

# HIGHWOODS PROPERTIES INC

FORM  
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# SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

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## FORM 8-K

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

**Date of Report (Date of earliest event reported): August 1, 2007**

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

(Exact name of registrant specified in its charter)

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**Maryland**  
(State of Incorporation)

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

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

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### **HIGHWOODS REALTY LIMITED PARTNERSHIP**

(Exact name of registrant specified in its charter)

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**North Carolina**  
(State of Incorporation)

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

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

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

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

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

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

On August 1, 2007, we issued a press release announcing financial information for the quarter ended June 30, 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 June 30, 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 August 1, 2007
99.2	Supplemental operating information for the quarter ended June 30, 2007

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## SIGNATURES

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

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

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

Dated: August 2, 2007



FOR IMMEDIATE RELEASE

Ref: 07-30

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

## Highwoods Properties Reports Second Quarter 2007 Results

### **\$0.60 FFO per Share**

(Excludes \$0.02 Non-Cash Charge for Redemption of Preferred Stock)

### **Increases Full Year 2007 FFO Guidance to \$2.68 to \$2.73 per Share**

(Excludes \$0.02 Non-Cash Charge for Redemption of Preferred Stock)

### **\$464 Million Development Pipeline 66% Pre-Leased**

*72,000 Square Foot Lease Signed at Bay Center in Tampa – 57% Pre-Leased  
 45,000 Square Foot Lease Signed at Berkshire in Orlando – 61% Pre-Leased*

**Raleigh, NC – August 1, 2007** – Highwoods Properties, Inc. (NYSE: HIW), the largest owner and operator of suburban office properties in the Southeast, today reported results for the three and six months ended June 30, 2007.

Ed Fritsch, President and CEO, stated, *“Our business continues to be strong. Solid execution of our Strategic Plan is resulting in a higher quality portfolio, robust development pipeline and a healthier, more flexible balance sheet. As a result, our strong performance is delivering meaningful long-term value for our shareholders.”*

*“During the second quarter, we leased 1.6 million square feet of first and second generation space, increased same store NOI (net of term fees and straight line rent) by 2.3% from the second quarter of 2006, expanded our development pipeline by \$26 million, and acquired with a joint venture partner a 167,000 office building in Orlando. Our robust, \$464 million development pipeline is now 66% pre-leased and we expect to deliver an additional \$69 million of development by the end of the year,”* added Mr. Fritsch.

#### **Year-to-date through July 31, 2007, the Company has:**

- Commenced or announced \$90 million of development that is 66% pre-leased;
- Delivered \$72 million of development that is 77% pre-leased;
- Sold \$71 million of non-differentiating assets at an average cap rate of 6.4%;
- Sold 133 acres of non-core land for \$37 million, for gains of \$17 million;
- Issued \$400 million, ten-year unsecured notes with a 5.85% coupon;
- Redeemed \$40 million of 8% preferred stock;
- Retired \$80 million of 7.9% secured debt, which unencumbered \$179 million of assets; and
- Hired a highly-qualified Chief Accounting Officer.

**Second Quarter and Six Months Financial Results**

For the second quarter of 2007, the Company reported net income available for common stockholders of \$4.0 million, or \$0.07 per diluted share. This compares to net income available for common stockholders of \$2.2 million, or \$0.04 per diluted share, for the second quarter of 2006. For the six months ended June 30, 2007, net income available for common stockholders was \$52.4 million, or \$0.92 per diluted share, compared to \$9.8 million, or \$0.18 per diluted share, for the six months ended June 30, 2006.

Funds from Operations (FFO) for the second quarter of 2007 was \$35.6 million, or \$0.58 per diluted share, compared to FFO of \$32.5 million, or \$0.54 per diluted share, for the second quarter of 2006. Excluding a \$1.4 million, or \$0.02 per diluted share, non-cash charge for the redemption of \$40 million of 8% preferred stock on May 29, 2007, FFO would have been \$0.60 per diluted share.

For the six months ended June 30, 2007, FFO was \$92.2 million, or \$1.49 per diluted share, compared to \$68.3 million, or \$1.13 per diluted share, for the six months ended June 30, 2006. Excluding the preferred stock redemption charge, FFO for the six months ended June 30, 2007 would have been \$1.52 per diluted share.

The following items were included in the determination of net income available for common shareholders for the three and six months ended June 30, 2007 and 2006:

	3 Months Ended 6/30/07		3 Months Ended 6/30/06	
	(000)	Per Share	(000)	Per Share
Land sale gains	\$ 969	\$ 0.02	\$ (74)	\$0.00
Lease termination income (1)	1,477	0.02	1,304	0.02
Straight line rental income (1)	890	0.01	1,664	0.03
Capitalized interest	2,365	0.04	930	0.02
Gains on sales of depreciable assets	1,475	0.02	1,395	0.02
Preferred stock redemption charge	(1,443)	(0.02)	0	0.00
	6 Months Ended 6/30/07		6 Months Ended 6/30/06	
	(000)	Per Share	(000)	Per Share
Land sale gains, net of impairments	\$16,804	\$ 0.27	\$ 2,966	\$ 0.05
Lease termination income (1) (2)	2,134	0.03	2,189	0.04
Straight line rental income (1)	2,462	0.04	4,185	0.07
Capitalized interest	4,512	0.07	1,531	0.03
Gains on sales of depreciable assets (3)	29,284	0.47	4,559	0.08
Gain on insurance claim	4,128	0.07	0	0.00
Preferred stock redemption charge	(1,443)	(0.02)	(1,803)	(0.03)

- (1) 2006 lease termination income includes \$0.8 million related to Harborview, a 20% owned consolidated joint venture. Straight line rental income was reduced by \$0.3 million to eliminate accrued straight line rent receivables from the same tenant that terminated its lease early. On a net basis, after deducting our partner's 80% share of these lease termination effects in financing obligation interest, the contribution to FFO in the quarter and six months ended June 30, 2006 related to this lease termination was \$0.1 million, or less than \$0.002 per share.
- (2) 2007 lease termination income includes \$0.6 million, or \$0.01 per share, net effect from a lease termination in an unconsolidated joint venture.
- (3) 2007 gains on sales of depreciable assets includes \$7.2 million, or \$0.12 per share, from sales by certain of our joint ventures. Gains on sales of depreciable assets are excluded in the calculation of FFO.

## Second Quarter 2007 Operating Highlights

- Second generation leasing activity in Highwoods' portfolio was 1.45 million square feet, including 866,000 square feet of office space, 575,000 square feet of industrial space and 15,000 square feet of retail space. 152,000 square feet of first generation space was also signed.
- Straight-line (GAAP) rental rates for the 166 office leases signed in the second quarter increased 5.7% from straight line rental rates under the previous leases, while cash rents signed in the second quarter declined 1.7%.
- Average in-place cash rental rates across the Company's portfolio increased 5.7% compared to the second quarter of 2006. Average in-place cash rental rates across the Company's office portfolio were up 6.1% from a year ago.
- The weighted average term for second generation office leases signed was 4.5 years, slightly lower than the Company's prior four quarter average of 4.8 years.
- Same property NOI from continuing operations, which includes straight line rent and term fees, for the three and six months ended June 30, 2007 increased 1.2% and 1.8%, respectively, from the corresponding periods of 2006. Excluding straight line rent and term fees, same property NOI from continuing operations increased 2.3% and 4.1%, respectively, from the corresponding periods of 2006.

## Funds from Operations Outlook

For 2007, the Company now expects FFO per diluted share to be in the range of \$2.68 to \$2.73, a \$0.03 per share increase from previous guidance provided on May 1, 2007. The Company's FFO estimate reflects management's view of current and future market conditions, including assumptions with respect to rental rates, occupancy levels, operating and general and administrative expenses, interest rates, land sale gains, and the potential impact of development deliveries and property dispositions and acquisitions. This estimate assumes approximately 61.6 million diluted shares outstanding and excludes a preferred stock redemption charge of \$0.02 per share that was recorded in the second quarter as a result of the redemption of \$40 million of 8% preferred stock on May 29, 2007. This estimate also excludes any gains or impairments associated with potential depreciable property dispositions, as well as any one-time, non-recurring charges or credits that may occur during the remainder of the year. Factors that could cause actual 2007 FFO results to differ materially from Highwoods' current expectations are discussed below and are also detailed in the Company's 2006 Annual Report on Form 10-K.

Management's outlook for 2007 is based on the following operating assumptions:

	Low	High
Year End Occupancy	91%	92.5%
Same Property GAAP NOI Growth	1.5%	2.5%
G&A	\$ 40M	\$ 41M
Termination Fees	\$ 2.1M	\$ 3.5M
Land Sale Gains	\$ 17M	\$17.5M
Dispositions (1)	\$100M	\$ 150M
Acquisitions	\$ 9M	\$ 30M

(1) Excludes proceeds from the potential sale of the Company's Winston-Salem assets.

### Supplemental Information

A copy of the Company's second 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](http://www.highwoods.com). You may also obtain a copy of all Supplemental Information published by the Company by contacting Highwoods Investor Relations at 919-431-1529/ 800-256-2963 or by e-mail to [HIW-IR@highwoods.com](mailto:HIW-IR@highwoods.com). If you would like to receive future Supplemental Information packages by e-mail, please contact the Investor Relations department as noted above or by written request to: Investor Relations Department, Highwoods Properties, Inc., 3100 Smoketree Court, Suite 600, Raleigh, NC 27604.

### Conference Call

Tomorrow, Thursday, August 2, 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](http://www.highwoods.com) under the "Investor Relations" section.

Telephone, web and pod cast replays will be available two hours after the completion of the call. The telephone replay will be available for one week beginning at 2:00 p.m. Eastern time. Dial-in numbers for the replay are (800) 642-1687 US/Canada, (706) 645-9291 international. The conference ID is 4101179.

### Non-GAAP Information

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



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

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

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

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

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

Same property NOI from continuing operations: The Company defines same property NOI as NOI for the Company's in-service properties included in continuing operations that were wholly-owned during the entirety of the periods presented (from January 1, 2006 to June 30, 2007). The Company's same property NOI calculations are reconciled to NOI in a table included with this release.

**About the Company**

Highwoods Properties, Inc., a member of the S&P MidCap 400 Index, is a fully integrated, self-administered real estate investment trust ("REIT") that provides leasing, management, development, construction and other customer-related services for its properties and for third parties. At June 30, 2007, the Company owned or had an interest in 386 in-service office, industrial and retail properties encompassing approximately 34.1 million square feet. Highwoods also owned 693 acres of development land. Highwoods is based in Raleigh, North Carolina, and its properties and development land are located in Florida, Georgia, Iowa, Kansas, Missouri, North Carolina, South Carolina, Tennessee and Virginia. For more information about Highwoods Properties, please visit our Web site at [www.highwoods.com](http://www.highwoods.com).

Certain matters discussed in this press release, such as expected 2007 operational results and the related assumptions underlying our expected operational results, 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; 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; 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; 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 June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
<b>Rental and other revenues</b>	\$108,458	\$102,837	\$217,157	\$203,871
<b>Operating expenses:</b>				
Rental property and other expenses	39,190	36,895	78,301	72,998
Depreciation and amortization	30,547	28,618	60,299	56,249
General and administrative	10,868	9,060	21,779	17,752
Total operating expenses	80,605	74,573	160,379	146,999
<b>Interest expense:</b>				
Contractual	23,097	24,236	45,786	48,046
Amortization of deferred financing costs	609	582	1,175	1,326
Financing obligations	995	1,398	1,987	2,340
	24,701	26,216	48,948	51,712
<b>Other income:</b>				
Interest and other income	2,119	1,146	3,637	3,123
Loss on debt extinguishments	—	(467)	—	(467)
	2,119	679	3,637	2,656
<b>Income before disposition of property, insurance gain, minority interest and equity in earnings of unconsolidated affiliates</b>	5,271	2,727	11,467	7,816
Gains on disposition of property, net	2,341	1,008	19,084	5,318
Gain from property insurance settlement	—	—	4,128	—
Minority interest	(438)	(353)	(3,065)	(886)
Equity in earnings of unconsolidated affiliates	2,006	1,924	11,723	4,007
<b>Income from continuing operations</b>	9,180	5,306	43,337	16,255
Discontinued operations:				
Income from discontinued operations, net of minority interest	13	682	152	2,121
Gains on sales of discontinued operations, net of minority interest	96	285	18,358	2,043
	109	967	18,510	4,164
<b>Net income</b>	9,289	6,273	61,847	20,419
Dividends on preferred stock	(3,846)	(4,113)	(7,959)	(8,837)
Excess of preferred stock redemption cost over carrying value	(1,443)	—	(1,443)	(1,803)
<b>Net income available for common stockholders</b>	<u>\$ 4,000</u>	<u>\$ 2,160</u>	<u>\$ 52,445</u>	<u>\$ 9,779</u>
<b>Net income per common share—basic:</b>				
Income from continuing operations	\$ 0.07	\$ 0.02	\$ 0.60	\$ 0.10
Income from discontinued operations	—	0.02	0.33	0.08
Net Income	<u>\$ 0.07</u>	<u>\$ 0.04</u>	<u>\$ 0.93</u>	<u>\$ 0.18</u>
Weighted average common shares outstanding—basic	<u>56,460</u>	<u>53,879</u>	<u>56,216</u>	<u>53,871</u>
<b>Net Income per common share—diluted:</b>				
Income from continuing operations	\$ 0.07	\$ 0.02	\$ 0.60	\$ 0.10
Income from discontinued operations	—	0.02	0.32	0.08
Net income	<u>\$ 0.07</u>	<u>\$ 0.04</u>	<u>\$ 0.92</u>	<u>\$ 0.18</u>
Weighted average common shares outstanding—diluted	<u>61,562</u>	<u>60,387</u>	<u>61,709</u>	<u>60,470</u>

