

FOR IMMEDIATE RELEASE

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Highwoods Reports Second Quarter 2017 Results

\$0.37 Net Income per Share

\$0.90 FFO per Share

(Including \$0.01 per Share of Debt Extinguishment Gains)

Grew Same Property Cash NOI 5.3%

Achieved 15.1% GAAP Rent Growth on 2nd Gen Leases Signed

Announced \$99M of 77% Pre-Leased Development

Placed In Service \$208M, 645,000 SF, 96% Leased

Current Development Pipeline \$440M, 1.5M SF, 76% Pre-Leased

Updates 2017 FFO Outlook to \$3.33 to \$3.38 per Share

(Including -\$0.02 per Share Impact from Forecasted Dispositions)

Previously \$3.29 to \$3.40 per Share

RALEIGH, NC – July 25, 2017 – Highwoods Properties, Inc. (NYSE:HIW) today reported its second quarter 2017 financial and operating results.

Ed Fritsch, President and CEO, stated, “*Our financial and operating performance was strong during the quarter. FFO per share was up 10% compared to the prior year and same property cash NOI increased 5.3%. We leased 820,000 square feet of office space during the quarter, including 575,000 square feet of second generation space with GAAP rent spreads of +15.1%.*”

We also had another active quarter with our development pipeline, announcing \$99 million of projects that are 77% pre-leased on a dollar weighted basis and placing in service \$208 million of 96% leased projects. Our pipeline is now \$440 million and is 76% pre-leased. Our development program continues to drive meaningful cash flow growth and create long-term value.”

The Company has updated its 2017 FFO outlook to \$3.33 to \$3.38 per share from \$3.29 to \$3.40 per share, representing a \$0.01 per share increase in the midpoint. This revised per share outlook is due to \$0.01 from debt extinguishment gains and \$0.02 from higher-than-anticipated same property NOI in the second quarter, primarily driven by lower operating expenses that are not projected to continue in the second half of the year. This is offset by the anticipated \$0.02 dilutive impact from forecasted non-core building dispositions, which will predominantly affect fourth quarter results.



Second Quarter 2017 Highlights

Operations:

- Earned net income of \$0.37 per share
- Earned FFO of \$0.90 per share, including \$0.01 per share of debt extinguishment gains
- Grew same property cash NOI by 5.3% year-over-year

Leasing Activity:

- Leased 575,000 square feet of second generation office at a dollar weighted average term of 6.1 years
- Achieved GAAP rent growth of +15.1% and cash rent growth of +1.0% on second generation office leases signed
- Grew average in-place office cash rents per square foot by 2.6% year-over-year
- Signed 245,000 square feet of first generation leases

Investment Activity:

- Announced \$99M of development that is 77% pre-leased on a dollar-weighted basis
 - MetLife III in Raleigh, \$64.5M, 100% pre-leased, 219,000 square feet
 - Virginia Springs I in Nashville, \$34.3M, 34% pre-leased, 109,000 square feet (post 2nd quarter announcement)
- Placed \$208M of 96% leased development in service
 - Bridgestone Americas HQ in Nashville, \$200.0M, 100% leased, 514,000 square feet
 - Enterprise V (Industrial) in Greensboro, \$7.6M, 0% leased, 131,000 square feet

Financing Activity:

- Obtained a \$100M mortgage loan with an effective interest rate of 4.0% due in May 2029
- Paid off \$127M of secured debt with a weighted average effective interest rate of 4.35%
- Increased unencumbered NOI to 95.8% from 92.8% in the prior quarter
- Issued 1,178,000 shares of common stock through the Company's ATM program at an average gross sales price of \$51.03 per share, raising net proceeds of \$59.2M
- Ended the quarter with a debt-to-EBITDA ratio of 4.56x and a leverage ratio (including preferred stock) of 35.3%

Second Quarter 2017 Financial Results

For the second quarter of 2017, net income available for common stockholders ("net income") was \$37.6 million, or \$0.37 per diluted share, compared to net income of \$31.6 million, or \$0.32 per diluted share, for the second quarter of 2016. For the first six months of 2017, net income was \$69.3 million, or \$0.68 per diluted share. For the first six months of 2016, net income was \$464.4 million, or \$4.78 per diluted share, which included \$4.25 per share of gains on land sales and sales of depreciable properties.

