

THE POWER OF PLACE

Highwoods Properties

YEAR 2000



HIGHWOODS PROPERTIES

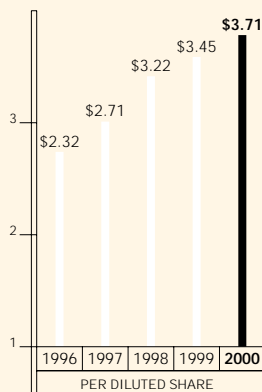
11 CORE MARKETS

591 PROPERTIES

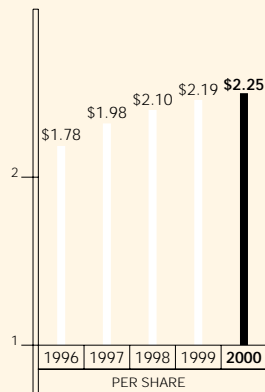
46.2 MILLION SQUARE FEET OF SPACE

5,000 CUSTOMERS

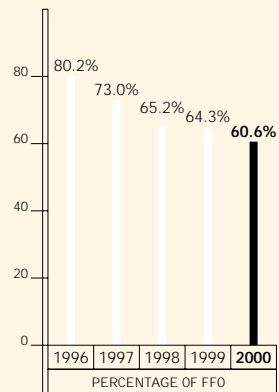
1,800 ACRES OF DEVELOPMENT LAND



Funds from Operations



Dividends



Dividend Payout Ratio

2000	TO-DO-LIST
✓	Increase Return on Invested Capital
✓	Divest and/or Joint Venture \$650 Million of assets
✓	Start at least \$200 million of new development
✓	Fund 10 million share repurchase program
✓	Maintain a conservative balance sheet
✓	Increase investor awareness
✓	Continue to provide highest possible level of service to our customers
✓	Aggressively reduce costs

2001	TO-DO-LIST
	Continue to provide highest possible level of service to our customers
	Self fund at least \$170 million of franchise enhancing development in core markets
	Divest and/or Joint Venture at least \$200 million of assets
	Increase Return on Invested Capital
	Continue to repurchase undervalued shares
	Grow same property net operating income by 2.0–2.5%
	Maintain portfolio occupancy at 94%

SHAREHOLDER INFORMATION

Shareholder Contact

For shareholder mailings and Company information:

Highwoods Properties, Inc.
 Attention: Investor Relations
 3100 Smoketree Court, Suite 600
 Raleigh, North Carolina 27604
 T (919) 872-4924
 (800) 939-7311
 F (919) 876-6929
 E websitemail@highwoods.com

Annual Meeting

May 15, 2001, at 11:00 a.m.
 Marriott Crabtree Valley
 4500 Marriott Drive
 Raleigh, North Carolina
 T (919) 781-7000

Corporate Address

3100 Smoketree Court, Suite 600
 Raleigh, North Carolina 27604
 T (919) 872-4924
 F (919) 873-0088
 w www.highwoods.com

Transfer Agent

For information regarding change of address or other matters concerning your shareholder account, please contact the transfer agent at:

First Union National Bank
 Shareholder Services Group
 1525 West W.T. Harris Boulevard, 3C2
 Charlotte, North Carolina 28288-1153
 T (800) 829-8432
 F (704) 590-0394

Dividend Reinvestment Plan

As provided by the terms of the Dividend Reinvestment and Stock Purchase Plan (the "Plan"), eligible shareholders are able to reinvest all or a portion of their dividends in shares of the Company's stock. Shareholders are also able to make optional cash payments for the purchase of additional shares. No brokerage commissions or fees will be charged under either option.

For assistance or questions about the Plan, please contact Highwoods' Investor Relations Coordinator at the Corporate Office.

The Common Stock has been traded on the New York Stock Exchange ("NYSE") under the symbol HIW since the Company's initial public offering. The following table sets forth the quarterly high and low sales prices per share as reported on the NYSE for the periods indicated and distributions paid per share during each such period.

Market Information

QUARTER ENDED	2000			1999		
	HIGH	LOW	DISTRIBUTION	HIGH	LOW	DISTRIBUTION
March 31	\$ 23.50	\$ 20.25	\$ 0.555	\$ 25.69	\$ 22.25	\$ 0.54
June 30	25.94	21.31	0.555	27.69	22.75	0.54
September 30	27.19	23.50	0.57	26.88	22.25	0.555
December 31	24.94	21.25	0.57	25.63	20.25	0.555

On February 23, 2001, the last reported sale price of the Common Stock on the NYSE was \$24.03 per share. On February 23, 2001, the Company had 1,381 stockholders of record.

THIS IS THE HIGHWOODS PROPERTIES 2000 ANNUAL REPORT. THIS ANNUAL REPORT IS COMPLETE ONLY IF FORM 10-K IS ATTACHED TO THIS DOCUMENT.

2000	TO-DO-LIST
✓	Increase Return on Invested Capital
✓	Divest and/or Joint Venture \$650 Million of assets
✓	Start at least \$200 million of new development
✓	Fund 10 million share repurchase program
✓	Maintain a conservative balance sheet
✓	Increase investor awareness
✓	Continue to provide highest possible level of service to our customers
✓	Aggressively reduce costs

2001	TO-DO-LIST
	Continue to provide highest possible level of service to our customers
	Self fund at least \$170 million of franchise enhancing development in core markets
	Divest and/or Joint Venture at least \$200 million of assets
	Increase Return on Invested Capital
	Continue to repurchase undervalued shares
	Grow same property net operating income by 2.0–2.5%
	Maintain portfolio occupancy at 94%

SHAREHOLDER INFORMATION

Shareholder Contact

For shareholder mailings and Company information:

Highwoods Properties, Inc.
 Attention: Investor Relations
 3100 Smoketree Court, Suite 600
 Raleigh, North Carolina 27604
 T (919) 872-4924
 (800) 939-7311
 F (919) 876-6929
 E websitemail@highwoods.com

Annual Meeting

May 15, 2001, at 11:00 a.m.

Marriott Crabtree Valley
 4500 Marriott Drive
 Raleigh, North Carolina
 T (919) 781-7000

Corporate Address

3100 Smoketree Court, Suite 600
 Raleigh, North Carolina 27604
 T (919) 872-4924
 F (919) 873-0088
 w www.highwoods.com

Transfer Agent

For information regarding change of address or other matters concerning your shareholder account, please contact the transfer agent at:

First Union National Bank
 Shareholder Services Group
 1525 West W.T. Harris Boulevard, 3C2
 Charlotte, North Carolina 28288-1153
 T (800) 829-8432
 F (704) 590-0394

Dividend Reinvestment Plan

As provided by the terms of the Dividend Reinvestment and Stock Purchase Plan (the "Plan"), eligible shareholders are able to reinvest all or a portion of their dividends in shares of the Company's stock. Shareholders are also able to make optional cash payments for the purchase of additional shares. No brokerage commissions or fees will be charged under either option.

For assistance or questions about the Plan, please contact Highwoods' Investor Relations Coordinator at the Corporate Office.

The Common Stock has been traded on the New York Stock Exchange ("NYSE") under the symbol HIW since the Company's initial public offering. The following table sets forth the quarterly high and low sales prices per share as reported on the NYSE for the periods indicated and distributions paid per share during each such period.

Market Information

QUARTER ENDED	2000			1999		
	HIGH	LOW	DISTRIBUTION	HIGH	LOW	DISTRIBUTION
March 31	\$ 23.50	\$ 20.25	\$ 0.555	\$ 25.69	\$ 22.25	\$ 0.54
June 30	25.94	21.31	0.555	27.69	22.75	0.54
September 30	27.19	23.50	0.57	26.88	22.25	0.555
December 31	24.94	21.25	0.57	25.63	20.25	0.555

On February 23, 2001, the last reported sale price of the Common Stock on the NYSE was \$24.03 per share. On February 23, 2001, the Company had 1,381 stockholders of record.