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

	<u>June 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
<b>Assets:</b>		
Real estate assets, at cost:		
Land	\$ 353,096	\$ 345,548
Buildings and tenant improvements	2,639,080	2,573,032
Development in process	137,492	101,899
Land held for development	112,422	111,517
	<u>3,242,090</u>	<u>3,131,996</u>
Less-accumulated depreciation	(628,506)	(588,307)
Net real estate assets	2,613,584	2,543,689
Real estate and other assets, net, held for sale	3,213	35,446
Cash and cash equivalents	16,839	16,690
Restricted cash	3,780	2,027
Accounts receivable, net	23,662	23,347
Notes receivable, net	5,893	7,871
Accrued straight-line rents receivable, net	70,798	68,364
Investment in unconsolidated affiliates	59,611	60,359
Deferred financing and leasing costs, net	69,764	66,352
Prepaid expenses and other assets	21,158	20,708
Total Assets	<u>\$2,888,302</u>	<u>\$2,844,853</u>
<b>Liabilities, Minority Interest and Stockholders' Equity:</b>		
Mortgages and notes payable	\$1,557,571	\$1,465,129
Accounts payable, accrued expenses and other liabilities	157,250	156,737
Financing obligations	35,683	35,530
Total Liabilities	<u>1,750,504</u>	<u>1,657,396</u>
Minority interest	71,602	79,726
Stockholders' Equity:		
Preferred stock	157,445	197,445
Common stock	571	562
Additional paid-in capital	1,444,474	1,449,337
Distributions in excess of net earnings	(535,064)	(538,098)
Accumulated other comprehensive loss	(1,230)	(1,515)
Total Stockholders' Equity	<u>1,066,196</u>	<u>1,107,731</u>
Total Liabilities, Minority Interest and Stockholders' Equity	<u>\$2,888,302</u>	<u>\$2,844,853</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
<b>Funds from operations:</b>				
Net income	\$ 9,289	\$ 6,273	\$ 61,847	\$20,419
Dividends to preferred stockholders	(3,846)	(4,113)	(7,959)	(8,837)
Excess of preferred stock redemption cost over carrying value	(1,443)	—	(1,443)	(1,803)
<b>Net income available for common stockholders</b>	<b>4,000</b>	<b>2,160</b>	<b>52,445</b>	<b>9,779</b>
Add/(deduct):				
Depreciation and amortization of real estate assets	29,939	27,876	59,054	54,671
(Gains) on disposition of depreciable properties	(1,372)	(1,082)	(2,280)	(2,352)
Minority interest from the Operating Partnership in income from operations	270	115	2,717	557
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	2,878	2,678	5,744	5,353
(Gains) on disposition of depreciable properties	—	—	(7,158)	—
Discontinued operations:				
Depreciation and amortization of real estate assets	—	1,010	(6)	2,129
(Gains) on disposition of depreciable properties	(103)	(313)	(19,846)	(2,207)
Minority interest from the Operating Partnership in income from discontinued operations	8	95	1,500	377
<b>Funds from operations</b>	<b>\$35,620</b>	<b>\$32,539</b>	<b>\$ 92,170</b>	<b>\$68,307</b>
<b>Funds from operations per share—diluted:</b>				
Net income available for common stockholders	\$ 0.07	\$ 0.04	\$ 0.92	\$ 0.18
Add/(deduct):				
Depreciation and amortization of real estate assets	0.49	0.46	0.96	0.90
(Gains) on disposition of depreciable properties	(0.02)	(0.02)	(0.04)	(0.04)
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	0.04	0.05	0.09	0.09
(Gains) on disposition of depreciable properties	—	—	(0.12)	—
Discontinued operations:				
Depreciation and amortization of real estate assets	—	0.02	—	0.04
(Gains) on disposition of depreciable properties	—	(0.01)	(0.32)	(0.04)
<b>Funds from operations</b>	<b>\$ 0.58</b>	<b>\$ 0.54</b>	<b>\$ 1.49</b>	<b>\$ 1.13</b>
<b>Weighted average shares outstanding—diluted</b>	<b>61,562</b>	<b>60,387</b>	<b>61,709</b>	<b>60,470</b>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
<b>Income before disposition of property, insurance gain, minority interest and equity in earnings of unconsolidated affiliates</b>	\$ 5,271	\$ 2,727	\$ 11,467	\$ 7,816
Interest and other income	(2,119)	(679)	(3,637)	(2,656)
Interest expense	24,701	26,216	48,948	51,712
General and administrative expense	10,868	9,060	21,779	17,752
Depreciation and amortization expense	30,547	28,618	60,299	56,249
<b>Net operating income from continuing operations</b>	69,268	65,942	138,856	130,873
Non same property net operating income	6,009	3,462	11,265	5,509
<b>Total same property net operating income from continuing operations</b>	<u>\$ 63,259</u>	<u>\$ 62,480</u>	<u>\$127,591</u>	<u>\$125,364</u>
Rental and other revenues	\$108,458	\$102,837	\$217,157	\$203,871
Rental property and other expenses	39,190	36,895	78,301	72,998
<b>Total net operating income from continuing operations</b>	69,268	65,942	138,856	130,873
Non same property net operating income	6,009	3,462	11,265	5,509
<b>Total same property net operating income from continuing operations</b>	<u>\$ 63,259</u>	<u>\$ 62,480</u>	<u>\$127,591</u>	<u>\$125,364</u>



Supplemental Information  
June 30, 2007

**Supplemental Information**  
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**June 30, 2007**

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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. Highwoods Properties, Inc.



## Summary

Amounts in thousands, except per share amounts and ratios

	Three Months Ended				
	06/30/07	03/31/07	12/31/06	09/30/06	06/30/06
<b>Shares and units:</b>					
Common shares outstanding at end of period	57,131	56,711	56,211	55,635	54,131
Common units outstanding at end of period	4,062	4,115	4,733	5,014	5,234
Weighted average common shares outstanding - basic	56,460	56,040	55,740	54,470	53,879
Weighted average common shares outstanding - diluted	61,562	61,900	62,365	61,457	60,387
<b>Share price:</b>					
At end of period	\$ 37.50	\$ 39.49	\$ 40.76	\$ 37.21	\$ 36.18
High close during period	43.84	46.95	41.31	38.15	36.18
Low close during period	37.50	37.99	36.40	35.39	29.56
<b>Financial information:</b>					
Land sale gains, net of (impairments)	\$ 969	\$15,835	\$ 6,974	\$ 2,103	\$ (74)
Lease termination income	1,477	41	618	249	1,304
Straight line rental income	890	1,572	2,401	2,006	1,664
Capitalized interest	2,365	2,147	1,770	1,701	930
Impairments on depreciable properties	—	—	—	2,600	—
Gains on sales of depreciable properties	1,475	20,651	10,925	3,712	1,395
Gain from insurance settlement	—	4,128	—	—	—
Total debt/ total assets 1/	55.2%	53.4%	52.7%	52.9%	53.2%
Total debt/ total market capitalization 1/	39.4%	36.9%	35.9%	37.9%	39.1%
<b>Funds from operations per share - diluted</b>	<b>\$ 0.58</b>	<b>\$ 0.91</b>	<b>\$ 0.71</b>	<b>\$ 0.53</b>	<b>\$ 0.54</b>
<b>Funds from operations per share - diluted, excluding certain items 2/</b>	<b>\$ 0.60</b>	<b>\$ 0.91</b>	<b>\$ 0.71</b>	<b>\$ 0.59</b>	<b>\$ 0.55</b>
<b>Wholly - owned property information:</b>					
<b>In-Service rentable square feet:</b>					
Office	19,194	19,154	19,244	19,507	19,704
Industrial	6,280	6,280	6,281	6,605	6,706
Retail	1,317	1,326	1,327	1,431	1,408
Total	<u>26,791</u>	<u>26,760</u>	<u>26,852</u>	<u>27,543</u>	<u>27,818</u>
<b>In-Service occupancy:</b>					
Office	88.5%	89.3%	89.0%	88.1%	87.1%
Industrial	90.8%	91.9%	91.7%	91.8%	89.5%
Retail	94.8%	95.4%	95.7%	96.2%	95.3%
Total	<u>89.3%</u>	<u>90.0%</u>	<u>89.4%</u>	<u>88.1%</u>	<u>87.7%</u>

1/ Includes financing obligations.

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

Highwoods Properties, Inc.

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## Corporate Information

### **Board of Directors**

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

### **Corporate Officers**

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

President, Chief Executive Officer and Director

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

Executive Vice President and Chief Operating Officer

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

Vice President, Chief Financial Officer

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

Treasurer

#### **Julie M. Kelly**

Vice President, Compliance and Internal Audit

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

Vice President, Investments

#### **David J. Matthes**

Corporate Vice President, Leasing

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

Chief Information Officer

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

Vice President, General Counsel and Secretary

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

Vice President, Strategy

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

Vice President, Investor Relations and Corporate Communications

Highwoods Properties, Inc.

### **Research Coverage**

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

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

#### **Wachovia Securities**

Chris Haley - 443-263-6773

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## Corporate Information

### **Divisional Officers**

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

Gene H. Anderson - Senior Vice President  
Atlanta, GA  
*James V. Bacchetta, Vice President*  
Piedmont Triad, NC  
*Gene H. Anderson, Senior Vice President*

#### **Orlando/Tampa**

Michael F. Beale - Senior Vice President  
Orlando, FL  
*Michael F. Beale, Senior Vice President*  
Tampa, FL  
*Dan 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*

### **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: 919-431-1521  
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 and self-managed equity real estate investment trust ("REIT") that provides leasing, management, development, construction and other customer-related services for its properties and for third parties. As of June 30, 2007, the Company owned or had an interest in 386 in-service office, industrial and retail properties encompassing approximately 34.1 million square feet. Highwoods also owned 693 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 website at [www.highwoods.com](http://www.highwoods.com).



## Consolidated Statements of Income

Amounts in thousands, except per share amounts

	Six Months Ended		Three Months Ended				
	06/30/07	06/30/06	06/30/07	03/31/07	12/31/06	09/30/06	06/30/06
<b>Rental and other revenues</b>	<b>\$217,157</b>	\$203,871	<b>\$108,458</b>	\$108,699	\$108,465	\$104,278	\$102,837
<b>Operating expenses:</b>							
Rental property and other expenses	78,301	72,998	39,190	39,111	41,337	39,207	36,895
Depreciation and amortization	60,299	56,249	30,547	29,752	30,199	28,453	28,618
Impairment of assets held for use	—	—	—	—	—	2,600	—
General and administrative	21,779	17,752	10,868	10,911	11,011	8,546	9,060
Total operating expenses	160,379	146,999	80,605	79,774	82,547	78,806	74,573
<b>Interest expense:</b>							
Contractual	45,786	48,046	23,097	22,689	22,374	23,809	24,236
Amortization of deferred financing costs	1,175	1,326	609	566	492	557	582
Financing obligations	1,987	2,340	995	992	972	850	1,398
	48,948	51,712	24,701	24,247	23,838	25,216	26,216
<b>Other income/(expense):</b>							
Interest and other income	3,637	3,123	2,119	1,518	2,709	1,178	1,146
Settlement of tenant bankruptcy claim	—	—	—	—	1,581	—	—
Loss on debt extinguishments	—	(467)	—	—	(27)	—	(467)
	3,637	2,656	2,119	1,518	4,263	1,178	679
<b>Income before disposition of property, insurance gain, minority interest and equity in earnings of unconsolidated affiliates</b>	<b>11,467</b>	7,816	<b>5,271</b>	6,196	6,343	1,434	2,727
Gains on disposition of property, net	19,084	5,318	2,341	16,743	7,862	2,977	1,008
Gain from property insurance settlement	4,128	—	—	4,128	—	—	—
Minority interest	(3,065)	(886)	(438)	(2,627)	(1,086)	(244)	(353)
Equity in earnings of unconsolidated affiliates	11,723	4,007	2,006	9,717	1,492	1,342	1,924
<b>Income from continuing operations</b>	<b>43,337</b>	16,255	<b>9,180</b>	34,157	14,611	5,509	5,306
Discontinued operations:							
Income from discontinued operations, net of minority interest	152	2,121	13	139	585	805	682
Gains on sales of discontinued operations, net of minority interest	18,358	2,043	96	18,262	9,220	2,595	285
	18,510	4,164	109	18,401	9,805	3,400	967
<b>Net income</b>	<b>61,847</b>	20,419	<b>9,289</b>	52,558	24,416	8,909	6,273
Dividends on preferred stock	(7,959)	(8,837)	(3,846)	(4,113)	(4,113)	(4,113)	(4,113)
Excess of preferred stock redemption cost over carrying value	(1,443)	(1,803)	(1,443)	—	—	—	—
<b>Net income available for common stockholders</b>	<b>\$ 52,445</b>	\$ 9,779	<b>\$ 4,000</b>	\$ 48,445	\$ 20,303	\$ 4,796	\$ 2,160
<b>Net income per common share - diluted:</b>							
Income from continuing operations	\$ 0.60	\$ 0.10	\$ 0.07	\$ 0.53	\$ 0.18	\$ 0.03	\$ 0.02
Income from discontinued operations	0.32	0.08	—	0.32	0.17	0.06	0.02
Net income	\$ 0.92	\$ 0.18	\$ 0.07	\$ 0.85	\$ 0.35	\$ 0.09	\$ 0.04
Weighted average common shares outstanding - diluted	61,709	60,470	61,562	61,900	62,365	61,457	60,387
Dividends declared and paid per common share	\$ 0.850	\$ 0.850	\$ 0.425	\$ 0.425	\$ 0.425	\$ 0.425	\$ 0.425

Highwoods Properties, Inc.

# Statement of Funds from Operations and Additional Information

Amounts in thousands, except per share amounts

	Six Months Ended		Three Months Ended				
	06/30/07	06/30/06	06/30/07	03/31/07	12/31/06	09/30/06	06/30/06
<b>Funds from operations:</b>							
Net income	\$ 61,847	\$20,419	\$ 9,289	\$ 52,558	\$ 24,416	\$ 8,909	\$ 6,273
Dividends to preferred stockholders	(7,959)	(8,837)	(3,846)	(4,113)	(4,113)	(4,113)	(4,113)
Excess of preferred stock redemption cost over carrying value	(1,443)	(1,803)	(1,443)	—	—	—	—
Net income available for common stockholders	52,445	9,779	4,000	48,445	20,303	4,796	2,160
Add/(deduct):							
Depreciation and amortization of real estate assets	59,054	54,671	29,939	29,115	29,451	27,692	27,876
(Gains) on disposition of depreciable properties	(2,280)	(2,352)	(1,372)	(908)	(888)	(874)	(1,082)
Minority interest from the Operating Partnership in income from operations	2,717	557	270	2,447	927	127	115
Unconsolidated affiliates:							
Depreciation and amortization of real estate assets	5,744	5,353	2,878	2,866	3,048	2,790	2,678
(Gains) on disposition of depreciable properties	(7,158)	—	—	(7,158)	—	—	—
Discontinued operations:							
Depreciation and amortization of real estate assets	(6)	2,129	—	(6)	467	824	1,010
(Gains) on disposition of depreciable properties	(19,846)	(2,207)	(103)	(19,743)	(10,037)	(2,838)	(313)
Minority interest from the Operating Partnership in income from discontinued operations	1,500	377	8	1,492	869	321	95
Funds from operations	\$ 92,170	\$68,307	\$35,620	\$ 56,550	\$ 44,140	\$32,838	\$32,539
<b>Funds from operations per share - diluted</b>							
Net income available for common stockholders	\$ 0.92	\$ 0.18	\$ 0.07	\$ 0.85	\$ 0.35	\$ 0.09	\$ 0.04
Add/(deduct):							
Depreciation and amortization of real estate assets	0.96	0.90	0.49	0.47	0.47	0.45	0.46
(Gains) on disposition of depreciable properties	(0.04)	(0.04)	(0.02)	(0.01)	(0.01)	(0.01)	(0.02)
Unconsolidated affiliates:							
Depreciation and amortization of real estate assets	0.09	0.09	0.04	0.04	0.05	0.04	0.05
(Gains) on disposition of depreciable properties	(0.12)	—	—	(0.12)	—	—	—
Discontinued operations:							
Depreciation and amortization of real estate assets	—	0.04	—	—	0.01	0.01	0.02
(Gains) on disposition of depreciable properties	(0.32)	(0.04)	—	(0.32)	(0.16)	(0.05)	(0.01)
Funds from operations	\$ 1.49	\$ 1.13	\$ 0.58	\$ 0.91	\$ 0.71	\$ 0.53	\$ 0.54
Weighted average shares outstanding - diluted	61,709	60,470	61,562	61,900	62,365	61,457	60,387
<b>Additional information: 1/</b>							
Funds from operations, excluding certain items 2/	\$ 93,613	\$70,557	\$37,063	\$ 56,550	\$ 44,167	\$36,162	\$33,006
Funds from operations per share, excluding certain items 2/	\$ 1.52	\$ 1.17	\$ 0.60	\$ 0.91	\$ 0.71	\$ 0.59	\$ 0.55
Straight line rental income	\$ (2,462)						
Amortization of lease incentives	500						
Depreciation of non-real estate assets	905						
Ground lease straight line rent	95						
Amortization of stock-based compensation	2,623						
Amortization of deferred financing costs	1,175						
Amortization of accumulated other comprehensive loss	285						
Harborview non-cash FMV charge	268						
Non-incremental revenue generating capital expenditures paid:							
Building improvements	(8,390)						
2nd generation tenant improvements	(19,463)						
2nd generation lease commissions	(7,515)						
Common dividends and unit distributions paid	(51,700)						

1/ Increase or (decrease) to cash flows.

