$ 4.29	-2.7%
Cash Rent Growth	498,819	\$ 4.12	\$ 4.58	-10.0%

Retail Portfolio

Market	Rentable Square Feet	Current	Previous	Percentage
	Leased	Rent	Rent	Change Rent
Kansas City	10,721	\$17.53	\$16.06	9.2%
GAAP Rent Growth	10,721	\$17.53	\$16.06	9.2%
Cash Rent Growth	10,721	\$21.18	\$21.05	0.6%

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

Lease Expirations
September 30, 2005

Dollars in thousands

<u>Year</u>	<u>Rentable Square Feet Expiring</u>	<u>Percent of Rentable Square Feet</u>	<u>Annualized Revenue 1/</u>	<u>Average Rental Rate</u>	<u>Percent of Annualized Revenue 1/</u>
Office: 2/					
2005 3/	794,863	4.4%	\$ 15,763	\$19.83	4.9%
2006	2,752,158	15.1%	50,805	18.46	15.7%
2007	1,852,512	10.2%	32,470	17.53	10.0%
2008	2,970,923	16.3%	49,464	16.65	15.3%
2009	2,539,491	13.9%	46,212	18.20	14.3%
2010	2,257,033	12.4%	40,847	18.10	12.6%
2011	1,693,399	9.3%	31,968	18.88	9.9%
2012	963,090	5.3%	18,779	19.50	5.8%
2013	513,992	2.8%	9,288	18.07	2.9%
2014	419,428	2.3%	8,249	19.67	2.5%
2015 and thereafter	1,466,224	8.0%	19,776	13.49	6.1%
	18,223,113	100.0%	\$323,621	\$17.76	100.0%
Industrial:					
2005 4/	728,643	12.1%	\$ 3,609	\$ 4.95	12.1%
2006	1,430,255	23.8%	6,248	4.37	20.8%
2007	1,059,493	17.6%	6,245	5.89	20.9%
2008	774,959	12.9%	3,578	4.62	12.0%
2009	682,606	11.4%	4,072	5.97	13.6%
2010	418,362	7.0%	2,037	4.87	6.8%
2011	174,401	2.9%	788	4.52	2.6%
2012	198,536	3.3%	975	4.91	3.3%
2013	102,384	1.7%	637	6.22	2.1%
2014	206,731	3.4%	835	4.04	2.8%
2015 and thereafter	235,432	3.9%	894	3.80	3.0%
	6,011,802	100.0%	\$ 29,918	\$ 4.98	100.0%

1/ Annualized Revenue is September, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

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

3/ Includes 208,000 square feet of leases that are on a month to month basis or 0.9% of total annualized revenue

4/ Includes 143,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue

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

Lease Expirations

September 30, 2005

(Continued)

Dollars in thousands

Year	Rentable Square Feet Expiring	Percent of Rentable Square Feet	Annualized Revenue 1/	Average Rental Rate	Percent of Annualized Revenue 1/
Retail:					
2005 2/	4,243	0.3%	\$ 20	\$ 4.71	0.1%
2006	103,699	7.5%	2,539	24.48	6.8%
2007	85,689	6.2%	2,530	29.53	6.7%
2008	129,441	9.4%	3,650	28.20	9.7%
2009	178,477	13.0%	4,495	25.19	11.9%
2010	100,472	7.3%	3,433	34.17	9.1%
2011	57,974	4.2%	1,807	31.17	4.8%
2012	132,034	9.6%	3,893	29.48	10.4%
2013	109,674	8.0%	2,843	25.92	7.6%
2014	80,159	5.8%	1,453	18.13	3.9%
2015 and thereafter	392,705	28.7%	10,941	27.86	29.0%
	1,374,567	100.0%	\$ 37,604	\$27.36	100.0%
Total:					
2005 3/4/	1,527,749	6.0%	\$ 19,392	\$12.69	5.0%
2006	4,286,112	16.7%	59,592	13.90	15.3%
2007	2,997,694	11.7%	41,245	13.76	10.5%
2008	3,875,323	15.1%	56,692	14.63	14.5%
2009	3,400,574	13.3%	54,779	16.11	14.0%
2010	2,775,867	10.8%	46,317	16.69	11.8%
2011	1,925,774	7.5%	34,563	17.95	8.8%
2012	1,293,660	5.1%	23,647	18.28	6.0%
2013	726,050	2.8%	12,768	17.59	3.3%
2014	706,318	2.8%	10,537	14.92	2.7%
2015 and thereafter	2,094,361	8.2%	31,611	15.09	8.1%
	25,609,482	100.0%	\$391,143	\$15.27	100.0%

