

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-12993

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**

(Exact name of registrant as specified in its charter)

**Maryland**

**95-4502084**

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer Identification Number)

**26 North Euclid Avenue, Pasadena, California 91101**

(Address of principal executive offices) (Zip code)

**(626) 578-0777**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	ARE	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Smaller reporting company ☐

Accelerated filer ☐

Emerging growth company ☐

Non-accelerated filer ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 13, 2023, 173,775,456 shares of common stock, par value \$0.01 per share, were outstanding.

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## **GLOSSARY**

The following abbreviations or acronyms that may be used in this document shall have the adjacent meanings set forth below:

ASU	Accounting Standards Update
ATM	At the Market
CIP	Construction in Progress
EPS	Earnings per Share
ESG	Environmental, Social & Governance
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FFO	Funds From Operations
GAAP	U.S. Generally Accepted Accounting Principles
IRS	Internal Revenue Service
JV	Joint Venture
LEED®	Leadership in Energy and Environmental Design
Nareit	National Association of Real Estate Investment Trusts
NAV	Net Asset Value
NYSE	New York Stock Exchange
REIT	Real Estate Investment Trust
RSF	Rentable Square Feet/Foot
SEC	Securities and Exchange Commission
SF	Square Feet/Foot
SoDo	South of Downtown submarket of Seattle
SOFR	Secured Overnight Financing Rate
SoMa	South of Market submarket of the San Francisco Bay Area
U.S.	United States
VIE	Variable Interest Entity

# **PART I – FINANCIAL INFORMATION**

## **ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)**

### **Alexandria Real Estate Equities, Inc.** **Consolidated Balance Sheets** *(In thousands)*

	September 30, 2023 <i>(Unaudited)</i>	December 31, 2022
<b>Assets</b>		
Investments in real estate	\$ 31,712,731	\$ 29,945,440
Investments in unconsolidated real estate joint ventures	37,695	38,435
Cash and cash equivalents	532,390	825,193
Restricted cash	35,321	32,782
Tenant receivables	6,897	7,614
Deferred rent	1,012,666	942,646
Deferred leasing costs	512,216	516,275
Investments	1,431,766	1,615,074
Other assets	1,501,611	1,599,940
<b>Total assets</b>	<b>\$ 36,783,293</b>	<b>\$ 35,523,399</b>
<b>Liabilities, Noncontrolling Interests, and Equity</b>		
Secured notes payable	\$ 109,110	\$ 59,045
Unsecured senior notes payable	11,093,725	10,100,717
Unsecured senior line of credit and commercial paper	—	—
Accounts payable, accrued expenses, and other liabilities	2,653,126	2,471,259
Dividends payable	214,450	209,131
<b>Total liabilities</b>	<b>14,070,411</b>	<b>12,840,152</b>
<b>Commitments and contingencies</b>		
Redeemable noncontrolling interests	51,658	9,612
<b>Alexandria Real Estate Equities, Inc.'s stockholders' equity:</b>		
Common stock	1,710	1,707
Additional paid-in capital	18,651,185	18,991,492
Accumulated other comprehensive loss	(24,984)	(20,812)
<b>Alexandria Real Estate Equities, Inc.'s stockholders' equity</b>	<b>18,627,911</b>	<b>18,972,387</b>
Noncontrolling interests	4,033,313	3,701,248
<b>Total equity</b>	<b>22,661,224</b>	<b>22,673,635</b>
<b>Total liabilities, noncontrolling interests, and equity</b>	<b>\$ 36,783,293</b>	<b>\$ 35,523,399</b>

The accompanying notes are an integral part of these consolidated financial statements.

**Alexandria Real Estate Equities, Inc.**  
**Consolidated Statements of Operations**  
(In thousands, except per share amounts)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Revenues:</b>				
Income from rentals	\$ 707,531	\$ 656,853	\$ 2,099,819	\$ 1,910,366
Other income	6,257	2,999	28,664	8,315
Total revenues	713,788	659,852	2,128,483	1,918,681
<b>Expenses:</b>				
Rental operations	217,687	201,189	636,454	578,801
General and administrative	45,987	49,958	140,065	134,286
Interest	11,411	22,984	42,237	76,681
Depreciation and amortization	269,370	254,929	808,227	737,666
Impairment of real estate	20,649	38,783	189,224	38,783
Loss on early extinguishment of debt	—	—	—	3,317
Total expenses	565,104	567,843	1,816,207	1,569,534
Equity in earnings of unconsolidated real estate joint ventures	242	40	617	473
Investment loss	(80,672)	(32,305)	(204,051)	(312,105)
Gain on sales of real estate	—	323,699	214,810	537,918
Net income	68,254	383,443	323,652	575,433
Net income attributable to noncontrolling interests	(43,985)	(38,747)	(131,584)	(108,092)
Net income attributable to Alexandria Real Estate Equities, Inc.'s stockholders	24,269	344,696	192,068	467,341
Net income attributable to unvested restricted stock awards	(2,414)	(3,257)	(7,697)	(5,866)
Net income attributable to Alexandria Real Estate Equities, Inc.'s common stockholders	\$ 21,855	\$ 341,439	\$ 184,371	\$ 461,475
<b>Net income per share attributable to Alexandria Real Estate Equities, Inc.'s common stockholders:</b>				
Basic	\$ 0.13	\$ 2.11	\$ 1.08	\$ 2.88
Diluted	\$ 0.13	\$ 2.11	\$ 1.08	\$ 2.88

The accompanying notes are an integral part of these consolidated financial statements.

**Alexandria Real Estate Equities, Inc.**  
**Consolidated Statements of Comprehensive Income**  
*(In thousands)*  
*(Unaudited)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 68,254	\$ 383,443	\$ 323,652	\$ 575,433
Other comprehensive loss				
Unrealized losses on foreign currency translation:				
Unrealized foreign currency translation losses arising during the period	(8,395)	(12,874)	(4,172)	(17,431)
Unrealized losses on foreign currency translation, net	(8,395)	(12,874)	(4,172)	(17,431)
Total other comprehensive loss	(8,395)	(12,874)	(4,172)	(17,431)
Comprehensive income	59,859	370,569	319,480	558,002
Less: comprehensive income attributable to noncontrolling interests	(43,985)	(38,747)	(131,584)	(108,092)
Comprehensive income attributable to Alexandria Real Estate Equities, Inc.'s stockholders	\$ 15,874	\$ 331,822	\$ 187,896	\$ 449,910

The accompanying notes are an integral part of these consolidated financial statements.

**Alexandria Real Estate Equities, Inc.**  
**Consolidated Statement of Changes in Stockholders' Equity and Noncontrolling Interests**  
*(Dollars in thousands)*  
*(Unaudited)*

	Alexandria Real Estate Equities, Inc.'s Stockholders' Equity							
	Number of Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests
Balance as of June 30, 2023	170,869,778	\$ 1,709	\$18,812,318	\$ —	\$ (16,589)	\$ 3,917,186	\$ 22,714,624	\$ 52,628
Net income	—	—	—	24,269	—	43,737	68,006	248
Total other comprehensive loss	—	—	—	—	(8,395)	—	(8,395)	—
Contributions from and sales of noncontrolling interests	—	—	6,455	—	—	130,271	136,726	—
Distributions to and redemption of noncontrolling interests	—	—	—	—	—	(57,881)	(57,881)	(1,218)
Issuance pursuant to stock plan	203,826	2	31,196	—	—	—	31,198	—
Taxes related to net settlement of equity awards	(76,765)	(1)	(8,603)	—	—	—	(8,604)	—
Dividends declared on common stock (\$1.24 per share)	—	—	—	(214,450)	—	—	(214,450)	—
Reclassification of distributions in excess of earnings	—	—	(190,181)	190,181	—	—	—	—
Balance as of September 30, 2023	<u>170,996,839</u>	<u>\$ 1,710</u>	<u>\$18,651,185</u>	<u>\$ —</u>	<u>\$ (24,984)</u>	<u>\$ 4,033,313</u>	<u>\$ 22,661,224</u>	<u>\$ 51,658</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Alexandria Real Estate Equities, Inc.**  
**Consolidated Statement of Changes in Stockholders' Equity and Noncontrolling Interests**  
*(Dollars in thousands)*  
*(Unaudited)*

	Alexandria Real Estate Equities, Inc.'s Stockholders' Equity							
	Number of Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests
Balance as of June 30, 2022	161,456,046	\$ 1,615	\$17,149,571	\$ —	\$ (11,851)	\$ 3,313,189	\$ 20,452,524	\$ 9,612
Net income	—	—	—	344,696	—	38,545	383,241	202
Total other comprehensive loss	—	—	—	—	(12,874)	—	(12,874)	—
Contributions from and sales of noncontrolling interests	—	—	125,956	—	—	324,957	450,913	—
Distributions to and redemption of noncontrolling interests	—	—	—	—	—	(47,259)	(47,259)	(202)
Issuance of common stock	1,000,000	10	199,420	—	—	—	199,430	—
Issuance pursuant to stock plan	269,934	3	29,198	—	—	—	29,201	—
Taxes related to net settlement of equity awards	(106,445)	(2)	(15,784)	—	—	—	(15,786)	—
Dividends declared on common stock (\$1.18 per share)	—	—	—	(193,623)	—	—	(193,623)	—
Reclassification of earnings in excess of distributions	—	—	151,073	(151,073)	—	—	—	—
Balance as of September 30, 2022	<u>162,619,535</u>	<u>\$ 1,626</u>	<u>\$17,639,434</u>	<u>\$ —</u>	<u>\$ (24,725)</u>	<u>\$ 3,629,432</u>	<u>\$ 21,245,767</u>	<u>\$ 9,612</u>

The accompanying notes are an integral part of these consolidated financial statements.



**Alexandria Real Estate Equities, Inc.**  
**Consolidated Statement of Changes in Stockholders' Equity and Noncontrolling Interests**  
*(Dollars in thousands)*  
*(Unaudited)*

	Alexandria Real Estate Equities, Inc.'s Stockholders' Equity							
	Number of Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests
Balance as of December 31, 2022	170,748,395	\$ 1,707	\$ 18,991,492	\$ —	\$ (20,812)	\$ 3,701,248	\$ 22,673,635	\$ 9,612
Net income	—	—	—	192,068	—	130,934	323,002	650
Total other comprehensive loss	—	—	—	—	(4,172)	—	(4,172)	—
Contributions from and sales of noncontrolling interests	—	—	30,400	—	—	400,993	431,393	35,250
Distributions to and redemption of noncontrolling interests	—	—	—	—	—	(192,096)	(192,096)	(1,620)
Transfer of noncontrolling interests	—	—	—	—	—	(7,766)	(7,766)	7,766
Issuance pursuant to stock plan	412,755	4	96,648	—	—	—	96,652	—
Taxes related to net settlement of equity awards	(164,311)	(1)	(21,072)	—	—	—	(21,073)	—
Dividends declared on common stock (\$3.69 per share)	—	—	—	(638,351)	—	—	(638,351)	—
Reclassification of distributions in excess of earnings	—	—	(446,283)	446,283	—	—	—	—
Balance as of September 30, 2023	<u>170,996,839</u>	<u>\$ 1,710</u>	<u>\$ 18,651,185</u>	<u>\$ —</u>	<u>\$ (24,984)</u>	<u>\$ 4,033,313</u>	<u>\$ 22,661,224</u>	<u>\$ 51,658</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Alexandria Real Estate Equities, Inc.**  
**Consolidated Statement of Changes in Stockholders' Equity and Noncontrolling Interests**  
*(Dollars in thousands)*  
*(Unaudited)*

	Alexandria Real Estate Equities, Inc.'s Stockholders' Equity							
	Number of Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests
Balance as of December 31, 2021	158,043,880	\$ 1,580	\$ 16,195,256	\$ —	\$ (7,294)	\$ 2,834,096	\$ 19,023,638	\$ 9,612
Net income	—	—	—	467,341	—	107,488	574,829	604
Total other comprehensive loss	—	—	—	—	(17,431)	—	(17,431)	—
Contributions from and sales of noncontrolling interests	—	—	652,591	—	—	826,929	1,479,520	—
Distributions to and redemption of noncontrolling interests	—	—	(111)	—	—	(139,081)	(139,192)	(604)
Issuance of common stock	4,220,000	42	845,704	—	—	—	845,746	—
Issuance pursuant to stock plan	563,121	6	86,795	—	—	—	86,801	—
Taxes related to net settlement of equity awards	(207,466)	(2)	(34,248)	—	—	—	(34,250)	—
Dividends declared on common stock (\$3.51 per share)	—	—	—	(573,894)	—	—	(573,894)	—
Reclassification of distributions in excess of earnings	—	—	(106,553)	106,553	—	—	—	—
Balance as of September 30, 2022	<u>162,619,535</u>	<u>\$ 1,626</u>	<u>\$ 17,639,434</u>	<u>\$ —</u>	<u>\$ (24,725)</u>	<u>\$ 3,629,432</u>	<u>\$ 21,245,767</u>	<u>\$ 9,612</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Alexandria Real Estate Equities, Inc.**  
**Consolidated Statements of Cash Flows**  
*(In thousands)*  
*(Unaudited)*

	Nine Months Ended September 30,	
	2023	2022
<b>Operating Activities:</b>		
Net income	\$ 323,652	\$ 575,433
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	808,227	737,666
Impairment of real estate	189,224	38,783
Gain on sales of real estate	(214,810)	(537,918)
Loss on early extinguishment of debt	—	3,317
Equity in earnings of unconsolidated real estate joint ventures	(617)	(473)
Distributions of earnings from unconsolidated real estate joint ventures	2,590	2,754
Amortization of loan fees	11,427	9,574
Amortization of debt discounts	898	112
Amortization of acquired above- and below-market leases	(69,647)	(54,221)
Deferred rent	(92,331)	(93,818)
Stock compensation expense	48,266	46,154
Investment loss	204,051	312,105
Changes in operating assets and liabilities:		
Tenant receivables	1,199	(422)
Deferred leasing costs	(81,573)	(149,234)
Other assets	(20,907)	(17,719)
Accounts payable, accrued expenses, and other liabilities	92,284	21,065
Net cash provided by operating activities	1,201,933	893,158
<b>Investing Activities:</b>		
Proceeds from sales of real estate	761,321	994,331
Additions to real estate	(2,600,999)	(2,324,017)
Purchases of real estate	(257,333)	(2,499,772)
Change in escrow deposits	(5,982)	146,640
Investments in unconsolidated real estate joint ventures	(499)	(1,245)
Return of capital from unconsolidated real estate joint ventures	—	471
Additions to non-real estate investments	(156,363)	(186,692)
Sales of and distributions from non-real estate investments	149,299	149,666
Net cash used in investing activities	\$ (2,110,556)	\$ (3,720,618)

**Alexandria Real Estate Equities, Inc.**  
**Consolidated Statements of Cash Flows**  
*(In thousands)*  
*(Unaudited)*

	Nine Months Ended September 30,	
	2023	2022
<b>Financing Activities:</b>		
Borrowings from secured notes payable	\$ 49,578	\$ 31,436
Repayments of borrowings from secured notes payable	(30)	(934)
Payment for the defeasance of secured note payable	—	(198,304)
Proceeds from issuance of unsecured senior notes payable	996,205	1,793,318
Borrowings from unsecured senior line of credit	375,000	1,180,000
Repayments of borrowings from unsecured senior line of credit	(375,000)	(1,180,000)
Proceeds from issuances under commercial paper program	1,705,000	11,661,500
Repayments of borrowings under commercial paper program	(1,705,000)	(11,544,685)
Payments of loan fees	(16,047)	(35,598)
Taxes paid related to net settlement of equity awards	(20,203)	(33,105)
Proceeds from issuance of common stock	—	845,746
Dividends on common stock	(633,032)	(564,118)
Contributions from and sales of noncontrolling interests	436,207	1,463,454
Distributions to and purchases of noncontrolling interests	(193,716)	(139,685)
Net cash provided by financing activities	618,962	3,279,025
Effect of foreign exchange rate changes on cash and cash equivalents	(603)	(624)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(290,264)	450,941
Cash, cash equivalents, and restricted cash as of the beginning of period	857,975	415,227
Cash, cash equivalents, and restricted cash as of the end of period	<u>\$ 567,711</u>	<u>\$ 866,168</u>
<b>Supplemental Disclosure and Non-Cash Investing and Financing Activities:</b>		
Cash paid during the period for interest, net of interest capitalized	\$ 16,559	\$ 67,852
Accrued construction for current-period additions to real estate	\$ 641,705	\$ 553,928
Contribution of assets from real estate joint venture partner	\$ 33,250	\$ 19,146
Issuance of noncontrolling interest to joint venture partner	\$ (33,250)	\$ (19,146)
Right-of-use asset	\$ —	\$ 21,776
Lease liability	\$ —	\$ (21,776)

The accompanying notes are an integral part of these consolidated financial statements.

**Alexandria Real Estate Equities, Inc.**  
**Notes to Consolidated Financial Statements**  
(Unaudited)

## **1. ORGANIZATION AND BASIS OF PRESENTATION**

Alexandria Real Estate Equities, Inc. (NYSE:ARE), an S&P 500® life science REIT, is the pioneer of the life science real estate niche since its founding in 1994. Alexandria is the preeminent and longest-tenured owner, operator, and developer of collaborative life science, agtech, and advanced technology mega campuses in AAA innovation cluster locations, including Greater Boston, the San Francisco Bay Area, New York City, San Diego, Seattle, Maryland, and Research Triangle. With over 800 tenants, Alexandria has a total market capitalization of \$28.3 billion and an asset base in North America of 75.1 million SF as of September 30, 2023. As used in this quarterly report on Form 10-Q, references to the “Company,” “Alexandria,” “ARE,” “we,” “us,” and “our” refer to Alexandria Real Estate Equities, Inc. and its consolidated subsidiaries. The accompanying unaudited consolidated financial statements include the accounts of Alexandria Real Estate Equities, Inc. and its consolidated subsidiaries. All significant intercompany balances and transactions have been eliminated.

We have prepared the accompanying interim consolidated financial statements in accordance with GAAP and in conformity with the rules and regulations of the SEC. In our opinion, these interim consolidated financial statements presented herein reflect all adjustments, of a normal recurring nature, that are necessary to fairly present the interim consolidated financial statements. The results of operations for the interim period are not necessarily indicative of the results that may be expected for the year ending December 31, 2023. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in our annual report on Form 10-K for the year ended December 31, 2022. Any references to our total market capitalization, number or quality of buildings or tenants, quality of location, square footage, number of leases, or occupancy percentage, and any amounts derived from these values in these notes to consolidated financial statements are outside the scope of our independent registered public accounting firm’s review.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Consolidation**

On an ongoing basis, as circumstances indicate the need for reconsideration, we evaluate each legal entity that is not wholly owned by us in accordance with the consolidation accounting guidance. Our evaluation considers all of our variable interests, including equity ownership, as well as fees paid to us for our involvement in the management of each partially owned entity. To fall within the scope of the consolidation guidance, an entity must meet both of the following criteria:

- The entity has a legal structure that has been established to conduct business activities and to hold assets; such entity can be in the form of a partnership, limited liability company, or corporation, among others; and
- We have a variable interest in the legal entity — i.e., variable interests that are contractual, such as equity ownership, or other financial interests that change with changes in the fair value of the entity’s net assets.

If an entity does not meet both criteria above, we apply other accounting literature, such as the cost or equity method of accounting. If an entity does meet both criteria above, we evaluate such entity for consolidation under either the variable interest model if the legal entity meets any of the following characteristics to qualify as a VIE, or under the voting model for all other legal entities that are not VIEs.

A legal entity is determined to be a VIE if it has any of the following three characteristics:

- 1) The entity does not have sufficient equity to finance its activities without additional subordinated financial support;
- 2) The entity is established with non-substantive voting rights (i.e., the entity deprives the majority economic interest holder(s) of voting rights); or
- 3) The equity holders, as a group, lack the characteristics of a controlling financial interest. Equity holders meet this criterion if they lack any of the following:
  - The power, through voting rights or similar rights, to direct the activities of the entity that most significantly influence the entity’s economic performance, as evidenced by:
    - Substantive participating rights in day-to-day management of the entity’s activities; or
    - Substantive kick-out rights over the party responsible for significant decisions;
  - The obligation to absorb the entity’s expected losses; or
  - The right to receive the entity’s expected residual returns.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Our real estate joint ventures consist of limited partnerships or limited liability companies. For an entity structured as a limited partnership or a limited liability company, our evaluation of whether the equity holders (equity partners other than the general partner or the managing member of a joint venture) lack the characteristics of a controlling financial interest includes the evaluation of whether the limited partners or non-managing members (the noncontrolling equity holders) lack both substantive participating rights and substantive kick-out rights, defined as follows:

- Participating rights provide the noncontrolling equity holders the ability to direct significant financial and operating decisions made in the ordinary course of business that most significantly influence the entity's economic performance.
- Kick-out rights allow the noncontrolling equity holders to remove the general partner or managing member without cause.

If we conclude that any of the three characteristics of a VIE are met, including that the equity holders lack the characteristics of a controlling financial interest because they lack both substantive participating rights and substantive kick-out rights, we conclude that the entity is a VIE and evaluate it for consolidation under the variable interest model.

### Variable interest model

If an entity is determined to be a VIE, we evaluate whether we are the primary beneficiary. The primary beneficiary analysis is a qualitative analysis based on power and benefits. We consolidate a VIE if we have both power and benefits — that is, (i) we have the power to direct the activities of a VIE that most significantly influence the VIE's economic performance (power) and (ii) we have the obligation to absorb losses of or the right to receive benefits from the VIE that could potentially be significant to the VIE (benefits). We consolidate VIEs whenever we determine that we are the primary beneficiary. Refer to Note 4 – “Consolidated and unconsolidated real estate joint ventures” to our unaudited consolidated financial statements for information on specific joint ventures that qualify as VIEs. If we have a variable interest in a VIE but are not the primary beneficiary, we account for our investment using the equity method.

### Voting model

If a legal entity fails to meet any of the three characteristics of a VIE (i.e., insufficiency of equity, existence of non-substantive voting rights, or lack of a controlling financial interest), we then evaluate such entity under the voting model. Under the voting model, we consolidate the entity if we determine that we, directly or indirectly, have greater than 50% of the voting shares and that other equity holders do not have substantive participating rights. Refer to Note 4 – “Consolidated and unconsolidated real estate joint ventures” to our unaudited consolidated financial statements for information on specific joint ventures that qualify for evaluation under the voting model.

### Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, and equity; the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements; and the amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates.

### Investments in real estate

#### Evaluation of business combination or asset acquisition

We evaluate each acquisition of real estate or in-substance real estate (including equity interests in entities that predominantly hold real estate assets) to determine whether the integrated set of assets and activities acquired meets the definition of a business and needs to be accounted for as a business combination. An acquisition of an integrated set of assets and activities that does not meet the definition of a business is accounted for as an asset acquisition. If either of the following criteria is met, the integrated set of assets and activities acquired would not qualify as a business:

- Substantially all of the fair value of the gross assets acquired is concentrated in either a single identifiable asset or a group of similar identifiable assets; or
- The integrated set of assets and activities is lacking, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs (i.e., revenue generated before and after the transaction).

An acquired process is considered substantive if:

- The process includes an organized workforce (or includes an acquired contract that provides access to an organized workforce) that is skilled, knowledgeable, and experienced in performing the process;
- The process cannot be replaced without significant cost, effort, or delay; or
- The process is considered unique or scarce.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Generally, our acquisitions of real estate or in-substance real estate do not meet the definition of a business because substantially all of the fair value is concentrated in a single identifiable asset or group of similar identifiable assets (i.e., land, buildings, and related intangible assets) or because the acquisition does not include a substantive process in the form of an acquired workforce or an acquired contract that cannot be replaced without significant cost, effort, or delay. When evaluating acquired service or management contracts, we consider the nature of the services performed, the terms of the contract relative to similar arm's-length contracts, and the availability of comparable vendors in evaluating whether the acquired contract constitutes a substantive process.

### Recognition of real estate acquired

We evaluate each acquisition of real estate or in-substance real estate (including equity interests in entities that predominantly hold real estate assets) to determine whether the integrated set of assets and activities acquired meets the definition of a business and needs to be accounted for as a business combination. An acquisition of an integrated set of assets and activities that does not meet the definition of a business is accounted for as an asset acquisition.

For acquisitions of real estate or in-substance real estate that are accounted for as business combinations, we allocate the acquisition consideration (excluding acquisition costs) to the assets acquired, liabilities assumed, noncontrolling interests, and previously existing ownership interests at fair value as of the acquisition date. Assets include intangible assets such as tenant relationships, acquired in-place leases, and favorable intangibles associated with in-place leases in which we are the lessor. Liabilities include unfavorable intangibles associated with in-place leases in which we are the lessor. In addition, for acquired in-place finance or operating leases in which we are the lessee, acquisition consideration is allocated to lease liabilities and related right-of-use assets, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms. Any excess (deficit) of the consideration transferred relative to the fair value of the net assets acquired is accounted for as goodwill (bargain purchase gain). Acquisition costs related to business combinations are expensed as incurred.

Generally, we expect that acquisitions of real estate or in-substance real estate will not meet the definition of a business because substantially all of the fair value is concentrated in a single identifiable asset or group of similar identifiable assets (i.e., land, buildings, and related intangible assets). The accounting model for asset acquisitions is similar to the accounting model for business combinations, except that the acquisition consideration (including acquisition costs) is allocated to the individual assets acquired and liabilities assumed on a relative fair value basis. Any excess (deficit) of the consideration transferred relative to the sum of the fair value of the assets acquired and liabilities assumed is allocated to the individual assets and liabilities based on their relative fair values. As a result, asset acquisitions do not result in the recognition of goodwill or a bargain purchase gain. Incremental and external direct acquisition costs related to acquisitions of real estate or in-substance real estate (such as legal and other third-party services) are capitalized.

We exercise judgment to determine the key assumptions used to allocate the purchase price of real estate acquired among its components. The allocation of the consideration to the various components of properties acquired during the year can have an effect on our net income due to the useful depreciable and amortizable lives applicable to each component and the recognition of the related depreciation and amortization expense in our consolidated statements of operations. We apply judgment in utilizing available comparable market information to assess relative fair value. We assess the relative fair values of tangible and intangible assets and liabilities based on available comparable market information, including estimated replacement costs, rental rates, and recent market transactions. In addition, we may use estimated cash flow projections that utilize appropriate discount and capitalization rates. Estimates of future cash flows are based on a number of factors, including the historical operating results, known and anticipated trends, and market/economic conditions that may affect the property.

The value of tangible assets acquired is based upon our estimation of fair value on an "as if vacant" basis. The value of acquired in-place leases includes the estimated costs during the hypothetical lease-up period and other costs that would have been incurred in the execution of similar leases under the market conditions at the acquisition date of the acquired in-place lease. If there is a bargain fixed-rate renewal option for the period beyond the noncancelable lease term of an in-place lease, we evaluate intangible factors, such as the business conditions in the industry in which the lessee operates, the economic conditions in the area in which the property is located, and the ability of the lessee to sublease the property during the renewal term, in order to determine the likelihood that the lessee will renew. When we determine that there is reasonable assurance that such bargain purchase option will be exercised, we consider the option in determining the intangible value of such lease and its related amortization period. We also recognize the relative fair values of assets acquired, the liabilities assumed, and any noncontrolling interest in acquisitions of less than a 100% interest when the acquisition constitutes a change in control of the acquired entity.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Depreciation and amortization**

The values allocated to buildings and building improvements, land improvements, tenant improvements, and equipment are depreciated on a straight-line basis. For buildings and building improvements, we depreciate using the shorter of the respective ground lease terms or their estimated useful lives, not to exceed 40 years. Land improvements are depreciated over their estimated useful lives, not to exceed 20 years. Tenant improvements are depreciated over their respective lease terms or estimated useful lives, and equipment is depreciated over the shorter of the lease term or its estimated useful life. The values of the right-of-use assets are amortized on a straight-line basis over the remaining terms of each related lease. The values of acquired in-place leases and associated favorable intangibles (i.e., acquired above-market leases) are classified in other assets in our consolidated balance sheets and are amortized over the remaining terms of the related leases as a reduction of income from rentals in our consolidated statements of operations. The values of unfavorable intangibles (i.e., acquired below-market leases) associated with acquired in-place leases are classified in accounts payable, accrued expenses, and other liabilities in our consolidated balance sheets and are amortized over the remaining terms of the related leases as an increase in income from rentals in our consolidated statements of operations.

### **Capitalized project costs**

We capitalize project costs, including pre-construction costs, interest, property taxes, insurance, and other costs directly related and essential to the development, redevelopment, pre-construction, or construction of a project. Capitalization of development, redevelopment, pre-construction, and construction costs is required while activities are ongoing to prepare an asset for its intended use. Fluctuations in our development, redevelopment, pre-construction, and construction activities could result in significant changes to total expenses and net income. Costs incurred after a project is substantially complete and ready for its intended use are expensed as incurred. Should development, redevelopment, pre-construction, or construction activity cease, interest, property taxes, insurance, and certain other costs would no longer be eligible for capitalization and would be expensed as incurred. Expenditures for repairs and maintenance are expensed as incurred.

### **Real estate sales**

A property is classified as held for sale when all of the following criteria for a plan of sale have been met: (i) management, having the authority to approve the action, commits to a plan to sell the property; (ii) the property is available for immediate sale in its present condition, subject only to terms that are usual and customary; (iii) an active program to locate a buyer and other actions required to complete the plan to sell have been initiated; (iv) the sale of the property is probable and is expected to be completed within one year; (v) the property is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (vi) actions necessary to complete the plan of sale indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Depreciation of assets ceases upon designation of a property as held for sale. For additional details, refer to Note 15 – “Assets classified as held for sale” to our unaudited consolidated financial statements.

If the disposal of a property represents a strategic shift that has (or will have) a major effect on our operations or financial results, such as (i) a major line of business, (ii) a major geographic area, (iii) a major equity method investment, or (iv) other major parts of an entity, then the operations of the property, including any interest expense directly attributable to it, are classified as discontinued operations in our consolidated statements of operations, and amounts for all prior periods presented are reclassified from continuing operations to discontinued operations. The disposal of an individual property generally will not represent a strategic shift and therefore will typically not meet the criteria for classification as a discontinued operation.

We recognize gains or losses on real estate sales in accordance with the accounting standard on the derecognition of nonfinancial assets arising from contracts with noncustomers. Our ordinary output activities consist of the leasing of space to our tenants in our operating properties, not the sales of real estate. Therefore, sales of real estate (in which we are the seller) qualify as contracts with noncustomers. In our transactions with noncustomers, we apply certain recognition and measurement principles consistent with our method of recognizing revenue arising from contracts with customers. Derecognition of the asset is based on the transfer of control. If a real estate sales contract includes our ongoing involvement with the property, then we evaluate each promised good or service under the contract to determine whether it represents a separate performance obligation, constitutes a guarantee, or prevents the transfer of control. If a good or service is considered a separate performance obligation, an allocated portion of the transaction price is recognized as revenue as we transfer the related good or service to the buyer.

The recognition of gain or loss on the sale of a partial interest also depends on whether we retain a controlling or noncontrolling interest in the property. If we retain a controlling interest in the property upon completion of the sale, we continue to reflect the asset at its book value, record a noncontrolling interest for the book value of the partial interest sold, and recognize additional paid-in capital for the difference between the consideration received and the partial interest at book value. Conversely, if we retain a noncontrolling interest upon completion of the sale of a partial interest of real estate, we recognize a gain or loss as if 100% of the asset were sold.



## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Impairment of long-lived assets**

Prior to and subsequent to the end of each quarter, we review current activities and changes in the business conditions of all of our long-lived assets to determine the existence of any triggering events or impairment indicators requiring an impairment analysis. If triggering events or impairment indicators are identified, we review an estimate of the future undiscounted cash flows, including, if necessary, a probability-weighted approach if multiple outcomes are under consideration.

Long-lived assets to be held and used, including our rental properties, CIP, land held for development, right-of-use assets related to operating leases in which we are the lessee, and intangibles, are individually evaluated for impairment when conditions exist that may indicate that the carrying amount of a long-lived asset may not be recoverable. The carrying amount of a long-lived asset to be held and used is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Triggering events or impairment indicators for long-lived assets to be held and used are assessed by project and include significant fluctuations in estimated net operating income, occupancy changes, significant near-term lease expirations, current and historical operating and/or cash flow losses, construction costs, estimated completion dates, rental rates, and other market factors. We assess the expected undiscounted cash flows based upon numerous factors, including, but not limited to, construction costs, available market information, current and historical operating results, known trends, current market/economic conditions that may affect the asset, and our assumptions about the use of the asset, including, if necessary, a probability-weighted approach if multiple outcomes are under consideration.

Upon determination that an impairment has occurred, a write-down is recognized to reduce the carrying amount of the asset to its estimated fair value. If an impairment charge is not required to be recognized, the recognition of depreciation or amortization is adjusted prospectively, as necessary, to reduce the carrying amount of the asset to its estimated disposition value over the remaining period that the asset is expected to be held and used. We may adjust depreciation of properties that are expected to be disposed of or redeveloped prior to the end of their useful lives.

We use the held for sale impairment model for our properties classified as held for sale, which is different from the held and used impairment model. Under the held for sale impairment model, an impairment charge is recognized if the carrying amount of the long-lived asset classified as held for sale exceeds its fair value less cost to sell. Because of these two different models, it is possible for a long-lived asset previously classified as held and used to require the recognition of an impairment charge upon classification as held for sale.

### **International operations**

In addition to operating properties in the U.S., we have 13 properties in Canada. The functional currency for our subsidiaries operating in the U.S. is the U.S. dollar. The local currency of a foreign subsidiary serves as its functional currency. The assets and liabilities of our foreign subsidiaries are translated into U.S. dollars at the exchange rate in effect as of the financial statement date. Revenue and expense accounts of our foreign subsidiaries are translated using the weighted-average exchange rate for the periods presented. Gains or losses resulting from the translation are classified in accumulated other comprehensive income (loss) as a separate component of total equity and are excluded from net income (loss).

Whenever a foreign investment meets the criteria for classification as held for sale, we evaluate the recoverability of the investment under the held for sale impairment model. We may recognize an impairment charge if the carrying amount of the investment exceeds its fair value less cost to sell. In determining an investment's carrying amount, we consider its net book value and any cumulative unrealized foreign currency translation adjustment related to the investment.

The appropriate amounts of foreign exchange rate gains or losses classified in accumulated other comprehensive income (loss) are reclassified to net income (loss) when realized upon the sale of our investment or upon the complete or substantially complete liquidation of our investment.

### **Investments**

We hold investments in publicly traded companies and privately held entities primarily involved in the life science, agtech, and technology industries. As a REIT, we generally limit our ownership of each individual entity's voting stock to less than 10%. We evaluate each investment to determine whether we have the ability to exercise significant influence, but not control, over an investee. We evaluate investments in which our ownership is equal to or greater than 20%, but less than or equal to 50%, of an investee's voting stock with a presumption that we have this ability. For our investments in limited partnerships that maintain specific ownership accounts, we presume that such ability exists when our ownership interest exceeds 3% to 5%. In addition to our ownership interest, we consider whether we have a board seat or whether we participate in the investee's policy-making process, among other criteria, to determine if we have the ability to exert significant influence, but not control, over an investee. If we determine that we have such ability, we account for the investment under the equity method, as described below.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Investments accounted for under the equity method

Under the equity method of accounting, we initially recognize our investment at cost and subsequently adjust the carrying amount of the investment for our share of earnings or losses reported by the investee, distributions received, and other-than-temporary impairments. For more information about our investments accounted for under the equity method, refer to Note 7 – “Investments” to our unaudited consolidated financial statements.

### Investments that do not qualify for the equity method of accounting

For investees over which we determine that we do not have the ability to exercise significant influence or control, we account for each investment depending on whether it is an investment in a (i) publicly traded company, (ii) privately held entity that reports NAV per share, or (iii) privately held entity that does not report NAV per share, as described below.

#### *Investments in publicly traded companies*

Our investments in publicly traded companies are classified as investments with readily determinable fair values and are presented at fair value in our consolidated balance sheets, with changes in fair value classified in investment income (loss) in our consolidated statements of operations. The fair values for our investments in publicly traded companies are determined based on sales prices or quotes available on securities exchanges.

#### *Investments in privately held companies*

Our investments in privately held entities without readily determinable fair values consist of (i) investments in privately held entities that report NAV per share and (ii) investments in privately held entities that do not report NAV per share. These investments are accounted for as follows:

##### Investments in privately held entities that report NAV per share

Investments in privately held entities that report NAV per share, such as our privately held investments in limited partnerships, are presented at fair value using NAV as a practical expedient, with changes in fair value classified in investment income (loss) in our consolidated statements of operations. We use NAV per share reported by limited partnerships generally without adjustment, unless we are aware of information indicating that the NAV reported by a limited partnership does not accurately reflect the fair value of the investment at our reporting date.

##### Investments in privately held entities that do not report NAV per share

Investments in privately held entities that do not report NAV per share are accounted for using a measurement alternative, under which these investments are measured at cost, adjusted for observable price changes and impairments, with changes classified in investment income (loss) in our consolidated statements of operations.

An observable price arises from an orderly transaction for an identical or similar investment of the same issuer, which is observed by an investor without expending undue cost and effort. Observable price changes result from, among other things, equity transactions of the same issuer executed during the reporting period, including subsequent equity offerings or other reported equity transactions related to the same issuer. To determine whether these transactions are indicative of an observable price change, we evaluate, among other factors, whether these transactions have similar rights and obligations, including voting rights, distribution preferences, and conversion rights to the investments we hold.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment evaluation of equity method investments and investments in privately held entities that do not report NAV per share

We monitor equity method investments and investments in privately held entities that do not report NAV per share for new developments, including operating results, prospects and results of clinical trials, new product initiatives, new collaborative agreements, capital-raising events, and merger and acquisition activities. These investments are evaluated on the basis of a qualitative assessment for indicators of impairment by monitoring the presence of the following triggering events or impairment indicators:

- (i) a significant deterioration in the earnings performance, credit rating, asset quality, or business prospects of the investee;
- (ii) a significant adverse change in the regulatory, economic, or technological environment of the investee;
- (iii) a significant adverse change in the general market condition, including the research and development of technology and products that the investee is bringing or attempting to bring to the market;
- (iv) significant concerns about the investee's ability to continue as a going concern; and/or
- (v) a decision by investors to cease providing support or reduce their financial commitment to the investee.

If such indicators are present, we are required to estimate the investment's fair value and immediately recognize an impairment charge in an amount equal to the investment's carrying value in excess of its estimated fair value.

### Investment income/loss recognition and classification

We recognize both realized and unrealized gains and losses in our consolidated statements of operations, classified in investment income (loss) in our consolidated statements of operations. Unrealized gains and losses represent:

- (i) changes in fair value for investments in publicly traded companies;
- (ii) changes in NAV for investments in privately held entities that report NAV per share;
- (iii) observable price changes for investments in privately held entities that do not report NAV per share; and
- (iv) our share of unrealized gains or losses reported by our equity method investees.

Realized gains and losses on our investments represent the difference between proceeds received upon disposition of investments and their historical or adjusted cost basis. For our equity method investments, realized gains and losses represent our share of realized gains or losses reported by the investee. Impairments are realized losses, which result in an adjusted cost basis, and represent charges to reduce the carrying values of investments in privately held entities that do not report NAV per share and equity method investments, if impairments are deemed other than temporary, to their estimated fair value.

### Revenues

The table below provides details of our consolidated total revenues for the three and nine months ended September 30, 2023 and 2022 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Income from rentals:				
Revenues subject to the lease accounting standard:				
Operating leases	\$ 696,601	\$ 646,662	\$ 2,069,042	\$ 1,879,534
Direct financing and sales-type leases <sup>(1)</sup>	653	642	1,951	2,449
Revenues subject to the lease accounting standard	697,254	647,304	2,070,993	1,881,983
Revenues subject to the revenue recognition accounting standard	10,277	9,549	28,826	28,383
Income from rentals	707,531	656,853	2,099,819	1,910,366
Other income	6,257	2,999	28,664	8,315
Total revenues	<u>\$ 713,788</u>	<u>\$ 659,852</u>	<u>\$ 2,128,483</u>	<u>\$ 1,918,681</u>

(1) We completed the sale of our real estate assets subject to sales-type leases in May 2022 and have had no sales-type leases since then.

During the three and nine months ended September 30, 2023, revenues that were subject to the lease accounting standard aggregated \$697.3 million and \$2.1 billion, respectively, and represented 97.7% and 97.3%, respectively, of our total revenues. During the three and nine months ended September 30, 2023, our total revenues also included \$16.5 million, or 2.3%, and \$57.5 million, or 2.7%, respectively, subject to other accounting guidance. Our other income consisted primarily of management fees and interest income earned during the three and nine months ended September 30, 2023. For a detailed discussion related to our revenue streams, refer to the "Lease accounting" subsection and the "Recognition of revenue arising from contracts with customers" section within this Note 2 to our unaudited consolidated financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Lease accounting

#### **Definition and classification of a lease**

When we enter into a contract or amend an existing contract, we evaluate whether the contract meets the definition of a lease. To meet the definition of a lease, the contract must meet all three criteria:

- (i) One party (lessor) must hold an identified asset;
- (ii) The counterparty (lessee) must have the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of the contract; and
- (iii) The counterparty (lessee) must have the right to direct the use of the identified asset throughout the period of the contract.

We classify our leases as either finance leases or operating leases if we are the lessee, or sales-type, direct financing, or operating leases if we are the lessor. We use the following criteria to determine if a lease is a finance lease (as a lessee) or sales-type or direct financing lease (as a lessor):

- (i) Ownership is transferred from lessor to lessee by the end of the lease term;
- (ii) An option to purchase is reasonably certain to be exercised;
- (iii) The lease term is for the major part of the underlying asset's remaining economic life;
- (iv) The present value of lease payments equals or exceeds substantially all of the fair value of the underlying asset; or
- (v) The underlying asset is specialized and is expected to have no alternative use at the end of the lease term.

If we meet any of the above criteria, we account for the lease as a finance, a sales-type, or a direct financing lease. If we do not meet any of the criteria, we account for the lease as an operating lease.

A lease is accounted for as a sales-type lease if it is considered to transfer control of the underlying asset to the lessee. A lease is accounted for as a direct financing lease if risks and rewards are conveyed without the transfer of control, which is normally indicated by the existence of a residual value guarantee from an unrelated third party other than the lessee.

This classification will determine the method of recognition of the lease:

- For an operating lease, we recognize income from rentals if we are the lessor, or rental operations expense if we are the lessee, over the term of the lease on a straight-line basis.
- For a sales-type lease or a direct financing lease, we recognize the income from rentals, or for a finance lease, we recognize rental operations expense, over the term of the lease using the effective interest method.
- At inception of a sales-type lease or a direct financing lease, if we determine the fair value of the leased property is lower than its carrying amount, we recognize a selling loss immediately at lease commencement. If fair value exceeds the carrying amount of a lease, a gain is recognized at lease commencement on a sales-type lease. For a direct financing lease, a gain is deferred at lease commencement and amortized over the lease term.

### Lessor accounting

#### *Costs to execute leases*

We capitalize initial direct costs, which represent only incremental costs to execute a lease that would not have been incurred if the lease had not been obtained. Costs that we incur to negotiate or arrange a lease, regardless of its outcome, such as for fixed employee compensation, tax or legal advice to negotiate lease terms, and other costs, are expensed as incurred.

#### *Operating leases*

We account for the revenue from our lease contracts by utilizing the single component accounting policy. This policy requires us to account for, by class of underlying asset, the lease component and nonlease component(s) associated with each lease as a single component if two criteria are met:

- (i) The timing and pattern of transfer of the lease component and the nonlease component(s) are the same; and
- (ii) The lease component would be classified as an operating lease if it were accounted for separately.

Lease components consist primarily of fixed rental payments, which represent scheduled rental amounts due under our leases, and contingent rental payments. Nonlease components consist primarily of tenant recoveries representing reimbursements of rental operating expenses under our triple net lease structure, including recoveries for property taxes, insurance, utilities, repairs and maintenance, and common area expenses.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

If the lease component is the predominant component, we account for all revenues under such lease as a single component in accordance with the lease accounting standard. Conversely, if the nonlease component is the predominant component, all revenues under such lease are accounted for in accordance with the revenue recognition accounting standard. Our operating leases qualify for the single component accounting, and the lease component in each of our leases is predominant. Therefore, we account for all revenues from our operating leases under the lease accounting standard and classify these revenues as income from rentals in our consolidated statements of operations.

We commence recognition of income from rentals related to the operating leases at the date the property is ready for its intended use by the tenant and the tenant takes possession or controls the physical use of the leased asset. Income from rentals related to fixed rental payments under operating leases is recognized on a straight-line basis over the respective operating lease terms. We classify amounts expected to be received in later periods as deferred rent in our consolidated balance sheets. Amounts received currently but recognized as revenue in future periods are classified in accounts payable, accrued expenses, and other liabilities in our consolidated balance sheets.

Income from rentals related to variable payments includes tenant recoveries and contingent rental payments. Tenant recoveries, including reimbursements of utilities, repairs and maintenance, common area expenses, real estate taxes and insurance, and other operating expenses, are recognized as revenue in the period during which the applicable expenses are incurred and the tenant's obligation to reimburse us arises. Income from rentals related to other variable payments is recognized when associated contingencies are removed.

We assess collectibility from our tenants of future lease payments for each of our operating leases. If we determine that collectibility is probable, we recognize income from rentals based on the methodology described above. If we determine that collectibility is not probable, we recognize an adjustment to lower our income from rentals. Furthermore, we may recognize a general allowance at a portfolio level (not the individual level) if we do not expect to collect future lease payments in full.

For each lease for which we determine that collectibility of future lease payments is not probable, we cease the recognition of income from rentals on a straight-line basis and limit the recognition of income to the payments collected from the lessee. We do not resume straight-line recognition of income from rentals for these leases until we determine that the collectibility of future payments related to these leases is probable.

We also record a general allowance related to the deferred rent balances that at the portfolio level (not the individual level) are not expected to be collected in full through the lease term. During the nine months ended September 30, 2023, we recorded adjustments aggregating \$1.0 million to increase the general allowance balance. As of September 30, 2023, our general allowance balance aggregated \$21.4 million.

### *Direct financing and sales-type leases*

Income from rentals related to direct financing and sales-type leases is recognized over the lease term using the effective interest rate method. At lease commencement, we record an asset within other assets in our consolidated balance sheets, which represents our net investment in the lease. This initial net investment is determined by aggregating the present values of the total future lease payments attributable to the lease and the estimated residual value of the property, less any unearned income related to our direct financing lease. Over the lease term, the investment in the lease accretes in value, producing a constant periodic rate of return on the net investment in the lease. Income from these leases is classified in income from rentals in our consolidated statements of operations. Our net investment is reduced over time as lease payments are received.

We evaluate our net investment in direct financing and sales-type leases for impairment under the current expected credit loss accounting standard. For more information, refer to the "Allowance for credit losses" section within this Note 2 to our unaudited consolidated financial statements.

As a lessor, we classify a lease with variable lease payments that do not depend on an index or a rate as an operating lease on the commencement date of the lease if both of the following criteria are met:

- (i) The lease would have been classified as a sales-type lease or direct financing lease under the current lease accounting standard; and
- (ii) The sales-type lease or direct financing lease classification would have resulted in a selling loss at lease commencement.

We do not derecognize the underlying asset and do not recognize a loss upon lease commencement but continue to depreciate the underlying asset over its useful life.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Lessee accounting**

We have operating lease agreements in which we are the lessee consisting of ground and office leases. At the lease commencement date (or at the acquisition date if the lease is acquired as part of a real estate acquisition), we are required to recognize a liability to account for our future obligations under these operating leases, and a corresponding right-of-use asset.

The lease liability is measured based on the present value of the future lease payments, including payments during the term under our extension options that we are reasonably certain to exercise. The present value of the future lease payments is calculated for each operating lease using each respective remaining lease term and a corresponding estimated incremental borrowing rate, which is the interest rate that we estimate we would have to pay to borrow on a collateralized basis over a similar term for an amount equal to the lease payments. Subsequently, the lease liability is accreted by applying a discount rate established at the lease commencement date to the lease liability balance as of the beginning of the period and is reduced by the payments made during the period. We classify the operating lease liability in accounts payable, accrued expenses, and other liabilities in our consolidated balance sheets.

The right-of-use asset is measured based on the corresponding lease liability, adjusted for initial direct leasing costs and any other consideration exchanged with the landlord prior to the commencement of the lease, as well as adjustments to reflect favorable or unfavorable terms of an acquired lease when compared with market terms at the time of acquisition. Subsequently, the right-of-use asset is amortized on a straight-line basis during the lease term. We classify the right-of-use asset in other assets in our consolidated balance sheets.

### **Recognition of revenue arising from contracts with customers**

We recognize revenues associated with transactions arising from contracts with customers, excluding revenues subject to the lease accounting standard discussed in the "Lease accounting" section above, in accordance with the revenue recognition accounting standard. A customer is distinguished from a noncustomer by the nature of the goods or services that are transferred. Customers are provided with goods or services that are generated by a company's ordinary output activities, whereas noncustomers are provided with nonfinancial assets that are outside of a company's ordinary output activities.

We generally recognize revenue representing the transfer of goods and services to customers in an amount that reflects the consideration to which we expect to be entitled in the exchange. In order to determine the recognition of revenue from customer contracts, we use a five-step model to (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, including variable consideration to the extent that it is probable that a significant future reversal will not occur, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) we satisfy the performance obligation.