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

## Consolidated Balance Sheets

*Dollars in thousands*

	06/30/07	12/31/06
<b>Assets:</b>		
Real estate assets, at cost:		
Land	\$ 353,096	\$ 345,548
Buildings and tenant improvements	2,639,080	2,573,032
Development in process	137,492	101,899
Land held for development	112,422	111,517
	<u>3,242,090</u>	<u>3,131,996</u>
Less-accumulated depreciation	(628,506)	(588,307)
Net real estate assets	2,613,584	2,543,689
Real estate and other assets, net, held for sale	3,213	35,446
Cash and cash equivalents	16,839	16,690
Restricted cash	3,780	2,027
Accounts receivable, net	23,662	23,347
Notes receivable, net	5,893	7,871
Accrued straight-line rents receivable, net	70,798	68,364
Investment in unconsolidated affiliates	59,611	60,359
Deferred financing and leasing costs, net	69,764	66,352
Prepaid expenses and other assets	21,158	20,708
Total Assets	<u>\$2,888,302</u>	<u>\$2,844,853</u>
<b>Liabilities, Minority Interest and Stockholders' Equity:</b>		
Mortgages and notes payable	\$1,557,571	\$1,465,129
Accounts payable, accrued expenses and other liabilities	157,250	156,737
Financing obligations	35,683	35,530
Total Liabilities	1,750,504	1,657,396
Minority interest	71,602	79,726
Stockholders' Equity:		
Preferred stock	157,445	197,445
Common stock	571	562
Additional paid-in capital	1,444,474	1,449,337
Distributions in excess of net earnings	(535,064)	(538,098)
Accumulated other comprehensive loss	(1,230)	(1,515)
Total Stockholders' Equity	1,066,196	1,107,731
Total Liabilities, Minority Interest and Stockholders' Equity	<u>\$2,888,302</u>	<u>\$2,844,853</u>

**Estimated Net Asset Value Ranges**  
**As Released on February 14, 2007 — See Note Below**

*Dollars in thousands, except per share amounts*

**Note:** The following table sets forth information that was reported in our Supplemental issued February 14, 2007 and has not been updated to reflect facts or circumstances or changes in financial and operating assumptions that may have occurred subsequent to such date. This information is based on a range of estimated capitalization rates and projected net operating income, among other things, and is not intended to be an asset-by-asset or enterprise valuation.

<b>NOI Cap Rates:</b>			
Office	6.50%	6.75%	7.00%
Retail	5.25%	5.50%	5.75%
Industrial/Other	6.75%	7.00%	7.25%
<b>Weighted average</b>	<b>6.36%</b>	<b>6.61%</b>	<b>6.86%</b>
<b>Wholly-Owned Properties Projected Net Operating Income 1/</b>			
Office	\$ 209,693	\$ 209,693	\$ 209,693
Retail	27,764	27,764	27,764
Industrial/Other	22,038	22,038	22,038
Total Net Operating Income	\$ 259,495	\$ 259,495	\$ 259,495
<b>Wholly-Owned Properties Capitalized Value</b>			
Office	\$3,226,046	\$3,106,563	\$2,995,614
Retail	528,838	504,800	482,852
Industrial/Other	326,489	314,829	303,972
Total capitalized value - wholly owned properties	<u>\$4,081,373</u>	<u>\$3,926,192</u>	<u>\$3,782,439</u>
<b>Highwoods' Share of Joint Ventures (Includes Consolidated JVs)</b>			
Net operating income - projected	\$ 34,608	\$ 34,608	\$ 34,608
Capitalization rates	6.50%	6.75%	7.00%
Capitalized value - joint venture interests	<u>\$ 532,431</u>	<u>\$ 512,711</u>	<u>\$ 494,400</u>
<b>Total In-Service Property Value</b>	<b><u>\$4,613,804</u></b>	<b><u>\$4,438,903</u></b>	<b><u>\$4,276,839</u></b>
<b>Value of Other income</b>			
Development, leasing and management fees	\$ 6,061	\$ 6,061	\$ 6,061
Capitalization rate	20%	20%	20%
Value of other income	<u>\$ 30,306</u>	<u>\$ 30,306</u>	<u>\$ 30,306</u>
<b>Add Other assets:</b>			
Development pipeline investment at 135% of cost 2/	\$ 204,555	\$ 204,555	\$ 204,555
Low occupancy assets at NBV 3/	80,478	80,478	80,478
Property held for sale at net sales price	68,801	68,801	68,801
Land held for development at market value	139,009	139,009	139,009
Cash and cash equivalents	14,388	14,388	14,388
Restricted cash	1,764	1,764	1,764
Accounts receivable, net	23,200	23,200	23,200
Notes receivable and prepaid expenses	25,035	25,035	25,035
Other assets total	<u>\$ 557,229</u>	<u>\$ 557,229</u>	<u>\$ 557,229</u>
<b>Gross Value of Assets</b>	<b><u>\$5,201,339</u></b>	<b><u>\$5,026,438</u></b>	<b><u>\$4,864,374</u></b>
<b>Deductions:</b>			
Total liabilities	\$ 157,709	\$ 157,709	\$ 157,709
Mortgages and notes payable, at estimated fair value	1,445,554	1,445,554	1,445,554
Preferred stock, at redemption value	197,445	197,445	197,445
Highwoods' share of joint ventures liabilities	281,565	281,565	281,565
<b>Estimated Net Asset Value</b>	<b><u>\$3,119,065</u></b>	<b><u>\$2,944,164</u></b>	<b><u>\$2,782,100</u></b>
Estimated diluted common shares and operating units for 2007	62,600	62,600	62,600
<b>Estimated Net Asset Value Per Share</b>	<b><u>\$ 49.83</u></b>	<b><u>\$ 47.03</u></b>	<b><u>\$ 44.44</u></b>

- 1/ NOI excludes straight line income, lease termination fee income, NOI related to completed not stabilized developments, and NOI on certain low occupancy assets.
- 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 certain low occupancy properties for which a NOI capitalization approach is not appropriate. For those low occupancy assets, their net book value (after depreciation) is added as an estimate of their current valuation.

## Components of Discontinued Operations

*Dollars in thousands*

	<i>Six Months Ended</i>		<i>Three Months Ended</i>				
	<u>06/30/07</u>	<u>06/30/06</u>	<u>06/30/07</u>	<u>03/31/07</u>	<u>12/31/06</u>	<u>09/30/06</u>	<u>06/30/06</u>
<b>Rental and other revenues</b>	<b>\$ 313</b>	<b>\$7,440</b>	<b>\$ 28</b>	<b>\$ 285</b>	<b>\$ 2,149</b>	<b>\$3,571</b>	<b>\$3,013</b>
<b>Operating expenses:</b>							
Rental property and other expenses	<b>162</b>	2,811	<b>14</b>	148	967	1,526	1,173
Depreciation and amortization	<b>(6)</b>	2,129	—	(6)	467	824	1,010
General and administrative	<b>—</b>	—	<b>—</b>	—	12	75	—
Total operating expenses	<b>156</b>	4,940	<b>14</b>	142	1,446	2,425	2,183
<b>Interest expense</b>	<b>—</b>	205	<b>—</b>	—	78	277	102
<b>Other income</b>	<b>7</b>	39	<b>—</b>	7	12	14	21
<b>Income before minority interest and gains on sales of discontinued operations</b>	<b>164</b>	2,334	<b>14</b>	150	637	883	749
Minority interest in discontinued operations	<b>(12)</b>	(213)	<b>(1)</b>	(11)	(52)	(78)	(67)
<b>Income from discontinued operations before gains on sales of discontinued operations</b>	<b>152</b>	2,121	<b>13</b>	139	585	805	682
Gains on sales of discontinued operations	<b>19,846</b>	2,207	<b>103</b>	19,743	10,037	2,838	313
Minority interest in discontinued operations	<b>(1,488)</b>	(164)	<b>(7)</b>	(1,481)	(817)	(243)	(28)
<b>Gains on sales of discontinued operations, net of minority interest</b>	<b>18,358</b>	2,043	<b>96</b>	18,262	9,220	2,595	285
<b>Total discontinued operations</b>	<b>\$18,510</b>	<b>\$4,164</b>	<b>\$ 109</b>	<b>\$18,401</b>	<b>\$ 9,805</b>	<b>\$3,400</b>	<b>\$ 967</b>

Highwoods Properties, Inc.

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## Capitalization

*Dollars, shares, and units in thousands*

	06/30/07	03/31/07	12/31/06	09/30/06	06/30/06
<b>Long-Term Debt (see pages 7 &amp; 8):</b>	<b><u>\$1,557,571</u></b>	<b><u>\$1,487,509</u></b>	<b><u>\$1,465,129</u></b>	<b><u>\$1,461,105</u></b>	<b><u>\$1,466,839</u></b>
<b>Financing Obligations:</b>	<b><u>\$ 35,683</u></b>	<b><u>\$ 35,529</u></b>	<b><u>\$ 35,530</u></b>	<b><u>\$ 36,098</u></b>	<b><u>\$ 36,002</u></b>
<b>Preferred Stock (at liquidation value):</b>					
Series A 8 5/8% Perpetual Preferred Stock	\$ 104,945	\$ 104,945	\$ 104,945	\$ 104,945	\$ 104,945
Series B 8% Perpetual Preferred Stock	<u>52,500</u>	<u>92,500</u>	<u>92,500</u>	<u>92,500</u>	<u>92,500</u>
Total preferred stock	<b><u>\$ 157,445</u></b>	<b><u>\$ 197,445</u></b>	<b><u>\$ 197,445</u></b>	<b><u>\$ 197,445</u></b>	<b><u>\$ 197,445</u></b>
<b>Common Shares and Units Outstanding:</b>					
Common stock outstanding	57,131	56,711	56,211	55,635	54,131
Minority interest partnership units	<u>4,062</u>	<u>4,115</u>	<u>4,733</u>	<u>5,014</u>	<u>5,234</u>
Total common shares and units outstanding	<b>61,193</b>	<b>60,826</b>	<b>60,944</b>	<b>60,649</b>	<b>59,365</b>
Stock price at period end	\$ 37.50	\$ 39.49	\$ 40.76	\$ 37.21	\$ 36.18
Market value of common equity	<b><u>\$2,294,738</u></b>	<b><u>\$2,402,019</u></b>	<b><u>\$2,484,077</u></b>	<b><u>\$2,256,749</u></b>	<b><u>\$2,147,826</u></b>
Total market capitalization with debt and obligations	<b><u>\$4,045,437</u></b>	<b><u>\$4,122,502</u></b>	<b><u>\$4,182,181</u></b>	<b><u>\$3,951,397</u></b>	<b><u>\$3,848,112</u></b>

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

Highwoods Properties, Inc.

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## Long-Term Debt Summary

*Dollars in thousands*

	06/30/07	03/31/07	12/31/06	09/30/06	06/30/06
<b>Balances Outstanding:</b>					
<b>Secured:</b>					
Conventional fixed rate 1/	\$ 659,741	\$ 662,036	\$ 730,732	\$ 691,662	\$ 695,832
Variable rate debt	1,014	13,688	10,897	12,943	13,007
Secured total	660,755	675,724	741,629	704,605	708,839
<b>Unsecured:</b>					
Fixed rate bonds and notes	748,816	748,785	350,000	460,000	460,000
Credit facility	148,000	63,000	373,500	296,500	298,000
Unsecured total	896,816	811,785	723,500	756,500	758,000
Total	<u>\$1,557,571</u>	<u>\$ 1,487,509</u>	<u>\$ 1,465,129</u>	<u>\$1,461,105</u>	<u>\$1,466,839</u>

### End of Period Weighted Average Interest Rates:

<b>Secured:</b>					
Conventional fixed rate	6.63%	6.63%	6.78%	6.92%	6.93%
Variable rate debt	7.11%	6.55%	6.55%	5.93%	5.85%
Secured total	6.63%	6.63%	6.78%	6.91%	6.91%
<b>Unsecured:</b>					
Fixed rate bonds	6.61%	6.61%	7.48%	7.37%	7.37%
Credit facility	6.12%	6.12%	6.14%	6.22%	5.96%
Unsecured total	6.53%	6.57%	6.79%	6.92%	6.81%
Average	<u>6.57%</u>	<u>6.60%</u>	<u>6.78%</u>	<u>6.91%</u>	<u>6.86%</u>

### Maturity Schedule:

Year	Future Maturities of Debt		Total Debt 2/	Average Interest Rate
	Secured Debt 2/	Unsecured Debt		
2007	\$ —	\$ —	\$ —	—
2008	—	100,000	100,000	7.13%
2009	138,736	198,000	336,736	7.12%
2010	1,014	—	1,014	—
2011	—	—	—	—
2012	212,800	—	212,800	6.94%
2013	270,444	—	270,444	5.90%
2014	37,761	—	37,761	5.79%
2015	—	—	—	—
2016	—	—	—	—
Thereafter	—	598,816	598,816	6.40%
Total maturities	<u>\$ 660,755</u>	<u>\$ 896,816</u>	<u>\$1,557,571</u>	<u>6.57%</u>
Weighted average maturity = 6.4 years				

1/ Includes a \$22.8 million loan related to a consolidated 20% owned joint venture (Harborview) and \$37.8 million in loans at June 30, 2007 related to a consolidated 50% joint venture (Markel).

