

FOR IMMEDIATE RELEASE

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Highwoods Reports Second Quarter 2023 Results

\$0.40 Net Income per Share

\$0.94 FFO per Share

*Signed 918,000 SF of 2nd Gen Leases, Including 222,000 SF of New Leases
Achieved GAAP Rent Growth of 14.7%*

Sold \$51.3M of Non-Core Assets

Ended Quarter with Debt-to-EBITDA Ratio of 6.0x

Updates 2023 FFO Outlook to \$3.69 to \$3.81 per Share

Previously \$3.68 to \$3.82 per Share

RALEIGH, NC – July 25, 2023 – Highwoods Properties, Inc. (NYSE:HIW) today reported its second quarter 2023 financial and operating results.

Ted Klinck, President and Chief Executive Officer, stated, “We delivered strong financial and operating results once again this quarter, generating FFO of \$0.94 per share and signing 918,000 square feet of second gen office leases with healthy GAAP rent spreads. We are pleased to maintain the midpoint of our 2023 FFO outlook even as interest rates have moved higher and we incorporated the impact of non-core property sales, neither of which were included in our prior outlook.

We have further strengthened our balance sheet and portfolio quality with the sale of \$51 million of non-core properties at a weighted average GAAP cap rate of 7%. By using proceeds from non-core asset sales to fund our existing development pipeline, we maintained debt-to-EBITDA slightly below 6.0x. We increased our liquidity during the quarter and have ample existing capital sources to fund our remaining development spend and repay our consolidated debt maturities through year-end 2025.”



Second Quarter 2023 Highlights

Operations:

- Reported net income of \$0.40 per share
- Earned FFO of \$0.94 per share
- Increased average in-place cash rents 3.0% per square foot year-over-year
- Ended the quarter with in-service occupancy of 89.0%, including our share of joint venture properties

Second Generation Leasing Activity:

- Leased 918,000 square feet, including 222,000 square feet of new leases
- Achieved dollar-weighted average term of 5.4 years
- Delivered GAAP rent growth of +14.7% and cash rent growth of +0.5%

Investment Activity:

- Sold \$51.3 million of non-core buildings that were a combined 93.2% occupied and projected to generate full year 2023 GAAP NOI of \$3.6 million
 - One Independence Park, a 116,000 square foot building in Tampa, for \$19.5 million
 - Riverbirch, a 60,000 square foot building in Raleigh, for \$20.7 million
 - 5000 North Park, a 75,000 square foot building in Raleigh, for \$11.0 million

Development Activity:

- Current total development pipeline is \$518 million (at HIW share) encompassing 1.6 million square feet that is 23.4% pre-leased on a dollar-weighted basis

Financing Activity:

- Ended the quarter with a debt-to-Adjusted EBITDA ratio of 6.0x
- Maintained no consolidated debt maturities until fourth quarter 2025
- Increased total available liquidity to \$747 million at quarter-end
 - Includes cash on hand, availability on revolving credit facility and pro rata share of availability under joint venture construction loans

Second Quarter 2023 Financial Results

Net income available for common stockholders ("net income") was \$42.3 million, or \$0.40 per diluted share, for the second quarter of 2023. Net income was \$50.5 million, or \$0.48 per diluted share, for the second quarter of 2022. Funds from operations available for common stockholders ("FFO") was \$101.0 million, or \$0.94 per diluted share, for the second quarter of 2023. FFO was \$108.1 million, or \$1.00 per diluted share, in the second quarter of 2022.

Net income was \$86.1 million, or \$0.82 per diluted share, for the six months ended June 30, 2023. Net income was \$90.8 million, or \$0.86 per diluted share, for the six months ended June 30, 2022. FFO was \$206.7 million, or \$1.92 per diluted share, for the six months ended June 30, 2023. FFO was \$218.5 million, or \$2.03 per share, for the six months ended June 30, 2022.

