



Supplemental Information
December 31, 2007

Supplemental Information
Table of Contents
December 31, 2007

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

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

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

Summary

Amounts in thousands, except per share amounts and ratios

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

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

Corporate Information

Board of Directors

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

Corporate Officers

Edward J. Fritsch

President, Chief Executive Officer and Director

Michael E. Harris

Executive Vice President and Chief Operating Officer

Terry L. Stevens

Senior Vice President, Chief Financial Officer

Daniel L. Clemmens

Vice President, Chief Accounting Officer

S. Hugh Esleeck

Treasurer

Carman J. Liuzzo

Vice President, Investments

Art H. McCann

Chief Information Officer

Jeffrey D. Miller

Vice President, General Counsel and
Secretary

Kevin E. Penn

Vice President, Strategy

Tabitha N. Zane

Vice President, Investor Relations and
Corporate Communications

Research Coverage

Credit Suisse - North America

John Stewart - 212-538-3183

Deutsche Banc Securities

Lou Taylor - 212-469-4912

Friedman, Billings, Ramsey & Co., Inc.

Wilkes Graham - 703-312-9737

Green Street Advisors

Cedric Lachance - 949-640-8780

Morgan Stanley

David Cohen - 212-761-8564

Citigroup Global Markets

Jonathan Litt - 212-816-0231

Stifel Nicolaus

John Guinee - 410-454-5520

UBS Securities

Jamie Feldman - 212-713-4932

Wachovia Securities

Chris Haley - 443-263-6773

Corporate Information

Divisional Officers

Atlanta/Piedmont Triad

Gene H. Anderson - Senior Vice President

Atlanta, GA

James V. Bacchetta, Vice President

Piedmont Triad, NC

E. F. "Rick" Dehnert, Vice President

Orlando/Tampa

Michael F. Beale - Senior Vice President

Orlando, FL

Michael F. Beale, Senior Vice President

Tampa, FL

Daniel E. Woodward, Vice President

Raleigh

Raleigh, NC

Thomas "Skip" Hill, Vice President

Richmond

Richmond, VA

Paul W. Kreckman, Vice President

Nashville/Memphis/Greenville

W. Brian Reames - Senior Vice President

Nashville, TN and Greenville, SC

W. Brian Reames, Senior Vice President

Memphis, TN

Steven L. Guinn, Vice President

Kansas City

Kansas City, MO

Barrett Brady, Senior Vice President

Glenn E. Stephenson, VP of Retail Operations

Corporate Headquarters

Highwoods Properties, Inc.

3100 Smoketree Court, Suite 600

Raleigh, NC 27604

919-872-4924

Stock Exchange

NYSE

Trading Symbol: HIW

Investor Relations Contact

Tabitha Zane

Vice President, Investor Relations and Corporate Communications

Phone: 919-431-1529

Fax: 919-431-1439

E-mail: tabitha.zane@highwoods.com

Information Request

To request a standard Investor Relations package, Annual Report or to be added to our e-mail or fax list, please contact the

Corporate Communications/IR Specialist at:

