Highwoods PROPERTIES

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Highwoods Properties Reports Fourth Quarter and Full Year 2010 Results

$0.63 FFO per Share for Fourth Quarter 2010

(Excluding Debt Extinguishment Loss and Acquisition Costs)

$2.46 FFO per Share for 2010

(Excluding Debt Extinguishment Losses, Acquisition Costs and Impairment)

90.3% Year End Occupancy

Provides 2011 FFO Guidance of $2.41 to $2.57 per Share

Raleigh, NC – February 9, 2011 – Highwoods Properties, Inc. (NYSE: HIW), one of the largest owners and operators of office properties in the Southeast, today reported financial and operational results for the fourth quarter and full year ended December 31, 2010.

The Company also provided 2011 FFO guidance of $2.41 to $2.57 per diluted share, which excludes the impact of any potential dispositions or acquisitions that may occur during 2011.

Ed Fritsch, President and CEO, stated, *"We are pleased with our 2010 operating results. Year-over-year, we increased occupancy by 150 basis points to 90.3%, leased 31% more office space, grew total revenues by $13.2 million and cut same-store operating expenses by 3.2%. Our portfolio's occupancy exceeds the occupancy of our markets as a whole by an average of 680 basis points."*

"We also continued to improve the quality of our portfolio by acquiring well-located office assets in Memphis and Tampa, commencing 100% leased redevelopment projects in Raleigh and Atlanta, selling non-core assets in Winston-Salem and Greensboro, exiting our non-core interest in the Des Moines joint ventures and announcing a build-to-suit in Kansas City. As we start 2011, our balance sheet continues to be rock solid and we have abundant liquidity to continue to garner market share, pursue acquisitions and secure build-to-suits. We continue to seek portfolio-improving, accretive investments and are optimistic this pipeline of opportunities will outpace 2010," added Mr. Fritsch.

Highlights for full year 2010 included:

- Achieved Funds from Operations ("FFO") of $2.46 per diluted share, excluding losses on debt extinguishment, property acquisition costs and an impairment on a non-core depreciable asset

- Year-end occupancy of 90.3%, a 150 basis point increase from December 31, 2009

- Leased approximately 5.3 million square feet of first and second generation office, industrial and retail space, a 15% increase from 4.6 million square feet leased in 2009

- $57.8 million build-to-suit project in Kansas City
  - 192,000 square foot headquarters on Country Club Plaza for a national law firm
  - Subject to zoning approval (expected April 2011), 9%+ cash yield

- $52.6 million acquisition of Crescent Center in Memphis
  - 336,000 square foot, stabilized Class A office building
  - Located in Poplar Corridor, 9%+ cash yield

- $17.6 million acquisition of Independence Park in Tampa
  - 33 acres of core development land and a 117,000 square foot vacant office building
  - $12.8 million initial investment, $4.8 million anticipated future leasing costs

- $12.7 million repositioning of Riverbirch in Raleigh to medical office building
  - 60,000 square feet, 100% leased to Duke Medicine
  - 11%+ cash yield over lease term

- $11.5 million redevelopment project at Highwoods Center II in Atlanta
  - 60,000 square feet, 100% leased to GSA
  - 8%+ cash yield over lease term

- $125 million of non-core dispositions in Des Moines and Triad
  - 9.2% average cap rate
  - Des Moines joint ventures highly levered

- $200 million, new 5-year unsecured term loan
  - Variable rate at 2.2% over LIBOR (no floor)
  - Replaces $137.5 million unsecured term loan maturing February 25, 2011

Fourth Quarter and Full Year 2010 Financial Results

For the fourth quarter ended December 31, 2010, net income available for common stockholders was $9.0 million, or $0.13 per diluted share, compared to a net loss available for common stockholders of $2.5 million, or ($0.04) per diluted share, in the fourth quarter of 2009. The Company noted that in the fourth quarter of 2009, it recorded a $13.5 million, non-cash impairment charge related to properties in the Triad. Excluding this impairment charge, net income available for common stockholders in the fourth quarter of 2009 would have been $11.0 million, or $0.14 per diluted share.