We identify contractual performance obligations and determine whether revenue should be recognized at a point in time or over time, based on when control of goods and services transfers to a customer. We consider whether we control the goods or services prior to the transfer to the customer in order to determine whether we should account for the arrangement as a principal or agent. If we determine that we control the goods or services provided to the customer, then we are the principal to the transaction, and we recognize the gross amount of consideration expected in the exchange. If we simply arrange but do not control the goods or services being transferred to the customer, then we are considered to be an agent to the transaction, and we recognize the net amount of consideration we are entitled to retain in the exchange.

Total revenues subject to the revenue recognition accounting standard and classified within income from rentals in our consolidated statements of operations for the three and nine months ended September 30, 2023 included \$10.3 million and \$28.8 million, respectively, primarily related to short-term parking revenues associated with long-term lease agreements. Short-term parking revenues do not qualify for the single component accounting policy, as discussed in the "Lessor accounting" subsection of the "Lease accounting" section within this Note 2, due to the difference in the timing and pattern of transfer of our parking service obligations and associated lease components within the same lease agreement. We recognize short-term parking revenues in accordance with the revenue recognition accounting standard when the service is provided and the performance obligation is satisfied, which normally occurs at a point in time.

### **Monitoring of tenant credit quality**

During the term of each lease, we monitor the credit quality and any related material changes of our tenants by (i) monitoring the credit rating of tenants that are rated by a nationally recognized credit rating agency, (ii) reviewing financial statements of the tenants that are publicly available or that are required to be delivered to us pursuant to the applicable lease, (iii) monitoring news reports regarding our tenants and their respective businesses, and (iv) monitoring the timeliness of lease payments.



## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Allowance for credit losses**

We are required to estimate and recognize lifetime expected losses, rather than incurred losses, for most of our financial assets measured at amortized cost and certain other instruments, including trade and other receivables (excluding receivables arising from operating leases), loans, held-to-maturity debt securities, net investments in leases arising from sales-type and direct financing leases, and off-balance-sheet credit exposures (e.g., loan commitments). The recognition of such expected losses, even if the expected risk of credit loss is remote, typically results in earlier recognition of credit losses. An assessment of the collectibility of operating lease payments and the recognition of an adjustment to lease income based on this assessment is governed by the lease accounting standard discussed in the “Lease accounting” section earlier within this Note 2 to our unaudited consolidated financial statements.

At each reporting date, we reassess our credit loss allowances on the aggregate net investment of our direct financing and sales-type leases and our trade receivables. If necessary, we recognize a credit loss adjustment for our current estimate of expected credit losses, which is classified within rental operations in our consolidated statements of operations. For further details, refer to Note 5 – “Leases” to our unaudited consolidated financial statements.

### **Income taxes**

We are organized and operate as a REIT pursuant to the Internal Revenue Code (the “Code”). Under the Code, a REIT that distributes at least 90% of its REIT taxable income to its stockholders annually (excluding net capital gains) and meets certain other conditions is not subject to federal income tax on its distributed taxable income, but could be subject to certain federal, foreign, state, and local taxes. We distribute 100% of our taxable income annually; therefore, a provision for federal income taxes is not required. In addition to our REIT returns, we file federal, foreign, state, and local tax returns for our subsidiaries. We file with jurisdictions located in the U.S., Canada, China, and other international locations. Our tax returns are subject to routine examination in various jurisdictions for the 2017 through 2022 calendar years.

### **Employee and non-employee share-based payments**

We have implemented an entity-wide accounting policy to account for forfeitures of share-based awards granted to employees and non-employees when they occur. As a result of this policy, we recognize expense on share-based awards with time-based vesting conditions without reductions for an estimate of forfeitures. This accounting policy only applies to service condition awards. For performance condition awards, we continue to assess the probability that such conditions will be achieved. Expenses related to forfeited awards are reversed as forfeitures occur. All nonforfeitable dividends paid on share-based payment awards are initially classified in retained earnings and reclassified to compensation cost only if forfeitures of the underlying awards occur. Our employee and non-employee share-based awards are measured at fair value on the grant date and recognized over the recipient’s required service period.

### **Forward equity sales agreements**

We account for our forward equity sales agreements in accordance with the accounting guidance governing financial instruments and derivatives. As of September 30, 2023, none of our forward equity sales agreements were deemed to be liabilities as they did not embody obligations to repurchase our shares, nor did they embody obligations to issue a variable number of shares for which the monetary value was predominantly fixed, varied with something other than the fair value of our shares, or varied inversely in relation to our shares. We also evaluated whether the agreements met the derivatives and hedging guidance scope exception to be accounted for as equity instruments and concluded that the agreements can be classified as equity contracts based on the following assessment: (i) none of the agreements’ exercise contingencies were based on observable markets or indices besides those related to the market for our own stock price and operations; and (ii) none of the settlement provisions precluded the agreements from being indexed to our own stock.

### **Issuer and guarantor subsidiaries of guaranteed securities**

Generally, a parent entity of an issuer that holds guaranteed securities must provide separate subsidiary issuer or guarantor financial statements, unless it qualifies for disclosure exceptions. A parent entity may be eligible for disclosure exceptions if it meets the following criteria:

- (i) The subsidiary issuer or guarantor is a consolidated subsidiary of the parent company, and
- (ii) The subsidiary issues a registered security that is:
  - Issued jointly and severally with the parent company, or
  - Fully and unconditionally guaranteed by the parent company.

A parent entity that meets the above criteria may instead present summarized financial information (“alternative disclosures”) either within the consolidated financial statements or within the “Management’s discussion and analysis of financial condition and results of operations” section in Item 2. We evaluated the criteria and determined that we are eligible for the disclosure exceptions, which allow us to provide alternative disclosures; as such, we present alternative disclosures within the “Management’s discussion and analysis of financial condition and results of operations” section in Item 2.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Distributions from equity method investments**

We use the “nature of the distribution” approach to determine the classification within our consolidated statements of cash flows of cash distributions received from equity method investments, including our unconsolidated real estate joint ventures and equity method non-real estate investments. Under this approach, distributions are classified based on the nature of the underlying activity that generated the cash distributions. If we lack the information necessary to apply this approach in the future, we will be required to apply the “cumulative earnings” approach as an accounting change on a retrospective basis. Under the cumulative earnings approach, distributions up to the amount of cumulative equity in earnings recognized are classified as cash inflows from operating activities, and those in excess of that amount are classified as cash inflows from investing activities.

### **Restricted cash**

We present cash and cash equivalents separately from restricted cash within our consolidated balance sheets. However, we include restricted cash with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown in the consolidated statements of cash flows. We provide a reconciliation between the consolidated balance sheets and the consolidated statements of cash flows, as required, when the balance includes more than one line item for cash, cash equivalents, and restricted cash. We also provide a disclosure of the nature of the restrictions related to material restricted cash balances.

### **Recent accounting pronouncements**

On June 30, 2022, the FASB issued an ASU to clarify the guidance on fair value measurement of an equity security that is subject to a contractual sale restriction. Currently, some entities apply a discount to the price of their equity security investments subject to a contractual sale restriction, whereas others do not. This update eliminates the diversity in practice by clarifying that a recognition of a discount related to a contractual sale restriction is not permitted. We hold certain equity investments in publicly held entities that are subject to contractual sale restrictions. We do not recognize such discounts; therefore, the adoption of this accounting standard will have no impact on our consolidated financial statements. This update does not change the application of existing measurement guidance on share-based compensation. Pursuant to the disclosure requirements of this new standard, the footnotes to our consolidated financial statements will include incremental disclosures related to equity securities that are subject to contractual sale restrictions, including (i) the fair value of such equity securities reflected in the balance sheet, (ii) the nature and remaining duration of the corresponding restrictions, and (iii) any circumstances that could cause a lapse in the restrictions. The accounting standard will become effective for us on January 1, 2024, with early adoption permitted.

On August 23, 2023, the FASB issued an ASU that will require a joint venture, upon formation, to measure its assets and liabilities at fair value in its separate financial statements. A joint venture will recognize the difference between the fair value of its equity and the fair value of its identifiable assets and liabilities as goodwill (or an equity adjustment, if negative) using the business combination accounting guidance regardless of whether the net assets meet the definition of a business. The new accounting standard is intended to reduce diversity in practice.

This ASU will apply to joint ventures that meet the definition of a corporate joint venture under GAAP, thus limiting its scope to joint ventures not controlled and therefore not consolidated by any joint venture investor. We generally seek to maintain control of our joint venture investments and therefore expect this ASU to apply to a limited number, if any, of our unconsolidated real estate joint ventures formed after the adoption of this accounting standard. This standard does not change the accounting of investments by the investors in a joint venture in their individual financial statements, and therefore, its adoption will have no impact on our consolidated financial statements. This accounting standard will become effective for joint ventures with a formation date on or after January 1, 2025, with early adoption permitted. We expect to adopt this ASU on January 1, 2025.



### 3. INVESTMENTS IN REAL ESTATE

Our consolidated investments in real estate, including real estate assets classified as held for sale as described in Note 15 – “Assets classified as held for sale” to our unaudited consolidated financial statements, consisted of the following as of September 30, 2023 and December 31, 2022 (in thousands):

	September 30, 2023	December 31, 2022
Rental properties:		
Land (related to rental properties)	\$ 4,424,245	\$ 4,284,731
Buildings and building improvements	19,486,528	18,605,627
Other improvements	3,137,310	2,677,763
Rental properties	27,048,083	25,568,121
Development and redevelopment projects	9,516,928	8,715,335
<b>Gross investments in real estate – North America</b>	<b>36,565,011</b>	<b>34,283,456</b>
Less: accumulated depreciation – North America	(4,852,280)	(4,349,780)
Net investments in real estate – North America	31,712,731	29,933,676
Net investments in real estate – Asia	—	11,764
Investments in real estate	<u>\$ 31,712,731</u>	<u>\$ 29,945,440</u>

### Acquisitions

Our real estate asset acquisitions during the nine months ended September 30, 2023 consisted of the following (dollars in thousands):

Market	Number of Properties	Square Footage			Purchase Price <sup>(1)</sup>
		Future Development	Active Development/ Redevelopment	Operating With Future Development/ Redevelopment	
Canada	1	—	—	247,743	\$ 100,837
Other	2	715,000	110,717	10,000	71,103
Three months ended March 31, 2023	3	715,000	110,717	257,743	171,940
Other	—	374,349	—	—	54,000
Three months ended June 30, 2023	—	374,349	—	—	54,000
Other	2	—	—	175,676	25,036
Three months ended September 30, 2023	2	—	—	175,676	25,036
Nine months ended September 30, 2023	5	1,089,349	110,717	433,419	\$ 250,976 <sup>(1)</sup>

(1) Represents the aggregate contractual purchase price of our acquisitions, which differs from purchases of real estate in our unaudited consolidated statements of cash flows due to the timing of payment, closing costs, and other acquisition adjustments such as prorations of rents and expenses.

Based upon our evaluation of each acquisition, we determined that substantially all of the fair value related to each acquisition was concentrated in a single identifiable asset or a group of similar identifiable assets or was associated with a land parcel with no operations. Accordingly, each transaction did not meet the definition of a business and therefore was accounted for as an asset acquisition. In each of these transactions, we allocated the total consideration for each acquisition to the individual assets and liabilities acquired on a relative fair value basis.

During the nine months ended September 30, 2023, we acquired five properties for an aggregate purchase price of \$251.0 million. In connection with our acquisitions, we recorded in-place lease assets aggregating \$15.3 million and below-market lease liabilities in which we are the lessor aggregating \$5.8 million. As of September 30, 2023, the weighted-average amortization period remaining on our in-place leases and below-market leases acquired during the nine months ended September 30, 2023 was 3.5 years and 2.3 years, respectively, and 3.2 years in total.

### 3. INVESTMENTS IN REAL ESTATE (continued)

#### Sales of real estate assets and impairment charges

Our completed dispositions of and sales of partial interests in real estate assets during the nine months ended September 30, 2023 consisted of the following (dollars in thousands):

Property	Submarket/Market	Date of Sale	Interest Sold	RSF	Sales Price	Gain on Sales of Real Estate	Consideration Above/(Below) Book Value <sup>(1)</sup>
<i>Partial interest sales<sup>(2)</sup>:</i>							
9625 Towne Centre Drive	University Town Center/ San Diego	6/21/23	20.1%	163,648	\$ 32,261	N/A	\$ 15,553
15 Necco Street	Seaport Innovation District/ Greater Boston	4/11/23	18%	345,995	66,108	N/A	(7,761)
					98,369		<u>\$ 7,792</u>
<i>Dispositions of real estate:</i>							
225, 231, 266, and 275 Second Avenue and 780 and 790 Memorial Drive	Route 128 and Cambridge/ Inner Suburbs/Greater Boston	6/13/23	100%	428,663	365,226	\$ 187,225	
11119 North Torrey Pines Road	Torrey Pines/San Diego	5/4/23	100%	72,506	86,000	27,585	
					451,226	<u>\$ 214,810</u>	
421 Park Drive <sup>(3)</sup>	Fenway/Greater Boston	9/19/23	<sup>(3)</sup>	<sup>(3)</sup>	174,412	\$ —	
275 Grove Street	Route 128/Greater Boston	6/27/23	100 %	509,702	109,349	<sup>(4)</sup>	
Other					42,092	\$ —	
					<u>\$ 875,448</u>	<sup>(5)</sup>	

- (1) Related to sales of partial interests in real estate assets over which we retained control and therefore continue to consolidate. We recognized the difference between the consideration received and the book value of partial interests sold in additional paid-in capital, with no gain or loss recognized in earnings.
- (2) Refer to the "Sales of partial interests" section in Note 4 – "Consolidated and unconsolidated real estate joint ventures" to our unaudited consolidated financial statements for additional information.
- (3) Represents the disposition of 268,023 RSF in a 660,034 RSF near-term development at 421 Park Drive. The proceeds from this transaction will help fund the construction of our remaining 392,011 RSF of the project. The buyer will fund the remaining costs to construct its 268,023 RSF, and these costs are not included in our projected construction spending. We will develop and operate the completed project and will earn development fees over the next three years.
- (4) Refer to the "Impairment charges" section below for information related to impairment charges recognized in connection with this transaction.
- (5) Represents the aggregate contractual sales price of our sales, which differs from proceeds from sales of real estate and contributions from and sales of noncontrolling interests in our consolidated statements of cash flows under "Investing activities" and "Financing activities," respectively, primarily due to the timing of payment, closing costs, and other sales adjustments such as prorations of rents and expenses.

#### Impairment charges

During the nine months ended September 30, 2023, we recognized impairment charges aggregating \$189.2 million primarily consisting of the following:

In January 2020, we acquired a three-building office campus aggregating 509,702 RSF at 275 Grove Street in our Route 128 submarket. At the time of our acquisition, the campus was fully occupied with a weighted-average remaining lease term of 6.1 years. We had intended to convert the campus into laboratory space through redevelopment upon the expiration of the acquired in-place leases. Since our acquisition, the macroeconomic environment and demand for office space have deteriorated considerably. In April 2023, upon meeting the criteria for classification as held for sale, we recognized a real estate impairment charge aggregating \$138.9 million to reduce our investment in this campus to its estimated fair value less costs to sell. In June 2023, we recognized an additional impairment adjustment of \$6.5 million to reduce the carrying amount of this asset to its updated fair value less costs to sell. These impairment charges aggregating \$145.4 million were classified in impairment of real estate in our consolidated statement of operations. We completed the sale in June 2023 with no gain or loss recognized in earnings.

During the three months ended June 30, 2023, we recognized a real estate impairment charge aggregating \$17.1 million to fully write down the carrying amount of our one remaining property in Asia.

During the three months ended September 30, 2023, we recognized real estate impairment charges aggregating \$20.6 million to further reduce the carrying amounts of primarily three non-laboratory properties classified as held for sale aggregating 230,704 RSF, located in our Greater Boston and Texas markets, to their respective estimated fair values less costs to sell. These assets represent non-core properties that are not integral to our mega campus strategy. Refer to Note 15 – "Assets classified as held for sale" to our unaudited consolidated financial statements for additional information.

#### 4. CONSOLIDATED AND UNCONSOLIDATED REAL ESTATE JOINT VENTURES

From time to time, we enter into joint venture agreements through which we own a partial interest in real estate entities that own, develop, and operate real estate properties. As of September 30, 2023, our real estate joint ventures held the following properties:

Property	Market	Submarket	Our Ownership Interest <sup>(1)</sup>
<i>Consolidated real estate joint ventures<sup>(2)</sup>:</i>			
50 and 60 Binney Street	Greater Boston	Cambridge/Inner Suburbs	34.0%
75/125 Binney Street	Greater Boston	Cambridge/Inner Suburbs	40.0%
100 and 225 Binney Street and 300 Third Street	Greater Boston	Cambridge/Inner Suburbs	30.0%
99 Coolidge Avenue	Greater Boston	Cambridge/Inner Suburbs	75.0%
15 Necco Street	Greater Boston	Seaport Innovation District	60.3% <sup>(3)</sup>
Other joint venture	Greater Boston	–	61.0%
Alexandria Center <sup>®</sup> for Science and Technology – Mission Bay <sup>(4)</sup>	San Francisco Bay Area	Mission Bay	25.0%
1450 Owens Street	San Francisco Bay Area	Mission Bay	42.8% <sup>(5)</sup>
601, 611, 651, 681, 685, and 701 Gateway Boulevard	San Francisco Bay Area	South San Francisco	50.0%
751 Gateway Boulevard	San Francisco Bay Area	South San Francisco	51.0%
211 and 213 East Grand Avenue	San Francisco Bay Area	South San Francisco	30.0%
500 Forbes Boulevard	San Francisco Bay Area	South San Francisco	10.0%
Alexandria Center <sup>®</sup> for Life Science – Millbrae	San Francisco Bay Area	South San Francisco	46.7%
3215 Merryfield Row	San Diego	Torrey Pines	30.0%
Campus Point by Alexandria <sup>(6)</sup>	San Diego	University Town Center	55.0%
5200 Illumina Way	San Diego	University Town Center	51.0%
9625 Towne Centre Drive	San Diego	University Town Center	30.0%
SD Tech by Alexandria <sup>(7)</sup>	San Diego	Sorrento Mesa	50.0%
Pacific Technology Park	San Diego	Sorrento Mesa	50.0%
Summers Ridge Science Park <sup>(8)</sup>	San Diego	Sorrento Mesa	30.0%
1201 and 1208 Eastlake Avenue East and 199 East Blaine Street	Seattle	Lake Union	30.0%
400 Dexter Avenue North	Seattle	Lake Union	30.0%
800 Mercer Street	Seattle	Lake Union	60.0%
<i>Unconsolidated real estate joint ventures<sup>(2)</sup>:</i>			
1655 and 1725 Third Street	San Francisco Bay Area	Mission Bay	10.0%
1401/1413 Research Boulevard	Maryland	Rockville	65.0% <sup>(9)</sup>
1450 Research Boulevard	Maryland	Rockville	73.2% <sup>(9)</sup>
101 West Dickman Street	Maryland	Beltsville	57.9% <sup>(9)</sup>

(1) Refer to the table on the next page that shows the categorization of our joint ventures under the consolidation framework.

(2) In addition to the real estate joint ventures listed, various partners hold insignificant noncontrolling interests in three other consolidated real estate joint ventures in North America and we hold an interest in one other insignificant unconsolidated real estate joint venture in North America.

(3) Our ownership interest is expected to decline to 57% as one of our joint venture partners contributes the remaining costs to complete the project over time.

(4) Includes 409 and 499 Illinois Street, 1500 and 1700 Owens Street, and 455 Mission Bay Boulevard South.

(5) The noncontrolling interest share of our joint venture partner is anticipated to increase to 75% as our partner contributes the remaining cost to complete the project over time.

(6) Includes 10210, 10260, 10290, and 10300 Campus Point Drive and 4110, 4135, 4155, 4161, 4224, and 4242 Campus Point Court.

(7) Includes 9605, 9645, 9675, 9685, 9725, 9735, 9805, 9808, 9855, and 9868 Scranton Road and 10055, 10065, and 10075 Barnes Canyon Road.

(8) Includes 9965, 9975, 9985, and 9995 Summers Ridge Road.

(9) Represents a joint venture with a local real estate operator in which our joint venture partner manages the day-to-day activities that significantly affect the economic performance of the joint venture.

Our consolidation policy is described under the “Consolidation” section in Note 2 – “Summary of significant accounting policies” to our unaudited consolidated financial statements. Consolidation accounting is highly technical, but its framework is primarily based on the controlling financial interests and benefits of the joint ventures. We generally consolidate a joint venture that is a legal entity that we control (i.e., we have the power to direct the activities of the joint venture that most significantly affect its economic performance) through contractual rights, regardless of our ownership interest, and where we determine that we have benefits through the allocation of earnings or losses and fees paid to us that could be significant to the joint venture (the “VIE model”).

#### 4. CONSOLIDATED AND UNCONSOLIDATED REAL ESTATE JOINT VENTURES (continued)

We also generally consolidate joint ventures when we have a controlling financial interest through voting rights and where our voting interest is greater than 50% (the “voting model”). Voting interest differs from ownership interest for some joint ventures. We account for joint ventures that do not meet the consolidation criteria under the equity method by recognizing our share of income and losses.

The table below shows the categorization of our real estate joint ventures under the consolidation framework:

Property <sup>(1)</sup>	Consolidation Model	Voting Interest	Consolidation Analysis	Conclusion
50 and 60 Binney Street 75/125 Binney Street 100 and 225 Binney Street and 300 Third Street 99 Coolidge Avenue 15 Necco Street Other joint venture (Greater Boston) Alexandria Center® for Science and Technology – Mission Bay 1450 Owens Street 601, 611, 651, 681, 685, and 701 Gateway Boulevard 751 Gateway Boulevard 211 and 213 East Grand Avenue 500 Forbes Boulevard Alexandria Center® for Life Science – Millbrae 3215 Merryfield Row Campus Point by Alexandria 5200 Illumina Way 9625 Towne Centre Drive SD Tech by Alexandria Pacific Technology Park Summers Ridge Science Park 1201 and 1208 Eastlake Avenue East and 199 East Blaine Street 400 Dexter Avenue North 800 Mercer Street 1401/1413 Research Boulevard 1450 Research Boulevard 101 West Dickman Street 1655 and 1725 Third Street	VIE model	Not applicable under VIE model	<p>We have:</p> <p>(i) The power to direct the activities of the joint venture that most significantly affect its economic performance; and</p> <p>(ii) Benefits that can be significant to the joint venture.</p> <p>Therefore, we are the primary beneficiary of each VIE</p>	Consolidated
			We do not control the joint venture and are therefore not the primary beneficiary.	Equity method of accounting
	Voting model	Does not exceed 50%	Our voting interest is 50% or less.	

(1) In addition to the real estate joint ventures listed, various partners hold insignificant noncontrolling interests in three other consolidated real estate joint ventures in North America and we hold an interest in one other insignificant unconsolidated real estate joint venture in North America.

#### Sales of partial interests

We evaluated each of our real estate joint ventures described below under the consolidation framework outlined above and further detailed in the “Consolidation” section of Note 2 – “Summary of significant accounting policies” to our unaudited consolidated financial statements. Upon completion of each partial interest sale, we continued to consolidate each property. Accordingly, we accounted for these sales of partial interests as equity transactions, with the differences between consideration received and the book value of partial interests sold recognized in additional paid-in capital, and no gain or loss recognized in earnings.

Refer to the “Consolidation” section in Note 2 – “Summary of significant accounting policies” to our unaudited consolidated financial statements for additional information. For a summary of our completed dispositions of and sales of partial interests in real estate assets during the nine months ended September 30, 2023, refer to the “Sales of real estate assets and impairment charges” section in Note 3 – “Investments in real estate” to our unaudited consolidated financial statements.

#### 4. CONSOLIDATED AND UNCONSOLIDATED REAL ESTATE JOINT VENTURES (continued)

##### 15 Necco Street

As of March 31, 2023, our investment in 15 Necco Street, an active development project aggregating 345,995 RSF located in our Seaport Innovation District submarket, was held in a consolidated real estate joint venture in which 90% was owned by us and 10% owned by our existing joint venture partner.

In April 2023, an investor acquired a 20% interest in our 15 Necco Street property, which consisted of an 18% interest sold by us and a 2% interest sold by our existing partner. The sales price of the 18% interest sold by us was \$66.1 million, and the \$7.8 million difference between the consideration received and the book value of our partial interest sold was recognized as an adjustment to additional paid-in capital. Upon completion of the sale, our ownership interest in the consolidated real estate joint venture was 72% and our existing and new partners' noncontrolling interests were 8% and 20%, respectively. We expect our new joint venture partner to contribute capital to fund construction of the project over time and to accrete its ownership interest in the joint venture to 37% from 20%.

##### 9625 Towne Centre Drive

As of March 31, 2023, our investment in 9625 Towne Centre Drive, aggregating 163,648 RSF located in our University Town Center submarket, was held in a consolidated real estate joint venture in which 50.1% was owned by us and 49.9% was owned by a joint venture partner.

In June 2023, an investor acquired a 70% interest in our 9625 Towne Centre Drive property, which consisted of a 20.1% partial interest sold by us and a 49.9% interest sold by our previous joint venture partner, which it had entirely and solely held. The consideration paid was based on an agreed-upon value of \$160.5 million for the entire property. Our portion of the sales price for the 20.1% partial interest sold by us was \$32.3 million, and the \$15.6 million of consideration received in excess of the book value of our partial interest sold was recognized as an adjustment to additional paid-in capital. Upon completion of the sale, our ownership in the joint venture is 30%.

##### Other joint venture

During the three months ended March 31, 2023, we acquired two properties and entitlements aggregating 515,000 RSF with development opportunities in our Greater Boston market for a purchase price aggregating \$58.9 million. Upon completion of these acquisitions, we formed a real estate joint venture with a local real estate operator that acquired a 39.0% interest in this joint venture in exchange for the contribution of additional entitlements and other pre-construction assets for a total contribution of \$37.6 million, including a non-cash contribution aggregating \$33.3 million. The entitlements contributed by our partner increased the joint venture's aggregate development opportunities to 715,000 RSF. Our partner has the option to require us to redeem \$35.3 million of its ownership interest at its contributed value beginning in January 2024. As a result, this portion of our partner's ownership interest is classified in redeemable noncontrolling interests in our unaudited consolidated balance sheet as of September 30, 2023. Refer to Note 14 – "Noncontrolling interests" to our unaudited consolidated financial statements for additional information.

##### Consolidated VIEs' balance sheet information

We, together with joint venture partners, hold interests in real estate joint ventures that we consolidate in our financial statements. These existing joint ventures provide significant equity capital to fund a portion of our future construction spend, and our joint venture partners may also contribute equity into these entities for financing-related activities.

The table below aggregates the balance sheet information of our consolidated VIEs as of September 30, 2023 and December 31, 2022 (in thousands):

	September 30, 2023	December 31, 2022
Investments in real estate	\$ 7,823,076	\$ 6,771,842
Cash and cash equivalents	288,969	246,931
Other assets	718,337	684,487
Total assets	<u>\$ 8,830,382</u>	<u>\$ 7,703,260</u>
Secured notes payable	\$ 108,491	\$ 58,396
Other liabilities	604,921	430,615
Total liabilities	713,412	489,011
Redeemable noncontrolling interests	42,046	—
Alexandria Real Estate Equities, Inc.'s share of equity	4,041,611	3,513,001
Noncontrolling interests' share of equity	<u>4,033,313</u>	<u>3,701,248</u>
Total liabilities and equity	<u>\$ 8,830,382</u>	<u>\$ 7,703,260</u>

#### 4. CONSOLIDATED AND UNCONSOLIDATED REAL ESTATE JOINT VENTURES (continued)

In determining whether to aggregate the balance sheet information of consolidated VIEs, we considered the similarity of each VIE, including the primary purpose of these entities to own, manage, operate, and lease real estate properties owned by the VIEs, and the similar nature of our involvement in each VIE as a managing member. Due to the similarity of the characteristics, we present the balance sheet information of these entities on an aggregated basis. None of our consolidated VIEs' assets have restrictions that limit their use to settle specific obligations of the VIE. There are no creditors or other partners of our consolidated VIEs that have recourse to our general credit, and our maximum exposure to our consolidated VIEs is limited to our variable interests in each VIE, except for our 99 Coolidge Avenue real estate joint venture in which the VIE's secured construction loan is guaranteed by us. For additional information, refer to Note 10 – "Secured and unsecured senior debt" to our unaudited consolidated financial statements.

##### Unconsolidated real estate joint ventures

Our maximum exposure to our unconsolidated VIEs is limited to our investment in each VIE, except for our 1450 Research Boulevard and 101 West Dickman Street unconsolidated real estate joint ventures in which we guarantee up to \$6.7 million of outstanding balance related to each VIE's secured loan. Our investments in unconsolidated real estate joint ventures, accounted for under the equity method and presented in our consolidated balance sheets consisted of the following as of September 30, 2023 and December 31, 2022 (in thousands):

Property	September 30, 2023	December 31, 2022
1655 and 1725 Third Street	\$ 11,929	\$ 12,996
1450 Research Boulevard	5,935	5,625
101 West Dickman Street	9,006	8,678
Other	10,825	11,136
	<u>\$ 37,695</u>	<u>\$ 38,435</u>

The following table presents key terms related to our unconsolidated real estate joint ventures' secured loans as of September 30, 2023 (dollars in thousands):

Unconsolidated Joint Venture	Maturity Date	Stated Rate	Interest Rate <sup>(1)</sup>	At 100%		Our Share
				Aggregate Commitment	Debt Balance <sup>(2)</sup>	
1401/1413 Research Boulevard	12/23/24	2.70%	3.31%	\$ 28,500	\$ 28,288	65.0%
1655 and 1725 Third Street	3/10/25	4.50%	4.57%	600,000	599,399	10.0%
101 West Dickman Street	11/10/26	SOFR+1.95% <sup>(3)</sup>	7.37%	26,750	13,949	57.9%
1450 Research Boulevard	12/10/26	SOFR+1.95% <sup>(3)</sup>	7.43%	13,000	7,765	73.2%
				<u>\$ 668,250</u>	<u>\$ 649,401</u>	

(1) Includes interest expense and amortization of loan fees.

(2) Represents outstanding principal, net of unamortized deferred financing costs, as of September 30, 2023.

(3) This loan is subject to a fixed SOFR floor rate of 0.75%.



## 5. LEASES

Refer to the “Lease accounting” section in Note 2 – “Summary of significant accounting policies” to our unaudited consolidated financial statements for information about lease accounting standards that set principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a lease agreement (i.e., lessees and lessors).

### Leases in which we are the lessor

As of September 30, 2023, we had 419 properties aggregating 41.5 million operating RSF located in key clusters, including Greater Boston, the San Francisco Bay Area, New York City, San Diego, Seattle, Maryland, and Research Triangle. We focus on developing Class A/A+ properties in AAA innovation cluster locations, which we consider to be highly desirable for tenancy by life science, agtech, and technology entities. Such locations are generally characterized by high barriers to entry for new landlords, high barriers to exit for tenants, and a limited supply of available space. As of September 30, 2023, all leases in which we are the lessor were classified as operating leases, with the exception of one direct financing lease. Our leases are described below.

#### Operating leases

As of September 30, 2023, our 419 properties were subject to operating lease agreements. Two of these properties, representing two land parcels, are subject to lease agreements that each contain an option for the lessee to purchase the underlying asset from us at fair market value during each of the 30-day periods commencing on the dates that are 15 years, 30 years, and 74.5 years after the rent commencement date of October 1, 2017. The remaining lease term related to each of the two land parcels is 69.2 years. Our leases generally contain options to extend lease terms at prevailing market rates at the time of expiration. Certain operating leases contain early termination options that require advance notification and payment of a penalty, which in most cases is substantial enough to be deemed economically disadvantageous by a tenant to exercise. Future lease payments to be received under the terms of our operating lease agreements, excluding expense reimbursements, in effect as of September 30, 2023 are outlined in the table below (in thousands):

Year	Amount
2023	\$ 449,129
2024	1,890,662
2025	1,889,185
2026	1,826,408
2027	1,732,266
Thereafter	11,630,149
<b>Total</b>	<b>\$ 19,417,799</b>

Refer to Note 3 – “Investments in real estate” to our unaudited consolidated financial statements for additional information about our owned real estate assets, which are the underlying assets under our operating leases.

#### Direct financing lease

As of September 30, 2023, we had one direct financing lease agreement, with a net investment balance of \$39.9 million, for a parking structure with a remaining lease term of 69.2 years. The lessee has an option to purchase the underlying asset at fair market value during each of the 30-day periods commencing on the dates that are 15 years, 30 years, and 74.5 years after the rent commencement date of October 1, 2017.

The components of our aggregate net investment in our direct financing lease as of September 30, 2023 and December 31, 2022 are summarized in the table below (in thousands):

	September 30, 2023	December 31, 2022
Gross investment in direct financing lease	\$ 253,791	\$ 255,186
Less: unearned income on direct financing lease	(211,044)	(212,995)
Less: allowance for credit losses	(2,839)	(2,839)
<b>Net investment in direct financing lease</b>	<b>\$ 39,908</b>	<b>\$ 39,352</b>

As of September 30, 2023, our estimated credit loss related to our direct financing lease was \$2.8 million. No adjustment to the estimated credit loss balance was required during the nine months ended September 30, 2023. For further details, refer to the “Allowance for credit losses” section in Note 2 – “Summary of significant accounting policies” to our unaudited consolidated financial statements.

## 5. LEASES (continued)

Future lease payments to be received under the terms of our direct financing lease as of September 30, 2023 are outlined in the table below (in thousands):

Year	Total
2023	\$ 468
2024	1,919
2025	1,976
2026	2,036
2027	2,097
Thereafter	245,295
<b>Total</b>	<b>\$ 253,791</b>

### Income from rentals

Our income from rentals includes revenue related to agreements for the rental of our real estate, which primarily includes revenues subject to the lease accounting standard and the revenue recognition accounting standard as shown below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Income from rentals:				
Revenues subject to the lease accounting standard:				
Operating leases	\$ 696,601	\$ 646,662	\$ 2,069,042	\$ 1,879,534
Direct financing and sales-type leases <sup>(1)</sup>	653	642	1,951	2,449
Revenues subject to the lease accounting standard	697,254	647,304	2,070,993	1,881,983
Revenues subject to the revenue recognition accounting standard	10,277	9,549	28,826	28,383
<b>Income from rentals</b>	<b>\$ 707,531</b>	<b>\$ 656,853</b>	<b>\$ 2,099,819</b>	<b>\$ 1,910,366</b>

(1) We completed the sale of our real estate assets subject to sales-type leases in May 2022 and have had no sales-type leases since then.

Our revenues that are subject to the revenue recognition accounting standard and are classified in income from rentals consist primarily of short-term parking revenues that are not considered lease revenues under the lease accounting standard. Refer to the "Revenues" and "Recognition of revenue arising from contracts with customers" sections in Note 2 – "Summary of significant accounting policies" to our unaudited consolidated financial statements for additional information.

### Residual value risk management strategy

Our leases do not have guarantees of residual value on the underlying assets. We manage risk associated with the residual value of our leased assets by (i) evaluating each potential acquisition of real estate to determine whether it meets our business objective to invest primarily in high-demand markets with limited supply of available space, (ii) directly managing our leased properties, conducting frequent property inspections, proactively addressing potential maintenance issues before they arise, and timely resolving any occurring issues, and (iii) carefully selecting our tenants and monitoring their credit quality throughout their respective lease terms.

### Leases in which we are the lessee

#### Operating lease agreements

We have operating lease agreements in which we are the lessee consisting of ground and office leases. Certain of these leases have options to extend or terminate the contract terms upon meeting certain criteria. There are no notable restrictions or covenants imposed by the leases, nor guarantees of residual value.

We recognize a right-of-use asset, which is classified within other assets in our consolidated balance sheets, and a related liability, which is classified within accounts payable, accrued expenses, and other liabilities in our consolidated balance sheets, to account for our future obligations under ground and office lease arrangements in which we are the lessee. Refer to the "Lessee accounting" subsection of the "Lease accounting" section in Note 2 – "Summary of significant accounting policies" to our unaudited consolidated financial statements.



## 5. LEASES (continued)

As of September 30, 2023, the present value of the remaining contractual payments aggregating \$855.9 million under our operating lease agreements, including our extension options that we are reasonably certain to exercise, was \$385.0 million. Our corresponding operating lease right-of-use assets, adjusted for initial direct leasing costs and other consideration exchanged with the landlord prior to the commencement of the lease, aggregated \$531.3 million. As of September 30, 2023, the weighted-average remaining lease term of operating leases in which we are the lessee was approximately 41 years, and the weighted-average discount rate was 4.6%. The weighted-average discount rate is based on the incremental borrowing rate estimated for each lease, which is the interest rate that we estimate we would have to pay to borrow on a collateralized basis over a similar term for an amount equal to the lease payments.

Ground lease obligations as of September 30, 2023, included leases for 38 of our properties, which accounted for approximately 9% of our total number of properties. Excluding one ground lease that expires in 2036 related to one operating property with a net book value of \$6.0 million as of September 30, 2023, our ground lease obligations have remaining lease terms ranging from approximately 30 to 98 years, including extension options that we are reasonably certain to exercise.

The reconciliation of future lease payments under noncancelable operating leases in which we are the lessee to the operating lease liability reflected in our unaudited consolidated balance sheet as of September 30, 2023 is presented in the table below (in thousands):

Year	Total
2023	\$ 5,374
2024	21,651
2025	21,682
2026	21,843
2027	20,892
Thereafter	764,444
Total future payments under our operating leases in which we are the lessee	855,886
Effect of discounting	(470,928)
Operating lease liability	<u>\$ 384,958</u>

### *Lessee operating costs*

Operating lease costs relate to our ground and office leases in which we are the lessee. Ground leases generally require fixed annual rent payments and may also include escalation clauses and renewal options. Our operating lease obligations related to our office leases have remaining terms of up to 13 years, exclusive of extension options. For the three and nine months ended September 30, 2023 and 2022, our costs for operating leases in which we are the lessee were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Gross operating lease costs	\$ 9,005	\$ 9,349	\$ 30,277	\$ 26,843
Capitalized lease costs	(688)	(847)	(4,906)	(2,699)
Expenses for operating leases in which we are the lessee	<u>\$ 8,317</u>	<u>\$ 8,502</u>	<u>\$ 25,371</u>	<u>\$ 24,144</u>

For the nine months ended September 30, 2023 and 2022, amounts paid and classified as operating activities in our unaudited consolidated statements of cash flows for leases in which we are the lessee were \$24.6 million and \$46.8 million, respectively. The decrease primarily relates to a \$26.3 million payment made during the three months ended March 31, 2022 in connection with the execution of ground lease extensions at two properties in our Greater Stanford submarket.

## 6. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

Cash, cash equivalents, and restricted cash consisted of the following as of September 30, 2023 and December 31, 2022 (in thousands):

	September 30, 2023	December 31, 2022
Cash and cash equivalents	\$ 532,390	\$ 825,193
Restricted cash:		
Funds held in escrow for real estate acquisitions	30,002	30,112
Other	5,319	2,670
	35,321	32,782
Total	\$ 567,711	\$ 857,975

## 7. INVESTMENTS

We hold investments in publicly traded companies and privately held entities primarily involved in the life science, agtech, and technology industries. As a REIT, we generally limit our ownership of each individual entity's voting stock to less than 10%. We evaluate each investment to determine whether we have the ability to exercise significant influence, but not control, over an investee. We evaluate investments in which our ownership is equal to or greater than 20%, but less than or equal to 50%, of an investee's voting stock with a presumption that we have this ability. For our investments in limited partnerships that maintain specific ownership accounts, we presume that such ability exists when our ownership interest exceeds 3% to 5%. In addition to our ownership interest, we consider whether we have a board seat or whether we participate in the investee's policy-making process, among other criteria, to determine if we have the ability to exert significant influence, but not control, over an investee. If we determine that we have such ability, we account for the investment under the equity method, as described below.

### Investments accounted for under the equity method

Under the equity method of accounting, we initially recognize our investment at cost and subsequently adjust the carrying amount of the investment for our share of earnings or losses reported by the investee, distributions received, and other-than-temporary impairments.

As of September 30, 2023, we had nine investments in limited partnerships aggregating \$73.9 million that maintain specific ownership accounts for each investor, which were accounted for under the equity method. Our ownership interest in each of these nine investments was greater than 5%.

### Investments that do not qualify for the equity method of accounting

For investees over which we determine that we do not have the ability to exercise significant influence or control, we account for each investment depending on whether it is an investment in a (i) publicly traded company, (ii) privately held entity that reports NAV per share, or (iii) privately held entity that does not report NAV per share, as described below.

#### *Investments in publicly traded companies*

Our investments in publicly traded companies are classified as investments with readily determinable fair values and are presented at fair value in our consolidated balance sheets, with changes in fair value classified in investment income (loss) in our consolidated statements of operations. The fair values for our investments in publicly traded companies are determined based on sales prices or quotes available on securities exchanges.

#### *Investments in privately held companies*

Our investments in privately held entities without readily determinable fair values consist of (i) investments in privately held entities that report NAV per share and (ii) investments in privately held entities that do not report NAV per share. These investments are accounted for as follows:

##### Investments in privately held entities that report NAV per share

Investments in privately held entities that report NAV per share, such as our privately held investments in limited partnerships, are presented at fair value using NAV as a practical expedient, with changes in fair value classified in investment income (loss) in our consolidated statements of operations. We use NAV per share reported by limited partnerships generally without adjustment, unless we are aware of information indicating that the NAV reported by a limited partnership does not accurately reflect the fair value of the investment at our reporting date.

## 7. INVESTMENTS (continued)

### Investments in privately held entities that do not report NAV per share

Investments in privately held entities that do not report NAV per share are accounted for using a measurement alternative, under which these investments are measured at cost, adjusted for observable price changes and impairments, with changes classified in investment income (loss) in our consolidated statements of operations.

An observable price arises from an orderly transaction for an identical or similar investment of the same issuer, which is observed by an investor without expending undue cost and effort. Observable price changes result from, among other things, equity transactions of the same issuer executed during the reporting period, including subsequent equity offerings or other reported equity transactions related to the same issuer. To determine whether these transactions are indicative of an observable price change, we evaluate, among other factors, whether these transactions have similar rights and obligations, including voting rights, distribution preferences, and conversion rights to the investments we hold.

### **Impairment evaluation of equity method investments and investments in privately held entities that do not report NAV per share**

We monitor equity method investments and investments in privately held entities that do not report NAV per share for new developments, including operating results, prospects and results of clinical trials, new product initiatives, new collaborative agreements, capital-raising events, and merger and acquisition activities. These investments are evaluated on the basis of a qualitative assessment for indicators of impairment by monitoring the presence of the following triggering events or impairment indicators:

- (i) a significant deterioration in the earnings performance, credit rating, asset quality, or business prospects of the investee;
- (ii) a significant adverse change in the regulatory, economic, or technological environment of the investee;
- (iii) a significant adverse change in the general market condition, including the research and development of technology and products that the investee is bringing or attempting to bring to the market;
- (iv) significant concerns about the investee's ability to continue as a going concern; and/or
- (v) a decision by investors to cease providing support or reduce their financial commitment to the investee.

If such indicators are present, we are required to estimate the investment's fair value and immediately recognize an impairment charge in an amount equal to the investment's carrying value in excess of its estimated fair value.

### **Investment income/loss recognition and classification**

We recognize both realized and unrealized gains and losses in our consolidated statements of operations, classified in investment income (loss) in our consolidated statements of operations. Unrealized gains and losses represent:

- (i) changes in fair value for investments in publicly traded companies;
- (ii) changes in NAV for investments in privately held entities that report NAV per share;
- (iii) observable price changes for investments in privately held entities that do not report NAV per share; and
- (iv) our share of unrealized gains or losses reported by our equity method investees.

Realized gains and losses on our investments represent the difference between proceeds received upon disposition of investments and their historical or adjusted cost basis. For our equity method investments, realized gains and losses represent our share of realized gains or losses reported by the investee. Impairments are realized losses, which result in an adjusted cost basis, and represent charges to reduce the carrying values of investments in privately held entities that do not report NAV per share and equity method investments, if impairments are deemed other than temporary, to their estimated fair value.

### **Funding commitments to investments in privately held entities that report NAV**

We are committed to funding approximately \$381.5 million for our investments in privately held entities that report NAV. Our funding commitments expire at various dates over the next 12 years with a weighted-average expiration of 8.3 years as of September 30, 2023. These investments are not redeemable by us, but we may receive distributions from these investments throughout their terms. Our investments in privately held entities that report NAV generally have expected initial terms in excess of 10 years. The weighted-average remaining term during which these investments are expected to be liquidated was 5.5 years as of September 30, 2023.

## 7. INVESTMENTS (continued)

The following tables summarize our investments as of September 30, 2023 and December 31, 2022 (in thousands):

	September 30, 2023			
	Cost	Unrealized Gains	Unrealized Losses	Carrying Amount
Publicly traded companies	\$ 197,822	\$ 41,225	\$ (109,461)	\$ 129,586
Entities that report NAV	492,151	191,378	(24,740)	658,789
Entities that do not report NAV:				
Entities with observable price changes	104,105	78,845	(1,224)	181,726
Entities without observable price changes	387,755	—	—	387,755
Investments accounted for under the equity method	N/A	N/A	N/A	73,910
<b>Total investments</b>	<b>\$ 1,181,833</b>	<b>\$ 311,448</b>	<b>\$ (135,425)</b>	<b>\$ 1,431,766</b>

	December 31, 2022			
	Cost	Unrealized Gains	Unrealized Losses	Carrying Amount
Publicly traded companies	\$ 210,986	\$ 96,271	\$ (100,118)	\$ 207,139
Entities that report NAV	452,391	315,071	(7,710)	759,752
Entities that do not report NAV:				
Entities with observable price changes	100,296	95,062	(1,574)	193,784
Entities without observable price changes	388,940	—	—	388,940
Investments accounted for under the equity method	N/A	N/A	N/A	65,459
<b>Total investments</b>	<b>\$ 1,152,613</b>	<b>\$ 506,404</b>	<b>\$ (109,402)</b>	<b>\$ 1,615,074</b>

Cumulative gains and losses (realized and unrealized) on investments in privately held entities that do not report NAV still held as of September 30, 2023 aggregated to a loss of \$31.1 million, which consisted of upward adjustments aggregating \$78.8 million, downward adjustments aggregating \$1.2 million, and impairments aggregating \$108.7 million.

Our investment loss for the three and nine months ended September 30, 2023 and 2022 consisted of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Realized (losses) gains	\$ (3,470) <sup>(1)</sup>	\$ 24,210	\$ 16,903 <sup>(1)</sup>	\$ 75,971
Unrealized losses	(77,202)	(56,515)	(220,954)	(388,076)
<b>Investment loss</b>	<b>\$ (80,672)</b>	<b>\$ (32,305)</b>	<b>\$ (204,051)</b>	<b>\$ (312,105)</b>

(1) Consists of realized gains of \$25.0 million and \$68.4 million, offset by impairment charges of \$28.5 million and \$51.5 million during the three and nine months ended September 30, 2023, respectively.

During the nine months ended September 30, 2023, gains and losses on investments in privately held entities that do not report NAV still held as of September 30, 2023 aggregated to a loss of \$57.7 million, which consisted of upward adjustments aggregating \$16.5 million and downward adjustments and impairments aggregating \$74.2 million.

During the nine months ended September 30, 2022, gains and losses on investments in privately held entities that do not report NAV still held as of September 30, 2022 aggregated to a gain of \$1.8 million, which consisted of upward adjustments aggregating \$25.2 million and downward adjustments and impairments aggregating \$23.4 million.

Unrealized losses related to investments still held (excluding investments accounted for under the equity method) as of September 30, 2023 and 2022 aggregated \$97.8 million and \$301.8 million during the nine months ended September 30, 2023 and 2022, respectively.

Our investment loss for the nine months ended September 30, 2023 also included \$2.4 million of equity in losses of our equity method investments.

Refer to the "Investments" section in Note 2 – "Summary of significant accounting policies" to our unaudited consolidated financial statements for additional information.

## 8. OTHER ASSETS

The following table summarizes the components of other assets as of September 30, 2023 and December 31, 2022 (in thousands):

	September 30, 2023	December 31, 2022
Acquired in-place leases	\$ 492,685	\$ 615,638
Deferred compensation plan	38,359	33,534
Deferred financing costs – unsecured senior line of credit	32,788	31,747
Deposits	26,505	20,805
Furniture, fixtures, and equipment	25,673	23,186
Net investment in direct financing lease	39,908	39,352
Notes receivable	15,660	19,875
Operating lease right-of-use assets	531,278	558,255
Other assets	108,987	80,724
Prepaid expenses	44,136	28,294
Property, plant, and equipment	145,632	148,530
Total	<u>\$ 1,501,611</u>	<u>\$ 1,599,940</u>

## 9. FAIR VALUE MEASUREMENTS

We provide fair value information about all financial instruments for which it is practicable to estimate fair value. We measure and disclose the estimated fair value of financial assets and liabilities by utilizing a fair value hierarchy that distinguishes between data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participant assumptions. This hierarchy consists of three broad levels, as follows: (i) quoted prices in active markets for identical assets or liabilities (Level 1), (ii) significant other observable inputs (Level 2), and (iii) significant unobservable inputs (Level 3). Significant other observable inputs can include quoted prices for similar assets or liabilities in active markets, as well as inputs that are observable for the asset or liability, such as interest rates, foreign exchange rates, and yield curves. Significant unobservable inputs are typically based on an entity's own assumptions, since there is little, if any, related market activity. In instances in which the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level of input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

### Assets and liabilities measured at fair value on a recurring basis

The following table sets forth the assets that we measure at fair value on a recurring basis by level in the fair value hierarchy (in thousands). There were no liabilities measured at fair value on a recurring basis as of September 30, 2023 and December 31, 2022. In addition, there were no transfers of assets measured at fair value on a recurring basis to or from Level 3 in the fair value hierarchy during the nine months ended September 30, 2023.