Phone: 919-431-1529

Email: HIW-IR@highwoods.com

The Company

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



Consolidated Statements of Income

Amounts in thousands, except per share amounts

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

Statement of Funds from Operations and Additional Information

Amounts in thousands, except per share amounts

| | Year Ended | | Three Months Ended | | | | |
|---|-------------------|-------------------|--------------------|------------------|------------------|------------------|------------------|
| | 12/31/07 | 12/31/06 | 12/31/07 | 09/30/07 | 06/30/07 | 03/31/07 | 12/31/06 |
| Funds from operations: | | | | | | | |
| Net income | \$ 92,292 | \$ 53,744 | \$ 17,005 | \$ 13,440 | \$ 9,289 | \$ 52,558 | \$ 24,416 |
| Dividends to preferred stockholders | (13,477) | (17,063) | (2,838) | (2,680) | (3,846) | (4,113) | (4,113) |
| Excess of preferred stock redemption cost over carrying value | (2,285) | (1,803) | - | (842) | (1,443) | - | - |
| Net income available for common stockholders | <u>76,530</u> | <u>34,878</u> | <u>14,167</u> | <u>9,918</u> | <u>4,000</u> | <u>48,445</u> | <u>20,303</u> |
| Add/(deduct): | | | | | | | |
| Depreciation and amortization of real estate assets | 119,754 | 109,796 | 30,221 | 31,602 | 29,426 | 28,505 | 28,946 |
| (Gains) on disposition of depreciable properties | (3,952) | (4,114) | (609) | (1,063) | (1,372) | (908) | (888) |
| Minority interest from the Operating Partnership in income from operations | 3,219 | 1,640 | 470 | 115 | 229 | 2,405 | 877 |
| Unconsolidated affiliates: | | | | | | | |
| Depreciation and amortization of real estate assets | 11,738 | 11,191 | 2,887 | 3,107 | 2,878 | 2,866 | 3,048 |
| (Gains) on disposition of depreciable properties | (7,158) | - | - | - | - | (7,158) | - |
| Discontinued operations: | | | | | | | |
| Depreciation and amortization of real estate assets | 1,692 | 5,438 | 110 | 465 | 513 | 604 | 972 |
| (Gains) on disposition of depreciable properties | (34,861) | (15,082) | (8,014) | (7,001) | (103) | (19,743) | (10,037) |
| Release of FASB FIN 48 tax liability | (1,473) | - | - | (1,473) | - | - | - |
| Minority interest from the Operating Partnership in income from discontinued operations | 2,605 | 1,538 | 543 | 479 | 49 | 1,534 | 919 |
| Funds from operations | <u>\$ 168,094</u> | <u>\$ 145,285</u> | <u>\$ 39,775</u> | <u>\$ 36,149</u> | <u>\$ 35,620</u> | <u>\$ 56,550</u> | <u>\$ 44,140</u> |
| Funds from operations per share - diluted | | | | | | | |
| Net income available for common stockholders | \$ 1.34 | \$ 0.62 | \$ 0.25 | \$ 0.17 | \$ 0.07 | \$ 0.85 | \$ 0.35 |
| Add/(deduct): | | | | | | | |
| Depreciation and amortization of real estate assets | 1.95 | 1.79 | 0.49 | 0.51 | 0.48 | 0.46 | 0.46 |
| (Gains) on disposition of depreciable properties | (0.06) | (0.07) | (0.01) | (0.02) | (0.02) | (0.01) | (0.01) |
| Unconsolidated affiliates: | | | | | | | |
| Depreciation and amortization of real estate assets | 0.18 | 0.18 | 0.05 | 0.05 | 0.04 | 0.04 | 0.05 |
| (Gains) on disposition of depreciable properties | (0.12) | - | - | - | - | (0.12) | - |
| Discontinued operations: | | | | | | | |
| Depreciation and amortization of real estate assets | 0.03 | 0.09 | - | 0.01 | 0.01 | 0.01 | 0.02 |
| (Gains) on disposition of depreciable properties | (0.57) | (0.24) | (0.13) | (0.11) | - | (0.32) | (0.16) |
| Release of FASB FIN 48 tax liability | (0.02) | - | - | (0.02) | - | - | - |
| Funds from operations | <u>\$ 2.73</u> | <u>\$ 2.37</u> | <u>\$ 0.65</u> | <u>\$ 0.59</u> | <u>\$ 0.58</u> | <u>\$ 0.91</u> | <u>\$ 0.71</u> |
| Weighted average shares outstanding - diluted | <u>61,547</u> | <u>61,362</u> | <u>61,347</u> | <u>61,396</u> | <u>61,396</u> | <u>61,562</u> | <u>61,900</u> |
| Additional information: 1/ | | | | | | | |
| Funds from operations, excluding certain items 2/ | <u>\$ 170,763</u> | <u>\$ 150,906</u> | <u>\$ 39,775</u> | <u>\$ 37,375</u> | <u>\$ 37,063</u> | <u>\$ 56,550</u> | <u>\$ 44,167</u> |
| Funds from operations per share, excluding certain items 2/ | <u>\$ 2.77</u> | <u>\$ 2.46</u> | <u>\$ 0.65</u> | <u>\$ 0.61</u> | <u>\$ 0.60</u> | <u>\$ 0.91</u> | <u>\$ 0.71</u> |
| Straight line rental income | \$ (7,418) | | | | | | |
| Amortization of lease incentives | 962 | | | | | | |
| Depreciation of non-real estate assets | 1,754 | | | | | | |
| Ground lease straight line rent | 198 | | | | | | |
| Amortization of stock-based compensation | 5,031 | | | | | | |
| Amortization of deferred financing costs | 2,415 | | | | | | |
| Amortization of accumulated other comprehensive loss | 577 | | | | | | |
| Harborview non-cash FMV charge | 536 | | | | | | |
| Cash portion of preferred stock repurchase charge | (248) | | | | | | |
| Non-incremental revenue generating capital expenditures paid: 3/ | | | | | | | |
| Building improvements | (19,399) | | | | | | |
| 2nd generation tenant improvements | (36,613) | | | | | | |
| 2nd generation lease commissions | (11,900) | | | | | | |
| Common dividends and unit distributions paid | (103,718) | | | | | | |

1/ Increase or (decrease) to cash flows.

