

FOR IMMEDIATE RELEASE

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Highwoods Reports Second Quarter 2024 Results

\$0.59 Net Income per Share
\$0.98 FFO per Share

*(Includes \$0.04 per Share Net Impact Primarily Relating to Prior-Year Tax Refunds,
\$0.02 per Share Higher than Anticipated in Prior 2024 FFO Outlook)*

Signed 909,000 SF of 2nd Gen Leases

Includes 352,000 SF of New Leases

Achieved Weighted Average Lease Term of 6.0 Years

Grew Same Property Cash NOI by 3.3%

Ended Quarter with Debt-to-EBITDA Ratio of 5.8x

No Debt Maturities Until Second Quarter 2026

Current Development Pipeline \$506M, 45% Leased

Signed 61,000 SF of 1st Gen Leases

Updates 2024 FFO Outlook to \$3.54 to \$3.62 per Share

Previously \$3.46 to \$3.61 per Share

RALEIGH, NC – July 23, 2024 – Highwoods Properties, Inc. (NYSE:HIW) today reported its second quarter 2024 financial and operating results.

Ted Klinck, President and Chief Executive Officer, stated, *“We reported strong financial and operating results for the second quarter. Our high-quality portfolio in the BBDs of our SunBelt markets continues to generate strong leasing demand with over 900,000 square feet of second gen leases signed, including 352,000 of new leases. Further, our leasing pipeline remains robust and we’re optimistic our strong first half of the year will continue.*



Our financial performance was also strong with FFO of \$0.98 per share and healthy same property cash NOI growth of 3.3%, while our cash flows continue to be resilient even with the impact of higher interest rates. Our excellent first half financial performance combined with improved leasing volumes has given us the confidence to increase our FFO outlook by over \$0.04 per share at the midpoint. Plus, our balance sheet is in excellent shape with low leverage and no debt maturities until mid-2026, which positions us to capitalize on future growth opportunities.”

Second Quarter 2024 Highlights

Operations:

- Reported net income of \$0.59 per share
- Earned FFO of \$0.98 per share
- Achieved same property cash NOI growth of 3.3%
- Increased average in-place cash rents 4.8% per square foot year-over-year
- Ended the quarter with in-service occupancy of 88.5%

Second Generation Leasing Activity:

- Leased 909,000 square feet, including 352,000 square feet of new leases
- Achieved dollar-weighted average term of 6.0 years
- Delivered GAAP rent growth of +9.4% and cash rent growth of -3.4%

Development Activity:

- Current total development pipeline is \$506 million (at HIW share) and 45.0% pre-leased
- Signed 61,000 square feet of first generation leases

Investment Activity:

- Sold 276,000 square feet of non-core properties in Raleigh for \$62.5 million

Financing Activity:

- Ended the quarter with a debt-to-Adjusted EBITDA ratio of 5.8x
- Ended the quarter with \$27 million of available cash and no outstanding balance on the Company's \$750 million revolving credit facility
- Maintained no consolidated debt maturities until second quarter 2026

Subsequent to Quarter-End Financing Activity:

- Our unconsolidated McKinney & Olive joint venture paid off at maturity a \$134 million secured loan with an effective interest rate of 5.3%
- Our unconsolidated Granite Park Six joint venture paid down the \$71 million balance on a construction loan with an interest rate of SOFR plus 394 basis points



Second Quarter 2024 Financial Results

Net income available for common stockholders (“net income”) was \$62.9 million, or \$0.59 per diluted share, for the second quarter of 2024 and \$42.3 million, or \$0.40 per diluted share, for the second quarter of 2023. Funds from operations available for common stockholders (“FFO”) was \$105.9 million, or \$0.98 per diluted share, for the second quarter of 2024 and \$101.0 million, or \$0.94 per diluted share, for the second quarter of 2023.

Net income was \$88.9 million, or \$0.84 per diluted share, for the six months ended June 30, 2024. Net income was \$86.1 million, or \$0.82 per diluted share, for the six months ended June 30, 2023. FFO was \$201.9 million, or \$1.87 per diluted share, for the six months ended June 30, 2024. FFO was \$206.7 million, or \$1.92 per diluted share, for the six months ended June 30, 2023.

