

**FOR IMMEDIATE RELEASE**

**Ref: 19-16**

**Contact:** Brendan Maiorana  
Executive Vice President, Finance  
919-431-1529

## **Highwoods Reports Second Quarter 2019 Results**

---

**\$0.38 Net Income per Share**

**\$0.87 FFO per Share**

*Signed 1.1M SF of 2<sup>nd</sup> Gen Office Leases, Including 329,000 SF of New Leases  
Achieved 16.8% GAAP Rent Growth*

**Placed in Service \$203M of 98% Leased Development**

*Two Buildings, 524,000 SF, in Nashville and Atlanta*

**Sold \$33M of Non-Core Buildings in Orlando**

*Sold \$12M of Non-Core Assets Subsequent to Quarter-End*

**Ended Quarter with Net Debt to EBITDAre of 4.74x**

*Issued No Shares Under the ATM Program*

---

**Updates 2019 FFO Outlook to \$3.32 to \$3.38 per Share**

*Previously \$3.29 to \$3.39 per Share*

---

**RALEIGH, NC – July 23, 2019 – Highwoods Properties, Inc. (NYSE: HIW)** today reported its second quarter 2019 financial and operating results.

Ed Fritsch, CEO, stated, “Our financial and operating results were strong in the second quarter. We reported solid FFO of \$0.87 per share and posted healthy same property NOI growth of 3.1%. In addition, we leased 1.1 million square feet of second gen office space, including 437,000 square feet of new and expansion leases, with robust net effective rents. This leasing volume supports our outlook of higher occupancy by year-end and reduces our 2020 expirations. Plus, we placed in service two projects from our high-performing development program with a combined leased rate of 98% encompassing 524,000 square feet with a total investment of \$203 million.

*Solid business conditions and strong operational performance in the second quarter make us confident about the remainder of the year. As a result, the mid-point of our year-end occupancy outlook is 100 basis points above where we ended the second quarter, and we’ve increased our full year FFO outlook.”*



## Second Quarter 2019 Highlights

### Financials:

- Earned net income of \$0.38 per share
- Earned FFO of \$0.87 per share

### Operations:

- Grew same property cash NOI by 3.1% year-over-year and 4.6% excluding the impact from Laser Spine's first quarter sudden closure
- Increased in-place rents per square foot 4.2% year-over-year
- Ended the quarter with occupancy of 90.9%

### Second Generation Office Leasing Activity:

- Leased 1.1 million square feet, including 329,000 square feet of new leases and 108,000 square feet of expansion leases
- Garnered net effective rents of \$16.69 per square foot, 6.1% above our prior five-quarter average
- Achieved GAAP rent growth of +16.8% and cash rent growth of +2.5%

### Development Activity:

- Placed in service two office properties, totaling 524,000 square feet with a total investment of \$203 million, that are 98.4% leased
- \$503 million pipeline is 80.3% pre-leased
- Announced \$71 million, 150,000 square foot, Midtown One in Tampa (80% consolidated joint venture interest)

### Investment Activity:

- Sold our last two suburban buildings in Orlando, encompassing 183,000 square feet with occupancy of 89%, for \$33 million
  - \$0.06 per share of building gains (not in FFO)

### Financing Activity:

- Ended the quarter with a net debt-to-EBITDA ratio of 4.74x and a leverage ratio (including preferred stock) of 35.9%
- Issued no shares of common stock under the Company's ATM program

### Subsequent to Quarter-End Investment Activity:

- Sold 42,000 square foot non-core building in Raleigh for \$5 million
- Sold 53 acres of non-core industrial land in Atlanta for \$7 million
- Acquired one-acre development parcel in CBD Raleigh for \$7 million

## Second Quarter 2019 Financial Results

For the second quarter of 2019, net income available for common stockholders ("net income") was \$39.4 million, or \$0.38 per diluted share, compared to net income of \$50.7 million, or \$0.49 per diluted share, for the second quarter of 2018. For the first six months of 2019, net income was \$46.7 million, or \$0.45 per diluted share, compared to net income of \$83.1 million, or \$0.80 per diluted share, for the first six months of 2018.