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

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

Consolidated Balance Sheets

Dollars in thousands

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

Estimated Net Asset Value Ranges
December 31, 2007

Dollars in thousands, except per share amounts

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

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

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

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

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

Components of Discontinued Operations

Dollars in thousands

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

Capitalization

Dollars, shares, and units in thousands

| | <u>12/31/07</u> | <u>09/30/07</u> | <u>06/30/07</u> | <u>03/31/07</u> | <u>12/31/06</u> |
|---|---------------------|-----------------|-----------------|-----------------|-----------------|
| Long-Term Debt (see pages 7 & 8): | \$ 1,641,987 | \$ 1,601,474 | \$ 1,557,571 | \$ 1,487,509 | \$ 1,465,129 |
| Financing Obligations: | \$ 35,071 | \$ 34,919 | \$ 35,683 | \$ 35,529 | \$ 35,530 |
| Preferred Stock (at liquidation value): | | | | | |
| Series A 8 5/8% Perpetual Preferred Stock | \$ 82,937 | \$ 82,937 | \$ 104,945 | \$ 104,945 | \$ 104,945 |
| Series B 8% Perpetual Preferred Stock | 52,500 | 52,500 | 52,500 | 92,500 | 92,500 |
| Total preferred stock | \$ 135,437 | \$ 135,437 | \$ 157,445 | \$ 197,445 | \$ 197,445 |
| Common Shares and Units Outstanding: | | | | | |
| Common stock outstanding | 57,167 | 57,158 | 57,131 | 56,711 | 56,211 |
| Minority interest partnership units | 4,057 | 4,059 | 4,062 | 4,115 | 4,733 |
| Total common shares and units outstanding | 61,224 | 61,217 | 61,193 | 60,826 | 60,944 |
| Stock price at period end | \$ 29.38 | \$ 36.67 | \$ 37.50 | \$ 39.49 | \$ 40.76 |
| Market value of common equity | \$ 1,798,761 | \$ 2,244,827 | \$ 2,294,738 | \$ 2,402,019 | \$ 2,484,077 |
| Total market capitalization with debt and obligations | \$ 3,611,256 | \$ 4,016,657 | \$ 4,045,437 | \$ 4,122,502 | \$ 4,182,181 |

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

Long-Term Debt Summary

Dollars in thousands

| | <u>12/31/07</u> | <u>09/30/07</u> | <u>06/30/07</u> | <u>03/31/07</u> | <u>12/31/06</u> |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Balances Outstanding: | | | | | |
| Secured: | | | | | |
| Conventional fixed rate 1/ | \$ 645,500 | \$ 657,408 | \$ 659,741 | \$ 662,036 | \$ 730,732 |
| Variable rate debt | 19,811 | 11,920 | 1,014 | 13,688 | 10,897 |
| Secured total | <u>665,311</u> | <u>669,328</u> | <u>660,755</u> | <u>675,724</u> | <u>741,629</u> |
| Unsecured: | | | | | |
| Fixed rate bonds and notes | 748,876 | 748,846 | 748,816 | 748,785 | 350,000 |
| Credit facility | 227,800 | 183,300 | 148,000 | 63,000 | 373,500 |
| Unsecured total | <u>976,676</u> | <u>932,146</u> | <u>896,816</u> | <u>811,785</u> | <u>723,500</u> |
| Total | <u>\$ 1,641,987</u> | <u>\$ 1,601,474</u> | <u>\$ 1,557,571</u> | <u>\$ 1,487,509</u> | <u>\$ 1,465,129</u> |

End of Period Weighted Average Interest Rates:

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

Maturity Schedule:

| Year | <i>Future Maturities of Debt</i> | | | Average Interest Rate |
|------------------|----------------------------------|-------------------|---------------------|-----------------------|
| | Secured Debt 2/ | Unsecured Debt | Total Debt 2/ | |
| 2008 | \$ - | \$ 100,000 | \$ 100,000 | 7.13% |
| 2009 | 127,370 | 277,800 | 405,170 | 6.72% |
| 2010 | 19,811 | - | 19,811 | 6.61% |
| 2011 | - | - | - | - |
| 2012 | 212,709 | - | 212,709 | 6.94% |
| 2013 | 268,026 | - | 268,026 | 5.90% |
| 2014 | 37,395 | - | 37,395 | 5.79% |
| 2015 | - | - | - | - |
| 2016 | - | - | - | - |
| 2017 | - | 398,876 | 398,876 | 5.85% |
| 2018 | - | 200,000 | 200,000 | 7.50% |
| Total maturities | <u>\$ 665,311</u> | <u>\$ 976,676</u> | <u>\$ 1,641,987</u> | <u>6.50%</u> |

Weighted average maturity = 6.1 years

1/ Includes a \$22.7 million loan related to a consolidated 20% owned joint venture (Harborview) and \$37.4 million in loans at December 31, 2007 related to a consolidated 50% joint venture (Markei).

2/ All periods exclude annual principal amortization.

