

FOR IMMEDIATE RELEASE

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Highwoods Reports Fourth Quarter and Full Year 2018 Results

\$0.51 Net Income per Share for Fourth Quarter 2018

\$0.86 FFO per Share for Fourth Quarter 2018

Delivered Year-End Occupancy of 91.9%

Signed 918,000 SF of 2nd Gen Office Leases

Achieved +20.2% GAAP Rent Growth

Grew Same Property Cash NOI 1.5%

\$1.64 Net Income per Share for Full Year 2018

\$3.45 FFO per Share for Full Year 2018

Announces Development of GlenLake Seven in Raleigh

\$41M, 126,000 Square Foot Office Building

Total Development Pipeline Now \$691M, 93% Pre-Leased

Increases Annualized Dividend to \$1.90 per Share

Previously \$1.85 per Share

Provides 2019 FFO Outlook of \$3.44 to \$3.56 per Share

Projects 2.0% to 3.0% Growth in Same Property Cash NOI

RALEIGH, NC – February 5, 2019 – Highwoods Properties, Inc. (NYSE:HIW) today reported its fourth quarter 2018 financial and operating results.

Ed Fritsch, Chief Executive Officer, stated, “2018 was a solid year for Highwoods. We leased 3.8 million square feet of second generation office space, including 1.1 million square feet of new leases, at combined GAAP rent spreads of 19.2%. We also signed nearly 1.0 million square feet of first generation leases. We announced a \$285 million, 98.3% pre-leased development, delivered \$85 million of new



projects that were 99.6% leased, and increased the pre-leased rate on our \$691 million development pipeline to 92.9%. We continued to fund our sizable development pipeline while maintaining a fortress balance sheet and issuing no shares on our ATM program.

Based on our strengthening cash flow, we are increasing our quarterly cash dividend to \$0.475 per share. This equates to an annualized dividend of \$1.90 per share, a 2.7% increase from last year and an 11.8% increase since February 2017.”

Fourth Quarter 2018 Highlights

Operations:

- Earned net income of \$0.51 per share
- Earned FFO of \$0.86 per share
- Grew average in-place office cash rents 3.4% per square foot year-over-year
- Grew same property cash NOI 1.5% year-over-year
- Ended the quarter with in-service portfolio occupancy of 91.9%

Second Generation Office Leasing Activity:

- Leased 918,000 square feet, including 384,000 square feet of new leases
- Achieved a dollar weighted average term of 5.8 years
- Captured GAAP rent growth of +20.2% and cash rent growth of +5.8%
- Garnered net effective rents of \$16.00 per square foot, 6.3% above our prior five-quarter average

Development Activity:

- Placed in service Enterprise IV, an \$8.0 million industrial property totaling 128,000 square feet, which is 100% occupied
- Remaining \$691 million pipeline, which encompasses 1.8 million square feet, is 92.9% pre-leased on a dollar-weighted basis

Investment Activity:

- Sold \$54.5M of non-core assets, encompassing 323,000 square feet with a combined occupancy of 90.6%
 - \$0.19 per share of building gains (not included in FFO)

Financing Activity:

- Ended the quarter with a net debt-to-EBITDA ratio of 4.75x and a leverage ratio (including preferred stock) of 35.4%
- Issued no shares under the Company’s ATM program

Full Year 2018 Highlights

	Actual	Original Outlook (1)	
		Low	High
Net Income per Share	\$1.64	N/A	N/A
FFO per Share	\$3.45	\$3.35	\$3.47
Growth in Same Property Cash NOI (2) (3)	0.7%	1.0%	2.0%
Year-End Occupancy	91.9%	91.25%	92.75%
Development Announcements	\$285M	\$100M	\$350M
Acquisitions	\$0	\$0	\$200M
Dispositions	\$86M	\$61M	\$136M
Weighted Average Diluted Shares and Units Outstanding	106.3M	106.2M	107.3M

(1) Original outlook published on February 6, 2018.

(2) Excludes termination fees.

(3) Excluding the sale of the 199,000 square foot Highwoods Preserve I (which closed in late December 2018 and was not included in the outlook), growth in same property cash NOI would have been 1.1%.