For the second quarter of 2019, FFO was \$93.1 million, or \$0.87 per diluted share, compared to FFO of \$92.2 million, or \$0.87 per diluted share, for the second quarter of 2018. For the first six months of 2019, FFO was \$169.6 million, or \$1.59 per diluted share, compared to FFO of \$182.8 million, or \$1.72 per diluted share, for the first six months of 2018. FFO per share for the six months of 2019 was impacted by \$0.11 per share of credit losses of accounts and straight-line rents receivable and write-offs of notes receivable and lease incentives associated with the sudden closure of Laser Spine during the first quarter.



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, 2019 and 2018:

	Three Months Ended 6/30/2019		Three Months Ended 6/30/2018	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 44	\$ -	\$ 8	\$ -
Straight-Line Rental Income (1)	6,750	0.063	6,394	0.060
Capitalized Interest	1,071	0.010	1,586	0.015
Land Sale Gains	-	-	539	0.005
Gains on Disposition of Depreciable Properties (3)	6,703	0.063	16,433	0.155
Land Impairments	(531)	(0.005)	-	-
	Six Months Ended 6/30/2019		Six Months Ended 6/30/2018	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 446	\$ 0.004	\$ 674	\$ 0.006
Straight-Line Rental Income (1) (2)	8,188	0.077	12,903	0.121
Capitalized Interest	2,937	0.028	2,912	0.027
Losses on Debt Extinguishment	(375)	(0.004)	-	-
Land Sale Gains	-	-	539	0.005
Gains on Disposition of Depreciable Properties (3)	6,703	0.063	16,433	0.155
Land Impairments	(531)	(0.005)	-	-

(1) Credit losses on straight-line rent receivables related to lease terminations are reflected as a reduction of lease termination income.

(2) Includes \$4.5 million of credit losses from Laser Spine in the first quarter of 2019.

(3) Not included in the determination of FFO.

## 2019 Outlook

The Company has updated its 2019 FFO outlook to \$3.32 to \$3.38 per share from \$3.29 to \$3.39 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. The outlook does not include any effects related to potential acquisitions and dispositions that close 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 2018 Annual Report on Form 10-K and subsequent SEC reports.

Management's outlook for 2019 includes the following assumptions:

	Low	High
Growth in Same Property Cash NOI (1) (2)	0.5%	1.5%
Straight-Line Rental Income (3)	\$21.0M	\$22.5M
G&A Expenses	\$39.5M	\$41.5M
Year-End Occupancy (4)	91.5%	92.3%
Weighted Average Diluted Shares and Units Outstanding	106.4M	106.6M
Dispositions	\$100M	\$150M
Acquisitions	\$0M	\$200M
Development Announcements	\$112M	\$375M

(1) Excludes termination fees.

(2) Excluding Laser Spine, growth in same property cash NOI is expected to be 2.0% to 3.0%.



- (3) Includes \$4.5 million of credit losses from Laser Spine recorded in the first quarter.
- (4) Assumes no backfill of Laser Spine, which has a 60 basis point negative impact on projected year-end occupancy.

### Supplemental Information

The Company's second quarter 2019 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](http://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](mailto:HIW-IR@highwoods.com).

### Conference Call

Tomorrow, Wednesday, July 24<sup>th</sup>, 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](http://www.highwoods.com) under the "Investors" section.

### Planned Dates for Financial Release and Conference Call in 2019

The Company has set the following date for the release of its third quarter 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
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 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, 2018 to June 30, 2019). 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](http://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)