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, 2023 and 2022:



	Three Months Ended 6/30/2023		Three Months Ended 6/30/2022	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 243	\$ 0.002	\$ 562	\$ 0.005
Straight-Line Rental Income (1)	6,263	0.058	4,879	0.045
Capitalized Interest	2,231	0.021	691	0.006
Land Sale Gains	-	-	2,237	0.021
Gains on Disposition Depreciable Properties (2)	19,368	0.18	47,807	0.444
Impairments of Depreciable Properties (2)	-	-	(35,000)	(0.325)
	Six Months Ended 6/30/2023		Six Months Ended 6/30/2022	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 890	\$ 0.008	\$ 2,034	\$ 0.019
Straight-Line Rental Income (1)	15,021	0.139	11,594	0.108
Capitalized Interest	4,211	0.039	1,403	0.013
Land Sale Gains	450	0.004	6,337	0.059
Gain on Deconsolidation of Affiliate (2)	11,778	0.109	-	-
Gains on Disposition of Depreciable Properties (2)	19,368	0.180	47,807	0.444
Impairments of Depreciable Properties (2)	-	-	(35,000)	(0.325)

(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.

2023 Outlook

The Company updated its full year 2023 FFO outlook to \$3.69 to \$3.81 per share, which compares to the prior range of \$3.68 to \$3.82 per share provided on April 25, 2023. 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 2023 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 2022 Annual Report on Form 10-K and subsequent SEC reports.

Management's outlook for 2023 includes the following additional assumptions:

	Low	High
Effects Assumed in FFO Outlook:		
Growth in Same Property Cash NOI (1)	-0.5%	+1.0%
Straight-Line Rental Income (2)	\$23.5M	\$25.5M
G&A Expenses	\$39.0M	\$41.0M
Year-End Occupancy (2)	88.5%	90.0%
Weighted Average Diluted Shares and Units Outstanding (3)	107.8M	107.8M
Effects Not Assumed in FFO Outlook:		
Potential Dispositions	Up to Additional \$150M	
Potential Acquisitions	None Likely	
Potential Development Announcements	Up to \$100M	

(1) Excludes termination fees and temporary rent deferrals.

(2) The changes to year-end occupancy and projected straight-line rental income are partially due to certain leases that will not take occupancy until early 2024 rather than late 2023 as originally expected.

(3) There were 107.8 million diluted shares and units outstanding at June 30, 2023.



Supplemental Information

The Company's second quarter 2023 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 26th, 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](#)

Dial-in: (833) 470-1428

Dial-in access code: 841327

A subsequent replay of the webcast will be accessible through the Company's website at www.highwoods.com under the "Investors" section.

Planned Date for Financial Release and Conference Call for Third Quarter of 2023

The Company has set the following date for the release of its third quarter 2023 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 24	October 25

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 properties that were wholly-owned during the entirety of the periods presented (from January 1, 2022 to June 30, 2023). 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.