Except as noted below, the following items were included in the determination of net income and FFO for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended 6/30/2024		Three Months Ended 6/30/2023	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 344	\$ 0.003	\$ 243	\$ 0.002
Straight-Line Rental Income (1)	3,124	0.029	6,263	0.058
Capitalized Interest	2,474	0.023	2,231	0.021
Gains on Disposition of Depreciable Properties (2)	35,022	0.324	19,368	0.180
Six Months Ended 6/30/2024				
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 874	\$ 0.008	\$ 890	\$ 0.008
Straight-Line Rental Income (1)	6,460	0.060	15,021	0.139
Capitalized Interest	4,808	0.044	4,211	0.039
Loss on Debt Extinguishment	(173)	0.002	-	-
Land Sale Gains	-	-	450	0.004
Gain on Deconsolidation of Affiliate (2)	-	-	11,778	0.109
Gains on Disposition of Depreciable Properties (2)	42,231	0.391	19,368	0.180

(1) Credit losses on straight-line rent receivables related to lease terminations are reflected as a reduction of lease termination income.
(2) Not included in the determination of FFO.

2024 Outlook

The Company updated its full year 2024 FFO outlook to \$3.54 to \$3.62 per share, which compares to the prior range of \$3.46 to \$3.61 per share provided on April 23, 2024. The Company’s updated 2024 outlook includes \$4.8 million net impact of non-recurring items primarily relating to prior-year tax refunds recorded in the second quarter of 2024, approximately \$2.5 million of which were anticipated in the prior outlook.

This outlook reflects management’s view of current and future market conditions, including assumptions such as rental rates, occupancy levels, operating and general and administrative expenses, weighted average diluted shares outstanding and interest rates. The Company’s 2024 FFO outlook does not include any effects related to potential dispositions and acquisitions that occur after the date of this release. Factors that could cause actual results to differ materially from Highwoods current expectations are discussed below and are also detailed in the Company’s 2023 Annual Report on Form 10-K and subsequent SEC reports.



Management's outlook for 2024 includes the following additional assumptions:

	Low	High
Effects Assumed in FFO Outlook:		
Growth in Same Property Cash NOI (1)	0.5%	2.0%
Straight-Line Rental Income	\$10.0M	\$14.0M
G&A Expenses	\$40.0M	\$41.0M
Average Occupancy	87.0%	89.0%
Weighted Average Diluted Shares and Units Outstanding (2)	108.1M	108.1M
Completed Dispositions	\$79.4M	\$79.4M
Effects Not Assumed in FFO Outlook:		
Potential Additional Dispositions	Up to \$150M	
Potential Acquisitions	None likely	
Potential Development Announcements	None likely	

(1) Includes a \$1.0 million non-recurring charge recorded as a reduction to "Rental and Other Revenues" in the second quarter of 2024 that relates to prior years. Excludes termination fees.

(2) There were 108.2 million diluted shares and units outstanding at June 30, 2024.

Supplemental Information

The Company's second quarter 2024 Supplemental Information, which includes financial, leasing and operational statistics, is available in the "Investors/Financials" section of the Company's website at www.highwoods.com.

Conference Call

Tomorrow, Wednesday, July 24th, at 11:00 a.m. Eastern time, Highwoods will host a teleconference call to discuss the matters highlighted in this release.

Webcast link: [Highwoods Properties Earnings Call](#)

US/Canada

Dial-in: (833) 470-1428

Dial-in access code: 794414

International

Dial-in: (929) 526-1599

Dial-in access code: 794414

A live, listen-only webcast can be accessed on the Company's website at www.highwoods.com through the "Highwoods Properties Q2 Earnings Call" link under the "Investors" section.

Planned Dates for Third Quarter 2024 Financial Release and Conference Call

The Company has set the following date for the release of its third quarter 2024 financial results. Quarterly financial releases will be distributed after the market closes and conference calls will be held at 11:00 a.m. Eastern time.

