

FOR IMMEDIATE RELEASE

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Highwoods Reports First Quarter 2021 Results

\$0.52 Net Income per Share
\$0.91 FFO per Share

Signed 553,000 SF of 2nd Gen Office Leases

Includes 247,000 SF of New Leases
Achieved 8.1% GAAP Rent Growth and 0.5% Cash Rent Growth
89.6% Occupancy at Quarter-End

Placed in Service \$108 Million of 100% Leased Development

Two Buildings, 345,000 SF, Both in Raleigh
Current Development Pipeline \$394M, 75% Pre-Leased

Updates 2021 FFO Outlook to \$3.54 to \$3.66 per Share

Previously \$3.50 to \$3.66 per Share
Excludes Impact of Planned Investment Activity
Raises Same Property Cash NOI Growth Outlook to 3.50% to 5.25%

RALEIGH, NC – April 27, 2021 – Highwoods Properties, Inc. (NYSE:HIW) today reported its first quarter 2021 financial and operating results.

Ted Klinck, President and Chief Executive Officer, stated “Even with the ongoing pandemic, we are pleased with our operating and financial performance during the first quarter. We’re seeing more customers return to their offices or announce plans to come back. Leasing activity improved as highlighted by our new leasing volume, which rebounded sharply and was roughly in line with our long-term average prior to the beginning of the pandemic. We delivered solid FFO and our same property cash NOI growth was robust at 5.7%, demonstrating the continued strengthening of our cash flows.

We placed in service two 100%-leased development properties with a total investment of \$108 million. Our remaining \$394 million development pipeline is 75% pre-leased and will provide meaningful NOI as the projects deliver over the next several quarters.



We're encouraged by the increased activity we are experiencing even though it's still challenging to forecast the trajectory of the economic recovery given the ongoing uncertainties created by the pandemic. However, given our strong first quarter financial results and outlook for the remainder of the year, we have the confidence to update our per share FFO outlook, which implies a 2 cent increase at the midpoint, and raise our same property cash NOI outlook."

First Quarter 2021 Highlights

Operations:

- Earned net income of \$0.52 per share
- Earned FFO of \$0.91 per share
- Increased average in-place cash rents 5.3% per square foot year-over-year
- Ended the quarter with occupancy of 89.6%
- Grew year-over-year same property cash NOI 5.7% and 4.8% excluding the impact of temporary rent deferrals

Second Generation Leasing Activity:

- Leased 553,000 square feet, including 247,000 square feet of new leases
- Achieved a dollar-weighted average term of 4.7 years
- Captured GAAP rent growth of +8.1% and cash rent growth of +0.5%

Financing Activity:

- Recast revolving credit facility
 - Increased borrowing capacity from \$600 million to \$750 million
 - Lowered borrowing cost 10 basis points to LIBOR plus 90 basis points
 - Extended maturity date to March 2025, plus two unilateral six-month extension rights
- Ended the quarter with a net debt-to-Adjusted EBITDA ratio of 5.1x and a leverage ratio (including preferred stock) of 37.1%
- Maintained ample liquidity with \$49 million of cash on hand and no balance outstanding on the new revolving credit facility

Investment Activity:

- Acquired joint venture partner's 75% interest in the 636,000 square foot Forum office portfolio in Raleigh for a total incremental investment of \$138.4 million, including planned building improvements
- Sold a 100,000 square foot non-core office building in Atlanta for \$30.7 million

Development Activity:

- \$394 million development pipeline now 75% pre-leased on a dollar-weighted basis
- Placed in service two 100% leased office properties, totaling 345,000 square feet with a total investment of \$108 million

Subsequent to Quarter-End Activity:

- Repaid \$150 million of notes due June 2021 with an effective interest rate of 3.36% with no prepayment penalty
- Announced planned investment activity
 - Agreed to acquire a portfolio of office assets from Preferred Apartment Communities, Inc. (NYSE:APTS) ("PAC") for a total expected investment of \$769 million, which is scheduled to close during the third quarter of 2021
 - Plans to ultimately fund the acquisition by accelerating the sale of \$500 to \$600 million of existing non-core assets by mid-2022, approximately half of which is planned to close by year-end 2021



First Quarter 2021 Financial Results

For the first quarter of 2021, net income available for common stockholders ("net income") was \$54.5 million, or \$0.52 per diluted share, including \$0.18 per share of gains on disposition of depreciable properties. For the first quarter of 2020, net income was \$185.5 million, or \$1.79 per diluted share, including \$1.43 per share of gains on disposition of depreciable properties.