About Highwoods

Highwoods Properties, Inc., headquartered in Raleigh, is a publicly-traded (NYSE:HIW) real estate investment trust ("REIT") and a member of the S&P MidCap 400 Index. The Company is a fully-integrated office 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. 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 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 to be 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 2022 Annual Report on Form 10-K and subsequent SEC filings. 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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Rental and other revenues	\$ 207,291	\$ 203,841	\$ 420,043	\$ 410,219
Operating expenses:				
Rental property and other expenses	66,307	62,369	132,038	123,791
Depreciation and amortization	75,018	69,742	145,651	139,409
Impairments of real estate assets	-	35,000	-	35,000
General and administrative	9,380	9,591	21,795	23,147
Total operating expenses	<u>150,705</u>	<u>176,702</u>	<u>299,484</u>	<u>321,347</u>
Interest expense	34,063	25,027	67,161	49,420
Other income	1,181	120	2,328	483
Gains on disposition of property	19,368	50,044	19,818	54,144
Gain on deconsolidation of affiliate	-	-	11,778	-
Equity in earnings of unconsolidated affiliates	<u>798</u>	<u>326</u>	<u>1,502</u>	<u>626</u>
Net income	43,870	52,602	88,824	94,705
Net (income) attributable to noncontrolling interests in the Operating Partnership	(947)	(1,203)	(1,933)	(2,168)
Net (income)/loss attributable to noncontrolling interests in consolidated affiliates	(4)	(266)	483	(523)
Dividends on Preferred Stock	<u>(621)</u>	<u>(622)</u>	<u>(1,242)</u>	<u>(1,243)</u>
Net income available for common stockholders	<u>\$ 42,298</u>	<u>\$ 50,511</u>	<u>\$ 86,132</u>	<u>\$ 90,771</u>
Earnings per Common Share - basic:				
Net income available for common stockholders	<u>\$ 0.40</u>	<u>\$ 0.48</u>	<u>\$ 0.82</u>	<u>\$ 0.86</u>
Weighted average Common Shares outstanding - basic	<u>105,457</u>	<u>105,163</u>	<u>105,373</u>	<u>105,049</u>
Earnings per Common Share - diluted:				
Net income available for common stockholders	<u>\$ 0.40</u>	<u>\$ 0.48</u>	<u>\$ 0.82</u>	<u>\$ 0.86</u>
Weighted average Common Shares outstanding - diluted	<u>107,808</u>	<u>107,654</u>	<u>107,728</u>	<u>107,554</u>

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

	June 30, 2023	December 31, 2022
Assets:		
Real estate assets, at cost:		
Land	\$ 538,437	\$ 548,720
Buildings and tenant improvements	5,884,834	5,909,754
Development in-process	64,966	46,735
Land held for development	228,390	231,218
	<u>6,716,627</u>	<u>6,736,427</u>
Less-accumulated depreciation	(1,661,609)	(1,609,502)
Net real estate assets	5,055,018	5,126,925
Real estate and other assets, net, held for sale	4,692	-
Cash and cash equivalents	17,011	21,357
Restricted cash	5,350	4,748
Accounts receivable	20,552	25,481
Mortgages and notes receivable	9,891	1,051
Accrued straight-line rents receivable	303,781	293,674
Investments in and advances to unconsolidated affiliates	294,160	269,221
Deferred leasing costs, net of accumulated amortization of \$168,187 and \$163,751, respectively	239,193	252,828
Prepaid expenses and other assets, net of accumulated depreciation of \$23,417 and \$21,660, respectively	78,053	68,091
Total Assets	<u><u>\$ 6,027,701</u></u>	<u><u>\$ 6,063,376</u></u>
Liabilities, Noncontrolling Interests in the Operating Partnership and Equity:		
Mortgages and notes payable, net	\$ 3,198,081	\$ 3,197,215
Accounts payable, accrued expenses and other liabilities	297,601	301,184
Total Liabilities	3,495,682	3,498,399
Commitments and contingencies		
Noncontrolling interests in the Operating Partnership	56,206	65,977
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 and 28,821 shares issued and outstanding, respectively	28,811	28,821
Common Stock, \$.01 par value, 200,000,000 authorized shares; 105,473,213 and 105,210,858 shares issued and outstanding, respectively	1,055	1,052
Additional paid-in capital	3,095,272	3,081,330
Distributions in excess of net income available for common stockholders	(652,436)	(633,227)
Accumulated other comprehensive loss	(1,360)	(1,211)
Total Stockholders' Equity	2,471,342	2,476,765
Noncontrolling interests in consolidated affiliates	4,471	22,235
Total Equity	<u>2,475,813</u>	<u>2,499,000</u>
Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity	<u><u>\$ 6,027,701</u></u>	<u><u>\$ 6,063,376</u></u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Funds from operations:				
Net income	\$ 43,870	\$ 52,602	\$ 88,824	\$ 94,705
Net (income)/loss attributable to noncontrolling interests in consolidated affiliate:	(4)	(266)	483	(523)
Depreciation and amortization of real estate assets	74,380	69,047	144,375	138,039
Impairments of depreciable properties	-	35,000	-	35,000
(Gains) on disposition of depreciable properties	(19,368)	(47,807)	(19,368)	(47,807)
(Gain) on deconsolidation of affiliate	-	-	(11,778)	-
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	2,769	184	5,446	367
Funds from operations	101,647	108,760	207,982	219,781
Dividends on Preferred Stock	(621)	(622)	(1,242)	(1,243)
Funds from operations available for common stockholders	\$ 101,026	\$ 108,138	\$ 206,740	\$ 218,538
Funds from operations available for common stockholders per share	\$ 0.94	\$ 1.00	\$ 1.92	\$ 2.03
Weighted average shares outstanding ⁽¹⁾	107,808	107,654	107,728	107,544