2/ All periods exclude annual principal amortization.

Highwoods Properties, Inc.

## Long-Term Debt Detail

*Dollars in thousands*

				Undepreciated
<b>Secured Loans</b>				
<b>Lender</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Loan Balance 06/30/07</b>	<b>Book Value of Assets Secured</b>
Northwestern Mutual	7.05%	Jan-12	\$ 190,000	\$ 290,807
Northwestern Mutual	6.03%	Mar-13	136,706	169,706
Massachusetts Mutual Life Ins. Co. 1/	5.68%	Dec-13	122,137	202,259
Monumental Life Ins. Co. 2/	7.77%	Nov-09	81,536	201,921
Monumental Life Ins. Co. 2/	7.87%	Nov-09	51,449	—
Metropolitan Life Ins. Co. 3/	6.06%	Oct-12	22,800	38,953
Principal Life Insurance Company 4/	5.79%	Jan-14	11,576	14,888
Principal Life Insurance Company 4/	5.79%	Jan-14	11,576	18,781
Massachusetts Mutual Life Ins. Co. 1/	6.48%	Dec-13	10,777	—
Principal Life Insurance Company 4/	5.74%	Jan-14	9,129	14,285
Principal Life Insurance Company 4/	5.89%	Jan-14	5,480	7,514
Lutheran Brotherhood	6.75%	Apr-09	3,747	8,027
Security Life of Denver	8.85%	Aug-09	2,004	9,392
American United Life	9.00%	Jun-13	824	3,321
Wells Fargo 5/	7.13%	May-10	720	820
Wells Fargo 5/	7.07%	May-10	294	1,750
	<u>6.63%</u>		<u>660,755</u>	<u>\$ 982,424</u>
<b>Unsecured Bonds</b>				
Bonds	7.13%	Feb-08	100,000	
Bonds	8.13%	Jan-09	50,000	
Bonds	5.85%	Mar-17	398,816	
Bonds	7.50%	Apr-18	200,000	
	<u>6.61%</u>		<u>748,816</u>	
<b>Unsecured Loans</b>				
Credit facility 5/ 6/	6.12%	May-09	148,000	
<b>Total Debt</b>	<u>6.57%</u>		<u>\$1,557,571</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/ Loans relate to a consolidated 50% owned joint venture (Markel).

5/ Floating rate loan based on one month libor.

6/ Maturity date excludes one-year extension option.

Highwoods Properties, Inc.

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

(Rentable Square Feet)

	06/30/07	03/31/07	12/31/06	09/30/06	06/30/06
<b>Office Industrial &amp; Retail</b>					
<b>In-Service:</b>					
Office 2/	19,194,000	19,154,000	19,244,000	19,507,000	19,704,000
Industrial	6,280,000	6,280,000	6,281,000	6,605,000	6,706,000
Retail 3/	1,317,000	1,326,000	1,327,000	1,431,000	1,408,000
Total 4/	26,791,000	26,760,000	26,852,000	27,543,000	27,818,000
<b>Development Completed - Not Stabilized:</b>					
Office 2/	560,000	600,000	504,000	311,000	153,000
Industrial	681,000	418,000	418,000	—	—
Retail	—	—	—	—	—
Total	1,241,000	1,018,000	922,000	311,000	153,000
<b>Development - In Process:</b>					
Office 2/	1,387,000	1,166,000	1,357,000	1,405,000	1,268,000
Industrial	120,000	383,000	383,000	681,000	418,000
Retail	—	—	—	—	23,000
Total	1,507,000	1,549,000	1,740,000	2,086,000	1,709,000
<b>Total:</b>					
Office 2/	21,141,000	20,920,000	21,105,000	21,223,000	21,125,000
Industrial	7,081,000	7,081,000	7,082,000	7,286,000	7,124,000
Retail 3/	1,317,000	1,326,000	1,327,000	1,431,000	1,431,000
Total 4/	29,539,000	29,327,000	29,514,000	29,940,000	29,680,000
<b>Same Property</b>					
Office 2/	18,909,000	18,909,000	18,909,000	18,909,000	18,909,000
Industrial	6,280,000	6,280,000	6,280,000	6,280,000	6,280,000
Retail	1,295,000	1,295,000	1,295,000	1,295,000	1,295,000
Total	26,484,000	26,484,000	26,484,000	26,484,000	26,484,000
<b>Percent Leased/Pre-Leased:</b>					
<b>In-Service:</b>					
Office	88.5%	89.3%	89.0%	88.1%	87.1%
Industrial	90.8%	91.9%	91.7%	91.8%	89.5%
Retail	94.8%	95.4%	95.7%	96.2%	95.3%
Total	89.3%	90.2%	90.0%	89.4%	88.1%
<b>Development Completed - Not Stabilized:</b>					
Office	69.9%	62.8%	62.8%	52.3%	17.0%
Industrial	61.0%	44.0%	44.0%	—	—
Retail	—	—	—	—	—
Total	65.0%	55.1%	54.3%	52.3%	17.0%
<b>Development - In Process:</b>					
Office	72.5%	55.0%	55.3%	58.4%	53.7%
Industrial	0.0%	50.1%	—	27.0%	44.0%
Retail	—	—	—	—	100.0%
Total	66.7%	53.8%	43.1%	48.2%	51.9%
<b>Same Property</b>					
Office	88.5%	89.1%	89.1%	88.3%	87.4%
Industrial	90.8%	91.9%	91.7%	91.5%	89.9%
Retail	94.7%	95.3%	95.6%	96.1%	95.0%
Total	89.4%	90.1%	90.0%	89.4%	88.3%

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

2/ 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.

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

Highwoods Properties, Inc.

## Portfolio Summary

(Continued)

As of June 30, 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	86.5%	14.6%	—	—	14.6%
Atlanta	5,514,000	92.9%	10.4%	4.0%	—	14.4%
Kansas City	2,215,000 4/	89.5%	4.3%	—	9.6%	13.9%
Tampa	2,418,000	96.5%	13.5%	—	—	13.5%
Nashville	2,875,000	90.9%	13.0%	—	—	13.0%
Piedmont Triad 5/	5,235,000	85.7%	6.8%	3.7%	—	10.5%
Richmond	2,024,000	90.0%	8.8%	—	—	8.8%
Memphis	1,276,000	92.7%	5.7%	—	—	5.7%
Greenville	1,109,000	76.3%	3.5%	0.1%	—	3.6%
Orlando	218,000	98.9%	1.1%	—	—	1.1%
Other	100,000	73.6%	0.5%	—	—	0.5%
Columbia	253,000	72.0%	0.4%	—	—	0.4%
<b>Total</b>	<b>26,791,000</b>	<b>89.3%</b>	<b>82.6%</b>	<b>7.8%</b>	<b>9.6%</b>	<b>100.0%</b>

### 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
Atlanta	6,349,000	93.4%	10.7%	3.5%	—	—	14.2%
Kansas City	2,933,000 4/	87.2%	4.8%	—	8.4%	—	13.2%
Raleigh	3,732,000	87.2%	13.1%	—	—	—	13.1%
Tampa	2,623,000	96.8%	12.1%	—	—	—	12.1%
Nashville	2,875,000	90.8%	11.5%	—	—	—	11.5%
Piedmont Triad	5,599,000	86.7%	6.5%	3.2%	—	—	9.7%
Richmond	2,437,000	91.7%	8.3%	—	—	—	8.3%
Memphis	1,276,000	92.7%	5.1%	—	—	—	5.1%
Des Moines	2,474,000	93.2%	3.4%	0.5%	0.1%	0.4%	4.4%
Orlando	2,071,000	91.4%	4.4%	—	—	—	4.4%
Greenville	1,109,000	76.3%	3.0%	0.1%	—	—	3.1%
Other	210,000	87.4%	0.5%	—	—	—	0.5%
Columbia	253,000	72.1%	0.3%	—	—	—	0.3%
Charlotte	148,000	100.0%	0.1%	—	—	—	0.1%
<b>Total</b>	<b>34,089,000</b>	<b>90.1%</b>	<b>83.8%</b>	<b>7.3%</b>	<b>8.5%</b>	<b>0.4%</b>	<b>100.0%</b>

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

2/ Annualized Cash Revenue is June, 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 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 34.

Highwoods Properties, Inc.

## Portfolio Summary - Wholly-Owned Properties Only

(Continued)

As of June 30, 2007

Market	Office Properties 1/			Industrial		
	Rentable Square Feet	Occupancy	Percentage	Rentable Square Feet	Occupancy	Percentage
			of Office Annualized Cash Revenue 2/			of Industrial Annualized Cash Revenue 2/
Raleigh	3,554,000	86.5%	17.6%	—	—	—
Tampa	2,418,000	96.5%	16.3%	—	—	—
Nashville	2,875,000	90.9%	15.8%	—	—	—
Atlanta	2,460,000	89.4%	12.6%	3,054,000	95.8%	51.5%
Richmond	2,024,000	90.0%	10.6%	—	—	—
Piedmont Triad	2,116,000	82.3%	8.2%	3,119,000	88.1%	47.2%
Memphis	1,276,000	92.7%	7.0%	—	—	—
Kansas City	894,000	81.9%	5.2%	4,000	46.5%	0.1%
Greenville	1,006,000	81.5%	4.2%	103,000	25.4%	1.2%
Orlando	218,000	98.9%	1.4%	—	—	—
Columbia	253,000	72.0%	0.5%	—	—	—
Other	100,000	73.6%	0.6%	—	—	—
	<u>19,194,000</u>	<u>88.5%</u>	<u>100.0%</u>	<u>6,280,000</u>	<u>90.8%</u>	<u>100.0%</u>

Market	Retail		
	Rentable Square Feet	Occupancy	Percentage
			of Retail Annualized Cash Revenue 2/
Kansas City 3/	<u>1,317,000</u>	<u>94.8%</u>	<u>100.0%</u>
	<u>1,317,000</u>	<u>94.8%</u>	<u>100.0%</u>

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

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

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

Highwoods Properties, Inc.

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

Market	Measurement	06/30/07	03/31/07	12/31/06	09/30/06	06/30/06
Atlanta	Rentable Square Feet	<b>5,514,000</b>	5,514,000	5,515,000	5,584,000	5,584,000
	Occupancy	<b>92.9%</b>	92.7%	94.0%	92.4%	91.8%
	Current Properties 2/	<b>92.9%</b>	92.7%	94.0%	92.7%	92.2%
Columbia	Rentable Square Feet	<b>253,000</b>	253,000	252,000	252,000	252,000
	Occupancy	<b>72.0%</b>	71.0%	48.7%	49.4%	49.8%
	Current Properties 2/	<b>72.0%</b>	71.0%	48.5%	49.2%	49.5%
Greenville	Rentable Square Feet	<b>1,109,000</b>	1,109,000	1,109,000	1,109,000	1,110,000
	Occupancy	<b>76.3%</b>	77.2%	75.3%	75.0%	68.8%
	Current Properties 2/	<b>76.3%</b>	77.2%	75.2%	75.0%	68.8%
Kansas City 3/	Rentable Square Feet	<b>2,215,000</b>	2,224,000	2,224,000	2,329,000	2,306,000
	Occupancy	<b>89.5%</b>	89.9%	90.1%	90.7%	89.9%
	Current Properties 2/	<b>89.4%</b>	89.8%	89.9%	90.3%	89.4%
Memphis	Rentable Square Feet	<b>1,276,000</b>	1,276,000	1,197,000	1,197,000	1,197,000
	Occupancy	<b>92.7%</b>	92.8%	91.8%	91.9%	89.7%
	Current Properties 2/	<b>92.2%</b>	92.3%	91.8%	91.9%	89.7%
Nashville	Rentable Square Feet	<b>2,875,000</b>	2,875,000	2,876,000	2,875,000	2,874,000
	Occupancy	<b>90.9%</b>	92.4%	91.6%	92.8%	90.8%
	Current Properties 2/	<b>90.9%</b>	92.4%	91.6%	92.8%	90.8%
Orlando	Rentable Square Feet	<b>218,000</b>	218,000	218,000	218,000	218,000
	Occupancy	<b>98.9%</b>	98.9%	100.0%	100.0%	100.0%
	Current Properties 2/	<b>98.9%</b>	98.9%	100.0%	100.0%	100.0%
Piedmont Triad	Rentable Square Feet	<b>5,235,000</b>	5,195,000	5,195,000	5,589,000	5,598,000
	Occupancy	<b>85.7%</b>	88.3%	88.7%	89.9%	88.6%
	Current Properties 2/	<b>86.4%</b>	88.3%	88.7%	89.5%	88.6%
Raleigh	Rentable Square Feet	<b>3,554,000</b>	3,554,000	3,810,000	3,812,000	4,101,000
	Occupancy	<b>86.5%</b>	86.6%	86.1%	82.6%	83.0%
	Current Properties 2/	<b>86.5%</b>	86.6%	86.6%	82.8%	82.9%
Richmond	Rentable Square Feet	<b>2,024,000</b>	2,024,000	2,024,000	1,954,000	1,954,000
	Occupancy	<b>90.0%</b>	89.8%	89.8%	88.6%	88.0%
	Current Properties 2/	<b>89.7%</b>	89.4%	89.5%	88.6%	88.0%
Tampa	Rentable Square Feet	<b>2,418,000</b>	2,418,000	2,332,000	2,524,000	2,524,000
	Occupancy	<b>96.5%</b>	98.2%	97.7%	96.0%	93.6%
	Current Properties 2/	<b>96.4%</b>	98.1%	97.7%	96.8%	95.5%
Total 4/	Rentable Square Feet	<b>26,691,000</b>	26,660,000	26,752,000	27,443,000	27,718,000
	Occupancy	<b>89.3%</b>	90.2%	90.0%	89.4%	88.1%
	Current Properties 2/	<b>89.4%</b>	90.1%	90.0%	89.4%	88.3%

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

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

3/ Excludes 430,000 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.

Highwoods Properties, Inc.