THIS IS THE HIGHWOODS PROPERTIES 2000 ANNUAL REPORT. THIS ANNUAL REPORT IS COMPLETE ONLY IF FORM 10-K IS ATTACHED TO THIS DOCUMENT.

HIGHWOODS PROPERTIES, INC.
 3100 Smoketree Court, Suite 600
 Raleigh, North Carolina 27604
 (919) 872-4924
 www.highwoods.com

THE POWER OF PLACE



THE POWER OF PLACE

Highwoods Properties

2000 ANNUAL REPORT

HIGHWOODS PROPERTIES

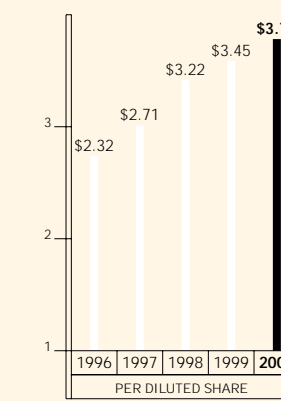
11 CORE MARKETS

591 PROPERTIES

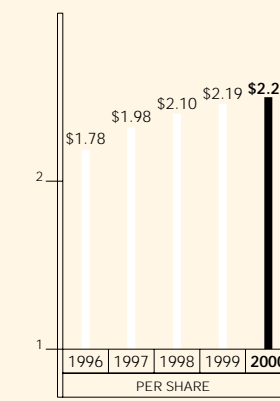
46.2 MILLION SQUARE FEET OF SPACE

5,000 CUSTOMERS

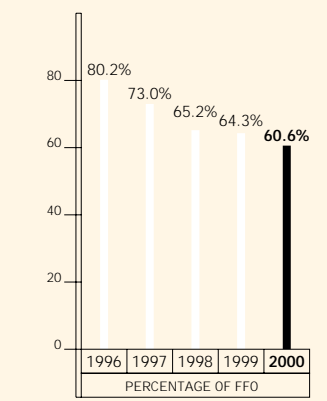
1,800 ACRES OF DEVELOPMENT LAND



Funds from Operations



Dividends



Dividend Payout Ratio

2000	TO-DO-LIST
✓	Increase Return on Invested Capital
✓	Divest and/or Joint Venture \$650 Million of assets
✓	Start at least \$200 million of new development
✓	Fund 10 million share repurchase program
✓	Maintain a conservative balance sheet
✓	Increase investor awareness
✓	Continue to provide highest possible level of service to our customers
✓	Aggressively reduce costs

2001	TO-DO-LIST
	Continue to provide highest possible level of service to our customers
	Self fund at least \$170 million of franchise enhancing development in core markets
	Divest and/or Joint Venture at least \$200 million of assets
	Increase Return on Invested Capital
	Continue to repurchase undervalued shares
	Grow same property net operating income by 2.0–2.5%
	Maintain portfolio occupancy at 94%

SHAREHOLDER INFORMATION

Shareholder Contact

For shareholder mailings and Company information:

Highwoods Properties, Inc.
 Attention: Investor Relations
 3100 Smoketree Court, Suite 600
 Raleigh, North Carolina 27604
 T (919) 872-4924
 (800) 939-7311
 F (919) 876-6929
 E websitemail@highwoods.com

Annual Meeting

May 15, 2001, at 11:00 a.m.
 Marriott Crabtree Valley
 4500 Marriott Drive
 Raleigh, North Carolina
 T (919) 781-7000

Corporate Address

3100 Smoketree Court, Suite 600
 Raleigh, North Carolina 27604
 T (919) 872-4924
 F (919) 873-0088
 w www.highwoods.com

Transfer Agent

For information regarding change of address or other matters concerning your shareholder account, please contact the transfer agent at:

First Union National Bank
 Shareholder Services Group
 1525 West W.T. Harris Boulevard, 3C2
 Charlotte, North Carolina 28288-1153
 T (800) 829-8432
 F (704) 590-0394

Dividend Reinvestment Plan

As provided by the terms of the Dividend Reinvestment and Stock Purchase Plan (the "Plan"), eligible shareholders are able to reinvest all or a portion of their dividends in shares of the Company's stock. Shareholders are also able to make optional cash payments for the purchase of additional shares. No brokerage commissions or fees will be charged under either option.

For assistance or questions about the Plan, please contact Highwoods' Investor Relations Coordinator at the Corporate Office.

The Common Stock has been traded on the New York Stock Exchange ("NYSE") under the symbol HIW since the Company's initial public offering. The following table sets forth the quarterly high and low sales prices per share as reported on the NYSE for the periods indicated and distributions paid per share during each such period.

Market Information

QUARTER ENDED	2000			1999		
	HIGH	LOW	DISTRIBUTION	HIGH	LOW	DISTRIBUTION
March 31	\$ 23.50	\$ 20.25	\$ 0.555	\$ 25.69	\$ 22.25	\$ 0.54
June 30	25.94	21.31	0.555	27.69	22.75	0.54
September 30	27.19	23.50	0.57	26.88	22.25	0.555
December 31	24.94	21.25	0.57	25.63	20.25	0.555

On February 23, 2001, the last reported sale price of the Common Stock on the NYSE was \$24.03 per share. On February 23, 2001, the Company had 1,381 stockholders of record.

THIS IS THE HIGHWOODS PROPERTIES 2000 ANNUAL REPORT. THIS ANNUAL REPORT IS COMPLETE ONLY IF FORM 10-K IS ATTACHED TO THIS DOCUMENT.

2000 HIGHLIGHTS

Our 2000 operating results showcase our growth this year and the accomplishments of our outstanding team:

	Sold or Joint Ventured \$801 million of assets
	Return on invested capital increased to 9.9% from 9.6% in 1999
	Funds From Operations per share grew 7.5%
	Cash available for distribution per share grew 10.0%
	Same properties net operating income grew 3.1%
	Delivered \$272 million of new development 90% pre-leased
	Started \$232 million of new franchise enhancing development
	Secured new \$300 million credit facility on favorable terms
	Repurchased 4.2 million shares and units at an average price of \$23.69

TO OUR FELLOW SHAREHOLDERS

It is a pleasure to report to our shareholders another year of success at Highwoods. We met or exceeded all our major operating and management goals for the year, which leaves our Company well positioned to prosper in the years to come. Completing the asset repositioning program that we began in early 1999 on time and as promised was only one of our major accomplishments in 2000. Importantly, we continued to grow funds from operations per share (FFO), increase our return on invested capital and increase our dividend. From a portfolio perspective, we continued to execute on our core market strategy, exiting

from thin, weaker markets while reinvesting and strengthening our franchise in our II core markets. Today, Highwoods has a newer, higher quality and more strategically focused portfolio in growing markets. Our extraordinary local market professionals, premier properties, diversified customer base and land inventory are all strategically positioned to fuel continued growth.

While anticipating and adapting to change and building for the future, Highwoods performance during 2000 continued our history of strong operational results. FFO per share grew 7.5 percent to \$3.71. This continued our unbroken streak of FFO per share growth since the Company went public in 1994. The appeal of our properties and talent of our leasing teams were demonstrated as we leased 10.5 million square feet of space and maintained overall portfolio occupancy at 94 percent. We delivered 2.4 million square feet of newly developed space with initial leasing of 90 percent. The sale or joint venture of \$801 million in properties during 2000 provided the funding for the repurchase of 4.2 million of our shares and operating partnership units, the reduction of our outstanding debt and costs associated with our development activities. Given a less certain economic outlook, the total budgeted cost of development in process was reduced from \$579 million at year end 1999 to \$336 million at year end 2000. In addition, successful renewal of our credit facility in advance of its maturity provided

the Company with an improved facility for our anticipated needs on more favorable terms.

Joint ventures are an important element of our core market strategy. While sharing risks with other partners, Highwoods has accomplished a number of different goals — enhancing our dominant core market portfolios; earning market rate leasing, management and development fees; moving development land into service; freeing capital for share repurchase and debt reduction; and funding the development of new properties to add to our portfolio. As anticipated, the maturation of our early joint ventures has begun to provide substantial management, leasing and development income streams while the more recent ventures are quickly building momentum.