Description	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments in publicly traded companies:				
As of September 30, 2023	\$ 129,586	\$ 129,586	\$ —	\$ —
As of December 31, 2022	\$ 207,139	\$ 207,139	\$ —	\$ —

Our investments in publicly traded companies represent investments with readily determinable fair values, and are carried at fair value, with changes in fair value classified in investment income in our consolidated financial statements. We also hold investments in privately held entities, which consist of (i) investments that report NAV and (ii) investments that do not report NAV, as further described below.

## 9. FAIR VALUE MEASUREMENTS (continued)

Our investments in privately held entities that report NAV, such as our privately held investments in limited partnerships, are carried at fair value using NAV as a practical expedient, with changes in fair value classified in net income. As of September 30, 2023 and December 31, 2022, the carrying values of investments in privately held entities that report NAV aggregated \$658.8 million and \$759.8 million, respectively. These investments are excluded from the fair value hierarchy above as required by the fair value accounting standards. We estimate the fair value of each of our investments in limited partnerships based on the most recent NAV reported by each limited partnership. As a result, the determination of fair values of our investments in privately held entities that report NAV generally does not involve significant estimates, assumptions, or judgments.

### Assets and liabilities measured at fair value on a nonrecurring basis

The following table sets forth the assets measured at fair value on a nonrecurring basis by level within the fair value hierarchy as of September 30, 2023 and December 31, 2022 (in thousands). These investments were measured at various times during the period from January 1, 2018 to September 30, 2023.

Description	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2) <sup>(1)</sup>	Significant Unobservable Inputs (Level 3) <sup>(2)</sup>
Investments in privately held entities that do not report NAV				
As of September 30, 2023	\$ 200,370	\$ —	\$ 181,726	\$ 18,644
As of December 31, 2022	\$ 212,262	\$ —	\$ 193,784	\$ 18,478

(1) These amounts represent the total carrying amounts of our equity investments in privately held entities with observable price changes, which are included in the investments balance of \$1.4 billion and \$1.6 billion, respectively, in our unaudited consolidated balance sheets as of September 30, 2023 and December 31, 2022. For more information, refer to Note 7 – “Investments” to our unaudited consolidated financial statements.

(2) These amounts are included in the investments in privately held entities without observable price changes balances aggregating \$387.8 million and \$388.9 million as of September 30, 2023 and December 31, 2022, respectively, disclosed in Note 7 – “Investments” to our unaudited consolidated financial statements. The aforementioned balances represent the carrying amounts of investments in privately held entities that do not report NAV for which impairments have been recognized in accordance with the measurement alternative guidance described in the “Investments” section in Note 2 – “Summary of significant accounting policies” to our unaudited consolidated financial statements.

Our investments in privately held entities that do not report NAV are measured at cost, adjusted for observable price changes and impairments, with changes recognized in net income. These investments are adjusted based on the observable price changes in orderly transactions for the identical or similar investment of the same issuer. Further adjustments are not made until another observable transaction occurs. Therefore, the determination of fair values of our investments in privately held entities that do not report NAV does not involve significant estimates and assumptions or subjective and complex judgments.

We also subject our investments in privately held entities that do not report NAV to a qualitative assessment for indicators of impairment. If indicators of impairment are present, we are required to estimate the investment’s fair value and immediately recognize an impairment charge in an amount equal to the investment’s carrying value in excess of its estimated fair value.

The estimates of fair value typically incorporate valuation techniques that include an income approach reflecting a discounted cash flow analysis, and a market approach that includes a comparative analysis of acquisition multiples and pricing multiples generated by market participants. In certain instances, we may use multiple valuation techniques for a particular investment and estimate its fair value based on an average of multiple valuation results.

Refer to Note 7 – “Investments” to our unaudited consolidated financial statements for additional information.

Refer to Note 3 – “Investments in real estate” and Note 15 – “Assets classified as held for sale” to our unaudited consolidated financial statements for additional information.

The carrying values of cash and cash equivalents, restricted cash, tenant receivables, deposits, notes receivable, accounts payable, accrued expenses, and other short-term liabilities approximate their fair value.

The fair values of our secured notes payable and unsecured senior notes payable and the amounts outstanding on our unsecured senior line of credit and commercial paper program were estimated using widely accepted valuation techniques, including discounted cash flow analyses using significant other observable inputs such as available market information on discount and borrowing rates with similar terms, maturities, and credit ratings. Because the valuations of our financial instruments are based on these types of estimates, the actual fair value of our financial instruments may differ materially if our estimates do not prove to be accurate. Additionally, the use of different market assumptions or estimation methods may have a material effect on the estimated fair value amounts.

## 9. FAIR VALUE MEASUREMENTS (continued)

As of September 30, 2023 and December 31, 2022, the book and estimated fair values of our secured notes payable and unsecured senior notes payable and the amounts outstanding under our unsecured senior line of credit and commercial paper program, including the level within the fair value hierarchy for which the estimates were derived, were as follows (in thousands):

	September 30, 2023					
		Fair Value Hierarchy				
	Book Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Estimated Fair Value
Liabilities:						
Secured notes payable	\$ 109,110	\$ —	\$ 108,299	\$ —		\$ 108,299
Unsecured senior notes payable	\$ 11,093,725	\$ —	\$ 8,902,593	\$ —		\$ 8,902,593
Unsecured senior line of credit	\$ —	\$ —	\$ —	\$ —		\$ —
Commercial paper program	\$ —	\$ —	\$ —	\$ —		\$ —

	December 31, 2022					
		Fair Value Hierarchy				
	Book Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		Estimated Fair Value
Liabilities:						
Secured notes payable	\$ 59,045	\$ —	\$ 58,811	\$ —		\$ 58,811
Unsecured senior notes payable	\$ 10,100,717	\$ —	\$ 8,539,015	\$ —		\$ 8,539,015
Unsecured senior line of credit	\$ —	\$ —	\$ —	\$ —		\$ —
Commercial paper program	\$ —	\$ —	\$ —	\$ —		\$ —



## 10. SECURED AND UNSECURED SENIOR DEBT

The following table summarizes our outstanding indebtedness and respective principal payments remaining as of September 30, 2023 (dollars in thousands):

Debt	Stated Rate	Interest Rate <sup>(1)</sup>	Maturity Date <sup>(2)</sup>	Principal Payments Remaining for the Periods Ending December 31,						Principal	Unamortized (Deferred Financing Cost), (Discount)/ Premium	Total
				2023	2024	2025	2026	2027	Thereafter			
Secured notes payable												
Greater Boston <sup>(3)</sup>	SOFR+2.70%	8.36%	11/19/26	\$ —	\$ —	\$ —	\$ 109,295	\$ —	\$ —	\$ 109,295	\$ (804)	\$ 108,491
San Francisco Bay Area	6.50%	6.50	7/1/36	—	32	34	36	38	479	619	—	619
Secured debt weighted average interest rate/ subtotal		8.35		—	32	34	109,331	38	479	109,914	(804)	109,110
Unsecured senior line of credit and commercial paper program <sup>(4)</sup>	<sup>(4)</sup>	N/A <sup>(4)</sup>	1/22/28 <sup>(4)</sup>	<sup>(4)</sup>	—	—	—	—	—	<sup>(4)</sup>	—	—
Unsecured senior notes payable	3.45%	3.62	4/30/25	—	—	600,000	—	—	—	600,000	(1,402)	598,598
Unsecured senior notes payable	4.30%	4.50	1/15/26	—	—	—	300,000	—	—	300,000	(1,144)	298,856
Unsecured senior notes payable – green bond	3.80%	3.96	4/15/26	—	—	—	350,000	—	—	350,000	(1,265)	348,735
Unsecured senior notes payable	3.95%	4.13	1/15/27	—	—	—	—	350,000	—	350,000	(1,699)	348,301
Unsecured senior notes payable	3.95%	4.07	1/15/28	—	—	—	—	—	425,000	425,000	(1,838)	423,162
Unsecured senior notes payable	4.50%	4.60	7/30/29	—	—	—	—	—	300,000	300,000	(1,304)	298,696
Unsecured senior notes payable	2.75%	2.87	12/15/29	—	—	—	—	—	400,000	400,000	(2,574)	397,426
Unsecured senior notes payable	4.70%	4.81	7/1/30	—	—	—	—	—	450,000	450,000	(2,518)	447,482
Unsecured senior notes payable	4.90%	5.05	12/15/30	—	—	—	—	—	700,000	700,000	(5,706)	694,294
Unsecured senior notes payable	3.375%	3.48	8/15/31	—	—	—	—	—	750,000	750,000	(5,149)	744,851
Unsecured senior notes payable – green bond	2.00%	2.12	5/18/32	—	—	—	—	—	900,000	900,000	(8,116)	891,884
Unsecured senior notes payable	1.875%	1.97	2/1/33	—	—	—	—	—	1,000,000	1,000,000	(8,192)	991,808
Unsecured senior notes payable – green bond	2.95%	3.07	3/15/34	—	—	—	—	—	800,000	800,000	(8,177)	791,823
Unsecured senior notes payable – green bond	4.75%	4.88	4/15/35	—	—	—	—	—	500,000	500,000	(5,524)	494,476
Unsecured senior notes payable	4.85%	4.93	4/15/49	—	—	—	—	—	300,000	300,000	(3,016)	296,984
Unsecured senior notes payable	4.00%	3.91	2/1/50	—	—	—	—	—	700,000	700,000	10,140	710,140
Unsecured senior notes payable	3.00%	3.08	5/18/51	—	—	—	—	—	850,000	850,000	(11,703)	838,297
Unsecured senior notes payable	3.55%	3.63	3/15/52	—	—	—	—	—	1,000,000	1,000,000	(14,221)	985,779
Unsecured senior notes payable	5.15%	5.26	4/15/53	—	—	—	—	—	500,000	500,000	(7,867)	492,133
Unsecured debt weighted average interest rate/ subtotal		3.65		—	—	600,000	650,000	350,000	9,575,000	11,175,000	(81,275)	11,093,725
Weighted-average interest rate/total		3.70%		\$ —	\$ 32	\$ 600,034	\$ 759,331	\$ 350,038	\$ 9,575,479	\$ 11,284,914	\$ (82,079)	\$ 11,202,835

(1) Represents the weighted-average interest rate as of the end of the applicable period, including amortization of loan fees, amortization of debt premiums (discounts), and other bank fees.

(2) Reflects any extension options that we control.

(3) Represents a secured construction loan held by our consolidated real estate joint venture at 99 Coolidge Avenue, of which we have a 75.0% interest. As of September 30, 2023, this joint venture has \$86.0 million available under existing lender commitments. The interest rate shall be reduced from SOFR+2.70% to SOFR+2.10% over time upon the completion of certain leasing, construction, and financial covenant milestones.

(4) Refer to “\$5.0 billion unsecured senior line of credit” and “\$2.5 billion commercial paper program” on the next page.



## 10. SECURED AND UNSECURED SENIOR DEBT (continued)

The following table summarizes our secured and unsecured senior debt and amounts outstanding under our unsecured senior line of credit and commercial paper program as of September 30, 2023 (dollars in thousands):

	Fixed-Rate Debt	Variable-Rate Debt	Total	Percentage	Weighted-Average	
					Interest Rate <sup>(1)</sup>	Remaining Term (in years)
Secured notes payable	\$ 619	\$ 108,491	\$ 109,110	1.0%	8.35%	3.2
Unsecured senior notes payable	11,093,725	—	11,093,725	99.0	3.65	13.2
Unsecured senior line of credit and commercial paper program	—	—	— <sup>(2)</sup>	—	N/A <sup>(2)</sup>	4.3 <sup>(3)</sup>
Total/weighted average	<u>\$11,094,344</u>	<u>\$ 108,491</u>	<u>\$11,202,835</u>	<u>100.0%</u>	<u>3.70%</u>	<u>13.1<sup>(3)</sup></u>
Percentage of total debt	99.0%	1.0%	100%			

(1) Represents the weighted-average interest rate as of the end of the applicable period, including expense/income related to the amortization of loan fees, amortization of debt premiums (discounts), and other bank fees.

(2) As of September 30, 2023, we had no outstanding balance on our unsecured senior line of credit and no commercial paper notes outstanding.

(3) We calculate the weighted-average remaining term of our commercial paper notes by using the maturity date of our unsecured senior line of credit. Using the maturity date of our outstanding commercial paper notes, the consolidated weighted-average maturity of our debt is 13.1 years. The commercial paper notes sold during the nine months ended September 30, 2023 were issued at a weighted-average yield to maturity of 5.15% and had a weighted-average maturity term of 13 days.

### Unsecured senior notes payable

In February 2023, we opportunistically issued \$1.0 billion of unsecured senior notes payable with a weighted-average interest rate of 4.95% and a weighted-average maturity of 21.2 years. The unsecured senior notes consisted of \$500.0 million of 4.75% green unsecured senior notes due 2035 and \$500.0 million of 5.15% unsecured senior notes due 2053.

### \$5.0 billion unsecured senior line of credit

As of September 30, 2023, our unsecured senior line of credit has aggregate commitments of \$5.0 billion and bears an interest rate of SOFR plus 0.835%. In addition to the cost of borrowing, the unsecured senior line of credit is subject to an annual facility fee of 0.14% based on the aggregate commitments outstanding. Based upon our ability to achieve certain annual sustainability targets, the interest rate and facility fee rate are also subject to upward or downward adjustments of up to four basis points with respect to the interest rate and up to one basis point with respect to the facility fee rate.

In June 2023, we amended our unsecured senior line of credit to increase the aggregate commitments available for borrowing to \$5.0 billion from \$4.0 billion.

During the three months ended March 31, 2023, we achieved certain annual sustainability targets, as described in our unsecured senior line of credit agreement, which reduced the borrowing rate by four basis points for a one-year period to SOFR plus 0.835%, from SOFR plus 0.875%, and reduced the facility fee by one basis point to 0.14% from 0.15%. As of September 30, 2023, we had no outstanding balance on our unsecured senior line of credit.

### \$2.5 billion commercial paper program

In July 2023, we increased the aggregate amount we may issue from time to time under our commercial paper program to \$2.5 billion from \$2.0 billion.

Our commercial paper program provides us with the ability to issue up to \$2.5 billion of commercial paper notes that bear interest at short-term fixed rates with a maturity of generally 30 days or less and a maximum maturity of 397 days from the date of issuance. Our commercial paper program is backed by our unsecured senior line of credit, and at all times we expect to retain a minimum undrawn amount of borrowing capacity under our unsecured senior line of credit equal to any outstanding notes issued under our commercial paper program. We use the net proceeds from the issuances of the notes for general working capital and other general corporate purposes. General corporate purposes may include, but are not limited to, the repayment of other debt and selective development, redevelopment, or acquisition of properties. The commercial paper notes sold during the nine months ended September 30, 2023 were issued at a weighted-average yield to maturity of 5.15% and had a weighted-average maturity term of 13 days. As of September 30, 2023, we had no commercial paper notes outstanding.

## 10. SECURED AND UNSECURED SENIOR DEBT (continued)

### Interest expense

The following table summarizes interest expense for the three and nine months ended September 30, 2023 and 2022 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Interest incurred	\$ 107,530	\$ 96,173	\$ 317,100	\$ 275,835
Capitalized interest	(96,119)	(73,189)	(274,863)	(199,154)
Interest expense	<u>\$ 11,411</u>	<u>\$ 22,984</u>	<u>\$ 42,237</u>	<u>\$ 76,681</u>

## 11. ACCOUNTS PAYABLE, ACCRUED EXPENSES, AND OTHER LIABILITIES

The following table summarizes the components of accounts payable, accrued expenses, and other liabilities as of September 30, 2023 and December 31, 2022 (in thousands):

	September 30, 2023	December 31, 2022
Accounts payable and accrued expenses	\$ 516,414	\$ 389,741
Accrued construction	706,900	624,440
Acquired below-market leases	346,420	417,656
Conditional asset retirement obligations	54,161	52,723
Deferred rent liabilities	15,650	18,321
Operating lease liability	384,958	406,700
Unearned rent and tenant security deposits	503,126	449,622
Other liabilities	125,497	112,056
Total	<u>\$ 2,653,126</u>	<u>\$ 2,471,259</u>

As of September 30, 2023 and December 31, 2022, our conditional asset retirement obligations liability primarily consisted of the soil and groundwater remediation liabilities associated with certain of our properties. Some of our properties may contain asbestos or may be subjected to other hazardous or toxic substances, which, under certain conditions, requires remediation. We engage independent environmental consultants to conduct Phase I or similar environmental assessments at our properties. This type of assessment generally includes a site inspection, interviews, and a public records review; asbestos, lead-based paint, and mold surveys; subsurface sampling; and other testing. We recognize a liability for the fair value of a conditional asset retirement obligation (including asbestos) when the fair value of the liability can be reasonably estimated. In addition, environmental laws and regulations subject our tenants, and potentially us, to liability that may result from our tenants' routine handling of hazardous substances and wastes as part of their operations at our properties. These assessments and investigations of our properties have not to date revealed any additional environmental liability we believe would have a material adverse effect on our business and financial statements or that would require additional disclosures or recognition in our consolidated financial statements.

## 12. EARNINGS PER SHARE

From time to time, we enter into forward equity sales agreements, which are discussed in Note 13 – “Stockholders’ equity” to our unaudited consolidated financial statements. We consider the potential dilution resulting from the forward equity sales agreements on the EPS calculations. At inception, the agreements do not have an effect on the computation of basic EPS as no shares are delivered until settlement. The common shares issued upon the settlement of the forward equity sales agreements, weighted for the period these common shares were outstanding, are included in the denominator of basic EPS. To determine the dilution resulting from the forward equity sales agreements during the period of time prior to settlement, we calculate the number of weighted-average shares outstanding – diluted using the treasury stock method.

We account for unvested restricted stock awards that contain nonforfeitable rights to dividends as participating securities and include these securities in the computation of EPS using the two-class method. Our forward equity sales agreements are not participating securities and are therefore not included in the computation of EPS using the two-class method. Under the two-class method, we allocate net income (after amounts attributable to noncontrolling interests) to common stockholders and unvested restricted stock awards by using the weighted-average shares of each class outstanding for quarter-to-date and year-to-date periods independently, based on their respective participation rights to dividends declared (or accumulated) and undistributed earnings.

The table below reconciles the numerators and denominators of the basic and diluted EPS computations for the three and nine months ended September 30, 2023 and 2022 (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 68,254	\$ 383,443	\$ 323,652	\$ 575,433
Net income attributable to noncontrolling interests	(43,985)	(38,747)	(131,584)	(108,092)
Net income attributable to unvested restricted stock awards	(2,414)	(3,257)	(7,697)	(5,866)
Numerator for basic and diluted EPS – net income attributable to Alexandria Real Estate Equities, Inc.’s common stockholders	<u>\$ 21,855</u>	<u>\$ 341,439</u>	<u>\$ 184,371</u>	<u>\$ 461,475</u>
Denominator for basic EPS – weighted-average shares of common stock outstanding	170,890	161,554	170,846	160,400
Dilutive effect of forward equity sales agreements	—	—	—	—
Denominator for diluted EPS – weighted-average shares of common stock outstanding	<u>170,890</u>	<u>161,554</u>	<u>170,846</u>	<u>160,400</u>
Net income per share attributable to Alexandria Real Estate Equities, Inc.’s common stockholders:				
Basic	\$ 0.13	\$ 2.11	\$ 1.08	\$ 2.88
Diluted	\$ 0.13	\$ 2.11	\$ 1.08	\$ 2.88

### **13. STOCKHOLDERS' EQUITY**

#### **Common equity transactions**

Pursuant to our outstanding forward equity sales agreements, we have the ability to issue an aggregate of 699 thousand shares of common stock and to receive net proceeds of approximately \$103.1 million. During the nine months ended September 30, 2023, we did not issue any new equity under our ATM program, including any shares to settle our forward equity agreements outstanding as of December 31, 2022. In addition, the remaining amount available under our ATM program for future sales of common stock aggregated \$141.9 million as of September 30, 2023.

#### **Dividends**

During the three months ended September 30, 2023, we declared cash dividends on our common stock aggregating \$214.5 million, or \$1.24 per share. In October 2023, we paid the cash dividends on our common stock declared for the three months ended September 30, 2023.

During the three months ended June 30, 2023, we declared cash dividends on our common stock aggregating \$214.6 million, or \$1.24 per share. In July 2023, we paid the cash dividends on our common stock declared for the three months ended June 30, 2023.

During the three months ended March 31, 2023, we declared cash dividends on our common stock aggregating \$209.3 million, or \$1.21 per share. In April 2023, we paid the cash dividends on our common stock declared for the three months ended March 31, 2023.

#### **Accumulated other comprehensive loss**

The change in accumulated other comprehensive loss attributable to Alexandria Real Estate Equities, Inc.'s stockholders during the nine months ended September 30, 2023 was primarily due to net unrealized losses of \$4.2 million on foreign currency translation related to our operations in Canada.

#### **Common stock, preferred stock, and excess stock authorizations**

Our charter authorizes the issuance of 400.0 million shares of common stock, of which 171.0 million shares were issued and outstanding as of September 30, 2023. Our charter also authorizes the issuance of up to 100.0 million shares of preferred stock, none of which were issued and outstanding as of September 30, 2023. In addition, 200.0 million shares of "excess stock" (as defined in our charter) are authorized, none of which were issued and outstanding as of September 30, 2023.

### **14. NONCONTROLLING INTERESTS**

Noncontrolling interests represent the third-party interests in certain entities in which we have a controlling interest. As of September 30, 2023, these entities owned 66 properties, which are included in our consolidated financial statements. Noncontrolling interests are adjusted for additional contributions and distributions, the proportionate share of the net earnings or losses, and other comprehensive income or loss. Distributions, profits, and losses related to these entities are allocated in accordance with the respective operating agreements. During the nine months ended September 30, 2023 and 2022, we distributed \$192.7 million and \$139.5 million, respectively, to our consolidated real estate joint venture partners.

Certain of our noncontrolling interests have the right to require us to redeem their ownership interests in the respective entities. We classify these ownership interests in the entities as redeemable noncontrolling interests outside of total equity in our consolidated balance sheets. Redeemable noncontrolling interests are adjusted for additional contributions and distributions, the proportionate share of the net earnings or losses, and other comprehensive income or loss. If the amount of a redeemable noncontrolling interest is less than the maximum redemption value at the balance sheet date, such amount is adjusted to the maximum redemption value. Subsequent declines in the redemption value are recognized only to the extent that previous increases have been recognized.

Refer to Note 4 – "Consolidated and unconsolidated real estate joint ventures" to our unaudited consolidated financial statements for additional information.

## 15. ASSETS CLASSIFIED AS HELD FOR SALE

As of September 30, 2023, we had four properties and one land parcel aggregating 312,660 RSF that were classified as held for sale in our consolidated financial statements. For additional information on the sales of real estate assets that were previously classified as held for sale, refer to the “Sales of real estate assets and impairment charges” section of Note 3 – “Investments in real estate” to our unaudited consolidated financial statements.

The disposal of properties classified as held for sale does not represent a strategic shift that has (or will have) a major effect on our operations or financial results and therefore does not meet the criteria for classification as a discontinued operation. We cease depreciation of our properties upon their classification as held for sale. Refer to the “Real estate sales” subsection of the “Investments in real estate” section in Note 2 – “Summary of significant accounting policies” for additional information.

The following is a summary of net assets as of September 30, 2023 and December 31, 2022 for our real estate investments that were classified as held for sale as of each respective date (in thousands):

	September 30, 2023	December 31, 2022
Total assets	\$ 80,192	\$ 117,197
Total liabilities	(3,201)	(2,034)
Total accumulated other comprehensive loss	2,562	898
Net assets classified as held for sale	<u>\$ 79,553</u>	<u>\$ 116,061</u>

## 16. SUBSEQUENT EVENT

In October 2023, we recognized a real estate impairment charge of approximately \$90.8 million to reduce the carrying amounts of two non-laboratory properties located in our Greater Boston market to their current fair values, less costs to sell. We initially acquired these industrial and self-storage properties with an intention to entitle the site as a life science campus, demolish the properties upon expiration of the existing in-place leases, and ultimately develop life science properties. Since our acquisition, the macroeconomic environment has changed. Upon our reevaluation of the project's financial outlook and its alignment with our mega campus strategy, we decided not to proceed with this project. The impairment charge was recognized upon meeting the criteria for classification as held for sale. We expect to complete the sale of these properties during the three months ending December 31, 2023.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Forward-looking statements

Certain information and statements included in this quarterly report on Form 10-Q, including, without limitation, statements containing the words "forecast," "guidance," "goals," "projects," "estimates," "anticipates," "believes," "expects," "intends," "may," "plans," "seeks," "should," "targets," or "will," or the negative of those words or similar words, constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements involve inherent risks and uncertainties regarding events, conditions, and financial trends that may affect our future plans of operations, business strategy, results of operations, and financial position. A number of important factors could cause actual results to differ materially from those included within or contemplated by the forward-looking statements, including, but not limited to, the following:

- Operating factors, such as a failure to operate our business successfully in comparison to market expectations or in comparison to our competitors, our inability to obtain capital when desired or refinance debt maturities when desired, and/or a failure to maintain our status as a REIT for federal tax purposes;
- Market and industry factors, such as adverse developments concerning the life science, agtech, and technology industries and/or our tenants;
- Government factors, such as any unfavorable effects resulting from federal, state, local, and/or foreign government policies, laws, and/or funding levels;
- Global factors, such as negative economic, social, political, financial, credit market, banking conditions, and/or regional armed hostilities; and
- Other factors, such as climate change, cyber intrusions, and/or changes in laws, regulations, and financial accounting standards.

This list of risks and uncertainties is not exhaustive. Additional information regarding risk factors that may affect us is included under "Item 1A. Risk factors" and "Item 7. Management's discussion and analysis of financial condition and results of operations" of our annual report on Form 10-K for the year ended December 31, 2022 and under respective sections within this quarterly report on Form 10-Q. Readers of this quarterly report on Form 10-Q should also read our other documents filed publicly with the SEC for further discussion regarding such factors.

## Overview

We are a Maryland corporation formed in October 1994 that has elected to be taxed as a REIT for federal income tax purposes. Alexandria Real Estate Equities, Inc. (NYSE: ARE), an S&P 500® company, is a best-in-class, mission-driven life science REIT making a positive and lasting impact on the world. As the pioneer of the life science real estate niche since our founding in 1994, Alexandria is the preeminent and longest-tenured owner, operator, and developer of collaborative life science, agtech, and advanced technology mega campuses in AAA innovation cluster locations, including Greater Boston, the San Francisco Bay Area, New York City, San Diego, Seattle, Maryland, and Research Triangle. The trusted partner to over 800 tenants, Alexandria has a total market capitalization of \$28.3 billion and an asset base in North America of 75.1 million SF as of September 30, 2023, which includes 41.5 million RSF of operating properties and 5.6 million RSF of Class A/A+ properties undergoing construction, 8.9 million RSF of near-term and intermediate-term development and redevelopment projects, and 19.1 million SF of future development projects. Alexandria has a longstanding and proven track record of developing Class A/A+ properties clustered in life science, agtech, and advanced technology mega campuses that provide our innovative tenants with highly dynamic and collaborative environments that enhance their ability to successfully recruit and retain world-class talent and inspire productivity, efficiency, creativity, and success. Alexandria also provides strategic capital to transformative life science, agrifoodtech, climate innovation, and technology companies through our venture capital platform. We believe our unique business model and diligent underwriting allow us to attract a high-quality and diverse tenant base that results in higher occupancy levels, longer lease terms, higher rental income, higher returns, and greater long-term asset value.

As of September 30, 2023:

- Investment-grade or publicly traded large cap tenants represented 49% of our total annual rental revenue;
- Approximately 96% of our leases (on an annual rental revenue basis) contained effective annual rent escalations approximating 3.0% that were either fixed or indexed based on a consumer price index or other index;
- Approximately 92% of our leases (on an annual rental revenue basis) were triple net leases, which require tenants to pay substantially all real estate taxes, insurance, utilities, repairs and maintenance, common area expenses, and other operating expenses (including increases thereto) in addition to base rent; and
- Approximately 93% of our leases (on an annual rental revenue basis) provided for the recapture of capital expenditures (such as HVAC maintenance and/or replacement, roof replacement, and parking lot resurfacing) that we believe would typically be borne by the landlord in traditional office leases.

Our primary business objective is to maximize long-term asset value and stockholder returns based on a multifaceted platform of internal and external growth. A key element of our strategy is our unique focus on Class A/A+ properties located in collaborative life science, agtech, and advanced technology mega campuses in AAA innovation clusters. These key campus locations are generally characterized by high barriers to entry for new landlords, high barriers to exit for tenants, and a limited supply of available space. They generally represent highly desirable locations for tenancy by life science, agtech, and technology entities because of their close proximity to concentrations of specialized skills, knowledge, institutions, and related businesses. Our strategy also includes drawing upon our deep and broad real estate, life science, agtech, and technology relationships in order to identify and attract new and leading tenants and to source additional value-creation real estate.

## Executive summary

### Operating results

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income attributable to Alexandria's common stockholders – diluted:				
<i>In millions</i>	\$ 21.9	\$ 341.4	\$ 184.4	\$ 461.5
<i>Per share</i>	\$ 0.13	\$ 2.11	\$ 1.08	\$ 2.88
Funds from operations attributable to Alexandria's common stockholders – diluted, as adjusted:				
<i>In millions</i>	\$ 386.4	\$ 344.7	\$ 1,142.5	\$ 1,008.1
<i>Per share</i>	\$ 2.26	\$ 2.13	\$ 6.69	\$ 6.28

For additional information, refer to “Funds from operations and funds from operations, as adjusted, attributable to Alexandria Real Estate Equities, Inc.’s common stockholders” in the “Non-GAAP measures and definitions” section within this Item 2.

*An operationally excellent, industry-leading REIT with a high-quality, diverse client base of over 800 tenants to support growing revenues, stable cash flows, and strong margins*

Percentage of total annual rental revenue in effect from investment-grade or publicly traded large cap tenants	49%
Sustained strength in tenant collections:	
Low tenant receivables as of September 30, 2023	\$ 6.9 million
October 2023 tenant rents and receivables collected as of the date of this report	99.7%
Tenant rents and receivables for the three months ended September 30, 2023 collected as of the date of this report	99.9 %
Occupancy of operating properties in North America as of September 30, 2023	93.7%
Adjusted EBITDA margin	69% <sup>(1)</sup>
Weighted-average remaining lease term as of September 30, 2023:	
Top 20 tenants	8.9 years
All tenants	7.0 years

(1) For the three months ended September 30, 2023.

### Solid leasing volume and rental rate increases and long lease terms

- Solid leasing volume for the three months ended September 30, 2023 aggregating 867,582 RSF, despite minimal remaining contractual lease expirations for 2023 aggregating 622,654 RSF available for lease as of the beginning of third quarter of 2023.
- Weighted-average lease terms of 13.0 years and 11.0 years for the three and nine months ended September 30, 2023, respectively, above our historically long weighted-average lease term of 8.7 years over the last 10 years.
- Annualized leasing volume of 4.6 million RSF for the nine months ended September 30, 2023 is in line with 2013-2020 results.
- 80% of our leasing activity during the last twelve months was generated from our client base of over 800 tenants.

	September 30, 2023	
	Three Months Ended	Nine Months Ended
Total leasing activity – RSF	867,582	3,416,335
Leasing of development and redevelopment space – RSF	204,530	363,017
Lease renewals and re-leasing of space:		
RSF (included in total leasing activity above)	396,334	2,569,244
Rental rate increase	28.8%	33.9%
Rental rate increase (cash basis)	19.7%	18.1%



Continued strong net operating income and internal growth

- Total revenues:
  - \$713.8 million, up 8.2%, for the three months ended September 30, 2023, compared to \$659.9 million for the three months ended September 30, 2022.
  - \$2.1 billion, up 10.9%, for the nine months ended September 30, 2023, compared to \$1.9 billion for the nine months ended September 30, 2022.
- Net operating income (cash basis) of \$1.8 billion for the three months ended September 30, 2023 annualized, increased by \$129.6 million, or 7.9%, compared to the three months ended September 30, 2022 annualized. Refer to “Net operating income, net operating income (cash basis), and operating margin” in the “Non-GAAP measures and definitions” section within this Item 2 for a reconciliation of our net income to net operating income (cash basis).
- Same property net operating income growth:
  - 3.1% and 4.6% (cash basis) for the three months ended September 30, 2023, compared to the three months ended September 30, 2022.
  - 3.7% and 5.6% (cash basis) for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022.
- 96% of our leases contain contractual annual rent escalations approximating 3%.

Strong and flexible balance sheet with significant liquidity, 13.1 years of remaining term of debt, and no debt maturities prior to 2025

- In September 2023, S&P Global Ratings affirmed Alexandria’s credit rating of BBB+ with a positive outlook, and in October 2023, Moody’s Investors Service affirmed Alexandria’s credit rating of Baa1 with a stable outlook. These ratings affirmations reflect several factors, including the scale and quality of our essential Labspace® assets and market leadership. Additionally, our investment-grade credit ratings continue to rank in the top 10% among all publicly traded U.S. REITs.
- Significant liquidity of \$5.9 billion.
- No debt maturities prior to 2025.
- 13.1 years weighted-average remaining term of debt.
- 99.0% of our debt has a fixed rate.
- Net debt and preferred stock to Adjusted EBITDA of 5.4x and fixed-charge coverage ratio of 4.8x for the three months ended September 30, 2023 annualized.
- Total debt and preferred stock to gross assets of 27%.
- \$1.2 billion of expected capital contributions from existing real estate joint venture partners from October 1, 2023 through 2026 to fund construction.

Consistent dividend strategy focuses on retaining significant net cash flows from operating activities after dividends for reinvestment

- Common stock dividend declared for the three months ended September 30, 2023 of \$1.24 per common share, aggregating \$4.90 per common share for the twelve months ended September 30, 2023, up 24 cents, or 5%, over the twelve months ended September 30, 2022.
- Dividend yield of 5.0% as of September 30, 2023, based on a closing stock price on September 30, 2023 of \$100.10 and the annualized dividend declared for the three months ended September 30, 2023 of \$1.24 per common share.
- Dividend payout ratio of 55% for the three months ended September 30, 2023.
- Average annual dividend per-share growth of 6% from 2019 to the three months ended September 30, 2023 annualized.

Ongoing execution of our value harvesting and asset recycling self-funding strategy

Our \$1.65 billion value harvesting plan for 2023 is focused on the enhancement of our asset base through the following (in millions):

	Completed During Nine Months Ended September 30, 2023	Expected Completion During Three Months Ended December 31, 2023
Value harvesting dispositions of 100% interest in properties not integral to our mega campus strategy	\$ 603	\$ —
Strategic dispositions and partial interest sales	273	—
Pending transactions subject to signed letters of intent or purchase and sale agreements	—	699
Additional targeted non-core dispositions and partial interest sales in process	—	75
Completed and pending transactions	\$ 876	\$ 774
Total 2023 value harvesting plan	\$1,650	

## External growth and investments in real estate

*Alexandria's highly leased value-creation pipeline delivers annual incremental net operating income of \$120 million commencing during the nine months ended September 30, 2023, including \$39 million from the three months ended September 30, 2023, and drives future annual incremental net operating income aggregating \$580 million.*

<i>(dollars in millions)</i>	Incremental Annual Net Operating Income	RSF	Leased/ Negotiating Percentage
Placed into service <sup>(1)</sup> :			
Six months ended June 30, 2023	\$ 81	840,587	100 %
Three months ended September 30, 2023	39	450,134	100
Nine months ended September 30, 2023	<u>\$ 120</u>	<u>1,290,721</u>	<u>100 %</u>
Expected to be placed into service and stabilized <sup>(2)</sup> :			
Fourth quarter of 2023	\$ 114	808,095	99 %
Fiscal year 2024	127	1,786,735	92
Fourth quarter of 2023 through fourth quarter of 2024	241	2,594,830	94
First quarter of 2025 through third quarter of 2026	339	3,776,614	41
	<u>\$ 580</u>	<u>6,371,444</u>	<u>66 %</u> <sup>(3)</sup>

(1) Annual net operating income (cash basis) is expected to increase by \$42 million upon the burn-off of initial free rent from recently delivered projects, which has a weighted-average burn-off of seven months.

(2) Refer to the "New Class A/A+ development and redevelopment properties: current projects" section within this Item 2 for additional details.

(3) 76% of the leased RSF of our value-creation projects was generated from our client base.

## Key capital metrics as of September 30, 2023

	September 30, 2023		Goal for Fourth Quarter of 2023 Annualized
	Quarter Annualized	Trailing 12 Months	
Net debt and preferred stock to Adjusted EBITDA	5.4x	5.5x	Less than or equal to 5.1x
Fixed-charge coverage ratio	4.8x	4.9x	4.5x to 5.0x

- \$28.3 billion in total market capitalization.
- \$17.1 billion in total equity capitalization, which ranks in the top 10% among all publicly traded U.S. REITs.
- Non-real estate investments aggregating \$1.4 billion:
  - Unrealized gains presented in our consolidated balance sheet were \$176.0 million, comprising gross unrealized gains and losses aggregating \$311.4 million and \$135.4 million, respectively.
- Investment loss of \$80.7 million for the three months ended September 30, 2023, presented in our consolidated statement of operations, consisted of \$77.2 million of unrealized losses and \$3.5 million of realized losses, including \$28.5 million of impairments.
- Investment loss of \$204.1 million for the nine months ended September 30, 2023, presented in our consolidated statement of operations, consisted of \$221.0 million of unrealized losses and \$16.9 million of realized gains, including \$51.5 million of impairments.

## Other key highlights

### Executive management change, effective September 15, 2023

Effective on September 15, 2023, Dean A. Shigenaga resigned from his positions as President and Chief Financial Officer and Marc E. Binda, who previously served the Company as Executive Vice President – Finance & Treasurer, was appointed as Chief Financial Officer and Treasurer. Mr. Shigenaga is expected to remain a full-time employee through December 31, 2023, and a part-time employee thereafter.

Industry and ESG leadership: catalyzing and leading the way for positive change to benefit human health and society

- Alexandria has a longstanding, impactful partnership with the Galien Foundation, the premier global institution dedicated to honoring life science innovations that improve human health through a range of programs, including the annual Galien Forum USA and Prix Galien USA Awards, which will be held this week, on October 26, 2023, in New York City.
  - Alexandria will present a mission-critical panel, titled "A National Imperative to Combat Mental Illness and Addiction," featuring leading advocates of mental health and addiction recovery, congressmen and veterans Seth Moulton (MA-6) and Michael Waltz (FL-6) and Navy SEAL Foundation CEO Robin King, at the 2023 Galien Forum USA. The Galien Forum will take place at the Alexandria Center<sup>®</sup> for Life Science – New York City.
  - Mr. Marcus, as a member of the Prix Galien USA Awards esteemed jury again this year, will honor transformational innovations in life science. He, alongside other influential life science leaders, will serve on the Prix Galien USA Awards committee responsible for evaluating and recognizing the Best Digital Health Solution; Best Medical Technology; Best Incubators, Accelerators and Equity; and Best Startup.
- In October 2023, Alexandria's sustained ESG leadership and performance was reinforced by several achievements in the 2023 GRESB Real Estate Assessment: (i) 4 Star Ratings in the operating asset and development benchmarks, (ii) our seventh consecutive Green Star designation, and (iii) our sixth consecutive "A" disclosure score, with a perfect score of 100 and a #1 ranking for our best-in-class transparency around ESG practices and reporting in 2023. GRESB is one of the leading global ESG benchmarks for real estate and infrastructure investments.
- In September 2023, Alexandria received the Cambridge Chamber of Commerce's 2023 Visionary Award for developing 325 Binney Street, designed to be the most sustainable laboratory building in Cambridge and selected by Moderna as its new global headquarters and R&D center. The Chamber's annual awards recognize innovators from the business, institutional, and non-profit communities that are effecting change and making an extraordinary, positive impact on people's lives in Cambridge and beyond.
- In August 2023, 685 Gateway Boulevard, an amenities hub designed at the forefront of sustainability in our South San Francisco submarket, was awarded a 2023 AIA California Design Award in the Climate Action category. The building, which is designated as Zero Energy Ready and is on track to achieve ILFI Zero Energy certification, was one of two projects recognized at the highest level in the awards program. The AIA California Design Award winners embody design excellence and address climate change.

# ALEXANDRIA'S MISSION-DRIVEN AND INDUSTRY-LEADING ESG PROGRAM ACHIEVEMENTS AND RECOGNITION



G R E S B  
REAL ESTATE

GRESB 4 STAR RATINGS  
Operating and Development  
Benchmarks

GREEN STAR DESIGNATION  
2017-2023

"A" DISCLOSURE SCORE  
2018-2023

Perfect Score of 100 and  
#1 Ranking in 2023



ONE OF THE MOST TRUSTWORTHY  
COMPANIES IN AMERICA 2023

1 OF  
ONLY 6  
S&P 500 REITS

Recognized by *Newsweek*  
in the Real Estate &  
Housing category

**S&P Global**

TOP 10% ESG SCORES<sup>(1)</sup>

BARRON'S

ONE OF THE MOST  
SUSTAINABLE U.S. REITS  
2021 | 2022



TOP 10%  
SOCIAL SCORE<sup>(2)</sup>



MASS SAVE CLIMATE LEADER  
2022



ONLY 3% OF REITS WITH A HIGHER  
SCORE AMONG ALL PUBLICLY  
TRADED U.S. REITS<sup>(1)</sup>



Fitwel®  
Viral Response  
Certified

FITWEL VIRAL RESPONSE  
2020-2023

A REIT-INDUSTRY LEADER IN GREEN BONDS

**\$3.2B** TOTAL ISSUANCE  
SINCE 2018

**TOP 5** AMONG S&P 500 REITS

(1) Reflects current score for Alexandria and latest scores available for the FTSE Nareit All REITs Index companies from Bloomberg Professional Services as of September 30, 2023.

(2) Reflects current score for Alexandria and latest scores available for the FTSE Nareit All REITs Index companies on ISS's website as of September 30, 2023.



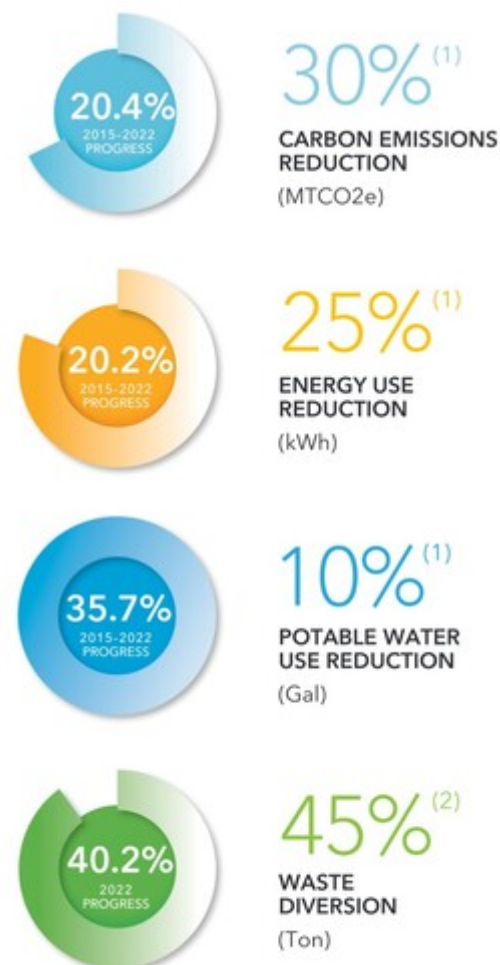
# ALEXANDRIA'S LONGSTANDING AND RECOGNIZED SUSTAINABILITY LEADERSHIP

Mitigating greenhouse gas emissions and advancing climate resilience

## Decarbonization Strategy: Toward Net Zero



## 2025 ENVIRONMENTAL GOALS AND PROGRESS FOR BUILDINGS IN OPERATION



## Roadmap to Climate Resilience



**TCFD** | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

### ALEXANDRIA'S CLIMATE RESILIENCE ASSESSMENT COVERS

Sea Level Rise | Precipitation | Drought | Extreme Heat | Wildfire

Environmental data for 2022 reflected in the chart above received independent limited assurance from DNV Business Assurance USA, Inc. The Independent Assurance Statement from DNV is available at [www.are.com/esg.html](http://www.are.com/esg.html).

(1) 2025 environmental goals relative to a 2015 baseline on a like-for-like basis for buildings in operation that Alexandria directly manages. The carbon emissions reduction goal relates to our Scope 1 and Scope 2 emissions.

(2) 2025 environmental goal for buildings in operation that Alexandria indirectly and directly manages.



## ALEXANDRIA'S HIGHLY IMPACTFUL SOCIAL RESPONSIBILITY PILLARS

Developing and implementing collaborative and innovative solutions to some of society's most urgent challenges



Accelerating medical innovation to save lives



Supporting our military, our veterans, and their families



Building principled leaders through education



Inspiring future generations with the stories and values of our nation's heroes



Harnessing agtech to combat hunger and improve nutrition



Revolutionizing addiction treatment



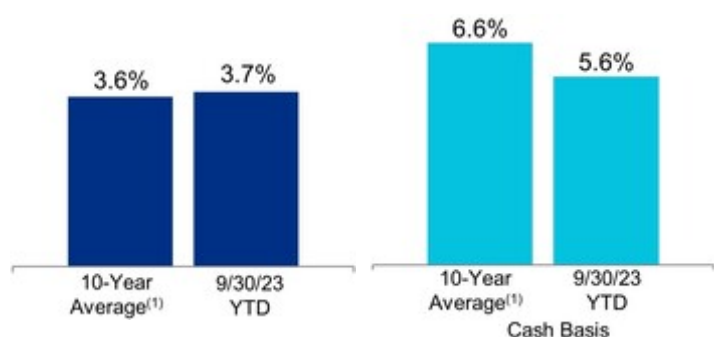
Approaching homelessness as a healthcare problem, not a housing issue



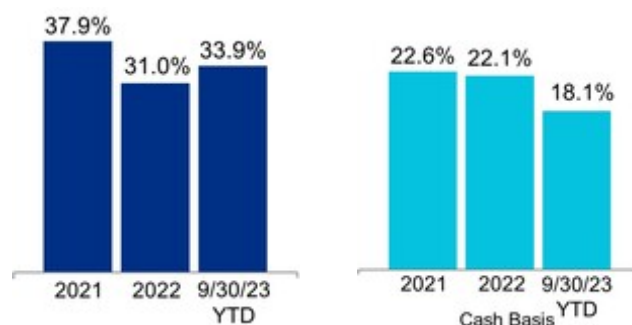
Prioritizing the mental health crisis

## Operating summary

### Historical Same Property Net Operating Income Growth



### Historical Rental Rate Growth: Renewed/Re-Leased Space



### Margins<sup>(2)</sup>

Operating  
**70%**

Adjusted EBITDA  
**69%**

### Weighted-Average Lease Terms of Executed Leases

**8.6 years** **8.7 years**

5 Years  
(2019–3Q23)

10 Years  
(2014–3Q23)

### Favorable Lease Structure<sup>(3)</sup>

Strategic Lease Structure by Owner and Operator of Collaborative Life Science, Agtech, and Advanced Technology Mega Campuses

Increasing cash flows

Percentage of leases containing annual rent escalations **96%**

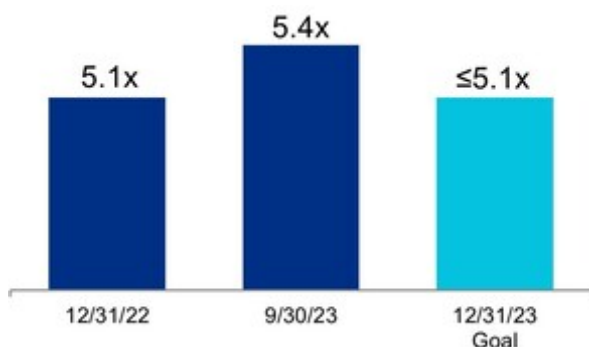
Stable cash flows

Percentage of triple net leases **92%**

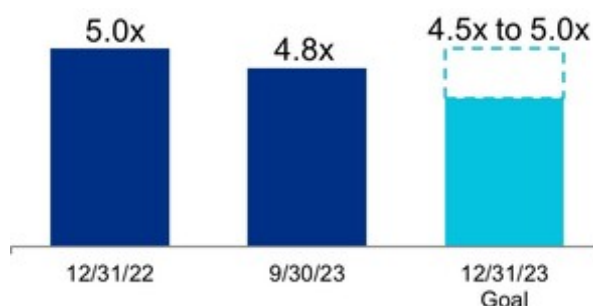
Lower capex burden

Percentage of leases providing for the recapture of capital expenditures **93%**

### Net Debt and Preferred Stock to Adjusted EBITDA<sup>(4)</sup>



### Fixed-Charge Coverage Ratio<sup>(4)</sup>



Refer to "Same properties" and "Non-GAAP measures and definitions" within this Item 2 for additional details. "Non-GAAP measures and definitions" contains the definition of "Net operating income" and its reconciliation from the most directly comparable financial measure presented in accordance with GAAP.

(1) The 10-year average represents the average for the years ended December 31, 2013 through 2022.

(2) Represents percentages for the three months ended September 30, 2023.

(3) Percentages calculated based on annual rental revenue in effect as of September 30, 2023.

(4) Quarter annualized. Refer to the definitions of "Net debt and preferred stock to Adjusted EBITDA" and "Fixed-charge coverage ratio" in the "Non-GAAP measures and definitions" section within this Item 2 for additional details.