## Leasing Statistics

### Office Portfolio 1/

	Three Months Ended					
	6/30/07 2/	3/31/07 3/	12/31/06 4/	9/30/06 5/	6/30/06 6/	Average
Net Effective Rents Related to Re-Leased Space:						
Number of lease transactions (signed leases)	166	130	137	140	141	143
Rentable square footage leased	865,958	726,080	868,941	915,289	950,460	865,346
Square footage of Renewal Deals	590,542	451,125	601,796	681,640	486,998	562,420
Renewed square footage (% of total)	68.2%	62.1%	69.3%	74.5%	51.2%	65.0%
New Leases square footage (% of total)	31.8%	37.9%	30.7%	25.5%	48.8%	35.0%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 20.13	\$ 18.25	\$ 19.72	\$ 19.23	\$ 17.29	\$ 18.92
Tenant improvements	(2.00)	(1.70)	(1.77)	(1.56)	(1.71)	(1.75)
Leasing commissions 7/	(0.63)	(0.59)	(0.56)	(0.46)	(0.48)	(0.54)
Rent concessions	(0.21)	(0.06)	(0.22)	(0.11)	(0.22)	(0.16)
Effective rent	17.29	15.90	17.17	17.10	14.88	16.47
Expense stop	(6.04)	(5.06)	(5.45)	(5.04)	(5.53)	(5.42)
Equivalent effective net rent	\$ 11.25	\$ 10.84	\$ 11.72	\$ 12.06	\$ 9.35	\$ 11.05
Weighted average term in years	4.5	5.0	5.2	4.5	4.5	4.7
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$ 8,589,754	\$7,604,253	\$ 9,392,949	\$ 7,994,295	\$ 8,416,490	\$ 8,399,548
Rentable square feet	865,958	726,080	868,941	915,289	950,460	865,346
Per rentable square foot	\$ 9.92	\$ 10.47	\$ 10.81	\$ 8.73	\$ 8.86	\$ 9.71
Leasing Commissions:						
Total dollars committed under signed leases 7/	\$ 2,303,936	\$2,107,213	\$ 2,256,508	\$ 2,144,582	\$ 2,198,017	\$ 2,202,051
Rentable square feet	865,958	726,080	868,941	915,289	950,460	865,346
Per rentable square foot	\$ 2.66	\$ 2.90	\$ 2.60	\$ 2.34	\$ 2.31	\$ 2.54
Total:						
Total dollars committed under signed leases	\$10,893,690	\$9,711,466	\$11,649,457	\$10,138,877	\$10,614,507	\$10,601,599
Rentable square feet	865,958	726,080	868,941	915,289	950,460	865,346
Per rentable square foot	\$ 12.58	\$ 13.38	\$ 13.41	\$ 11.08	\$ 11.17	\$ 12.25

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

3/ Includes 98K square feet of leases that start in 2009 or later.

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

5/ Includes 179K square feet of leases that start in 2008 or later.

6/ Includes 74K square feet of leases that start in 2008 or later.

7/ Excludes a full allocation of internal leasing costs.

Highwoods Properties, Inc.



**Leasing Statistics**  
**Industrial Portfolio**

	Three Months Ended					
	6/30/07 1/	3/31/07	12/31/06	9/30/06	6/30/06 2/	Average
Net Effective Rents Related to Re-Leased Space:						
Number of lease transactions (signed leases)	18	14	17	23	36	22
Rentable square footage leased	575,033	188,562	539,939	485,936	974,807	552,855
Square footage of Renewal Deals	489,312	175,579	315,423	237,061	543,537	352,182
Renewed square footage (% of total)	85.1%	93.1%	58.4%	48.8%	55.8%	63.7%
New Leases square footage (% of total)	14.9%	6.9%	41.6%	51.2%	44.2%	36.3%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 3.82	\$ 4.63	\$ 3.81	\$ 4.13	\$ 3.44	\$ 3.97
Tenant improvements	(0.23)	(0.20)	(0.45)	(0.31)	(0.17)	(0.27)
Leasing commissions 3/	(0.06)	(0.04)	(0.14)	(0.09)	(0.07)	(0.08)
Rent concessions	(0.05)	(0.02)	(0.05)	(0.11)	(0.01)	(0.05)
Effective rent	3.48	4.37	3.17	3.62	3.19	3.57
Expense stop	(0.19)	(0.24)	(0.08)	(0.17)	(0.10)	(0.16)
Equivalent effective net rent	\$ 3.29	\$ 4.13	\$ 3.09	\$ 3.45	\$ 3.09	\$ 3.41
Weighted average term in years	2.3	2.5	5.2	3.8	2.9	3.3
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$528,135	\$142,102	\$1,323,790	\$732,593	\$ 895,575	\$724,439
Rentable square feet	575,033	188,562	539,939	485,936	974,807	552,855
Per rentable square foot	\$ 0.92	\$ 0.75	\$ 2.45	\$ 1.51	\$ 0.92	\$ 1.31
Leasing Commissions:						
Total dollars committed under signed leases 3/	\$142,246	\$ 23,647	\$ 433,927	\$109,087	\$ 144,376	\$170,657
Rentable square feet	575,033	188,562	539,939	485,936	974,807	552,855
Per rentable square foot	\$ 0.25	\$ 0.13	\$ 0.80	\$ 0.22	\$ 0.15	\$ 0.31
Total:						
Total dollars committed under signed leases	\$670,380	\$165,749	\$1,757,717	\$841,680	\$1,039,951	\$895,096
Rentable square feet	575,033	188,562	539,939	485,936	974,807	552,855
Per rentable square foot	\$ 1.17	\$ 0.88	\$ 3.26	\$ 1.73	\$ 1.07	\$ 1.62

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

2/ Includes 14K square feet of leases that start in 2008 or later.

3/ Excludes a full allocation of internal leasing costs.

Highwoods Properties, Inc.

## Leasing Statistics

### Retail Portfolio

	Three Months Ended					
	6/30/07	3/31/07 1/	12/31/06	09/30/06	06/30/06	Average
Net Effective Rents Related to Re-Leased Space:						
Number of lease transactions (signed leases)	8	9	8	8	5	8
Rentable square footage leased	14,721	41,357	23,748	26,472	13,573	23,974
Square footage of Renewal Deals	7,072	39,171	9,855	17,179	3,919	15,439
Renewed square footage (% of total)	48.0%	94.7%	41.5%	64.9%	28.9%	64.4%
New Leases square footage (% of total)	52.0%	5.3%	58.5%	35.1%	71.1%	35.6%
Weighted average per rentable square foot over the lease term:						
Base rent	\$ 33.29	\$ 23.23	\$ 18.27	\$ 24.75	\$ 30.32	\$ 25.97
Tenant improvements	(2.57)	(0.12)	(0.08)	(1.40)	(4.28)	(1.69)
Leasing commissions 2/	(1.25)	(0.24)	(0.41)	(0.61)	(1.04)	(0.71)
Rent concessions	0.00	0.00	(0.20)	0.00	0.00	(0.04)
Effective rent	29.47	22.87	17.58	22.74	25.00	23.53
Expense stop	0.00	0.00	0.00	0.00	0.00	0.00
Equivalent effective net rent	\$ 29.47	\$ 22.87	\$ 17.58	\$ 22.74	\$ 25.00	\$ 23.53
Weighted average term in years	7.0	4.2	8.6	5.2	10.8	7.2
Capital Expenditures Related to Re-leased Space:						
Tenant Improvements:						
Total dollars committed under signed leases	\$335,337	\$27,507	\$15,000	\$288,272	\$838,555	\$300,934
Rentable square feet	14,721	41,357	23,748	26,472	13,573	23,974
Per rentable square foot	\$ 22.78	\$ 0.67	\$ 0.63	\$ 10.89	\$ 61.78	\$ 12.55
Leasing Commissions:						
Total dollars committed under signed leases 2/	\$ 83,077	\$ 1,981	\$ 1,981	\$ 46,048	\$ 63,681	\$ 39,354
Rentable square feet	14,721	41,357	23,748	26,472	13,573	23,974
Per rentable square foot	\$ 5.64	\$ 0.05	\$ 0.08	\$ 1.74	\$ 4.69	\$ 1.64
Total:						
Total dollars committed under signed leases	\$418,414	\$29,488	\$16,981	\$334,320	\$902,236	\$340,288
Rentable square feet	14,721	41,357	23,748	26,472	13,573	23,974
Per rentable square foot	\$ 28.42	\$ 0.71	\$ 0.72	\$ 12.63	\$ 66.47	\$ 14.19

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

2/ Excludes a full allocation of internal leasing costs.

Highwoods Properties, Inc.

## Leasing Statistics by Market

For the Three Months Ended As of 6/30/07

Office Portfolio 1/					
Market	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions Per SF 2/
	Leased	Term			
Raleigh	188,528	4.4	\$21.08	\$13.38	\$ 2.92
Nashville	157,158	4.5	20.14	8.52	2.48
Memphis	107,576	7.5	21.81	9.51	3.30
Atlanta	104,459	4.4	19.64	12.40	2.58
Greenville	86,569	4.1	16.82	14.94	3.63
Tampa	65,811	3.3	20.43	2.68	1.43
Richmond	62,096	3.7	18.32	6.27	1.82
Piedmont Triad	51,259	3.1	17.56	4.14	0.48
Kansas City	24,931	4.1	21.16	9.86	4.84
Orlando	17,571	3.2	19.56	5.28	0.30
	<b>865,958</b>	<b>4.5</b>	<b>\$19.92</b>	<b>\$ 9.92</b>	<b>\$ 2.66</b>

  

Industrial Portfolio					
Market	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions Per SF 2/
	Leased	Term			
Piedmont Triad	471,303	2.0	\$ 3.62	\$ 0.54	\$ 0.12
Atlanta	103,730	3.6	4.43	2.63	0.83
	<b>575,033</b>	<b>2.3</b>	<b>\$ 3.77</b>	<b>\$ 0.92</b>	<b>\$ 0.25</b>

  

Retail Portfolio					
Market	Rentable Square Feet	Average	GAAP Rental Rate	TI's Per SF	Lease Commissions Per SF
	Leased	Term			
Kansas City	14,721	7.0	\$33.29	\$22.78	\$ 5.64
	<b>14,721</b>	<b>7.0</b>	<b>\$33.29</b>	<b>\$22.78</b>	<b>\$ 5.64</b>

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

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

## Rental Rate Comparisons by Market

For the Three Months Ended As of 6/30/07

Office Portfolio 1/	Rentable Square Feet	Current	Previous	Percentage
Market	Leased	Rent	Rent	Change Rent
Raleigh	188,528	\$21.08	\$19.52	8.0%
Nashville	157,158	20.14	19.14	5.3%
Memphis	107,576	21.81	19.21	13.5%
Atlanta	104,459	19.64	18.99	3.4%
Greenville	86,569	16.82	16.85	-0.2%
Tampa	65,811	20.43	21.23	-3.8%
Richmond	62,096	18.32	17.09	7.2%
Piedmont Triad	51,259	17.56	17.09	2.8%
Kansas City	24,931	21.16	20.29	4.3%
Orlando	17,571	19.56	16.29	20.1%
GAAP Rent Growth	<b>865,958</b>	<b>\$19.92</b>	<b>\$18.84</b>	<b>5.7%</b>
Cash Rent Growth	<b>865,958</b>	<b>\$19.44</b>	<b>\$19.77</b>	<b>-1.7%</b>

Industrial Portfolio	Rentable Square Feet	Current	Previous	Percentage
Market	Leased	Rent	Rent	Change Rent
Piedmont Triad	471,303	\$ 3.62	\$ 3.39	6.9%
Atlanta	103,730	4.43	5.55	-20.1%
GAAP Rent Growth	<b>575,033</b>	<b>\$ 3.77</b>	<b>\$ 3.76</b>	<b>0.3%</b>
Cash Rent Growth	<b>575,033</b>	<b>\$ 3.77</b>	<b>\$ 3.92</b>	<b>-4.0%</b>

Retail Portfolio	Rentable Square Feet	Current	Previous	Percentage
Market	Leased	Rent	Rent 2/	Change Rent
Kansas City	14,721	\$33.29	\$29.42	13.2%
GAAP Rent Growth	<b>14,721</b>	<b>\$33.29</b>	<b>\$29.42</b>	<b>13.2%</b>
Cash Rent Growth	<b>14,721</b>	<b>\$31.85</b>	<b>\$30.87</b>	<b>3.2%</b>

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

Type	06/30/07	06/30/06	06/30/05	06/30/04	06/30/03
Office	\$19.26	\$18.16	\$17.64	\$17.49	\$17.36
Industrial	5.19	5.10	5.02	4.68	4.55
Retail 2/	30.94	28.07	27.80	25.88	25.24
Weighted average rate	<b>\$16.40</b>	<b>\$15.51</b>	<b>\$15.44</b>	<b>\$14.70</b>	<b>\$13.94</b>
Annual % growth rate	<b>5.7%</b>	<b>0.5%</b>	<b>5.0%</b>	<b>5.5%</b>	

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

2/ Excludes percentage rent.

3/ Average cash rental rates represent June, 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

June 30, 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/
<b>Office: 2/</b>					
2007 /3	603,515	3.5%	\$ 12,207	\$20.23	3.7%
2008	2,013,849	11.6%	38,848	19.29	11.7%
2009	2,752,125	15.9%	53,871	19.57	16.1%
2010	2,348,374	13.6%	49,209	20.95	14.8%
2011	2,821,194	16.3%	52,924	18.76	15.8%
2012	2,110,777	12.2%	41,459	19.64	12.4%
2013	896,769	5.2%	16,845	18.78	5.1%
2014	648,561	3.8%	12,530	19.32	3.8%
2015	817,617	4.7%	16,204	19.82	4.9%
2016	729,773	4.2%	13,367	18.32	4.0%
2017 and thereafter	1,550,626	9.0%	25,648	16.54	7.7%
	<b><u>17,293,180</u></b>	<b><u>100.0%</u></b>	<b><u>\$333,112</u></b>	<b><u>\$19.26</u></b>	<b><u>100.0%</u></b>
<b>Industrial:</b>					
2007 /4	241,179	4.0%	\$ 1,983	\$ 8.22	6.3%
2008	1,072,244	17.8%	5,584	5.21	17.8%
2009	1,132,855	18.7%	5,829	5.15	18.7%
2010	827,240	13.7%	4,393	5.31	14.0%
2011	682,640	11.3%	3,612	5.29	11.5%
2012	363,425	6.0%	1,721	4.74	5.5%
2013	210,052	3.5%	1,176	5.60	3.8%
2014	372,265	6.2%	1,687	4.53	5.4%
2015	233,882	3.9%	877	3.75	2.8%
2016	264,597	4.4%	972	3.67	3.1%
2017 and thereafter	634,240	10.5%	3,466	5.46	11.1%
	<b><u>6,034,619</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 31,300</u></b>	<b><u>\$ 5.19</u></b>	<b><u>100.0%</u></b>

1/ Annualized Cash Revenue is June, 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 95,000 square feet of leases that are on a month to month basis or 0.5% of total annualized revenue.