1/ Annualized Revenue is September, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

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

3/ Includes 355,000 square feet of leases that are on a month to month basis or 1.0% of total annualized revenue

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

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

Office Lease Expirations by Market by Quarter 1/

Dollars in thousands

		Three Months Ended				Total
		9/30/05 /2	12/31/05	03/31/06	06/30/06	
Atlanta	RSF	163,640	145,050		171,081	
	% of Total Office RSF			57,301		537,072
	Annualized Revenue 3/	\$ 0.9%	\$ 0.8%	\$ 0.3%	\$ 0.9%	\$ 2.9%
	% of Total Office Annl Rev	3,554	1,911	887	2,752	9,104
		1.1%	0.6%	0.3%	0.9%	2.8%
Columbia	RSF					
	% of Total Office RSF	21,397	1,077	0	17,391	39,865
	Annualized Revenue 3/	\$ 0.1%	\$ 0.0%	\$ 0.0%	\$ 0.1%	\$ 0.2%
	% of Total Office Annl Rev	503	18	—	369	890
		0.2%	0.0%	0.0%	0.1%	0.3%
Greenville	RSF			119,623		
	% of Total Office RSF	1,160	29,998		10,699	161,480
	Annualized Revenue 3/	\$ 0.0%	\$ 0.2%	\$ 0.7%	\$ 0.1%	\$ 0.9%
	% of Total Office Annl Rev	21	589	2,248	221	3,079
		0.0%	0.2%	0.7%	0.1%	1.0%
Kansas City	RSF					
	% of Total Office RSF	59,074	52,871	18,549	22,735	153,229
	Annualized Revenue 3/	\$ 0.3%	\$ 0.3%	\$ 0.1%	\$ 0.1%	\$ 0.8%
	% of Total Office Annl Rev	1,182	1,134	373	497	3,186
		0.4%	0.4%	0.1%	0.2%	1.0%
Memphis	RSF					
	% of Total Office RSF	10,404	41,602	25,086	16,128	93,220
	Annualized Revenue 3/	\$ 0.1%	\$ 0.2%	\$ 0.1%	\$ 0.1%	\$ 0.5%
	% of Total Office Annl Rev	185	826	430	312	1,753
		0.1%	0.3%	0.1%	0.1%	0.5%
Nashville	RSF	128,259	155,870			
	% of Total Office RSF			50,911	65,882	400,922
	Annualized Revenue 3/	\$ 0.7%	\$ 0.9%	\$ 0.3%	\$ 0.4%	\$ 2.2%
	% of Total Office Annl Rev	2,558	3,063	1,061	1,400	8,082
		0.8%	0.9%	0.3%	0.4%	2.5%
Orlando	RSF					
	% of Total Office RSF	0	0	0	0	0
	Annualized Revenue 3/	\$ 0.0%	\$ 0.0%	\$ 0.0%	\$ 0.0%	\$ 0.0%
	% of Total Office Annl Rev	—	—	—	—	—
		0.0%	0.0%	0.0%	0.0%	0.0%
Piedmont Triad	RSF					
	% of Total Office RSF	95,109	80,856	58,389	57,095	291,449
	Annualized Revenue 3/	\$ 0.5%	\$ 0.4%	\$ 0.3%	\$ 0.3%	\$ 1.6%
	% of Total Office Annl Rev	1,380	1,412	1,043	1,002	4,837
		0.4%	0.4%	0.3%	0.3%	1.5%
Raleigh	RSF	167,299	220,681		259,236	
	% of Total Office RSF			81,902		729,118
	Annualized Revenue 3/	\$ 0.9%	\$ 1.2%	\$ 0.4%	\$ 1.4%	\$ 4.0%
	% of Total Office Annl Rev	3,448	4,360	1,726	3,261	12,795
		1.1%	1.3%	0.5%	1.0%	4.0%
Richmond	RSF					
	% of Total Office RSF	80,848	85,774	22,510	39,673	228,805
	Annualized Revenue 3/	\$ 0.4%	\$ 0.5%	\$ 0.1%	\$ 0.2%	\$ 1.3%
	% of Total Office Annl Rev	1,205	1,450	410	1,002	4,067
		0.4%	0.4%	0.1%	0.3%	1.3%
Tampa	RSF	68,567	53,068	76,033	8,978	206,646
	% of Total Office RSF	0.4%	0.3%	0.4%	0.0%	1.1%
	Annualized Revenue 3/	\$ 1,740	\$ 1,093	\$ 1,516	\$ 179	\$ 4,528