**Long-Duration and Stable Cash Flows From  
High-Quality and Diverse Tenants**

**REIT Industry-Leading Client Base**  
**Investment-Grade or Publicly Traded Large Cap Tenants**

**91%**

of ARE's Top 20 Tenants  
Annual Rental Revenue<sup>(1)</sup>

**49%**

of ARE's Total Annual Rental Revenue<sup>(1)</sup>

**Long-Duration Lease Terms**

**8.9 Years**

Top 20 Tenants

**7.0 Years**

All Tenants

Weighted-Average Remaining Term<sup>(2)</sup>

**Sustained Strength in Tenant Collections<sup>(3)</sup>**

**99.9%**

For the Three Months Ended  
September 30, 2023

**99.7%**

October 2023

(1) Represents annual rental revenue in effect as of September 30, 2023. Refer to the "Non-GAAP measures and definitions" section within this Item 2 for additional information.

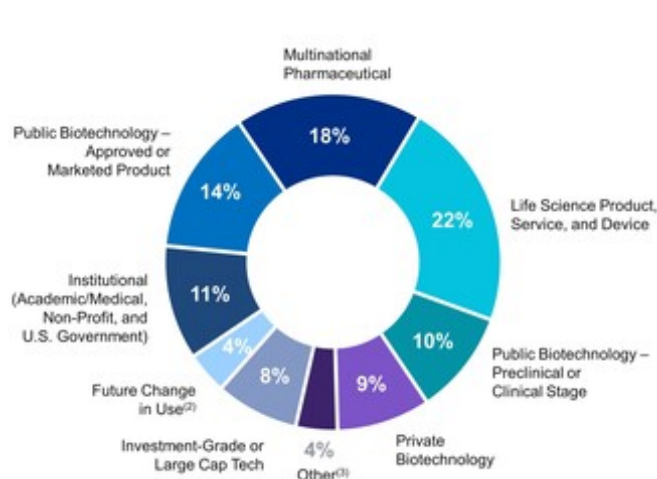
(2) Based on total annual rental revenue in effect as of September 30, 2023.

(3) Represents the portion of total receivables billed for each indicated period collected through the date of this report.



## High-Quality and Diverse Client Base in AAA Locations

### Industry Mix of Over 800 Tenants



Industry	Annual Rental Revenue <sup>(1)</sup> per RSF
Life Science Product, Service, and Device	\$ 43.34
Multinational Pharmaceutical	\$ 60.99
Public Biotechnology – Approved or Marketed Product	\$ 59.97
Institutional (Academic/Medical, Non-Profit, and U.S. Government)	\$ 58.28
Public Biotechnology – Preclinical or Clinical Stage	\$ 67.33
Private Biotechnology	\$ 81.36
Future Change in Use <sup>(2)</sup>	\$ 41.52
Investment-Grade or Large Cap Tech	\$ 32.06
Other <sup>(3)</sup>	\$ 34.02

Percentage of ARE's Annual Rental Revenue<sup>(1)</sup>

## Solid Historical Occupancy of 96% Over Past 10 Years<sup>(4)</sup> From Historically Strong Demand for Our Class A/A+ Properties in AAA Locations

### AAA Locations



### Occupancy Across Key Locations



Percentage of ARE's Annual Rental Revenue<sup>(1)</sup>

Represents annual rental revenue in effect as of September 30, 2023. Refer to the "Non-GAAP measures and definitions" section within this Item 2 for additional information.

(1) Represents annual rental revenue in effect as of September 30, 2023.

(2) Represents annual rental revenue currently generated from space that is targeted for a future change in use, including 1.1% of total annual rental revenue that is generated from covered land play projects for future development opportunities. The weighted-average remaining term of these leases is 4.1 years.

(3) Our "Other" tenants, which represent an aggregate of 4.0% of our annual rental revenue, comprise technology, professional services, finance, telecommunications, and construction/real estate companies, and (by less than 1.0% of our annual rental revenue) retail-related tenants.

(4) Represents average occupancy of operating properties in North America as of each December 31 for the last 10 years and as of September 30, 2023.

(5) Refer to footnotes 1 and 2 in the "Summary of occupancy percentages in North America" section within this Item 2 for additional details.

(6) Acquired vacancy of 2.1% from properties recently acquired in 2021 and 2022 primarily representing lease-up opportunities. Excluding acquired vacancies, occupancy of operating properties in North America was 95.8% as of September 30, 2023.

## Leasing

The following table summarizes our leasing activity at our properties:

	Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023		Year Ended December 31, 2022	
	Including Straight-Line Rent	Cash Basis	Including Straight-Line Rent	Cash Basis	Including Straight-Line Rent	Cash Basis
<i>(Dollars per RSF)</i>						
<i>Leasing activity:</i>						
<i>Renewed/re-leased space<sup>(1)</sup></i>						
<b>Rental rate changes</b>	<b>28.8%</b>	<b>19.7%</b>	<b>33.9%</b>	<b>18.1%</b>	<b>31.0%</b>	<b>22.1%</b>
New rates	\$59.80	\$58.09	\$51.86	\$49.83	\$50.37	\$48.48
Expiring rates	\$46.43	\$48.53	\$38.73	\$42.21	\$38.44	\$39.69
RSF	396,334		2,569,244		4,540,325	
Tenant improvements/ leasing commissions	\$18.55		\$25.20		\$27.83	
Weighted-average lease term	7.6 years		9.2 years		5.0 years	
<i>Developed/redeveloped/ previously vacant space leased<sup>(2)</sup></i>						
New rates	\$68.85	\$60.80	\$63.78	\$58.13	\$73.46	\$64.04
RSF	471,248		847,091		3,865,262	
Weighted-average lease term	14.4 years		13.2 years		11.8 years	
<i>Leasing activity summary (totals):</i>						
New rates	\$65.08	\$59.67	\$54.91	\$51.96	\$60.98	\$55.64
RSF	867,582		3,416,335		8,405,587	
Weighted-average lease term	13.0 years		11.0 years		8.1 years	
<i>Lease expirations<sup>(1)</sup></i>						
Expiring rates	\$54.50	\$55.43	\$43.59	\$44.53	\$37.41	\$38.06
RSF	786,656		4,319,951		6,572,286	

Leasing activity includes 100% of results for properties in North America in which we have an investment.

- (1) Excludes month-to-month leases aggregating 73,009 RSF and 266,292 RSF as of September 30, 2023 and December 31, 2022, respectively. During the trailing twelve months ended September 30, 2023, we granted free rent concessions averaging 0.6 months per annum.
- (2) Refer to the "New Class A/A+ development and redevelopment properties: summary of pipeline" section within this Item 2 for additional information on total project costs.

## Summary of contractual lease expirations

The following table summarizes information with respect to the contractual lease expirations at our properties as of September 30, 2023:

Year	RSF	Percentage of Occupied RSF	Annual Rental Revenue (per RSF) <sup>(1)</sup>	Percentage of Total Annual Rental Revenue
2023 <sup>(2)</sup>	617,560	1.6%	\$ 36.30	1.1%
2024	3,632,359	9.4%	\$ 53.26	9.6%
2025	3,589,722	9.3%	\$ 48.10	8.5%
2026	2,764,167	7.2%	\$ 51.18	7.0%
2027	2,808,450	7.3%	\$ 54.85	7.6%
2028	4,702,594	12.2%	\$ 51.41	12.0%
2029	2,515,073	6.5%	\$ 51.57	6.4%
2030	2,516,747	6.5%	\$ 51.16	6.4%
2031	3,512,917	9.1%	\$ 55.71	9.7%
2032	1,180,541	3.1%	\$ 57.22	3.3%
Thereafter	10,739,517	27.8%	\$ 53.46	28.4%

(1) Represents amounts in effect as of September 30, 2023.

(2) Excludes month-to-month leases aggregating 73,009 RSF as of September 30, 2023.

The following tables present information by market with respect to our lease expirations in North America as of September 30, 2023 for the remainder of 2023 and for all of 2024:

2023 Contractual Lease Expirations (in RSF)						
Market	Leased	Negotiating/ Anticipating	Targeted for Future Development/ Redevelopment	Remaining Expiring Leases <sup>(1)</sup>	Total <sup>(2)</sup>	Annual Rental Revenue (per RSF) <sup>(3)</sup>
Greater Boston	8,033	—	—	31,190	39,223	\$ 89.15
San Francisco Bay Area	11,000	104,804	—	136,447	252,251	36.58
New York City	—	—	—	200	200	N/A
San Diego	10,368	—	—	3,325	13,693	15.44
Seattle	113,073	—	—	73,519	186,592	31.55
Maryland	—	—	—	56,287	56,287	26.27
Research Triangle	34,790	—	—	21,203	55,993	29.67
Texas	—	—	—	—	—	—
Canada	13,321	—	—	—	13,321	28.11
Non-cluster/other markets	—	—	—	—	—	—
Total	190,585	104,804	—	322,171	617,560	\$ 36.30
Percentage of expiring leases	31%	17%	—%	52%	100%	

2024 Contractual Lease Expirations (in RSF)						
Market	Leased	Negotiating/ Anticipating	Targeted for Future Development/ Redevelopment <sup>(4)</sup>	Remaining Expiring Leases <sup>(1)</sup>	Total	Annual Rental Revenue (per RSF) <sup>(3)</sup>
Greater Boston	86,532	15,049	412,946	660,668	1,175,195	\$ 74.50
San Francisco Bay Area	43,496	15,478	107,250	571,880	738,104	61.10
New York City	—	—	—	363,018	363,018	N/A
San Diego	—	14,938	580,021 <sup>(5)</sup>	187,497	782,456	25.25
Seattle	6,748	—	50,552	186,140	243,440	24.81
Maryland	89,831	—	—	42,301	132,132	32.40
Research Triangle	72,078	—	—	97,941	170,019	51.02
Texas	—	—	—	—	—	—
Canada	—	6,786	—	—	6,786	23.42
Non-cluster/other markets	—	19,867	—	1,342	21,209	55.11
Total	298,685	72,118	1,150,769	2,110,787	3,632,359	\$ 53.26
Percentage of expiring leases	8%	2%	32%	58%	100%	

(1) The largest remaining contractual lease expirations for 2023 and 2024 are 55,751 RSF in our Mission Bay submarket and 349,947 RSF in our New York City submarket, respectively. Refer to footnote 5 on the next page for additional information related to the contractual lease expiration in our New York City submarket.

(2) Excludes month-to-month leases aggregating 73,009 RSF as of September 30, 2023.

(3) Represents amounts in effect as of September 30, 2023.

(4) Includes lease expirations primarily related to recently acquired properties, including (i) 466,248 RSF expiring in 2024, which is targeted for future redevelopment and expected to commence construction in the near-term, and (ii) 684,521 RSF expiring in 2024, which is targeted for future development and not expected to commence vertical construction in the near term. We expect to demolish these buildings, aggregating 684,521 RSF, which are related to land targeted for future development following lease expiration and commence pre-construction activities, including entitlements, permitting, design, site work, and other activities preceding commencement of construction of aboveground building improvements. Commencement of future development projects is subject to market conditions and leasing. The 2024 weighted-average contractual lease expiration date for all spaces targeted for redevelopment and development (weighted by annual rental revenue) is July 23, 2024. Refer to the definition of "Investments in real estate – value-creation square footage currently in rental properties" in the "Non-GAAP measures and definitions" section within this Item 2 for additional details on value-creation square feet currently included in rental properties.

(5) Includes 495,192 RSF at the Campus Point by Alexandria mega campus in our University Town Center submarket, which is targeted for future development, pending market conditions and leasing.

## Top 20 tenants

### 91% of Top 20 Tenants Annual Rental Revenue Is From Investment-Grade or Publicly Traded Large Cap Tenants<sup>(1)</sup>

Our properties are leased to a high-quality and diverse group of tenants, with no individual tenant accounting for more than 3.3% of our annual rental revenue in effect as of September 30, 2023. The following table sets forth information regarding leases with our 20 largest tenants in North America based upon annual rental revenue in effect as of September 30, 2023 (dollars in thousands, except average market cap amounts):

	Tenant	Remaining Lease Term <sup>(1)</sup> (in Years)	Aggregate RSF	Annual Rental Revenue <sup>(1)</sup>	Percentage of Aggregate Annual Rental Revenue <sup>(1)</sup>	Investment-Grade Credit Ratings		Average Market Cap <sup>(1)</sup> (in billions)
						Moody's	S&P	
1	Bristol-Myers Squibb Company	6.5	908,581	\$ 67,089	3.3%	A2	A+	\$ 145.0
2	Eli Lilly and Company	5.2	820,987	56,771	2.8	A2	A+	\$ 386.0
3	Moderna, Inc.	10.9	908,436	51,934	2.6	—	—	\$ 55.2
4	Roche	6.6	770,279	45,811	2.3	Aa2	AA	\$ 254.0
5	Takeda Pharmaceutical Company Limited	6.3	549,760	37,399	1.8	Baa2	BBB+	\$ 48.9
6	Alphabet Inc.	3.2	654,423	36,809	1.8	Aa2	AA+	\$ 1,394.3
7	Illumina, Inc.	6.9	890,389	36,204	1.8	Baa3	BBB	\$ 31.6
8	2seventy bio, Inc. <sup>(2)</sup>	9.9	312,805	33,617	1.7	—	—	\$ 0.5
9	Harvard University	6.3	389,233	31,865	1.6	Aaa	AAA	\$ —
10	Novartis AG	4.9	447,831	30,976	1.5	A1	AA-	\$ 217.5
11	Cloud Software Group, Inc.	3.4 <sup>(3)</sup>	292,013	28,537	1.4	—	—	\$ —
12	Uber Technologies, Inc.	59.0 <sup>(4)</sup>	1,009,188	27,738	1.4	—	—	\$ 71.5
13	AstraZeneca PLC	5.5	456,266	25,132	1.2	A3	A	\$ 210.8
14	United States Government	7.0	340,238	22,704	1.1	Aaa	AA+	\$ —
15	Sanofi	7.3	267,278	21,444	1.1	A1	AA	\$ 126.0
16	Pfizer Inc.	1.0 <sup>(5)</sup>	405,066	21,421	1.1	A1	A+	\$ 233.3
17	New York University	8.4	218,983	21,056	1.0	Aa2	AA-	\$ —
18	Massachusetts Institute of Technology	5.6	246,725	20,504	1.0	Aaa	AAA	\$ —
19	Boston Children's Hospital	13.1	266,857	20,066	1.0	Aa2	AA	\$ —
20	Merck & Co., Inc.	10.6	300,930	18,913	0.9	A1	A+	\$ 273.9
Total/weighted-average		8.9 <sup>(4)</sup>	10,456,268	\$ 655,990	32.4%			

Annual rental revenue and RSF include 100% of each property managed by us in North America.

- (1) Based on total annual rental revenue in effect as of September 30, 2023. Refer to the definitions of "Annual rental revenue" and "Investment-grade or publicly traded large cap tenants" in the "Non-GAAP measures and definitions" section within this Item 2 for our methodologies of calculating annual rental revenue from unconsolidated real estate joint ventures and average market capitalization, respectively.
- (2) As of June 30, 2023, 2seventy bio, Inc. held \$282.8 million of cash, cash equivalents, and marketable securities. Additionally, 90.0% of the annual rental revenue generated by 2seventy bio, Inc. is guaranteed by another public biotechnology company (a party related to 2seventybio, Inc.).
- (3) Includes one lease at a recently acquired property with future development and redevelopment opportunities. This lease with Cloud Software Group, Inc. (formerly known as TIBCO Software, Inc.) was in place when we acquired the properties.
- (4) Includes (i) ground leases for land at 1455 and 1515 Third Street (two buildings aggregating 422,980 RSF) and (ii) leases at 1655 and 1725 Third Street (two buildings aggregating 586,208 RSF) in our Mission Bay submarket owned by our unconsolidated real estate joint venture in which we have an ownership interest of 10%. Annual rental revenue is presented using 100% of the annual rental revenue from our consolidated properties and our share of annual rental revenue from our unconsolidated real estate joint ventures. Refer to footnote 1 for additional details. Excluding the ground leases, the weighted-average remaining lease term for our top 20 tenants was 6.8 years as of September 30, 2023.
- (5) Primarily relates to one office building in our New York City submarket aggregating 349,947 RSF with a contractual lease expiration in third quarter of 2024, which is under consideration to be marketed for lease in its current condition or may be developed or redeveloped into laboratory space, subject to market conditions and leasing.

## Locations of properties

The locations of our properties are diversified among a number of life science, agtech, and technology cluster markets. The following table sets forth the total RSF, number of properties, and annual rental revenue in effect as of September 30, 2023 in each of our markets in North America (dollars in thousands, except per RSF amounts):

Market	RSF				Number of Properties	Annual Rental Revenue		
	Operating	Development	Redevelopment	Total		Total	% of Total	Per RSF
Greater Boston	10,510,001	1,435,071	1,242,400 <sup>(1)</sup>	13,187,472	28%	75	\$ 728,668	36%
San Francisco Bay Area	8,043,183	498,142	300,010	8,841,335	19	68	462,086	23
New York City	1,271,665	—	—	1,271,665	3	5	91,355	4
San Diego	7,905,785	760,869	—	8,666,654	17	93	312,855	15
Seattle	2,838,555	311,631	148,890	3,299,076	7	45	110,788	5
Maryland	3,586,532	510,601	—	4,097,133	9	51	123,652	6
Research Triangle	3,788,662	88,038	—	3,876,700	8	39	115,104	6
Texas	1,845,159	—	73,298	1,918,457	4	15	52,707	3
Canada	1,052,157	—	183,556	1,235,713	3	13	16,097	1
Non-cluster/other markets	382,961	—	—	382,961	1	11	16,291	1
Properties held for sale	312,660	—	—	312,660	1	4	845	—
<b>North America</b>	<b>41,537,320</b>	<b>3,604,352</b>	<b>1,948,154</b>	<b>47,089,826</b>	<b>100%</b>	<b>419</b>	<b>\$ 2,030,448</b>	<b>100%</b>
			<b>5,552,506</b>					

(1) Primarily relates to our active redevelopment projects at 840 Winter Street and 40, 50, and 60 Sylvan Road, aggregating 654,953 RSF, which are 50% leased/negotiating on a combined basis. This mega campus project is expected to capture demand in our Route 128 submarket of Greater Boston.

## Summary of occupancy percentages in North America

The following table sets forth the occupancy percentages for our operating properties and our operating and redevelopment properties in each of our North America markets, excluding properties held for sale, as of the following dates:

Market	Operating Properties			Operating and Redevelopment Properties		
	9/30/23	6/30/23	9/30/22	9/30/23	6/30/23	9/30/22
Greater Boston	93.2%	92.5%	94.4%	83.3%	83.2%	84.7%
San Francisco Bay Area	95.3	95.5	96.2	91.9	91.9	92.8
New York City	89.4 <sup>(1)</sup>	88.9	96.5	89.4	88.9	92.3
San Diego	90.9 <sup>(2)</sup>	92.8	95.2	90.9	92.8	95.2
Seattle	95.1	95.1	97.1	90.3	89.5	90.2
Maryland	96.6	96.2	95.4	96.6	94.9	92.3
Research Triangle	96.9	94.3	93.5	96.9	94.3	84.5
Texas	95.1	95.1	78.4	91.5	91.0	69.9
Subtotal	93.9	93.8	94.5	89.9	89.8	88.9
Canada	88.9	87.3	93.0	75.7	69.2	78.5
Non-cluster/other markets	80.5	81.3	75.0	80.5	81.3	75.0
<b>North America</b>	<b>93.7%</b>	<b>93.6%</b>	<b>94.3%</b>	<b>89.4%</b>	<b>89.2%</b>	<b>88.6%</b>

(1) Vacancy primarily relates to our Alexandria Center<sup>®</sup> for Life Science – Long Island City property that is currently 41.7% occupied. In addition, our mega campus at Alexandria Center<sup>®</sup> for Life Science – New York City is currently 95.9% occupied.

(2) Includes temporary vacancy of 105,598 RSF at 6450 Sequence Drive and 65,280 RSF at 4767 Nexus Center Drive. These spaces are each fully leased with occupancy expected to commence over the next one to three quarters.

## Investments in real estate

A key component of our business model is our disciplined allocation of capital to the development and redevelopment of new Class A/A+ properties, and property enhancements identified during the underwriting of certain acquired properties, located in collaborative life science, agtech, and advanced technology mega campuses in AAA innovation clusters. These projects are focused on providing high-quality, generic, and reusable spaces that meet the real estate requirements of, and are reusable by, a wide range of tenants. Upon completion, each value-creation project is expected to generate increases in rental income, net operating income, and cash flows. Our development and redevelopment projects are generally in locations that are highly desirable to high-quality entities, which we believe results in higher occupancy levels, longer lease terms, higher rental income, higher returns, and greater long-term asset value. Our pre-construction activities are undertaken in order to prepare the property for its intended use and include entitlements, permitting, design, site work, and other activities preceding commencement of construction of aboveground building improvements.

Our investments in real estate consisted of the following as of September 30, 2023 (dollars in thousands):

	Operating	Development and Redevelopment						
		Active and Near-Term Construction		Future Opportunities Subject to Market Conditions and Leasing				
		Under Construction 67% Leased/ Negotiating	Committed Near Term 59% Leased <sup>(1)</sup>	Near Term	Intermediate Term	Future	Subtotal	Total
Square footage								
Operating	41,537,320	—	—	—	—	—	—	41,537,320
New Class A/A+ development and redevelopment properties	—	5,552,506	818,938	3,007,032	6,038,906	22,254,380	37,671,762	37,671,762
Value-creation square feet currently included in rental properties <sup>(2)</sup>	—	—	—	(466,248)	(539,276)	(3,146,269)	(4,151,793)	(4,151,793)
Total square footage	41,537,320	5,552,506	818,938	2,540,784	5,499,630	19,108,111	33,519,969	75,057,289
Investments in real estate								
Gross book value as of September 30, 2023 <sup>(3)</sup>	\$ 27,048,083	\$ 4,498,324	\$ 386,728	\$ 749,507	\$ 1,365,116	\$ 2,517,253	\$ 9,516,928	\$ 36,565,011

(1) Represents near-term projects expected to commence construction during the next three quarters after September 30, 2023.

(2) Refer to "Investments in real estate – value-creation square footage currently in rental properties" in the "Non-GAAP measures and definitions" section within this Item 2 for additional details on value-creation square feet currently included in rental properties.

(3) Balances exclude accumulated depreciation and our share of the cost basis associated with our properties held by our unconsolidated real estate joint ventures, which is classified as investments in unconsolidated real estate joint ventures in our consolidated balance sheets.

## Acquisitions

Our real estate asset acquisitions for the nine months ended September 30, 2023 consisted of the following (dollars in thousands):

Property	Submarket/Market	Date of Purchase	Number of Properties	Operating Occupancy	Square Footage			Total <sup>(2)</sup>	Purchase Price
					Acquisitions With Development and Redevelopment Opportunities <sup>(1)</sup>				
					Future Development	Active Development/ Redevelopment	Operating With Future Development/ Redevelopment		
Nine months ended September 30, 2023:									
Canada	Canada	1/30/23	1	100%	—	—	247,743	247,743	\$ 100,837
Other	Various		4	100	1,089,349	110,717	185,676	1,385,742	150,139
			5	100%	1,089,349	110,717	433,419	1,633,485	\$ 250,976

(1) We expect to provide total estimated costs and related yields for development and redevelopment projects in the future, subsequent to the commencement of construction.

(2) Represents total square footage upon completion of development or redevelopment of one or more new Class A/A+ properties. Square footage presented includes RSF of buildings currently in operations with future development or redevelopment opportunities. Refer to "Investments in real estate – value-creation square footage currently in rental properties" in the "Non-GAAP measures and definitions" section within this Item 2 for additional information.

## Dispositions and sales of partial interests

Our completed dispositions of and sales of partial interests in real estate assets during the nine months ended September 30, 2023 consisted of the following (dollars in thousands, except per RSF amounts):

Property	Submarket/Market	Date of Sale	Interest Sold	RSF	Capitalization Rate	Capitalization Rate (Cash Basis)	Sales Price	Sales Price per RSF
<b>Nine months ended September 30, 2023:</b>								
<i>Value harvesting of dispositions and recycling of assets not integral to our mega campus strategy</i>								
225, 266, and 275 Second Avenue and 780 and 790 Memorial Drive <sup>(1)</sup>	Route 128 and Cambridge/Inner Suburbs/Greater Boston	6/13/23	100%	428,663	5.0 % <sup>(1)</sup>	5.2 % <sup>(1)</sup>	\$ 365,226	\$ 852
11119 North Torrey Pines Road <sup>(2)</sup>	Torrey Pines/San Diego	5/4/23	100%	72,506	4.4 % <sup>(2)</sup>	4.6 % <sup>(2)</sup>	86,000	\$ 1,186
275 Grove Street <sup>(3)</sup>	Route 128/Greater Boston	6/27/23	100%	509,702	N/A	N/A	109,349	N/A
Other							42,092	
							602,667	
<i>Strategic dispositions and partial interest sales</i>								
421 Park Drive <sup>(4)</sup>	Fenway/Greater Boston	9/19/23	<sup>(4)</sup>	<sup>(4)</sup>	N/A	N/A	174,412	N/A
15 Necco Street <sup>(5)</sup>	Seaport Innovation District/ Greater Boston	4/11/23	18% <sup>(5)</sup>	345,995	6.6 %	5.4 %	66,108	\$ 1,626
9625 Towne Centre Drive <sup>(6)</sup>	University Town Center/ San Diego	6/21/23	20.1%	163,648	4.2 %	4.5 %	32,261	\$ 981
							272,781	
Dispositions and sales of partial interests completed nine months ended September 30, 2023							875,448	
Pending and under executed letters of intent or purchase and sale agreements							699,274	
							1,574,722	
Additional targeted non-core dispositions in process							75,278	
2023 dispositions and sales of partial interests (midpoint)							\$ 1,650,000	
2023 guidance range							\$1,550,000 – \$1,750,000	

- (1) We calculated capitalization rates based upon net operating income and net operating income (cash basis) for the three months ended June 30, 2023 annualized that includes vacancy available for redevelopment. Upon completion of the sale, we recognized a gain on sale of real estate aggregating \$187.2 million.
- (2) We calculated capitalization rates based upon net operating income and net operating income (cash basis) for the three months ended March 31, 2023 annualized. Upon completion of the sale, we recognized a gain on sale of real estate aggregating \$27.6 million.
- (3) During the three months ended June 30, 2023, we recognized a real estate impairment charge of \$145.4 million to reduce our investment to its current fair value less costs to sell.
- (4) Represents the disposition of 268,023 RSF in a 660,034 RSF near-term development at 421 Park Drive. The proceeds from this transaction will help fund the construction of our remaining 392,011 RSF of the project. The project is expected to commence vertical construction in the fourth quarter of 2023 and be substantially complete in 2026. The buyer will fund the remaining costs to construct its 268,023 RSF, and these costs are not included in our projected construction spending. We will develop and operate the completed project and will earn development fees over the next three years.
- (5) Represents a development project under construction aggregating 345,995 RSF, 97% of which is leased to Eli Lilly and Company for the Lilly Institute for Genetic Medicine. In April 2023, an investor acquired a 20% interest in this joint venture, which consisted of an 18% interest sold by us and a 2% interest sold by our existing partner. Upon completion of the sale, our ownership interest in the consolidated real estate joint venture was 72% and our existing and new partners' noncontrolling interests were 8% and 20%, respectively. We retained control over this real estate joint venture and therefore continue to consolidate it. The sales price of the 18% interest sold by us was \$66.1 million, or \$1,626 per RSF, representing capitalization rates of 6.6% and 5.4% (cash basis). We expect our new joint venture partner to contribute capital approximating \$130 million to fund construction of the project over time and to accrete its ownership interest in the joint venture to 37% from 20%.
- (6) An investor acquired a 70.0% interest in this consolidated real estate joint venture, which consisted of a 20.1% interest sold by us and a 49.9% interest held by our previous joint venture partner. Our portion of the sales price was \$32.3 million, or \$981 per RSF, representing capitalization rates of 4.2% and 4.5% (cash basis) based upon net operating income and net operating income (cash basis) for the three months ended June 30, 2023 annualized. We retained control over this real estate joint venture and therefore continue to consolidate this property. This transaction resulted in consideration in excess of book value of \$15.6 million.



## VISIBILITY OF FUTURE GROWTH WITH ANNUAL NET OPERATING INCOME OF **\$580 MILLION<sup>(1)</sup>**

### Placed Into Service

1H23	3Q23
<b>\$81M</b>	<b>\$39M</b>
840,587 RSF	450,134 RSF
100% LEASED	100% LEASED

### Expected to Be Placed Into Service and Stabilized<sup>(2)</sup>

4Q23	2024	2025-3Q26
<b>\$114M</b>	<b>\$127M</b>	<b>\$339M</b>
808,095 RSF	1.8M RSF	3.8M RSF
99% LEASED	92% LEASED	41% LEASED/NEGOTIATING

## ALEXANDRIA'S OPERATIONAL EXCELLENCE DRIVES ACCELERATED DELIVERY OF 325 BINNEY AND ONBOARDING OF NET OPERATING INCOME



325 BINNEY STREET | GREATER BOSTON  
Moderna

Refer to "Net operating income" in the "Non-GAAP measures and definitions" section within this Item 2 for additional details and its reconciliation from the most directly comparable financial measures presented in accordance with GAAP.

(1) Our share of annual incremental net operating income primarily commencing from 4Q23 through 3Q26 is \$491 million.

(2) Represents projects under construction aggregating 5.6 million RSF and two near-term projects aggregating 0.8 million RSF expected to commence construction during the next three quarters after September 30, 2023.

New Class A/A+ development and redevelopment properties: recent deliveries

201 Brookline Avenue	140 First Street	751 Gateway Boulevard	Alexandria Center® for Advanced Technologies – Monte Villa Parkway <sup>(1)</sup>
Greater Boston/Fenway	Greater Boston/Cambridge	San Francisco Bay Area/South San Francisco	Seattle/Bothell
451,967 RSF	403,892 RSF	230,592 RSF	65,086 RSF
100% Occupancy	100% Occupancy	100% Occupancy	100% Occupancy
			

9808 Medical Center Drive	9601 and 9603 Medical Center Drive <sup>(2)</sup>	20400 Century Boulevard	2400 Ellis Road, 40 Moore Drive, and 14 TW Alexander Drive <sup>(3)</sup>	8800 Technology Forest Place
Maryland/Rockville	Maryland/Rockville	Maryland/Gaithersburg	Research Triangle/Research Triangle	Texas/Greater Houston
26,460 RSF	95,911 RSF	81,006 RSF	603,316 RSF	50,094 RSF
100% Occupancy	100% Occupancy	100% Occupancy	100% Occupancy	100% Occupancy
				

(1) Image represents 3755 Monte Villa Parkway.

(2) Image represents 9601 Medical Center Drive.

(3) Image represents 2400 Ellis Road on the Alexandria Center® for Life Science – Durham mega campus.

New Class A/A+ development and redevelopment properties: recent deliveries (continued)

The following table presents value-creation development and redevelopment of new Class A/A+ properties placed into service during the nine months ended September 30, 2023 (dollars in thousands):

## Annual Incremental Net Operating Income Generated From Deliveries Totals \$120 Million During YTD 3Q23, Including \$39 Million From 3Q23











Property/Market/Submarket	3Q23 Delivery Date <sup>(1)</sup>	Our Ownership Interest	RSF Placed in Service						Occupancy Percentage <sup>(2)</sup>	Total Project		Unlevered Yields	
			Prior to 1/1/23	1Q23	2Q23	3Q23	Total	RSF		Investment	Initial Stabilized	Initial Stabilized (Cash Basis)	
Development projects													
201 Brookline Avenue/Greater Boston/Fenway	N/A	99.0%	340,073	107,174	4,720	—	451,967	100%	510,116	\$ 775,000	7.2%	6.5%	
751 Gateway Boulevard/San Francisco Bay Area/South San Francisco	9/1/23	51.0%	—	—	—	230,592	230,592	100%	230,592	246,000	7.0	7.5	
9808 Medical Center Drive/Maryland/Rockville	9/13/23	100%	—	—	—	26,460	26,460	100%	95,061	113,000	5.5	5.5	
Redevelopment projects													
140 First Street/Greater Boston/Cambridge	8/6/23	100%	—	—	325,346	78,546	403,892	100%	408,259	1,248,000	5.6	4.7	
Alexandria Center® for Advanced Technologies – Monte Villa Parkway/Seattle/Bothell	9/1/23	100%	—	35,847	—	29,239	65,086	100%	460,623	229,000	6.3	6.2	
9601 and 9603 Medical Center Drive/Maryland/Rockville	9/30/23	100%	34,589	13,927	—	47,395	95,911	100%	95,911	63,000	8.0	6.8	
20400 Century Boulevard/Maryland/Gaithersburg	N/A	100%	50,738	19,692	10,576	—	81,006	100%	81,006	35,000	9.5	9.3	
2400 Ellis Road, 40 Moore Drive, and 14 TW Alexander Drive/Research Triangle/Research Triangle	N/A	100%	326,445	276,871	—	—	603,316	100%	603,316	241,000	8.1	6.8	
8800 Technology Forest Place/Texas/Greater Houston	8/25/23	100%	—	—	46,434	3,660	50,094	100%	123,392	112,000	6.3	6.0	
Canada	9/29/23	100%	—	—	—	34,242	34,242	100%	250,790	104,000	7.0	7.0	
Weighted average/total	8/24/23		751,845	453,511	387,076	450,134	2,042,566		2,859,066	\$ 3,166,000	6.5%	5.9%	

(1) Represents the average delivery date for deliveries that occurred during the three months ended September 30, 2023, weighted by annual rental revenue.

(2) Relates to total operating RSF placed in service as of the most recent delivery.



New Class A/A+ development and redevelopment properties: current projects










325 Binney Street	99 Coolidge Avenue	500 North Beacon Street and 4 Kingsbury Avenue <sup>(1)</sup>	201 Brookline Avenue	401 Park Drive
Greater Boston/Cambridge	Greater Boston/ Cambridge/Inner Suburbs	Greater Boston/ Cambridge/Inner Suburbs	Greater Boston/Fenway	Greater Boston/Fenway
462,100 RSF	320,809 RSF	248,018 RSF	58,149 RSF	133,578 RSF
100% Leased	36% Leased	85% Leased	98% Leased	17% Leased
				
15 Necco Street	40, 50, and 60 Sylvan Road <sup>(2)</sup>	1450 Owens Street <sup>(3)</sup>	651 Gateway Boulevard	230 Harriet Tubman Way
Greater Boston/ Seaport Innovation District	Greater Boston/Route 128	San Francisco Bay Area/ Mission Bay	San Francisco Bay Area/ South San Francisco	San Francisco Bay Area/ South San Francisco
345,995 RSF	515,273 RSF	212,796 RSF	300,010 RSF	285,346 RSF
97% Leased	36% Leased/Negotiating	—% Leased/Negotiating	22% Leased	100% Leased
				

(1) Image represents 500 North Beacon Street on the Arsenal on the Charles mega campus.

(2) Image represents 50 Sylvan Road. This mega campus project is expected to capture demand in our Route 128 submarket. We have executed a letter of intent with a multinational pharmaceutical company for 36% of the entire project.

(3) Image represents a single- or multi-tenant project expanding our existing mega campus, which will be 100% funded by our joint venture partner. We are currently marketing the space for lease and have initial interest from publicly traded biotechnology and institutional tenants.

New Class A/A+ development and redevelopment properties: current projects (continued)

10935, 10945, and 10955 Alexandria Way <sup>(1)</sup>	4155 Campus Point Court	10075 Barnes Canyon Road	1150 Eastlake Avenue East	Alexandria Center® for Advanced Technologies – Monte Villa Parkway <sup>(2)</sup>
San Diego/Torrey Pines	San Diego/ University Town Center	San Diego/Sorrento Mesa	Seattle/Lake Union	Seattle/Bothell
334,996 RSF	171,102 RSF	254,771 RSF	311,631 RSF	148,890 RSF
75% Leased	100% Leased	17% Leased/Negotiating	100% Leased	82% Leased
				
9810 and 9820 Darnestown Road	9808 Medical Center Drive	6040 George Watts Hill Drive, Phase II	8800 Technology Forest Place	
Maryland/Rockville	Maryland/Rockville	Research Triangle/Research Triangle	Texas/Greater Houston	
442,000 RSF	68,601 RSF	88,038 RSF	73,298 RSF	
100% Leased	60% Leased	100% Leased	41% Leased	
				

(1) Formerly known as 10931 and 10933 North Torrey Pines Road.

(2) Image represents 3755 Monte Villa Parkway.

New Class A/A+ development and redevelopment properties: current projects (continued)

The following tables set forth a summary of our new Class A/A+ development and redevelopment properties under construction and pre-leased/negotiating near-term projects as of September 30, 2023 (dollars in thousands):

Property/Market/Submarket	Dev/Redev	Square Footage			Percentage		Occupancy <sup>(1)</sup>	
		In Service	CIP	Total	Leased	Leased/ Negotiating	Initial	Stabilized
Under construction								
2023 stabilization								
325 Binney Street/Greater Boston/Cambridge	Dev	—	462,100	462,100	100%	100%	4Q23	4Q23
15 Necco Street/Greater Boston/Seaport Innovation District	Dev	—	345,995	345,995	97	97	4Q23	4Q23
		—	808,095	808,095	99	99		
2024 stabilization								
201 Brookline Avenue/Greater Boston/Fenway	Dev	451,967	58,149	510,116	98	98	3Q22	2024
840 Winter Street/Greater Boston/Route 128	Redev	28,534	139,680	168,214	100	100	2024	2024
230 Harriet Tubman Way/San Francisco Bay Area/South San Francisco	Dev	—	285,346	285,346	100	100	2024	2024
4155 Campus Point Court/San Diego/University Town Center	Dev	—	171,102	171,102	100	100	2024	2024
1150 Eastlake Avenue East/Seattle/Lake Union	Dev	—	311,631	311,631	100	100	4Q23	2024
Alexandria Center® for Advanced Technologies – Monte Villa Parkway/Seattle/Bothell	Redev	311,733	148,890	460,623	82	82	1Q23	2024
9820 Darnestown Road/Maryland/Rockville	Dev	—	250,000	250,000	100	100	2024	2024
9810 Darnestown Road/Maryland/Rockville	Dev	—	192,000	192,000	100	100	2024	2024
9808 Medical Center Drive/Maryland/Rockville	Dev	26,460	68,601	95,061	60	60	3Q23	2024
6040 George Watts Hill Drive, Phase II/Research Triangle/Research Triangle	Dev	—	88,038	88,038	100	100	2024	2024
8800 Technology Forest Place/Texas/Greater Houston	Redev	50,094	73,298	123,392	41	41	2Q23	2024
		868,788	1,786,735	2,655,523	92	92		
		868,788	2,594,830	3,463,618	94	94		
2025 and beyond stabilization								
99 Coolidge Avenue/Greater Boston/Cambridge/Inner Suburbs	Dev	—	320,809	320,809	36	36	2024	2025
500 North Beacon Street and 4 Kingsbury Avenue/Greater Boston/ Cambridge/Inner Suburbs	Dev	—	248,018	248,018	85	85	2024	2025
401 Park Drive/Greater Boston/Fenway	Redev	—	133,578	133,578	17	17	2024	2026
40, 50, and 60 Sylvan Road/Greater Boston/Route 128	Redev	—	515,273	515,273	—	36	2024	2026
Other/Greater Boston	Redev	—	453,869	453,869	—	—	2025	2026
1450 Owens Street/San Francisco Bay Area/Mission Bay	Dev	—	212,796	212,796	—	— <sup>(2)</sup>	2024	2025
651 Gateway Boulevard/San Francisco Bay Area/South San Francisco	Redev	—	300,010	300,010	22	22	2024	2025
10935, 10945, and 10955 Alexandria Way/San Diego/Torrey Pines	Dev	—	334,996	334,996	75	75 <sup>(3)</sup>	2025	2026
10075 Barnes Canyon Road/San Diego/Sorrento Mesa	Dev	—	254,771	254,771	—	17	2024	2025
Canada	Redev	67,234	183,556	250,790	73	73	3Q23	2025
		67,234	2,957,676	3,024,910	28	36 <sup>(4)</sup>		
		936,022	5,552,506	6,488,528	63%	67%		

(1) Initial occupancy dates are subject to leasing and/or market conditions. Stabilized occupancy may vary depending on single tenancy versus multi-tenancy. Multi-tenant projects may increase in occupancy over a period of time.

(2) Represents a single- or multi-tenant project expanding our existing mega campus, which will be 100% funded by our joint venture partner. We are currently marketing the space for lease and have initial interest from publicly traded biotechnology and institutional tenants.

(3) We terminated a lease at our development project located at 10935 and 10945 Alexandria Way (formerly known as 10931 and 10933 North Torrey Pines Road) to allow this tenant to remain and extend the lease term in its existing space at one of our operating properties. In addition, we re-leased a majority of this development project by relocating a high-credit tenant for higher rents and a longer lease term from our near-term project at 11255 and 11355 North Torrey Pines Road.

(4) These projects are focused on demand from our existing tenants in our adjacent properties/campuses and will also address demand from other non-Alexandria properties/campuses.

New Class A/A+ development and redevelopment properties: current projects (continued)

Property/Market/Submarket	Dev/Redev	Square Footage			Percentage	
		In Service	CIP	Total	Leased	Leased/ Negotiating
Near-term projects expected to commence construction in the next three quarters						
2025 and beyond stabilization						
421 Park Drive/Greater Boston/Fenway	Dev	—	392,011	392,011	13%	13%
4135 Campus Point Court/San Diego/University Town Center	Dev	—	426,927	426,927	100	100
		—	818,938	818,938	59	59
Total		936,022	6,371,444	7,307,466	63%	66%



New Class A/A+ development and redevelopment properties: current projects (continued)

Property/Market/Submarket	Our Ownership Interest	At 100%				Unlevered Yields	
		In Service	CIP	Cost to Complete	Total at Completion	Initial Stabilized	Initial Stabilized (Cash Basis)
Under construction							
2023 stabilization							
325 Binney Street/Greater Boston/Cambridge	100%	\$ —	\$ 700,331	\$ 190,669	\$ 891,000	8.5%	7.2%
15 Necco Street/Greater Boston/Seaport Innovation District	60.3%	—	477,880	89,120	567,000	6.7%	5.5%
		—	1,178,211				
2024 stabilization							
201 Brookline Avenue/Greater Boston/Fenway	99.0%	659,954	74,331	40,715	775,000	7.2%	6.5%
840 Winter Street/Greater Boston/Route 128	100%	13,648	125,004	69,348	208,000	7.5%	6.5%
230 Harriet Tubman Way/San Francisco Bay Area/South San Francisco	46.7%	—	205,164	207,836	413,000	7.4%	6.2%
4155 Campus Point Court/San Diego/University Town Center	55.0%	—	74,816	98,184	173,000	7.4%	6.5%
1150 Eastlake Avenue East/Seattle/Lake Union	100%	—	361,659	43,341	405,000	6.4%	6.2%
Alexandria Center® for Advanced Technologies – Monte Villa Parkway/Seattle/Bothell	100%	92,509	88,709	47,782	229,000	6.3%	6.2%
9820 Darnestown Road/Maryland/Rockville	100%	—	120,933	56,067	177,000	6.3%	5.6%
9810 Darnestown Road/Maryland/Rockville	100%	—	102,125	30,875	133,000	6.9%	6.2%
9808 Medical Center Drive/Maryland/Rockville	100%	34,551	50,805	27,644	113,000	5.5%	5.5%
6040 George Watts Hill Drive, Phase II/Research Triangle/Research Triangle	100%	—	58,730	5,270	64,000	8.0%	7.0%
8800 Technology Forest Place/Texas/Greater Houston	100%	43,009	54,185	14,806	112,000	6.3%	6.0%
		843,671	1,316,461				
2025 and beyond stabilization <sup>(1)</sup>							
99 Coolidge Avenue/Greater Boston/Cambridge/Inner Suburbs	75.0%	—	273,700	TBD			
500 North Beacon Street and 4 Kingsbury Avenue/Greater Boston/ Cambridge/Inner Suburbs	100%	—	302,560	124,440	427,000	6.2%	5.5%
401 Park Drive/Greater Boston/Fenway	100%	—	138,130	TBD			
40, 50, and 60 Sylvan Road/Greater Boston/Route 128	100%	—	384,730				
Other/Greater Boston	100%	—	138,361				
1450 Owens Street/San Francisco Bay Area/Mission Bay	42.8%	—	197,406				
651 Gateway Boulevard/San Francisco Bay Area/South San Francisco	50.0%	—	280,604	TBD			
10935, 10945, and 10955 Alexandria Way/San Diego/Torrey Pines	100%	—	142,404	360,596	503,000	6.2%	5.8%
10075 Barnes Canyon Road/San Diego/Sorrento Mesa	50.0%	—	103,700	TBD			
Canada	100%	21,729	42,057	40,214	104,000	7.0%	7.0%
		21,729	2,003,652				
		\$ 865,400	\$ 4,498,324	\$ 2,850,000 <sup>(2)</sup>	\$ 8,210,000 <sup>(2)</sup>		

(1) We expect to provide total estimated costs and related yields for each project with estimated stabilization in 2025 and beyond over the next several quarters.

(2) Amounts are rounded to the nearest \$10 million and include preliminary estimated amounts for projects listed as TBD.



New Class A/A+ development and redevelopment properties: current projects (continued)

Property/Market/Submarket	Our Ownership Interest	At 100%			
		In Service	CIP	Cost to Complete	Total at Completion
Near-term projects expected to commence construction in the next three quarters					
2025 and beyond stabilization					
421 Park Drive/Greater Boston/Fenway	99.6%	\$ —	\$ 276,096	TBD	
4135 Campus Point Court/San Diego/University Town Center	55.0%	—	110,632		
		—	386,728	\$ 890,000 <sup>(1)</sup>	\$ 1,280,000 <sup>(1)</sup>
Total		\$ 865,400	\$ 4,885,052	\$ 3,740,000 <sup>(1)</sup>	\$ 9,490,000 <sup>(1)</sup>
Our share of investment <sup>(2)</sup>			\$ 4,160,000 <sup>(1)</sup>	\$ 3,130,000 <sup>(1)</sup>	\$ 8,150,000 <sup>(1)</sup>

(1) Amounts are rounded to the nearest \$10 million and include preliminary estimated amounts for projects listed as TBD.

(2) Represents our share of investment based on our ownership percentages at the completion of development or redevelopment projects.

## New Class A/A+ development and redevelopment properties: summary of pipeline

The following table summarizes the key information for all our development and redevelopment projects in North America as of September 30, 2023 (dollars in thousands):

Market Property/Submarket	Our Ownership Interest	Book Value	Square Footage					
			Development and Redevelopment					
			Active and Near-Term Construction		Future Opportunities Subject to Market Conditions and Leasing			Total <sup>(1)</sup>
			Under Construction	Committed Near Term	Near Term	Intermediate Term	Future	
Greater Boston								
Mega Campus: Alexandria Center <sup>®</sup> at One Kendall Square/ Cambridge <i>325 Binney Street</i>	100%	\$ 700,331	462,100	—	—	—	—	462,100
99 Coolidge Avenue/Cambridge/Inner Suburbs	75.0%	273,700	320,809	—	—	—	—	320,809
Mega Campus: The Arsenal on the Charles/Cambridge/Inner Suburbs <i>311 Arsenal Street, 500 North Beacon Street, and 4 Kingsbury Avenue</i>	100%	313,688	248,018	—	308,446	—	34,157	590,621
Mega Campus: Alexandria Center <sup>®</sup> for Life Science – Fenway/Fenway <i>201 Brookline Avenue and 401 and 421 Park Drive</i>	(2)	488,557	191,727	392,011	—	—	—	583,738
15 Necco Street/Seaport Innovation District	60.3%	477,880	345,995	—	—	—	—	345,995
Mega Campus: 40, 50, and 60 Sylvan Road, 35 Gatehouse Drive, and 840 Winter Street/Route 128	100%	568,893	654,953	—	—	—	515,000	1,169,953
Mega Campus: Alexandria Center <sup>®</sup> at Kendall Square/ Cambridge <i>100 Edwin H. Land Boulevard</i>	100%	107,045	—	—	—	174,500	41,955	216,455
Mega Campus: 480 Arsenal Way and 446, 458, 500, and 550 Arsenal Street/Cambridge/Inner Suburbs <i>446, 458, 500, and 550 Arsenal Street</i>	100%	82,056	—	—	—	—	902,000	902,000
Mega Campus: Alexandria Technology Square <sup>®</sup> /Cambridge	100%	7,881	—	—	—	—	100,000	100,000
Mega Campus: 380 and 420 E Street/Seaport Innovation District	100%	129,485	—	—	—	—	1,000,000	1,000,000
99 A Street/Seaport Innovation District	100%	51,705	—	—	—	—	235,000	235,000
10 Necco Street/Seaport Innovation District	100%	102,024	—	—	—	—	175,000	175,000
Mega Campus: One Moderna Way/Route 128	100%	25,747	—	—	—	—	1,100,000	1,100,000
215 Presidential Way/Route 128	100%	6,813	—	—	—	—	112,000	112,000
Other value-creation projects	(3)	286,788	453,869	—	190,992	—	1,132,549	1,777,410
		\$ 3,622,593	2,677,471	392,011	499,438	174,500	5,347,661	9,091,081

Refer to the definition of “Mega campus” in the “Definitions and reconciliations” in the “Non-GAAP measures and definitions” section within this Item 2 for additional information.