For the second quarter of 2017, funds from operations available for common stockholders ("FFO") was \$94.5 million, or \$0.90 per diluted share, compared to FFO of \$82.2 million, or \$0.82 per diluted share, for the second quarter of 2016. For the first six months of 2017, FFO was \$177.8 million, or \$1.69 per diluted share, compared to FFO of \$163.6 million, or \$1.64 per diluted share, for the first six months of 2016.

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, 2017 and 2016:



	Three Months Ended 6/30/2017		Three Months Ended 6/30/2016	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 203	\$ 0.002	\$ 20	\$ -
Straight-Line Rental Income (1)	9,085	0.086	6,786	0.067
Capitalized Interest	2,801	0.027	1,795	0.018
Gains on Debt Extinguishment	826	0.008	-	-
Gains on Disposition of Depreciable Properties (2)	-	-	5,861	0.058

	Six Months Ended 6/30/2017		Six Months Ended 6/30/2016	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 219	\$ 0.002	\$ 1,958	\$ 0.020
Straight-Line Rental Income (1)	15,203	0.145	13,378	0.134
Capitalized Interest	6,043	0.058	3,728	0.037
Gains on Debt Extinguishment	826	0.008	-	-
Land Sale Gains	-	-	1,343	0.013
Our Share of Unconsolidated Affiliates Land Sale Gains	-	-	170	0.002
Gains on Disposition of Depreciable Properties (2)	5,332	0.051	423,411	4.234
Our Share of Unconsolidated Affiliate Gains on Disposition of Depreciable Properties (2)	-	-	331	0.003

(1) Straight-line rental write-offs related to lease terminations are reflected as a reduction of lease termination income.

(2) Not included in the determination of FFO.

Development Announcement

The Company will develop Virginia Springs I, the first of two planned office buildings in Brentwood, one of Nashville's BBDs. Virginia Springs I will encompass 109,000 square feet, is 34% pre-leased, and will target a LEED-certified designation. The Company's projected investment is \$34.3 million, including the value of existing Company-owned land. Construction is scheduled to begin in the fourth quarter of 2017, with targeted completion in the second quarter of 2019 and stabilization in the third quarter of 2020.

Fritsch noted, "Brentwood is a well-established and highly-desirable infill location. We acquired the Virginia Springs land last year, where we saw the opportunity for development in the near future, and we're pleased to put this half of the site into production so quickly with a building that is 34% pre-leased. The Brentwood sub-market is 93.1% occupied and there are no projects currently under construction."

2017 Outlook

The Company has narrowed its FFO outlook to \$3.33 to \$3.38 per share from \$3.29 to \$3.40 per share. 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. This outlook does not include any effects related to potential acquisitions and dispositions that may occur after the date of this release, except as indicated in the table below. Factors that could cause actual 2017 FFO results to differ materially from Highwoods current expectations are discussed below and are also detailed in the Company's 2016 Annual Report on Form 10-K and subsequent SEC reports.



Management's outlook for 2017 includes the following assumptions:

	Low	High
Growth in Same Property Cash NOI (1)	3.0%	3.75%
Straight-Line Rental Income	\$32M	\$33M
G&A Expenses	\$37.5M	\$38.5M
Year-End Occupancy	92.2%	93.2%
Weighted Average Diluted Shares and Units Outstanding (2)	105.6M	105.8M
Dispositions	\$105M	\$150M
Acquisitions	\$0M	\$200M
Development Announcements	\$225M	\$275M
Per Share Impact of Forecasted Non-Core Building Dispositions	(\$0.02)	(\$0.02)

(1) Excludes termination fees.