For full year 2010, net income available for common stockholders was $61.8 million, or $0.86 per diluted share, compared to net income available for common stockholders of $51.8 million, or $0.76 per diluted share, for full year 2009. Excluding the fourth quarter 2009 impairment charge noted in the preceding paragraph, net income available for common stockholders for full year 2009 would have been $65.3 million, or $0.95 per diluted share.

FFO for the fourth quarter of 2010 was $46.8 million, or $0.62 per diluted share, compared to $31.7 million, or $0.42 per diluted share, for the fourth quarter of 2009. For full year 2010, FFO was $184.4 million, or $2.44 per diluted share, compared to FFO of $175.0 million, or $2.43 per diluted share, for full year 2009.

FFO in 2010 and 2009 included charges related to impairments on depreciable assets, losses/gains on debt extinguishments and property acquisition costs. Excluding these items, FFO per diluted share for the fourth quarters of 2010 and 2009 would have been $0.63 and $0.60, respectively, and for the full year 2010 and 2009 FFO per diluted share would have been $2.46 and $2.61, respectively.

The following items were included in the determination of net income per diluted share for the three and twelve months ended December 31, 2010 and 2009:

	3 Months Ended 12/31/10		3 Months Ended 12/31/09	
	(000)	Per Share	(000)	Per Share
Lease termination income	$ 375	$ 0.00	$ 380	$ 0.01
Straight line rental income	3,433	0.05	1,250	0.02
Capitalized interest	305	0.00	580	0.01
Gains/(losses) on for-sale residential condos, net of partner's interest	(140)	0.00	393	0.01
Gains on sales of depreciable assets	19	0.00	846	0.01
Impairments of depreciable assets	0	0.00	(13,518)	(0.18)
Loss on debt extinguishment	(620)	(0.01)	0	0.00
Property acquisition costs	(149)	0.00	(122)	0.00

	12 Months Ended 12/31/10		12 Months Ended 12/31/09	
	(000)	Per Share	(000)	Per Share
Lease termination income	$ 2,992	$ 0.04	$ 1,813	$ 0.03
Straight line rental income	11,255	0.15	4,037	0.06
Capitalized interest	1,420	0.02	4,555	0.06
Gains on for-sale residential condos, net of partner's interest	662	0.01	1,398	0.02
Gains on sales of depreciable assets (1)	248	0.00	22,751	0.32
Impairments of depreciable assets (2)	(260)	0.00	(14,094)	(0.20)
Gains/(losses) on debt extinguishments	(705)	(0.01)	1,287	0.02
Property acquisition costs	(525)	(0.01)	(122)	0.00
Gain on disposition of investment in unconsolidated affiliates	25,330	0.34	0	0.00
Gain on settlement of legal claim	0	0.00	1,050	0.01

(1) 2009 includes $781,000, or $0.01 per share, representing the Company's share of a gain recorded in the second quarter by an unconsolidated joint venture.
(2) 2009 includes $199,000 representing the Company's share of an impairment recorded in the third quarter by an unconsolidated joint venture.

Funds from Operations Outlook

For 2011, the Company expects FFO per diluted share to be in the range of $2.41 to $2.57. This estimate reflects management's view of current and future market conditions, including assumptions with respect to rental rates, occupancy levels, operating and general and administrative expenses, interest rates and development deliveries. It does not include any effects related to the timing and amount of potential acquisitions and dispositions. FFO guidance also excludes any gains or impairments associated with depreciable properties or joint venture interests, as well as unusual charges or credits that may occur during the year. FFO guidance is based on 75.9 million diluted shares outstanding in 2011. Factors that could cause actual 2011 FFO results to differ materially from Highwoods' current expectations are discussed below and are also detailed in the Company's 2010 Annual Report on Form 10-K.