	% of Total Office Annl Rev	0.5%	0.3%	0.5%	0.1%	1.4%
Other	RSF					
	% of Total Office RSF	1,095	0	0	0	1,095
	Annualized Revenue 3/	\$ 0.0%	\$ 0.0%	\$ 0.0%	\$ 0.0%	\$ 0.0%
	% of Total Office Annl Rev	5	—	—	—	5
		0.0%	0.0%	0.0%	0.0%	0.0%
Total	RSF	796,852	866,847	510,304	668,898	2,842,901
	% of Total Office RSF					
	Annualized Revenue 3/	\$ 4.3%	\$ 4.8%	\$ 2.8%	\$ 3.7%	\$ 15.6%
	% of Total Office Annl Rev	15,781	15,856	9,694	10,995	52,326
		4.9%	4.9%	3.0%	3.4%	16.2%

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

2/ Includes 208,000 square feet of leases that are on a month to month basis or 0.9% of total annualized revenue

3/ Annualized Revenue is September, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

Industrial Lease Expirations by Market by Quarter

Dollars in thousands

		Three Months Ended				Total
		9/30/05 /1	12/31/05	03/31/06	06/30/06	
Atlanta	RSF	594,875	122,812			
	% of Total Industrial RSF			34,091	93,720	845,498
	Annualized Revenue 2/	\$ 9.9%	\$ 2.0%	\$ 0.6%	\$ 1.6%	\$ 14.1%
	% of Total Industrial Annl Rev	3,027	656	236	444	4,363
		10.2%	2.2%	0.8%	1.5%	14.6%
Greenville	RSF	0	16,081	0	0	16,081
	% of Total Industrial RSF	\$ 0.0%	\$ 0.3%	\$ 0.0%	\$ 0.0%	\$ 0.3%
	Annualized Revenue 2/	—	206	—	—	206
	% of Total Industrial Annl Rev	0.0%	0.7%	0.0%	0.0%	0.7%
Kansas City	RSF	0	2,018	0	0	2,018
	% of Total Industrial RSF	\$ 0.0%	\$ 0.0%	\$ 0.0%	\$ 0.0%	\$ 0.0%
	Annualized Revenue 2/	—	17	—	—	17
	% of Total Industrial Annl Rev	0.0%	0.1%	0.0%	0.0%	0.1%
Piedmont Triad	RSF	120,608	529,737	225,924	262,102	1,138,371
	% of Total Industrial RSF	\$ 2.0%	\$ 8.8%	\$ 3.8%	\$ 4.4%	\$ 18.9%
	Annualized Revenue 2/	468	1,840	686	1,171	4,165
	% of Total Industrial Annl Rev	1.6%	6.2%	2.3%	3.9%	13.9%
Raleigh	RSF	13,160	9,548	0	0	22,708
	% of Total Industrial RSF	\$ 0.2%	\$ 0.2%	\$ 0.0%	\$ 0.0%	\$ 0.4%
	Annualized Revenue 2/	114	93	—	—	207
	% of Total Industrial Annl Rev	0.4%	0.3%	0.0%	0.0%	0.7%
Total	RSF	728,643	680,196	260,015	355,822	2,024,676
	% of Total Industrial RSF	\$ 12.1%	\$ 11.3%	\$ 4.3%	\$ 5.9%	\$ 33.7%
	Annualized Revenue 2/	3,609	2,812	922	1,615	8,958
	% of Total Industrial Annl Rev	12.1%	9.4%	3.1%	5.4%	30.0%