(2) There were 106.1 million diluted shares and units outstanding at June 30, 2017.

Supplemental Information

The Company's second quarter 2017 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. You may also obtain the Supplemental Information by contacting Highwoods Investor Relations at 800-256-2963 or by e-mail to HIW-IR@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. For US/Canada callers, dial (800) 756-3565. A live, listen-only webcast and a subsequent replay can be accessed through the Company's website at www.highwoods.com under the "Investor Relations" section.

Planned Dates for Financial Releases and Conference Calls in 2017

The Company has set the following date for the release of its third quarter 2017 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 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" from continuing operations less "Rental property and other expenses" from continuing operations. 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 "Income from continuing operations before disposition of investment properties and activity in unconsolidated affiliates" in a table included with this release.

Same property NOI: We define same property NOI as NOI for in-service properties included in continuing operations that were wholly-owned during the entirety of the periods presented (from January 1, 2016 to June 30, 2017). 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 ("EBITDA"): We define EBITDA as net income adjusted for interest expense, depreciation and amortization, equity in earnings of unconsolidated affiliates, impairments, income from discontinued operations, gains or losses on property dispositions and gains or losses on early extinguishment of debt. Management believes EBITDA 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 EBITDA and accordingly the Company's EBITDA may not be comparable to other REITs. The Company's EBITDA 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, Greensboro, Memphis, Nashville, Orlando, Pittsburgh, Raleigh, Richmond and Tampa. For more information about Highwoods, please visit our website at www.highwoods.com.

Certain matters discussed in this press release are forward-looking statements within the meaning of the federal securities laws, such as the following: the expected financial and operational results and the related assumptions underlying our expected results; and anticipated total investment, projected leasing activity, estimated replacement cost and expected net operating income of acquired properties and properties to be developed. These statements are distinguished by use of the words "will", "expect", "intend" and words of similar meaning. Although Highwoods believes 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 the Company's current expectations include, among others, the following: 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 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 2016 Annual Report on Form 10-K and subsequent SEC reports.