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Rental and other revenues</b>	\$ 184,070	\$ 178,792	\$ 356,433	\$ 359,230
<b>Operating expenses:</b>				
Rental property and other expenses	60,558	59,663	121,109	119,095
Depreciation and amortization	59,460	56,694	128,664	114,262
Impairments of real estate assets	531	-	531	-
General and administrative	9,560	9,540	21,941	21,318
Total operating expenses	<u>130,109</u>	<u>125,897</u>	<u>272,245</u>	<u>254,675</u>
<b>Interest expense</b>	20,356	17,877	39,095	36,268
<b>Other income/(loss)</b>	321	462	(3,445)	917
<b>Gains on disposition of property</b>	6,703	16,972	6,703	16,972
<b>Equity in earnings of unconsolidated affiliates</b>	765	546	1,429	1,068
<b>Net income</b>	41,394	52,998	49,780	87,244
Net (income) attributable to noncontrolling interests in the Operating Partnership	(1,044)	(1,381)	(1,237)	(2,269)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(306)	(308)	(622)	(594)
Dividends on Preferred Stock	(622)	(623)	(1,244)	(1,246)
<b>Net income available for common stockholders</b>	<u>\$ 39,422</u>	<u>\$ 50,686</u>	<u>\$ 46,677</u>	<u>\$ 83,135</u>
<b>Earnings per Common Share - basic:</b>				
Net income available for common stockholders	<u>\$ 0.38</u>	<u>\$ 0.49</u>	<u>\$ 0.45</u>	<u>\$ 0.80</u>
Weighted average Common Shares outstanding - basic	<u>103,693</u>	<u>103,428</u>	<u>103,647</u>	<u>103,376</u>
<b>Earnings per Common Share - diluted:</b>				
Net income available for common stockholders	<u>\$ 0.38</u>	<u>\$ 0.49</u>	<u>\$ 0.45</u>	<u>\$ 0.80</u>
Weighted average Common Shares outstanding - diluted	<u>106,445</u>	<u>106,267</u>	<u>106,402</u>	<u>106,216</u>



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

	<u>June 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
<b>Assets:</b>		
Real estate assets, at cost:		
Land	\$ 495,753	\$ 491,441
Buildings and tenant improvements	4,835,323	4,676,862
Development in-process	63,118	165,537
Land held for development	<u>137,340</u>	<u>128,248</u>
	5,531,534	5,462,088
Less-accumulated depreciation	<u>(1,360,108)</u>	<u>(1,296,562)</u>
Net real estate assets	4,171,426	4,165,526
Real estate and other assets, net, held for sale	8,839	-
Cash and cash equivalents	4,530	3,769
Restricted cash	8,977	6,374
Accounts receivable	37,703	25,952
Mortgages and notes receivable, net of allowance of \$28 and \$44, respectively	1,583	5,599
Accrued straight-line rents receivable	226,614	220,088
Investments in and advances to unconsolidated affiliates	23,584	23,585
Deferred leasing costs, net of accumulated amortization of \$152,334 and \$149,275, respectively	195,863	195,273
Prepaid expenses and other assets, net of accumulated depreciation of \$19,418 and \$18,074, respectively	<u>63,494</u>	<u>28,843</u>
Total Assets	<u>\$ 4,742,613</u>	<u>\$ 4,675,009</u>
<b>Liabilities, Noncontrolling Interests in the Operating Partnership and Equity:</b>		
Mortgages and notes payable, net	\$ 2,161,965	\$ 2,085,831
Accounts payable, accrued expenses and other liabilities	<u>257,338</u>	<u>218,922</u>
Total Liabilities	2,419,303	2,304,753
Commitments and contingencies		
Noncontrolling interests in the Operating Partnership	112,778	105,960
<b>Equity:</b>		
Preferred Stock, \$.01 par value, 50,000,000 authorized shares; 8.625% Series A Cumulative Redeemable Preferred Shares (liquidation preference \$1,000 per share), 28,859 and 28,877 shares issued and outstanding, respectively	28,859	28,877
Common Stock, \$.01 par value, 200,000,000 authorized shares; 103,704,603 and 103,557,065 shares issued and outstanding, respectively	1,037	1,036
Additional paid-in capital	2,972,798	2,976,197
Distributions in excess of net income available for common stockholders	(821,051)	(769,303)
Accumulated other comprehensive income	<u>6,488</u>	<u>9,913</u>
Total Stockholders' Equity	2,188,131	2,246,720
Noncontrolling interests in consolidated affiliates	<u>22,401</u>	<u>17,576</u>
Total Equity	2,210,532	2,264,296
Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity	<u>\$ 4,742,613</u>	<u>\$ 4,675,009</u>