Management's outlook for 2011 is based on the following assumptions:

	Low		High
Year End Occupancy	88.5%		91.0%
Same Property Cash NOI Growth	0%		1.5%
Straight Line Rental Income	$6M		$9M
Lease Termination Income	$3.5M		$5.5M
G&A Expenses	$29.5M		$31.5M
Dispositions	$25M		$75M
Acquisitions	$50M		$200M
Development Starts	$100M		$200M

Supplemental Information

A copy of the Company's fourth quarter 2010 Supplemental Information that includes financial, leasing and operational statistics is available in the "Investor Relations/Financial Supplementals" section of the Company's Web site at www.highwoods.com. You may also obtain a copy of all Supplemental Information published by the Company by contacting Highwoods Investor Relations at 919-431-1529/ 800-256-2963 or by e-mail to HIW-IR@highwoods.com. If you would like to receive future Supplemental Information packages by e-mail, please contact the Investor Relations department as noted above or by written request to: Investor Relations Department, Highwoods Properties, Inc., 3100 Smoketree Court, Suite 600, Raleigh, NC 27604.

Conference Call

On Thursday, February 10, at 9:00 a.m. Eastern time, Highwoods will host a teleconference call to discuss the matters outlined in this press release. For US/Canada callers, dial (800) 909-4578. A live, listen-only Web cast can be accessed through the Company's Web site at www.highwoods.com under the "Investor Relations" section.

A replay of the call will be available on the Investor Relations section of Highwoods web site at www.highwoods.com.

Planned Dates for Financial Releases and Conference Calls in 2011

The Company has set the following dates and times it currently plans to release its unaudited financial results in 2011. Quarterly financial press releases will be distributed after the market closes.

Quarterly Results	**Release Date**	**Conference Call**
First	Monday, May 2	Tuesday, May 3, 12:00 p.m. ET
Second	Wednesday, July 27	Thursday, July 28, 12:00 p.m. ET
Third	Thursday, October 27	Friday, October 28, 10:00 a.m. ET

Non-GAAP Information

Funds from Operations ("FFO"): We believe that FFO and FFO per share are beneficial to management and investors and are important indicators of the performance of any equity REIT. Because FFO and FFO per share calculations exclude such factors as depreciation and amortization of real estate assets and gains or losses from sales of operating real estate assets, which can vary among owners of identical assets in similar conditions based on historical cost accounting and useful life estimates, they facilitate comparisons of operating performance between periods and between other REITs. Our management believes that historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values have historically risen or fallen with market conditions, many industry investors and analysts have considered the presentation of operating results for real estate companies that use historical cost accounting to be insufficient on a stand-alone basis. As a result, management believes that the use of FFO and FFO per share, together with the required GAAP presentations, provide a more complete understanding of our performance relative to our competitors and a more informed and appropriate basis on which to make decisions involving operating, financing and investing activities.

FFO and FFO per share are non-GAAP financial measures and therefore do not represent net income or net income per share as defined by GAAP. Net income and net income per share as defined by GAAP are the most relevant measures in determining our operating performance because FFO and FFO per share include adjustments that investors may deem subjective, such as adding back expenses such as depreciation and amortization. Furthermore, FFO per share does not depict the amount that accrues directly to the stockholders' benefit. Accordingly, FFO and FFO per share should never be considered as alternatives to net income or net income per share as indicators of our operating performance.

Our presentation of FFO is consistent with FFO as defined by NAREIT, which is calculated as follows:

- Net income (loss) computed in accordance with GAAP;
- Less dividends to holders of preferred stock and less excess of preferred stock redemption cost over carrying value;
- Less net income attributable to non-controlling interests in consolidated affiliates;
- Plus depreciation and amortization of real estate assets;
- Less gains, or plus losses, from sales of depreciable operating properties (but excluding impairment losses) and excluding items that are classified as extraordinary items under GAAP;
- Plus or minus adjustments for unconsolidated partnerships and joint ventures (to reflect FFO on the same basis); and
- Plus or minus adjustments for depreciation and amortization and gains/(losses) on sales and non-controlling interests in consolidated affiliates related to discontinued operations.