4/ Includes 53,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue.

Note: 2007 and beyond expirations that have been renewed are reflected above based on the renewal expiration date.

Highwoods Properties, Inc.

## Lease Expirations

June 30, 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/
<b>Retail:</b>					
2007 2/	32,199	2.6%	\$ 807	\$25.06	2.1%
2008	116,159	9.3%	3,308	28.48	8.6%
2009	139,813	11.2%	4,039	28.89	10.5%
2010	97,973	7.8%	3,739	38.16	9.7%
2011	75,164	6.0%	2,231	29.68	5.8%
2012	156,201	12.5%	4,761	30.48	12.3%
2013	62,767	5.0%	2,514	40.05	6.5%
2014	79,410	6.4%	1,496	18.84	3.9%
2015	127,995	10.2%	4,174	32.61	10.8%
2016	65,526	5.2%	2,641	40.30	6.8%
2017 and thereafter	295,874	23.8%	8,938	30.21	23.0%
	<b><u>1,249,081</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 38,648</u></b>	<b><u>\$30.94</u></b>	<b><u>100.0%</u></b>
<b>Total:</b>					
2007 3/ 4/	876,893	3.6%	\$ 14,997	\$17.10	3.7%
2008	3,202,252	13.0%	47,740	14.91	11.8%
2009	4,024,793	16.3%	63,739	15.84	15.9%
2010	3,273,587	13.3%	57,341	17.52	14.2%
2011	3,578,998	14.6%	58,767	16.42	14.6%
2012	2,630,403	10.7%	47,941	18.23	11.9%
2013	1,169,588	4.8%	20,535	17.56	5.1%
2014	1,100,236	4.5%	15,713	14.28	3.9%
2015	1,179,494	4.8%	21,255	18.02	5.3%
2016	1,059,896	4.3%	16,980	16.02	4.2%
2017 and thereafter	2,480,740	10.1%	38,052	15.34	9.4%
	<b><u>24,576,880</u></b>	<b><u>100.0%</u></b>	<b><u>\$403,060</u></b>	<b><u>\$16.40</u></b>	<b><u>100.0%</u></b>

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

2/ Includes 8,000 square feet of leases that are on a month to month basis or 0.0% of total annualized revenue.

3/ Includes 156,000 square feet of leases that are on a month to month basis or 0.6% 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: 2007 and beyond expirations that have been renewed are reflected above based on the renewal expiration date.

Highwoods Properties, Inc.

## Office Lease Expirations by Market by Quarter 1/

*Dollars in thousands*

		Three Months Ended				
		09/30/07 2/	12/31/07	03/31/08	06/30/08	Total
Atlanta	RSF	155,191	6,764	325,688	2,191	489,834
	% of Total Office RSF	0.9%	0.0%	1.9%	0.0%	2.8%
	Annualized Cash Revenue	3/ \$ 2,667	\$ 108	\$ 5,406	\$ 17	\$ 8,198
	% of Total Office Annl Cash Rev	0.8%	0.0%	1.6%	0.0%	2.5%
Columbia	RSF	0	3,258	0	0	3,258
	% of Total Office RSF	0.0%	0.0%	0.0%	0.0%	0.0%
	Annualized Cash Revenue	3/ \$ —	\$ 61	\$ —	\$ —	\$ 61
	% of Total Office Annl Cash Rev	0.0%	0.0%	0.0%	0.0%	0.0%
Greenville	RSF	7,029	0	37,994	20,922	65,945
	% of Total Office RSF	0.0%	0.0%	0.2%	0.1%	0.4%
	Annualized Cash Revenue	3/ \$ 148	\$ —	\$ 706	\$ 410	\$ 1,264
	% of Total Office Annl Cash Rev	0.0%	0.0%	0.2%	0.1%	0.4%
Kansas City	RSF	29,789	20,702	14,839	11,395	76,725
	% of Total Office RSF	0.2%	0.1%	0.1%	0.1%	0.4%
	Annualized Cash Revenue	3/ \$ 642	\$ 448	\$ 286	\$ 220	\$ 1,596
	% of Total Office Annl Cash Rev	0.2%	0.1%	0.1%	0.1%	0.5%
Memphis	RSF	16,566	3,939	57,489	41,596	119,590
	% of Total Office RSF	0.1%	0.0%	0.3%	0.2%	0.7%
	Annualized Cash Revenue	3/ \$ 333	\$ 72	\$ 1,243	\$ 884	\$ 2,532
	% of Total Office Annl Cash Rev	0.1%	0.0%	0.4%	0.3%	0.8%
Nashville	RSF	61,894	5,877	61,066	48,527	177,364
	% of Total Office RSF	0.4%	0.0%	0.4%	0.3%	1.0%
	Annualized Cash Revenue	3/ \$ 1,200	\$ 121	\$ 1,231	\$ 943	\$ 3,495
	% of Total Office Annl Cash Rev	0.4%	0.0%	0.4%	0.3%	1.0%
Orlando	RSF	1,358	6,340	3,610	0	11,308
	% of Total Office RSF	0.0%	0.0%	0.0%	0.0%	0.1%
	Annualized Cash Revenue	3/ \$ 33	\$ 166	\$ 96	\$ —	\$ 295
	% of Total Office Annl Cash Rev	0.0%	0.0%	0.0%	0.0%	0.1%
Piedmont Triad	RSF	6,856	19,406	175,766	29,565	231,593
	% of Total Office RSF	0.0%	0.1%	1.0%	0.2%	1.3%
	Annualized Cash Revenue	3/ \$ 156	\$ 304	\$ 2,892	\$ 407	\$ 3,759
	% of Total Office Annl Cash Rev	0.0%	0.1%	0.9%	0.1%	1.1%
Raleigh	RSF	99,170	31,996	112,916	50,103	294,185
	% of Total Office RSF	0.5%	0.2%	0.7%	0.3%	1.7%
	Annualized Cash Revenue	3/ \$ 2,072	\$ 603	\$ 1,758	\$ 963	\$ 5,396
	% of Total Office Annl Cash Rev	0.6%	0.2%	0.5%	0.3%	1.6%
Richmond	RSF	27,408	24,900	110,970	42,976	206,254
	% of Total Office RSF	0.2%	0.1%	0.6%	0.2%	1.2%
	Annualized Cash Revenue	3/ \$ 530	\$ 522	\$ 2,297	\$ 838	\$ 4,187
	% of Total Office Annl Cash Rev	0.2%	0.2%	0.7%	0.3%	1.3%
Tampa	RSF	47,261	12,879	24,465	38,985	123,590
	% of Total Office RSF	0.3%	0.1%	0.1%	0.2%	0.7%
	Annualized Cash Revenue	3/ \$ 1,249	\$ 358	\$ 613	\$ 932	\$ 3,152
	% of Total Office Annl Cash Rev	0.4%	0.1%	0.2%	0.3%	0.9%
Other	RSF	14,932	0	1,351	14,967	31,250
	% of Total Office RSF	0.1%	0.0%	0.0%	0.1%	0.2%
	Annualized Cash Revenue	3/ \$ 393	\$ 22	\$ 36	\$ 509	\$ 960
	% of Total Office Annl Cash Rev	0.1%	0.0%	0.0%	0.2%	0.3%
Total	RSF	467,454	136,061	926,154	301,227	1,830,896
	% of Total Office RSF	2.7%	0.8%	5.4%	1.7%	10.5%
	Annualized Cash Revenue	3/ \$ 9,423	\$ 2,785	\$ 16,564	\$ 6,123	\$ 34,895
	% of Total Office Annl Cash Rev	2.8%	0.8%	5.0%	1.8%	10.5%

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

2/ Includes 95,000 square feet of leases that are on a month to month basis or 0.5% of total annualized revenue.

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

Highwoods Properties, Inc.

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## Industrial Lease Expirations by Market by Quarter

*Dollars in thousands*

Dollars in thousands

		Three Months Ended					Total
		09/30/07 1/	12/31/07	03/31/08	06/30/08		
Atlanta	RSF	55,952	65,024	153,753	223,335	498,064	
	% of Total Industrial RSF	0.9%	1.1%	2.5%	3.7%	8.3%	
	Annualized Cash Revenue	2/ \$ 290	\$ 337	\$ 711	\$ 1,242	\$ 2,580	
	% of Total Industrial Annl Cash Rev	1.0%	1.1%	2.3%	4.0%	8.3%	
Greenville	RSF	16,081	0	0	5,350	21,431	
	% of Total Industrial RSF	0.3%	0.0%	0.0%	0.1%	0.4%	
	Annualized Cash Revenue	2/ \$ 257	\$ —	\$ —	\$ 62	\$ 319	
	% of Total Industrial Annl Cash Rev	0.8%	0.0%	0.0%	0.2%	1.0%	
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	60,457	43,665	367,468	13,092	484,682	
	% of Total Industrial RSF	1.0%	0.7%	6.1%	0.2%	8.0%	
	Annualized Cash Revenue	2/ \$ 679	\$ 421	\$ 1,594	\$ 194	\$ 2,888	
	% of Total Industrial Annl Cash Rev	2.2%	1.3%	5.1%	0.6%	9.2%	
Total	RSF	132,490	108,689	521,221	241,777	1,004,177	
	% of Total Industrial RSF	2.2%	1.8%	8.6%	4.0%	16.6%	
	Annualized Cash Revenue	2/ \$ 1,226	\$ 758	\$ 2,305	\$ 1,498	\$ 5,787	
	% of Total Industrial Annl Cash Rev	4.0%	2.4%	7.4%	4.8%	18.5%	

1/ Includes 53,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue.

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

Highwoods Properties, Inc.

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## Office Lease Expirations by Market by Year 1/

*Dollars in thousands*

		2007 2/	2008	2009	2010	Thereafter
Atlanta	RSF	161,955	397,878	343,020	85,236	1,209,969
	% of Total Office RSF	0.9%	2.3%	2.0%	0.5%	7.0%
	Annualized Cash Revenue	3/ \$ 2,774	\$ 6,899	\$ 5,907	\$ 1,673	\$ 24,649
	% of Total Office Annl Cash Rev	0.8%	2.1%	1.8%	0.5%	7.4%
Columbia	RSF	3,258	21,107	8,409	6,475	143,069
	% of Total Office RSF	0.0%	0.1%	0.0%	0.0%	0.8%
	Annualized Cash Revenue	3/ \$ 61	\$ 306	\$ 132	\$ 105	\$ 989
	% of Total Office Annl Cash Rev	0.0%	0.1%	0.0%	0.0%	0.3%
Greenville	RSF	7,029	78,679	60,122	53,206	621,229
	% of Total Office RSF	0.0%	0.5%	0.3%	0.3%	3.6%
	Annualized Cash Revenue	3/ \$ 148	\$ 1,491	\$ 1,021	\$ 894	\$ 10,365
	% of Total Office Annl Cash Rev	0.0%	0.4%	0.3%	0.3%	3.1%
Kansas City	RSF	50,491	80,215	125,877	119,208	379,989
	% of Total Office RSF	0.3%	0.5%	0.7%	0.7%	2.2%
	Annualized Cash Revenue	3/ \$ 1,090	\$ 1,637	\$ 2,531	\$ 3,128	\$ 8,929
	% of Total Office Annl Cash Rev	0.3%	0.5%	0.8%	0.9%	2.7%
Memphis	RSF	20,505	173,118	208,791	181,982	597,830
	% of Total Office RSF	0.1%	1.0%	1.2%	1.1%	3.5%
	Annualized Cash Revenue	3/ \$ 405	\$ 3,715	\$ 4,113	\$ 3,676	\$ 11,255
	% of Total Office Annl Cash Rev	0.1%	1.1%	1.2%	1.1%	3.4%
Nashville	RSF	67,771	209,877	689,569	474,160	1,244,431
	% of Total Office RSF	0.4%	1.2%	4.0%	2.7%	7.2%
	Annualized Cash Revenue	3/ \$ 1,321	\$ 4,232	\$ 13,549	\$ 9,401	\$ 24,049
	% of Total Office Annl Cash Rev	0.4%	1.3%	4.1%	2.8%	7.2%
Orlando	RSF	7,698	3,610	11,482	79,163	113,590
	% of Total Office RSF	0.0%	0.0%	0.1%	0.5%	0.7%
	Annualized Cash Revenue	3/ \$ 200	\$ 96	\$ 176	\$ 1,795	\$ 2,305
	% of Total Office Annl Cash Rev	0.1%	0.0%	0.1%	0.5%	0.7%
Piedmont Triad	RSF	26,262	243,649	144,553	218,001	1,107,937
	% of Total Office RSF	0.2%	1.4%	0.8%	1.3%	6.4%
	Annualized Cash Revenue	3/ \$ 461	\$ 4,005	\$ 2,370	\$ 3,383	\$ 17,204
	% of Total Office Annl Cash Rev	0.1%	1.2%	0.7%	1.0%	5.2%
Raleigh	RSF	131,166	419,017	553,216	351,904	1,728,401
	% of Total Office RSF	0.8%	2.4%	3.2%	2.0%	10.0%
	Annualized Cash Revenue	3/ \$ 2,674	\$ 8,280	\$ 11,295	\$ 6,535	\$ 30,130
	% of Total Office Annl Cash Rev	0.8%	2.5%	3.4%	2.0%	9.0%
Richmond	RSF	52,308	251,298	209,659	237,653	1,171,415
	% of Total Office RSF	0.3%	1.5%	1.2%	1.4%	6.8%
	Annualized Cash Revenue	3/ \$ 1,052	\$ 4,974	\$ 3,992	\$ 4,421	\$ 21,027
	% of Total Office Annl Cash Rev	0.3%	1.5%	1.2%	1.3%	6.3%
Tampa	RSF	60,140	119,083	390,642	513,407	1,249,966
	% of Total Office RSF	0.3%	0.7%	2.3%	3.0%	7.2%
	Annualized Cash Revenue	3/ \$ 1,607	\$ 2,666	\$ 8,656	\$ 13,564	\$ 27,894
	% of Total Office Annl Cash Rev	0.5%	0.8%	2.6%	4.1%	8.4%
Other	RSF	14,932	16,318	6,785	27,979	7,491
	% of Total Office RSF	0.1%	0.1%	0.0%	0.2%	0.0%
	Annualized Cash Revenue	3/ \$ 415	\$ 545	\$ 129	\$ 634	\$ 183
	% of Total Office Annl Cash Rev	0.1%	0.2%	0.0%	0.2%	0.1%
Total	RSF	603,515	2,013,849	2,752,125	2,348,374	9,575,317
	% of Total Office RSF	3.5%	11.6%	15.9%	13.6%	55.4%
	Annualized Cash Revenue	3/ \$ 12,208	\$ 38,846	\$ 53,871	\$ 49,209	\$ 178,979
	% of Total Office Annl Cash Rev	3.7%	11.7%	16.1%	14.8%	53.8%

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

2/ Includes 95,000 square feet of leases that are on a month to month basis or 0.5% of total annualized revenue.