(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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	\$ 43,870	\$ 52,602	\$ 88,824	\$ 94,705
Equity in earnings of unconsolidated affiliates	(798)	(326)	(1,502)	(626)
Gain on deconsolidation of affiliate	-	-	(11,778)	-
Gains on disposition of property	(19,368)	(50,044)	(19,818)	(54,144)
Other income	(1,181)	(120)	(2,328)	(483)
Interest expense	34,063	25,027	67,161	49,420
General and administrative expenses	9,380	9,591	21,795	23,147
Impairments of real estate assets	-	35,000	-	35,000
Depreciation and amortization	75,018	69,742	145,651	139,409
Net operating income	140,984	141,472	288,005	286,428
Non same property and other net operating income	(4,503)	(2,811)	(9,245)	(5,501)
Same property net operating income	<u>\$ 136,481</u>	<u>\$ 138,661</u>	<u>\$ 278,760</u>	<u>\$ 280,927</u>
Same property net operating income	\$ 136,481	\$ 138,661	\$ 278,760	\$ 280,927
Lease termination fees, straight-line rent and other non-cash adjustments	(3,787)	(4,516)	(9,714)	(11,991)
Same property cash net operating income	<u>\$ 132,694</u>	<u>\$ 134,145</u>	<u>\$ 269,046</u>	<u>\$ 268,936</u>

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

	Three Months Ended June 30,	
	2023	2022
Net debt-to-Adjusted EBITDAre:		
Net income	\$ 43,870	\$ 52,602
Interest expense	34,063	25,027
Depreciation and amortization	75,018	69,742
(Gains) on disposition of depreciable properties	(19,368)	(47,807)
Impairments of depreciable properties	-	35,000
Adjustments to reflect our share of EBITDAre from unconsolidated affiliates	4,045	453
EBITDAre	\$ 137,628	\$ 135,017
(Gains) on disposition of non-depreciable properties	-	(2,237)
Proforma NOI adjustments for property changes within period	(616)	(1,053)
Adjusted EBITDAre ⁽¹⁾	\$ 137,012	\$ 131,727
 Adjusted EBITDAre (annualized) ^{(1) (2)}	 \$ 548,048	 \$ 530,058
 Mortgages and notes payable ⁽³⁾	 \$ 3,308,686	 \$ 2,828,355
Less - cash and cash equivalents, preferred investments and other ⁽³⁾	(29,830)	(75,339)
Net debt ⁽⁴⁾	\$ 3,278,856	\$ 2,753,016
Preferred Stock	28,811	28,821
Net debt plus Preferred Stock	\$ 3,307,667	\$ 2,781,837
 Net debt-to-Adjusted EBITDAre ⁽⁵⁾	 5.98x	 5.19x
Net debt plus Preferred Stock-to-Adjusted EBITDAre ⁽⁶⁾	6.04x	5.25x

(1) 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.

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

(3) Includes our share of unconsolidated affiliates.

(4) 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.

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

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