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

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Funds from operations:</b>				
Net income	\$ 41,394	\$ 52,998	\$ 49,780	\$ 87,244
Net (income) attributable to noncontrolling interests in consolidated affiliates	(306)	(308)	(622)	(594)
Depreciation and amortization of real estate assets	58,720	55,954	127,202	112,789
(Gains) on disposition of depreciable properties	(6,703)	(16,433)	(6,703)	(16,433)
Unconsolidated affiliates:				
Depreciation and amortization of real estate assets	622	565	1,202	1,076
<b>Funds from operations</b>	<b>93,727</b>	<b>92,776</b>	<b>170,859</b>	<b>184,082</b>
Dividends on Preferred Stock	(622)	(623)	(1,244)	(1,246)
<b>Funds from operations available for common stockholders</b>	<b>\$ 93,105</b>	<b>\$ 92,153</b>	<b>\$ 169,615</b>	<b>\$ 182,836</b>
<b>Funds from operations available for common stockholders per share</b>	<b>\$ 0.87</b>	<b>\$ 0.87</b>	<b>\$ 1.59</b>	<b>\$ 1.72</b>
<b>Weighted average shares outstanding <sup>(1)</sup></b>	<b>106,445</b>	<b>106,267</b>	<b>106,402</b>	<b>106,216</b>

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

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

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Net income</b>	\$ 41,394	\$ 52,998	\$ 49,780	\$ 87,244
Equity in earnings of unconsolidated affiliates	(765)	(546)	(1,429)	(1,068)
Gains on disposition of property	(6,703)	(16,972)	(6,703)	(16,972)
Other (income)/loss	(321)	(462)	3,445	(917)
Interest expense	20,356	17,877	39,095	36,268
General and administrative expenses	9,560	9,540	21,941	21,318
Impairments of real estate assets	531	-	531	-
Depreciation and amortization	59,460	56,694	128,664	114,262
<b>Net operating income</b>	<b>123,512</b>	<b>119,129</b>	<b>235,324</b>	<b>240,135</b>
Non same property and other net operating income	(8,430)	(6,679)	(14,596)	(13,784)
<b>Same property net operating income</b>	<b>\$ 115,082</b>	<b>\$ 112,450</b>	<b>\$ 220,728</b>	<b>\$ 226,351</b>
Same property net operating income	\$ 115,082	\$ 112,450	\$ 220,728	\$ 226,351
Lease termination fees, straight-line rent and other non-cash adjustments	(5,493)	(6,176)	(3,558)	(12,603)
<b>Same property cash net operating income</b>	<b>\$ 109,589</b>	<b>\$ 106,274</b>	<b>\$ 217,170</b>	<b>\$ 213,748</b>

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

	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>Net debt-to-EBITDAre:</b>		
Net income	\$ 41,394	\$ 52,998
Interest expense	20,356	17,877
Depreciation and amortization	59,460	56,694
(Gains) on disposition of depreciable properties	(6,703)	(16,433)
Adjustments to reflect our share of EBITDAre from unconsolidated affiliates	996	956
<b>EBITDAre</b>	<b>\$ 115,503</b>	<b>\$ 112,092</b>
<b>EBITDAre (annualized) (1)</b>	<b>\$ 462,012</b>	<b>\$ 448,368</b>
Mortgages and notes payable (2)	\$ 2,200,058	\$ 2,094,269
Less - cash and cash equivalents (2)	(7,930)	(7,523)
<b>Net debt (3)</b>	<b>\$ 2,192,128</b>	<b>\$ 2,086,746</b>
Preferred Stock	28,859	28,887
<b>Net debt plus Preferred Stock</b>	<b>\$ 2,220,987</b>	<b>\$ 2,115,633</b>
<b>Net debt-to-EBITDAre (4)</b>	<b>4.74x</b>	<b>4.65x</b>
<b>Net debt plus Preferred Stock-to-EBITDAre (5)</b>	<b>4.81x</b>	<b>4.72x</b>

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

(2) Includes our share of unconsolidated affiliates.

(3) Net debt is calculated as mortgages and notes payable at quarter-end less cash and cash equivalents at quarter-end.

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

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