1/ Includes 143,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue

2/ Annualized Revenue is September, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

Office Lease Expirations by Market by Year 1/

Dollars in thousands

		2005 2/	2006	2007	2008	Thereafter
Atlanta	RSF	161,651				1,397,436
	% of Total Office RSF		414,024	264,823	573,366	
	Annualized Revenue 3/	\$ 0.9%	\$ 2.3%	\$ 1.5%	\$ 3.1%	\$ 7.7%
	% of Total Office Annl Rev	3,536	6,252	3,681	8,850	25,892
		1.1%	1.9%	1.1%	2.7%	8.0%
Columbia	RSF					
	% of Total Office RSF	21,397	61,836	61,766	63,170	56,114
	Annualized Revenue 3/	\$ 0.1%	\$ 0.3%	\$ 0.3%	\$ 0.3%	\$ 0.3%
	% of Total Office Annl Rev	503	1,173	1,048	1,102	700
		0.2%	0.4%	0.3%	0.3%	0.2%
Greenville	RSF					
	% of Total Office RSF	1,160	188,865	16,115	99,410	451,237
	Annualized Revenue 3/	\$ 0.0%	\$ 1.0%	\$ 0.1%	\$ 0.5%	\$ 2.5%
	% of Total Office Annl Rev	21	3,593	302	1,824	4,696
		0.0%	1.1%	0.1%	0.6%	1.5%
Kansas City	RSF					
	% of Total Office RSF	59,074	132,238	94,911	78,678	388,577
	Annualized Revenue 3/	\$ 0.3%	\$ 0.7%	\$ 0.5%	\$ 0.4%	\$ 2.1%
	% of Total Office Annl Rev	1,182	2,806	1,976	1,598	9,386
		0.4%	0.9%	0.6%	0.5%	2.9%
Memphis	RSF					
	% of Total Office RSF	10,404	89,993	109,136	179,883	629,076
	Annualized Revenue 3/	\$ 0.1%	\$ 0.5%	\$ 0.6%	\$ 1.0%	\$ 3.5%
	% of Total Office Annl Rev	185	1,706	2,103	3,571	11,216
		0.1%	0.5%	0.6%	1.1%	3.5%
Nashville	RSF	128,259				1,732,146
	% of Total Office RSF		446,187	203,191	238,629	
	Annualized Revenue 3/	\$ 0.7%	\$ 2.4%	\$ 1.1%	\$ 1.3%	\$ 9.5%
	% of Total Office Annl Rev	2,558	9,009	3,909	4,710	30,718
		0.8%	2.8%	1.2%	1.5%	9.5%
Orlando	RSF					
	% of Total Office RSF	0	6,465	21,694	9,240	180,533
	Annualized Revenue 3/	\$ 0.0%	\$ 0.0%	\$ 0.1%	\$ 0.1%	\$ 1.0%
	% of Total Office Annl Rev	—	175	447	199	3,794
		0.0%	0.1%	0.1%	0.1%	1.2%
Piedmont Triad	RSF					
	% of Total Office RSF	95,109	230,240	196,089	634,579	778,257
	Annualized Revenue 3/	\$ 0.5%	\$ 1.3%	\$ 1.1%	\$ 3.5%	\$ 4.3%
	% of Total Office Annl Rev	1,380	3,994	2,969	7,974	10,907
		0.4%	1.2%	0.9%	2.5%	3.4%
Raleigh	RSF	167,299				1,871,880
	% of Total Office RSF		620,317	414,833	581,236	
	Annualized Revenue 3/	\$ 0.9%	\$ 3.4%	\$ 2.3%	\$ 3.2%	\$ 10.3%
	% of Total Office Annl Rev	3,447	10,317	7,333	9,740	32,127
		1.1%	3.2%	2.3%	3.0%	9.9%
Richmond	RSF					
	% of Total Office RSF	80,848	267,491	282,864	282,651	905,885
	Annualized Revenue 3/	\$ 0.4%	\$ 1.5%	\$ 1.6%	\$ 1.6%	\$ 5.0%
	% of Total Office Annl Rev	1,205	5,094	4,663	5,320	16,319
		0.4%	1.6%	1.4%	1.6%	5.0%
Tampa	RSF	68,567	294,502	173,253	210,632	1,439,746
	% of Total Office RSF	0.4%	1.6%	1.0%	1.2%	%
	Annualized Revenue 3/	\$ 1,740	\$ 6,686	\$ 3,686	\$ 4,021	\$ 7.9
	% of Total Office Annl Rev	0.5%	2.1%	1.1%	1.2%	28,877%