Fourth Quarter 2018 Financial Results

Net income available for common stockholders (“net income”) was \$53.0 million, or \$0.51 per diluted share, for the fourth quarter of 2018 and \$169.3 million, or \$1.64 per diluted share, for 2018. Net income was \$56.6 million, or \$0.55 per diluted share, for the fourth quarter of 2017 and \$182.9 million, or \$1.78 per diluted share, for 2017.

Funds from operations available for common stockholders (“FFO”) was \$91.8 million, or \$0.86 per diluted share, for the fourth quarter of 2018 and \$366.2 million, or \$3.45 per diluted share, for 2018. FFO was \$88.7 million, or \$0.84 per diluted share, for the fourth quarter of 2017 and \$357.5 million, or \$3.39 per diluted share, for 2017.

Except as noted below, the following items were included in the determination of net income and FFO for the three and twelve months ended December 31, 2018 and 2017:

	Three Months Ended 12/31/2018		Three Months Ended 12/31/2017	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 75	\$ 0.001	\$ 49	-
Straight-Line Rental Income (1)	5,225	0.049	7,078	0.067
Capitalized Interest	2,066	0.019	984	0.009
Losses on Debt Extinguishment	-	-	(852)	(0.008)
Land Sale Gains	-	-	987	0.009
Gains on Disposition of Depreciable Properties (3)	20,663	0.194	27,989	0.264
Land Impairments	(423)	(0.004)	-	-
	Twelve Months Ended 12/31/2018		Twelve Months Ended 12/31/2017	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1) (2)	\$ 2,167	\$ 0.020	\$ 1,501	\$ 0.014
Straight-Line Rental Income (1)	23,312	0.219	31,721	0.300
Capitalized Interest	6,740	0.063	8,757	0.083
Losses on Debt Extinguishment	-	-	(26)	-
Land Sale Gains	542	0.005	987	0.009
Gains on Disposition of Depreciable Properties (3)	37,096	0.349	53,170	0.504
Our Share of Unconsolidated Affiliates Gains on Disposition of Depreciable Properties (3)	-	-	4,617	0.044
Land Impairments	(423)	(0.004)	(1,445)	(0.014)

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

(2) Includes \$1.3 million of accelerated rent payments in the third quarter of 2018 at 11000 Weston in Raleigh.

(3) Not included in the determination of FFO.

Development Announcement

The Company will develop GlenLake Seven, a LEED-certified, multi-customer office building in the West Raleigh submarket, one of the Raleigh area’s BBDs. The project will be the fifth building in the Company’s 606,000 square foot, 98% occupied, GlenLake campus. It will encompass 126,000 square feet with structured parking. The Company’s projected investment is \$41.0 million, including the value of existing Company-owned land. Construction is scheduled to begin in the second quarter of 2019, with a targeted completion in the third quarter of 2020 and a targeted stabilization in the fourth quarter of 2021. Upon completion, Highwoods intends to occupy approximately 28% of the property.



2019 Outlook

For 2019, the Company expects FFO per share to be in the range of \$3.44 to \$3.56. 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. Factors that could cause actual 2019 FFO results to differ materially from Highwoods current expectations are discussed below and are also detailed in the Company's 2018 Annual Report on Form 10-K and subsequent SEC reports.

Further, the Company noted FFO in 2019 will include:

- no restoration fees related to 11000 Weston in Raleigh, which aggregated \$0.036 per share in 2018;
- approximately \$0.022 per share in certain leasing-related costs for non-commissioned employees that are required under GAAP to be expensed starting in 2019; and
- the dilutive impact of fourth quarter 2018 dispositions, which is projected to be approximately \$0.019 per share.

Management's outlook for 2019 includes the following assumptions:

	Low	High
Growth in Same Property Cash NOI (1)	2.0%	3.0%
Straight-Line Rental Income	\$23.5M	\$25.5M
G&A Expenses (2)	\$40.5M	\$42.5M
Year-End Occupancy	91.25%	92.75%
Weighted Average Diluted Shares and Units Outstanding (3)	106.4M	106.7M
Dispositions	\$100M	\$150M
Acquisitions	\$0M	\$200M
Development Announcements	\$100M	\$375M

(1) Excludes termination fees.