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

Highwoods Properties, Inc.

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## Industrial Lease Expirations by Market by Year

*Dollars in thousands*

		2007 1/	2008	2009	2010	Thereafter
Atlanta	RSF	120,976	561,511	330,555	294,369	1,767,784
	% of Total Industrial RSF	2.0%	9.3%	5.5%	4.9%	29.3%
	Annualized Cash Revenue	2/ \$ 626	\$ 2,947	\$ 2,102	\$ 1,668	\$ 8,804
	% of Total Industrial Annl Cash Rev	2.0%	9.4%	6.7%	5.3%	28.1%
Greenville	RSF	16,081	5,350	4,794	0	0
	% of Total Industrial RSF	0.3%	0.1%	0.1%	0.0%	0.0%
	Annualized Cash Revenue	2/ \$ 257	\$ 62	\$ 43	\$ —	\$ —
	% of Total Industrial Annl Cash Rev	0.8%	0.2%	0.1%	0.0%	0.0%
Kansas City	RSF	0	0	1,756	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%	0.0%	0.1%	0.0%	0.0%
Piedmont Triad	RSF	104,122	505,383	795,750	532,871	993,317
	% of Total Industrial RSF	1.7%	8.4%	13.2%	8.8%	16.5%
	Annualized Cash Revenue	2/ \$ 1,100	\$ 2,576	\$ 3,664	\$ 2,725	\$ 4,706
	% of Total Industrial Annl Cash Rev	3.5%	8.2%	11.7%	8.7%	15.0%
Total	RSF	241,179	1,072,244	1,132,855	827,240	2,761,101
	% of Total Industrial RSF	4.0%	17.8%	18.8%	13.7%	45.8%
	Annualized Cash Revenue	2/ \$ 1,983	\$ 5,585	\$ 5,829	\$ 4,393	\$ 13,510
	% of Total Industrial Annl Cash Rev	6.3%	17.8%	18.6%	14.0%	43.2%

1/ Includes 53,000 square feet of leases that are on a month to month basis or 0.1% of total annualized revenue.

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

Highwoods Properties, Inc.

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## Customer Diversification 1/

June 30, 2007

*Dollars in thousands*

### Top 20 Customers

Customer	RSF	Annualized Cash Revenue 2/	Percent of Annualized Cash Revenue 2/	Average Remaining Lease Term in Years
Federal Government	1,506,642	\$ 27,983	6.94%	7.9
AT&T	672,986	13,349	3.31%	1.6
Price Waterhouse Coopers	358,611	9,714	2.41%	2.8
State of Georgia	367,986	7,420	1.84%	2.7
T-Mobile USA	205,855	5,606	1.39%	6.4
Metropolitan Life Insurance	262,586	5,040	1.25%	9.5
Lockton Companies	156,255	4,089	1.01%	7.7
Volvo	278,940	3,941	0.98%	2.9
Syniverse Technologies	198,750	3,869	0.96%	9.3
Northern Telecom	246,000	3,651	0.91%	0.7
SCI Services 3/	162,784	3,555	0.88%	10.1
BB&T	209,237	3,277	0.81%	5.1
US Airways	182,775	3,139	0.78%	4.2
Fluor Enterprises	165,476	2,994	0.74%	4.5
Jacobs Engineering Group	181,794	2,643	0.66%	8.5
Vanderbilt University	126,617	2,443	0.61%	8.3
Lifepoint Corporate Services	122,703	2,413	0.60%	4.0
Icon Clinical Research	110,909	2,382	0.59%	6.2
Wachovia	97,792	2,219	0.55%	2.9
Bank of America	73,004	1,968	0.49%	5.8
	<u>5,687,702</u>	<u>\$111,695</u>	<u>27.71%</u>	<u>5.5</u>

### By Industry

Category	Percent of Annualized Cash Revenue 2/
Professional, Scientific, and Technical Services	20.0%
Finance/Banking	10.1%
Insurance	9.4%
Government/Public Administration	8.7%
Retail Trade	7.7%
Telecommunication	7.5%
Manufacturing	6.9%
Wholesale Trade	6.2%
Health Care and Social Assistance	5.4%
Real Estate Rental and Leasing	3.6%
Accommodation and Food Services	2.8%
Information	2.8%
Administrative and Support Services	2.7%
Transportation and Warehousing	2.6%
Other Services (except Public Administration)	2.3%
Educational Services	1.3%
	<u>100.0%</u>

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

2/ Annualized Cash Revenue is June, 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.

Highwoods Properties, Inc.

## Same Property Performance

*Dollars in thousands*

	Three months ended June 30,		Percentage
	2007	2006	Change
Rental revenues	\$ 98,939	\$ 95,326	3.8%
Straight line rent	266	1,863	-85.7%
Lease termination fees	1,477	464	218.3%
Operating expenses	(37,423)	(35,173)	-6.4%
Net operating income	\$ 63,259	\$ 62,480	1.2%
Average occupancy	89.7%	87.6%	2.4%
Rentable square feet	26,484,000	26,484,000	

	Six months ended June 30,		Percentage
	2007	2006	Change
Rental revenues	\$ 199,550	\$ 190,082	5.0%
Straight line rent	981	4,117	-76.2%
Lease termination fees	1,515	1,136	33.4%
Operating expenses	(74,455)	(69,971)	-6.4%
Net operating income	\$ 127,591	\$ 125,364	1.8%
Average occupancy	89.7%	88.1%	1.8%
Rentable square feet	26,484,000	26,484,000	

Market	Second Quarter: 2007 vs 2006		June YTD: 2007 vs 2006	
	NOI Percentage Change	Occupancy Percentage Change	NOI Percentage Change	Occupancy Percentage Change
Atlanta	2.3%	1.3%	3.5%	1.7%
Columbia	32.0%	44.0%	77.0%	50.2%
Greenville	7.7%	7.3%	6.1%	6.1%
Kansas City	-0.3%	0.0%	0.0%	-0.3%
Memphis	3.1%	2.7%	3.1%	2.2%
Nashville	10.0%	1.2%	2.7%	0.4%
Orlando	23.8%	-2.4%	10.6%	0.5%
Piedmont Triad	-13.7%	3.0%	-9.7%	0.2%
Raleigh	2.6%	3.9%	4.7%	4.2%
Richmond	-1.0%	0.3%	-2.4%	-1.1%
Tampa	2.0%	3.0%	8.5%	4.5%
	1.2%	2.4%	1.8%	1.8%

Highwoods Properties, Inc.

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## Acquisition Activity

*Dollars in thousands*

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Name	Market	Type	Date Acquired	Square Footage	Total Cost
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**First quarter 2007:**

None

**Second quarter 2007:**

None

Highwoods Properties, Inc.

## Disposition Activity

*Dollars in thousands*

							Gross Sales
Name	Market	Type 1/	Date Sold	Square Footage	Occupancy	Price	
First quarter 2007:							
1740-90 Century Center	Atlanta	O	01/17/07	69,000	N/A	2/ \$ 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%		
				257,000	79.0%	\$ 30,416	
First quarter totals				326,000	79.0%	\$ 39,946	
Second quarter 2007:							
Colonial Shops	Kansas City	R	04/25/07	9,000	100.0%	\$ 1,001	
Second quarter totals				9,000	100.0%	\$ 1,001	
2007 totals				335,000	79.6%	\$ 40,947	

1/ The letters "O" and "R" represent Office 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.

Highwoods Properties, Inc.



## Development Activity

*Dollars in thousands*

In - Process			Rentable Square Feet	Anticipated	Investment	Pre- Leasing %	Estimated Completion	Estimated Stabilization
Property	Market	Type 1/		Total Investment	@ 06/30/07		Date	Date
Office:								
Dept. of Homeland Security	Atlanta	O	91,000	\$ 21,700	\$ 18,184	100%	3Q 07	3Q 07
Healthways	Nashville	O	255,000	58,300	33,578	100%	2Q 08	2Q 08
Berkshire	Orlando	O	99,000	15,096	11,012	61%	3Q 07	2Q 08
Centregreen V	Raleigh	O	98,000	15,662	4,431	51%	1Q 08	3Q 09
Glenlake VI	Raleigh	O	122,000	23,208	5,196	15%	1Q 08	3Q 09
RBC Plaza 2/	Raleigh	O	292,000	76,056	15,492	65%	4Q 08	4Q 09
FAA	Atlanta	O	50,000	10,213	696	100%	2Q 08	2Q 08
Jackson FBI	Jackson, MS	O	110,000	31,713	261	100%	4Q 08	4Q 08
Highwoods Baycenter I	Tampa	O	208,000	42,024	31,933	57%	3Q 07	4Q 08
Comcast	Memphis	O	62,000	9,449	958	100%	3Q 08	3Q 08
Total or Weighted Average			1,387,000	\$303,421	\$ 121,741	72%		
					\$\$Weighted	74%		
Industrial:								
Enterprise III	Piedmont Triad	I	120,000	\$ 5,502	\$ 2,892	0%	3Q 07	4Q 08
For Sale Residential: 3/ RBC Plaza						340		
Condominiums 4/	Raleigh	RC	139 Units	\$ 42,380	\$ 7,992	133 Contracts	4Q 08	2Q 09
In-Process Total or Weighted Average 4/			1,507,000	\$351,303	\$ 132,625	67%		
					\$\$Weighted	73%		
Completed Not Stabilized 5/								
Office:								
Glenlake IV	Raleigh	O	158,000	\$ 26,286	\$ 24,514	72%	3Q 06	1Q 08
Cordoba 6/	Kansas City	O	46,000	6,790	6,130	66%	4Q 06	1Q 08
Stony Point IV	Richmond	O	107,000	13,125	12,682	86%	4Q 06	4Q 07
North Shore Commons B	Richmond	O	96,000	13,586	11,479	17%	1Q 07	2Q 08
Cool Springs III	Nashville	O	153,000	22,500	20,606	91%	2Q 06	4Q 07
Total or Weighted Average			560,000	\$ 82,287	\$ 75,411	70%		
					\$\$Weighted	70%		
Industrial:								
Newpoint V	Atlanta	I	263,000	\$ 12,947	\$ 12,931	88%	2Q 07	2Q 08
Enterprise II	Piedmont Triad	I	418,000	15,137	14,227	44%	4Q 06	4Q 08
			681,000	\$ 28,084	\$ 27,158	61%		
					\$\$Weighted	64%		
Completed Not Stabilized Total or Weighted Average			1,241,000	\$110,371	\$ 102,569	65%		
					\$\$Weighted	68%		
Grand Total or Weighted Average			2,748,000	\$461,674	\$ 235,194	66%		
					\$\$Weighted	72%		

### Placed in Service

Property	Market	Type 1/	In-Service Date	Rentable Square Feet	Investment @ 06/30/07	Leased %	Occ %
3330 Healy Rd 6/	Piedmont Triad	O	6/1/2007	40,000	\$ 3,969	25%	0%
ThyssenKrupp	Memphis	O	1/10/2007	78,000	9,375	100%	100%
Highwoods Preserve VII	Tampa	O	2/1/2007	115,000	20,695	100%	100%
Total or Weighted Average				233,000	\$ 34,039	87%	83%
					<b>\$\$Weighted</b>	<b>91%</b>	<b>88%</b>

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

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

3/ In January 2007 the Company executed a Joint Venture agreement for this development. The Company will have a 93% interest and will

*consolidate this Joint Venture. The investment amounts shown represent the Company's 93% share.*

- 4/ There are currently 340 reservations for the 139 units. As of 8/1/07, 133 reservations have been converted to contracts. Condo units and reservations numbers are not part of In-Process Total or Weighted Average for SF & Pre-Leasing percentage.*
- 5/ "Completed Not Stabilized" and Redevelopment properties are recorded in the Consolidated Balance Sheet in the Land and Building accounts, not Development-in-Process.*
- 6/ Redevelopment property, the investment amounts shown include original Land and Building basis, in addition to the incremental redevelopment costs.*
- 7/ 29,000 sf is leased but will not be occupied until 4Q 08; this 29,000 sf is not included in our In-Service portfolio rentable sf until occupied.*

## Development Land

June 30, 2007

*Dollars in thousands*

Market	Usable Acres	Total Estimated Market Value
Atlanta	256	\$ 25,751
Raleigh	196	43,172
Triad	69	16,118
Baltimore	39	11,824
Richmond	34	8,330
Nashville	26	8,345
Tampa	23	8,790
Memphis	21	4,733
Orlando	15	13,900
Greenville	12	1,800
Kansas City	2	3,100
<b>Total 1/ 2/</b>	<b><u>693</u></b>	<b><u>\$ 145,863</u></b>

1/ Developable square footage on core land holdings, which constitute 553 of the total 693 acres, is approximately 4.6 million of office space and 3.0 million of industrial space.

2/ Includes 4 acres (\$1.3 million based on expected gross proceeds) included in property held for sale at June 30, 2007.

Highwoods Properties, Inc.

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

June 30, 2007

*Dollars in thousands*

Joint Venture	Type 1/	Own %	Venture's Books		
			Total Assets	Debt	Total Liabilities
Board of Trade Investment Co.	O	49.0%	\$ 7,300	\$ 58	\$ 502
Dallas County Partners I, LP	O/ I	50.0%	38,680	49,803	52,805
Dallas County Partners II, LP	O	50.0%	15,229	17,506	18,898
Dallas County Partners III, LP	O	50.0%	48	—	31
Fountain Three	O/ I /				
	R	50.0%	29,466	32,673	34,875
RRHWoods , LLC	O/ M	50.0%	89,950	80,942	85,026
Kessinger/Hunter, LLC	—	26.5%	8,053	—	249
4600 Madison Associates, LP	O	12.5%	18,849	14,004	14,585
Highwoods DLF 98/29, LP	O	22.8%	153,137	76,186	79,833
Highwoods DLF 97/26 DLF 99/32, LP	O	42.9%	105,281	56,272	60,059
Concourse Center Associates, LLC	O	50.0%	13,711	9,021	9,331
Plaza Colonnade, LLC	O/R	50.0%	74,348	67,188	68,758
Highwoods KC Glenridge Office, LP	O	40.0%	22,937	16,500	17,068
Highwoods KC Glenridge Land, LP	O	40.0%	796	—	87
Highwoods KC Orlando, LLC	O	40.0%	209,368	143,000	150,527
Weston Lakeside, LLC	M	50.0%	—	—	—
<b>Total</b>			<b>\$ 787,153</b>	<b>\$563,153</b>	<b>\$ 592,634</b>

Joint Venture	Type 1/	Own %	Highwoods' Share of Joint Venture		
			Total Assets	Debt	Total Liabilities
Board of Trade Investment Co.	O	49.00%	\$ 3,577	\$ 28	\$ 246
Dallas County Partners I, LP	O/ I	50.00%	19,340	24,902	26,403
Dallas County Partners II, LP	O	50.00%	7,615	8,753	9,449
Dallas County Partners III, LP	O	50.00%	24	—	16
Fountain Three	O/ I /				
	R	50.00%	14,733	16,337	17,438
RRHWoods , LLC	O/ M	50.00%	44,975	40,471	42,513
Kessinger/Hunter, LLC	—	26.50%	2,134	—	66
4600 Madison Associates, LP	O	12.50%	2,356	1,751	1,823
Highwoods DLF 98/29, LP	O	22.81%	34,931	17,378	18,210
Highwoods DLF 97/26 DLF 99/32, LP	O	42.93%	45,197	24,158	25,783
Concourse Center Associates, LLC	O	50.00%	6,856	4,511	4,666
Plaza Colonnade, LLC	O/R	50.00%	37,174	33,594	34,379
Highwoods KC Glenridge Office, LP	O	40.00%	9,175	6,600	6,827
Highwoods KC Glenridge Land, LP	O	40.00%	318	—	35
Highwoods KC Orlando, LLC	O	40.00%	83,747	57,200	60,211
Weston Lakeside, LLC	M	50.00%	—	—	—
<b>Total 2/</b>			<b>\$ 312,152</b>	<b>\$235,683</b>	<b>\$ 248,065</b>

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

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

Highwoods Properties, Inc.