Operational changes at the Company during the year were implemented to both improve efficiency as well as enhance our customers' experience. Our accounting, service and reporting functions were enhanced with the installation of a new software platform that is both easier to use as well as more adaptive to specialized management reporting and strategic planning requirements. Our attention to detail throughout the year resulted in same property operating expense growth of only a modest 1.4 percent over the level experienced in 1999.

Our already strong board was pleased to add to its roster the considerable talents of Lawrence S. Kaplan. Mr. Kaplan joined the board in October after a career that propelled him to the position of senior real estate partner for Ernst & Young LLP's global real estate practice. His experience and judgement are highly sought and we are thankful that he chose to join the Highwoods team.

After disappointing shareholder return in 1999, 2000 proved to be a good year for REIT investors. The S&P REIT composite index ranked among the best of all market sector indices as investors re-evaluated the security and income characteristics of REIT shares. For the year 2000, the S&P REIT Composite Index return of 19.5 percent was far superior to the S&P 500 index loss of 9.1 percent. The S&P Technology Sector Index, which had performed so well in recent years, demonstrated the difficulties in the technology sector recording a 40.0 percent loss for 2000. Like our market sector, Highwoods shares performed well for the year producing a total return of 16.0 percent.

Our plan for 2001 and beyond is to enhance the franchise we have built in our core markets by continuing to provide superior products,

locations and service to our customers. Along with our strong development pipeline, we intend to more aggressively seek opportunities to utilize our proven development and real estate operating skills in additional creative and profitable ways. Specifically, we intend to increase our build-to-suit activity, develop properties in collaboration with our joint venture partners, and pursue opportunities to internalize tenant improvement construction and third-party management opportunities.

In 2000 we began a concerted effort to offer value-added services to our customers through strategic relationships with other companies. We made an aggressive push to offer a variety of telecommunications and Internet connectivity options for our customers, including several portfolio-wide relationships. Seeking additional revenue sources through providing amenities to our customers will remain a focus in the upcoming year. Our participation with the Office Technology Consortium provides us with an unparalleled means by which to evaluate such opportunities while also allowing us to collaborate on best-practice efficiencies that would be more difficult to obtain on our own.

The success of the past year and our prospects for the future are the result of the creativity and hard work of the hundreds of individuals that make Highwoods Properties the premier office and industrial Company serving the southeastern United States. Our team's dedication is exceptional and most appreciated. The expert guidance of our board of directors is a resource that cannot be overstated. Their willingness to unselfishly share their insights and experience has played a pivotal role in shaping our Company. It is an honor to work with them. Finally, to our shareholders and customers, our most valued supporters, thank you. It is on your behalf that all of us at Highwoods strive every day to improve the Company's ability to provide superior investment returns and exceptional value in our products and services.

We look forward to sharing our progress with you throughout the coming year.



O. Temple Sloan, Jr.
Chairman of the Board



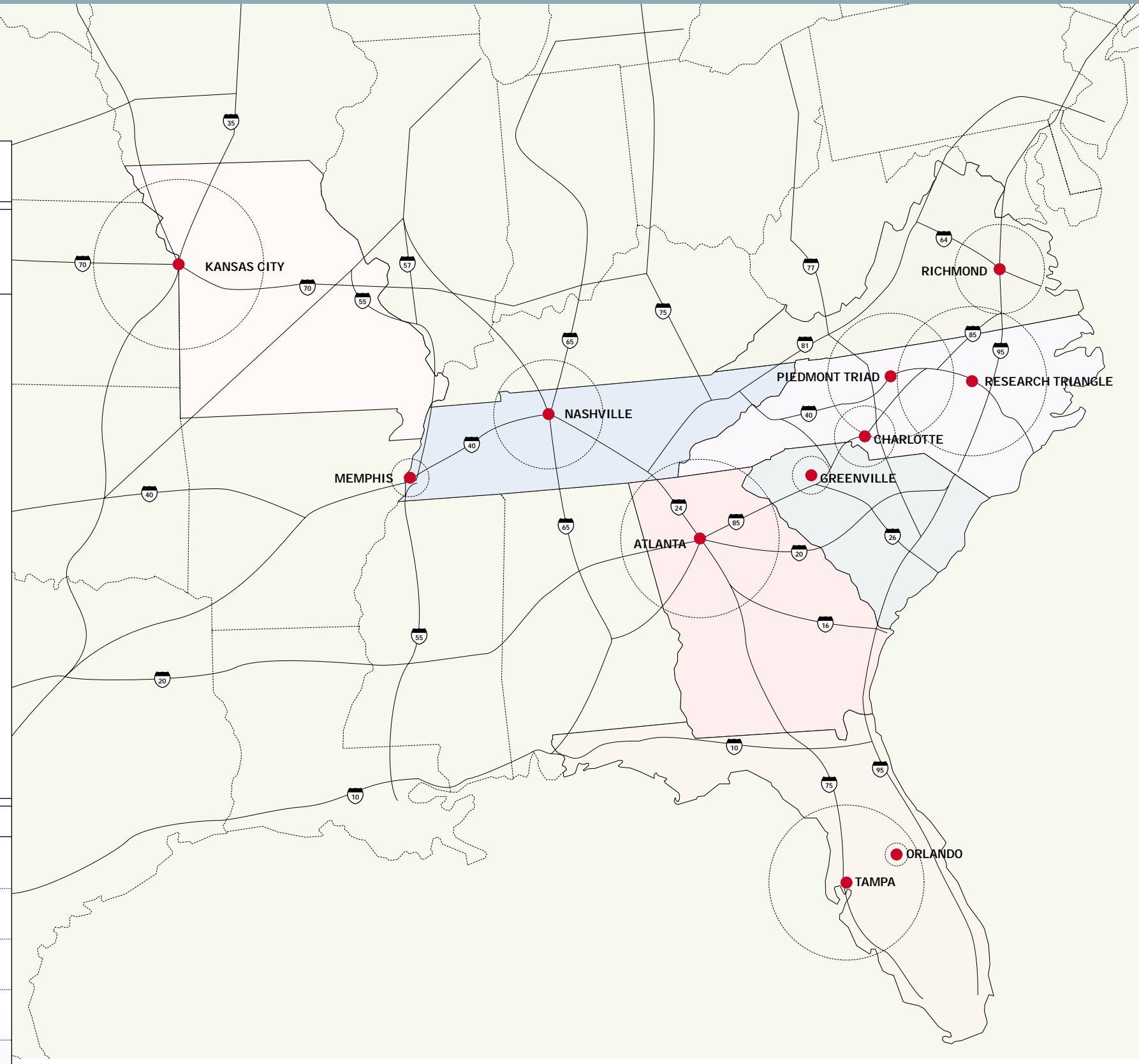
Ronald P. Gibson
President and Chief Executive Officer

HIGHWOODS MARKETS

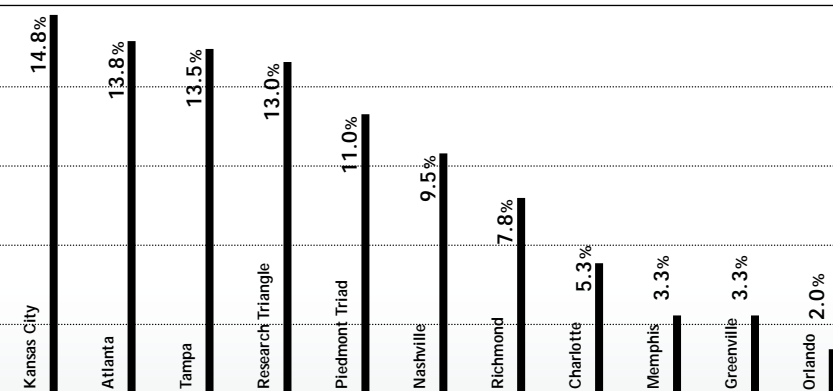
STRENGTH THROUGH DIVERSITY

TODAY, HIGHWOODS HAS A NEWER, HIGHER QUALITY AND MORE STRATEGICALLY FOCUSED PORTFOLIO IN GROWING MARKETS.

