

FITCH AFFIRMS HIGHWOODS PROPERTIES' IDR AT 'BBB-'; OUTLOOK STABLE

Fitch Ratings-New York-11 December 2006: Fitch Ratings has affirmed and removed all ratings for Highwoods Properties, Inc. (Highwoods or REIT) and Highwoods Realty Limited Partnership (Highwoods-LP or Operating Partnership) from Rating Watch Negative as follows:

Highwoods Properties, Inc.

--Issuer Default Rating (IDR) 'BBB-';

--Preferred stock 'BB+'.

Highwoods Realty Limited Partnership

--Issuer Default Rating (IDR) 'BBB-';

--Senior unsecured notes 'BBB-';

--Credit facility 'BBB-'.

Fitch originally placed Highwoods on Rating Watch Negative on May 27, 2005. The Rating Outlook is Stable.

The Stable Outlook reflects the current filing status of the Securities and Exchanges Commission (SEC) reports for both the real estate investment trust (REIT) and the Operating Partnership. In addition to Highwoods filing the third quarter 2006 SEC report in a timely manner, Fitch recognizes that Highwoods-LP is now in compliance with the financial information covenant of the bond indenture with the filing of the 2005 and 2006 SEC reports. Furthermore, Fitch acknowledges that the SEC Division of Enforcement has recently closed its investigation of the company without taking any action with respect to the matter.

Aside from maintaining satisfactory operating performance, Fitch's expectations with regards to the Stable Outlook include the timely filing of subsequent SEC reports for both Highwoods and Highwoods-LP. Fitch anticipates that Highwoods will become eligible to issue securities under its existing shelf registration during the fourth quarter of 2007. However, Fitch acknowledges that the company has various financing alternatives available in the meantime, including capacity under its existing unsecured revolving credit facility. Though Fitch notes that the company has made meaningful progress with regards to addressing the material weaknesses, the company has not completed and evaluated all of its planned remediation activities and therefore Fitch will continue to monitor its progress.

Highwoods Properties, Inc. is a fully integrated, self-administered, self-managed equity REIT that is focused on leasing, management, development, construction, and other tenant-related services for its properties and for third parties. Headquartered in Raleigh, North Carolina, Highwoods operates in Florida, Georgia, Iowa, Kansas, Maryland, Missouri, North Carolina, South Carolina, Tennessee and Virginia. As of Sept. 30, 2006, the company owned or had an interest in 414 in-service properties encompassing approximately 34.9 million square feet, 798 acres of undeveloped land, and an additional 15 properties under development.

Contact: Howard L. Gee +1-212-908-0538 or Peter Siciliano +1-212-908-0646, New York.

Media Relations: Sandro Scenga, New York, Tel: +1 212-908-0278.

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