

**FOR IMMEDIATE RELEASE**

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

## **Highwoods Properties Exits Des Moines**

### **Sells Equity Interest in Non-Core Joint Venture Investments**

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**Raleigh, NC – May 14, 2010 – Highwoods Properties, Inc. (NYSE: HIW),** Highwoods Properties, Inc. (NYSE: HIW), the largest owner and operator of suburban office properties in the Southeast and NAIOP's 2009 Developer of the Year, today announced that it has sold its unconsolidated equity interest in its Des Moines joint ventures for \$15 million in cash. The assets in the joint ventures included 2.5 million square feet of office (1.7 million square feet), industrial (788,000 square feet) and retail (45,000 square feet) as well as 418 apartment units.

The joint ventures had approximately \$200 million in gross asset value. In 2010, these joint ventures were projected to generate approximately \$17.8 million of total cash net operating income. The Company acquired its unconsolidated interests in the Des Moines joint ventures in July 1998 through the acquisition of J.C. Nichols Company.

Ed Fritsch, President and Chief Executive Officer of Highwoods Properties, said, *"The sale of our interest in the Des Moines JVs represents another important step in our long-term goal to focus our Company's resources on enhancing our portfolio in key infill locations. While Des Moines historically has been a good investment for our Company, we believe the time is right to exit these joint ventures."*

Specifically, the Company highlighted the following aspects of this sale:

- Des Moines is a non-core market.
- Office occupancy in the Des Moines joint venture assets is substantially underperforming Highwoods office occupancy.
- There is significant customer concentration.
- By selling these highly leveraged investments, the Company's operating and financial flexibility under its credit facility covenants is enhanced and its leverage metrics are improved.
- These were the only significant joint venture investments for which the Company was not the managing partner or property manager.

For all of 2010, these joint ventures were expected to contribute approximately \$0.05 per diluted share to the Company's Funds from Operations ("FFO"). This full-year FFO contribution was included in the Company's 2010 FFO guidance of \$2.31 to \$2.49 per diluted share published on February 10, 2010 and reaffirmed on April 28, 2010. Through the closing of the transaction, the joint ventures contributed approximately \$0.02 per diluted share to the Company's 2010 FFO.

Certain matters discussed in this press release, such as expected 2010 financial and operational results and the related assumptions underlying our expected results, are forward-looking statements within the meaning of the federal securities laws. These statements are distinguished by use of the words "will", "expect", "intend" and words of similar meaning. Although Highwoods believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved.

Factors that could cause actual results to differ materially from Highwoods' current expectations include, among others, the following: the financial condition of our customers could deteriorate; development activity by our competitors in our existing markets could result in excessive supply of properties relative to customer demand; development, acquisition, reinvestment, disposition or joint venture projects may not be completed as quickly or on as favorable terms as anticipated; we may not be able to lease or re-lease second generation space quickly or on as favorable terms as old leases; our Southeastern and Midwestern markets may suffer declines in economic growth; we may not be able to lease our newly constructed buildings as quickly or on as favorable terms as originally anticipated; unanticipated increases in interest rates could increase our debt service costs; we may not be able to meet our liquidity requirements or obtain capital on favorable terms to fund our working capital needs and growth initiatives or to repay or refinance outstanding debt upon maturity; the Company could lose key executive officers; and others detailed in the Company's 2009 Annual Report on Form 10-K and subsequent SEC reports.

### **About the Company**

Highwoods Properties, Inc., a member of the S&P MidCap 400 Index, is a fully integrated, self-administered real estate investment trust ("REIT") that provides leasing, management, development, construction and other customer-related services for its properties and for third parties. At March 31, 2010, the Company owned or had an interest in 378 in-service office, industrial and retail properties encompassing approximately 35.7 million square feet. Highwoods also owned 581 acres of development land. Highwoods is based in Raleigh, North Carolina, and its properties and development land are located in Florida, Georgia, Iowa, Missouri, Mississippi, North Carolina, South Carolina, Tennessee and Virginia. For more information about Highwoods Properties, please visit our Web site at [www.highwoods.com](http://www.highwoods.com).