The diversification of the Highwoods portfolio across seven states and 11 core markets insulates the Company from economic dislocations that could occur. These cities are among the fastest growing in the country and are major economic hubs in states that contained 18 percent of the nation's population, yet accounted for 27 percent of the nation's growth according to the 2000 US Census. The diverse economic drivers within our core markets add to the stability of our overall portfolio. From high tech research and development in the Research Triangle to service centers in Tampa, distribution in the Piedmont Triad and financial services in Richmond, our local market economies base their strength on a variety of economic engines. Faster, more resilient growth is a distinguishing characteristic of Highwoods markets. Over the five years ended December 2000, the National Bureau of Labor Statistics reported that employment grew 11.6 percent in the United States. The appeal of our 11 core markets is demonstrated by their average employment growth of 15.9 percent over the same period, outpacing the national averages by 37.1 percent. Our markets have also demonstrated that their growth is more resilient in tougher economic times. During the recession in the early 1990s, employment in Highwoods' markets recovered to their peak levels in an average of 24 months. Nationally, it took 35 months for employment to re-attain its prior peak level. The cities of New York, Boston, Chicago, San Francisco and San Jose took an average of 80 months to recover to their prior employment levels.

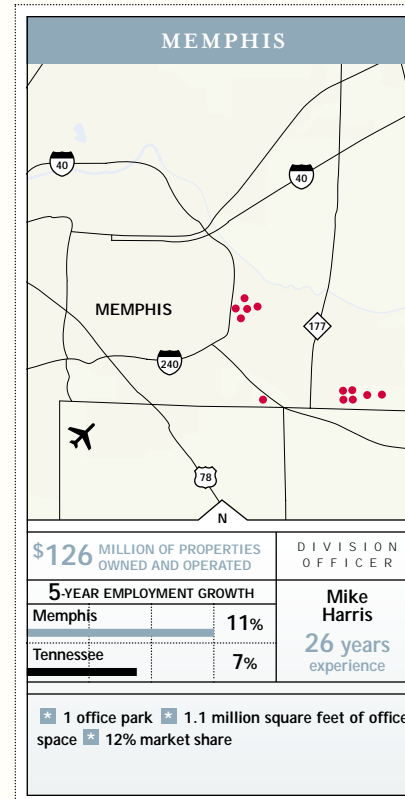
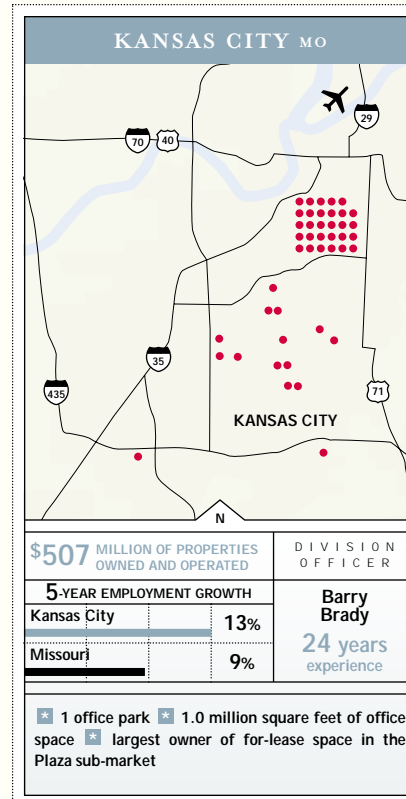
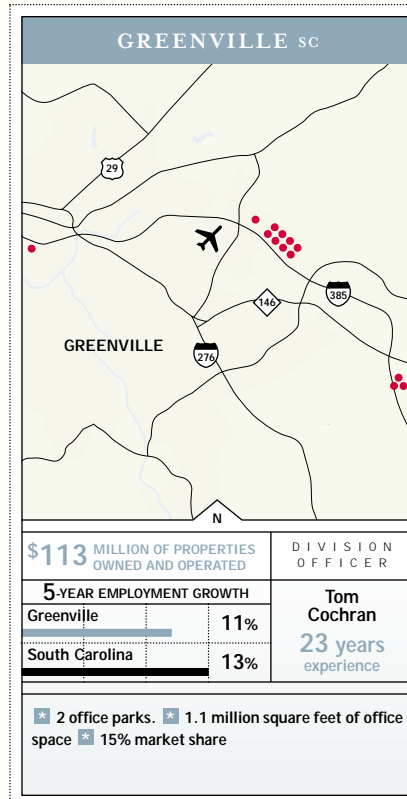
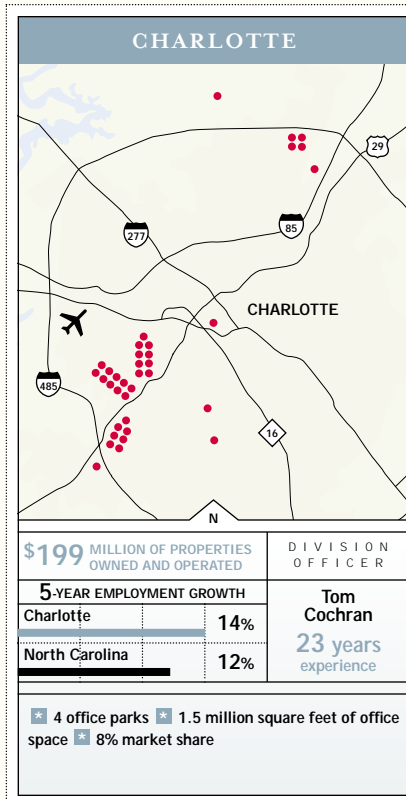