(2) Includes equity incentive compensation costs, which are expected to aggregate \$7.4 million in 2019, the same as 2018. Under GAAP, certain annual long-term equity grants must be expensed at the grant date for employees who have met the age and service eligibility requirements under the Company's long-standing retirement plan. As a result, first quarter general and administrative expenses are expected to be about \$3.7 million higher than the run rate for the subsequent three quarters because the Company's annual grants are customarily made in March. Also includes \$2.3 million of certain leasing-related costs for non-commissioned employees that are required under GAAP to be expensed starting in 2019.

(3) There were 106.3 million diluted shares and units outstanding at December 31, 2018.

Supplemental Information

The Company's fourth quarter 2018 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, February 6th, 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 "Investors" section.



Planned Dates for Financial Releases and Conference Calls in 2019

The Company has set the following dates for the release of its 2019 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
First	April 23	April 24
Second	July 23	July 24
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 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 "Income 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 that were wholly-owned during the entirety of the periods presented (from January 1, 2017 to December 31, 2018). 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.

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 2018 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 December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Rental and other revenues	\$ 181,388	\$ 175,861	\$ 720,035	\$ 702,737
Operating expenses:				
Rental property and other expenses	62,167	59,404	242,415	236,888
Depreciation and amortization	58,032	58,898	229,955	227,832
Impairments of real estate assets	423	-	423	1,445
General and administrative	9,137	9,861	40,006	39,648
Total operating expenses	129,759	128,163	512,799	505,813
Interest expense:				
Contractual	16,986	17,176	68,565	65,939
Amortization of debt issuance costs	731	721	2,857	3,166
	17,717	17,897	71,422	69,105
Other income/(loss):				
Interest and other income	205	503	1,940	2,309
Losses on debt extinguishment	-	(852)	-	(26)
	205	(349)	1,940	2,283
Income before disposition of investment properties and activity in unconsolidated affiliates	34,117	29,452	137,754	130,102
Gains on disposition of property	20,663	28,976	37,638	54,157
Equity in earnings of unconsolidated affiliates	597	647	2,238	7,404
Net income	55,377	59,075	177,630	191,663
Net (income) attributable to noncontrolling interests in the Operating Partnership	(1,417)	(1,557)	(4,588)	(5,059)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(289)	(325)	(1,207)	(1,239)
Dividends on Preferred Stock	(623)	(623)	(2,492)	(2,492)
Net income available for common stockholders	\$ 53,048	\$ 56,570	\$ 169,343	\$ 182,873
Earnings per Common Share - basic:				
Net income available for common stockholders	\$ 0.51	\$ 0.55	\$ 1.64	\$ 1.78
Weighted average Common Shares outstanding - basic	103,530	103,254	103,439	102,682
Earnings per Common Share - diluted:				
Net income available for common stockholders	\$ 0.51	\$ 0.55	\$ 1.64	\$ 1.78
Weighted average Common Shares outstanding - diluted	106,303	106,163	106,268	105,594

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

	December 31,	
	2018	2017
Assets:		
Real estate assets, at cost:		
Land	\$ 491,441	\$ 485,956
Buildings and tenant improvements	4,676,862	4,590,490
Development in-process	165,537	88,452
Land held for development	128,248	74,765
	5,462,088	5,239,663
Less-accumulated depreciation	(1,296,562)	(1,202,424)
Net real estate assets	4,165,526	4,037,239
Real estate and other assets, net, held for sale	-	14,118
Cash and cash equivalents	3,769	3,272
Restricted cash	6,374	85,061
Accounts receivable, net of allowance of \$1,166 and \$753, respectively	25,952	24,397
Mortgages and notes receivable, net of allowance of \$44 and \$72, respectively	5,599	6,425
Accrued straight-line rents receivable, net of allowance of \$641 and \$819, respectively	220,088	200,131
Investments in and advances to unconsolidated affiliates	23,585	23,897
Deferred leasing costs, net of accumulated amortization of \$149,275 and \$143,512, respectively	195,273	200,679
Prepaid expenses and other assets, net of accumulated depreciation of \$18,074 and \$19,092, respectively	28,843	28,572
Total Assets	\$ 4,675,009	\$ 4,623,791
Liabilities, Noncontrolling Interests in the Operating Partnership and Equity:		
Mortgages and notes payable, net	\$ 2,085,831	\$ 2,014,333
Accounts payable, accrued expenses and other liabilities	218,922	228,215
Total Liabilities	2,304,753	2,242,548
Commitments and contingencies		
Noncontrolling interests in the Operating Partnership	105,960	144,009
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), 28,877 and 28,892 shares issued and outstanding, respectively	28,877	28,892
Common Stock, \$.01 par value, 200,000,000 authorized shares; 103,557,065 and 103,266,875 shares issued and outstanding, respectively	1,036	1,033
Additional paid-in capital	2,976,197	2,929,399
Distributions in excess of net income available for common stockholders	(769,303)	(747,344)
Accumulated other comprehensive income	9,913	7,838
Total Stockholders' Equity	2,246,720	2,219,818
Noncontrolling interests in consolidated affiliates	17,576	17,416
Total Equity	2,264,296	2,237,234
Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity	\$ 4,675,009	\$ 4,623,791