In calculating FFO, the Company adds back net income attributable to non-controlling interests in its operating partnership, which we believe is consistent with standard industry practice for REITs that operate through an UPREIT structure. The Company believes that it is important to present FFO on an as-converted basis since all of the operating partnership units not owned by the Company are redeemable on a one-for-one basis for shares of the Company's common stock. The Company's FFO calculations are reconciled to net income in a table included with this release.

Net operating income from continuing operations ("NOI"): The Company defines NOI as "Rental and other revenues" from continuing operations less "Rental property and other expenses" from continuing operations. Management believes that NOI is a useful supplemental measure of the Company's property operating performance because it provides a performance measure of the revenues and expenses directly involved in owning real estate assets, and provides a perspective not immediately apparent from net income or FFO. Other REITs may use different methodologies to calculate NOI and accordingly the Company's NOI may not be comparable to other REITs. The Company's NOI calculations are reconciled to "Income/(loss) before disposition of property and condominiums and equity in earnings of unconsolidated affiliates" and to "Rental and other revenues" and "Rental property and other expenses" in a table included with this release.

Same property NOI from continuing operations: The Company defines same property NOI as NOI for the Company's in-service properties included in continuing operations that were wholly-owned during the entirety of the periods presented (from January 1, 2009 to December 31, 2010). The Company's same property NOI calculations are reconciled to NOI in a table included with this release.

About Highwoods Properties
Highwoods Properties, headquartered in Raleigh, North Carolina, is a publicly traded (NYSE:HIW) real estate investment trust ("REIT") and a member of the S&P MidCap 400 Index. The Company is one of the largest owners and operators of office properties in the Southeast and provides leasing, management, development, construction and other customer-related services for its properties and for third parties. At December 31, 2010, Highwoods owned or had an interest in 330 in-service office, industrial and retail properties encompassing approximately 32.4 million square feet and owned 611 acres of development land. The Company's properties and development land are located in Florida, Georgia, Mississippi, Missouri, North Carolina, South Carolina, Tennessee and Virginia. For more information about Highwoods Properties, please visit our web site at www.highwoods.com.

Certain matters discussed in this press release, such as expected 2011 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; unanticipated increases in operating expenses could negatively impact our NOI; 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 2010 Annual Report on Form 10-K.

Tables Follow

Highwoods Properties, Inc.
Consolidated Statements of Income
(Unaudited and in thousands, except per share amounts)