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,	
	2017	2016	2017	2016
Rental and other revenues	\$ 177,283	\$ 166,860	\$ 346,691	\$ 331,719
Operating expenses:				
Rental property and other expenses	58,854	57,515	116,250	115,095
Depreciation and amortization	55,816	55,317	111,961	108,811
General and administrative	9,050	8,327	20,540	19,464
Total operating expenses	<u>123,720</u>	<u>121,159</u>	<u>248,751</u>	<u>243,370</u>
Interest expense:				
Contractual	15,345	18,674	32,368	38,389
Amortization of debt issuance costs	809	811	1,649	1,801
	<u>16,154</u>	<u>19,485</u>	<u>34,017</u>	<u>40,190</u>
Other income:				
Interest and other income	564	534	1,248	1,051
Gains on debt extinguishment	826	-	826	-
	<u>1,390</u>	<u>534</u>	<u>2,074</u>	<u>1,051</u>
Income from continuing operations before disposition of investment properties and activity in unconsolidated affiliates	38,799	26,750	65,997	49,210
Gains on disposition of property	-	5,861	5,332	10,258
Equity in earnings of unconsolidated affiliates	755	917	1,710	2,202
Income from continuing operations	39,554	33,528	73,039	61,670
Discontinued operations:				
Income from discontinued operations	-	-	-	4,097
Net gains on disposition of discontinued operations	-	-	-	414,496
	<u>-</u>	<u>-</u>	<u>-</u>	<u>418,593</u>
Net income	39,554	33,528	73,039	480,263
Net (income) attributable to noncontrolling interests in the Operating Partnership	(1,043)	(939)	(1,931)	(13,950)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(299)	(314)	(599)	(622)
Dividends on Preferred Stock	(623)	(627)	(1,246)	(1,253)
Net income available for common stockholders	<u>\$ 37,589</u>	<u>\$ 31,648</u>	<u>\$ 69,263</u>	<u>\$ 464,438</u>
Earnings per Common Share - basic:				
Income from continuing operations available for common stockholders	\$ 0.37	\$ 0.32	\$ 0.68	\$ 0.60
Income from discontinued operations available for common stockholders	-	-	-	4.19
Net income available for common stockholders	<u>\$ 0.37</u>	<u>\$ 0.32</u>	<u>\$ 0.68</u>	<u>\$ 4.79</u>
Weighted average Common Shares outstanding - basic	<u>102,475</u>	<u>97,648</u>	<u>102,109</u>	<u>97,010</u>
Earnings per Common Share - diluted:				
Income from continuing operations available for common stockholders	\$ 0.37	\$ 0.32	\$ 0.68	\$ 0.60
Income from discontinued operations available for common stockholders	-	-	-	4.18
Net income available for common stockholders	<u>\$ 0.37</u>	<u>\$ 0.32</u>	<u>\$ 0.68</u>	<u>\$ 4.78</u>
Weighted average Common Shares outstanding - diluted	<u>105,386</u>	<u>100,628</u>	<u>105,026</u>	<u>99,992</u>
Dividends declared per Common Share	<u>\$ 0.440</u>	<u>\$ 0.425</u>	<u>\$ 0.880</u>	<u>\$ 0.850</u>
Net income available for common stockholders:				
Income from continuing operations available for common stockholders	\$ 37,589	\$ 31,648	\$ 69,263	\$ 58,110
Income from discontinued operations available for common stockholders	-	-	-	406,328
Net income available for common stockholders	<u>\$ 37,589</u>	<u>\$ 31,648</u>	<u>\$ 69,263</u>	<u>\$ 464,438</u>

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

	June 30, 2017	December 31, 2016
Assets:		
Real estate assets, at cost:		
Land	\$ 470,185	\$ 474,375
Buildings and tenant improvements	4,374,143	4,313,373
Development in-process	245,593	279,602
Land held for development	82,326	77,355
	5,172,247	5,144,705
Less-accumulated depreciation	(1,163,778)	(1,134,103)
Net real estate assets	4,008,469	4,010,602
Real estate and other assets, net, held for sale	54,543	-
Cash and cash equivalents	13,346	49,490
Restricted cash	20,612	29,141
Accounts receivable, net of allowance of \$376 and \$624, respectively	15,701	17,372
Mortgages and notes receivable, net of allowance of \$88 and \$105, respectively	6,750	8,833
Accrued straight-line rents receivable, net of allowance of \$205 and \$692, respectively	185,632	172,829
Investments in and advances to unconsolidated affiliates	15,243	18,846
Deferred leasing costs, net of accumulated amortization of \$147,744 and \$140,081, respectively	205,256	213,500
Prepaid expenses and other assets, net of accumulated amortization of \$21,517 and \$19,904, respectively	34,947	40,437
Total Assets	\$ 4,560,499	\$ 4,561,050
Liabilities, Noncontrolling Interests in the Operating Partnership and Equity:		
Mortgages and notes payable, net	\$ 2,005,038	\$ 1,948,047
Accounts payable, accrued expenses and other liabilities	200,981	313,885
Liabilities held for sale	1,122	-
Total Liabilities	2,207,141	2,261,932
Commitments and contingencies		
Noncontrolling interests in the Operating Partnership	143,646	144,802
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), 28,905 and 28,920 shares issued and outstanding, respectively	28,905	28,920
Common Stock, \$.01 par value, 200,000,000 authorized shares; 103,236,237 and 101,665,554 shares issued and outstanding, respectively	1,032	1,017
Additional paid-in capital	2,926,128	2,850,881
Distributions in excess of net income available for common stockholders	(770,101)	(749,412)
Accumulated other comprehensive income	6,046	4,949
Total Stockholders' Equity	2,192,010	2,136,355
Noncontrolling interests in consolidated affiliates	17,702	17,961
Total Equity	2,209,712	2,154,316
Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity	\$ 4,560,499	\$ 4,561,050