PERCENT OF TOTAL ANNUALIZED RENTAL REVENUE



Includes Highwoods share of joint venture revenues

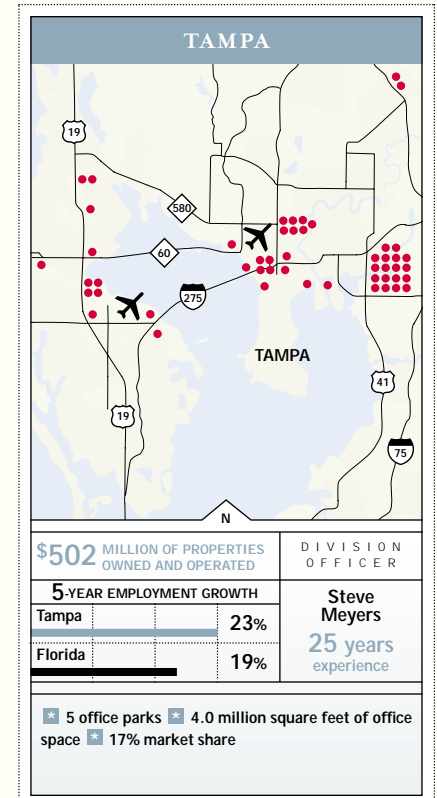
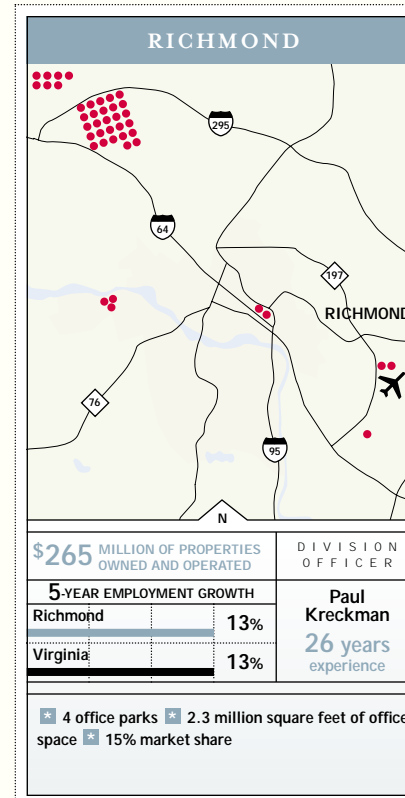
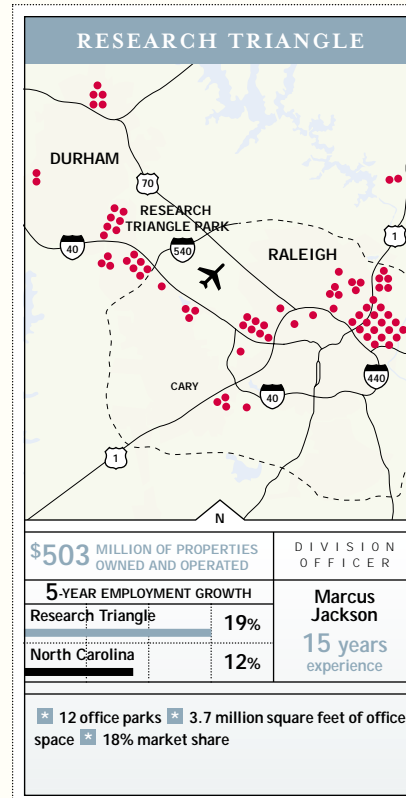
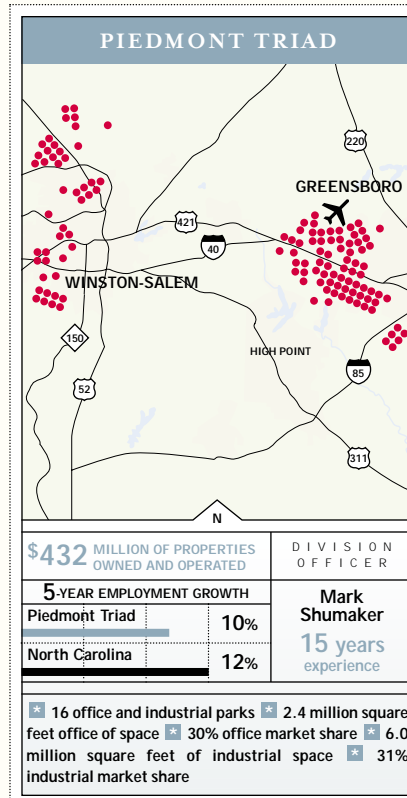
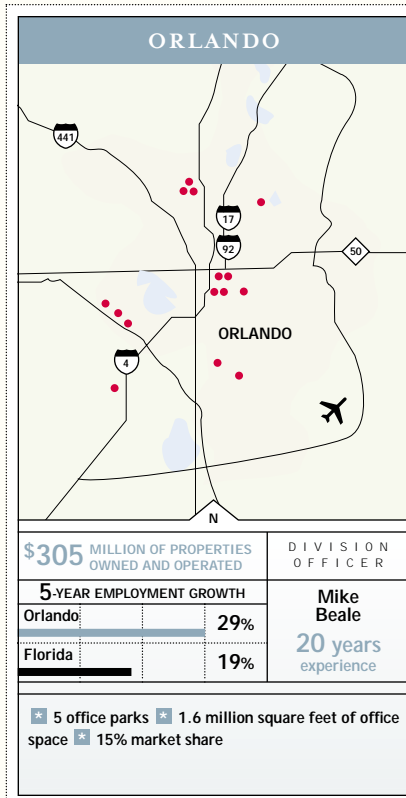
THE POWER OF PLACE
CORE MARKETS



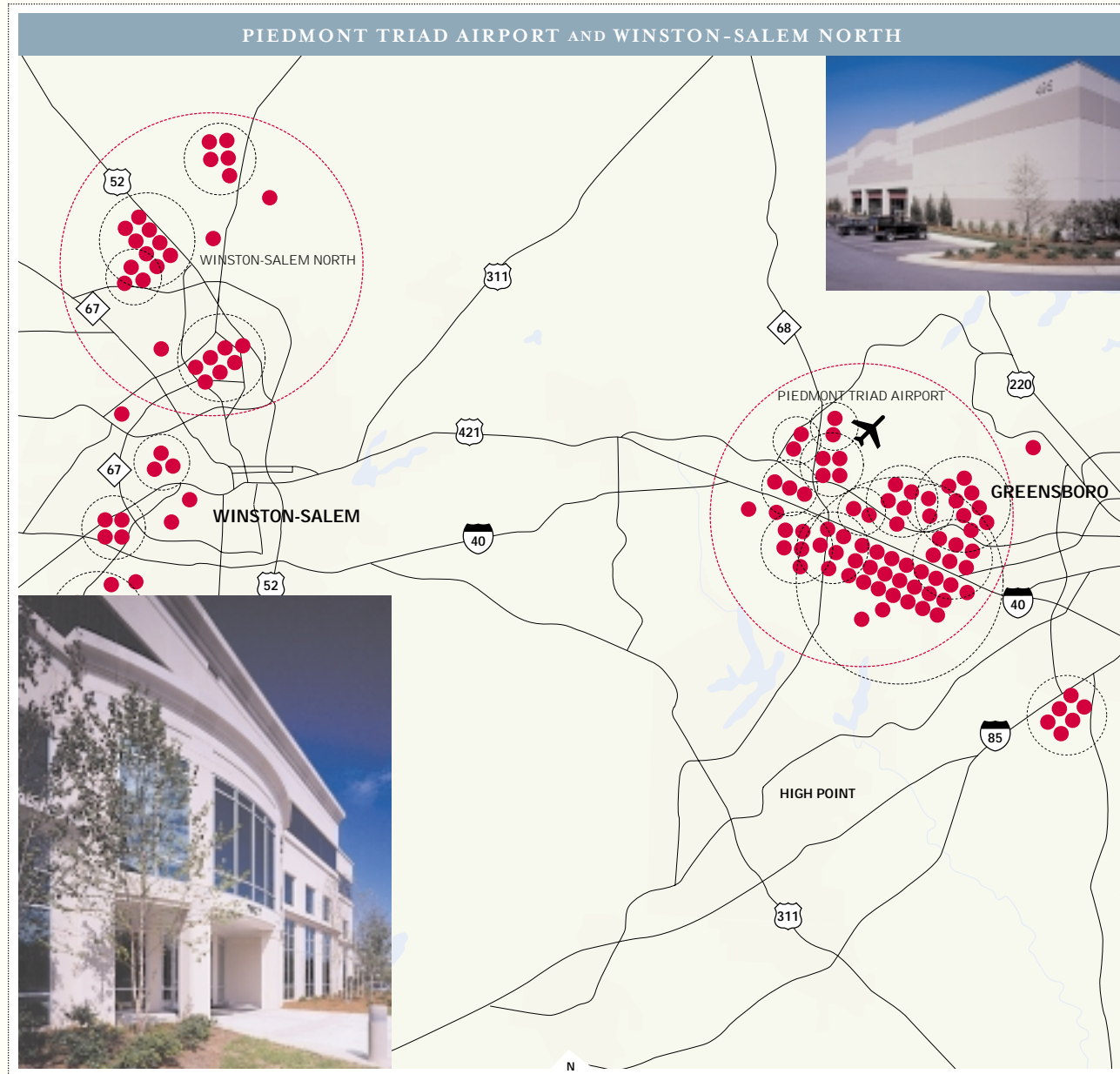
SUB-MARKET DOMINANCE

THE KEY TO OUR STRENGTH

As a market leader, Highwoods sets the standard for space and product opportunities in our select locations. Our properties are clustered in office and industrial parks in the key sub-markets of each of our cities. The clustering of our properties offers advantages to both our customers and our shareholders. By locating in a Highwoods park, where we control both the available space and development land, we can readily accommodate our customers' changing and growing needs. Clustering facilitates the high level of service that our customers have learned to expect from Highwoods. From maintenance to cleaning, the diminution of travel time between properties means faster response time for service calls and more efficient delivery of management services.