	Three Months Ended December 31, 2010	Three Months Ended December 31, 2009	Years Ended December 31, 2010	Years Ended December 31, 2009
Rental and other revenues	$ 117,865	$ 112,709	$ 463,321	$ 450,154
Operating expenses:				
Rental property and other expenses	40,844	41,069	164,388	162,812
Depreciation and amortization	35,430	32,438	135,793	130,028
Impairment of assets held for use	-	2,554	-	2,554
General and administrative	8,579	9,396	32,948	36,682
Total operating expenses	84,853	85,457	333,129	332,076
Interest expense:				
Contractual	22,199	21,457	87,726	81,982
Amortization of deferred financing costs	857	782	3,385	2,760
Financing obligations	931	(88)	2,261	2,063
	23,987	22,151	93,372	86,805
Other income:				
Interest and other income	1,986	1,647	6,362	8,262
Gain/(loss) on debt extinguishment	(620)	-	(705)	1,287
	1,366	1,647	5,657	9,549
Income from continuing operations before disposition of property, condominiums and investment in unconsolidated affiliates and equity in earnings of unconsolidated affiliates	10,391	6,748	42,477	40,822
Gains on disposition of property	19	19	74	266
Gains/(losses) on disposition of for-sale residential condominiums	(131)	99	276	922
Gains on disposition of investment in unconsolidated affiliates	-	-	25,330	-
Equity in earnings of unconsolidated affiliates	1,120	1,577	3,821	5,421
Income from continuing operations	11,399	8,443	71,978	47,431
Discontinued operations:				
Income/(loss) from discontinued operations	-	(10,423)	411	(7,203)
Net gains/(losses) on disposition of discontinued operations	-	827	(86)	21,466
	-	(9,596)	325	14,263
Net income/(loss)	11,399	(1,153)	72,303	61,694
Net (income)/loss attributable to noncontrolling interests in the Operating Partnership	(501)	142	(3,320)	(3,197)
Net (income)/loss attributable to noncontrolling interests in consolidated affiliates	(204)	147	(485)	(11)
Dividends on preferred stock	(1,677)	(1,677)	(6,708)	(6,708)
Net income/(loss) available for common stockholders	$ 9,017	$ (2,541)	$ 61,790	$ 51,778
Earnings per common share - basic:				
Income from continuing operations available for common stockholders	$ 0.13	$ 0.09	$ 0.86	$ 0.56
Income/(loss) from discontinued operations available for common stockholders	-	(0.13)	-	0.20
Net income/(loss) available for common stockholders	$ 0.13	$ (0.04)	$ 0.86	$ 0.76
Weighted average common shares outstanding - basic	71,661	71,115	71,578	67,971
Earnings per common share - diluted:				
Income from continuing operations available for common stockholders	$ 0.13	$ 0.09	$ 0.86	$ 0.56
Income/(loss) from discontinued operations available for common stockholders	-	(0.13)	-	0.20
Net income/(loss) available for common stockholders	$ 0.13	$ (0.04)	$ 0.86	$ 0.76
Weighted average common shares outstanding - diluted	75,724	75,263	75,578	72,079
Net income/(loss) available for common stockholders:				
Income from continuing operations available for common stockholders	$ 9,017	$ 6,549	$ 61,482	$ 38,318
Income/(loss) from discontinued operations available for common stockholders	-	(9,090)	308	13,460
Net income/(loss) available for common stockholders	$ 9,017	$ (2,541)	$ 61,790	$ 51,778

Highwoods Properties, Inc.
Consolidated Balance Sheets
(Unaudited and in thousands)

	December 31, 2010	December 31, 2009
Assets:		
Real estate assets, at cost:		
Land	$ 347,876	$ 350,537
Buildings and tenant improvements	2,895,779	2,880,632
Development in process	4,524	-
Land held for development	108,670	104,148
	3,356,849	3,335,317
Less-accumulated depreciation	(835,165)	(781,073)
Net real estate assets	2,521,684	2,554,244
For-sale residential condominiums	8,225	12,933
Real estate and other assets, net, held for sale	1,249	5,031
Cash and cash equivalents	14,206	23,699
Restricted cash	4,399	6,841
Accounts receivable, net of allowance of $3,595 and $2,810, respectively	20,716	21,069
Mortgages and notes receivable, net of allowance of $868 and $698, respectively	19,044	3,143
Accrued straight-line rents receivable, net of allowance of $2,209 and $2,443, respectively	93,435	82,600
Investment in unconsolidated affiliates	63,607	66,077
Deferred financing and leasing costs, net of accumulated amortization of $59,383 and $52,129, respectively	85,059	73,517
Prepaid expenses and other assets	40,211	37,947
Total Assets	$ 2,871,835	$ 2,887,101
Liabilities, Noncontrolling Interests in the Operating Partnership and Equity:		
Mortgages and notes payable	$ 1,522,945	$ 1,469,155
Accounts payable, accrued expenses and other liabilities	106,716	117,328
Financing obligations	33,114	37,706
Total Liabilities	1,662,775	1,624,189
Noncontrolling interests in the Operating Partnership	120,838	129,769
Equity:		
Preferred stock	81,592	81,592
Common stock	717	713
Additional paid-in capital	1,766,886	1,751,398
Distributions in excess of net income available for common stockholders	(761,785)	(701,932)
Accumulated other comprehensive loss	(3,648)	(3,811)
Total Stockholders' Equity	1,083,762	1,127,960
Noncontrolling interests in consolidated affiliates	4,460	5,183
Total Equity	1,088,222	1,133,143
Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity	$ 2,871,835	$ 2,887,101