Other	RSF					
	% of Total Office RSF	1,095	0	13,837	19,449	21,770
	Annualized Revenue 3/	\$ 0.0%	\$ 0.0%	\$ 0.1%	\$ 0.1%	\$ 0.1%
	% of Total Office Annl Rev	5	—	355	555	483
		0.0%	0.0%	0.1%	0.2%	0.1%
Total	RSF	794,863	2,752,158	1,852,512	2,970,923	9,852,657
	% of Total Office RSF					
	Annualized Revenue 3/	\$ 4.4%	\$ 15.1%	\$ 10.2%	\$ 16.3%	\$ 54.1%
	% of Total Office Annl Rev	15,762	50,805	32,472	49,464	175,115
		4.9%	15.7%	10.0%	15.3%	54.1%

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

2/ Includes 208,000 square feet of leases that are on a month to month basis or 0.9% of total annualized revenue

3/ Annualized Revenue is September, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

Industrial Lease Expirations by Market by Year

Dollars in thousands

		2005 1/	2006	2007	2008	Thereafter
Atlanta	RSF	594,875			347,988	
	% of Total Industrial RSF		330,863	593,583		997,676
	Annualized Revenue 2/	\$ 9.9%	\$ 5.5%	\$ 9.9%	\$ 5.8%	\$ 16.6%
	% of Total Industrial Annl Rev	3,026	1,911	3,214	1,609	4,994
		10.1%	6.4%	10.7%	5.4%	16.7%
Greenville	RSF					
	% of Total Industrial RSF	0	16,081	0	5,350	8,470
	Annualized Revenue 2/	\$ 0.0%	\$ 0.3%	\$ 0.0%	\$ 0.1%	\$ 0.1%
	% of Total Industrial Annl Rev	—	206	—	59	61
		0.0%	0.7%	0.0%	0.2%	0.2%
Kansas City	RSF					
	% of Total Industrial RSF	0	2,018	0	0	1,756
	Annualized Revenue 2/	\$ 0.0%	\$ 0.0%	\$ 0.0%	\$ 0.0%	\$ 0.0%
	% of Total Industrial Annl Rev	—	17	—	—	19
		0.0%	0.1%	0.0%	0.0%	0.1%
Piedmont Triad	RSF	120,608	1,071,745		406,433	
	% of Total Industrial RSF			462,360		982,321
	Annualized Revenue 2/	\$ 2.0%	\$ 17.8%	\$ 7.7%	\$ 6.8%	\$ 16.3%
	% of Total Industrial Annl Rev	468	4,021	2,994	1,746	4,969
		1.6%	13.4%	10.0%	5.8%	16.6%
Raleigh	RSF					
	% of Total Industrial RSF	13,160	9,548	3,550	15,188	28,229
	Annualized Revenue 2/	\$ 0.2%	\$ 0.2%	\$ 0.1%	\$ 0.3%	\$ 0.5%
	% of Total Industrial Annl Rev	114	93	37	163	194
		0.4%	0.3%	0.1%	0.5%	0.6%
Total	RSF	728,643	1,430,255	1,059,493	774,959	2,018,452
	% of Total Industrial RSF					
	Annualized Revenue 2/	\$ 12.1%	\$ 23.8%	\$ 17.6%	\$ 12.9%	\$ 33.6%
	% of Total Industrial Annl Rev	3,608	6,248	6,245	3,577	10,237
		12.1%	20.9%	20.9%	12.0%	34.2%

1/ Includes 143,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue

2/ Annualized Revenue is September, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