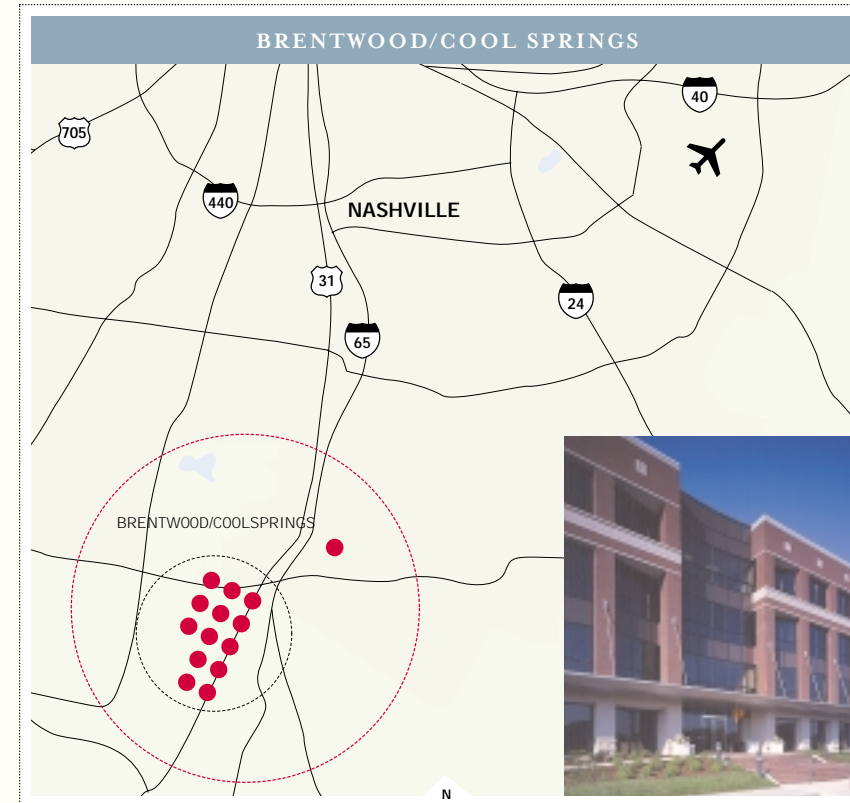
THE POWER OF PLACE
SUB - MARKETS



PIEDMONT TRIAD AIRPORT AND WINSTON-SALEM NORTH

OFFICE AND INDUSTRIAL CROSSROADS

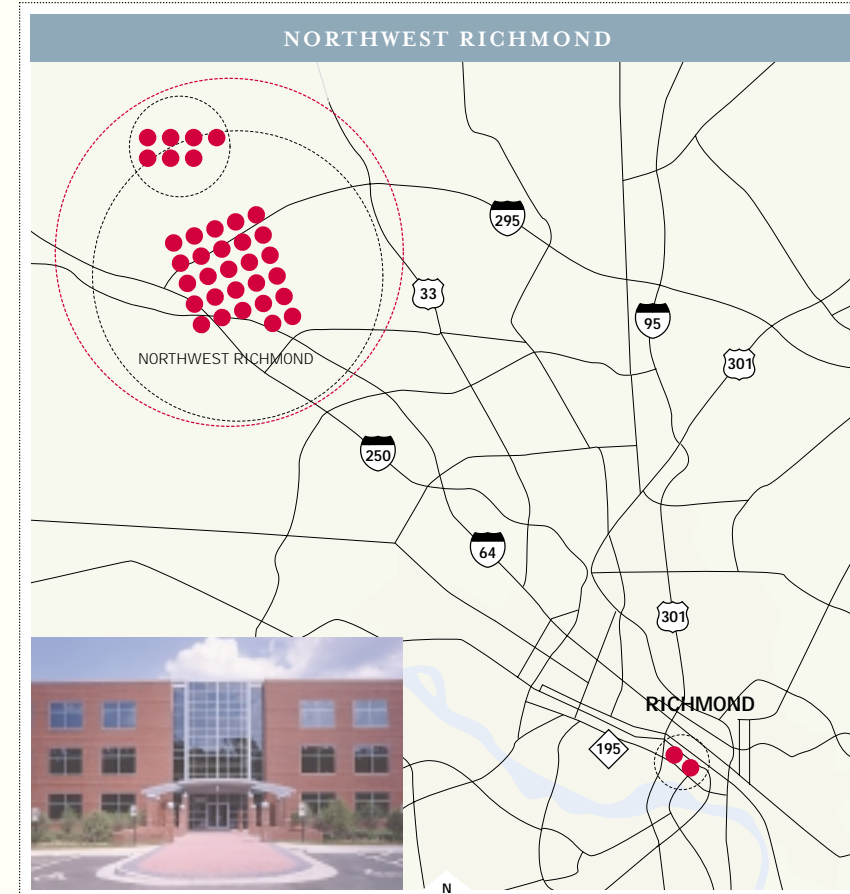
A natural crossroads, the Piedmont Triad has 14 distinct sub-markets for both office as well as industrial space. For office users, Highwoods is the market leader in the Piedmont Triad Airport and Winston-Salem North sub-markets with 46 percent and 54 percent shares respectively. Long known as a manufacturing center, Winston-Salem has experienced significant growth in the financial and service sectors and is now the 11th largest banking center in the country and is home to a large and growing health care community. Greensboro is a natural distribution center with more than half the national population within 600 miles. The area offers strong road, rail and air infrastructure that provides competitive transportation options to business and industry. Highwoods enjoys a market-leading 31 percent share of for-lease industrial space. Two sub-markets, Piedmont Triad Airport and Winston-Salem North comprise 31 percent of the total industrial space in the Triad area. Highwoods dominates both with market-leading 39 percent and 53 percent shares respectively.



BRENTWOOD/
COOL SPRINGS

NASHVILLE'S BUSINESS LOCATION

Travel 10 miles south on I-65 from downtown Nashville and you will find yourself in the Brentwood/Cool Springs sub-market. With more class A office space than Nashville's central business district, this is the place for business in the greater Nashville area. Over the last five years, this sub-market accounted for more than one-half of the total office space absorbed in Nashville. Surrounded by a variety of residential, shopping and entertainment options, the area consistently has some of the lowest vacancy rates in the Nashville market. Highwoods is the dominant landlord in the market with a 20 percent share of the suburban markets and a 26 percent share of the for-lease space available in the Brentwood/Cool Springs sub-market. This dominance allows us to meet a wide range of customer needs.



NORTHWEST
RICHMOND

INNSBROOK CORPORATE CENTER

Ranked eleventh among America's 50 hottest cities for business by *Expansion Management* magazine in January 2001, Richmond, conveniently located midway between Boston and Atlanta, is a regional financial and legal center. The northwest sub-market is the dominant sub-market in Richmond; Innsbrook is the dominant park in that sub-market, and; Highwoods is the dominant owner of for-lease space and development land in Innsbrook. With a 19 percent share of the northwest sub-market that is 98 percent leased, Highwoods is the market leader in northwest Richmond office space.