Highwoods Properties, Inc.
Funds from Operations
(Unaudited and in thousands, except per share amounts)

	Three Months Ended December 31,		Years Ended December 31,	
	2010	2009	2010	2009
Funds from operations:				
Net income/(loss)	$ 11,399	$ (1,153)	$ 72,303	$ 61,694
Net (income)/loss attributable to noncontrolling interests in the Operating Partnership	(501)	142	(3,320)	(3,197)
Net (income)/loss attributable to noncontrolling interests in consolidated affiliates	(204)	147	(485)	(11)
Dividends on preferred stock	(1,677)	(1,677)	(6,708)	(6,708)
Net income/(loss) available for common stockholders	9,017	(2,541)	61,790	51,778
Add/(deduct):				
Depreciation and amortization of real estate assets	34,986	31,980	134,058	128,130
(Gains) on disposition of depreciable properties	(19)	(19)	(74)	(127)
(Gains) on disposition of investment in unconsolidated affiliates	-	-	(25,330)	-
Net income/(loss) attributable to noncontrolling interests in the Operating Partnership	501	(142)	3,320	3,197
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	2,278	3,014	10,471	12,839
(Gains) on disposition of depreciable properties	-	-	-	(781)
Discontinued operations:				
Depreciation and amortization of real estate assets	-	246	365	1,855
(Gains) on disposition of depreciable properties	-	(827)	(174)	(21,843)
Funds from operations	$ 46,763	$ 31,711	$ 184,426	$ 175,048
Funds from operations per share - diluted:				
Net income/(loss) available for common stockholders	$ 0.13	$ (0.04)	$ 0.86	$ 0.76
Add/(deduct):				
Depreciation and amortization of real estate assets	0.46	0.43	1.78	1.77
(Gains) on disposition of depreciable properties	-	-	-	-
(Gains) on disposition of investment in unconsolidated affiliates	-	-	(0.34)	-
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	0.03	0.04	0.14	0.18
(Gains) on disposition of depreciable properties	-	-	-	(0.01)
Discontinued operations:				
Depreciation and amortization of real estate assets	-	-	-	0.03
(Gains) on disposition of depreciable properties	-	(0.01)	-	(0.30)
Funds from operations per share - diluted	$ 0.62	$ 0.42	$ 2.44	$ 2.43
Weighted average shares outstanding - diluted	75,724	75,263	75,578	72,079

Highwoods Properties, Inc.
Net Operating Income Reconcilation
(Unaudited and in thousands)

	Three Months Ended December 31,		Years Ended December 31,	
	2010	**2009**	**2010**	**2009**
Income from continuing operations before disposition of property, condominiums and investment in unconsolidated affiliates and equity in earnings of unconsolidated affiliates	$ 10,391	$ 6,748	$ 42,477	$ 40,822
Other income	(1,366)	(1,647)	(5,657)	(9,549)
Interest expense	23,987	22,151	93,372	86,805
General and administrative expense	8,579	9,396	32,948	36,682
Impairment of assets held for use	-	2,554	-	2,554
Depreciation and amortization expense	35,430	32,438	135,793	130,028
Net operating income from continuing operations	77,021	71,640	298,933	287,342
Less - non same property and other net operating income	8,574	4,816	28,148	16,651
Total same property net operating income from continuing operations	$ 68,447	$ 66,824	$ 270,785	$ 270,691
Rental and other revenues	$ 117,865	$ 112,709	$ 463,321	$ 450,154
Rental property and other expenses	40,844	41,069	164,388	162,812
Total net operating income from continuing operations	77,021	71,640	298,933	287,342
Less - non same property and other net operating income	8,574	4,816	28,148	16,651
Total same property net operating income from continuing operations	$ 68,447	$ 66,824	$ 270,785	$ 270,691
Total same property net operating income from continuing operations	$ 68,447	$ 66,824	$ 270,785	$ 270,691
Less - straight line rent and lease termination fees	2,412	252	9,599	1,775
Same property cash net operating income from continuing operations	$ 66,035	$ 66,572	$ 261,186	$ 268,916