Funds from operations available for common stockholders ("FFO") was \$97.5 million, or \$0.91 per diluted share, for the first quarter of 2021. FFO was \$98.8 million, or \$0.93 per diluted share, for the first quarter of 2020.

Except as noted below, the following items were included in the determination of net income and FFO for the three months ended March 31, 2021 and 2020:

	Three Months Ended 3/31/2021		Three Months Ended 3/31/2020	
	(000)	Per Share	(000)	Per Share
Lease Termination Income, Net (1)	\$ 167	\$ 0.002	\$ 120	\$ 0.001
Straight-Line Rental Income (1) (2)	3,090	0.029	10,326	0.097
Capitalized Interest	2,724	0.026	1,734	0.016
Losses on Debt Extinguishment	(76)	(0.001)	-	-
Land Sale Gains	-	-	406	0.004
Gains on Disposition of Depreciable Properties (3)	18,937	0.177	152,661	1.432

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

(2) Includes \$1.2 million of repayments of temporary rent deferrals, net of additional temporary rent deferrals granted during the three months ended March 31, 2021.

(3) Not included in the determination of FFO.

2021 Outlook

The Company has updated its full year 2021 FFO outlook to \$3.54 to \$3.66 per share, which compares to the prior range of \$3.50 to \$3.66 per share provided on February 9, 2021. This outlook reflects management's view of current and future market conditions, including assumptions such as asset usage due to the pandemic, 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 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 2020 Annual Report on Form 10-K and subsequent SEC reports.

As noted above, the Company has agreed to acquire a portfolio of office assets from PAC, which is scheduled to close during the third quarter of 2021. The Company plans to ultimately fund the acquisition by accelerating the sale of \$500 to \$600 million of existing non-core assets by mid-2022, approximately half of which is planned to close by year-end 2021. The financial impacts of these planned investment activities are not included in the Company's updated 2021 FFO outlook and the Company does not intend to update its FFO outlook to reflect such financial impacts until the closing of the acquisition.

While all buildings and parking facilities have remained open for business since the start of the pandemic, the Company assumes usage of its assets will continue to be significantly lower than normal during the second quarter and gradually increase over the third and fourth quarters.



Management's outlook for 2021 includes the following additional assumptions:

	Current		Previous	
	Low	High	Low	High
Effects Assumed in FFO Outlook:				
Growth in Same Property Cash NOI (1)	3.50%	5.25%	3.0%	5.0%
Straight-Line Rental Income	\$15.0M	\$19.0M	\$13.0M	\$17.0M
G&A Expenses	\$39.0M	\$41.0M	\$39.0M	\$41.0M
Year-End Occupancy	88.5%	91.5%	88.5%	91.5%
Weighted Average Diluted Shares and Units Outstanding (2)	106.9M	106.9M	106.9M	106.9M
Effects Not Assumed in FFO Outlook:				
Potential Dispositions	\$250M	\$300M	\$100M	\$150M
Potential Acquisitions	\$680M	\$769M	\$0M	\$200M
Potential Development Announcements	\$0M	\$250M	\$0M	\$250M

(1) Excludes termination fees.

(2) There were 106.9 million diluted shares and units outstanding at March 31, 2021.

Supplemental Information

The Company's first quarter 2021 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, April 28th, 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 2021

The Company has set the following dates for the release of its 2021 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
Second	July 27	July 28
Third	October 26	October 27

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, 2020 to March 31, 2021). 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, Nashville, Orlando, Pittsburgh, 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, in particular, statements about our plans, strategies and prospects such as the following: the planned acquisition of a portfolio of office assets from PAC; the anticipated procurement of an unsecured bridge facility from JPMorgan Chase Bank, N.A.; 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 expected financial and operational results and the related assumptions underlying our expected results, including but not limited to potential losses related to customer difficulties, anticipated building usage and expected economic activity due to COVID-19; the continuing ability to borrow under the Company's revolving credit facility; 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.

When considering such forward-looking statements, you should keep in mind important factors that could cause our actual results to differ materially from those contained in any forward-looking statement. Currently, one of the most significant factors that could cause actual outcomes to differ materially from our forward-looking statements is the ongoing adverse effect of the COVID-19 pandemic, and federal, state, and/or local regulatory guidelines and private business actions to control it, on our financial condition, operating results and cash flows, our customers, the use of and demand for office space, the real estate market in which we operate, the global economy and the financial markets. The extent to which the COVID-19 pandemic impacts us and our customers will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic and its ongoing impact on the U.S. economy and potential changes in customer behavior, among others.