Quarter	Tuesday Release	Wednesday Call
Third	October 22	October 23



Non-GAAP Information

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, amortization and impairments 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. 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, 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, amortization and impairment. 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 net income, or plus net loss, attributable to noncontrolling interests in consolidated affiliates;
- Plus depreciation and amortization of depreciable operating properties;
- Less gains, or plus losses, from sales of depreciable operating properties, plus impairments on depreciable operating properties and excluding items that are classified as extraordinary items under GAAP;
- Plus or minus our share of adjustments, including depreciation and amortization of depreciable operating properties, for unconsolidated joint venture investments (to reflect funds from operations on the same basis); and
- Plus or minus adjustments for depreciation and amortization and gains/(losses) on sales of depreciable operating properties, plus impairments on depreciable operating properties, and noncontrolling interests in consolidated affiliates related to discontinued operations.

In calculating FFO, the Company includes net income attributable to noncontrolling interests in its operating partnership, which we believe is consistent with standard industry practice for REITs that operate through an UPREIT structure. We believe 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. In calculating FFO available for common stockholders and FFO per diluted share, the Company further deducts dividends on preferred stock. The Company's FFO calculations are reconciled to net income in a table included with this release.

Net operating income ("NOI"): We define NOI as "Rental and other revenues" less "Rental property and other expenses". We define cash NOI as NOI less lease termination fees, straight-line rental income, amortization of lease incentives and amortization of acquired above and below market leases. Management believes that NOI and cash NOI are useful supplemental measures of the Company's property operating performance because they provide performance measures of the revenues and



expenses directly involved in owning real estate assets and 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 net income in a table included with this release.

Same property NOI: We define same property NOI as NOI for in-service wholly-owned and joint venture properties that were owned during the entirety of the periods presented (from January 1, 2023 to June 30, 2024). The Company's same property NOI calculations are reconciled to NOI in a table included with this release.

Earnings before interest, taxes, depreciation and amortization for real estate ("EBITDAre"): Our presentation of EBITDAre is consistent with EBITDAre as defined by NAREIT, which is calculated as follows:

- Net income/(loss) computed in accordance with GAAP;
- Plus interest expense;
- Plus income tax expense;
- Plus depreciation and amortization;
- Less gains, or plus losses, from sales of depreciable operating properties, plus impairments on depreciable operating properties; and
- Plus or minus our share of the same adjustments for unconsolidated joint venture investments.

Management believes EBITDAre is an appropriate supplemental measure to use in ratios that evaluate the Company's liquidity and financial condition and ability to service its long-term debt obligations. Other REITs may use different methodologies to calculate EBITDAre and accordingly the Company's EBITDAre may not be comparable to other REITs. The Company's EBITDAre calculations are reconciled to net income in a table included with this release.

Adjusted earnings before interest, taxes, depreciation and amortization for real estate ("Adjusted EBITDAre") is calculated as follows:

- EBITDAre as defined by NAREIT;
- Less gains, or plus losses, on debt extinguishment;
- Less gains, or plus losses, from sales of non-depreciable properties, plus impairments on non-depreciable properties;
- Plus or minus proforma NOI adjustments assuming any acquisitions, dispositions and developments placed in service within the current period had occurred as of the first day of such period; and
- Plus or minus our share of the same adjustments for unconsolidated joint venture investments.

Management believes Adjusted EBITDAre is an appropriate supplemental measure to use in ratios that evaluate the Company's liquidity and financial condition and ability to service its long-term debt obligations. Other REITs may use different methodologies to calculate Adjusted EBITDAre and accordingly the Company's Adjusted EBITDAre may not be comparable to other REITs. The Company's Adjusted EBITDAre calculations are reconciled to net income in a table included with this release.

Property-level operational information: Except as otherwise noted, all property-level operational information presented herein includes in-service wholly owned properties and in-service properties owned by consolidated and unconsolidated joint ventures (at our share).