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Funds from operations:				
Net income	\$ 39,554	\$ 33,528	\$ 73,039	\$ 480,263
Net (income) attributable to noncontrolling interests in consolidated affiliates	(299)	(314)	(599)	(622)
Depreciation and amortization of real estate assets	55,116	54,680	110,591	107,477
(Gains) on disposition of depreciable properties	-	(5,861)	(5,332)	(8,915)
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	732	749	1,394	1,491
(Gains) on disposition of depreciable properties	-	-	-	(331)
Discontinued operations:				
(Gains) on disposition of depreciable properties	-	-	-	(414,496)
Funds from operations	<u>95,103</u>	<u>82,782</u>	<u>179,093</u>	<u>164,867</u>
Dividends on Preferred Stock	(623)	(627)	(1,246)	(1,253)
Funds from operations available for common stockholders	<u>\$ 94,480</u>	<u>\$ 82,155</u>	<u>\$ 177,847</u>	<u>\$ 163,614</u>
Funds from operations available for common stockholders per share	<u>\$ 0.90</u>	<u>\$ 0.82</u>	<u>\$ 1.69</u>	<u>\$ 1.64</u>
Weighted average shares outstanding (1)	<u>105,386</u>	<u>100,628</u>	<u>105,026</u>	<u>99,992</u>

(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,	
	2017	2016	2017	2016
Income from continuing operations before disposition of investment properties and activity in unconsolidated affiliates	\$ 38,799	\$ 26,750	\$ 65,997	\$ 49,210
Other income	(1,390)	(534)	(2,074)	(1,051)
Interest expense	16,154	19,485	34,017	40,190
General and administrative expenses	9,050	8,327	20,540	19,464
Depreciation and amortization	55,816	55,317	111,961	108,811
Net operating income from continuing operations	<u>118,429</u>	<u>109,345</u>	<u>230,441</u>	<u>216,624</u>
Less - non same property and other net operating income	(10,236)	(3,758)	(15,378)	(6,643)
Same property net operating income from continuing operations	<u>\$ 108,193</u>	<u>\$ 105,587</u>	<u>\$ 215,063</u>	<u>\$ 209,981</u>
Same property net operating income from continuing operations	\$ 108,193	\$ 105,587	\$ 215,063	\$ 209,981
Less - lease termination fees, straight-line rent and other non-cash adjustments	(3,191)	(5,868)	(7,790)	(13,297)
Same property cash net operating income from continuing operations	<u>\$ 105,002</u>	<u>\$ 99,719</u>	<u>\$ 207,273</u>	<u>\$ 196,684</u>

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

	Three Months Ended	
	June 30,	
	2017	2016
Debt-to-EBITDA:		
Net income	\$ 39,554	\$ 33,528
Interest expense	16,154	19,485
Depreciation and amortization	55,816	55,317
Equity in earnings of unconsolidated affiliates	(755)	(917)
Gains on debt extinguishment	(826)	-
Gains on disposition of property	-	(5,861)
EBITDA	\$ 109,943	\$ 101,552
Annualized EBITDA (1)	\$ 439,772	\$ 406,208
Mortgages and notes payable, net (Debt)	\$ 2,005,038	\$ 2,082,207
Preferred stock	28,905	28,935
Debt plus preferred stock	\$ 2,033,943	\$ 2,111,142
Debt-to-EBITDA (2)	4.56x	5.13x
Debt plus preferred stock-to-EBITDA (3)	4.62x	5.20x

(1) Annualized EBITDA is EBITDA multiplied by four.

(2) Debt at quarter-end divided by annualized EBITDA.

(3) Debt plus preferred stock at quarter-end divided by annualized EBITDA.