- (1) Represents total square footage upon completion of development or redevelopment of one or more new Class A/A+ properties. Square footage presented includes RSF of buildings currently in operation at properties that also have inherent future development or redevelopment opportunities. Upon expiration of existing in-place leases, we have the intent to demolish or redevelop the existing property. Refer to the definition of “Investments in real estate – value-creation square footage currently in rental properties” in the “Non-GAAP measures and definitions” section within this Item 2 for additional information.
- (2) We have a 99.0% interest in 201 Brookline Avenue aggregating 58,149 RSF and a 100% interest in 401 Park Drive aggregating 133,578 RSF, which are currently under construction, and a 99.6% interest in the near-term development project at 421 Park Drive aggregating 392,011 RSF. Refer to “Dispositions and sales of partial interests” within this item 2 for additional details on our sale of 268,023 RSF at 421 Park Drive.
- (3) Includes a property in which we own a partial interest through a real estate joint venture. Refer to Note 4 – “Consolidated and unconsolidated real estate joint ventures” to our unaudited consolidated financial statements under Item 1 of this report for additional details.

New Class A/A+ development and redevelopment properties: summary of pipeline (continued)

Market Property/Submarket	Our Ownership Interest	Book Value	Square Footage					
			Development and Redevelopment					
			Active and Near-Term Construction		Future Opportunities Subject to Market Conditions and Leasing			Total <sup>(1)</sup>
			Under Construction	Committed Near Term	Near Term	Intermediate Term	Future	
San Francisco Bay Area								
Mega Campus: Alexandria Center <sup>®</sup> for Science and Technology – Mission Bay/Mission Bay 1450 Owens Street	42.8%	\$ 197,406	212,796	—	—	—	—	212,796
Mega Campus: Alexandria Technology Center <sup>®</sup> – Gateway/ South San Francisco 651 Gateway Boulevard	50.0%	306,472	300,010	—	—	—	291,000	591,010
Alexandria Center <sup>®</sup> for Life Science – Millbrae/South San Francisco 230 Harriet Tubman Way, 201 and 231 Adrian Road, and 6 and 30 Rollins Road	46.7%	352,963	285,346	—	198,188	150,213	—	633,747
Mega Campus: 211 <sup>(2)</sup> , 213 <sup>(2)</sup> , 249, 259, 269, and 279 East Grand Avenue/South San Francisco 211 and 269 East Grand Avenue	100%	6,655	—	—	107,250	—	90,000	197,250
Mega Campus: Alexandria Center <sup>®</sup> for Life Science – San Carlos/Greater Stanford 960 Industrial Road, 987 and 1075 Commercial Street, and 888 Bransten Road	100%	416,234	—	—	105,000	700,000	692,830	1,497,830
901 California Avenue/Greater Stanford	100%	15,159	—	—	56,924	—	—	56,924
3825 and 3875 Fabian Way/Greater Stanford	100%	144,308	—	—	—	250,000	228,000	478,000
Mega Campus: 88 Bluxome Street/SoMa	100%	373,527	—	—	—	1,070,925	—	1,070,925
Mega Campus: 1122, 1150, and 1178 El Camino Real/South San Francisco	100%	371,668	—	—	—	—	1,930,000	1,930,000
Other value-creation projects	100%	—	—	—	—	—	25,000	25,000
		2,184,392	798,152	—	467,362	2,171,138	3,256,830	6,693,482
New York City								
Mega Campus: Alexandria Center <sup>®</sup> for Life Science – New York City/New York City	100%	147,370	—	—	—	550,000 <sup>(3)</sup>	—	550,000
219 East 42nd Street/New York City	100%	—	—	—	—	579,947	—	579,947
		\$ 147,370	—	—	—	1,129,947	—	1,129,947

Refer to the definition of “Mega campus” in the “Definitions and reconciliations” in the “Non-GAAP measures and definitions” section within this Item 2 for additional information.

- (1) Represents total square footage upon completion of development or redevelopment of one or more new Class A/A+ properties. Square footage presented includes RSF of buildings currently in operation at properties that also have inherent future development or redevelopment opportunities. Upon expiration of existing in-place leases, we have the intent to demolish or redevelop the existing property. Refer to the definition of “Investments in real estate – value-creation square footage currently in rental properties” in the “Non-GAAP measures and definitions” section within this Item 2 for additional information.
- (2) We own a partial interest in this property through a real estate joint venture. Refer to Note 4 – “Consolidated and unconsolidated real estate joint ventures” to our unaudited consolidated financial statements under Item 1 of this report for additional details.
- (3) Pursuant to an option agreement, we are currently negotiating a long-term ground lease with the City of New York for the future site of a new building of approximately 550,000 SF.

New Class A/A+ development and redevelopment properties: summary of pipeline (continued)

Market Property/Submarket	Our Ownership Interest	Book Value	Square Footage					
			Development and Redevelopment					
			Active and Near-Term Construction		Future Opportunities Subject to Market Conditions and Leasing			
			Under Construction	Committed Near Term	Near Term	Intermediate Term	Future	Total <sup>(1)</sup>
San Diego								
Mega Campus: One Alexandria Square and One Alexandria North/Torrey Pines	100%	\$ 338,173	334,996	—	309,094 <sup>(2)</sup>	125,280	—	769,370
10935, 10945, and 10955 Alexandria Way <sup>(3)</sup> , 11255 and 11355 North Torrey Pines Road, and 10975 and 10995 Torreyana Road								
Mega Campus: Campus Point by Alexandria/University Town Center	55.0%	369,692	171,102	426,927	—	—	1,074,445	1,672,474
10010 <sup>(4)</sup> , 10140 <sup>(4)</sup> , and 10260 Campus Point Drive and 4110, 4135, 4155, 4161, and 4275 <sup>(4)</sup> Campus Point Court								
Mega Campus: SD Tech by Alexandria/Sorrento Mesa	50.0%	204,829	254,771	—	—	160,000	333,845	748,616
9805 Scranton Road and 10065 and 10075 Barnes Canyon Road								
Mega Campus: Sequence District by Alexandria/Sorrento Mesa	100%	44,780	—	—	200,000	509,000	1,089,915	1,798,915
6260, 6290, 6310, 6340, 6350, and 6450 Sequence Drive								
Scripps Science Park by Alexandria/Sorrento Mesa	100%	112,826	—	—	105,000	175,041	318,308	598,349
10048, 10219, 10256, and 10260 Meanley Drive, and 10277 Scripps Ranch Boulevard								
Mega Campus: University District/University Town Center	100%	156,097	—	—	—	937,000	100,000	1,037,000
9363, 9373, 9393, and 9625 <sup>(5)</sup> Towne Centre Drive, 8410-8750 Genesee Avenue, and 4282 Esplanade Court								
Pacific Technology Park/Sorrento Mesa	50.0%	23,210	—	—	—	149,000	—	149,000
9444 Waples Street								
Mega Campus: 5200 Illumina Way/University Town Center	51.0%	17,418	—	—	—	—	451,832	451,832
4025, 4031, 4045, and 4075 Sorrento Valley Boulevard/ Sorrento Valley								
	100%	38,510	—	—	—	—	247,000	247,000
Other value-creation projects	100%	71,545	—	—	—	—	475,000	475,000
		\$ 1,377,080	760,869	426,927	614,094	2,055,321	4,090,345	7,947,556

Refer to the definition of "Mega campus" in the "Definitions and reconciliations" in the "Non-GAAP measures and definitions" section within this Item 2 for additional information.

- (1) Represents total square footage upon completion of development or redevelopment of one or more new Class A/A+ properties. Square footage presented includes RSF of buildings currently in operation at properties that also have inherent future development or redevelopment opportunities. Upon expiration of existing in-place leases, we have the intent to demolish or redevelop the existing property and commence future construction. Refer to the definition of "Investments in real estate – value-creation square footage currently in rental properties" in the "Non-GAAP measures and definitions" section within this Item 2 for additional information.
- (2) Represents our near-term project at 11255 and 11355 North Torrey Pines Road, which vertical construction is subject to future market conditions and leasing.
- (3) Formerly known as 10931 and 10933 North Torrey Pines Road. Refer to the "New Class A/A+ development and redevelopment properties: current projects" section within this Item 2 for additional details.
- (4) We have a 100% interest in this property.
- (5) We own a partial interest in this property through a real estate joint venture. Refer to Note 4 – "Consolidated and unconsolidated real estate joint ventures" to our unaudited consolidated financial statements under Item 1 of this report for additional details.

New Class A/A+ development and redevelopment properties: summary of pipeline (continued)

Market Property/Submarket	Our Ownership Interest	Book Value	Square Footage					
			Development and Redevelopment					
			Active and Near-Term Construction		Future Opportunities Subject to Market Conditions and Leasing			Total <sup>(1)</sup>
			Under Construction	Committed Near Term	Near Term	Intermediate Term	Future	
Seattle								
Mega Campus: The Eastlake Life Science Campus by Alexandria/Lake Union	100%	\$ 361,659	311,631	—	—	—	—	311,631
1150 Eastlake Avenue East								
Alexandria Center® for Advanced Technologies – Monte Villa Parkway/Bothell	100%	88,709	148,890	—	50,552	—	—	199,442
3301, 3555, and 3755 Monte Villa Parkway								
Mega Campus: Alexandria Center® for Life Science – South Lake Union/Lake Union	(2)	423,069	—	—	1,095,586	—	188,400	1,283,986
601 and 701 Dexter Avenue North and 800 Mercer Street								
830 and 1010 4th Avenue South/SoDo	100%	56,587	—	—	—	—	597,313	597,313
Mega Campus: Alexandria Center® for Advanced Technologies – Canyon Park/Bothell	100%	15,452	—	—	—	—	230,000	230,000
21660 20th Avenue Southeast								
Other value-creation projects	100%	97,620	—	—	—	—	691,000	691,000
		1,043,096	460,521	—	1,146,138	—	1,706,713	3,313,372
Maryland								
Mega Campus: Alexandria Center® for Life Science – Shady Grove/Rockville	100%	293,837	510,601	—	—	258,000	38,000	806,601
9808 Medical Center Drive and 9810, 9820, and 9830 Darnestown Road								
		\$ 293,837	510,601	—	—	258,000	38,000	806,601

Refer to the definition of "Mega campus" in the "Definitions and reconciliations" in the "Non-GAAP measures and definitions" section within this Item 2 for additional information.

- (1) Represents total square footage upon completion of development or redevelopment of one or more new Class A/A+ properties. Square footage presented includes RSF of buildings currently in operation at properties that also have inherent future development or redevelopment opportunities. Upon expiration of existing in-place leases, we have the intent to demolish or redevelop the existing property. Refer to the definition of "Investments in real estate – value-creation square footage currently in rental properties" in the "Non-GAAP measures and definitions" section within this Item 2 for additional information.
- (2) We have a 100% interest in 601 and 701 Dexter Avenue North aggregating 414,986 SF and a 60% interest in the near-term development project at 800 Mercer Street aggregating 869,000 SF.

New Class A/A+ development and redevelopment properties: summary of pipeline (continued)

Market Property/Submarket	Our Ownership Interest	Book Value	Square Footage					
			Development and Redevelopment				Total <sup>(1)</sup>	
			Active and Near-Term Construction		Future Opportunities Subject to Market Conditions and Leasing			
			Under Construction	Committed Near Term	Near Term	Intermediate Term		Future
Research Triangle								
6040 George Watts Hill Drive, Phase II/Research Triangle	100%	\$ 58,730	88,038	—	—	—	—	88,038
Mega Campus: Alexandria Center <sup>®</sup> for Advanced Technologies/Research Triangle	100%	95,789	—	—	180,000	—	990,000	1,170,000
4 and 12 Davis Drive								
Mega Campus: Alexandria Center <sup>®</sup> for NextGen Medicines/ Research Triangle	100%	103,482	—	—	100,000	100,000	855,000	1,055,000
3029 East Cornwallis Road								
Mega Campus: Alexandria Center <sup>®</sup> for Life Science – Durham/Research Triangle	100%	173,454	—	—	—	150,000	2,060,000	2,210,000
41 Moore Drive								
120 TW Alexander Drive, 2752 East NC Highway 54, and 10 South Triangle Drive/Research Triangle	100%	52,598	—	—	—	—	750,000	750,000
Other value-creation projects	100%	4,185	—	—	—	—	76,262	76,262
		488,238	88,038	—	280,000	250,000	4,731,262	5,349,300
Texas								
Alexandria Center <sup>®</sup> for Advanced Technologies at The Woodlands /Greater Houston	100%	72,443	73,298	—	—	—	116,405	189,703
8800 Technology Forest Place								
1020 Red River Street/Austin	100%	9,327	—	—	—	—	177,072	177,072
Other value-creation projects	100%	133,084	—	—	—	—	1,694,000	1,694,000
		214,854	73,298	—	—	—	1,987,477	2,060,775
Canada								
Canada	100%	42,057	183,556	—	—	—	371,743	555,299
Other value-creation projects	100%	103,411	—	—	—	—	724,349	724,349
Total pipeline as of September 30, 2023		\$ 9,516,928 <sup>(2)</sup>	5,552,506	818,938	3,007,032	6,038,906	22,254,380	37,671,762

Refer to the definition of “Mega campus” in the “Definitions and reconciliations” in the “Non-GAAP measures and definitions” section within this Item 2 for additional information.

- (1) Total square footage includes 4,151,793 RSF of buildings currently in operation that will be redeveloped or replaced with new development RSF upon commencement of future construction. Refer to the definition of “Investments in real estate – value-creation square footage currently in rental properties” in the “Non-GAAP measures and definitions” section within this Item 2 for additional information.
- (2) Total book value includes \$4.5 billion of projects currently under construction that are 67% leased/negotiating. We also expect to commence construction on two near-term projects aggregating \$386.7 million, which are 59% leased, in the next three quarters after September 30, 2023.

## Results of operations

We present a tabular comparison of items, whether gain or loss, that may facilitate a high-level understanding of our results and provide context for the disclosures included in our annual report on Form 10-K for the year ended December 31, 2022 and our subsequent quarterly reports on Form 10-Q. We believe that such tabular presentation promotes a better understanding for investors of the corporate-level decisions made and activities performed that significantly affect comparison of our operating results from period to period. We also believe that this tabular presentation will supplement for investors an understanding of our disclosures and real estate operating results. Gains or losses on sales of real estate and impairments of held for sale assets are related to corporate-level decisions to dispose of real estate. Gains or losses on early extinguishment of debt are related to corporate-level financing decisions focused on our capital structure strategy. Significant realized and unrealized gains or losses on non-real estate investments, impairments of real estate and non-real estate investments, and acceleration of stock compensation expense due to the resignation of an executive officer are not related to the operating performance of our real estate assets as they result from strategic, corporate-level non-real estate investment decisions and external market conditions. Impairments of non-real estate investments are not related to the operating performance of our real estate as they represent the write-down of non-real estate investments when their fair values decrease below their respective carrying values due to changes in general market or other conditions outside of our control. Significant items, whether a gain or loss, included in the tabular disclosure for current periods are described in further detail within this Item 2. Key items included in net income attributable to Alexandria's common stockholders for the three and nine months ended September 30, 2023 and 2022 and the related per share amounts were as follows (in millions, except per share amounts):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	2023	2022	2023	2022	2023	2022
	Amount		Per Share – Diluted		Amount		Per Share – Diluted	
Unrealized losses on non-real estate investments	\$ (77.2)	\$ (56.5)	\$ (0.45)	\$ (0.35)	\$ (221.0)	\$ (388.1)	\$ (1.29)	\$ (2.42)
Gain on sales of real estate	—	323.7	—	2.00	214.8	537.9	1.26	3.35
Impairment of non-real estate investments	(28.5)	—	(0.17)	—	(51.5)	—	(0.30)	—
Impairment of real estate	(20.6)	(38.8)	(0.12)	(0.24)	(189.2)	(38.8)	(1.11)	(0.24)
Loss on early extinguishment of debt	—	—	—	—	—	(3.3)	—	(0.02)
Acceleration of share-based compensation expense due to executive officer resignation	(1.9)	(7.2)	(0.01)	(0.04)	(1.9)	(7.2)	(0.01)	(0.04)
Total	<u>\$ (128.2)</u>	<u>\$ 221.2</u>	<u>\$ (0.75)</u>	<u>\$ 1.37</u>	<u>\$ (248.8)</u>	<u>\$ 100.5</u>	<u>\$ (1.45)</u>	<u>\$ 0.63</u>

Refer to Note 3 – “Investments in real estate” and Note 7 – “Investments” to our unaudited consolidated financial statements for addition information.

## Same properties

We supplement an evaluation of our results of operations with an evaluation of operating performance of certain of our properties, referred to as Same Properties. For additional information on the determination of our Same Properties portfolio, refer to the definition of “Same property comparisons” in the “Non-GAAP measures and definitions” section within this Item 2. The following table presents information regarding our Same Properties for the three and nine months ended September 30, 2023:

	September 30, 2023	
	Three Months Ended	Nine Months Ended
Percentage change in net operating income over comparable period from prior year	3.1%	3.7%
Percentage change in net operating income (cash basis) over comparable period from prior year	4.6%	5.6%
Operating margin	69%	70%
Number of Same Properties	336	301
RSF	33,934,050	30,168,779
Occupancy – current-period average	93.9%	94.4%
Occupancy – same-period prior-year average	95.3%	95.5%

The following table reconciles the number of Same Properties to total properties for the nine months ended September 30, 2023:

Development – under construction	Properties	Redevelopment – placed into service after January 1, 2022	Properties
201 Brookline Avenue	1	3160 Porter Drive	1
15 Necco Street	1	5505 Morehouse Drive	1
325 Binney Street	1	The Arsenal on the Charles	11
1150 Eastlake Avenue East	1	30-02 48th Avenue	1
9810 and 9820 Darnestown Road	2	2400 Ellis Road, 40 Moore Drive, and 14 TW Alexander Drive	3
99 Coolidge Avenue	1	20400 Century Boulevard	1
500 North Beacon Street and 4 Kingsbury Avenue	2	140 First Street	1
9808 Medical Center Drive	1	9601 and 9603 Medical Center Drive	2
6040 George Watts Hill Drive	1		21
1450 Owens Street	1	Acquisitions after January 1, 2022	Properties
230 Harriet Tubman Way	1	3301, 3303, 3305, and 3307 Hillview Avenue	4
4155 Campus Point Court	1	8505 Costa Verde Boulevard and 4260 Nobel Drive	2
10935, 10945, and 10955 Alexandria Way	3	225 and 235 Presidential Way	2
10075 Barnes Canyon Road	1	104 TW Alexander Drive	4
	18	One Hampshire Street	1
Development – placed into service after January 1, 2022	Properties	Intersection Campus	9
825 and 835 Industrial Road	2	100 Edwin H. Land Boulevard	1
9950 Medical Center Drive	1	10010 and 10140 Campus Point Drive and 4275 Campus Point Court	3
3115 Merryfield Row	1	446 and 458 Arsenal Street	2
8 and 10 Davis Drive	2	35 Gatehouse Drive	1
5 and 9 Laboratory Drive	2	1001 Trinity Street and 1020 Red River Street	2
10055 Barnes Canyon Road	1	Other	10
10102 Hoyt Park Drive	1		41
751 Gateway Boulevard	1	Unconsolidated real estate JVs	4
	11	Properties held for sale	4
Redevelopment – under construction	Properties	Total properties excluded from Same Properties	118
840 Winter Street	1	Same Properties	301
40, 50, and 60 Sylvan Road	3	Total properties in North America as of September 30, 2023	419
Alexandria Center® for Advanced Technologies – Monte Villa Parkway	6		
651 Gateway Boulevard	1		
401 Park Drive	1		
8800 Technology Forest Place	1		
Canada	4		
Other	2		
	19		



Comparison of results for the three months ended September 30, 2023 to the three months ended September 30, 2022

The following table presents a comparison of the components of net operating income for our Same Properties and Non-Same Properties for the three months ended September 30, 2023, compared to the three months ended September 30, 2022 (dollars in thousands). Refer to the “Non-GAAP measures and definitions” section within this Item 2 for definitions of “Tenant recoveries” and “Net operating income” and their reconciliations from the most directly comparable financial measures presented in accordance with GAAP, income from rentals and net income, respectively.

	Three Months Ended September 30,			
	2023	2022	\$ Change	% Change
Income from rentals:				
Same Properties	\$ 424,462	\$ 412,354	\$ 12,108	2.9%
Non-Same Properties	101,890	83,792	18,098	21.6
Rental revenues	526,352	496,146	30,206	6.1
Same Properties	158,102	146,032	12,070	8.3
Non-Same Properties	23,077	14,675	8,402	57.3
Tenant recoveries	181,179	160,707	20,472	12.7
Income from rentals	707,531	656,853	50,678	7.7
Same Properties	355	274	81	29.6
Non-Same Properties	5,902	2,725	3,177	116.6
Other income	6,257	2,999	3,258	108.6
Same Properties	582,919	558,660	24,259	4.3
Non-Same Properties	130,869	101,192	29,677	29.3
Total revenues	713,788	659,852	53,936	8.2
Same Properties	181,885	169,671	12,214	7.2
Non-Same Properties	35,802	31,518	4,284	13.6
Rental operations	217,687	201,189	16,498	8.2
Same Properties	401,034	388,989	12,045	3.1
Non-Same Properties	95,067	69,674	25,393	36.4
Net operating income	\$ 496,101	\$ 458,663	\$ 37,438	8.2%
Net operating income – Same Properties	\$ 401,034	\$ 388,989	\$ 12,045	3.1%
Straight-line rent revenue	(18,488)	(17,194)	(1,294)	7.5
Amortization of acquired below-market leases	(6,742)	(12,567)	5,825	(46.4)
Net operating income – Same Properties (cash basis)	\$ 375,804	\$ 359,228	\$ 16,576	4.6%

### Income from rentals

Total income from rentals for the three months ended September 30, 2023 increased by \$50.7 million, or 7.7%, to \$707.5 million, compared to \$656.9 million for the three months ended September 30, 2022, as a result of an increase in rental revenues and tenant recoveries, as discussed below.

### Rental revenues

Total rental revenues for the three months ended September 30, 2023 increased by \$30.2 million, or 6.1%, to \$526.4 million, compared to \$496.1 million for the three months ended September 30, 2022. The increase was primarily due to an increase in rental revenues from our Non-Same Properties related to 2.1 million RSF of development and redevelopment projects placed into service subsequent to July 1, 2022 and 14 operating properties aggregating 1.7 million RSF acquired subsequent to July 1, 2022.

Rental revenues from our Same Properties for the three months ended September 30, 2023 increased by \$12.1 million, or 2.9%, to \$424.5 million, compared to \$412.4 million for the three months ended September 30, 2022. The increase was primarily due to rental rate increases on lease renewals and re-leasing of space since July 1, 2022.

### Tenant recoveries

Tenant recoveries for the three months ended September 30, 2023 increased by \$20.5 million, or 12.7%, to \$181.2 million, compared to \$160.7 million for the three months ended September 30, 2022. The increase was due to our Non-Same Properties related to our development and redevelopment projects placed into service and properties acquired subsequent to July 1, 2022, as discussed above under "Rental revenues," and also from our Same Properties related to tenant recoveries from higher operating expenses, as described below.

Same Properties' tenant recoveries for the three months ended September 30, 2023 increased by \$12.1 million, or 8.3%, to \$158.1 million, compared to \$146.0 million for the three months ended September 30, 2022, primarily due to higher operating expenses during the three months ended September 30, 2023, as discussed under "Rental operations" below. As of September 30, 2023, 92% of our leases (on an annual rental revenue basis) were triple net leases, which require tenants to pay substantially all real estate taxes, insurance, utilities, repairs and maintenance, common area expenses, and other operating expenses (including increases thereto) in addition to base rent.

### Other income

Other income for the three months ended September 30, 2023 increased by \$3.3 million, or 108.6%, to \$6.3 million, compared to \$3.0 million for the three months ended September 30, 2022. The increase in other income was primarily due to an increase in interest income resulting from an increase in average interest rates earned from our money market accounts to over 4.0% during the three months ended September 30, 2023, compared to less than 1.0% during the three months ended September 30, 2022.

### Rental operations

Total rental operating expenses for the three months ended September 30, 2023 increased by \$16.5 million, or 8.2%, to \$217.7 million, compared to \$201.2 million for the three months ended September 30, 2022. The increase was partially due to incremental expenses related to our Non-Same Properties, which consist of development and redevelopment projects placed into service and acquired properties, as discussed above under "Rental revenues."

Same Properties' rental operating expenses increased by \$12.2 million, or 7.2%, to \$181.9 million during the three months ended September 30, 2023, compared to \$169.7 million for the three months ended September 30, 2022. The increase was primarily the result of increases in (i) repair and maintenance expenses aggregating \$3.3 million, primarily due to the timing of and higher rates for services; (ii) utilities expenses and contractual costs aggregating \$1.6 million, primarily due to increases in rates; and (iii) property insurance expenses aggregating \$1.4 million, primarily due to increases in insurance premiums.

### General and administrative expenses

General and administrative expenses for the three months ended September 30, 2023 decreased by \$4.0 million, or 7.9%, to \$46.0 million, compared to \$50.0 million for the three months ended September 30, 2022. The decrease was primarily due to the accelerated recognition during the three months ended September 30, 2022 of the stock-based compensation expense aggregating \$7.2 million in connection with the resignation of Stephen A. Richardson, our former Co-Chief Executive Officer, effective July 31, 2022.

### Interest expense

Interest expense for the three months ended September 30, 2023 and 2022 consisted of the following (dollars in thousands):

Component	Three Months Ended September 30,		Change
	2023	2022	
Gross interest	\$ 107,530	\$ 96,173	\$ 11,357
Capitalized interest	(96,119)	(73,189)	(22,930)
Interest expense	<u>\$ 11,411</u>	<u>\$ 22,984</u>	<u>\$ (11,573)</u>
Average debt balance outstanding <sup>(1)</sup>	\$ 11,193,343	\$ 10,672,372	\$ 520,971
Weighted-average annual interest rate <sup>(2)</sup>	3.8%	3.6%	0.2%

(1) Represents the average debt balance outstanding during the respective periods.

(2) Represents annualized total interest incurred divided by the average debt balance outstanding during the respective periods.

The net change in interest expense during the three months ended September 30, 2023, compared to the three months ended September 30, 2022, resulted from the following (dollars in thousands):

Component	Interest Rate <sup>(1)</sup>	Effective Date	Change
Increases in interest incurred due to:			
Issuances of debt:			
\$500 million of unsecured senior notes payable due 2053	5.26%	February 2023	\$ 6,448
\$500 million of unsecured senior notes payable due 2035 – green bond	4.88%	February 2023	5,959
Increase in construction borrowing under secured notes payable	8.36%		1,637
Other increase in interest			1,381
Total increases			15,425
Decreases in interest incurred due to:			
Lower average outstanding balances under commercial paper program and unsecured senior line of credit			(4,068)
Total decreases			(4,068)
Change in gross interest			11,357
Increase in capitalized interest			(22,930)
Total change in interest expense			<u>\$ (11,573)</u>

(1) Represents the weighted-average interest rate as of the end of the applicable period, including amortization of loan fees, amortization of debt premiums (discounts), and other bank fees.

### Depreciation and amortization

Depreciation and amortization expense for the three months ended September 30, 2023 increased by \$14.4 million, or 5.7%, to \$269.4 million, compared to \$254.9 million for the three months ended September 30, 2022. The increase was primarily due to additional depreciation from development and redevelopment projects placed into service and properties acquired, as discussed above under “Rental revenues.”

### Impairment of real estate

During the three months ended September 30, 2023, we recognized real estate impairment charges aggregating \$20.6 million to further reduce the carrying amounts of primarily three non-laboratory properties classified as held for sale aggregating 230,704 RSF, located in our Greater Boston and Texas markets, to their respective estimated fair values less costs to sell. These assets represent non-core properties that are not integral to our mega campus strategy.

During the three months ended September 30, 2022, we recognized real estate impairment charges aggregating \$38.8 million primarily related to a \$38.3 million write-off our entire investment in a development project in one of our existing submarkets in California. This impairment was recognized upon our decision to not proceed with this project as a result of the deteriorated macroeconomic environment that negatively impacted the financial outlook for this project.

For more information, refer to the “Sales of real estate assets and impairment charges” section of Note 3 – “Investments in real estate” to our unaudited consolidated financial statements under Item 1 of this report.

### Investment loss

During the three months ended September 30, 2023, we recognized an investment loss aggregating \$80.7 million. This loss comprised unrealized losses and reclassifications of \$77.2 million resulting from a \$58.1 million decrease primarily in the fair value of our investments in privately held entities that report NAV and a \$19.1 million reclassification of unrealized gains recognized in prior periods into realized gains upon the sales of investments during the three months ended September 30, 2023. The investment loss also included realized losses of \$3.5 million consisting of impairment charges of \$28.5 million primarily related to three non-real estate investments in privately held entities that do not report NAV, partially offset by the realized gains related to the sales of investments and distributions received during the three months ended September 30, 2023.

During the three months ended September 30, 2022, we recognized investment loss aggregating \$32.3 million, which consisted of \$56.5 million of unrealized losses and \$24.2 million of realized gains. For more information about our investments, refer to Note 7 – “Investments” to our unaudited consolidated financial statements under Item 1 of this report.

### Gain on sales of real estate

During the three months ended September 30, 2023, no gain on sales of our real estate was recognized.

During the three months ended September 30, 2022, we recognized \$323.7 million of gains primarily related to dispositions of 11 properties. The gains were classified in gain on sales of real estate within our consolidated statement of operations for the three months ended September 30, 2022.

For more information about our sales of real estate, refer to the “Sales of real estate assets and impairment charges” section of Note 3 – “Investments in real estate” to our unaudited consolidated financial statements under Item 1 of this report.

### Other comprehensive loss

Total other comprehensive loss for the three months ended September 30, 2023 decreased by \$4.5 million to aggregate net unrealized losses of \$8.4 million, compared to net unrealized losses of \$12.9 million for the three months ended September 30, 2022, primarily in connection with the foreign currency translation related to our operations in Canada.

Comparison of results for the nine months ended September 30, 2023 to the nine months ended September 30, 2022

The following table presents a comparison of the components of net operating income for our Same Properties and Non-Same Properties for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022 (dollars in thousands). Refer to the “Non-GAAP measures and definitions” section within this Item 2 for definitions of “Tenant recoveries” and “Net operating income” and their reconciliations from the most directly comparable financial measures presented in accordance with GAAP, income from rentals and net income, respectively.

	Nine Months Ended September 30,			
	2023	2022	\$ Change	% Change
Income from rentals:				
Same Properties	\$ 1,160,700	\$ 1,116,410	\$ 44,290	4.0%
Non-Same Properties	421,843	334,340	87,503	26.2
Rental revenues	1,582,543	1,450,750	131,793	9.1
Same Properties	408,733	382,197	26,536	6.9
Non-Same Properties	108,543	77,419	31,124	40.2
Tenant recoveries	517,276	459,616	57,660	12.5
Income from rentals	2,099,819	1,910,366	189,453	9.9
Same Properties	619	643	(24)	(3.7)
Non-Same Properties	28,045	7,672	20,373	265.6
Other income	28,664	8,315	20,349	244.7
Same Properties	1,570,052	1,499,250	70,802	4.7
Non-Same Properties	558,431	419,431	139,000	33.1
Total revenues	2,128,483	1,918,681	209,802	10.9
Same Properties	473,060	441,457	31,603	7.2
Non-Same Properties	163,394	137,344	26,050	19.0
Rental operations	636,454	578,801	57,653	10.0
Same Properties	1,096,992	1,057,793	39,199	3.7
Non-Same Properties	395,037	282,087	112,950	40.0
Net operating income	\$ 1,492,029	\$ 1,339,880	\$ 152,149	11.4%
Net operating income – Same Properties	\$ 1,096,992	\$ 1,057,793	\$ 39,199	3.7%
Straight-line rent revenue	(56,099)	(59,102)	3,003	(5.1)
Amortization of acquired below-market leases	(17,987)	(29,888)	11,901	(39.8)
Net operating income – Same Properties (cash basis)	\$ 1,022,906	\$ 968,803	\$ 54,103	5.6%

### Income from rentals

Total income from rentals for the nine months ended September 30, 2023 increased by \$189.5 million, or 9.9%, to \$2.1 billion, compared to \$1.9 billion for the nine months ended September 30, 2022, as a result of increase in rental revenues and tenant recoveries, as discussed below.

### Rental revenues

Total rental revenues for the nine months ended September 30, 2023 increased by \$131.8 million, or 9.1%, to \$1.6 billion, compared to \$1.5 billion for the nine months ended September 30, 2022. The increase was primarily due to an increase in rental revenues from our Non-Same Properties related to 4.4 million RSF of development and redevelopment projects placed into service subsequent to January 1, 2022 and 41 operating properties aggregating 4.2 million RSF acquired subsequent to January 1, 2022.

Rental revenues from our Same Properties for the nine months ended September 30, 2023 increased by \$44.3 million, or 4.0%, to \$1.2 billion, compared to \$1.1 billion for the nine months ended September 30, 2022. The increase was primarily due to rental rate increases on lease renewals and re-leasing of space since January 1, 2022.

### Tenant recoveries

Tenant recoveries for the nine months ended September 30, 2023 increased by \$57.7 million, or 12.5%, to \$517.3 million, compared to \$459.6 million for the nine months ended September 30, 2022. This increase was partially from our Non-Same Properties related to our development and redevelopment projects placed into service and properties acquired subsequent to January 1, 2022, as discussed above under "Rental revenues."

Same Properties' tenant recoveries for the nine months ended September 30, 2023 increased by \$26.5 million, or 6.9%, to \$408.7 million, compared to \$382.2 million for the nine months ended September 30, 2022, primarily due to higher operating expenses during the nine months ended September 30, 2023, as discussed under "Rental operations" below. As of September 30, 2023, 92% of our leases (on an annual rental revenue basis) were triple net leases, which require tenants to pay substantially all real estate taxes, insurance, utilities, repairs and maintenance, common area expenses, and other operating expenses (including increases thereto) in addition to base rent.

### Other income

Other income for the nine months ended September 30, 2023 and 2022 was \$28.7 million and \$8.3 million, respectively, which primarily consisted of construction management fees and interest income earned during each respective period. The increase in other income was primarily due to a \$5.3 million leasing fee related to a joint venture in our Seattle market and an increase in interest income resulting from an increase in average interest rates earned from our money market accounts to over 4.0% during the nine months ended September 30, 2023, compared to less than 1.0% during the nine months ended September 30, 2022.

### Rental operations

Total rental operating expenses for the nine months ended September 30, 2023 increased by \$57.7 million, or 10.0%, to \$636.5 million, compared to \$578.8 million for the nine months ended September 30, 2022. The increase was partially due to incremental expenses related to our Non-Same Properties, which consist of development and redevelopment projects placed into service and acquired properties, as discussed above under "Rental revenues."

Same Properties' rental operating expenses increased by \$31.6 million, or 7.2%, to \$473.1 million during the nine months ended September 30, 2023, compared to \$441.5 million for the nine months ended September 30, 2022. The increase was primarily the result of increases in (i) repair and maintenance expenses aggregating \$9.0 million, primarily due to the timing of and higher rates for services; (ii) utilities expenses and contractual costs aggregating \$4.6 million, primarily due to increases in rates; and (iii) property insurance expenses aggregating \$4.2 million, primarily due to increases in insurance premiums.

### General and administrative expenses

General and administrative expenses for the nine months ended September 30, 2023 increased by \$5.8 million, or 4.3%, to \$140.1 million, compared to \$134.3 million for the nine months ended September 30, 2022. The increase was primarily due to annual compensation increases and increases in costs for services required to continue to support our operations in multiple markets, including development and redevelopment projects placed into service and properties acquired, as discussed above under "Rental revenues." As a percentage of net operating income, our general and administrative expenses for the trailing twelve months ended September 30, 2023 and 2022 were 9.3% and 10.1%, respectively.

The increase was partially offset by the decrease resulting from the accelerated recognition during the nine months ended September 30, 2022 of the stock-based compensation expense aggregating \$7.2 million in connection with the resignation of Stephen A. Richardson, our former Co-Chief Executive Officer, effective July 31, 2022.

### Interest expense

Interest expense for the nine months ended September 30, 2023 and 2022 consisted of the following (dollars in thousands):

Component	Nine Months Ended September 30,		Change
	2023	2022	
Gross interest	\$ 317,100	\$ 275,835	\$ 41,265
Capitalized interest	(274,863)	(199,154)	(75,709)
Interest expense	<u>\$ 42,237</u>	<u>\$ 76,681</u>	<u>\$ (34,444)</u>
Average debt balance outstanding <sup>(1)</sup>	\$ 11,060,327	\$ 10,373,770	\$ 686,557
Weighted-average annual interest rate <sup>(2)</sup>	3.8%	3.5%	0.3%

(1) Represents the average debt balance outstanding during the respective periods.

(2) Represents annualized total interest incurred divided by the average debt balance outstanding during the respective periods.

The net change in interest expense during the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022, resulted from the following (dollars in thousands):

Component	Interest Rate <sup>(1)</sup>	Effective Date	Change
Increases in interest incurred due to:			
Issuances of debt:			
\$500 million of unsecured senior notes payable due 2053	5.26%	February 2023	\$ 16,119
\$500 million of unsecured senior notes payable due 2035 – green bond	4.88%	February 2023	14,897
\$1.0 billion of unsecured senior notes payable	3.63%	February 2022	4,451
\$800 million of unsecured senior notes payable – green bond	3.07%	February 2022	2,976
Increase in construction borrowing under secured notes payable	8.36%		4,108
Rate increases on borrowings under commercial paper program and from unsecured senior line of credit			2,628
Other increase in interest			<u>2,991</u>
Total increases			48,170
Decreases in interest incurred due to:			
Repayment of secured notes payable	3.40%	April 2022	(1,787)
Lower average outstanding balances under commercial paper program and unsecured senior line of credit			<u>(5,118)</u>
Total decreases			(6,905)
Change in gross interest			41,265
Increase in capitalized interest			<u>(75,709)</u>
Total change in interest expense			<u>\$ (34,444)</u>

(1) Represents the weighted-average interest rate as of the end of the applicable period, including amortization of loan fees, amortization of debt premiums (discounts), and other bank fees.

### Depreciation and amortization

Depreciation and amortization expense for the nine months ended September 30, 2023 increased by \$70.6 million, or 9.6%, to \$808.2 million, compared to \$737.7 million for the nine months ended September 30, 2022. The increase was primarily due to additional depreciation from development and redevelopment projects placed into service and properties acquired, as discussed above under "Rental revenues."



### Impairment of real estate

During the nine months ended September 30, 2023, we recognized real estate impairment charges aggregating \$189.2 million, primarily consisting of the following:

- Impairment charge aggregating \$145.4 million to reduce the carrying amount of a three-building office campus in our Route 128 submarket to its current fair value, less costs to sell, upon its classification as held for sale.
- Impairment charge aggregating \$17.1 million to fully write down the carrying amount of our one remaining property in Asia.
- Impairment charges aggregating \$20.6 million recognized during the three months ended September 30, 2023 to further reduce the carrying amounts of primarily three non-laboratory properties classified as held for sale aggregating 230,704 RSF, located in our Greater Boston and Texas markets, to their respective estimated fair values less costs to sell. These assets represent non-core properties that are not integral to our mega campus strategy.

During the nine months ended September 30, 2022, we recognized real estate impairment charges aggregating \$38.8 million primarily related to a \$38.3 million write-off our entire investment in a development project in one of our existing submarkets in California. This impairment was recognized upon our decision to not proceed with this project as a result of the deteriorated macroeconomic environment that negatively impacted the financial outlook for this project.

For more information, refer to the “Sales of real estate assets and impairment charges” section of Note 3 – “Investments in real estate” to our unaudited consolidated financial statements under Item 1 of this report.

### Loss on early extinguishment of debt

During the nine months ended September 30, 2023, no loss on early extinguishment of debt was recognized.

During the nine months ended September 30, 2022, we recognized a loss on early extinguishment of debt of \$3.3 million, including a prepayment penalty and the write-off of unamortized loan fees, related to the repayment of two secured notes payable.

### Investment loss

During the nine months ended September 30, 2023, we recognized an investment loss aggregating \$204.1 million. This loss comprised unrealized losses and reclassifications of \$221.0 million resulting from a \$145.9 million decrease primarily in the fair value of our investments in privately held entities that report NAV and a \$75.1 million reclassification of unrealized gains recognized in prior periods into realized gains upon the sales of investments during the nine months ended September 30, 2023. The investment loss also included realized gains of \$16.9 million primarily consisting of realized gains on the sales of investments and distributions received, partially offset by impairment charges of \$51.5 million primarily related to non-real estate investments in privately held entities that do not report NAV.

During the nine months ended September 30, 2022, we recognized investment loss aggregating \$312.1 million, which consisted of \$76.0 million of realized gains and \$388.1 million of unrealized losses.

For more information about our investments, refer to Note 7 – “Investments” to our unaudited consolidated financial statements under Item 1 of this report. For our impairments accounting policy, refer to the “Investments” section of Note 2 – “Summary of significant accounting policies” to our unaudited consolidated financial statements under Item 1 of this report.

### Gain on sales of real estate

During the nine months ended September 30, 2023, we recognized \$214.8 million of gains related to the dispositions of six properties. The gains were classified in gain on sales of real estate within our consolidated statement of operations for the nine months ended September 30, 2023.

During the nine months ended September 30, 2022, we recognized \$537.9 million of gains primarily related to the dispositions of 23 properties. The gains were classified in gain on sales of real estate within our consolidated statement of operations for the nine months ended September 30, 2022.

For more information about our sales of real estate, refer to the “Sales of real estate assets and impairment charges” section of Note 3 – “Investments in real estate” to our unaudited consolidated financial statements under Item 1 of this report.

### Other comprehensive loss

Total other comprehensive loss for the nine months ended September 30, 2023 decreased by \$13.3 million to aggregate net unrealized losses of \$4.2 million, compared to net unrealized losses of \$17.4 million for the nine months ended September 30, 2022, primarily in connection with the foreign currency translation related to our operations in Canada.

## Summary of capital expenditures

Our construction spending for the nine months ended September 30, 2023 and projected spending for the remainder of the year ending December 31, 2023 consisted of the following (in thousands):

	Nine Months Ended September 30, 2023	Projected Midpoint for the Year Ending December 31, 2023
Construction spending <sup>(1)</sup>	\$ 2,775,816	\$ 3,471,000 <sup>(2)</sup>
Contributions from partners in our existing consolidated real estate joint ventures	(358,808)	(536,000)
Total construction spending	<u>\$ 2,417,008</u>	<u>\$ 2,935,000</u>
Guidance range		\$2,785,000 – \$3,085,000

(1) Includes our contributions in unconsolidated real estate joint ventures related to construction.

(2) Includes projected revenue-enhancing/repositioning capital expenditures and non-revenue-enhancing capital expenditures of \$147 million and \$60 million, respectively.

## Projected capital contributions from partners in consolidated real estate joint ventures to fund construction

The following table summarizes projected capital contributions from partners in our consolidated joint ventures to fund construction through 2026 (in thousands):

Contributions From Partners in Our Existing Consolidated Real Estate Joint Ventures	
Projected timing	Amount <sup>(1)</sup>
Three months ending December 31, 2023	\$ 177,000
2024 through 2026	1,054,000
Total	<u>\$ 1,231,000</u>

(1) Amounts represent reductions to our consolidated construction spending.

## Capitalization of interest

Our construction spending includes capitalized interest. The table below provides key categories of interest capitalized during the nine months ended September 30, 2023:

	Percentage of Total Capitalized Interest
Value-creation pipeline: developments and redevelopments	88%
Smaller redevelopments and repositioning capital projects	12
	<u>100%</u>

The table below provides categories of additional operating RSF under our value-creation pipeline as of September 30, 2023, of which 68% of RSF is within our existing mega campuses:

	Upon Completion of Construction	
	Additional Operating RSF	Growth in Operating RSF
Under construction and committed near-term projects <sup>(1)</sup>	6,371,444	81%
Value-add pre-construction: primarily mega campus entitlement, permitting, design, and site work	27,148,525	
Value-creation pipeline: developments and redevelopments	33,519,969	

(1) Represents projects under construction aggregating 5.6 million RSF and two near-term projects aggregating 0.8 million RSF expected to commence construction during the next three quarters after September 30, 2023, which are 66% leased/negotiating and are expected to generate \$580 million in annual incremental net operating income from the fourth quarter of 2023 through the third quarter of 2026.

## Projected results

We present updated guidance for EPS attributable to Alexandria's common stockholders – diluted, funds from operations per share attributable to Alexandria's common stockholders – diluted, and funds from operations per share attributable to Alexandria's common stockholders – diluted, as adjusted, based on our current view of existing market conditions and other assumptions for the year ending December 31, 2023 as set forth in the tables below. The tables below also provide a reconciliation of EPS attributable to Alexandria's common stockholders – diluted, the most directly comparable financial measure presented in accordance with GAAP, to funds from operations per share and funds from operations per share, as adjusted, non-GAAP measures, and other key assumptions included in our updated guidance for the year ending December 31, 2023. There can be no assurance that actual amounts will not be materially higher or lower than these expectations. Refer to our discussion of "Forward-looking statements" within this Item 2.

### Projected 2023 Earnings per Share and Funds From Operations per Share Attributable to Alexandria's Common Stockholders – Diluted

	As of 10/23/23	As of 7/24/23	Key Changes
Earnings per share <sup>(1)</sup>	\$1.36 to \$1.38	\$2.72 to \$2.78	
Depreciation and amortization of real estate assets	5.60	5.55	
Gain on sales of real estate	(1.26)	(1.26)	
Impairment of real estate – rental properties	1.62	0.98	(2)
Allocation of unvested restricted stock awards	(0.03)	(0.04)	
Funds from operations per share <sup>(3)</sup>	\$7.29 to \$7.31	\$7.95 to \$8.01	
Unrealized losses on non-real estate investments	1.29	0.84	
Impairment of non-real estate investments	0.30	0.13	(4)
Impairment of real estate	0.02	0.02	
Acceleration of stock compensation expense due to executive officer resignation	0.09	—	(5)
Allocation to unvested restricted stock awards	(0.02)	(0.01)	
Funds from operations per share, as adjusted <sup>(3)</sup>	<u>\$8.97 to \$8.99</u>	<u>\$8.93 to \$8.99</u>	2 cent increase to midpoint; narrowed range by 4 cents
Midpoint	\$8.98	\$8.96	

- (1) Excludes unrealized gains or losses after September 30, 2023 that are required to be recognized in earnings and are excluded from funds from operations per share, as adjusted.
- (2) Refer to the "Sales of real estate assets and impairment charges" section in Note 3 – "Investments in real estate" and Note 16 – "Subsequent event" to our unaudited consolidated financial statements under Item 1 of this report for additional information.
- (3) Refer to the definition of "Funds from operations and funds from operations, as adjusted, attributable to Alexandria Real Estate Equities, Inc.'s common stockholders" in the "Non-GAAP measures and definitions" section within this Item 2 for additional information.
- (4) Refer to Note 7 – "Investments" to our unaudited consolidated financial statements under Item 1 of this report for additional information.
- (5) Effective on September 15, 2023, Dean A. Shigenaga resigned from his positions as President and Chief Financial Officer and is expected to remain a full-time employee through December 31, 2023, and a part-time employee thereafter. In connection with Mr. Shigenaga's resignation, stock-based compensation expense aggregating \$15.6 million was accelerated through December 31, 2023, of which \$1.9 million was recognized during the three months ended September 30, 2023. The increase in general and administrative expenses for the year ending December 31, 2023 was partially offset by a reduction to his compensation after September 15, 2023.

### Key Assumptions<sup>(1)</sup>

(Dollars in millions)

	As of 10/23/23		As of 7/24/23		Key Changes
	Low	High	Low	High	
Occupancy percentage for operating properties in North America as of December 31, 2023	94.6%	95.6%	94.6%	95.6%	No change
Lease renewals and re-leasing of space:					
Rental rate increases	28.0%	33.0%	28.0%	33.0%	
Rental rate increases (cash basis)	12.0%	17.0%	12.0%	17.0%	
Same property performance:					
Net operating income increases	2.0%	4.0%	2.0%	4.0%	
Net operating income increases (cash basis)	4.0%	6.0%	4.0%	6.0%	
Straight-line rent revenue	\$ 130	\$ 145	\$ 130	\$ 145	
General and administrative expenses	\$ 197	\$ 207	\$ 183	\$ 193	\$14 million increase <sup>(2)</sup>
Capitalization of interest	\$ 346	\$ 366	\$ 342	\$ 362	\$4 million increase <sup>(3)</sup>
Interest expense	\$ 70	\$ 90	\$ 74	\$ 94	\$4 million decrease <sup>(3)</sup>

- (1) Our assumptions presented in the table above are subject to a number of variables and uncertainties, including those discussed as "Forward-looking statements" under Part I; and "Item 1A. Risk factors" and "Item 7. Management's discussion and analysis of financial condition and results of operations" of our annual report on Form 10-K for the year ended December 31, 2022, as well as in "Item 1A. Risk factors" within "Part II – Other information" of this quarterly report on Form 10-Q.
- (2) Refer to footnote 5 above for additional information.
- (3) The changes to our guidance ranges for capitalization of interest and interest expense for the year ending December 31, 2023 are primarily due to a five-week change in the delivery of our 140 First Street redevelopment project in our Cambridge submarket and a two-and-a-half-month change in the timing of our disposition of 268,023 RSF in a 660,034 RSF near-term development project at 421 Park Drive in our Fenway submarket. Both the delivery and the partial disposition were completed during three months ended September 30, 2023.