Additional factors, many of which may be influenced by the COVID-19 pandemic, that could cause actual outcomes or results to differ materially from those indicated in these statements include: the closing of the planned acquisition of a portfolio of office assets from PAC may not occur on the terms described in this press release or at all; buyers may not be available and pricing may not be adequate with respect to planned dispositions of non-core assets; comparable sales data on which we based our expectations with respect to the sales price of non-core assets may not reflect current market trends; the financial condition of our customers could deteriorate or further worsen; our assumptions regarding potential losses related to customer financial difficulties due to the COVID-19 pandemic could prove incorrect; counterparties under our debt instruments, particularly our revolving credit facility, may attempt to avoid their obligations thereunder, which, if successful, would reduce our available liquidity; we may not be able to lease or re-lease second generation space, defined as previously occupied space that becomes available for lease, quickly or on as favorable terms as old leases; we may not be able to lease newly constructed buildings as quickly or on as favorable terms as originally anticipated; we may not be able to complete development, acquisition, reinvestment, disposition or joint venture projects as quickly or on as favorable terms as anticipated; development activity in our existing markets could result in an excessive supply relative to customer demand; our markets may suffer declines in economic and/or office employment growth; unanticipated increases in interest rates could increase our debt service costs; unanticipated increases in operating expenses could negatively impact our operating results; natural disasters and climate change could have an adverse impact on our cash flow and operating results; we may not be able to meet our liquidity requirements or obtain capital on favorable terms to fund our working capital needs and growth initiatives or repay or refinance outstanding debt upon maturity; and the Company could lose key executive officers.

This list of risks and uncertainties, however, is not intended to be exhaustive. You should also review the other cautionary statements we make in “Risk Factors” set forth in our 2020 Annual Report on Form 10-K. Given these uncertainties, you should not place undue reliance on forward-looking statements. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements to reflect any future events or circumstances or to reflect the occurrence of unanticipated events.

Tables Follow



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

	Three Months Ended March 31,	
	2021	2020
Rental and other revenues	\$ 183,805	\$ 192,800
Operating expenses:		
Rental property and other expenses	56,189	62,202
Depreciation and amortization	60,927	61,150
General and administrative	9,952	10,930
Total operating expenses	<u>127,068</u>	<u>134,282</u>
Interest expense	19,768	21,277
Other income	312	69
Gains on disposition of property	18,937	153,067
Equity in earnings of unconsolidated affiliates	<u>637</u>	<u>963</u>
Net income	56,855	191,340
Net (income) attributable to noncontrolling interests in the Operating Partnership	(1,493)	(4,960)
Net (income) attributable to noncontrolling interests in consolidated affiliates	(281)	(285)
Dividends on Preferred Stock	<u>(622)</u>	<u>(622)</u>
Net income available for common stockholders	<u>\$ 54,459</u>	<u>\$ 185,473</u>
Earnings per Common Share - basic:		
Net income available for common stockholders	\$ 0.52	\$ 1.79
Weighted average Common Shares outstanding - basic	<u>103,963</u>	<u>103,813</u>
Earnings per Common Share - diluted:		
Net income available for common stockholders	\$ 0.52	\$ 1.79
Weighted average Common Shares outstanding - diluted	<u>106,810</u>	<u>106,633</u>