Long-Term Debt Detail

Dollars in thousands

| <u>Secured Loans</u> | | | Loan | Undepreciated |
|---------------------------------------|--------------------|-----------------------------|------------------------|------------------------------|
| <u>Lender</u> | <u>Rate</u> | <u>Maturity Date</u> | <u>Balance</u> | <u>Book Value of</u> |
| | | | <u>12/31/07</u> | <u>Assets Secured</u> |
| Northwestern Mutual | 7.05% | Jan-12 | \$ 190,000 | \$ 297,585 |
| Northwestern Mutual | 6.03% | Mar-13 | 135,594 | 182,725 |
| Massachusetts Mutual Life Ins. Co. 1/ | 5.68% | Dec-13 | 120,971 | 214,167 |
| Monumental Life Ins. Co. 2/ | 7.77% | Nov-09 | 80,408 | 185,176 |
| Monumental Life Ins. Co. 2/ | 7.87% | Nov-09 | 41,321 | |
| Metropolitan Life Ins. Co. 3/ | 6.06% | Oct-12 | 22,709 | 38,953 |
| Wells Fargo 4/ | 6.65% | May-10 | 12,120 | 16,263 |
| Principal Life Insurance Company 5/ | 5.79% | Jan-14 | 11,463 | 14,888 |
| Principal Life Insurance Company 5/ | 5.79% | Jan-14 | 11,463 | 18,781 |
| Massachusetts Mutual Life Ins. Co. 1/ | 6.48% | Dec-13 | 10,693 | |
| Principal Life Insurance Company 5/ | 5.74% | Jan-14 | 9,040 | 14,285 |
| Wells Fargo 4/ | 6.55% | May-10 | 7,691 | 10,688 |
| Principal Life Insurance Company 5/ | 5.89% | Jan-14 | 5,427 | 7,514 |
| Lutheran Brotherhood | 6.75% | Apr-09 | 3,686 | 8,027 |
| Security Life of Denver | 8.85% | Aug-09 | 1,954 | 9,392 |
| American United Life | 9.00% | Jun-13 | 771 | 3,321 |
| | 6.62% | | 665,311 | \$ 1,021,765 |
| <u>Unsecured Bonds</u> | | | | |
| Bonds | 7.13% | Feb-08 | 100,000 | |
| Bonds | 8.13% | Jan-09 | 50,000 | |
| Bonds | 5.85% | Mar-17 | 398,876 | |
| Bonds | 7.50% | Apr-18 | 200,000 | |
| | 6.61% | | 748,876 | |
| <u>Unsecured Loans</u> | | | | |
| Credit facility 4/ 6/ | 5.80% | May-09 | 227,800 | |
| <u>Total Debt</u> | 6.50% | | \$ 1,641,987 | |

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

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

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

4/ Floating rate loans based on one month libor.

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

6/ Maturity date excludes one-year extension option.

Portfolio Summary - Wholly-Owned Properties Only 1/

(Rentable Square Feet)