**Key Credit Metrics**

## 2023 Guidance

Net debt and preferred stock to Adjusted EBITDA – fourth quarter of 2023 annualized

Less than or equal to 5.1x

Fixed-charge coverage ratio – fourth quarter of 2023 annualized

4.5x to 5.0x

## Consolidated and unconsolidated real estate joint ventures

We present components of balance sheet and operating results information for the noncontrolling interest share of our consolidated real estate joint ventures and for our share of investments in unconsolidated real estate joint ventures to help investors estimate balance sheet and operating results information related to our partially owned entities. These amounts are estimated by computing, for each joint venture that we consolidate in our financial statements, the noncontrolling interest percentage of each financial item to arrive at the cumulative noncontrolling interest share of each component presented. In addition, for our real estate joint ventures that we do not control and do not consolidate, we apply our economic ownership percentage to the unconsolidated real estate joint ventures to arrive at our proportionate share of each component presented. Refer to Note 4 – “Consolidated and unconsolidated real estate joint ventures” to our unaudited consolidated financial statements under Item 1 of this report for further discussion.

### Consolidated Real Estate Joint Ventures

Property/Market/Submarket	Noncontrolling <sup>(1)</sup> Interest Share	Operating RSF at 100%
50 and 60 Binney Street/Greater Boston/Cambridge/Inner Suburbs	66.0%	532,395
75/125 Binney Street/Greater Boston/Cambridge/Inner Suburbs	60.0%	388,270
100 and 225 Binney Street and 300 Third Street/Greater Boston/Cambridge/Inner Suburbs	70.0%	870,106
99 Coolidge Avenue/Greater Boston/Cambridge/Inner Suburbs	25.0%	— <sup>(2)</sup>
15 Necco Street/Greater Boston/Seaport Innovation District	39.7% <sup>(3)</sup>	— <sup>(2)</sup>
Other joint venture/Greater Boston	39.0%	— <sup>(2)</sup>
Alexandria Center <sup>®</sup> for Science and Technology – Mission Bay/San Francisco Bay Area/ Mission Bay <sup>(4)</sup>	75.0%	1,005,236
1450 Owens Street/San Francisco Bay Area/Mission Bay	57.2% <sup>(5)</sup>	— <sup>(2)</sup>
601, 611, 651 <sup>(2)</sup> , 681, 685, and 701 Gateway Boulevard/San Francisco Bay Area/ South San Francisco	50.0%	785,444
751 Gateway Boulevard/San Francisco Bay Area/South San Francisco	49.0%	230,592
211 <sup>(2)</sup> and 213 East Grand Avenue/San Francisco Bay Area/South San Francisco	70.0%	300,930
500 Forbes Boulevard/San Francisco Bay Area/South San Francisco	90.0%	155,685
Alexandria Center <sup>®</sup> for Life Science – Millbrae/San Francisco Bay Area/South San Francisco	53.3%	— <sup>(2)</sup>
3215 Merryfield Row/San Diego/Torrey Pines	70.0%	170,523
Campus Point by Alexandria/San Diego/University Town Center <sup>(6)</sup>	45.0%	1,337,916
5200 Illumina Way/San Diego/University Town Center	49.0%	792,687
9625 Towne Centre Drive/San Diego/University Town Center	70.0%	163,648
SD Tech by Alexandria/San Diego/Sorrento Mesa <sup>(7)</sup>	50.0%	881,992
Pacific Technology Park/San Diego/Sorrento Mesa	50.0%	544,352
Summers Ridge Science Park/San Diego/Sorrento Mesa <sup>(8)</sup>	70.0%	316,531
1201 and 1208 Eastlake Avenue East and 199 East Blaine Street /Seattle/Lake Union	70.0%	321,115
400 Dexter Avenue North/Seattle/Lake Union	70.0%	290,754
800 Mercer Street/Seattle/Lake Union	40.0%	— <sup>(2)</sup>

### Unconsolidated Real Estate Joint Ventures

Property/Market/Submarket	Our Ownership Share <sup>(9)</sup>	Operating RSF at 100%
1655 and 1725 Third Street/San Francisco Bay Area/Mission Bay	10.0%	586,208
1401/1413 Research Boulevard/Maryland/Rockville	65.0% <sup>(10)</sup>	— <sup>(11)</sup>
1450 Research Boulevard/Maryland/Rockville	73.2% <sup>(10)</sup>	42,679
101 West Dickman Street/Maryland/Beltsville	57.9% <sup>(10)</sup>	135,423

(1) In addition to the consolidated real estate joint ventures listed, various joint venture partners hold insignificant noncontrolling interests in three other real estate joint ventures in North America.

(2) Represents a property currently under construction or in our value-creation pipeline. Refer to the sections under “New Class A/A+ development and redevelopment properties” within this Item 2 for additional details.

(3) The noncontrolling interest share is expected to increase to 43% as one of our joint venture partners contributes the remaining costs to complete the project over time.

(4) Includes 409 and 499 Illinois Street, 1500 and 1700 Owens Street, and 455 Mission Bay Boulevard South.

(5) The noncontrolling interest share of our joint venture partner is anticipated to increase to 75% as our partner contributes the remaining cost to complete the project over time.

(6) Includes 10210, 10260, 10290, and 10300 Campus Point Drive and 4110, 4135, 4155, 4161, 4224, and 4242 Campus Point Court.

(7) Includes 9605, 9645, 9675, 9685, 9725, 9735, 9805, 9808, 9855, and 9868 Scranton Road and 10055, 10065, and 10075 Barnes Canyon Road.

(8) Includes 9965, 9975, 9985, and 9995 Summers Ridge Road.

(9) In addition to the unconsolidated real estate joint ventures listed, we hold an interest in one other insignificant unconsolidated real estate joint venture in North America.

(10) Represents a joint venture with a local real estate operator in which our joint venture partner manages the day-to-day activities that significantly affect the economic performance of the joint venture.

(11) Represents a joint venture with a distinguished retail real estate developer for a retail shopping center aggregating 84,837 RSF.

The following table presents key terms related to our unconsolidated real estate joint ventures' secured loans as of September 30, 2023 (dollars in thousands):

Unconsolidated Joint Venture	Maturity Date	Stated Rate	Interest Rate <sup>(1)</sup>	At 100%		Our Share
				Aggregate Commitment	Debt Balance <sup>(2)</sup>	
1401/1413 Research Boulevard	12/23/24	2.70%	3.31%	\$ 28,500	\$ 28,288	65.0%
1655 and 1725 Third Street	3/10/25	4.50%	4.57%	600,000	599,399	10.0%
101 West Dickman Street	11/10/26	SOFR+1.95% <sup>(3)</sup>	7.37%	26,750	13,949	57.9%
1450 Research Boulevard	12/10/26	SOFR+1.95% <sup>(3)</sup>	7.43%	13,000	7,765	73.2%
				<u>\$ 668,250</u>	<u>\$ 649,401</u>	

(1) Includes interest expense and amortization of loan fees.

(2) Represents outstanding principal, net of unamortized deferred financing costs, as of September 30, 2023.

(3) This loan is subject to a fixed SOFR floor rate of 0.75%.

The following tables present information related to the operating results and financial positions of our consolidated and unconsolidated real estate joint ventures as of and for the three and nine months ended September 30, 2023 (in thousands):

	Noncontrolling Interest Share of Consolidated Real Estate Joint Ventures		Our Share of Unconsolidated Real Estate Joint Ventures	
	September 30, 2023		September 30, 2023	
	Three Months Ended	Nine Months Ended	Three Months Ended	Nine Months Ended
Total revenues	\$ 105,610	\$ 308,922	\$ 2,837	\$ 8,236
Rental operations	(32,384)	(91,274)	(822)	(2,372)
	73,226	217,648	2,015	5,864
General and administrative	(624)	(1,441)	(5)	(71)
Interest	(5)	(15)	(858)	(2,552)
Depreciation and amortization of real estate assets	(28,814)	(85,212)	(910)	(2,624)
Fixed returns allocated to redeemable noncontrolling interests <sup>(1)</sup>	202	604	—	—
	<u>\$ 43,985</u>	<u>\$ 131,584</u>	<u>\$ 242</u>	<u>\$ 617</u>
Straight-line rent and below-market lease revenue	\$ 4,154	\$ 12,988	\$ 329	\$ 912
Funds from operations <sup>(2)</sup>	\$ 72,799	\$ 216,796	\$ 1,152	\$ 3,241

(1) Represents an allocation of joint venture earnings to redeemable noncontrolling interests primarily in one property in our South San Francisco submarket. These redeemable noncontrolling interests earn a fixed return on their investment rather than participate in the operating results of the property.

(2) Refer to the definition of "Funds from operations and funds from operations, as adjusted, attributable to Alexandria Real Estate Equities, Inc.'s common stockholders" in the "Non-GAAP measures and definitions" section within this Item 2 for the definition and its reconciliation from the most directly comparable financial measure, presented in accordance with GAAP.

	As of September 30, 2023	
	Noncontrolling Interest Share of Consolidated Real Estate Joint Ventures	Our Share of Unconsolidated Real Estate Joint Ventures
Investments in real estate	\$ 3,829,663	\$ 119,693
Cash, cash equivalents, and restricted cash	147,573	5,438
Other assets	403,541	11,886
Secured notes payable	(27,123)	(92,096)
Other liabilities	(268,683)	(7,226)
Redeemable noncontrolling interests	(51,658)	—
	<u>\$ 4,033,313</u>	<u>\$ 37,695</u>

During the nine months ended September 30, 2023 and 2022, our consolidated real estate joint ventures distributed an aggregate of \$192.7 million and \$139.5 million, respectively, to our joint venture partners. Refer to our consolidated statements of cash flows and Note 4 – "Consolidated and unconsolidated real estate joint ventures" to our unaudited consolidated financial statements under Item 1 of this report for additional information.

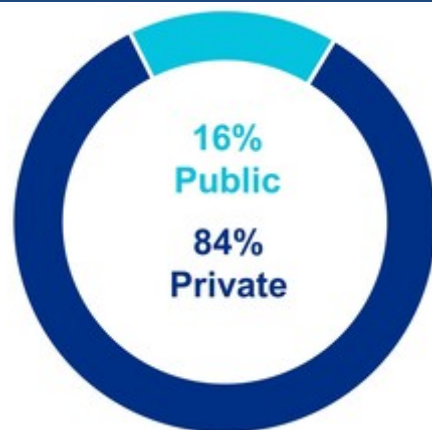
## Investments

We hold investments in publicly traded companies and privately held entities primarily involved in the life science, agtech, and technology industries. The tables below summarize components of our investment income (loss) and non-real estate investments (in thousands). For additional information, refer to Note 7 – “Investments” to our unaudited consolidated financial statements under Item 1 of this report.

	September 30, 2023		Year Ended December 31, 2022
	Three Months Ended	Nine Months Ended	
Realized (losses) gains	\$ (3,470) <sup>(1)</sup>	\$ 16,903 <sup>(1)</sup>	\$ 80,435
Unrealized losses	(77,202) <sup>(2)</sup>	(220,954) <sup>(2)</sup>	(412,193) <sup>(3)</sup>
Investment loss	<u>\$ (80,672)</u>	<u>\$ (204,051)</u>	<u>\$ (331,758)</u>

Investments	September 30, 2023				December 31, 2022
	Cost	Unrealized Gains	Unrealized Losses	Carrying Amount	Carrying Amount
Publicly traded companies	\$ 197,822	\$ 41,225	\$ (109,461)	\$ 129,586	\$ 207,139
Entities that report NAV	492,151	191,378	(24,740)	658,789	759,752
Entities that do not report NAV:					
Entities with observable price changes	104,105	78,845	(1,224)	181,726	193,784
Entities without observable price changes	387,755	—	—	387,755	388,940
Investments accounted for under the equity method	N/A	N/A	N/A	73,910	65,459
September 30, 2023	<u>\$ 1,181,833</u> <sup>(4)</sup>	<u>\$ 311,448</u>	<u>\$ (135,425)</u>	<u>\$ 1,431,766</u>	<u>\$ 1,615,074</u>
December 31, 2022	<u>\$ 1,152,613</u>	<u>\$ 506,404</u>	<u>\$ (109,402)</u>	<u>\$ 1,615,074</u>	

### Public/Private Mix (Cost)



### Tenant/Non-Tenant Mix (Cost)



- (1) Consists of realized gains of \$25.0 million and \$68.4 million, offset by impairment charges of \$28.5 million and \$51.5 million during the three and nine months ended September 30, 2023, respectively.
- (2) Consists of unrealized losses of \$58.1 million and \$145.9 million primarily resulting from the decrease in the fair value of our investments in privately held entities that report NAV and \$19.1 million and \$75.1 million of accounting reclassifications of unrealized gains recognized in prior periods into realized gains upon our sales of investments during the three and nine months ended September 30, 2023, respectively.
- (3) Consists of unrealized losses of \$274.2 million primarily resulting from the decrease in the fair value of our investments in publicly traded companies and \$138.0 million of accounting reclassifications of unrealized gains recognized in prior periods into realized gains upon our sales of investments, during the year ended December 31, 2022.
- (4) Represents 2.8% of gross assets as of September 30, 2023.



## Liquidity

### Liquidity

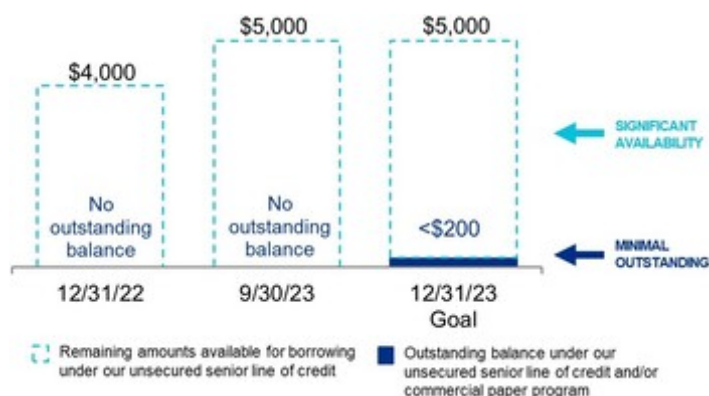
# \$5.9B

(In millions)

Availability under our unsecured senior line of credit, net of amounts outstanding under our commercial paper program	\$ 5,000
Outstanding forward equity sales agreements <sup>(1)</sup>	103
Cash, cash equivalents, and restricted cash	568
Remaining construction loan commitments	86
Investments in publicly traded companies	130
Liquidity as of September 30, 2023	<u>\$ 5,887</u>

### Minimal Outstanding Borrowings and Significant Availability on Unsecured Senior Line of Credit

(in millions)



(1) Represents expected net proceeds from the future settlement of 699 thousand shares of common stock under forward equity sales agreements after underwriter discounts.

We expect to meet certain long-term liquidity requirements, such as requirements for development, redevelopment, other construction projects, capital improvements, tenant improvements, property acquisitions, leasing costs, non-revenue-enhancing capital expenditures, scheduled debt maturities, distributions to noncontrolling interests, and payment of dividends through net cash provided by operating activities, periodic asset sales, strategic real estate joint ventures, long-term secured and unsecured indebtedness, borrowings under our unsecured senior line of credit, issuances under our commercial paper program, and issuances of additional debt and/or equity securities.

We also expect to continue meeting our short-term liquidity and capital requirements, as further detailed in this section, generally through our working capital and net cash provided by operating activities. We believe that the net cash provided by operating activities will continue to be sufficient to enable us to make the distributions necessary to continue qualifying as a REIT.

For additional information on our liquidity requirements related to our contractual obligations and commitments, refer to Note 5 – “Leases” and Note 10 – “Secured and unsecured senior debt” to our unaudited consolidated financial statements under Item 1 of this report.

Over the next several years, our balance sheet, capital structure, and liquidity objectives are as follows:

- Retain cash flows from operating activities after payment of dividends and distributions to noncontrolling interests for investment in development and redevelopment projects and/or acquisitions;
- Maintain significant balance sheet liquidity;
- Improve credit profile and relative long-term cost of capital;
- Maintain diverse sources of capital, including sources from net cash provided by operating activities, unsecured debt, secured debt, selective real estate asset sales, strategic real estate joint ventures, non-real estate investment sales, and common stock;
- Maintain commitment to long-term capital to fund growth;
- Maintain prudent laddering of debt maturities;
- Maintain solid credit metrics;
- Prudently manage variable-rate debt exposure;
- Maintain a large, unencumbered asset pool to provide financial flexibility;
- Fund common stock dividends and distributions to noncontrolling interests from net cash provided by operating activities;
- Manage a disciplined level of value-creation projects as a percentage of our gross real estate assets; and
- Maintain high levels of pre-leasing and percentage leased in value-creation projects.

The following table presents the availability under our unsecured senior line of credit, net of amounts outstanding under our commercial paper program; outstanding forward equity sales agreements; cash, cash equivalents, and restricted cash; availability under our secured construction loan; and investments in publicly traded companies as of September 30, 2023 (in thousands):

Description	Stated Rate	Aggregate Commitments	Outstanding Balance <sup>(1)</sup>	Remaining Commitments/Liquidity
Availability under our unsecured senior line of credit, net of amounts outstanding under our commercial paper program	SOFR+0.835%	\$ 5,000,000	\$ —	\$ 5,000,000
Outstanding forward equity sales agreements <sup>(2)</sup>				103,102
Cash, cash equivalents, and restricted cash				567,711
Remaining construction loan commitments	SOFR+2.70%	\$ 195,300	\$ 108,491	86,005
Investments in publicly traded companies				129,586
Liquidity as of September 30, 2023				<u>\$ 5,886,404</u>

(1) Represents outstanding principal, net of unamortized deferred financing costs, as of September 30, 2023.

(2) Represents expected net proceeds from the future settlement of 699 thousand shares of common stock under forward equity sales agreements after underwriter discounts.

#### Cash, cash equivalents, and restricted cash

As of September 30, 2023 and December 31, 2022, we had \$567.7 million and \$858.0 million, respectively, of cash, cash equivalents, and restricted cash. We expect existing cash, cash equivalents, and restricted cash, net cash provided by operating activities, proceeds from real estate asset sales, sales of partial interests, strategic real estate joint ventures, non-real estate investment sales, borrowings under our unsecured senior line of credit, issuances under our commercial paper program, issuances of unsecured senior notes payable, borrowings under our secured construction loans, and issuances of common stock to continue to be sufficient to fund our operating activities and cash commitments for investing and financing activities, such as regular quarterly dividends, distributions to noncontrolling interests, scheduled debt repayments, acquisitions, and certain capital expenditures, including expenditures related to construction activities.

#### Cash flows

We report and analyze our cash flows based on operating activities, investing activities, and financing activities. The following table summarizes changes in our cash flows for the nine months ended September 30, 2023 and 2022 (in thousands):

	Nine Months Ended September 30,		
	2023	2022	Change
Net cash provided by operating activities	\$ 1,201,933	\$ 893,158	\$ 308,775
Net cash used in investing activities	\$ (2,110,556)	\$ (3,720,618)	\$ 1,610,062
Net cash provided by financing activities	\$ 618,962	\$ 3,279,025	\$ (2,660,063)

#### Operating activities

Cash flows provided by operating activities are primarily dependent upon the occupancy level of our asset base, the rental rates of our leases, the collectibility of rent and recovery of operating expenses from our tenants, the timing of completion of development and redevelopment projects, and the timing of acquisitions and dispositions of operating properties. Net cash provided by operating activities for the nine months ended September 30, 2023 increased by \$308.8 million to \$1.2 billion, compared to \$893.2 million for the nine months ended September 30, 2022. The increase was primarily attributable to the following since January 1, 2022: (i) cash flows generated from our highly leased development and redevelopment projects recently placed into service, (ii) income-producing acquisitions, and (iii) increases in rental rates on lease renewals and re-leasing of space.

### Investing activities

Cash used in investing activities for the nine months ended September 30, 2023 and 2022 consisted of the following (in thousands):

	Nine Months Ended September 30,		
	2023	2022	Increase (Decrease)
Sources of cash from investing activities:			
Proceeds from sales of real estate	\$ 761,321	\$ 994,331	\$ (233,010)
Sales of and distributions from non-real estate investments	149,299	149,666	(367)
Change in escrow deposits	—	146,640	(146,640)
Return of capital from unconsolidated real estate joint ventures	—	471	(471)
	910,620	1,291,108	(380,488)
Uses of cash for investing activities:			
Purchases of real estate	257,333	2,499,772	(2,242,439)
Additions to real estate	2,600,999	2,324,017	276,982
Change in escrow deposits	5,982	—	5,982
Investments in unconsolidated real estate joint ventures	499	1,245	(746)
Additions to non-real estate investments	156,363	186,692	(30,329)
	3,021,176	5,011,726	(1,990,550)
Net cash used in investing activities	\$ 2,110,556	\$ 3,720,618	\$ (1,610,062)

The decrease in net cash used in investing activities for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022, was primarily due to a decreased use of cash for purchases of real estate, partially offset by increased use of cash for additions to real estate. Refer to Note 3 – “Investments in real estate” to our unaudited consolidated financial statements under Item 1 of this report for additional information.

### Financing activities

Cash flows provided by financing activities for the nine months ended September 30, 2023 and 2022 consisted of the following (in thousands):

	Nine Months Ended September 30,		Change
	2023	2022	
Borrowings from secured notes payable	\$ 49,578	\$ 31,436	\$ 18,142
Repayments of borrowings from secured notes payable	(30)	(934)	904
Payment for the defeasance of secured notes payable	—	(198,304)	198,304
Proceeds from issuance of unsecured senior notes payable	996,205	1,793,318	(797,113)
Borrowings from unsecured senior line of credit	375,000	1,180,000	(805,000)
Repayments of borrowings from unsecured senior line of credit	(375,000)	(1,180,000)	805,000
Proceeds from issuances under commercial paper program	1,705,000	11,661,500	(9,956,500)
Repayments of borrowings under commercial paper program	(1,705,000)	(11,544,685)	9,839,685
Payments of loan fees	(16,047)	(35,598)	19,551
Changes related to debt	1,029,706	1,706,733	(677,027)
Contributions from and sales of noncontrolling interests	436,207	1,463,454	(1,027,247)
Distributions to and purchases of noncontrolling interests	(193,716)	(139,685)	(54,031)
Proceeds from issuance of common stock	—	845,746	(845,746)
Dividends on common stock	(633,032)	(564,118)	(68,914)
Taxes paid related to net settlement of equity awards	(20,203)	(33,105)	12,902
<b>Net cash provided by financing activities</b>	<b>\$ 618,962</b>	<b>\$ 3,279,025</b>	<b>\$ (2,660,063)</b>

## Capital resources

We expect that our principal liquidity needs for the year ending December 31, 2023 will be satisfied by the multiple sources of capital shown in the table below. There can be no assurance that our sources and uses of capital will not be materially higher or lower than these expectations.

Key Sources and Uses of Capital (In millions)	As of 10/23/23			Certain Completed Items	As of 7/24/23 Midpoint	Key Changes
	Range		Midpoint			
Sources of capital:						
Incremental debt	\$ 660	\$ 810	\$ 735	See below	\$ 635	\$100 million increase <sup>(1)</sup>
Excess 2022 bond capital held as cash at December 31, 2022	300	300	300	\$ 300 <sup>(2)</sup>	300	No change
Net cash provided by operating activities after dividends	350	400	375		375	
Dispositions and sales of partial interests	1,550	1,750	1,650	\$ 875 <sup>(3)</sup>	1,750	\$100 million decrease <sup>(1)</sup>
Future settlement of forward equity sales agreements outstanding as of December 31, 2022	100	100	100	\$ 100 <sup>(4)</sup>	100	No change
Total sources of capital before excess cash expected to be held at December 31, 2023	\$ 2,960	\$ 3,360	\$ 3,160		\$ 3,160	
Cash expected to be held at December 31, 2023 <sup>(5)</sup>	125	425	275		275	
Total sources of capital	<u>\$ 3,085</u>	<u>\$ 3,785</u>	<u>\$ 3,435</u>		<u>\$ 3,435</u>	
Uses of capital:						
Construction	\$ 2,785	\$ 3,085	\$ 2,935		\$ 2,935	No change
Acquisitions	175	275	225	\$ 259	225	
Total uses of capital	<u>\$ 2,960</u>	<u>\$ 3,360</u>	<u>\$ 3,160</u>		<u>\$ 3,160</u>	
Incremental debt (included above):						
Issuance of unsecured senior notes payable	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000 <sup>(6)</sup>		
Unsecured senior line of credit, commercial paper, and other	(340)	(190)	(265)			
Net incremental debt	\$ 660	\$ 810	\$ 735			

- (1) The changes to our guidance ranges for incremental debt and dispositions and sales of partial interests for the year ending December 31, 2023 is primarily due to changes in the mix and timing of dispositions pending and under executed letters of intent or purchase and sale agreements that are expected to close during the fourth quarter of 2023.
- (2) Represents \$300.0 million of excess 2022 bond capital proceeds held as cash at December 31, 2022, which we used to reduce our 2023 debt capital needs.
- (3) In addition to completed transactions, we have pending transactions subject to signed letters of intent or purchase and sale agreements aggregating \$699.3 million as of the date of this report.
- (4) Represents outstanding forward equity sales agreements to sell 699 thousand shares of common stock under our ATM program entered into during 2022 and expected to be settled during the three months ending December 31, 2023. Refer to Note 13 – “Stockholders’ equity” to our unaudited consolidated financial statements under Item 1 of this report for additional information.
- (5) Represents estimated excess 2023 bond capital proceeds expected to be held as cash at December 31, 2023, which reduces our 2024 debt capital needs.
- (6) Represents \$1.0 billion of unsecured senior notes payable issued in February 2023. Refer to Note 10 – “Secured and unsecured senior debt” to our unaudited consolidated financial statements under Item 1 of this report for additional information.

The key assumptions behind the sources and uses of capital in the table above include favorable real estate and capital market environments, performance of our core operating properties, lease-up and delivery of current and future development and redevelopment projects, and leasing activity. Our expected sources and uses of capital are subject to a number of variables and uncertainties, including those discussed as “Forward-looking statements” under Part I; and “Item 1A. Risk factors” and “Item 7. Management’s discussion and analysis of financial condition and results of operations” of our annual report on Form 10-K for the year ended December 31, 2022; as well as “Item 1A. Risk factors” within “Part II – Other information” of this quarterly report on Form 10-Q. We expect to update our forecast for sources and uses of capital on a quarterly basis.

## Sources of capital

### Net cash provided by operating activities after dividends

We expect to retain \$350.0 million to \$400.0 million of net cash flows from operating activities after payment of common stock dividends, and distributions to noncontrolling interests for the year ending December 31, 2023. For purposes of this calculation, changes in operating assets and liabilities are excluded as they represent timing differences. For the year ending December 31, 2023, we expect our recently delivered projects, our highly pre-leased value-creation projects expected to be delivered, and contributions from Same Properties and recently acquired properties to contribute increases in income from rentals, net operating income, and cash flows. We anticipate contractual near-term growth in annual net operating income (cash basis) of \$42 million related to the commencement of contractual rents on the projects recently placed into service that are near the end of their initial free rent period. Refer to the "Cash flows" subsection of the "Liquidity" section within this Item 2 for a discussion of cash flows provided by operating activities for the nine months ended September 30, 2023.

### Debt

We expect to fund a portion of our capital needs for the remainder of 2023 from real estate dispositions, sales of partial interests, strategic real estate joint ventures, settlement of our outstanding forward equity sales agreements, cash on hand, issuances under our commercial paper program, borrowings under our unsecured senior line of credit, and borrowings under our secured construction loans.

As of September 30, 2023, our unsecured senior line of credit has aggregate commitments of \$5.0 billion and bears an interest rate of SOFR plus 0.835%. In addition to the cost of borrowing, the unsecured senior line of credit is subject to an annual facility fee of 0.14% based on the aggregate commitments outstanding. Based upon our ability to achieve certain annual sustainability targets, the interest rate and facility fee rate are also subject to upward or downward adjustments of up to four basis points with respect to the interest rate and up to one basis point with respect to the facility fee rate.

In June 2023, we amended our unsecured senior line of credit to increase the aggregate commitments available for borrowing to \$5.0 billion from \$4.0 billion.

During the three months ended March 31, 2023, we achieved certain annual sustainability targets, as described in our unsecured senior line of credit agreement, which reduced the borrowing rate by four basis points for a one-year period to SOFR plus 0.835%, from SOFR plus 0.875%, and reduced the facility fee by one basis point to 0.14% from 0.15%. As of September 30, 2023, we had no outstanding balance on our unsecured senior line of credit.

In July 2023, we increased the aggregate amount we may issue from time to time under our commercial paper program to \$2.5 billion from \$2.0 billion. Our commercial paper program that provides us with the ability to issue up to \$2.5 billion of commercial paper notes with a maturity of generally 30 days or less and with a maximum maturity of 397 days from the date of issuance. Our commercial paper program is backed by our unsecured senior line of credit, and at all times we expect to retain a minimum undrawn amount of borrowing capacity under our unsecured senior line of credit equal to any outstanding balance under our commercial paper program. We use borrowings under the program to fund short-term capital needs. The notes issued under our commercial paper program are sold under customary terms in the commercial paper market. They are typically issued at a discount to par, representing a yield to maturity dictated by market conditions at the time of issuance. In the event we are unable to issue commercial paper notes or refinance outstanding commercial paper notes under terms equal to or more favorable than those under the unsecured senior line of credit, we expect to borrow under the unsecured senior line of credit. The commercial paper notes sold during the nine months ended September 30, 2023 were issued at a weighted-average yield to maturity of 5.15%. As of September 30, 2023, we had no outstanding notes under our commercial paper program.

In February 2023, we opportunistically issued \$1.0 billion of unsecured senior notes payable with a weighted-average interest rate of 4.95% and a weighted-average maturity of 21.2 years. The unsecured senior notes consisted of \$500.0 million of 4.75% green unsecured senior notes due 2035 and \$500.0 million of 5.15% unsecured senior notes due 2053.

The following table presents our average debt outstanding and weighted-average interest rates during the three and nine months ended September 30, 2023 (dollars in thousands):

	Average Debt Outstanding		Weighted-Average Interest Rate	
	September 30, 2023		September 30, 2023	
	Three Months Ended	Nine Months Ended	Three Months Ended	Nine Months Ended
Long-term fixed-rate debt	\$ 11,171,888	\$ 11,005,567	3.64%	3.61%
Short-term variable-rate unsecured senior line of credit and commercial paper program debt	—	88,353	N/A	5.53
Blended average interest rate	11,171,888	11,093,920	3.64	3.63
Loan fee amortization and annual facility fee related to unsecured senior line of credit	N/A	N/A	0.13	0.12
Total/weighted average	<u>\$ 11,171,888</u>	<u>\$ 11,093,920</u>	<u>3.77%</u>	<u>3.75%</u>

Real estate dispositions, sales of partial interests, and issuances of common equity

We expect to continue to focus on the disciplined execution of select sales of real estate. Future sales will provide an important source of capital to fund a portion of pending and recently completed opportunistic acquisitions and our highly leased value-creation development and redevelopment projects, and also provide significant capital for growth. We may also consider additional sales of partial interests in core Class A/A+ properties and/or development projects. For 2023, we expect real estate dispositions, sales of partial interests, and issuances of common equity ranging from \$1.65 billion to \$1.85 billion. The amount of asset sales necessary to meet our forecasted sources of capital will vary depending upon the amount of EBITDA associated with the assets sold.

As a REIT, we are generally subject to a 100% tax on the net income from real estate asset sales that the IRS characterizes as “prohibited transactions.” We do not expect our sales will be categorized as prohibited transactions. However, unless we meet certain “safe harbor” requirements, whether a real estate asset sale is a “prohibited transaction” will be based on the facts and circumstances of the sale. Our real estate asset sales may not always meet such “safe harbor” requirements. Refer to “Item 1A. Risk factors” of our annual report on Form 10-K for the year ended December 31, 2022 for additional information about the “prohibited transaction” tax.

Common equity transactions

Pursuant to our outstanding forward equity sales agreements, we have the ability to issue an aggregate of 699 thousand shares of common stock and to receive net proceeds of approximately \$103.1 million. During the nine months ended September 30, 2023, we did not issue shares to settle our outstanding forward equity agreements. In addition, the remaining amount available under our ATM program for future sales of common stock aggregated \$141.9 million as of September 30, 2023. We plan to file a new program in the near future.

Other sources

Under our current shelf registration statement filed with the SEC, we may offer common stock, preferred stock, debt, and other securities. These securities may be issued, from time to time, at our discretion based on our needs and market conditions, including, as necessary, to balance our use of incremental debt capital.

Additionally, we, together with joint venture partners, hold interests in real estate joint ventures that we consolidate in our financial statements. These existing joint ventures provide significant equity capital to fund a portion of our future construction spend, and our joint venture partners may also contribute equity into these entities for financing-related activities. From October 1, 2023 through December 31, 2026, we expect to receive capital contributions aggregating \$1.2 billion from existing real estate joint venture partners to fund construction. During the year ending December 31, 2023, contributions from noncontrolling interests from existing joint venture partners are expected to aggregate \$536.0 million.

## Uses of capital

### Summary of capital expenditures

One of our primary uses of capital relates to the development, redevelopment, pre-construction, and construction of properties. We currently have projects in our value-creation pipeline aggregating 5.6 million RSF of Class A/A+ properties undergoing construction, 8.9 million RSF of near-term and intermediate-term development and redevelopment projects, and 19.1 million SF of future development projects in North America. We incur capitalized construction costs related to development, redevelopment, pre-construction, and other construction activities. We also incur additional capitalized project costs, including interest, property taxes, insurance, and other costs directly related and essential to the development, redevelopment, pre-construction, or construction of a project, during periods when activities necessary to prepare an asset for its intended use are in progress. Refer to “New Class A/A+ development and redevelopment properties: current projects” and “Summary of capital expenditures” subsections of the “Investments in real estate” section within this Item 2 for more information on our capital expenditures.

We capitalize interest cost as a cost of the project only during the period in which activities necessary to prepare an asset for its intended use are ongoing, provided that expenditures for the asset have been made and interest cost has been incurred. Capitalized interest for the nine months ended September 30, 2023 and 2022 of \$274.9 million and \$199.2 million, respectively, was classified in investments in real estate in our consolidated balance sheets. The increase in capitalized interest was related to the increase in weighted-average interest rate to 3.75% for the nine months ended September 30, 2023 from 3.46% for the nine months ended September 30, 2022, and the increase in our weighted-average capitalized construction costs to \$9.6 billion for the nine months ended September 30, 2023 from \$7.6 billion for the nine months ended September 30, 2022.

Property taxes, insurance on real estate, and indirect project costs, such as construction administration, legal fees, and office costs that clearly relate to projects under development or construction, are capitalized as incurred during the period an asset is undergoing activities to prepare it for its intended use. We capitalized payroll and other indirect costs related to development, redevelopment, pre-construction, and construction projects, aggregating \$74.5 million and \$63.1 million, and property taxes, insurance on real estate and indirect project costs aggregating \$96.7 million and \$72.2 million during the nine months ended September 30, 2023 and 2022, respectively.

The increase in capitalized costs for the nine months ended September 30, 2023, compared to the same period in 2022, was primarily due to an increase in our value-creation pipeline projects undergoing construction and pre-construction activities in 2023 over 2022. Pre-construction activities include entitlements, permitting, design, site work, and other activities preceding commencement of construction of aboveground building improvements. The advancement of pre-construction efforts is focused on reducing the time required to deliver projects to prospective tenants. These critical activities add significant value for future ground-up development and are required for the vertical construction of buildings. Should we cease activities necessary to prepare an asset for its intended use, the interest, taxes, insurance, and certain other direct and indirect project costs related to the asset would be expensed as incurred. Expenditures for repairs and maintenance are expensed as incurred.

Fluctuations in our development, redevelopment, and construction activities could result in significant changes to total expenses and net income. For example, had we experienced a 10% reduction in development, redevelopment, and construction activities without a corresponding decrease in indirect project costs, including interest and payroll, total expenses would have increased by approximately \$44.6 million for the nine months ended September 30, 2023.

We use third-party brokers to assist in our leasing activity, who are paid on a contingent basis upon successful leasing. We are required to capitalize initial direct costs related to successful leasing transactions that result directly from and are essential to the lease transaction and would not have been incurred had that lease transaction not been successfully executed. During the nine months ended September 30, 2023, we capitalized total initial direct leasing costs of \$60.2 million. Costs that we incur to negotiate or arrange a lease regardless of its outcome, such as fixed employee compensation, tax, or legal advice to negotiate lease terms, and other costs, are expensed as incurred.

### Acquisitions

Refer to the “Acquisitions” section in Note 3 – “Investments in real estate” and to Note 4 – “Consolidated and unconsolidated real estate joint ventures” to our unaudited consolidated financial statements under Item 1 of this report, and the “Acquisitions” subsection of the “Investments in real estate” section within this Item 2 for information on our acquisitions.



### Dividends

During the nine months ended September 30, 2023 and 2022, we paid common stock dividends of \$633.0 million and \$564.1 million, respectively. The increase of \$68.9 million in dividends paid on our common stock during the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022, was primarily due to an increase in the number of common shares outstanding subsequent to January 1, 2022 as a result of issuances of common stock under our ATM program and settlement of forward equity sales agreements, and partially due to the increase in the related dividends to \$3.66 per common share paid during the nine months ended September 30, 2023 from \$3.48 per common share paid during the nine months ended September 30, 2022.

### Secured notes payable

Secured notes payable as of September 30, 2023 consisted of three notes secured by two properties. Our secured notes payable typically require monthly payments of principal and interest and had a weighted-average interest rate of approximately 8.35%. As of September 30, 2023, the total book value of our investments in real estate securing debt was approximately \$312.6 million. As of September 30, 2023, our secured notes payable, including unamortized discounts and deferred financing costs, comprised approximately \$619 thousand and \$108.5 million of fixed-rate debt and unhedged variable-rate debt, respectively.

### Unsecured senior notes payable and unsecured senior line of credit

The requirements of, and our actual performance with respect to, the key financial covenants under our unsecured senior notes payable as of September 30, 2023 were as follows:

Covenant Ratios <sup>(1)</sup>	Requirement	September 30, 2023
Total Debt to Total Assets	Less than or equal to 60%	28%
Secured Debt to Total Assets	Less than or equal to 40%	0.3%
Consolidated EBITDA <sup>(2)</sup> to Interest Expense	Greater than or equal to 1.5x	22.4x
Unencumbered Total Asset Value to Unsecured Debt	Greater than or equal to 150%	348%

(1) All covenant ratio titles utilize terms as defined in the respective debt agreements.

(2) The calculation of consolidated EBITDA is based on the definitions contained in our loan agreements and is not directly comparable to the computation of EBITDA as described in Exchange Act Release No. 47226.

In addition, the terms of the indentures, among other things, limit the ability of the Company, Alexandria Real Estate Equities, L.P., and the Company's subsidiaries to (i) consummate a merger, or consolidate or sell all or substantially all of the Company's assets, and (ii) incur certain secured or unsecured indebtedness.

The requirements of, and our actual performance with respect to, the key financial covenants under our unsecured senior line of credit as of September 30, 2023 were as follows:

Covenant Ratios <sup>(1)</sup>	Requirement	September 30, 2023
Leverage Ratio	Less than or equal to 60.0%	27.3%
Secured Debt Ratio	Less than or equal to 45.0%	0.2%
Fixed-Charge Coverage Ratio	Greater than or equal to 1.50x	4.22x
Unsecured Interest Coverage Ratio	Greater than or equal to 1.75x	36.96x

(1) All covenant ratio titles utilize terms as defined in the credit agreement.

### Estimated interest payments

Estimated interest payments on our fixed-rate debt are calculated based upon contractual interest rates, including interest payment dates and scheduled maturity dates. As of September 30, 2023, 99.0% of our debt was fixed-rate debt. For additional information regarding our debt, refer to Note 10 – "Secured and unsecured senior debt" to our unaudited consolidated financial statements under Item 1 of this report.

### Ground lease obligations

Ground lease obligations as of September 30, 2023 included leases for 38 of our properties, which accounted for approximately 9% of our total number of properties. Excluding one ground lease that expires in 2036 related to one operating property with a net book value of \$6.0 million as of September 30, 2023, our ground lease obligations have remaining lease terms ranging from approximately 30 to 98 years, including available extension options that we are reasonably certain to exercise.

### Operating lease agreements

As of September 30, 2023, the remaining contractual payments under ground and office lease agreements in which we are the lessee aggregated \$826.3 million and \$29.6 million, respectively. We are required to recognize a right-of-use asset and a related liability to account for our future obligations under operating lease arrangements in which we are the lessee. The operating lease liability is measured based on the present value of the remaining lease payments, including payments during the term under our extension options that we are reasonably certain to exercise. The right-of-use asset is equal to the corresponding operating lease liability, adjusted for the initial direct leasing cost and any other consideration exchanged with the landlord prior to the commencement of the lease, as well as adjustments to reflect favorable or unfavorable terms of an acquired lease when compared with market terms at the time of acquisition. As of September 30, 2023, the present value of the remaining contractual payments aggregating \$855.9 million under our operating lease agreements, including our extension options that we are reasonably certain to exercise, was \$385.0 million, which was classified in accounts payable, accrued expenses, and other liabilities in our consolidated balance sheets. As of September 30, 2023, the weighted-average remaining lease term of operating leases in which we are the lessee was approximately 41 years, and the weighted-average discount rate was 4.6%. Our corresponding operating lease right-of-use assets, adjusted for initial direct leasing costs and other consideration exchanged with the landlord prior to the commencement of the lease, aggregated \$531.3 million. We classify the right-of-use asset in other assets in our consolidated balance sheets. Refer to the "Lease accounting" section in Note 2 – "Summary of significant accounting policies" to our unaudited consolidated financial statements under Item 1 in this report for additional information.

### Commitments

As of September 30, 2023, remaining aggregate costs under contract for the construction of properties undergoing development, redevelopment, and improvements under the terms of leases approximated \$2.3 billion. In addition, we may be required to incur construction costs associated with our future development projects aggregating 643,331 RSF pursuant to an agreement whereby our counterparty may elect to execute future lease agreements on mutually agreeable terms.

We expect payments for these obligations to occur over one to three years, subject to capital planning adjustments from time to time. We may have the ability to cease the construction of certain projects, which would result in the reduction of our commitments. In addition, we have letters of credit and performance obligations aggregating \$29.5 million primarily related to construction projects and an anticipated acquisition.

We are committed to funding approximately \$415.3 million related to our non-real estate investments. These funding commitments are primarily associated with our investments in privately held entities that report NAV and expire at various dates over the next 12 years, with a weighted-average expiration of 8.3 years as of September 30, 2023.

### Exposure to environmental liabilities

In connection with the acquisition of all of our properties, we have obtained Phase I environmental assessments to ascertain the existence of any environmental liabilities or other issues. The Phase I environmental assessments of our properties have not revealed any environmental liabilities that we believe would have a material adverse effect on our financial condition or results of operations taken as a whole, nor are we aware of any material environmental liabilities that have occurred since the Phase I environmental assessments were completed. In addition, we carry a policy of pollution legal liability insurance covering exposure to certain environmental losses at substantially all of our properties.

### Foreign currency translation gains and losses

The following table presents the change in accumulated other comprehensive loss attributable to Alexandria Real Estate Equities, Inc.'s stockholders during the nine months ended September 30, 2023 primarily due to the changes in the foreign exchange rates for our real estate investments in Canada (in thousands). We reclassify unrealized foreign currency translation gains and losses into net income as we dispose of these holdings.

	Total
Balance as of December 31, 2022	\$ (20,812)
Other comprehensive loss before reclassifications	(4,172)
Net other comprehensive loss	(4,172)
Balance as of September 30, 2023	\$ (24,984)

### Inflation

As of September 30, 2023, approximately 92% of our leases (on an annual rental revenue basis) were triple net leases, which require tenants to pay substantially all real estate taxes, insurance, utilities, repairs and maintenance, common area expenses, and other operating expenses (including increases thereto) in addition to base rent. Approximately 96% of our leases (on an annual rental revenue basis) contained effective annual rent escalations that were either fixed (generally ranging from 3.0% to 3.5%) or indexed based on a consumer price index or other indices. Accordingly, we do not believe that our cash flows or earnings from real estate operations are subject to significant risks from inflation. A period of inflation, however, could cause an increase in the cost of our variable-rate borrowings, including borrowings under our unsecured senior line of credit and commercial paper program, issuances of unsecured senior notes payable, and borrowings under our secured construction loans, and secured loans held by our unconsolidated real estate joint ventures.

In addition, refer to "Item 1A. Risk factors" within "Part II – Other information" in this quarterly report on Form 10-Q for a discussion about risks that inflation directly or indirectly may pose to our business.

## Issuer and guarantor subsidiary summarized financial information

Alexandria Real Estate Equities, Inc. (the “Issuer”) has sold certain debt securities registered under the Securities Act of 1933, as amended, that are fully and unconditionally guaranteed by Alexandria Real Estate Equities, L.P. (the “LP” or the “Guarantor Subsidiary”), an indirectly 100% owned subsidiary of the Issuer. The Issuer’s other subsidiaries, including, but not limited to, the subsidiaries that own substantially all of its real estate (collectively, the “Combined Non-Guarantor Subsidiaries”), will not provide a guarantee of such securities, including the subsidiaries that are partially or 100% owned by the LP. The following summarized financial information presents, on a combined basis, balance sheet information as of September 30, 2023 and December 31, 2022, and results of operations and comprehensive income for the nine months ended September 30, 2023 and year ended December 31, 2022 for the Issuer and the Guarantor Subsidiary. The information presented below excludes eliminations necessary to arrive at the information on a consolidated basis. In presenting the summarized financial statements, the equity method of accounting has been applied to (i) the Issuer’s interests in the Guarantor Subsidiary, (ii) the Guarantor Subsidiary’s interests in the Combined Non-Guarantor Subsidiaries, and (iii) the Combined Non-Guarantor Subsidiaries’ interests in the Guarantor Subsidiary, where applicable, even though all such subsidiaries meet the requirements to be consolidated under GAAP. All assets and liabilities have been allocated to the Issuer and the Guarantor Subsidiary generally based on legal entity ownership.

The following tables present combined summarized financial information as of September 30, 2023 and December 31, 2022, for the nine months ended September 30, 2023, and for the year ended December 31, 2022 for the Issuer and Guarantor Subsidiary. Amounts provided do not represent our total consolidated amounts (in thousands):

	September 30, 2023	December 31, 2022
<b>Assets:</b>		
Cash, cash equivalents, and restricted cash	\$ 147,021	\$ 465,707
Other assets	114,571	107,287
<b>Total assets</b>	<b>\$ 261,592</b>	<b>\$ 572,994</b>
<b>Liabilities:</b>		
Unsecured senior notes payable	\$ 11,093,725	\$ 10,100,717
Unsecured senior line of credit and commercial paper	—	—
Other liabilities	484,047	466,369
<b>Total liabilities</b>	<b>\$ 11,577,772</b>	<b>\$ 10,567,086</b>
	Nine Months Ended September 30, 2023	Year Ended December 31, 2022
<b>Total revenues</b>	<b>\$ 36,505</b>	<b>\$ 33,052</b>
<b>Total expenses</b>	<b>(184,549)</b>	<b>(277,647)</b>
<b>Net loss</b>	<b>(148,044)</b>	<b>(244,595)</b>
Net income attributable to unvested restricted stock awards	(7,697)	(8,392)
<b>Net loss attributable to Alexandria Real Estate Equities, Inc.’s common stockholders</b>	<b>\$ (155,741)</b>	<b>\$ (252,987)</b>

As of September 30, 2023, 404 of our 419 properties were held indirectly by the REIT’s wholly owned consolidated subsidiary, Alexandria Real Estate Equities, L.P.

## Critical accounting estimates

Refer to our annual report on Form 10-K for the year ended December 31, 2022 for a discussion of our critical accounting estimates related to recognition of real estate acquired, impairment of long-lived assets, monitoring of tenant credit quality, and allowance for credit losses.

## Non-GAAP measures and definitions

This section contains additional information of certain non-GAAP financial measures and the reasons why we use these supplemental measures of performance and believe they provide useful information to investors, as well as the definitions of other terms used in this report.

### Funds from operations and funds from operations, as adjusted, attributable to Alexandria Real Estate Equities, Inc.'s common stockholders

GAAP-basis accounting for real estate assets utilizes historical cost accounting and assumes that real estate values diminish over time. In an effort to overcome the difference between real estate values and historical cost accounting for real estate assets, the Nareit Board of Governors established funds from operations as an improved measurement tool. Since its introduction, funds from operations has become a widely used non-GAAP financial measure among equity REITs. We believe that funds from operations is helpful to investors as an additional measure of the performance of an equity REIT. Moreover, we believe that funds from operations, as adjusted, allows investors to compare our performance to the performance of other real estate companies on a consistent basis, without having to account for differences recognized because of real estate acquisition and disposition decisions, financing decisions, capital structure, capital market transactions, variances resulting from the volatility of market conditions outside of our control, or other corporate activities that may not be representative of the operating performance of our properties.

The 2018 White Paper published by the Nareit Board of Governors (the "Nareit White Paper") defines funds from operations as net income (computed in accordance with GAAP), excluding gains or losses on sales of real estate, and impairments of real estate, plus depreciation and amortization of operating real estate assets, and after adjustments for our share of consolidated and unconsolidated partnerships and real estate joint ventures. Impairments represent the write-down of assets when fair value over the recoverability period is less than the carrying value due to changes in general market conditions and do not necessarily reflect the operating performance of the properties during the corresponding period.