About Highwoods

Highwoods Properties, Inc., headquartered in Raleigh, is a publicly-traded (NYSE:HIW), fully-integrated office real estate investment trust (“REIT”) that owns, develops, acquires, leases and manages properties primarily in the best business districts (BBDs) of Atlanta, Charlotte, Dallas, Nashville, Orlando, Raleigh, Richmond and Tampa. Highwoods is in the work-placemaking business. We believe that by creating environments and experiences where the best and brightest can achieve together what they cannot apart, we can deliver greater value to our customers, their teammates and, in turn, our stakeholders. For more information about Highwoods, please visit our website at www.highwoods.com.

Forward-Looking Statements

Some of the information in this press release may contain forward-looking statements. Such statements include, in particular, statements about our plans, strategies and prospects such as the following: the expected financial and operational results and the related assumptions underlying our expected results; the planned sales of non-core assets and expected pricing and impact with respect to such sales, including the tax impact of such sales; the anticipated total investment, projected leasing activity, estimated replacement cost and expected net operating income of acquired properties and properties to be developed; and expected future leverage of the Company. You can identify forward-looking statements by our use of forward-looking terminology such as “may,” “will,” “expect,” “anticipate,” “estimate,” “continue” or other similar words. Although we believe that our plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that our plans, intentions or expectations will be achieved.

Factors that could cause our actual results to differ materially from Highwoods’ current expectations include, among others, the following: the financial condition of our customers could deteriorate; our assumptions regarding potential losses related to customer financial difficulties could prove incorrect; counterparties under our debt instruments, particularly our revolving credit facility, may attempt to avoid their obligations thereunder, which, if successful, would reduce our available liquidity; we may not be able to lease or re-lease second generation space, defined as previously occupied space that becomes available for lease, quickly or on as favorable terms as old leases; we may not be able to lease newly constructed buildings as quickly or on as favorable terms as originally anticipated; we may not be able to complete development, acquisition, reinvestment, disposition or joint venture projects as quickly or on as favorable terms as anticipated; development activity in our existing markets could result in an excessive supply relative to customer demand; our markets may suffer declines in economic and/or office employment growth; unanticipated increases in interest rates could increase our debt service costs; unanticipated increases in operating expenses could negatively impact our operating results; natural disasters and climate change could have an adverse impact on our cash flow and operating results; 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 repay or refinance outstanding debt upon maturity; and the Company could lose key executive officers.

This list of risks and uncertainties, however, is not intended to be exhaustive. You should also review the other cautionary statements we make in “Risk Factors” set forth in our 2023 Annual Report on Form 10-K. Given these uncertainties, you should not place undue reliance on forward-looking statements. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements to reflect any future events or circumstances or to reflect the occurrence of unanticipated events.

Tables Follow



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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Rental and other revenues	\$ 204,738	\$ 207,291	\$ 416,013	\$ 420,043
Operating expenses:				
Rental property and other expenses	64,559	66,307	134,994	132,038
Depreciation and amortization	73,745	75,018	147,416	145,651
General and administrative	9,357	9,380	21,856	21,795
Total operating expenses	<u>147,661</u>	<u>150,705</u>	<u>304,266</u>	<u>299,484</u>
Interest expense	35,904	34,063	72,456	67,161
Other income	7,455	1,181	8,687	2,328
Gains on disposition of property	35,022	19,368	42,231	19,818
Gain on deconsolidation of affiliate	-	-	-	11,778
Equity in earnings of unconsolidated affiliates	1,120	798	1,774	1,502
Net income	<u>64,770</u>	<u>43,870</u>	<u>91,983</u>	<u>88,824</u>
Net (income) attributable to noncontrolling interests in the Operating Partnership	(1,281)	(947)	(1,814)	(1,933)
Net (income)/loss attributable to noncontrolling interests in consolidated affiliates	2	(4)	7	483
Dividends on Preferred Stock	(621)	(621)	(1,242)	(1,242)
Net income available for common stockholders	<u>\$ 62,870</u>	<u>\$ 42,298</u>	<u>\$ 88,934</u>	<u>\$ 86,132</u>
Earnings per Common Share - basic:				
Net income available for common stockholders	\$ 0.59	\$ 0.40	\$ 0.84	\$ 0.82
Weighted average Common Shares outstanding - basic	<u>105,996</u>	<u>105,457</u>	<u>105,900</u>	<u>105,373</u>
Earnings per Common Share - diluted:				
Net income available for common stockholders	\$ 0.59	\$ 0.40	\$ 0.84	\$ 0.82
Weighted average Common Shares outstanding - diluted	<u>108,147</u>	<u>107,808</u>	<u>108,053</u>	<u>107,728</u>