| Office Industrial & Retail | <u>12/31/07</u> | <u>09/30/07</u> | <u>06/30/07</u> | <u>03/31/07</u> | <u>12/31/06</u> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| In-Service: | | | | | |
| Office 2/ | 19,260,000 | 19,003,000 | 19,194,000 | 19,154,000 | 19,244,000 |
| Industrial | 6,036,000 | 5,942,000 | 6,280,000 | 6,280,000 | 6,281,000 |
| Retail 3/ | 1,317,000 | 1,318,000 | 1,317,000 | 1,326,000 | 1,327,000 |
| Total 4/ | <u>26,613,000</u> | <u>26,263,000</u> | <u>26,791,000</u> | <u>26,760,000</u> | <u>26,852,000</u> |
| Development Completed - Not Stabilized: | | | | | |
| Office 2/ | 607,000 | 867,000 | 560,000 | 600,000 | 504,000 |
| Industrial | 681,000 | 681,000 | 681,000 | 418,000 | 418,000 |
| Retail | - | - | - | - | - |
| Total | <u>1,288,000</u> | <u>1,548,000</u> | <u>1,241,000</u> | <u>1,018,000</u> | <u>922,000</u> |
| Development - In Process: | | | | | |
| Office 2/ | 887,000 | 1,233,000 | 1,387,000 | 1,166,000 | 1,357,000 |
| Industrial | - | 120,000 | 120,000 | 383,000 | 383,000 |
| Retail | 30,000 | 30,000 | - | - | - |
| Total | <u>917,000</u> | <u>1,383,000</u> | <u>1,507,000</u> | <u>1,549,000</u> | <u>1,740,000</u> |
| Total: | | | | | |
| Office 2/ | 20,754,000 | 21,103,000 | 21,141,000 | 20,920,000 | 21,105,000 |
| Industrial | 6,717,000 | 6,743,000 | 7,081,000 | 7,081,000 | 7,082,000 |
| Retail 3/ | 1,347,000 | 1,348,000 | 1,317,000 | 1,326,000 | 1,327,000 |
| Total 4/ | <u>28,818,000</u> | <u>29,194,000</u> | <u>29,539,000</u> | <u>29,327,000</u> | <u>29,514,000</u> |
| Same Property | | | | | |
| Office 2/ | 18,369,000 | 18,369,000 | 18,369,000 | 18,369,000 | 18,369,000 |
| Industrial | 5,916,000 | 5,916,000 | 5,916,000 | 5,916,000 | 5,916,000 |
| Retail | 1,294,000 | 1,294,000 | 1,294,000 | 1,294,000 | 1,294,000 |
| Total | <u>25,579,000</u> | <u>25,579,000</u> | <u>25,579,000</u> | <u>25,579,000</u> | <u>25,579,000</u> |
| Percent Leased/Pre-Leased: | | | | | |
| In-Service: | | | | | |
| Office | 91.1% | 89.7% | 88.5% | 89.3% | 89.0% |
| Industrial | 94.2% | 91.4% | 90.8% | 91.9% | 91.7% |
| Retail | 94.9% | 94.4% | 94.8% | 95.4% | 95.7% |
| Total | <u>92.0%</u> | <u>90.4%</u> | <u>89.3%</u> | <u>90.2%</u> | <u>90.0%</u> |
| Development Completed - Not Stabilized: | | | | | |
| Office | 75.9% | 75.9% | 69.9% | 62.8% | 62.8% |
| Industrial | 78.2% | 78.2% | 61.0% | 44.0% | 44.0% |
| Retail | - | - | - | - | - |
| Total | <u>77.1%</u> | <u>76.9%</u> | <u>65.0%</u> | <u>55.1%</u> | <u>54.3%</u> |
| Development - In Process: | | | | | |
| Office | 59.9% | 71.2% | 72.5% | 55.0% | 55.3% |
| Industrial | - | 100.0% | 0.0% | 50.1% | 0.0% |
| Retail | 100.0% | 100.0% | - | - | - |
| Total | <u>61.2%</u> | <u>74.3%</u> | <u>66.7%</u> | <u>53.8%</u> | <u>43.1%</u> |
| Same Property | | | | | |
| Office | 90.9% | 89.8% | 88.8% | 89.4% | 89.7% |
| Industrial | 94.1% | 91.4% | 91.7% | 92.8% | 92.9% |
| Retail | 94.8% | 94.3% | 94.7% | 95.3% | 95.7% |
| Total | <u>91.8%</u> | <u>90.4%</u> | <u>89.8%</u> | <u>90.5%</u> | <u>90.7%</u> |

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

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

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

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

Portfolio Summary

(Continued)

As of December 31, 2007

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

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

Summary by Location, Including Joint Venture Properties:

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

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

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

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

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

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

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

Portfolio Summary - Wholly-Owned Properties Only

(Continued)

As of December 31, 2007

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

| <u>Market</u> | <u>Retail</u> | | |
|----------------|---------------------------------|------------------|--|
| | <u>Rentable Square Feet</u> | <u>Occupancy</u> | <u>Percentage of Retail Annualized Cash Revenue 2/</u> |
| Kansas City 3/ | 1,317,000 | 94.9% | 100.0% |
| | <u>1,317,000</u> | <u>94.9%</u> | <u>100.0%</u> |

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

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

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

Occupancy Trends - Office, Industrial and Retail Properties 1/

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

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

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

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

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

Leasing Statistics

Office Portfolio 1/

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

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

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

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

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

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

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

7/ Excludes a full allocation of internal leasing costs.

Leasing Statistics

Industrial Portfolio

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

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

2/ Excludes a full allocation of internal leasing costs.

Leasing Statistics

Retail Portfolio

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

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

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

3/ Excludes a full allocation of internal leasing costs.

Leasing Statistics by Market

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

| Office Portfolio 1/ <u>Market</u> | Rentable Square Feet <u>Leased</u> | Average <u>Term</u> | GAAP Rental <u>Rate</u> | TI's <u>Per SF</u> | Lease Commissions <u>Per SF 2/</u> |
|--------------------------------------|--|------------------------|-------------------------------|-----------------------|--|
| Atlanta | 278,800 | 5.2 | \$ 19.24 | \$ 7.78 | \$ 3.60 |
| Piedmont Triad | 181,437 | 3.4 | 16.13 | 9.22 | 2.02 |
| Raleigh | 88,775 | 3.3 | 20.45 | 3.52 | 2.07 |
| Richmond | 81,790 | 2.7 | 19.79 | 2.82 | 0.53 |
| Nashville | 79,107 | 4.6 | 20.24 | 4.25 | 2.62 |
| Memphis | 68,497 | 3.9 | 21.37 | 9.52 | 1.78 |
| Kansas City | 61,161 | 6.0 | 20.48 | 14.33 | 4.44 |
| Greenville | 54,600 | 5.0 | 16.73 | 17.13 | 5.02 |
| Tampa | 26,238 | 7.6 | 25.11 | 19.51 | 7.58 |
| | 920,405 | 4.4 | \$ 19.16 | \$ 8.36 | \$ 2.95 |