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

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Funds from operations:				
Net income	\$ 55,377	\$ 59,075	\$ 177,630	\$ 191,663
Net (income) attributable to noncontrolling interests in consolidated affiliates	(289)	(325)	(1,207)	(1,239)
Depreciation and amortization of real estate assets	57,352	58,190	227,045	225,052
(Gains) on disposition of depreciable properties	(20,663)	(27,989)	(37,096)	(53,170)
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	611	375	2,284	2,298
(Gains) on disposition of depreciable properties	-	-	-	(4,617)
Funds from operations	92,388	89,326	368,656	359,987
Dividends on Preferred Stock	(623)	(623)	(2,492)	(2,492)
Funds from operations available for common stockholders	\$ 91,765	\$ 88,703	\$ 366,164	\$ 357,495
Funds from operations available for common stockholders per share	\$ 0.86	\$ 0.84	\$ 3.45	\$ 3.39
Weighted average shares outstanding (1)	106,303	106,163	106,268	105,594

(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		Year Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Income before disposition of investment properties and activity in unconsolidated affiliates	\$ 34,117	\$ 29,452	\$ 137,754	\$ 130,102
Other (income)/loss	(205)	349	(1,940)	(2,283)
Interest expense	17,717	17,897	71,422	69,105
General and administrative expenses	9,137	9,861	40,006	39,648
Impairments of real estate assets	423	-	423	1,445
Depreciation and amortization	58,032	58,898	229,955	227,832
Net operating income	119,221	116,457	477,620	465,849
Less - non same property and other net operating income	(11,383)	(10,533)	(45,568)	(39,057)
Same property net operating income	<u>\$ 107,838</u>	<u>\$ 105,924</u>	<u>\$ 432,052</u>	<u>\$ 426,792</u>
Same property net operating income	\$ 107,838	\$ 105,924	\$ 432,052	\$ 426,792
Less - lease termination fees, straight-line rent and other non-cash adjustments	(3,218)	(2,850)	(17,036)	(14,829)
Same property cash net operating income	<u>\$ 104,620</u>	<u>\$ 103,074</u>	<u>\$ 415,016</u>	<u>\$ 411,963</u>

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

	Three Months Ended	
	December 31,	
	2018	2017
Net debt-to-EBITDAre:		
Net income	\$ 55,377	\$ 59,075
Interest expense	17,717	17,897
Depreciation and amortization	58,032	58,898
(Gains) on disposition of depreciable properties	(20,663)	(27,989)
Adjustments to reflect our share of EBITDAre from unconsolidated affiliates	994	981
EBITDAre (1)	\$ 111,457	\$ 108,862
EBITDAre (annualized) (2)	\$ 445,828	\$ 435,448
Mortgages and notes payable (3)	\$ 2,124,795	\$ 2,054,102
Less - cash and cash equivalents (3)	(6,727)	(6,783)
Net debt (4)	\$ 2,118,068	\$ 2,047,319
Preferred Stock	28,877	28,892
Net debt plus Preferred Stock	\$ 2,146,945	\$ 2,076,211
Net debt-to-EBITDAre (5)	4.75x	4.70x
Net debt plus Preferred Stock-to-EBITDAre (6)	4.82x	4.77x

(1) Effective January 1, 2018, we calculate EBITDAre in accordance with the NAREIT definition. Prior period results have been retrospectively revised to conform to the NAREIT definition.

(2) EBITDAre (annualized) is EBITDAre multiplied by four.

(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 at quarter-end.

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

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