Highwoods Properties, Inc.
Consolidated Balance Sheets
(Unaudited and in thousands, except share and per share data)

	June 30, 2024	December 31, 2023
Assets:		
Real estate assets, at cost:		
Land	\$ 533,361	\$ 540,050
Buildings and tenant improvements	5,940,252	5,960,895
Development in-process	-	8,918
Land held for development	222,157	227,058
	<hr/>	<hr/>
Less-accumulated depreciation	6,695,770	6,736,921
	<hr/>	<hr/>
Net real estate assets	(1,795,361)	(1,743,390)
	<hr/>	<hr/>
Real estate and other assets, net, held for sale	4,900,409	4,993,531
Cash and cash equivalents	3,875	-
Restricted cash	27,003	25,123
Accounts receivable	9,802	6,446
Mortgages and notes receivable	30,432	28,094
Accrued straight-line rents receivable	10,993	4,795
Investments in and advances to unconsolidated affiliates	313,721	310,649
Deferred leasing costs, net of accumulated amortization of \$183,154 and \$175,697, respectively	378,761	343,241
Prepaid expenses and other assets, net of accumulated depreciation of \$18,566 and \$22,142, respectively	217,773	225,924
	<hr/>	<hr/>
Total Assets	78,704	65,125
	<hr/>	<hr/>
	\$ 5,971,473	\$ 6,002,928
Liabilities, Noncontrolling Interests in the Operating Partnership and Equity:		
Mortgages and notes payable, net	\$ 3,191,429	\$ 3,213,206
Accounts payable, accrued expenses and other liabilities	304,733	302,180
	<hr/>	<hr/>
Total Liabilities	3,496,162	3,515,386
Commitments and contingencies		
Noncontrolling interests in the Operating Partnership	56,518	49,520
Equity:		
Preferred Stock, \$.01 par value, 50,000,000 authorized shares;		
8.625% Series A Cumulative Redeemable Preferred Shares (liquidation preference \$1,000 per share), 28,811 shares issued and outstanding.	28,811	28,811
Common Stock, \$.01 par value, 200,000,000 authorized shares;		
106,010,262 and 105,710,315 shares issued and outstanding, respectively	1,060	1,057
Additional paid-in capital	3,101,381	3,103,446
Distributions in excess of net income available for common stockholders	(714,956)	(698,020)
Accumulated other comprehensive loss	(2,121)	(1,997)
	<hr/>	<hr/>
Total Stockholders' Equity	2,414,175	2,433,297
Noncontrolling interests in consolidated affiliates	4,618	4,725
	<hr/>	<hr/>
Total Equity	2,418,793	2,438,022
	<hr/>	<hr/>
Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity	\$ 5,971,473	\$ 6,002,928

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

Funds from operations:

	Three Months Ended		Six Months Ended	
	June 30, 2024	2023	June 30, 2024	2023
Net income	\$ 64,770	\$ 43,870	\$ 91,983	\$ 88,824
Net (income)/loss attributable to noncontrolling interests in consolidated affiliates	2	(4)	7	483
Depreciation and amortization of real estate assets	73,056	74,380	146,039	144,375
(Gains) on disposition of depreciable properties	(35,022)	(19,368)	(42,231)	(19,368)
(Gain) on deconsolidation of affiliate	-	-		(11,778)
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	3,761	2,769	7,342	5,446
Funds from operations	106,567	101,647	203,140	207,982
Dividends on Preferred Stock	(621)	(621)	(1,242)	(1,242)
Funds from operations available for common stockholders	\$ 105,946	\$ 101,026	\$ 201,898	\$ 206,740
Funds from operations available for common stockholders per share	\$ 0.98	\$ 0.94	\$ 1.87	\$ 1.92
Weighted average shares outstanding (1)	108,147	107,808	108,053	107,728

(1) Includes assumed conversion of all potentially dilutive Common Stock equivalents.