We compute funds from operations, as adjusted, as funds from operations calculated in accordance with the Nareit White Paper, excluding significant gains, losses, and impairments realized on non-real estate investments, unrealized gains or losses on non-real estate investments, gains or losses on early extinguishment of debt, significant termination fees, acceleration of stock compensation expense due to the resignation of an executive officer, deal costs, the income tax effect related to such items, and the amount of such items that is allocable to our unvested restricted stock awards. We compute the amount that is allocable to our unvested restricted stock awards using the two-class method. Under the two-class method, we allocate net income (after amounts attributable to noncontrolling interests) to common stockholders and to unvested restricted stock awards by applying the respective weighted-average shares outstanding during each quarter-to-date and year-to-date period. This may result in a difference of the summation of the quarter-to-date and year-to-date amounts. Neither funds from operations nor funds from operations, as adjusted, should be considered as alternatives to net income (determined in accordance with GAAP) as indications of financial performance, or to cash flows from operating activities (determined in accordance with GAAP) as measures of liquidity, nor are they indicative of the availability of funds for our cash needs, including our ability to make distributions.

The following table reconciles net income to funds from operations for the share of consolidated real estate joint ventures attributable to noncontrolling interests and our share of unconsolidated real estate joint ventures for the three and nine months ended September 30, 2023 (in thousands):

	Noncontrolling Interest Share of Consolidated Real Estate Joint Ventures		Our Share of Unconsolidated Real Estate Joint Ventures	
	September 30, 2023		September 30, 2023	
	Three Months Ended	Nine Months Ended	Three Months Ended	Nine Months Ended
Net income	\$ 43,985	\$ 131,584	\$ 242	\$ 617
Depreciation and amortization of real estate assets	28,814	85,212	910	2,624
Funds from operations	<u>\$ 72,799</u>	<u>\$ 216,796</u>	<u>\$ 1,152</u>	<u>\$ 3,241</u>

The following tables present a reconciliation of net income attributable to Alexandria Real Estate Equities, Inc.'s common stockholders, the most directly comparable financial measure presented in accordance with GAAP, including our share of amounts from consolidated and unconsolidated real estate joint ventures, to funds from operations attributable to Alexandria Real Estate Equities, Inc.'s common stockholders – diluted, and funds from operations attributable to Alexandria Real Estate Equities, Inc.'s common stockholders – diluted, as adjusted, and the related per share amounts for the three and nine months ended September 30, 2023 and 2022 (in thousands, except per share amounts). Per share amounts may not add due to rounding.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income attributable to Alexandria Real Estate Equities, Inc.'s common stockholders – basic and diluted	\$ 21,855	\$ 341,439	\$ 184,371	\$ 461,475
Depreciation and amortization of real estate assets	266,440	251,453	798,590	727,178
Noncontrolling share of depreciation and amortization from consolidated real estate JVs	(28,814)	(27,790)	(85,212)	(77,889)
Our share of depreciation and amortization from unconsolidated real estate JVs	910	795	2,624	2,684
Gain on sales of real estate	—	(323,699)	(214,810)	(537,918)
Impairment of real estate – rental properties	19,844 <sup>(1)</sup>	—	186,446	—
Allocation to unvested restricted stock awards	(838)	1,002	(3,050)	(81)
Funds from operations attributable to Alexandria Real Estate Equities, Inc.'s common stockholders – diluted <sup>(2)</sup>	279,397	243,200	868,959	575,449
Unrealized losses on non-real estate investments	77,202	56,515	220,954	388,076
Impairment of non-real estate investments	28,503 <sup>(3)</sup>	—	51,456	—
Impairment of real estate	805	38,783	2,778	38,783
Loss on early extinguishment of debt	—	—	—	3,317
Acceleration of stock compensation expense due to executive officer resignation	1,859 <sup>(4)</sup>	7,185	1,859	7,185
Allocation to unvested restricted stock awards	(1,330)	(1,033)	(3,503)	(4,743)
Funds from operations attributable to Alexandria Real Estate Equities, Inc.'s common stockholders – diluted, as adjusted	<u>\$ 386,436</u>	<u>\$ 344,650</u>	<u>\$ 1,142,503</u>	<u>\$ 1,008,067</u>

(1) Refer to the "Sales of real estate assets and impairment charges" section in Note 3 – "Investments in real estate" to our unaudited consolidated financial statements under Item 1 of this report for additional information.

(2) Calculated in accordance with standards established by the Nareit Board of Governors.

(3) Primarily related to three non-real estate investments in privately held entities that do not report NAV.

(4) Related to the resignation of Dean A. Shigenaga from his positions as President and Chief Financial Officer, effective September 15, 2023. Mr. Shigenaga is expected to remain a full-time employee through December 31, 2023, and a part-time employee thereafter. In connection with Mr. Shigenaga's resignation, we accelerated the recognition of stock-based compensation expense aggregating \$15.6 million through December 31, 2023, of which \$1.9 million was recognized during the three months ended September 30, 2023.

(Per share)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income per share attributable to Alexandria Real Estate Equities, Inc.'s common stockholders – diluted	\$ 0.13	\$ 2.11	\$ 1.08	\$ 2.88
Depreciation and amortization of real estate assets	1.40	1.39	4.19	4.06
Gain on sales of real estate	—	(2.00)	(1.26)	(3.35)
Impairment of real estate – rental properties	0.12	—	1.09	—
Allocation to unvested restricted stock awards	(0.01)	0.01	(0.01)	—
Funds from operations per share attributable to Alexandria Real Estate Equities, Inc.'s common stockholders – diluted	1.64	1.51	5.09	3.59
Unrealized losses on non-real estate investments	0.45	0.35	1.29	2.42
Impairment of non-real estate investments	0.17	—	0.30	—
Impairment of real estate	—	0.24	0.02	0.24
Loss on early extinguishment of debt	—	—	—	0.02
Acceleration of stock compensation expense due to executive officer resignation	0.01	0.04	0.01	0.04
Allocation to unvested restricted stock awards	(0.01)	(0.01)	(0.02)	(0.03)
Funds from operations per share attributable to Alexandria Real Estate Equities, Inc.'s common stockholders – diluted, as adjusted	<u>\$ 2.26</u>	<u>\$ 2.13</u>	<u>\$ 6.69</u>	<u>\$ 6.28</u>
Weighted-average shares of common stock outstanding – diluted <sup>(1)</sup>	170,890	161,554	170,846	160,400

(1) Refer to the definition of "Weighted-average shares of common stock outstanding – diluted" in this section within this Item 2 for additional information.



## Adjusted EBITDA and Adjusted EBITDA margin

We use Adjusted EBITDA as a supplemental performance measure of our operations, for financial and operational decision-making, and as a supplemental means of evaluating period-to-period comparisons on a consistent basis. Adjusted EBITDA is calculated as earnings before interest, taxes, depreciation, and amortization ("EBITDA"), excluding stock compensation expense, gains or losses on early extinguishment of debt, gains or losses on sales of real estate, impairments of real estate, and significant termination fees. Adjusted EBITDA also excludes unrealized gains or losses and significant realized gains or losses and impairments that result from our non-real estate investments. These non-real estate investment amounts are classified in our consolidated statements of operations outside of total revenues.

We believe Adjusted EBITDA provides investors with relevant and useful information as it allows investors to evaluate the operating performance of our business activities without having to account for differences recognized because of investing and financing decisions related to our real estate and non-real estate investments, our capital structure, capital market transactions, and variances resulting from the volatility of market conditions outside of our control. For example, we exclude gains or losses on the early extinguishment of debt to allow investors to measure our performance independent of our indebtedness and capital structure. We believe that adjusting for the effects of impairments and gains or losses on sales of real estate, significant impairments and realized gains or losses on non-real estate investments, and significant termination fees allows investors to evaluate performance from period to period on a consistent basis without having to account for differences recognized because of investing and financing decisions related to our real estate and non-real estate investments or other corporate activities that may not be representative of the operating performance of our properties.

In addition, we believe that excluding charges related to stock compensation and unrealized gains or losses facilitates for investors a comparison of our business activities across periods without the volatility resulting from market forces outside of our control. Adjusted EBITDA has limitations as a measure of our performance. Adjusted EBITDA does not reflect our historical expenditures or future requirements for capital expenditures or contractual commitments. While Adjusted EBITDA is a relevant measure of performance, it does not represent net income (loss) or cash flows from operations calculated and presented in accordance with GAAP, and it should not be considered as an alternative to those indicators in evaluating performance or liquidity.

In order to calculate the Adjusted EBITDA margin, we divide Adjusted EBITDA by total revenues as presented in our consolidated statements of operations. We believe that this supplemental performance measure provides investors with additional useful information regarding the profitability of our operating activities.

The following table reconciles net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, to Adjusted EBITDA and calculates the Adjusted EBITDA margin for the three and nine months ended September 30, 2023 and 2022 (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 68,254	\$ 383,443	\$ 323,652	\$ 575,433
Interest expense	11,411	22,984	42,237	76,681
Income taxes	1,183	1,950	4,565	7,610
Depreciation and amortization	269,370	254,929	808,227	737,666
Stock compensation expense	16,288	17,786	48,266	46,154
Loss on early extinguishment of debt	—	—	—	3,317
Gain on sales of real estate	—	(323,699)	(214,810)	(537,918)
Unrealized losses on non-real estate investments	77,202	56,515	220,954	388,076
Impairment of real estate	20,649	38,783	189,224	38,783
Impairment of non-real estate investments	28,503	—	51,456	—
Adjusted EBITDA	<u>\$ 492,860</u>	<u>\$ 452,691</u>	<u>\$ 1,473,771</u>	<u>\$ 1,335,802</u>
Total revenues	\$ 713,788	\$ 659,852	\$ 2,128,483	\$ 1,918,681
Adjusted EBITDA margin	69%	69%	69%	70%

### Annual rental revenue

Annual rental revenue represents the annualized fixed base rental obligations, calculated in accordance with GAAP, for leases in effect as of the end of the period, related to our operating RSF. Annual rental revenue is presented using 100% of the annual rental revenue from our consolidated properties and our share of annual rental revenue for our unconsolidated real estate joint ventures. Annual rental revenue per RSF is computed by dividing annual rental revenue by the sum of 100% of the RSF of our consolidated properties and our share of the RSF of properties held in unconsolidated real estate joint ventures. As of September 30, 2023, approximately 92% of our leases (on an annual rental revenue basis) were triple net leases, which require tenants to pay substantially all real estate taxes, insurance, utilities, repairs and maintenance, common area expenses, and other operating expenses (including increases thereto) in addition to base rent. Annual rental revenue excludes these operating expenses recovered from our tenants. Amounts recovered from our tenants related to these operating expenses, along with base rent, are classified in income from rentals in our consolidated statements of operations.

### Capitalization rates

Capitalization rates are calculated based on net operating income and net operating income (cash basis) annualized, excluding lease termination fees, for the quarter preceding the date on which the property is sold, or near-term prospective net operating income.

### Capitalized interest

We capitalize interest cost as a cost of a project during periods for which activities necessary to develop or redevelop a project for its intended use are ongoing, provided that expenditures for the asset have been made and interest cost has been incurred. Activities necessary to develop or redevelop a project include pre-construction activities such as entitlements, permitting, design, site work, and other activities preceding commencement of construction of aboveground building improvements. The advancement of pre-construction efforts is focused on reducing the time required to deliver projects to prospective tenants. These critical activities add significant value for future ground-up development and are required for the vertical construction of buildings. If we cease activities necessary to prepare a project for its intended use, interest costs related to such project are expensed as incurred.

### Cash interest

Cash interest is equal to interest expense calculated in accordance with GAAP plus capitalized interest, less amortization of loan fees and debt premiums (discounts). Refer to the definition of “Fixed-charge coverage ratio” in this section within this Item 2 for a reconciliation of interest expense, the most directly comparable financial measure calculated and presented in accordance with GAAP, to cash interest.

### Class A/A+ properties and AAA locations

Class A/A+ properties are properties clustered in AAA locations that provide innovative tenants with highly dynamic and collaborative environments that enhance their ability to successfully recruit and retain world-class talent and inspire productivity, efficiency, creativity, and success. Class A/A+ properties generally command higher annual rental rates than other classes of similar properties.

AAA locations are in close proximity to concentrations of specialized skills, knowledge, institutions, and related businesses. Such locations are generally characterized by high barriers to entry for new landlords, high barriers to exit for tenants, and a limited supply of available space.

## Development, redevelopment, and pre-construction

A key component of our business model is our disciplined allocation of capital to the development and redevelopment of new Class A/A+ properties, and property enhancements identified during the underwriting of certain acquired properties, located in collaborative life science, agtech, and advanced technology mega campuses in AAA innovation clusters. These projects are generally focused on providing high-quality, generic, and reusable spaces that meet the real estate requirements of, and are reusable by, a wide range of tenants. Upon completion, each value-creation project is expected to generate increases in rental income, net operating income, and cash flows. Our development and redevelopment projects are generally in locations that are highly desirable to high-quality entities, which we believe results in higher occupancy levels, longer lease terms, higher rental income, higher returns, and greater long-term asset value.

Development projects generally consist of the ground-up development of generic and reusable facilities. Redevelopment projects consist of the permanent change in use of office, warehouse, and shell space into laboratory, agtech, or tech space. We generally will not commence new development projects for aboveground construction of new Class A/A+ laboratory, agtech, and tech space without first securing significant pre-leasing for such space, except when there is solid market demand for high-quality Class A/A+ properties.

Pre-construction activities include entitlements, permitting, design, site work, and other activities preceding commencement of construction of aboveground building improvements. The advancement of pre-construction efforts is focused on reducing the time required to deliver projects to prospective tenants. These critical activities add significant value for future ground-up development and are required for the vertical construction of buildings. Ultimately, these projects will provide high-quality facilities and are expected to generate significant revenue and cash flows.

Development, redevelopment, and pre-construction spending also includes the following costs: (i) amounts to bring certain acquired properties up to market standard and/or other costs identified during the acquisition process (generally within two years of acquisition) and (ii) permanent conversion of space for highly flexible, move-in-ready laboratory space to foster the growth of promising early- and growth-stage life science companies.

Revenue-enhancing and repositioning capital expenditures represent spending to reposition or significantly change the use of a property, including through improvement in the asset quality from Class B to Class A/A+.

Non-revenue-enhancing capital expenditures represent costs required to maintain the current revenues of a stabilized property, including the associated costs for renewed and re-leased space.

## Fixed-charge coverage ratio

Fixed-charge coverage ratio is a non-GAAP financial measure representing the ratio of Adjusted EBITDA to fixed charges. We believe that this ratio is useful to investors as a supplemental measure of our ability to satisfy fixed financing obligations and preferred stock dividends. Cash interest is equal to interest expense calculated in accordance with GAAP plus capitalized interest, less amortization of loan fees and debt premiums (discounts).

The following table reconciles interest expense, the most directly comparable financial measure calculated and presented in accordance with GAAP, to cash interest and fixed charges and computes the fixed-charge coverage ratio for the three and nine months ended September 30, 2023 and 2022 (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Adjusted EBITDA	\$ 492,860	\$ 452,691	\$ 1,473,771	\$ 1,335,802
Interest expense	\$ 11,411	\$ 22,984	\$ 42,237	\$ 76,681
Capitalized interest	96,119	73,189	274,863	199,154
Amortization of loan fees	(4,059)	(3,235)	(11,427)	(9,574)
Amortization of debt discounts	(306)	(269)	(898)	(112)
Cash interest and fixed charges	\$ 103,165	\$ 92,669	\$ 304,775	\$ 266,149
Fixed-charge coverage ratio:				
– period annualized	4.8x	4.9x	4.8x	5.0x
– trailing 12 months	4.9x	5.1x	4.9x	5.1x

## Gross assets

Gross assets are calculated as total assets plus accumulated depreciation as of September 30, 2023 and December 31, 2022 (in thousands):

	September 30, 2023	December 31, 2022
Total assets	\$ 36,783,293	\$ 35,523,399
Accumulated depreciation	4,856,436	4,354,063
Gross assets	<u>\$ 41,639,729</u>	<u>\$ 39,877,462</u>

## Initial stabilized yield (unlevered)

Initial stabilized yield is calculated as the estimated amounts of net operating income at stabilization divided by our investment in the property. Our initial stabilized yield excludes the benefit of leverage. Our cash rents related to our value-creation projects are generally expected to increase over time due to contractual annual rent escalations. Our estimates for initial stabilized yields, initial stabilized yields (cash basis), and total costs at completion represent our initial estimates at the commencement of the project. We expect to update this information upon completion of the project, or sooner if there are significant changes to the expected project yields or costs.

- Initial stabilized yield reflects rental income, including contractual rent escalations and any rent concessions over the term(s) of the lease(s), calculated on a straight-line basis.
- Initial stabilized yield (cash basis) reflects cash rents at the stabilization date after initial rental concessions, if any, have elapsed and our total cash investment in the property.

## Investment-grade or publicly traded large cap tenants

Investment-grade or publicly traded large cap tenants represent tenants that are investment-grade rated or publicly traded companies with an average daily market capitalization greater than \$10 billion for the twelve months ended September 30, 2023, as reported by Bloomberg Professional Services. Credit ratings from Moody's Investors Service and S&P Global Ratings reflect credit ratings of the tenant's parent entity, and there can be no assurance that a tenant's parent entity will satisfy the tenant's lease obligation upon such tenant's default. We monitor the credit quality and related material changes of our tenants. Material changes that cause a tenant's market capitalization to decrease below \$10 billion, which are not immediately reflected in the twelve-month average, may result in their exclusion from this measure.

## Investments in real estate – our value-creation pipeline of new Class A/A+ development and redevelopment projects as a percentage of gross assets

The following table presents our value-creation pipeline of new Class A/A+ development and redevelopment projects as a percentage of gross assets as of September 30, 2023:

	Percentage of Gross Assets
Under construction projects 67% leased/negotiating	11%
Near-term projects expected to commence construction in the next three quarters 59% leased	1%
Income-producing/potential cash flows/covered land play <sup>(1)</sup>	8%
Land	3%

(1) Includes projects with existing buildings that are generating or can generate operating cash flows. Also includes development rights associated with existing operating campuses. These projects aggregated 1.1% of total annual rental revenue as of September 30, 2023 and are included in our industry mix chart as targeted for a future change in use. Refer to "High-quality and diverse client base in AAA locations" section within this Item 2 for additional information.

Investments in real estate – value-creation square footage currently in rental properties

The square footage presented in the table below is classified as operating as of September 30, 2023. These lease expirations or vacant space at recently acquired properties represent future opportunities for which we have the intent, subject to market conditions and leasing, to commence first-time conversion from non-laboratory space to laboratory space, or to commence future ground-up development:

Property/Submarket	Dev/Redev	RSF of Lease Expirations Targeted for Development and Redevelopment			
		2023	2024	Thereafter <sup>(1)</sup>	Total
Near-term projects:					
311 Arsenal Street/Cambridge/Inner Suburbs	Redev	—	308,446	—	308,446
269 East Grand Avenue/South San Francisco	Redev	—	107,250	—	107,250
3301 Monte Villa Parkway/Bothell	Redev	—	50,552	—	50,552
		—	466,248	—	466,248
Intermediate-term projects:					
100 Edwin H. Land Boulevard/Cambridge	Dev	—	104,500	—	104,500
219 East 42nd Street/New York City	Dev	—	—	349,947	349,947
10975 and 10995 Torreyana Road/Torrey Pines	Dev	—	84,829	—	84,829
		—	189,329	349,947	539,276
Future projects:					
446, 458, 500, and 550 Arsenal Street/Cambridge/Inner Suburbs	Dev	—	—	392,583	392,583
380 and 420 E Street/Seaport Innovation District	Dev	—	—	195,506	195,506
Other/Greater Boston	Redev	—	—	167,549	167,549
1122 and 1150 El Camino Real/South San Francisco	Dev	—	—	375,232	375,232
3875 Fabian Way/Greater Stanford	Dev	—	—	228,000	228,000
960 Industrial Road/Greater Stanford	Dev	—	—	110,000	110,000
Campus Point by Alexandria/University Town Center	Dev	—	495,192	—	495,192
Sequence District by Alexandria/Sorrento Mesa	Dev/Redev	—	—	684,866	684,866
830 4th Avenue South/SoDo	Dev	—	—	42,380	42,380
Other/Seattle	Dev	—	—	81,184	81,184
1020 Red River Street/Austin	Redev	—	—	126,034	126,034
Canada	Redev	—	—	247,743	247,743
		—	495,192	2,651,077	3,146,269
		—	1,150,769	3,001,024	4,151,793

(1) Includes vacant square footage as of September 30, 2023.

## Joint venture financial information

We present components of balance sheet and operating results information related to our real estate joint ventures, which are not presented, or intended to be presented, in accordance with GAAP. We present the proportionate share of certain financial line items as follows: (i) for each real estate joint venture that we consolidate in our financial statements, which are controlled by us through contractual rights or majority voting rights, but of which we own less than 100%, we apply the noncontrolling interest economic ownership percentage to each financial item to arrive at the amount of such cumulative noncontrolling interest share of each component presented; and (ii) for each real estate joint venture that we do not control and do not consolidate, and are instead controlled jointly or by our joint venture partners through contractual rights or majority voting rights, we apply our economic ownership percentage to each financial item to arrive at our proportionate share of each component presented.

The components of balance sheet and operating results information related to our real estate joint ventures do not represent our legal claim to those items. For each entity that we do not wholly own, the joint venture agreement generally determines what equity holders can receive upon capital events, such as sales or refinancing, or in the event of a liquidation. Equity holders are normally entitled to their respective legal ownership of any residual cash from a joint venture only after all liabilities, priority distributions, and claims have been repaid or satisfied.

We believe that this information can help investors estimate the balance sheet and operating results information related to our partially owned entities. Presenting this information provides a perspective not immediately available from consolidated financial statements and one that can supplement an understanding of the joint venture assets, liabilities, revenues, and expenses included in our consolidated results.

The components of balance sheet and operating results information related to our real estate joint ventures are limited as an analytical tool as the overall economic ownership interest does not represent our legal claim to each of our joint ventures' assets, liabilities, or results of operations. In addition, joint venture financial information may include financial information related to the unconsolidated real estate joint ventures that we do not control. We believe that in order to facilitate for investors a clear understanding of our operating results and our total assets and liabilities, joint venture financial information should be examined in conjunction with our consolidated statements of operations and balance sheets. Joint venture financial information should not be considered an alternative to our consolidated financial statements, which are presented and prepared in accordance with GAAP.

## Mega campus

Mega campuses are cluster campuses that consist of approximately 1 million RSF or more, including operating, active development/redevelopment, and land RSF less operating RSF expected to be demolished. The following table reconciles our annual rental revenue and value-creation pipeline RSF as of September 30, 2023 (dollars in thousands):

	Annual Rental Revenue	Value-Creation Pipeline RSF
Mega campus	\$ 1,526,731	25,720,103
Non-mega campus	503,717	11,951,659
Total	<u>\$ 2,030,448</u>	<u>37,671,762</u>

Mega campus as a percentage of total annual rental revenue/total value-creation pipeline RSF	75%	68%
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## Net cash provided by operating activities after dividends

Net cash provided by operating activities after dividends includes the deduction for distributions to noncontrolling interests. For purposes of this calculation, changes in operating assets and liabilities are excluded as they represent timing differences.

## Net debt and preferred stock to Adjusted EBITDA

Net debt and preferred stock to Adjusted EBITDA is a non-GAAP financial measure that we believe is useful to investors as a supplemental measure of evaluating our balance sheet leverage. Net debt and preferred stock is equal to the sum of total consolidated debt less cash, cash equivalents, and restricted cash, plus preferred stock outstanding as of the end of the period. Refer to the definition of "Adjusted EBITDA and Adjusted EBITDA margin" within this section of this Item 2 for further information on the calculation of Adjusted EBITDA.

The following table reconciles debt to net debt and preferred stock and computes the ratio to Adjusted EBITDA as of September 30, 2023 and December 31, 2022 (dollars in thousands):

	September 30, 2023	December 31, 2022
Secured notes payable	\$ 109,110	\$ 59,045
Unsecured senior notes payable	11,093,725	10,100,717
Unsecured senior line of credit and commercial paper	—	—
Unamortized deferred financing costs	78,496	74,918
Cash and cash equivalents	(532,390)	(825,193)
Restricted cash	(35,321)	(32,782)
Preferred stock	—	—
Net debt and preferred stock	<u>\$ 10,713,620</u>	<u>\$ 9,376,705</u>
Adjusted EBITDA:		
– quarter annualized	\$ 1,971,440	\$ 1,846,936
– trailing 12 months	\$ 1,935,505	\$ 1,797,536
Net debt and preferred stock to Adjusted EBITDA:		
– quarter annualized	5.4x	5.1x
– trailing 12 months	5.5x	5.2x

Net operating income, net operating income (cash basis), and operating margin

The following table reconciles net income to net operating income and net operating income (cash basis) and computes operating margin for the three and nine months ended September 30, 2023 and 2022 (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 68,254	\$ 383,443	\$ 323,652	\$ 575,433
Equity in earnings of unconsolidated real estate joint ventures	(242)	(40)	(617)	(473)
General and administrative expenses	45,987	49,958	140,065	134,286
Interest expense	11,411	22,984	42,237	76,681
Depreciation and amortization	269,370	254,929	808,227	737,666
Impairment of real estate	20,649	38,783	189,224	38,783
Loss on early extinguishment of debt	—	—	—	3,317
Gain on sales of real estate	—	(323,699)	(214,810)	(537,918)
Investment loss	80,672	32,305	204,051	312,105
Net operating income	<u>496,101</u>	<u>458,663</u>	<u>1,492,029</u>	<u>1,339,880</u>
Straight-line rent revenue	(29,805)	(24,431)	(92,331)	(93,818)
Amortization of acquired below-market leases	(23,222)	(23,546)	(69,647)	(54,221)
Net operating income (cash basis)	<u>\$ 443,074</u>	<u>\$ 410,686</u>	<u>\$ 1,330,051</u>	<u>\$ 1,191,841</u>
Net operating income (cash basis) – annualized	\$ 1,772,296	\$ 1,642,744	\$ 1,773,401	\$ 1,589,121
Net operating income (from above)	\$ 496,101	\$ 458,663	\$ 1,492,029	\$ 1,339,880
Total revenues	<u>\$ 713,788</u>	<u>\$ 659,852</u>	<u>\$ 2,128,483</u>	<u>\$ 1,918,681</u>
Operating margin	<u>70%</u>	<u>70%</u>	<u>70%</u>	<u>70%</u>



Net operating income is a non-GAAP financial measure calculated as net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, excluding equity in the earnings of our unconsolidated real estate joint ventures, general and administrative expenses, interest expense, depreciation and amortization, impairments of real estate, gains or losses on early extinguishment of debt, gains or losses on sales of real estate, and investment income or loss. We believe net operating income provides useful information to investors regarding our financial condition and results of operations because it primarily reflects those income and expense items that are incurred at the property level. Therefore, we believe net operating income is a useful measure for investors to evaluate the operating performance of our consolidated real estate assets. Net operating income on a cash basis is net operating income adjusted to exclude the effect of straight-line rent and amortization of acquired above- and below-market lease revenue adjustments required by GAAP. We believe that net operating income on a cash basis is helpful to investors as an additional measure of operating performance because it eliminates straight-line rent revenue and the amortization of acquired above- and below-market leases.

Furthermore, we believe net operating income is useful to investors as a performance measure of our consolidated properties because, when compared across periods, net operating income reflects trends in occupancy rates, rental rates, and operating costs, which provide a perspective not immediately apparent from net income or loss. Net operating income can be used to measure the initial stabilized yields of our properties by calculating net operating income generated by a property divided by our investment in the property. Net operating income excludes certain components from net income in order to provide results that are more closely related to the results of operations of our properties. For example, interest expense is not necessarily linked to the operating performance of a real estate asset and is often incurred at the corporate level rather than at the property level. In addition, depreciation and amortization, because of historical cost accounting and useful life estimates, may distort comparability of operating performance at the property level. Impairments of real estate have been excluded in deriving net operating income because we do not consider impairments of real estate to be property-level operating expenses. Impairments of real estate relate to changes in the values of our assets and do not reflect the current operating performance with respect to related revenues or expenses. Our impairments of real estate represent the write-down in the value of the assets to the estimated fair value less cost to sell. These impairments result from investing decisions or a deterioration in market conditions. We also exclude realized and unrealized investment gain or loss, which results from investment decisions that occur at the corporate level related to non-real estate investments in publicly traded companies and certain privately held entities. Therefore, we do not consider these activities to be an indication of operating performance of our real estate assets at the property level. Our calculation of net operating income also excludes charges incurred from changes in certain financing decisions, such as losses on early extinguishment of debt, as these charges often relate to corporate strategy. Property operating expenses included in determining net operating income primarily consist of costs that are related to our operating properties, such as utilities, repairs, and maintenance; rental expense related to ground leases; contracted services, such as janitorial, engineering, and landscaping; property taxes and insurance; and property-level salaries. General and administrative expenses consist primarily of accounting and corporate compensation, corporate insurance, professional fees, office rent, and office supplies that are incurred as part of corporate office management. We calculate operating margin as net operating income divided by total revenues.

We believe that in order to facilitate for investors a clear understanding of our operating results, net operating income should be examined in conjunction with net income or loss as presented in our consolidated statements of operations. Net operating income should not be considered as an alternative to net income or loss as an indication of our performance, nor as an alternative to cash flows as a measure of our liquidity or our ability to make distributions.

#### Operating statistics

We present certain operating statistics related to our properties, including number of properties, RSF, occupancy percentage, leasing activity, and contractual lease expirations as of the end of the period. We believe these measures are useful to investors because they facilitate an understanding of certain trends for our properties. We compute the number of properties, RSF, occupancy percentage, leasing activity, and contractual lease expirations at 100% for all properties in which we have an investment, including properties owned by our consolidated and unconsolidated real estate joint ventures. For operating metrics based on annual rental revenue, refer to the definition of "Annual rental revenue" in this "Non-GAAP measures and definitions" section within this Item 2.

### Same property comparisons

As a result of changes within our total property portfolio during the comparative periods presented, including changes from assets acquired or sold, properties placed into development or redevelopment, and development or redevelopment properties recently placed into service, the consolidated total income from rentals, as well as rental operating expenses in our operating results, can show significant changes from period to period. In order to supplement an evaluation of our results of operations over a given quarterly or annual period, we analyze the operating performance for all consolidated properties that were fully operating for the entirety of the comparative periods presented, referred to as same properties. We separately present quarterly and year-to-date same property results to align with the interim financial information required by the SEC in our management's discussion and analysis of our financial condition and results of operations. These same properties are analyzed separately from properties acquired subsequent to the first day in the earliest comparable quarterly or year-to-date period presented, properties that underwent development or redevelopment at any time during the comparative periods, unconsolidated real estate joint ventures, properties classified as held for sale, and corporate entities (legal entities performing general and administrative functions), which are excluded from same property results. Additionally, termination fees, if any, are excluded from the results of same properties. Refer to the "Same properties" subsection in the "Results of operations" section within this Item 2 for additional information.

### Stabilized occupancy date

The stabilized occupancy date represents the estimated date on which the project is expected to reach occupancy of 95% or greater.

### Tenant recoveries

Tenant recoveries represent revenues comprising reimbursement of real estate taxes, insurance, utilities, repairs and maintenance, common area expenses, and other operating expenses and earned in the period during which the applicable expenses are incurred and the tenant's obligation to reimburse us arises.

We classify rental revenues and tenant recoveries generated through the leasing of real estate assets within revenues in income from rentals in our consolidated statements of operations. We provide investors with a separate presentation of rental revenues and tenant recoveries in the "Comparison of results for the three months ended September 30, 2023 to the three months ended September 30, 2022" subsection of the "Results of operations" section within this Item 2 because we believe it promotes investors' understanding of our operating results. We believe that the presentation of tenant recoveries is useful to investors as a supplemental measure of our ability to recover operating expenses under our triple net leases, including recoveries of utilities, repairs and maintenance, insurance, property taxes, common area expenses, and other operating expenses, and of our ability to mitigate the effect to net income for any significant variability to components of our operating expenses.

The following table reconciles income from rentals to tenant recoveries for the three and nine months ended September 30, 2023 and 2022 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Income from rentals	\$ 707,531	\$ 656,853	\$ 2,099,819	\$ 1,910,366
Rental revenues	(526,352)	(496,146)	(1,582,543)	(1,450,750)
Tenant recoveries	\$ 181,179	\$ 160,707	\$ 517,276	\$ 459,616

### Total equity capitalization

Total equity capitalization is equal to the outstanding shares of common stock multiplied by the closing price on the last trading day at the end of each period presented.

### Total market capitalization

Total market capitalization is equal to the sum of total equity capitalization and total debt.

### Unencumbered net operating income as a percentage of total net operating income

Unencumbered net operating income as a percentage of total net operating income is a non-GAAP financial measure that we believe is useful to investors as a performance measure of the results of operations of our unencumbered real estate assets as it reflects those income and expense items that are incurred at the unencumbered property level. Unencumbered net operating income is derived from assets classified in continuing operations, which are not subject to any mortgage, deed of trust, lien, or other security interest, as of the period for which income is presented.

The following table summarizes unencumbered net operating income as a percentage of total net operating income for the three and nine months ended September 30, 2023 and 2022 (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Unencumbered net operating income	\$ 495,012	\$ 457,656	\$ 1,488,795	\$ 1,325,089
Encumbered net operating income	1,089	1,007	3,234	14,791
Total net operating income	<u>\$ 496,101</u>	<u>\$ 458,663</u>	<u>\$ 1,492,029</u>	<u>\$ 1,339,880</u>
Unencumbered net operating income as a percentage of total net operating income	100%	100%	100%	99%

### Weighted-average shares of common stock outstanding – diluted

From time to time, we enter into capital market transactions, including forward equity sales agreements (“Forward Agreements”), to fund acquisitions, to fund construction of our highly leased development and redevelopment projects, and for general working capital purposes. We are required to consider the potential dilutive effect of our Forward Agreements under the treasury stock method while the Forward Agreements are outstanding. As of September 30, 2023, we had Forward Agreements outstanding to sell an aggregate of 699 thousand shares of common stock. Refer to Note 13 – “Stockholders’ equity” to our unaudited consolidated financial statements under Item 1 of this report for additional information.

The weighted-average shares of common stock outstanding used in calculating EPS – diluted, funds from operations per share – diluted, and funds from operations per share – diluted, as adjusted, for the three and nine months ended September 30, 2023 and 2022 are calculated as follows. Also shown are the weighted-average unvested shares associated with restricted stock awards used in calculating the amounts allocable to unvested stock award holders for each of the respective periods presented below (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Basic shares for earnings per share	170,890	161,554	170,846	160,400
Forward Agreements	—	—	—	—
Diluted shares for earnings per share	<u>170,890</u>	<u>161,554</u>	<u>170,846</u>	<u>160,400</u>
Basic shares for funds from operations per share and funds from operations per share, as adjusted	170,890	161,554	170,846	160,400
Forward Agreements	—	—	—	—
Diluted shares for funds from operations per share and funds from operations per share, as adjusted	<u>170,890</u>	<u>161,554</u>	<u>170,846</u>	<u>160,400</u>
Weighted-average unvested restricted shares used in the allocations of net income, funds from operations, and funds from operations, as adjusted	<u>2,124</u>	<u>1,648</u>	<u>2,187</u>	<u>1,759</u>

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

#### Interest rate risk

The primary market risk to which we believe we may be exposed is interest rate risk, which may result from many factors, including government monetary and tax policies, domestic and international economic and political considerations, and other factors that are beyond our control.

In order to modify and manage the interest rate characteristics of our outstanding debt and to limit the effects of interest rate risks on our operations, we may utilize a variety of financial instruments, including interest rate hedge agreements, caps, floors, and other interest rate exchange contracts. The use of these types of instruments to hedge a portion of our exposure to changes in interest rates may carry additional risks, such as counterparty credit risk and the legal enforceability of hedge agreements. As of September 30, 2023, we did not have any outstanding interest rate hedge agreements.

Our future earnings and fair values relating to our outstanding debt are primarily dependent upon prevalent market rates of interest. The following tables illustrate the effect of a 1% change in interest rates, assuming a zero percent interest rate floor, on our fixed- and variable-rate debt as of September 30, 2023 (in thousands):

Annualized effect on future earnings due to variable-rate debt:

Rate increase of 1%	\$	(1,093)
Rate decrease of 1%	\$	1,093

Effect on fair value of total consolidated debt:

Rate increase of 1%	\$	(658,254)
Rate decrease of 1%	\$	745,712

These amounts are determined by considering the effect of the hypothetical interest rates on our borrowings as of September 30, 2023. These analyses do not consider the effects of the reduced level of overall economic activity that could exist in such an environment. Furthermore, in the event of a change of such magnitude, we would consider taking actions to further mitigate our exposure to the change. Because of the uncertainty of the specific actions that would be taken and their possible effects, the sensitivity analyses assume no changes in our capital structure.

#### Equity price risk

We have exposure to equity price market risk because we hold equity investments in publicly traded companies and privately held entities. All of our investments in actively traded public companies are reflected in our consolidated balance sheets at fair value. Our investments in privately held entities that report NAV per share are measured at fair value using NAV as a practical expedient to fair value. Our equity investments in privately held entities that do not report NAV per share are measured at cost less impairments, adjusted for observable price changes during the period. Changes in fair value of public investments, changes in NAV per share reported by privately held entities, and observable price changes of privately held entities that do not report NAV per share are classified as investment income in our consolidated statements of operations. There is no assurance that future declines in value will not have a material adverse effect on our future results of operations. The following table illustrates the effect that a 10% change in the value of our equity investments would have on earnings as of September 30, 2023 (in thousands):

Equity price risk:

Fair value increase of 10%	\$	143,177
Fair value decrease of 10%	\$	(143,177)

## Foreign currency exchange rate risk

We have exposure to foreign currency exchange rate risk related to our subsidiaries operating in Canada and Asia. The functional currencies of our foreign subsidiaries are the local currencies in each respective country. Gains or losses resulting from the translation of our foreign subsidiaries' balance sheets and statements of operations are classified in accumulated other comprehensive income (loss) as a separate component of total equity and are excluded from net income (loss). Gains or losses will be reflected in our consolidated statements of operations when there is a sale or partial sale of our investment in these operations or upon a complete or substantially complete liquidation of the investment. The following tables illustrate the effect that a 10% change in foreign currency rates relative to the U.S. dollar would have on our potential future earnings and on the fair value of our net investment in foreign subsidiaries based on our current operating assets outside the U.S. as of September 30, 2023 (in thousands):

Effect on potential future earnings due to foreign currency exchange rate:

Rate increase of 10%	\$	318
Rate decrease of 10%	\$	(318)

Effect on the fair value of net investment in foreign subsidiaries due to foreign currency exchange rate:

Rate increase of 10%	\$	33,686
Rate decrease of 10%	\$	(33,686)

The sensitivity analyses assume a parallel shift of all foreign currency exchange rates with respect to the U.S. dollar; however, foreign currency exchange rates do not typically move in such a manner, and actual results may differ materially.

Our exposure to market risk elements for the nine months ended September 30, 2023 was consistent with the risk elements presented above, including the effects of changes in interest rates, equity prices, and foreign currency exchange rates.

## ITEM 4. CONTROLS AND PROCEDURES

### Evaluation of disclosure controls and procedures

As of September 30, 2023, we had performed an evaluation, under the supervision of our principal executive officers and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. These controls and procedures have been designed to ensure that information required for disclosure is recorded, processed, summarized, and reported within the requisite time periods. Based on our evaluation, the principal executive officers and principal financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2023.

### Changes in internal control over financial reporting

There has not been any change in our internal control over financial reporting during the three months ended September 30, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### ITEM 1A. RISK FACTORS

In addition to the information set forth in this quarterly report on Form 10-Q, one should also carefully review and consider the information contained in the other reports and periodic filings that we make with the SEC, including, without limitation, the information contained under the caption “Item 1A. Risk factors” in our annual report on Form 10-K for the year ended December 31, 2022. Those risk factors could materially affect our business, financial condition, and results of operations. The risks that we describe in our public filings are not the only risks that we face. Additional risks and uncertainties not currently known to us, or that we presently deem to be immaterial, also may materially adversely affect our business, financial condition, and results of operations.

There have been no material changes in our risk factors from those disclosed under the caption “Item 1A. Risk factors” in our annual report on Form 10-K for the year ended December 31, 2022, except for the following updates:

#### Operating factors

##### *The price per share of our stock may fluctuate significantly.*

The market price per share of our common stock may fluctuate significantly in response to a variety of factors, many of which are beyond our control, including, but not limited to:

- The availability and cost of debt and/or equity capital;
- The condition of our balance sheet;
- Actual or anticipated capital requirements;
- The condition of the financial and banking industries;
- Actual or anticipated variations in our quarterly operating results or dividends;
- The amount and timing of debt maturities and other contractual obligations;
- Changes in our net income, funds from operations, or guidance;
- The publication of research reports and articles (or false or misleading information) about us, our tenants, the real estate industry, or the life science, agtech, and technology industries;
- The general reputation of REITs and the attractiveness of their equity securities in comparison to other debt or equity securities (including securities issued by other real estate-based companies);
- General stock and bond market conditions, including changes in interest rates on fixed-income securities, that may lead prospective stockholders to demand a higher annual yield from future dividends;
- Changes in our analyst ratings;
- Changes in our corporate credit ratings or credit ratings of our debt or other securities;
- Changes in market valuations of similar companies;
- Adverse market reaction to any additional debt we incur or equity we raise in the future;
- Additions, departures, or other announcements regarding the board of directors and/or our key management personnel;
- Actions by institutional stockholders;
- Speculation in the press or investment community;
- Short selling of our common stock or related derivative securities;
- Terrorist activity adversely affecting the markets in which our securities trade, possibly increasing market volatility and causing the further erosion of business and consumer confidence and spending;
- Government regulatory action and changes in tax laws;
- Fiscal policies or inaction at the U.S. federal government level that may lead to federal government shutdowns or negative impacts on the U.S. economy;
- Fluctuations due to general market volatility;
- Disruptions in the banking sector or failures of financial institutions, that we may or may not have business relationships with;
- Global market factors adversely affecting the U.S. economic and political environment;
- General market and economic conditions; and
- The realization of any of the other risk factors included in our annual report on Form 10-K and this report.

These factors may cause the market price of shares of our common stock to decline, regardless of our financial condition, results of operations, business, or prospects.

***Short sellers may engage in manipulative activity intended to drive down the market price of our common stock, which could result in a material diversion of our management's time and may also result in related governmental or regulatory inquiries or other legal actions, among other effects.***

Short selling is the practice of selling securities that the seller does not own but rather has borrowed or intends to borrow from a third party with the intention of subsequently buying lower-priced identical securities to return to the lender. Accordingly, it is in the interest of a short seller to want the price of our common stock to decline. At any time, short sellers may publish, or arrange for the dissemination of, opinions or characterizations that are intended to create negative market momentum.

Short selling reports may potentially cause increased volatility in an issuer's stock price and could prompt regulatory and governmental inquiries. For example, in June 2023, a short seller published reports that contained certain negative and false allegations regarding our business and financial prospects. Regardless of merit, these allegations and false statements may spread quickly and diminish confidence in our business, financial prospects, or reputation. As a result, maintaining or reinforcing our reputation may require us to devote significant resources to refuting incorrect or misleading allegations, pursuing or defending related legal actions, or other activities, which could be costly, time consuming, or unsuccessful. Additionally, any potential inquiry or formal investigation from a governmental organization or other regulatory body, including an inquiry from the SEC, arising from the presence of such allegations could result in a material diversion of our management's time and may have a material adverse effect on our business and results of operations.

***We are subject to risks and liabilities in connection with properties owned through partnerships, limited liability companies, and joint ventures.***

Our organizational documents do not limit the amount of funds that we may invest in non-wholly owned partnerships, limited liability companies, or joint ventures. Partnership, limited liability company, or joint venture investments involve certain risks, including, but not limited to, the following:

- Upon bankruptcy of non-wholly owned partnerships, limited liability companies, or joint venture entities, we may become liable for the liabilities of the partnership, limited liability company, or joint venture;
- We may share certain approval rights over major decisions with third parties;
- Our partners may file for bankruptcy protection or otherwise fail to fund their share of required capital contributions;
- Our partners, co-members, or joint venture partners might have economic or other business interests or goals that are inconsistent with our business interests or goals and that could affect our ability to lease or re-lease the property, operate the property, or maintain our qualification as a REIT;
- Our partners, co-members, or joint venture partners may have banking or financial relationships with institutions that become insolvent or otherwise fail that could affect our access to capital;
- Our ability to sell the interest on advantageous terms when we so desire may be limited or restricted under the terms of our agreements with our partners; and
- We may not continue to own or operate the interests or assets underlying such relationships or may need to purchase such interests or assets at an above-market price to continue ownership.

The risks noted above could negatively impact us or require us to:

- Contribute additional capital if our partners fail to fund their share of any required capital contributions or are unable to access capital as a result of disruptions in the banking sector;
- Experience substantial unanticipated delays that could hinder either the initiation or completion of redevelopment activities or new construction;
- Incur additional expenses that could prevent the achievement of yields or returns that were initially anticipated;
- Become engaged in a dispute with our joint venture partner that could lead to the sale of either party's ownership interest or the property at a price below estimated fair market value;
- Initiate litigation or settle disagreements with our partners through litigation or arbitration; and
- Suffer losses or less than optimal returns as a result of actions taken by our partners with respect to our joint venture investments.

We generally seek to maintain control of our partnerships, limited liability companies, and joint venture investments in a manner sufficient to permit us to achieve our business objectives. However, we may not be able to do so, and the occurrence of one or more of the events described above could adversely affect our financial condition, results of operations, and cash flows, our ability to make distributions to our stockholders, and the market price of our common stock.



***Our tenants and venture investments are primarily in the life science, agtech, and technology industries, and changes within these industries may adversely impact our revenues from lease payments, the value of our non-real estate investments, and our operating results.***

In general, our business strategy is to invest primarily in properties used by tenants in the life science, agtech, and technology industries. Through our venture investment portfolio, we also hold investments in companies that, similar to our tenant base, are concentrated in the life science, agtech, and technology industries. Our business could be adversely affected if the life science, agtech, or technology industries are impacted by an economic, financial, or banking crisis, or if these industries migrate from the U.S. to other countries. Because of our industry focus, events within these industries may have a more pronounced effect on our results of operations and ability to make distributions to our stockholders than if we had more diversified tenants and investments. Also, some of our properties may be better suited for a particular life science, agtech, or technology industry tenant and could require significant modification before we are able to re-lease space to a tenant that does not operate in one of these industries. Generally, our properties may not be suitable for lease to traditional office tenants without significant expenditures on renovations.

Our ability to negotiate contractual rent escalations on future leases and to achieve increases in rental rates will depend upon market conditions and the demand for laboratory, agtech, and tech space at the time the leases are negotiated and the increases are proposed.

It is common for businesses in the life science, agtech, and technology industries to undergo mergers, acquisitions, or other consolidations. Mergers, acquisitions, or consolidations of life science, agtech, and technology entities in the future could reduce the RSF requirements of our tenants and prospective tenants, which may adversely impact the demand for laboratory, agtech, and tech space and our future revenue from lease payments and our results of operations.

It is also possible that our tenants or venture investments within these industries may be adversely affected by crises involving financial institutions with which they have business relationships. On March 10, 2023, Silicon Valley Bank ("SVB"), the 16th largest bank in the U.S. at the time and headquartered in California, was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. SVB was a provider of commercial and private banking products and services to industries including life science, technology, and healthcare. SVB is now a division of First Citizens Bank. Additionally, on March 12, 2023, the New York State Department of Financial Services announced that it had closed New York-based Signature Bank and appointed the FDIC as a receiver. On May 1, 2023, regulators seized control of First Republic Bank and sold the majority of its assets and deposits to JPMorgan Chase, the largest bank in the U.S.

Although we did not have bank accounts, loans to or from, or investments in any venture funds led by SVB or any other recently failed financial institution, some of our tenants and venture investments may have banking or other business relationships with these entities. Despite protections implemented by the Federal Reserve, the FDIC, and the Treasury, if our tenants or venture investments are unable to access cash or other capital from these institutions or any other financial institution that might fail in the future, their liquidity, ability to meet operating expense obligations, and financial performance may be adversely affected. Accordingly, such tenants may be unable to pay us rent, or our venture investments may decline in value, which may negatively impact our financial results.

In addition, some of our operating leases require tenants to provide security deposits to cover certain lease obligations. If a tenant fulfills its lease obligations through the term of its lease, the security deposit will be returned to the tenant. A portion of these security deposits take the form of letters of credit, some of which were issued by SVB and/or its affiliates. While First Citizens Bank has indicated it will continue to uphold letters of credit issued by the former SVB, we have worked with affected tenants to replace such letters of credit with other acceptable security deposits as required under their respective lease agreements. However, there is no guarantee that we will be able to replace all of the letters of credit successfully or in a timely manner should similar banking crises occur in the future, which may subject us to additional risk if our tenants are unable to fulfill their lease obligations.

Some of our current or future tenants may also include technology companies in their startup or growth phases of their life cycle. Fluctuations in market confidence in these companies or adverse changes in economic, financial, or banking conditions, such as the failure of financial institutions, including the events discussed above, may have a disproportionate effect on the operations of such companies. Deterioration of our tenants' financial condition may result in our inability to collect lease payments from them and therefore may negatively impact our operating results.

***We hold a portion of our cash and cash equivalents in deposit accounts that could be adversely affected if the financial institutions holding such deposits fail.***

We maintain our cash and cash equivalents at insured financial institutions. The combined account balances at each institution periodically exceed the FDIC insurance coverage of \$250,000, and, as a result, there is a concentration of credit risk related to amounts in excess of FDIC insurance coverage. We do not have any bank accounts, loans to or from, or any other amounts due to or from SVB (now a division of First Citizens Bank), Signature Bank, or any other recently failed financial institution, nor have we experienced any losses to date on our cash and cash equivalents held in bank accounts. However, there is no assurance that financial institutions in which we hold our cash and cash equivalents will not fail, in which case we may be subject to a risk of loss or delay in accessing all or a portion of our funds exceeding the FDIC insurance coverage, which could adversely impact our short-term liquidity, ability to operate our business, and financial performance.

