

**FOR IMMEDIATE RELEASE**

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## **Highwoods Properties Sells Non-Core Assets in Winston-Salem and Greensboro for \$24.9 Million**

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**Raleigh, NC – June 25, 2010 – 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, in separate transactions, Madison Park, a non-core office park in Winston-Salem, for \$12.9 million, and Chimney Rock, a non-core industrial park in Greensboro, for \$12.0 million. Inclusive of these dispositions, Highwoods has sold \$125 million of non-core assets in 2010, in-line with its previously stated guidance of \$50 million to \$150 million.

Ed Fritsch, President and Chief Executive Officer of Highwoods Properties, said, *"We are pleased to complete the sale of these non-core assets and further focus our resources on infill locations in core markets. One of our long-stated goals has been to exit Winston-Salem and, since January 2005, inclusive of the Madison Park sale, we have reduced the square footage we own in Winston-Salem from 2.8 million square feet to 818,000 square feet, a 71% reduction. We are also pleased to have sold our Chimney Rock assets as these older, industrial buildings were not strategic to our core Greensboro holdings. Today, our remaining industrial holdings in Greensboro include 35 buildings encompassing 2.5 million square feet that are adjacent to the airport and are, on average, 14 years old and 92.9% occupied."*

### **Madison Park**

Madison Park consists of seven office buildings encompassing 472,200 square feet that are, on average, 25 years old and 51% occupied. Madison Park was expected to generate \$1.2 million of net operating income for full year 2010.

As part of the Madison Park transaction, Highwoods received \$4.5 million in cash and provided \$8.4 million in non-recourse first mortgage seller financing. The three-year, interest-only note carries a 6.0% average interest rate. Assuming no default exists, the note can be extended by the buyer for two additional one-year periods, subject to an increase in the interest rate to 7.0% in the fourth year and to 8.0% in the fifth year. Additionally, Highwoods provided a secured credit facility of up to \$1.65 million to be used to fund 50% of future leasing-related capital expenditures for currently vacant space. This facility has the same terms as the \$8.4 million first mortgage financing plus is fully recourse to the buyer. The approximate \$0.4 million gain on the sale of Madison Park will be deferred until the seller financing is repaid. Highwoods will provide property management services for these assets for customary fees.

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### **Chimney Rock**

Chimney Rock includes six industrial buildings encompassing 836,500 square feet that are, on average, 25 years old and 58% occupied. Chimney Rock was expected to generate \$0.7 million of net operating income for full year 2010.

As part of the Chimney Rock transaction, Highwoods received \$3.4 million in cash and provided \$8.6 million in non-recourse first mortgage seller financing. The three-year, interest-only note carries a 6.25% average interest rate. Assuming no default exists, the note can be extended by the buyer for two additional one-year periods, subject to an increase in the interest rate to 7.0% in the fourth year and to 7.75% in the fifth year. The Company will report an approximate \$0.3 million impairment charge in the second quarter related to this sale.

Also in connection with this sale, the Company entered into a guarantee agreement with the buyer relating to an existing 237,500 square foot lease with one customer, who has leased space at Chimney Rock for 14 years. This agreement guarantees the payment of rent for an approximate two-year period from March 2011 through June 2013 in the event the customer exercises its limited termination right. The Company's maximum exposure under this rent guarantee agreement is approximately \$1.0 million. No accrual has been recorded for this guarantee because the Company does not believe a loss is probable.

Certain matters discussed in this press release, such as the expected impact of a rental guarantee agreement, 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 Highwoods Properties**

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, 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).