Customer Diversification 1/

September 30, 2005

Dollars in thousands

Top 20 Customers

Customer	RSF	Annualized Revenue 2/	Percent of Annualized Revenue 2/	Average Remaining Lease Term in Years
Federal Government	1,175,072	\$ 17,824	4.56%	5.9
AT&T 3/	537,529	10,260	2.62%	3.4
Price Waterhouse Coopers	297,795	7,528	1.92%	4.6
State Of Georgia	356,175	6,846	1.75%	4.1
T-Mobile USA	205,394	5,031	1.29%	3.6
US Airways	295,046	4,010	1.03%	2.2
IBM	188,763	3,768	0.96%	0.6
Volvo	278,940	3,742	0.96%	3.8
Hartford Insurance	118,807	3,681	0.94%	1.0
Northern Telecom	246,000	3,651	0.93%	2.4
SCI Services, Inc.	160,996	3,417	0.87%	11.8
BB&T	243,951	3,343	0.85%	6.3
Lockton Companies	132,718	3,339	0.85%	9.4
CHS Professional Services	170,524	3,046	0.78%	1.4
MCI	127,268	2,579	0.66%	0.6
Metropolitan Life Insurance	118,017	2,250	0.58%	5.8
Lifepoint Corporate Services	120,112	2,223	0.57%	5.8
Icon Clinical Research	99,163	2,148	0.55%	6.7
The Martin Agency	118,518	2,018	0.52%	11.5
CIGNA Healthcare of NC	180,000	1,999	0.51%	0.8
	5,170,788	\$ 92,703	23.70%	4.5

By Industry

Category	Percent of Annualized Revenue 2/
Professional, Scientific, and Technical Services	21.0%
Insurance	10.1%
Manufacturing	8.7%
Finance/Banking	8.3%
Retail Trade	8.1%
Telecommunication	7.7%
Government/Public Administration	7.1%
Health Care and Social Assistance	6.6%
Wholesale Trade	5.5%
Transportation and Warehousing	3.5%
Real Estate Rental and Leasing	3.3%
Accommodation and Food Services	2.8%
Administrative and Support Services	2.4%
Other Services (except Public Administration)	2.3%
Information	1.8%
Educational Services	0.8%
	100.0%

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

2/ Annualized Revenue is September, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

3/ AT&T and SBC have received final approval on their plans to merge. SBC currently leases 5K square feet with \$114K in associated

Acquisition Activity

Dollars in thousands

Name	Market	Type	Date Acquired	Square Footage	Total Cost
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First quarter 2005:
None

Second quarter 2005:
None

Third quarter 2005:
None

Disposition Activity

Dollars in thousands

Name	Market	Type 1/	Date Sold	Square Footage	Occupancy	Gross Sales Price
First quarter 2005:						
Northside	Tampa	O	02/24/05	85,700	93.5%	\$ 9,000
531 Northridge Warehouse	Piedmont Triad	I	02/28/05	598,100	100.0%	
531 Northridge Office	Piedmont Triad	O	02/28/05	91,800	100.0%	
				<u>689,900</u>	<u>100.0%</u>	<u>18,656</u>
3928 Westpoint Boulevard	Piedmont Triad	I	02/28/05	240,000	100.0%	6,225
4300 Six Forks Road	Raleigh	O	03/31/05	163,300	98.0%	27,318
				<u>1,178,900</u>	<u>99.3%</u>	<u>61,199</u>
Second quarter 2005:						
2599 Empire Drive	Piedmont Triad	I	04/15/05	89,600	100.0%	2,150
Highwoods Preserve II	Tampa	O	06/30/05	32,600	0.0%	
Highwoods Preserve IV	Tampa	O	06/30/05	207,100	0.0%	
				<u>239,700</u>	<u>0.0%</u>	<u>24,500</u>
Kennestone Corporate Center	Atlanta	O	06/30/05	82,600	73.3%	
Chattahoochee Avenue	Atlanta	I	06/30/05	62,100	90.1%	
LaVista Business Park	Atlanta	I	06/30/05	216,300	94.5%	
				<u>361,000</u>	<u>88.8%</u>	<u>13,250</u>
Second quarter totals				<u>690,300</u>	<u>59.4%</u>	<u>39,900</u>
Third quarter 2005:						
Charlotte/Sabal	Charlotte/Tampa	O	07/22/05	2,432,900	75.3%	228,000
Ironwood/Leatherwood	Raleigh	O	08/29/05	75,200	86.4%	6,500
Third quarter totals				<u>2,508,100</u>	<u>75.6%</u>	<u>234,500</u>
Nine month totals				<u>4,377,300</u>	<u>79.4%</u>	<u>\$335,599</u>