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

| Retail Portfolio <u>Market</u> | Rentable Square Feet <u>Leased</u> | Average <u>Term</u> | GAAP Rental <u>Rate</u> | TI's <u>Per SF</u> | Lease Commissions <u>Per SF</u> |
|-----------------------------------|--|------------------------|-------------------------------|-----------------------|---------------------------------------|
| Kansas City | 44,509 | 5.6 | \$ 20.44 | \$ 11.45 | \$ 0.48 |
| | 44,509 | 5.6 | \$ 20.44 | \$ 11.45 | \$ 0.48 |

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

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

Rental Rate Comparisons by Market

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

| Office Portfolio 1/ | | Rentable Square Feet | Current Rent | Previous Rent | Percentage Change | |
|-------------------------|----------------|----------------------|--------------|------------------|-------------------|--------------|
| <u>Market</u> | <u>Leased</u> | | <u>Rent</u> | <u>Rent</u> | <u>Rent</u> | |
| Atlanta | 278,800 | \$ | 19.24 | \$ | 17.76 | 8.3% |
| Piedmont Triad | 181,437 | | 16.13 | | 16.08 | 0.3% |
| Raleigh | 88,775 | | 20.45 | | 17.52 | 16.7% |
| Richmond | 81,790 | | 19.79 | | 18.75 | 5.5% |
| Nashville | 79,107 | | 20.24 | | 19.58 | 3.4% |
| Memphis | 68,497 | | 21.37 | | 18.95 | 12.8% |
| Kansas City | 61,161 | | 20.48 | | 19.62 | 4.4% |
| Greenville | 54,600 | | 16.73 | | 18.17 | -7.9% |
| Tampa | 26,238 | | 25.11 | | 20.95 | 19.9% |
| GAAP Rent Growth | 920,405 | \$ | 19.16 | \$ | 18.00 | 6.4% |
| Cash Rent Growth | 920,405 | \$ | 18.48 | \$ | 19.21 | -3.8% |
| Industrial Portfolio | | Rentable Square Feet | Current Rent | Previous Rent | Percentage Change | |
| <u>Market</u> | <u>Leased</u> | | <u>Rent</u> | <u>Rent</u> | <u>Rent</u> | |
| Piedmont Triad | 414,043 | \$ | 3.73 | \$ | 3.16 | 18.0% |
| Atlanta | 280,765 | | 4.48 | | 4.41 | 1.7% |
| GAAP Rent Growth | 694,808 | \$ | 4.03 | \$ | 3.66 | 10.1% |
| Cash Rent Growth | 694,808 | \$ | 3.94 | \$ | 3.81 | 3.4% |
| Retail Portfolio | | Rentable Square Feet | Current Rent | Previous Rent 2/ | Percentage Change | |
| <u>Market</u> | <u>Leased</u> | | <u>Rent</u> | <u>Rent</u> | <u>Rent</u> | |
| Kansas City | 44,509 | \$ | 20.44 | \$ | 21.05 | -2.9% |
| GAAP Rent Growth | 44,509 | \$ | 20.44 | \$ | 21.05 | -2.9% |
| Cash Rent Growth | 44,509 | \$ | 19.93 | \$ | 20.56 | -3.1% |

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

| <u>Type</u> | <u>12/31/07</u> | <u>12/31/06</u> | <u>12/31/05</u> | <u>12/31/04</u> | <u>12/31/03</u> |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Office | \$ 19.14 | \$ 18.57 | \$ 17.57 | \$ 17.49 | \$ 17.42 |
| Industrial | 5.07 | 5.14 | 4.76 | 4.59 | 4.74 |
| Retail 2/ | 31.20 | 29.66 | 27.61 | 26.35 | 24.45 |
| Weighted average rate | \$ 16.27 | \$ 15.89 | \$ 14.99 | \$ 14.76 | \$ 14.70 |
| Annual % growth rate | 2.4% | 6.0% | 1.6% | 0.4% | |

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

2/ Excludes percentage rent.

3/ Average cash rental rates represent December, 2007 cash rental revenue (base rent plus operating expense pass through revenue excluding straight-line rental income) multiplied by 12 and divided by the related leased square feet.

Lease Expirations

December 31, 2007

Dollars in thousands

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

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

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

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

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

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

Lease Expirations

December 31, 2007

(Continued)

Dollars in thousands

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

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

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

3/ Includes 127,000 square feet of leases that are on a month to month basis or 0.4% of total annualized revenue.