**THE POWER OF PLACE
DEVELOPMENT**

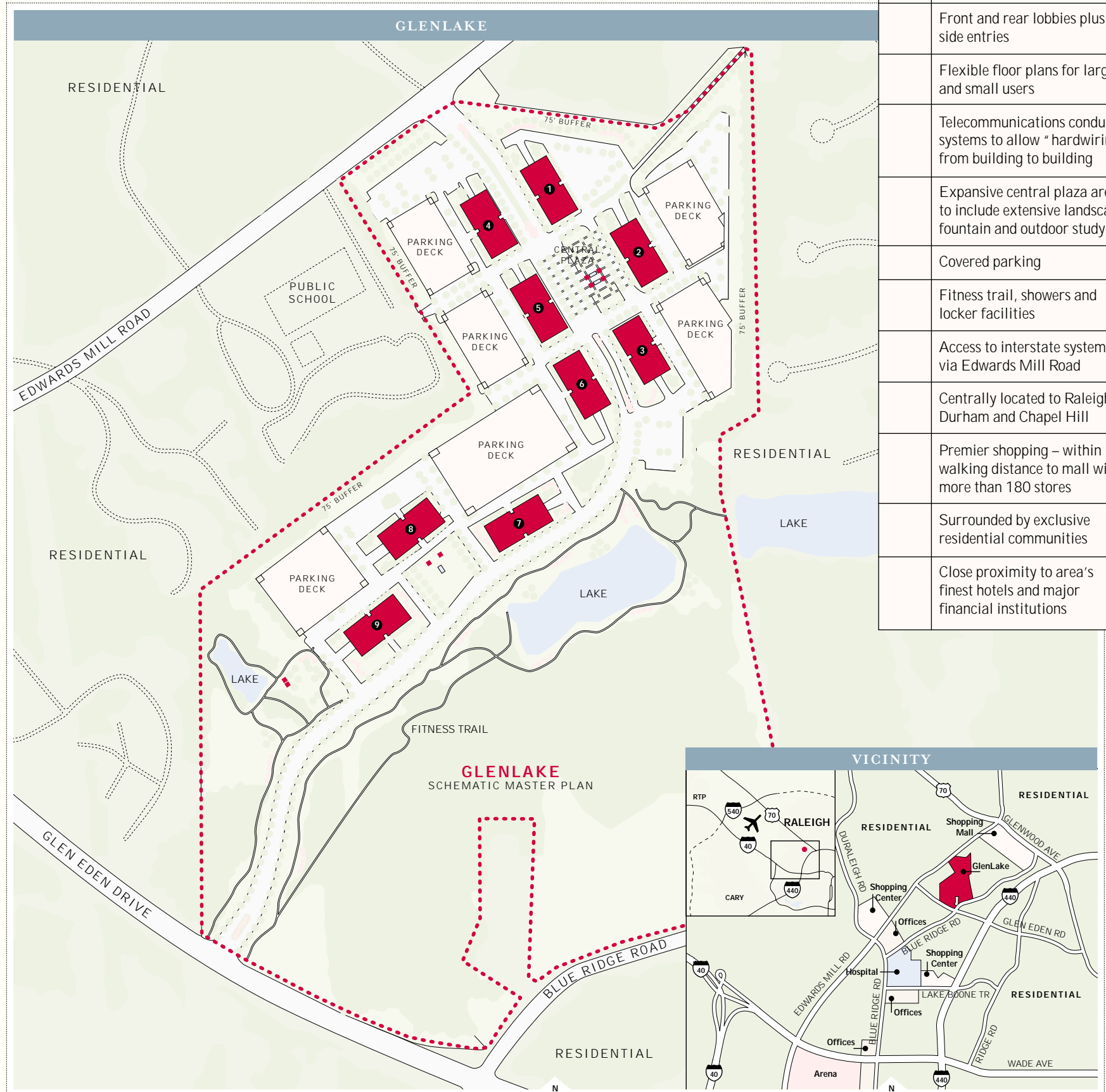
AMENITIES AT GLENLAKE

REZONE, ACQUIRE, DEVELOP

**HIGHWOODS CONTINUES TO
BUILD ON ITS REPUTATION AS A QUALITY DEVELOPER.**

Highwoods continues to build on its reputation as a quality developer. For example, in Raleigh we are starting an exciting project we have named GlenLake. From the first 158,000 square foot building currently under way, GlenLake will grow into a nine-building, 875,000 square foot office park. Located just outside I-440, six miles from downtown and 14 miles from Research Triangle Park, the site was Raleigh's most sought after in-fill location. It is adjacent to the 1.3 million-square foot Crabtree Valley Mall, Eastern North Carolina's premier shopping destination. Surrounding the remainder of the site are dense residential neighborhoods. Highwoods acquired this highly prized parcel despite strong competition from rival suitors. The owners knew our history of responsible development and were confident that our plans would be the best use of their land.

Like all of our development projects, GlenLake was subject to the rigorous scrutiny of our capital allocation process. Highwoods' local market experts generate project ideas based on their unique knowledge of their markets conditions. Our investment committee of five board members then analyzes each project. Capital is allocated to the best proposals while others are declined. This combination of local market expertise with a disciplined capital allocation process has been a key element in the long-term success of our development activities.



- Nine-building campus to accommodate 875,000 square feet
- Front and rear lobbies plus two side entries
- Flexible floor plans for large and small users
- Telecommunications conduit systems to allow "hardwiring" from building to building
- Expansive central plaza area to include extensive landscaping, fountain and outdoor study garden
- Covered parking
- Fitness trail, showers and locker facilities
- Access to interstate system via Edwards Mill Road
- Centrally located to Raleigh, Durham and Chapel Hill
- Premier shopping – within walking distance to mall with more than 180 stores
- Surrounded by exclusive residential communities
- Close proximity to area's finest hotels and major financial institutions



Surrounding a central plaza with gardens and a fountain, GlenLake offers a unique blend of office park amenities in an in-fill location. Close to retail, residential and entertainment, customers will enjoy an office environment unlike anything else in Raleigh.



CATERPILLAR FINANCIAL CENTER

BUILD-TO-SUIT

FROM DIRT TO DONE

For customers desiring to own their facility, Highwoods offers a comprehensive package of services to meet their needs. From fully entitled land in great locations through needs assessment, design consultations, cost estimates, construction management and ongoing property management and maintenance services, Highwoods delivers for our customers. Partnering with Highwoods brings the experience and abilities of one of the largest office and industrial developers to the project. Customers can be confident that their quality project will be completed on time, within budget and as promised. The same diligence applies regardless of whether their needs call for a 100,000 square foot industrial building or a 800,000 square foot multi-building campus.

CATERPILLAR FINANCIAL CENTER

312,500 SQUARE FEET

“Our experience with Highwoods during the construction of the Caterpillar Financial Center in Nashville, Tennessee was extremely positive. Highwoods dedicated tremendous effort in helping us work through the many details required of a project of this magnitude. They understood our needs and worked diligently with the design and construction team to deliver a building for us that is both striking in appearance and functional for our business. The Highwoods personnel have been professionals in every phase of the project. They worked many hours with our building team to coordinate the design and construction process, while always taking time to address any issues or concerns. In fact, we fondly think of them as part of the Caterpillar Financial family today!”

JAMES S. BEARD
Vice President, Caterpillar Financial

FROM DIRT TO DONE

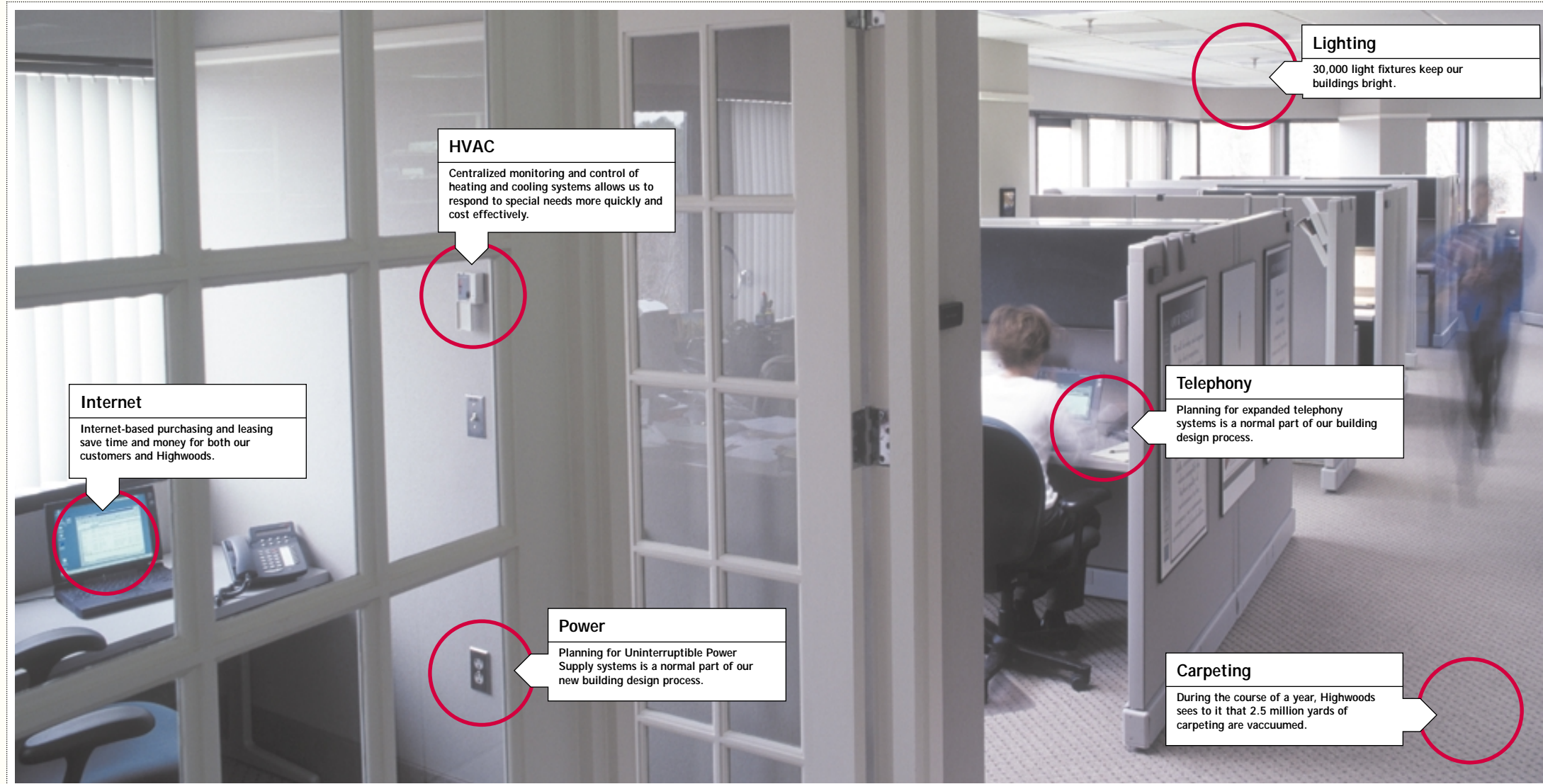
Highwoods development history is unmatched in the Southeast.