Depreciable Assets Contributed to Joint Ventures

	Market	Type 1/	Date Contributed	Square Footage	Occupancy	Gross Sales Price
First quarter 2005:						
None						
Second quarter 2005:						
None						
Third quarter 2005:						
None						

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

Development Activity

Dollars in thousands

Property	Market	Type 1/	Rentable Square Feet	Anticipated		Pre- Leasing	Estimated	Estimated
				Total Investment	Investment @ 09/30/05		Completion	Stabilization
							Date	Date
<u>In - Process</u>								
Office:								
Center for Disease Control	Atlanta	O	109,000	\$ 21,375	\$ 16,568	100%	4Q 05	4Q 05
ThyssenKrupp	Memphis	O	78,000	8,800	1,053	100%	1Q 07	1Q 07
Cool Springs III	Nashville	O	153,000	20,050	3,589	0%	2Q 06	4Q 07
Glenlake Four	Raleigh	O	158,000	26,889	3,302	46%	3Q 06	1Q 08
Stony Point IV	Richmond	O	104,000	13,125	1,050	46%	4Q 06	4Q 07
3330 Healy Rd 2/	Piedmont Triad	O	40,000	3,600	2,998	0%	4Q 06	2Q 07
FBI 3/	Tampa	O	138,000	31,090	23,775	100%	4Q 05	4Q 05
Total or Weighted Average			780,000	\$124,929	\$ 52,335	57%		
<u>Completed Not Stabilized 4/</u>								
Retail 5/:								
Griffith Road/Boutique Shops	Piedmont Triad	R	9,600	\$ 2,634	\$ 2,410	87%	2Q 05	2Q 06
Total or Weighted Average			9,600	\$ 2,634	\$ 2,410	87%		
Grand Total or Weighted Average			789,600	\$127,563	\$ 54,745	57%		

Placed In Service

Property	Market	Type 1/ Redevelopment	In-Service Date	Rentable Square Feet	Investment @ 09/30/05	Quarter 3 2005 NOI 6/	Occ %	Leasing %
National Archives Record Administration	Atlanta	I	9/1/2005	354,000	\$ 18,295	\$ 132	88%	100%
Saxon	Richmond	O	7/1/2005	112,000	15,798	309	100%	100%
Total or Weighted Average				466,000	\$ 34,093	\$ 441	91%	100%

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

2/ Redevelopment property

3/ An approved 25,000 square feet expansion at an additional anticipated cost of \$4.5 million is included.

4/ Completed Not Stabilized properties are recorded in the Consolidated Balance Sheet in the Land and Building accounts, not Development-in-process.

5/ Excludes a vacant building in Kansas City acquired in the first quarter for \$4.1 million for potential future retail development or sale to a retail user.

6/ NOI = Net Operating Income (Property Revenue excluding Straight Line Rent - Property Expense)

Development Land
September 30, 2005

Dollars in thousands

Market	Usable Acres	Total Estimated Market Value
On Balance Sheet:		
Research Triangle	318	\$ 60,792
Atlanta	226	42,062
Piedmont Triad	117	23,150
Richmond	57	14,296
Kansas City 1/	44	16,594
Baltimore	44	13,166
Charlotte	41	7,623
Nashville	39	12,486
Tampa	33	14,026
Orlando	25	12,470
Memphis	21	5,100
Greenville	12	1,800
Jacksonville	9	1,885
Columbia	2	276
Total 2/	988	\$ 225,726

1/ Includes 27 acres of residential land

2/ Developable square footage on core land holdings is approximately 6.3 million of office space and 1.8 million of industrial space

Joint Ventures Portfolio Summary

As of September 30, 2005

Summary by Location:

Market	Rentable Square Feet 1/	Occupancy 2/	Percentage of Annualized Revenue - Highwoods' Share Only 3/				Total
			Office	Industrial	Retail	Multi-Family	
Des Moines	2,324,000	90.8%	28.3%	3.8%	1.0%	3.3%	36.4%
Orlando	1,685,000	91.6%	26.2%	—	—	—	26.2%
Atlanta	835,000	93.0%	12.4%	—	—	—	12.4%
Kansas City	713,000	83.3%	8.8%	—	—	—	8.8%
Richmond	413,000	100.0%	5.2%	—	—	—	5.2%
Piedmont Triad	364,000	100.0%	3.9%	—	—	—	3.9%
Raleigh	455,000	99.6%	3.7%	—	—	—	3.7%
Tampa	205,000	100.0%	2.1%	—	—	—	2.1%
Charlotte	148,000	100.0%	0.8%	—	—	—	0.8%
Other	110,000	100.0%	0.5%	—	—	—	0.5%
Total	7,252,000	92.6%	91.9%	3.8%	1.0%	3.3%	100.0%

1/ Excludes Des Moines' apartment units

2/ Excludes Des Moines' apartment occupancy percentage of 92.8%

3/ Annualized Rental Revenue is September, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

Joint Ventures Lease Expirations

September 30, 2005

Dollars in thousands

<u>Year</u>	<u>Rentable Square Feet Expiring</u>	<u>Percent of Rentable Square Feet</u>	<u>Annualized Revenue 1/</u>	<u>Average Rental Rate</u>	<u>Percent of Annualized Revenue 1/</u>
Total					
2005	152,538	2.2%	\$ 2,705	\$17.73	2.1%
2006	657,677	9.7%	12,563	19.10	10.0%
2007	439,731	6.5%	8,101	18.42	6.4%
2008	1,371,574	20.1%	23,346	17.02	18.4%
2009	853,693	12.6%	15,975	18.71	12.7%
2010	591,159	8.7%	10,437	17.66	8.3%
2011	573,773	8.4%	10,606	18.48	8.4%
2012	422,183	6.2%	8,956	21.21	7.1%
2013	710,834	10.5%	13,749	19.34	10.9%
2014	386,249	5.7%	8,418	21.79	6.7%
2015 and thereafter	640,195	9.4%	11,360	17.74	9.0%
	6,799,606	100.0%	\$126,216	\$18.56	100.0%

1/ Annualized Revenue is September, 2005 rental revenue (base rent plus operating expense pass throughs) multiplied by 12.

Joint Ventures Development

Dollars in thousands

Property	% Ownership	Market	Rentable Square Feet	Anticipated Total Investment	Investment @ 09/30/05	Pre- Leasing	Estimated Completion Date	Estimated Stabilization Date
Sonoma	50%	Des Moines	75,000	\$ 9,364	4,746	60%	2Q05	2Q 06
The Vinings at University Center 2/ 3/	50%	Charlotte	156 units	11,300	7,230	0%	1Q06	3Q 06
Weston Lakeside 3/	50%	Raleigh	332 units	33,200	3,106	0%	1Q07	1Q08
Total or Weighted Average 4/			75,000	\$ 20,664	\$ 10,626	60%		
Highwoods' Share of the above				\$ 10,082	\$ 5,313			

Placed In Service

Property	Market	Type 1/	In-Service Date	Rentable Square Feet	Investment @ 09/30/05	Quarter 3 2005 NOI 5/	Occ %	Leasing %
Plaza Colonade, LLC 1/	Kansas City	O	9/1/2005	285,000	\$ 69,140	\$ 1,344	77%	77%
Summit	Des Moines	O	9/1/2005	35,000	3,442	72	75%	75%
Pinehurst	Des Moines	O	9/1/2005	35,000	3,740	105	89%	90%
				355,000	\$ 76,322	\$ 1,521	78%	78%

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

2/ The Vinings at University Center is currently a fifty percent owned joint venture consolidated under the provisions of FIN 46.

3/ Estimated Completion Date is the date the last unit is expected to be delivered

4/ Pre-leasing percentage does not include multi-family

5/ NOI = Net Operating Income (Property Revenue excluding Straight Line Rent - Property Expense)