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

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

Office Lease Expirations by Market by Quarter 1/

Dollars in thousands

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

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

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

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

Industrial Lease Expirations by Market by Quarter

Dollars in thousands

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

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

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

Office Lease Expirations by Market by Year 1/

Dollars in thousands

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

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

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

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

Industrial Lease Expirations by Market by Year

Dollars in thousands

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

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

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

Customer Diversification 1/

December 31, 2007

Dollars in thousands

Top 20 Customers

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

By Industry

| <u>Category</u> | <u>Percent of Annualized Cash Revenue 2/</u> |
|--|--|
| Professional, Scientific, and Technical Services | 20.1% |
| Finance/Banking | 9.8% |
| Government/Public Administration | 9.8% |
| Insurance | 9.1% |
| Retail Trade | 7.6% |
| Telecommunication | 6.8% |
| Manufacturing | 6.5% |
| Wholesale Trade | 6.0% |
| Health Care and Social Assistance | 5.6% |
| Real Estate Rental and Leasing | 4.2% |
| Administrative and Support Services | 2.9% |
| Accommodation and Food Services | 2.8% |
| Information | 2.8% |
| Transportation and Warehousing | 2.6% |
| Other Services (except Public Administration) | 2.2% |
| Educational Services | 1.2% |
| | <u>100.0%</u> |

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

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

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

Same Property Performance

Dollars in thousands

| | Three months ended | | Percentage Change |
|-----------------------------|--------------------|------------------|----------------------|
| | December, | | |
| | <u>2007</u> | <u>2006</u> | |
| Rental revenues 1/ | \$ 100,632 | \$ 97,531 | 3.2% |
| Operating expenses | (38,976) | (37,347) | -4.4% |
| | 61,656 | 60,184 | 2.4% |
| Straight line rent | 2,040 | 1,569 | 30.0% |
| Lease termination fees | 836 | 2,167 | -61.4% |
| Net operating income | \$ 64,532 | \$ 63,920 | 1.0% |
| Average occupancy | 91.3% | 90.2% | 1.2% |
| Rentable square feet | 25,579,000 | 25,579,000 | |

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

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

1/ Excludes straight line rents and lease termination fees.

2/ Includes straight line rents and lease termination fees.

Disposition Activity

Dollars in thousands

| Name | Market | Type 1/ | Date Sold | Square Footage | Occupancy | Gross Sales 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 |
| Third quarter 2007: | | | | | | |
| EKA Chemical | Atlanta | O | 09/05/07 | 80,000 | 100.0% | \$ 9,550 |
| Oakbrook Summit | Atlanta | I | 09/12/07 | 234,000 | 95.7% | \$ 11,625 |
| Patewood VII | Greenville | O | 09/13/07 | 72,000 | 43.0% | |
| 770 Pelham Road | Greenville | O | 09/13/07 | 38,000 | 96.2% | |
| | | | | 110,000 | 61.4% | \$ 11,600 |
| Patewood Business Center | Greenville | I | 09/17/07 | 103,000 | 25.4% | \$ 4,050 |
| Third quarter totals | | | | 527,000 | 75.4% | \$ 36,825 |
| Fourth quarter 2007: | | | | | | |
| Lakeview Ridge I | Nashville | O | 11/02/07 | 100,000 | 100.0% | \$ 10,900 |
| 125 Business Park Drive (ALO) | Triad (Winston-Salem) | I | 12/13/07 | 27,000 | 100.0% | \$ 1,593 |
| Fontaine I, II, III, and IV | Columbia | O | 12/14/07 | 253,000 | 82.5% | \$ 23,637 |
| Fourth quarter totals | | | | 380,000 | 88.3% | \$ 36,130 |
| 2007 totals | | | | 1,242,000 | 80.6% | \$ 113,902 |

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

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

Development Activity

Dollars in thousands

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

Placed in Service

| Property | Market | Type 1/ | Rentable | Anticipated | Investment | Pre | Occ % | In-Service |
|----------------------------|----------------|---------|----------------|-------------------|----------------------|------------|------------|-------------|
| | | | Square | Total | @ | | | |
| | | | Feet | Investment | 12/31/07 | | | |
| ThyssenKrupp | Memphis | O | 78,000 | \$ 9,377 | \$ 9,377 | 100% | 100% | 1/10/2007 |
| Highwoods Preserve VII | Tampa | O | 115,000 | 21,245 | 20,843 | 100% | 100% | 2/1/2007 6/ |
| 3330 Healy Rd | Piedmont Triad | O | 40,000 | 5,098 | 4,242 | 25% | 25% | 6/1/2007 |
| Healthways | Nashville | O | 255,000 | 58,369 | 52,557 | 100% | 100% | 10/1/2007 |
| Enterprise III | Piedmont Triad | I | 120,000 | 4,831 | 4,831 | 100% | 100% | 10/1/2007 |
| Dept. of Homeland Security | Atlanta | O | 91,000 | 21,773 | 20,514 | 100% | 97% | 10/1/2007 |
| Stony Point IV | Richmond | O | 107,000 | 13,228 | 13,125 | 96% | 96% | 11/1/2007 |
| Cool Springs III | Nashville | O | 153,000 | 22,911 | 22,786 | 100% | 95% | 12/1/2007 |
| Total or Weighted Average | | | <u>959,000</u> | <u>\$ 156,832</u> | <u>\$ 148,275</u> | <u>96%</u> | <u>95%</u> | |
| | | | | | \$ Weighted % | 98% | 96% | |

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

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

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

The investment amounts shown represent the Company's 93% share.