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Net income				
Equity in earnings of unconsolidated affiliates	\$ 64,770	\$ 43,870	\$ 91,983	\$ 88,824
Gain on deconsolidation of affiliate	(1,120)	(798)	(1,774)	(1,502)
Gains on disposition of property	-	-	-	(11,778)
Other income	(35,022)	(19,368)	(42,231)	(19,818)
Interest expense	(7,455)	(1,181)	(8,687)	(2,328)
General and administrative expenses	35,904	34,063	72,456	67,161
Depreciation and amortization	9,357	9,380	21,856	21,795
Net operating income	73,745	75,018	147,416	145,651
Our share of unconsolidated joint venture same property net operating income	140,179	140,984	281,019	288,005
Partner's share of consolidated joint venture same property net operating income	4,680	4,619	9,177	9,415
Non same property and other net operating income	(284)	(263)	(565)	(504)
Same property net operating income	(126)	(2,448)	(952)	(4,909)
Same property net operating income	\$ 144,449	\$ 142,892	\$ 288,679	\$ 292,007
Lease termination fees, straight-line rent and other non-cash adjustments	(3,694)	(6,686)	(7,654)	(15,916)
Same property cash net operating income	\$ 140,755	\$ 136,206	\$ 281,025	\$ 276,091

Highwoods Properties, Inc.
Net Debt-to-Adjusted EBITDAre
(Unaudited and in thousands, except ratios)

	Three Months Ended June 30,	
	2024	2023
Net debt-to-Adjusted EBITDAre:		
Net income	\$ 64,770	\$ 43,870
Interest expense (1)	34,683	34,063
Depreciation and amortization	73,745	75,018
(Gains) on disposition of depreciable properties	(35,022)	(19,368)
Adjustments to reflect our share of EBITDAre from consolidated and unconsolidated affiliates	<u>4,362</u>	<u>4,045</u>
EBITDAre	<u>\$ 142,538</u>	<u>\$ 137,628</u>
Proforma NOI adjustments for property changes within period	19	(616)
Adjusted EBITDAre (2)	<u>\$ 142,557</u>	<u>\$ 137,012</u>
 Adjusted EBITDAre (annualized) (2) (3)	 <u>\$ 555,738</u>	 <u>\$ 548,048</u>
 Mortgages and notes payable (4) (5)	 <u>\$ 3,284,174</u>	 <u>\$ 3,308,686</u>
Less - cash and cash equivalents, preferred investments and other (4)	<u>(36,747)</u>	<u>(29,830)</u>
Net debt (6)	<u>\$ 3,247,427</u>	<u>\$ 3,278,856</u>
Preferred Stock	<u>28,811</u>	<u>28,811</u>
Net debt plus Preferred Stock	<u>\$ 3,276,238</u>	<u>\$ 3,307,667</u>
 Net debt-to-Adjusted EBITDAre (7)	 5.84x	 5.98x
Net debt plus Preferred Stock-to-Adjusted EBITDAre (8)	5.90x	6.04x

(1) Net of interest income

(2) Adjusted EBITDAre is calculated as EBITDAre adjusted for gains or losses on debt extinguishment and land sales, land impairments, proforma NOI adjustments for property changes within period and our share of the same adjustments for unconsolidated affiliates. "Proforma NOI adjustments for property changes within period" means proforma NOI adjustments assuming any acquisitions, dispositions and developments placed in service within the current period had occurred as of the first day of such period.

(3) Adjusted EBITDAre (annualized) is Adjusted EBITDAre multiplied by four. Certain period specific items are not annualized.

(4) Includes our share of consolidated and unconsolidated affiliates.

(5) Net of mortgages receivable from loans to unconsolidated affiliates and loans to third parties as seller financing.

(6) Net debt is calculated as mortgages and notes payable at quarter-end less cash and cash equivalents, preferred investments and 1031 restricted cash at quarter-end.

(7) Net debt at quarter-end divided by Adjusted EBITDAre (annualized).

(8) Net debt plus Preferred Stock at quarter-end divided by Adjusted EBITDAre (annualized).