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

	March 31, 2021	December 31, 2020
Assets:		
Real estate assets, at cost:		
Land	\$ 474,141	\$ 466,872
Buildings and tenant improvements	5,125,924	4,981,637
Development in-process	288,406	259,681
Land held for development	131,458	131,474
	<u>6,019,929</u>	<u>5,839,664</u>
Less-accumulated depreciation	(1,454,427)	(1,418,379)
Net real estate assets	4,565,502	4,421,285
Real estate and other assets, net, held for sale	-	11,360
Cash and cash equivalents	49,279	109,322
Restricted cash	9,099	79,922
Accounts receivable	23,226	27,488
Mortgages and notes receivable	1,292	1,341
Accrued straight-line rents receivable	263,643	259,381
Investments in and advances to unconsolidated affiliates	638	27,104
Deferred leasing costs, net of accumulated amortization of \$147,937 and \$151,698, respectively	219,790	209,329
Prepaid expenses and other assets, net of accumulated depreciation of \$18,895 and \$21,154, respectively	72,845	62,885
Total Assets	<u>\$ 5,205,314</u>	<u>\$ 5,209,417</u>
Liabilities, Noncontrolling Interests in the Operating Partnership and Equity:		
Mortgages and notes payable, net	\$ 2,470,472	\$ 2,470,021
Accounts payable, accrued expenses and other liabilities	258,026	268,727
Total Liabilities	<u>2,728,498</u>	<u>2,738,748</u>
Commitments and contingencies		
Noncontrolling interests in the Operating Partnership	121,895	112,499
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), 28,826 shares issued and outstanding	28,826	28,826
Common Stock, \$.01 par value, 200,000,000 authorized shares; 104,055,152 and 103,921,546 shares issued and outstanding, respectively	1,041	1,039
Additional paid-in capital	2,986,462	2,993,946
Distributions in excess of net income available for common stockholders	(681,613)	(686,225)
Accumulated other comprehensive loss	(1,340)	(1,462)
Total Stockholders' Equity	<u>2,333,376</u>	<u>2,336,124</u>
Noncontrolling interests in consolidated affiliates	21,545	22,046
Total Equity	<u>2,354,921</u>	<u>2,358,170</u>
Total Liabilities, Noncontrolling Interests in the Operating Partnership and Equity	<u>\$ 5,205,314</u>	<u>\$ 5,209,417</u>

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

	Three Months Ended	
	March 31,	
	2021	2020
Funds from operations:		
Net income	\$ 56,855	\$ 191,340
Net (income) attributable to noncontrolling interests in consolidated affiliates	(281)	(285)
Depreciation and amortization of real estate assets	60,228	60,432
(Gains) on disposition of depreciable properties	(18,937)	(152,661)
Unconsolidated affiliates:		
Depreciation and amortization of real estate assets	218	569
Funds from operations	98,083	99,395
Dividends on Preferred Stock	(622)	(622)
Funds from operations available for common stockholders	\$ 97,461	\$ 98,773
Funds from operations available for common stockholders per share	\$ 0.91	\$ 0.93
Weighted average shares outstanding ⁽¹⁾	106,810	106,633

(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 March 31,	
	2021	2020
Net income	\$ 56,855	\$ 191,340
Equity in earnings of unconsolidated affiliates	(637)	(963)
Gains on disposition of property	(18,937)	(153,067)
Other income	(312)	(69)
Interest expense	19,768	21,277
General and administrative expenses	9,952	10,930
Depreciation and amortization	60,927	61,150
Net operating income	127,616	130,598
Non same property and other net operating income	(5,325)	(7,395)
Same property net operating income	<u>\$ 122,291</u>	<u>\$ 123,203</u>
Same property net operating income	\$ 122,291	\$ 123,203
Lease termination fees, straight-line rent and other non-cash adjustments (1)	(3,399)	(10,763)
Same property cash net operating income	<u>\$ 118,892</u>	<u>\$ 112,440</u>

(1) Includes \$1.2 million of repayments of temporary rent deferrals, net of additional temporary rent deferrals granted by the Company during the three months ended March 31, 2021.

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

	Three Months Ended March 31,	
	2021	2020
Net debt-to-Adjusted EBITDAre:		
Net income	\$ 56,855	\$ 191,340
Interest expense	19,768	21,277
Depreciation and amortization	60,927	61,150
(Gains) on disposition of depreciable properties	(18,937)	(152,661)
Adjustments to reflect our share of EBITDAre from unconsolidated affiliates	526	907
EBITDAre	\$ 119,139	\$ 122,013
Losses on debt extinguishment	76	-
(Gains) on disposition of non-depreciable properties	-	(406)
Proforma NOI adjustments for property changes within period	1,085	(3,343)
Adjusted EBITDAre (1)	\$ 120,300	\$ 118,264
 Adjusted EBITDAre (annualized) (1) (2)	 \$ 476,658	 \$ 477,052
 Mortgages and notes payable (3)	 \$ 2,498,127	 \$ 2,438,248
Less - cash and cash equivalents and 1031 restricted cash (3)	(52,978)	(117,823)
Net debt (4)	\$ 2,445,149	\$ 2,320,425
Preferred Stock	28,826	28,856
Net debt plus Preferred Stock	\$ 2,473,975	\$ 2,349,281
 Net debt-to-Adjusted EBITDAre (5)	 5.13x	 4.86x
Net debt plus Preferred Stock-to-Adjusted EBITDAre (6)	5.19x	4.92x

(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 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).