**Unconsolidated Joint Ventures Income**  
For the Three Months Ended June 30, 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%	\$ 543	\$ 449	\$ 1	\$ 98	\$ —	\$ (5)
Dallas County Partners I, LP	50.00%	3,051	1,576	788	542	—	145
Dallas County Partners II, LP	50.00%	1,571	702	453	174	—	242
Dallas County Partners III, LP	50.00%	48	54	—	2	—	(8)
Fountain Three	50.00%	2,011	952	561	399	—	99
RRHWoods, LLC	50.00%	4,180	2,279	1,095	1,060	—	(254)
Kessinger/Hunter, LLC	26.50%	1,918	1,298	—	158	—	462
4600 Madison Associates, LP	12.50%	1,154	535	244	410	—	(35)
Highwoods DLF 98/29, LP	22.80%	4,522	1,237	896	1,221	—	1,168
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	4,174	1,322	1,089	1,010	—	753
Concourse Center Associates, LLC	50.00%	503	131	164	81	—	127
Plaza Colonnade, LLC	50.00%	2,300	846	977	535	—	(58)
Highwoods KC Glenridge Office, LP	40.00%	984	434	209	159	—	182
Highwoods KC Glenridge Land, LP	40.00%	—	5	—	—	—	(5)
Highwoods KC Orlando, LLC	40.00%	8,184	3,173	1,881	1,951	—	1,179
Weston Lakeside, LLC	50.00%	—	—	—	—	—	—
<b>Total</b>		<b>\$35,143</b>	<b>\$ 14,993</b>	<b>\$8,358</b>	<b>\$ 7,800</b>	<b>\$ —</b>	<b>\$ 3,992</b>

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%	\$ 266	\$ 220	\$ 1	\$ 48	\$ —	\$ (3)
Dallas County Partners I, LP	50.00%	1,527	789	395	271	—	72
Dallas County Partners II, LP	50.00%	786	351	227	87	—	121
Dallas County Partners III, LP	50.00%	24	28	—	1	—	(5)
Fountain Three	50.00%	1,007	476	281	200	—	50
RRHWoods, LLC	50.00%	2,091	1,140	548	530	—	(127)
Kessinger/Hunter, LLC	26.50%	508	344	—	42	—	122
4600 Madison Associates, LP	12.50%	145	67	32	52	—	(6)
Highwoods DLF 98/29, LP	22.81%	1,032	282	204	278	—	268
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	1,792	567	466	433	—	326
Concourse Center Associates, LLC	50.00%	251	67	82	41	—	61
Plaza Colonnade, LLC	50.00%	1,150	423	488	267	—	(28)
Highwoods KC Glenridge Office, LP	40.00%	393	174	83	64	—	72
Highwoods KC Glenridge Land, LP	40.00%	—	1	—	—	—	(1)
Highwoods KC Orlando, LLC	40.00%	3,273	1,270	752	780	—	471
Weston Lakeside, LLC	50.00%	—	—	—	—	—	—
<b>Total 1/ 2/</b>		<b>\$14,245</b>	<b>\$ 6,199</b>	<b>\$3,559</b>	<b>\$ 3,094</b>	<b>\$ —</b>	<b>\$ 1,393</b>

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

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

Highwoods Properties, Inc.

**Unconsolidated Joint Ventures Income**  
For the Six Months Ended June 30, 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%	\$ 1,191	\$ 889	\$ 4	\$ 194	\$ —	\$ 104
Dallas County Partners I, LP	50.00%	6,073	3,109	1,579	1,094	—	291
Dallas County Partners II, LP	50.00%	3,113	1,376	916	349	—	472
Dallas County Partners III, LP	50.00%	98	110	—	3	—	(15)
Fountain Three	50.00%	3,869	1,833	1,123	793	—	120
RRHWoods , LLC	50.00%	8,236	4,529	2,125	2,125	—	(543)
Kessinger/Hunter, LLC	26.50%	3,845	2,579	—	316	—	950
4600 Madison Associates, LP	12.50%	2,410	1,141	492	869	—	(92)
Highwoods DLF 98/29, LP	22.80%	11,910	2,662	1,926	1,995	9,311	14,638
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	8,185	2,638	2,183	1,997	—	1,367
Concourse Center Associates, LLC	50.00%	1,034	267	329	162	—	276
Plaza Colonnade, LLC	50.00%	4,636	1,771	1,960	1,064	—	(159)
Highwoods KC Glenridge Office, LP	40.00%	1,968	842	406	317	—	403
Highwoods KC Glenridge Land, LP	40.00%	—	7	—	—	—	(7)
Highwoods KC Orlando, LLC	40.00%	16,373	6,202	3,754	3,701	—	2,716
Weston Lakeside, LLC	50.00%	222	201	193	329	11,310	10,809
<b>Total</b>		<b>\$73,163</b>	<b>\$ 30,156</b>	<b>\$16,990</b>	<b>\$ 15,308</b>	<b>\$ 20,621</b>	<b>\$ 31,330</b>

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%	\$ 584	\$ 436	\$ 2	\$ 95	\$ —	\$ 51
Dallas County Partners I, LP	50.00%	3,037	1,555	790	547	—	145
Dallas County Partners II, LP	50.00%	1,557	688	458	175	—	236
Dallas County Partners III, LP	50.00%	49	55	—	2	—	(8)
Fountain Three	50.00%	1,935	917	562	397	—	59
RRHWoods , LLC	50.00%	4,118	2,265	1,063	1,063	—	(273)
Kessinger/Hunter, LLC	26.50%	1,019	683	—	84	—	252
4600 Madison Associates, LP	12.50%	301	143	62	109	—	(13)
Highwoods DLF 98/29, LP	22.81%	2,717	607	439	455	2,124	3,340
Highwoods DLF 97/26 DLF 99/32, LP	42.93%	3,514	1,132	937	857	—	588
Concourse Center Associates, LLC	50.00%	517	134	165	81	—	137
Plaza Colonnade, LLC	50.00%	2,318	886	980	532	—	(80)
Highwoods KC Glenridge Office, LP	40.00%	787	337	162	127	—	161
Highwoods KC Glenridge Land, LP	40.00%	—	3	—	—	—	(3)
Highwoods KC Orlando, LLC	40.00%	6,549	2,481	1,502	1,480	—	1,086
Weston Lakeside, LLC 1/	50.00%	111	101	97	165	5,034	4,782
<b>Total 2/ 3/</b>		<b>\$29,113</b>	<b>\$ 12,423</b>	<b>\$ 7,219</b>	<b>\$ 6,169</b>	<b>\$ 7,158</b>	<b>\$ 10,460</b>

- 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.

Highwoods Properties, Inc.

# Joint Ventures Long-Term Debt Detail 1/

Dollars in thousands

Joint Venture	Own %	Lender	Interest	Maturity Date	Loan Balance
			Rate		06/30/07
Dallas County Partners I, LP	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	\$ 42,440
Dallas County Partners I, LP	50.0%	Thrivent	8.45%	Aug-10	1,606
Dallas County Partners I, LP	50.0%	Regions	6.30%	Jun-14	3,519
Dallas County Partners I, LP	50.0%	Sun Life	5.92%	Feb-16	1,060
Dallas County Partners I, LP	50.0%	Bankers Trust	8.00%	Jul-11	1,178
			6.31%		49,803
Dallas County Partners II, LP	50.0%	Principal Life Insurance Company	10.19%	Jun-13	17,506
Fountain Three	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	16,941
Fountain Three	50.0%	Thrivent	7.95%	Oct-10	3,552
Fountain Three	50.0%	Thrivent	7.30%	Apr-09	3,347
Fountain Three	50.0%	Lehman Brothers	8.02%	Jul-09	3,516
Fountain Three	50.0%	Thrivent	7.00%	Sep-12	5,317
			6.82%		32,673
RRHWoods, LLC	50.0%	Industrial Revenue Bonds 2/	3.87%	Nov-15	23,000
RRHWoods, LLC	50.0%	Bank of America	6.80%	Sep-12	26,640
RRHWoods, LLC	50.0%	Industrial Revenue Bonds 2/	3.83%	Sep-15	6,000
RRHWoods, LLC	50.0%	Industrial Revenue Bonds 2/	3.85%	Nov-15	5,500
RRHWoods, LLC	50.0%	Massachusetts Mutual Life Ins. Co.	6.19%	Aug-18	4,687
RRHWoods, LLC	50.0%	Massachusetts Mutual Life Ins. Co.	5.85%	Mar-16	7,545
RRHWoods, LLC	50.0%	UNUM Life Insurance Company	5.67%	Mar-17	4,051
RRHWoods, LLC	50.0%	Regions	6.30%	Jun-14	3,519
			5.35%		80,942
Plaza Colonnade, LLC	50.0%	Met Life	5.72%	Jan-17	49,073
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%		67,188
4600 Madison Associates, LLC	12.5%	State Farm	6.85%	Apr-18	14,004
Board of Trade Investment Company	49.0%	KC Board of Trade Clearing Corp.	7.75%	Sep-07	58
Highwoods DLF 98/29, LP	22.8%	USG Annuity & Life Company	6.78%	Apr-11	48,536
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	56,272
Concourse Center Associates, LLC	50.0%	Lincoln National Life Insurance Co.	6.95%	Jul-10	9,021
Highwoods KC Orlando, LLC	40.0%	Met Life	5.21%	Jul-14	143,000
Highwoods KC Glenridge Office	40.0%	Wachovia	4.84%	Jun-14	16,500
			6.07%		315,041
			<b>6.12%</b>		<b>\$563,153</b>
Highwoods' share of the above					<b>\$235,683</b>

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

2/ Floating rate loan based on market rates.

Highwoods Properties, Inc.

## Joint Ventures Portfolio Summary

*As of June 30, 2007*

Summary by Location:

Market	Rentable Square Feet	Occupancy	Percentage of Annualized Cash Revenue Highwoods' Share Only 1/				Total
			Office	Industrial	Retail	Multi-Family	
Des Moines 2/	2,474,000	93.2%	28.4%	4.2%	1.0%	3.3%	36.9%
Orlando	1,853,000	90.5%	28.3%	—	—	—	28.3%
Atlanta	835,000	96.4%	12.9%	—	—	—	12.9%
Kansas City	718,000	79.9%	8.2%	—	—	—	8.2%
Richmond	413,000	100.0%	5.0%	—	—	—	5.0%
Piedmont Triad	364,000	100.0%	3.9%	—	—	—	3.9%
Tampa	205,000	100.0%	2.0%	—	—	—	2.0%
Raleigh	178,000	100.0%	1.6%	—	—	—	1.6%
Charlotte	148,000	100.0%	0.7%	—	—	—	0.7%
Other	110,000	100.0%	0.5%	—	—	—	0.5%
Total 3/	<u>7,298,000</u>	<u>92.9%</u>	<u>91.5%</u>	<u>4.2%</u>	<u>1.0%</u>	<u>3.3%</u>	<u>100.0%</u>

1/ Annualized Cash Revenue is June, 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 96.7%.

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

Highwoods Properties, Inc.



## Joint Ventures Lease Expirations

June 30, 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/
<b>Total</b>					
2007	337,366	5.0%	\$ 6,373	\$18.89	4.8%
2008	1,490,963	22.1%	27,251	18.28	20.7%
2009	666,315	9.8%	13,783	20.69	10.4%
2010	664,328	9.8%	12,143	18.28	9.2%
2011	917,720	13.5%	17,665	19.25	13.4%
2012	504,843	7.4%	10,716	21.23	8.1%
2013	811,863	12.0%	16,096	19.83	12.2%
2014	406,766	6.0%	9,190	22.59	7.0%
2015	583,870	8.6%	10,070	17.25	7.6%
2016	76,970	1.1%	975	12.67	0.7%
2017 and thereafter	319,851	4.7%	7,759	24.26	5.9%
	<b><u>6,780,855</u></b>	<b><u>100.0%</u></b>	<b><u>\$132,021</u></b>	<b><u>\$19.47</u></b>	<b><u>100.0%</u></b>

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

Highwoods Properties, Inc.

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## Joint Venture Acquisition and Disposition Activity

*Dollars in thousands*

### Acquisitions

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

### Dispositions

Name	Market	Type 1/	Date Sold	Square Footage	Occupancy	Gross Sales Price 2/
<b>First quarter 2007:</b>						
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%	
				<u>276,000</u>	<u>99.3%</u>	<u>\$ 7,801</u>
<b>First quarter totals</b>				<b>276,000</b>	<b>99.3%</b>	<b>\$ 30,301</b>
<b>Second quarter 2007:</b>						
None						
<b>2007 totals</b>				<b>276,000</b>	<b>99.3%</b>	<b>\$ 30,301</b>

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.

Highwoods Properties, Inc.

Joint Venture Development Activity

Dollars in thousands

Completed Not Stabilized								
Property	% Ownership	Market	Rentable Square Feet	Anticipated Total Investment	Investment @ 06/30/07	Pre- Leased %	Estimated Completion Date	Estimated Stabilization Date
Brickstone	50%	Des Moines	31,000	\$ 5,149	\$ 4,555	42%	4Q 06	4Q 07
Completed Not Stabilized Total				\$ 5,149	\$ 4,555			
Highwoods' Share of the above				\$ 2,575	\$ 2,278			