4/ As of 12/31/07, all units are under contract. Condo units and contract numbers are not part of In-Process Total or Weighted Average for SF & Pre-Leasing percentage.

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

6/ 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
December 31, 2007**

Dollars in thousands

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

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

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

Acquisition Activity

Dollars in thousands

| <u>Name</u> | <u>Market</u> | <u>Type</u> | <u>Date Acquired</u> | <u>Square Footage</u> | <u>Total Cost</u> |
|-------------|---------------|-------------|--------------------------|---------------------------|-----------------------|
|-------------|---------------|-------------|--------------------------|---------------------------|-----------------------|

First quarter 2007:

None

Second quarter 2007:

None

Third quarter 2007:

None

Fourth quarter 2007:

None

Unconsolidated Joint Ventures Assets, Debt and Liabilities

December 31, 2007

Dollars in thousands

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

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

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

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

Unconsolidated Joint Ventures Income

For the Three Months Ended December 31, 2007

Dollars in thousands

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

| <u>Joint Venture</u> | <u>Highwoods' Share of Joint Venture</u> | | | | | | <u>Net Income/ (Loss)</u> |
|-----------------------------------|--|------------------|----------------------|-----------------|-------------------|---------------------|-------------------------------|
| | <u>Own %</u> | <u>Revenue</u> | <u>Operating Exp</u> | <u>Interest</u> | <u>Depr/Amort</u> | <u>Gain on Sale</u> | |
| Board of Trade Investment Co. | 49.00% | \$ 270 | \$ 192 | \$ - | \$ 112 | \$ - | \$ (34) |
| Dallas County Partners I, LP | 50.00% | 1,715 | 971 | 388 | 320 | - | 36 |
| Dallas County Partners II, LP | 50.00% | 817 | 378 | 208 | 86 | - | 145 |
| Dallas County Partners III, LP | 50.00% | 25 | 29 | - | 1 | - | (5) |
| Fountain Three | 50.00% | 953 | 495 | 263 | 205 | - | (10) |
| RRHWoods , LLC | 50.00% | 2,147 | 1,198 | 537 | 541 | - | (129) |
| Kessinger/Hunter, LLC | 26.50% | 562 | 347 | - | 39 | - | 176 |
| 4600 Madison Associates, LP | 12.50% | 153 | 74 | 29 | 50 | - | - |
| Highwoods DLF 98/29, LP | 22.81% | 1,049 | 339 | 287 | 276 | - | 147 |
| Highwoods DLF 97/26 DLF 99/32, LP | 42.93% | 1,828 | 610 | 464 | 437 | - | 317 |
| Concourse Center Associates, LLC | 50.00% | 243 | 70 | 81 | 39 | - | 53 |
| Plaza Colonnade, LLC | 50.00% | 1,257 | 442 | 489 | 278 | - | 48 |
| Highwoods KC Glenridge Office, LP | 40.00% | 330 | 155 | 84 | 66 | - | 25 |
| Highwoods KC Glenridge Land, LP | 40.00% | - | - | - | - | - | - |
| Highwoods KC Orlando, LLC | 40.00% | 3,278 | 1,375 | 749 | 822 | - | 332 |
| Weston Lakeside, LLC | 50.00% | - | - | - | - | - | - |
| Total 1/ 2/ | | \$ 14,627 | \$ 6,675 | \$ 3,579 | \$ 3,272 | \$ - | \$ 1,101 |

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

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

Unconsolidated Joint Ventures Income

For the Year Ended December 31, 2007

Dollars in thousands

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

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

1/ Highwoods' share of Gain on Sale is less than 50% for Weston Lakeside, LLC due to the preferred return to Crosland as the developer.

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

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

Joint Ventures Long-Term Debt Detail 1/

Dollars in thousands

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

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

2/ Floating rate loan based on market rates.

Joint Ventures Portfolio Summary

As of December 31, 2007

Summary by Location:

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

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

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

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

Joint Ventures Lease Expirations

December 31, 2007

Dollars in thousands

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

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

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

Joint Venture Acquisition and Disposition Activity

Dollars in thousands

Acquisitions

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

Dispositions

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

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

2/ Reflects Highwoods pro-rata share only.

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

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

Joint Venture Development Activity

Dollars in thousands

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