Since Initial Public Offering:

\$1.2 billion starts
123 projects
12% stabilized yield
\$350 million value created

Current Development Pipeline:

\$336 million budgeted cost
26 projects under way
9 markets
60% pre-leased
45% funded



Internet

Internet-based purchasing and leasing save time and money for both our customers and Highwoods.

HVAC

Centralized monitoring and control of heating and cooling systems allows us to respond to special needs more quickly and cost effectively.

Power

Planning for Uninterruptible Power Supply systems is a normal part of our new building design process.

Lighting

30,000 light fixtures keep our buildings bright.

Telephony

Planning for expanded telephony systems is a normal part of our building design process.

Carpeting

During the course of a year, Highwoods sees to it that 2.5 million yards of carpeting are vacuumed.

TECHNOLOGY

Highwoods continues to expand its use of technology to enhance our customer's experience.

Centralized monitoring and control of heating, ventilation, and air conditioning systems.

Planning for uninterruptible power supply systems and expanded telephony is a normal part of our new building design.

Internet-based purchasing and leasing save time and money.

MAINTENANCE

During the course of a year, Highwoods maintains and preserves:

2.5 million square yards of carpet

500 acres of grounds

4,000 restrooms

OPERATIONS

CHANGES TO IMPROVE EFFICIENCY AS WELL AS ENHANCE OUR CUSTOMERS' EXPERIENCE.

Highwoods operates our premier properties with the client in mind. Weekly divisional meetings keep local personnel current with the latest developments in their markets. Monthly, a group meeting of senior management reviews progress on companywide initiatives. Twice a year, senior management conducts meetings with all employees to discuss company goals and objectives. These formal meetings serve as an idea swap and information sharing venue to ensure that the best ideas for serving our clients are utilized across our platform.

Technology plays an ever-increasing role in all our lives. Highwoods continues to expand our use of technology to enhance our customers' experience. Centralized

monitoring and control of heating and cooling systems allows us to respond to special needs more quickly and cost-effectively. Planning for uninterruptible power supply systems and expanded telephony is a normal part of our new building design process. Internet-based purchasing and leasing continues to grow, saving both time and money for Highwoods and our customers.

Keeping it clean and fresh looking is no small task when you own 40 million square feet of space. Nearly 200 maintenance and service employees pride themselves on providing our

customers with properties maintained like no others. During the course of a year, Highwoods sees to it that approximately 2.5 million yards of carpeting is vacuumed, 500 acres of grass and grounds are maintained and all the other details required to keep our properties looking fresh are attended to in a professional manner.

Our leasing professionals are on the front line of meeting our customers' space needs. Their experience, training and professionalism are second to none. They assist customers in understanding the market, evaluating space options and attending to the

details of moving into new space. With many customers in multiple buildings and markets, consistent quality and service delivery are assured by our corporate host program which partners one Highwoods leasing professional with all of a customers locations.

Highwoods supports the notion that real estate is an inherently local business. That is not to say that centralization of some functions is without merit. Where we touch the customer most often – leasing, asset management, build-to-suit projects and a myriad of other tasks – people

and decision authority are local. Where centralization makes sense – financial management, lease accounting, tax accounting, benefits management and capital allocation – we have centralized functions in our Raleigh headquarters to maximize the effectiveness and minimize the cost of these functions.

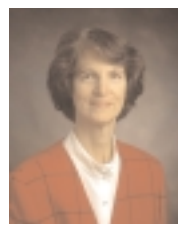
BOARD OF DIRECTORS



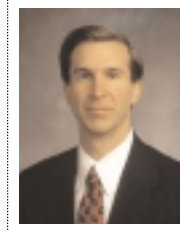
Thomas W. Adler
Managing Partner for
NewGar, Ltd.



Gene H. Anderson
Senior Vice President



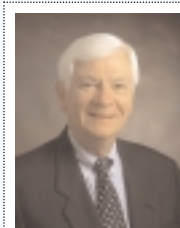
Kay N. Callison
Former Director of
J.C. Nichols Company
and Community Volunteer



Edward J. Fritsch
Executive Vice President,
Chief Operating Officer
and Secretary



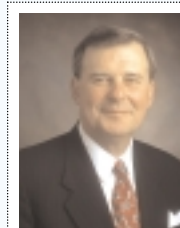
Ronald P. Gibson
President and
Chief Executive Officer



William E. Graham, Jr.
Senior Counsel,
Hunton & Williams and
Past Vice Chairman of
Carolina Power and Light



Lawrence S. Kaplan
Past Partner of
Ernst and Young LLP



L. Glenn Orr, Jr.
Director and Past Chairman,
President and Chief Executive
Officer of Southern National
Corporation



O. Temple Sloan, Jr.
Chairman of the
Board of Directors
Chairman of the
Board of Directors
of General Parts, Inc.



Willard H. Smith Jr.
Past Managing Director
of Merrill Lynch



John L. Turner
Chief Investment Officer
and Vice Chairman of the
Board of Directors

SENIOR OFFICERS

Ronald P. Gibson*
President, Chief Executive Officer and
Director

John L. Turner*
Chief Investment Officer and
Vice Chairman of the Board of Directors

Edward J. Fritsch*
Executive Vice President,
Chief Operating Officer, Director
and Secretary

Gene H. Anderson*
Senior Vice President and Director

Michael F. Beale*
Senior Vice President

Barrett Brady
Senior Vice President

Thomas F. Cochran
Senior Vice President

Michael E. Harris*
Senior Vice President

Marcus H. Jackson*
Senior Vice President

Paul W. Kreckman
Vice President

Carman J. Liuzzo*
Vice President,
Chief Financial Officer and Treasurer

Stephen A. Meyers
Vice President

Scott I. Peek, Jr.
Vice President

Mack D. Pridgen III*
Vice President,
General Counsel and Assistant Secretary

W. Brian Reames
Vice President

W. Mark Shumaker
Vice President

*Officers subject to the reporting require-
ments of Section 16 of the Securities
Exchange Act of 1934.

HIGHWOODS PROPERTIES, INC.

3100 Smoketree Court, Suite 600
Raleigh, North Carolina 27604
(919) 872-4924

www.highwoods.com