Any or all of the foregoing could have a material adverse effect on our financial condition, results of operations, and cash flows, or the market price of our common stock. Additional risks and uncertainties not currently known to us, or that we presently deem to be immaterial, may also have potential to materially adversely affect our business, financial condition, and results of operations.

## **ITEM 5. OTHER INFORMATION**

### **Disclosure of 10b5-1 plans**

None of our officers or directors had any contract, instruction, or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement” in effect at any time during the three months ended September 30, 2023.

### **Resignation of executive officer**

In a current report on Form 8-K filed with the SEC on August 17, 2023, the Company reported that Dean A. Shigenaga had resigned as President and Chief Financial Officer and all his other positions with the Company and its subsidiaries for important personal family health reasons, effective September 15, 2023, and that it was expected he would continue to assist the Company with transitional matters and ongoing as a strategic consultant.

The Company had previously amended and restated Mr. Shigenaga’s executive employment agreement when he was elected as Co-President and Chief Financial Officer, effective as of April 23, 2018 (the “Prior Agreement”). Effective as of September 15, 2023, the Company entered into an amendment and restatement of the Prior Agreement (the “Amended Agreement”), providing for Mr. Shigenaga’s continued employment with the Company as Business and Financial Strategist. Mr. Shigenaga does not have any policy-making functions in his new position. It is expected that he will remain a full-time employee through December 31, 2023 and become a part-time employee beginning January 1, 2024. The Amended Agreement reflects Mr. Shigenaga’s new position, duties, and reporting structure and provides that his annual base salary is \$562,500 until December 31, 2023, and will be \$120,000 effective as of January 1, 2024. Pursuant to the Amended Agreement, Mr. Shigenaga will receive an annual bonus based upon his and the Company’s performance during 2023, and any future annual bonuses will be prorated to reflect Mr. Shigenaga’s part-time employment status or schedule as our Executive Chairman may determine. Pursuant to the Amended Agreement, Mr. Shigenaga will receive a grant of restricted shares of our common stock based upon his and the Company’s performance during 2022 and a grant of restricted shares of our common stock based upon his and the Company’s performance during 2023 and will continue to be eligible for periodic equity awards as our Executive Chairman, our Board of Directors, or the Compensation Committee of our Board of Directors may determine. The termination provisions of the Amended Agreement, including with respect to severance benefits in connection with and not in connection with a change in control, are substantially the same as under the Prior Agreement.

### **Amendment of Bylaws**

On September 21, 2023, the Board of Directors approved and adopted certain amendments (the “Amendments”) to the Company’s Amended and Restated Bylaws dated July 27, 2018 (the “Bylaws” and, as amended, the “Amended Bylaws”), which became effective immediately. The Amendments updated various provisions of the Bylaws to require parties proposing a nominee for election of a director to comply with the universal proxy rules recently adopted by the SEC. In addition, the Amendments updated the Bylaws’ proxy and advance notice provisions, specifically the notice required thereby, to require, among other things, (i) certain representations with respect to the solicitation intentions of a proposing stockholder and (ii) additional representations regarding the willingness to serve of a Proposed Nominee (as defined in the Amended Bylaws) to serve on the Board of Directors, if elected, and that no additional consents from any third party are required for a Proposed Nominee to serve on the Board of Directors, if elected. The Amendments also clarified that (i) a stockholder may not nominate more individuals than there are directors to be elected or substitute or replace a Proposed Nominee without compliance with the requirements for nomination in the Amended Bylaws, including compliance with any applicable deadlines, and (ii) the Company will disregard any proxy authority granted in favor of any Proposed Nominee if the proposing stockholder in support of such Proposed Nominee abandons the solicitation or does not comply with Rule 14a-19 under the Exchange Act. The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the full text of the Amended Bylaws, a copy of which is filed as Exhibit 3.13 hereto and is incorporated herein by reference.

## ITEM 6. EXHIBITS

Exhibit Number	Exhibit Title	Incorporated by Reference to:	Date Filed
3.1*	Articles of Amendment and Restatement of the Company, dated May 21, 1997	Form 10-Q	August 14, 1997
3.2*	Certificate of Correction of the Company, dated June 20, 1997	Form 10-Q	August 14, 1997
3.3*	Articles of Amendment of the Company, effective as of May 10, 2017	Form 8-K	May 12, 2017
3.4*	Articles of Amendment of the Company, effective as of May 18, 2022	Form 8-K	May 19, 2022
3.5*	Articles Supplementary, dated June 9, 1999, relating to the 9.50% Series A Cumulative Redeemable Preferred Stock	Form 10-Q	August 13, 1999
3.6*	Articles Supplementary, dated February 10, 2000, relating to the election to be subject to Subtitle 8 of Title 3 of the Maryland General Corporation Law	Form 8-K	February 10, 2000
3.7*	Articles Supplementary, dated February 10, 2000, relating to the Series A Junior Participating Preferred Stock	Form 8-K	February 10, 2000
3.8*	Articles Supplementary, dated January 18, 2002, relating to the 9.10% Series B Cumulative Redeemable Preferred Stock	Form 8-A	January 18, 2002
3.9*	Articles Supplementary, dated June 22, 2004, relating to the 8.375% Series C Cumulative Redeemable Preferred Stock	Form 8-A	June 28, 2004
3.10*	Articles Supplementary, dated March 25, 2008, relating to the 7.00% Series D Cumulative Convertible Preferred Stock	Form 8-K	March 25, 2008
3.11*	Articles Supplementary, dated March 12, 2012, relating to the 6.45% Series E Cumulative Redeemable Preferred Stock	Form 8-K	March 14, 2012
3.12*	Articles Supplementary, effective as of May 10, 2017, relating to Reclassified Preferred Stock	Form 8-K	May 12, 2017
3.13*	Amended and Restated Bylaws of the Company (Amended September 21, 2023)	Form 8-K	September 21, 2023
10.1 <sup>(1)</sup>	Amended and Restated Executive Employment Agreement between the Company and Marc E. Binda, entered into on August 17, 2023 and effective as of September 15, 2023	N/A	Filed herewith
10.2 <sup>(1)</sup>	Letter Amendment to Amended and Restated Executive Employment Agreement, dated August 30, 2023, by and between the Company and Joel S. Marcus	N/A	Filed herewith
22.1	List of Guarantor Subsidiaries of the Company	N/A	Filed herewith
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	N/A	Filed herewith
31.2	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	N/A	Filed herewith
31.3	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	N/A	Filed herewith
32.0	Certification of Principal Executive Officers and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	N/A	Filed herewith
101.1	The following materials from the Company's quarterly report on Form 10-Q for the quarterly period ended September 30, 2023, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022 (unaudited), (ii) Consolidated Statements of Operations for the three and nine months ended September 30, 2023 and 2022 (unaudited), (iii) Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2023 and 2022 (unaudited), (iv) Consolidated Statements of Changes in Stockholders' Equity and Noncontrolling Interests for the three and nine months ended September 30, 2023 and 2022 (unaudited), (v) Consolidated Statements of Cash Flows for the nine months ended September 30, 2023 and 2022 (unaudited), and (vi) Notes to Consolidated Financial Statements (unaudited)	N/A	Filed herewith
104	Cover Page Interactive Data File – the cover page from this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 is formatted in Inline XBRL and contained in Exhibit 101.1	N/A	Filed herewith

(\*) Incorporated by reference.

(1) Management contract or compensatory arrangement.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on October 23, 2023.

ALEXANDRIA REAL ESTATE EQUITIES, INC.

/s/ Joel S. Marcus

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Joel S. Marcus  
Executive Chairman  
(Principal Executive Officer)

/s/ Peter M. Moglia

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Peter M. Moglia  
Chief Executive Officer and Chief Investment Officer  
(Principal Executive Officer)

/s/ Marc E. Binda

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Marc E. Binda  
Chief Financial Officer and Treasurer  
(Principal Financial Officer)

## AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

This **Amended and Restated Executive Employment Agreement** (“**Agreement**”), made between Alexandria Real Estate Equities, Inc. (the “**Company**”) and Marc E. Binda (“**Employee**”), amends and restates Employee’s terms of employment with the Company, effective as of September 15, 2023 (the “**Effective Date**”).

### RECITALS

**Whereas**, Employee has been most recently employed in the position of Executive Vice President – Finance & Treasurer pursuant to an Executive Employment Agreement dated June 3, 2019 (the “**Original Employment Agreement**”); and

**Whereas**, the Company now desires to employ Employee as its Chief Financial Officer and Treasurer, and Employee is willing to continue employment with the Company, on the amended and restated terms and conditions set forth below.

### AGREEMENT

**Now, Therefore**, in consideration of the mutual promises and subject to the terms and conditions set forth herein, the parties hereto agree as follows:

#### **Section 1. POSITION; DUTIES; LOCATION.**

Employee agrees to be employed by the Company and to serve in the position of its Chief Financial Officer and Treasurer, and the Company agrees to employ Employee in such capacities. In addition, Employee agrees to serve in such capacities for the Company’s subsidiaries, and in such additional or different capacities consistent with Employee’s position as a senior executive of the Company, as may be determined by the Board of Directors of the Company (the “**Board**”). Employee shall devote such of Employee’s business time, energy, and skill to the affairs of the Company and its subsidiaries as shall be necessary to perform the duties of such positions. Notwithstanding the foregoing, and subject to any written policies of the Company, nothing in this Agreement shall preclude Employee from: (i) engaging in charitable and community affairs and not-for-profit activities, so long as they are consistent with Employee’s duties and responsibilities under this Agreement; (ii) managing Employee’s personal investments; (iii) serving on the boards of directors of non-profit companies; and (iv) serving on the boards of directors of other for-profit companies; *provided, however*, that, prior to accepting a position on any such for-profit board of directors, Employee shall obtain the approval of the Board (or, if applicable, the appropriate committee thereof), which shall be provided or withheld within the Board’s sole discretion; and provided, further, however, that Employee shall submit to the Board (or the appropriate committee thereof) a list of any for-profit boards of directors on which Employee is serving as of the Effective Date of this Agreement or thereafter. Employee shall report to, and perform such duties as requested by, the Company’s Executive Chairman and Chief Executive Officer. Employee shall be based in the Company’s Pasadena office, except for required travel on the Company’s business. Notwithstanding the foregoing, the Company retains the sole discretion to change Employee’s title, reporting relationship, duties and assigned office location (*provided, however*, that certain changes by the Company without Employee’s express written consent could give rise to grounds for a “Good Reason” resignation and receipt of compensation and benefits as provided in Section 3.4 and Section 3.7 herein).

## **Section 2. COMPENSATION AND OTHER BENEFITS.**

In consideration of Employee's employment, and except as otherwise provided herein, Employee shall receive from the Company the compensation and benefits described in this Section 2. Employee authorizes the Company to deduct and withhold from all compensation to be paid to Employee any and all sums required to be deducted or withheld by the Company pursuant to the provisions of any federal, state, or local law, regulation, ruling, or ordinance, including, but not limited to, income tax withholding and payroll taxes.

**2.1 Base Salary.** Subject to the terms and conditions set forth herein, the Company agrees to pay Employee a base salary at the rate of six hundred fifteen thousand dollars (\$615,000) per year, less standard payroll deductions and withholdings, payable on the Company's regular payroll schedule (the "**Base Salary**"), effective as of the Effective Date. Employee's Base Salary shall be reviewed no less frequently than annually by the Board (or such committee as may be appointed by the Board for such purpose) on or before September 30 each year. The Base Salary payable to Employee shall be increased as of January 1 each year, by action taken no later than September 30 of such year, and at such additional times as the Board or a committee of the Board may deem appropriate, to an amount determined by the Board (or a committee of the Board). Each such new Base Salary shall become the base for each successive annual increase; *provided, however*, that such increase, at a minimum, shall be equal to the cumulative cost-of-living increment as reported in the "Consumer Price Index, Los Angeles, California, All Items," published by the U.S. Department of Labor. Any increase in Base Salary or other compensation shall in no way limit or reduce any other obligations of the Company hereunder, and, once established at an increased specified rate, Employee's Base Salary shall not be reduced unless Employee otherwise agrees in writing.

**2.2 Annual Bonus.** Employee shall be eligible to receive a bonus for each calendar year of employment with the Company (each a "**Bonus Year**") in an amount to be determined in the sole discretion of the Board (or a committee of the Board) based upon its evaluation of Employee's performance and the performance of the Company during such year and such other factors and conditions as the Board (or a committee of the Board) deems relevant. Bonuses are not guaranteed, and the Board may determine that Employee has not earned a bonus for any Bonus Year. Any earned bonus shall be payable within 185 days after the end of the relevant Bonus Year or as soon thereafter as reasonably practicable, but in no event after the end of the year following the relevant Bonus Year; *provided, however*, that in the event Employee terminates employment with the Company for any reason other than a termination by the Company for Cause (as defined herein), after the end of the Bonus Year and prior to the date when such bonuses are paid by the Company to senior executives, then Employee shall receive the same cash bonus (not including any shares subject to any equity awards) that would have been awarded to Employee in the absence of such termination, and it shall be paid to Employee at the same time that cash bonuses are paid by the Company to other senior executives.

**2.3 Equity Awards.** Employee shall be eligible for equity awards from time to time as shall be determined by the Compensation Committee of the Board (the "**Compensation Committee**") in its sole discretion, and subject to such vesting, exercisability, and other provisions as the Compensation Committee may determine in its discretion, after reviewing the performance of both Employee and the Company. All equity awards shall be governed in all respects by the terms of the applicable equity award agreements, grant notices, and plan documents, except as specifically provided in Sections 3.4(b), 3.5, and 3.7(b) hereof.

**2.4 Vacation.** Employee shall be entitled to accrue and use paid vacation in accordance with the terms of the Company's vacation policy and practices, *provided, however*, that in no event will Employee's vacation accrual rate be lower than three (3) weeks per year.



**2.5 Other Benefits.** Employee shall be eligible to participate in such of the Company's benefit and deferred compensation plans as may be made available to executive officers of the Company, including, without limitation, the Company's stock incentive plans, annual incentive compensation plans, profit sharing/pension plans, deferred compensation plans, dental plans, vision plans, sick pay, medical plans, accidental death insurance plans, financial planning, retirement plans, and supplementary executive retirement plans, if any. For purposes of establishing the length of service under any benefit plans or programs of the Company, such service shall be deemed to have commenced on January 17, 2005, which was Employee's first date of employment with the Company.

**2.6 Reimbursement for Expenses.** The Company shall reimburse Employee for all reasonable out-of-pocket business expenses (including, but not limited to, business entertainment expenses) incurred by Employee for the purpose of and in connection with the performance of Employee's services pursuant to this Agreement. Employee shall be entitled to such reimbursement upon the presentation by Employee to the Company of vouchers or other statements itemizing such expenses in reasonable detail consistent with the Company's policies. In addition, Employee shall be entitled to reimbursement for: (i) dues and membership fees in professional organizations and industry associations in which Employee is currently a member or becomes a member; and (ii) appropriate industry seminars and mandatory continuing education. The amount of expenses eligible for reimbursement pursuant to this Section 2.6 during a calendar year shall not affect the amount of expenses eligible for reimbursement in any other calendar year. Without extending the time of payment that would apply in the absence of this sentence, the Company shall reimburse Employee for any expense eligible for reimbursement pursuant to this Section 2.6 in accordance with the Company's applicable expense reimbursement policies and procedures and on or before the end of the calendar year following the calendar year in which the expense was incurred.

### **Section 3. TERMINATION; SEVERANCE.**

**3.1 Term and Termination.** The term of this Agreement (the "**Term**") shall be the period commencing on the Effective Date and ending on the date that this Agreement is terminated by either party pursuant to the provisions of this Agreement. Employee is employed at-will, meaning that, subject to the terms and conditions set forth herein, either the Company or Employee may terminate Employee's employment at any time, with or without Cause.

**3.2 Compensation upon Termination.** Upon the termination of Employee's employment for any reason, the Company shall pay Employee all of Employee's accrued and unused vacation and unpaid Base Salary earned through Employee's last day of employment (the "**Separation Date**"). In addition, Employee will receive reimbursement of business expenses as provided under Section 2.6, and any bonus owed under Section 2.2 shall be paid in accordance with the terms of Section 2.2.

**3.3 Termination for Cause.** At any time, the Company shall be entitled to terminate this Agreement for Cause by written notice to Employee provided in accordance with Section 3.10(b), which notice shall specify the reason for and the effective date of such termination. In that event, the Company shall pay Employee the compensation set forth in Section 3.2, and Employee shall not be entitled to any further compensation from the Company, including severance benefits.

**3.4 Termination Without Cause or Resignation for Good Reason Not in Connection with a Change In Control.** The Company shall be entitled to terminate Employee's employment without Cause immediately upon written notice to Employee, and Employee shall be entitled to terminate this Agreement for Good Reason in accordance with Section 3.10(c). In either event, and provided that Employee is not eligible for severance

benefits under Section 3.7 (Termination Without Cause or Resignation for Good Reason in Connection With A Change In Control), Employee shall receive the following severance benefits:

(a) **Salary Continuation.** The Company shall pay Employee severance in an amount equal to one (1) year of Base Salary, less standard payroll deductions and withholdings, and paid in accordance with Section 3.9. The Company's obligation to provide, or continue to provide, such severance payments will cease immediately and in full in the event that Employee materially breaches any of Employee's continuing obligations to the Company (including, but not limited to, any continuing obligations under this Agreement or the Proprietary Information Agreement (as defined herein)).

(b) **Accelerated Vesting.** The Company shall accelerate the vesting of any equity awards previously granted to Employee by the Company such that all of the unvested shares subject to such equity awards shall be deemed vested as of the Separation Date.

(c) **Bonus.** The Company shall pay Employee a cash bonus for the year in which the Separation Date occurs in the amount of the cash bonus that Employee earned for the previous year, if any, or if such amount has not been determined at the time of termination, for the year prior to the previous year (*provided, however*, that if termination is on or after a Change in Control, and Section 3.7 does not apply, the amount shall in no event be lower than the highest actual cash bonus amount received by Employee for the two (2) calendar years preceding the calendar year in which the Change in Control occurs). For the avoidance of doubt, the calculation of such cash bonus shall not include any equity award grants, or shares of stock, or the value of such grants or stock, which may have been provided to Employee at any time.

(d) **Restricted Stock Grants.**

(i) **Prior Year Stock Grant.** The Company shall grant to Employee, fully vested, a restricted stock grant (the "**Prior Year Grant**") for the Company's fiscal year prior to the fiscal year in which the Separation Date occurs (such year to be referred to as the "**Prior Year**"). The number of shares subject to the Prior Year Grant shall be equal to the greater of the following: (A) the number of shares subject to any annual performance-based equity award grants for Employee that may have already then been determined by the Compensation Committee for the Prior Year but which have not yet been made to Employee as of the Separation Date; and (B) the average of the number of shares subject to any such grants that Employee received for the second, third, and fourth fiscal years prior to the fiscal year in which the Separation Date occurs. In the event that, as of the Separation Date, Employee has already received an annual performance-based equity award grant for the Prior Year (the "**Actual Prior Year Grant**"), then the number of shares subject to the Prior Year Grant as calculated pursuant to the prior sentence shall be reduced (but not to below zero) by the number of shares subject to such Actual Prior Year Grant, including shares subject to such Actual Prior Year Grant that may become vested as a result of Employee's termination of employment. For clarity, for purposes of this Section 3.4(d), an "annual performance-based equity award grant" for the Prior Year means the regular annual equity award granted based on performance during the Prior Year (the vesting of which is based on time and/or performance), but does not include other performance-based equity awards, if any.

(ii) **Separation Year Stock Grant.** The Company shall grant to Employee, fully vested, a restricted stock grant (the "**Separation Year Grant**") for the Company's fiscal year in which the Separation Date occurs (the "**Separation Year**"). The number of shares subject to the Separation Year Grant shall be calculated as follows: (A) the number of shares subject to the Prior Year Grant (calculated pursuant to Section 3.4(d)(i), but

without any reduction to account for an Actual Prior Year Grant); multiplied by (B) a fraction with a numerator equal to the number of calendar days that Employee was employed by the Company during the Separation Year, and a denominator equal to 365 (or 366, if the Separation Year is a calendar leap year).

**(e) Continued Health Benefits.** If Employee timely elects to continue coverage under the Company's health insurance plans in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985 ("**COBRA**") or any analogous provisions of state law, the Company shall pay the applicable premiums for such continued coverage throughout the twelve (12)-month period following the Separation Date; *provided, however,* that (i) the Company shall not be required to make any such payments after such time as Employee becomes entitled to receive similar health insurance coverage from another employer or recipient of Employee's services (and Employee shall promptly notify the Company of any such fact) and (ii) any applicable premiums that are paid by the Company shall not include any amounts payable by Employee under an Internal Revenue Code Section 125 health care reimbursement plan, which amounts, if any, are the sole responsibility of Employee. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay Employee's COBRA premiums without a substantial risk of violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company instead shall provide Employee taxable monthly payments in an amount that is calculated as (A) the amount of the monthly COBRA premium that Employee would be required to pay to continue Employee's group health coverage including coverage for any covered dependents (which amount shall be based on the premium for the first month of COBRA coverage immediately following the month in which Employee's employment with the Company terminates), plus (B) an additional amount equal to the tax withholdings taken from the monthly payment (so that the after-tax value of the payment is equal to the monthly COBRA premium amount under (A)), and such monthly payments shall be made through the earlier of (i) twelve (12) months from the employment termination date or (ii) such date as Employee becomes eligible to receive similar health insurance coverage from another employer or recipient of Employee's services (and Employee shall promptly notify the Company of any such eligibility).

**3.5 Termination upon Death or Disability.** This Agreement shall terminate immediately upon Employee's death or Disability (as defined herein). In that event, the Company shall provide Employee (or, in the event of Employee's death, Employee's designated beneficiaries or, if Employee has none, Employee's estate) with the compensation set forth in Section 3.2, as well as the severance benefits set forth in Section 3.4.

**3.6 Resignation.** Employee shall be entitled to resign at any time upon written notice to the Company thirty (30) days prior to the effective date of such resignation, which shall be specified in Employee's notice of resignation. Unless Employee's resignation is for Good Reason, upon Employee's resignation, the Company shall pay Employee the compensation set forth in Section 3.2, and Employee shall not be entitled to any further compensation from the Company, including severance benefits.

**3.7 Termination Without Cause or Resignation for Good Reason in Connection with a Change In Control.** Upon or within two (2) years following a Change in Control, the Company shall be entitled to terminate Employee's employment without Cause immediately upon written notice to Employee, and Employee shall be entitled to terminate this Agreement for Good Reason in accordance with Section 3.10(c). In either event, Employee shall receive the following severance benefits:

**(a) Salary Continuation.** The Company shall pay Employee severance in an amount equal to one and one-half (1.5) years of Base Salary, less standard payroll deductions and withholdings, and paid in accordance with Section 3.9. The Company's

obligation to provide, or continue to provide, such severance payments will cease immediately and in full in the event that Employee materially breaches any of Employee's continuing obligations to the Company (including, but not limited to, any continuing obligations under this Agreement or the Proprietary Information Agreement).

(b) **Accelerated Vesting.** The Company shall accelerate the vesting of any equity awards previously granted to Employee by the Company such that all of the unvested shares subject to such equity awards shall be deemed vested as of the Separation Date.

(c) **Bonus.** The Company shall pay Employee a cash bonus for the year in which the Separation Date occurs in an amount equal to one and one-half (1.5) times the amount of the cash bonus that Employee earned for the previous year, if any, or, if such amount has not been determined at the time of termination, one and one-half (1.5) times the amount for the year prior to the previous year (*provided, however*, that the amount shall in no event be lower than one and one-half (1.5) times the highest actual cash bonus amount received by Employee for the two (2) calendar years preceding the calendar year in which the Change in Control occurs). For the avoidance of doubt, the calculation of such cash bonus shall not include any equity award grants, or shares of stock, or the value of such grants or stock, which may have been provided to Employee at any time.

(d) **Restricted Stock Grants.**

(i) **Prior Year Stock Grant.** The Company shall grant to Employee, fully vested, a restricted stock grant (the "**Prior Year Grant**") for the Company's fiscal year prior to the fiscal year in which the Separation Date occurs (such year to be referred to as the "**Prior Year**"). The number of shares subject to the Prior Year Grant shall be equal to the greater of the following: (A) the number of shares subject to any annual performance-based equity award grants for Employee that may have already then been determined by the Compensation Committee for the Prior Year but which have not yet been made to Employee as of the Separation Date; and (B) the average of the number of shares subject to any such grants that Employee received for the second, third, and fourth fiscal years prior to the fiscal year in which the Separation Date occurs. In the event that, as of the Separation Date, Employee has already received an annual performance-based equity award grant for the Prior Year (the "**Actual Prior Year Grant**"), then the number of shares subject to the Prior Year Grant as calculated pursuant to the prior sentence shall be reduced (but not to below zero) by the number of shares subject to such Actual Prior Year Grant, including shares subject to such Actual Prior Year Grant that may become vested as a result of Employee's termination of employment. For clarity, for purposes of this Section 3.7(d), an "annual performance-based equity award grant" for the Prior Year means the regular annual equity award granted based on performance during the Prior Year (the vesting of which is based on time and/or performance), but does not include other performance-based equity awards, if any.

(ii) **Separation Year Stock Grant.** The Company shall grant to Employee, fully vested, a restricted stock grant (the "**Separation Year Grant**") for the Company's fiscal year in which the Separation Date occurs (the "**Separation Year**"). The number of shares subject to the Separation Year Grant shall be calculated as follows: (A) the number of shares subject to the Prior Year Grant (calculated pursuant to Section 3.7(d)(i), but without any reduction to account for an Actual Prior Year Grant); multiplied by (B) a fraction with a numerator equal to the number of calendar days that Employee was employed by the Company during the Separation Year, and a denominator equal to 365 (or 366, if the Separation Year is a calendar leap year).

(e) **Continued Health Benefits.** If Employee timely elects to continue Employee's coverage under the Company's health insurance plans in accordance with

COBRA or any analogous provisions of state law, the Company shall pay the applicable premiums for such continued coverage throughout the twelve (12)-month period following the Separation Date; *provided, however*, that (i) the Company shall not be required to make any such payments after such time as Employee becomes entitled to receive similar health insurance coverage from another employer or recipient of Employee's services (and Employee shall promptly notify the Company of any such fact), and (ii) any applicable premiums that are paid by the Company shall not include any amounts payable by Employee under an Internal Revenue Code Section 125 health care reimbursement plan, which amounts, if any, are the sole responsibility of Employee. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay Employee's COBRA premiums without a substantial risk of violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company instead shall provide Employee taxable monthly payments in an amount that is calculated as (A) the amount of the monthly COBRA premium that Employee would be required to pay to continue Employee's group health coverage, including coverage for any covered dependents (which amount shall be based on the premium for the first month of COBRA coverage immediately following the month in which Employee's employment with the Company terminates), plus (B) an additional amount equal to the tax withholdings taken from the monthly payment (so that the after-tax value of the payment is equal to the monthly COBRA premium amount under (A)), and such monthly payments shall be made through the earlier of (i) twelve (12) months from the employment termination date, or (ii) such date as Employee becomes eligible to receive similar health insurance coverage from another employer or recipient of Employee's services (and Employee shall promptly notify the Company of any such eligibility).

**3.8 Release.** As a condition to receipt of any severance benefits pursuant to Sections 3.4, 3.5 or 3.7 of this Agreement, Employee (or, in the event of Employee's death, Employee's designated beneficiaries or, if Employee has none, Employee's estate) shall be required to provide the Company with an effective general release of any and all known and unknown claims against the Company and other specifically identified released parties, substantially in the form attached hereto as *Exhibit A* (the "**Release**"), within the applicable time period set forth in the specific form of Release provided to Employee by the Company, but in no event more than sixty (60) days following the Separation Date.

**3.9 Payment of Severance Benefits; Section 409A.** In the event that Employee is entitled to any severance benefits pursuant to Sections 3.4, 3.5, or 3.7 of this Agreement (other than any accelerated vesting under Sections 3.4(b), 3.5, or 3.7(b)), such severance benefits shall be payable as follows: (1) (i) any payment of Base Salary pursuant to Sections 3.4(a) or 3.5 shall be made in the form of substantially equal installments for a period of one (1) year following the Separation Date, and (ii) any payment of Base Salary pursuant to Section 3.7(a) shall be made in the form of substantially equal installments for a period of one and one-half (1.5) years following the Separation Date, *provided, however*, that any payments delayed pending the effective date of the Release shall be paid in arrears no later than ten (10) days after such effective date; (2) any payment of bonus pursuant to Sections 3.4(c), 3.5, or 3.7(c) shall be made in the form of a lump sum within ten (10) days following the effective date of the Release; and (3) any restricted stock grants pursuant to Sections 3.4(d), 3.5, or 3.7(d) shall be made in full within thirty (30) days following the effective date of the Release; *provided, however*, that:

**(a)** Payment of such amounts and any other amounts or benefits provided under this Agreement in connection with Employee's termination of employment that constitute "deferred compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986 as amended (the "**Code**"), and the regulations and other guidance thereunder and any state law of similar effect (collectively "**Section 409A**"), shall not commence in connection with Employee's termination of employment unless and until Employee has also incurred a "separation from service" (as such term is defined in Treasury Regulations Section 1.409A-1(h)) ("**Separation**

**from Service”**)), unless the Company reasonably determines that such amounts and benefits may be provided to Employee without causing Employee to incur the adverse personal tax consequences under Section 409A. If the provision of any non-cash benefits under this Agreement in connection with Employee’s termination of employment is not permitted under the Company’s plans or would subject the Company to penalties or additional costs, the Company may elect to instead provide Employee with an economically equivalent cash payment; and

**(b)** It is intended that (i) each installment of any amounts or benefits payable under this Agreement in connection with Employee’s termination of employment be regarded as a separate “payment” for purposes of Treasury Regulations Section 1.409A-2(b)(2)(i) (and each such installment is hereby designated as separate for such purpose); (ii) all payments of any such amounts or benefits satisfy, to the greatest extent possible, the exemption from the application of Section 409A provided under Treasury Regulations Sections 1.409A-1(b)(4) as payable in connection with an “involuntary separation from service” within the meaning of Treasury Regulations Section 1.409A-1(d)(1); and (iii) any such amounts or benefits consisting of premiums payable under COBRA also satisfy, to the greatest extent possible, the exemption from the application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(9)(v). However, if any such amounts or benefits constitute “deferred compensation” under Section 409A and Employee is a “specified employee” of the Company, as such term is defined in Section 409A(a)(2)(B)(i), then, solely to the extent necessary to avoid the imposition of the adverse personal tax consequences under Section 409A, the timing of such benefit payments shall be delayed as follows, provided that the Release has become effective in accordance with its terms: on the earlier to occur of (a) the date that is six (6) months and one (1) day after Employee’s Separation from Service and (b) the date of Employee’s death (such applicable date, the “**Delayed Initial Payment Date**”), the Company shall (1) pay Employee a lump sum amount equal to the sum of the benefit payments that Employee would otherwise have received through the Delayed Initial Payment Date if the commencement of the payment of the benefits had not been delayed pursuant to this Section 3.9(b), and (2) commence paying the balance, if any, of the benefits in accordance with the applicable payment schedule.

**3.10 Definitions.** For purposes of this Agreement, the following definitions shall apply:

**(a) Disability.** The term “**Disability**” shall mean a physical or mental disability that renders Employee unable to perform one or more of the essential functions of Employee’s job, as determined by two (2) licensed physicians selected jointly by the Board and Employee, for a period of 180 days during any 365-day period.

**(b) Cause.** For purposes of this Agreement, “**Cause**” shall mean: (1) Employee’s conviction of any felony involving moral turpitude, fraud, or dishonesty; (2) Employee’s persistent, willful, and unsatisfactory performance of job duties (but only as to a termination before a Change in Control); (3) Employee’s material and willful violation or breach of any material written Company policy (as in effect prior to a Change in Control) of which Employee has been provided notice or material statutory or fiduciary duty to the Company; or (4) Employee’s material and willful violation or breach of this Agreement or the Proprietary Information Agreement; provided that in the event that the Cause described above is reasonably susceptible of being cured, the Company shall provide written notice to Employee describing the nature of such Cause and Employee shall thereafter have thirty (30) days to cure and if cured by Employee within such thirty (30) day period, such event shall not provide Cause for termination by the Company.

**(c) Good Reason.** For purposes of this Agreement, “**Good Reason**” shall mean, without Employee’s express written consent, the occurrence of any of the following circumstances: (1) a material diminution in Employee’s duties from those in effect immediately

prior, or a materially adverse alteration in the nature or status of Employee's responsibilities from those in effect immediately prior to such change; (2) a material reduction by the Company in Employee's annual base salary as in effect on the date hereof or as the same may be increased from time to time (*provided, however*, that a reduction in base salary imposed in connection with an across-the-board reduction of base salaries of all executive officers of the Company and not in connection with or following a Change in Control shall not provide grounds for Good Reason); (3) the relocation of Employee's offices to a location outside the greater Los Angeles/Pasadena area, or requiring Employee to travel on Company business to an extent materially greater than Employee's previous business travel obligations; (4) the failure by the Company to pay Employee any material portion of Employee's current compensation except pursuant to an across-the-board compensation deferral similarly affecting all the employees of the Company (and all the employees of any entity whose actions resulted in a Change in Control, if such compensation deferral occurs after a Change in Control), or to pay Employee any material portion of an installment of deferred compensation under any deferred compensation program of the Company, in each case within seven (7) days of the date such compensation is due; (5) the failure by the Company to continue in effect any compensation plan in which Employee participates that is material to Employee's total compensation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue Employee's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of participation relative to other participants, as existed previously; (6) a material reduction in the benefits provided to Employee under any of the Company's directors and officers liability insurance, life insurance, medical, health and accident, or disability plans in which Employee was participating previously (*provided, however*, that a modification of any such benefits that impacts all executive officers of the Company in the same or a substantially similar manner as Employee and that was not made in connection with or following a Change in Control, shall not provide grounds for Good Reason), or the failure by the Company to provide Employee with substantially the same number of paid vacation days to which Employee is entitled in accordance with the Company's normal vacation policy in effect at such time; or (7) the failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement. In order to terminate this Agreement for Good Reason, Employee must provide written notice to the Company of the occurrence of one or more of the foregoing circumstances within ninety (90) days following the initial occurrence of the circumstance; *provided, however*, that the Company shall not be required to provide any benefits under Section 3.4 or 3.7 if it is able to remedy and does remedy such circumstance within a period of thirty (30) days following such notice.

(d) **Change in Control.** A "Change in Control" shall be deemed to have occurred if:

(i) any Person (as such term is used in section 3(a)(9) of the Securities Exchange Act of 1934, as amended from time to time (the "**Exchange Act**"), as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (A) the Company or any of its subsidiaries, (B) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its affiliates, (C) an underwriter temporarily holding securities pursuant to an offering of such securities, or (D) a Company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company) becomes the Beneficial Owner (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates other than in connection with the acquisition by the Company or its affiliates of a business) representing twenty-five percent (25%) or more of the combined voting power of the Company's then outstanding securities; or



(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including, but not limited to, a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election, or nomination for election was previously so approved or recommended; or

(iii) there is consummated a merger or consolidation of the Company with any other Company, other than (A) a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, at least seventy-five percent (75%) of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates other than in connection with the acquisition by the Company or its affiliates of a business) representing twenty-five percent (25%) or more of the combined voting power of the Company's then outstanding securities; or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least seventy-five percent (75%) of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

**3.11 No Offset.** Employee shall not be required to mitigate damages under this Agreement by seeking other comparable employment or otherwise, nor shall Employee's entitlement to any severance benefit hereunder be offset by any earned income Employee may receive from employment or consulting with a third party after Employee's employment with the Company.

#### **Section 4. PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT.**

Employee shall be required to continue compliance with Employee's obligations under the Employee Proprietary Information and Inventions Agreement with the Company that Employee previously executed (the "**Proprietary Information Agreement**"), a copy of which is attached as *Exhibit B*.

#### **Section 5. COMPANY POLICIES.**

Employee shall be required to continue compliance with the Company's employee policies and procedures established by the Company from time to time.

## **Section 6. ASSIGNABILITY.**

This Agreement is binding upon, and inures to the benefit of, the parties and their respective heirs, executors, administrators, personal representatives, successors, and assigns. The Company may assign its rights or delegate its duties under this Agreement at any time and from time to time. However, the parties acknowledge that the availability of Employee to perform services and the covenants provided by Employee hereunder are personal to Employee and have been a material consideration for the Company to enter into this Agreement. Accordingly, Employee may not assign any of Employee's rights or delegate any of Employee's duties under this Agreement, either voluntarily or by operation of law, without the prior written consent of the Company, which may be given or withheld by the Company in its sole and absolute discretion.

## **Section 7. NOTICES.**

All notices and other communications under this Agreement shall be in writing and shall be given by facsimile, first class mail (certified or registered with return receipt requested), or Federal Express overnight delivery, and shall be deemed to have been duly given three days after mailing or twenty-four (24) hours after transmission of a facsimile or Federal Express overnight delivery (if the receipt of the facsimile or Federal Express overnight delivery is confirmed) to the respective persons named below:

If to the Company: Alexandria Real Estate Equities, Inc.  
26 North Euclid Avenue  
Pasadena, CA 91101  
Telephone: (626) 578-0777

If to Employee: Marc E. Binda  
c/o Alexandria Real Estate Equities, Inc.  
26 North Euclid Avenue  
Pasadena, CA 91101

Any Party may change such Party's address for notices by notice duly given pursuant hereto.

## **Section 8. ARBITRATION.**

To ensure the timely and economical resolution of disputes that may arise in connection with Employee's employment with the Company, Employee and the Company agree that any and all disputes, claims, or causes of action arising from or relating to the enforcement, breach, performance, negotiation, execution, or interpretation of this Agreement, Employee's employment, or the termination of Employee's employment, including, but not limited to, statutory claims, shall be resolved to the fullest extent permitted by law by final, binding and confidential arbitration, by a single arbitrator, in Los Angeles, California, conducted by JAMS, Inc. ("JAMS") under the then applicable JAMS rules. **By agreeing to this arbitration procedure, both Employee and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding. The Company acknowledges that Employee will have the right to be represented by legal counsel at any arbitration proceeding.** The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall be authorized to award any or all remedies that Employee or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS' arbitration fees in excess of the amount of court fees that would be required of Employee if the dispute were decided in a court of law. Nothing in this

Agreement is intended to prevent either Employee or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

## **Section 9. MISCELLANEOUS.**

**9.1 Entire Agreement.** This Agreement, including its exhibits, contains the full, complete, and exclusive embodiment of the entire agreement of the parties with regard to the subject matter hereof and supersedes all other communications, representations, or agreements, oral or written, including, but not limited to, the Original Employment Agreement, and any negotiations and communications between the parties relating to this Agreement. Employee has not entered into this Agreement in reliance on any representations, written or oral, other than those contained herein. Any ambiguity in this document shall not be construed against either party as the drafter.

**9.2 Amendment.** This Agreement may not be amended or modified except by an instrument in writing duly executed by Employee and the Company's Chief Executive Officer.

**9.3 Applicable Law; Choice of Forum.** This Agreement has been made and executed under, and will be construed and interpreted in accordance with, the laws of the State of California, without regard to conflict of laws principles.

**9.4 Provisions Severable.** If any provision of this Agreement is held to be invalid, illegal or unenforceable, in whole or in part, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement; and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein except to the extent that such provision may be construed and modified so as to render it valid, lawful, and enforceable in a manner consistent with the intent of the parties to the extent compatible with the applicable law as it shall then appear.

**9.5 Non-Waiver of Rights and Breaches.** Any waiver by a party of any breach of any provision of this Agreement shall be in writing and will not be deemed to be a waiver of any subsequent breach of that provision, or of any breach of any other provision of this Agreement. No failure or delay in exercising any right, power, or privilege granted to a party under any provision of this Agreement will be deemed a waiver of that or any other right, power, or privilege. No single or partial exercise of any right, power, or privilege granted to a party under any provision of this Agreement will preclude any other or further exercise of that or any other right, power, or privilege.

**9.6 Headings.** The headings of the Sections and Paragraphs of this Agreement are inserted for ease of reference only, and will have no effect in the construction or interpretation of this Agreement.

**9.7 Counterparts.** This Agreement and any amendment or supplement to this Agreement may be executed in two or more counterparts, each of which will constitute an original but all of which will together constitute a single instrument. Transmission by facsimile or .pdf of an executed counterpart signature page hereof by a party hereto shall constitute due execution and delivery of this Agreement by such party.

**9.8 Indemnification.** In addition to any rights to indemnification to which Employee may be entitled under the Company's Charter and By-Laws, the Company shall indemnify Employee at all times during and after Employee's employment to the maximum

extent permitted under Section 2-418 of the General Corporation Law of the State of Maryland, or any successor provision thereof and any other applicable state law, and shall pay Employee's expenses in defending any civil or criminal action, suit, or proceeding in advance of the final disposition of such action, suit, or proceeding, to the maximum extent permitted under such applicable state laws.

**In Witness Whereof**, the parties hereto have caused this Amended and Restated Executive Employment Agreement to be duly executed on the dates identified below, effective as of the Effective Date stated above herein.

**Alexandria Real Estate Equities, Inc.**

**Marc E. Binda**

By: \_\_\_\_\_  
Joel S. Marcus  
Executive Chairman

\_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit A**  
**SEPARATION DATE RELEASE**

**(To be signed on or within 21 days after the Separation Date.)**

In exchange for the accelerated vesting of equity, severance benefits, and/or other consideration to be provided to me by Alexandria Real Estate Equities, Inc. (the “**Company**”), and as required by the Amended and Restated Executive Employment Agreement between the Company and me (the “**Agreement**”), I hereby provide the following Separation Date Release (the “**Release**”).

I hereby generally and completely release the Company and its parent and subsidiary entities, and its and their respective directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, insurers, affiliates, and assigns (collectively, the “**Released Parties**”) of and from any and all claims, liabilities and obligations, both known and unknown, arising out of or in any way related to events, acts, conduct, or omissions occurring at any time prior to or at the time that I sign this Release (collectively, the “**Released Claims**”). The Released Claims include, but are not limited to: (1) all claims arising out of or in any way related to my employment with the Company or the termination of that employment; (2) all claims related to my compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership or equity interests in the Company; (3) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing (including, but not limited to, any claims based on or arising from the Agreement); (4) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (5) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act (as amended) (“**ADEA**”), the federal Family and Medical Leave Act, the California Family Rights Act, the California Labor Code (as amended), and the California Fair Employment and Housing Act (as amended). Notwithstanding the foregoing, the following are not included in the Released Claims (the “**Excluded Claims**”): (1) any rights or claims for indemnification I may have pursuant to any written indemnification agreement with the Company to which I am a party, the charter, bylaws, or operating agreements of the Company, applicable law, or applicable directors and officers liability insurance; and (2) any rights or claims which are not waivable as a matter of law. In addition, nothing in this Release prevents me from filing, cooperating with, or participating in any proceeding before the Equal Employment Opportunity Commission, the Department of Labor, the California Department of Fair Employment and Housing, or any other government agency, except that I acknowledge and agree that I am hereby waiving my right to any monetary benefits in connection with any such claim, charge or proceeding. I represent that I have no lawsuits, claims or actions pending in my name, or on behalf of any other person or entity, against any of the Released Parties.

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the ADEA, and that the consideration given for the waiver and release in the preceding paragraph is in addition to anything of value to which I am already entitled. I further acknowledge that I have been advised by this writing that: (1) my waiver and release do not apply to any rights or claims that may arise after the date I sign this Release; (2) I should consult with an attorney prior to signing this Release (although I may choose voluntarily not to do so); (3) I have twenty-one (21) days to consider this Release (although I may choose voluntarily to sign it earlier); (4) I have seven (7) days following the date I sign this Release to revoke it by

providing written notice of revocation to the Company's Chief Executive Officer; and (5) this Release will not be effective until the date upon which the revocation period has expired, which will be the eighth calendar day after the date I sign it if I do not revoke it (the "**Effective Date**").

I UNDERSTAND THAT THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. I acknowledge that I have read and understand Section 1542 of the California Civil Code which reads as follows: "**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**" I hereby expressly waive and relinquish all rights and benefits under that section and any law or legal principle of similar effect in any jurisdiction with respect to my release of claims herein, including but not limited to the release of unknown and unsuspected claims.

I hereby represent that I have been paid all compensation owed and for all hours worked, I have received all the leave and leave benefits and protections for which I am eligible, pursuant to the federal Family and Medical Leave Act, any Company policy or applicable law, and I have not suffered any on-the-job injury or illness for which I have not already filed a workers' compensation claim.

I further agree: (1) not to disparage the Company, or any of the other Released Parties, in any manner likely to be harmful to its or their business, business reputation, or personal reputation (although I may respond accurately and fully to any question, inquiry or request for information as required by legal process); (2) not to voluntarily (except in response to legal compulsion) assist any third party in bringing or pursuing any proposed or pending litigation, arbitration, administrative claim or other formal proceeding against the Company, its parent or subsidiary entities, affiliates, officers, directors, employees or agents; and (3) to cooperate fully with the Company, by voluntarily (without legal compulsion) providing accurate and complete information, in connection with the Company's actual or contemplated defense, prosecution, or investigation of any claims or demands by or against third parties, or other matters, arising from events, acts, or failures to act that occurred during the period of my employment by the Company.

By:

Marc E. Binda

Date:



**Exhibit B**

**EMPLOYEE PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT**



## ALEXANDRIA®

August 30, 2023

Joel S. Marcus  
Address on file with the Corporation

Dear Joel:

This letter confirms our recent discussions regarding our modification of your Amended and Restated Executive Employment Agreement, effective as of January 1, 2015 (your “Employment Agreement”), as amended by the letters from Alexandria Real Estate Equities, Inc. (the “Corporation”) to you dated July 3, 2017, March 20, 2018, January 15, 2019 and June 8, 2020 (collectively, the “Letter Amendments”).

**Certain Equity-Related Provisions**

The last paragraph of Section 3.4(h)(iii) of your Employment Agreement (as amended by the Letter Amendments, as applicable) currently provides for certain treatment of your equity or equity-based compensation awards upon your termination of service on or after your attainment of age 77, unless such termination is for Cause (as defined in your Employment Agreement), to the extent such awards are outstanding upon such termination.

This letter amends the last paragraph of Section 3.4(h)(iii) of your Employment Agreement such that for any such awards granted after the date of this letter, the requirement that any such termination occur on or after your attainment of age 77 will not apply and will instead be replaced with a requirement that any such termination occur on or after May 27, 2027 (i.e., the 30<sup>th</sup> anniversary of the Corporation’s initial public offering).

For the avoidance of doubt, this letter does not affect your equity or equity-based compensation awards outstanding as of the date of this letter, and the age 77 requirement in the last paragraph of Section 3.4(h)(iii) of your Employment Agreement will continue to apply for the treatment of such awards provided by such paragraph.

**Miscellaneous**

This letter amends both your Employment Agreement and the Letter Amendments, which continue in all other respects in accordance with their terms. Together with your Employment Agreement, the agreements and plans referred to therein, and the Letter Amendments, this letter represents the entire understanding between the Corporation and you with respect to the subject matter hereof, and this letter supersedes any and all prior understandings, agreements, plans and negotiations, whether written or oral, with respect to the subject matter hereof.

\* \* \*

If you agree with the foregoing, please sign and return the enclosed copy of this letter, which will become a binding agreement on receipt.

Sincerely,

Alexandria Real Estate Equities, Inc.

By: \_\_\_\_\_

Name: Dean A. Shigenaga

Title: President and Chief Financial Officer

Accepted and Agreed as of the date hereof:

\_\_\_\_\_  
Joel S. Marcus

**List of Guarantor Subsidiaries of Alexandria Real Estate Equities, Inc.**

The following subsidiary was, as of September 30, 2023, a guarantor of the registrant's 3.45% Senior Notes due 2025, 4.30% Senior Notes due 2026, 3.80% Senior Notes due 2026, 3.95% Senior Notes due 2027, 3.95% Senior Notes due 2028, 4.50% Senior Notes due 2029, 2.75% Senior Notes due 2029, 4.70% Senior Notes due 2030, 4.90% Senior Notes due 2030, 3.375% Senior Notes due 2031, 2.00% Senior Notes due 2032, 1.875% Senior Notes due 2033, 2.95% Senior Notes due 2034, 4.75% Senior Notes due 2035, 4.85% Senior Notes due 2049, 4.00% Senior Notes due 2050, 3.00% Senior Notes due 2051, 3.55% Senior Notes due 2052, and 5.15% Senior Notes due 2053.

<u>Name of Subsidiary</u>	<u>Jurisdiction of Organization</u>
Alexandria Real Estate Equities, L.P.	Delaware

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**  
**PURSUANT TO**  
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Joel S. Marcus, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Alexandria Real Estate Equities, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 23, 2023

/s/ Joel S. Marcus

Joel S. Marcus

Executive Chairman

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**  
**PURSUANT TO**  
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Peter M. Moglia, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Alexandria Real Estate Equities, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 23, 2023

/s/ Peter M. Moglia

Peter M. Moglia

Chief Executive Officer and Chief Investment Officer

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**  
**PURSUANT TO**  
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Marc E. Binda, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Alexandria Real Estate Equities, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 23, 2023

/s/ Marc E. Binda

Marc E. Binda

Chief Financial Officer and Treasurer



**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICERS AND PRINCIPAL FINANCIAL OFFICER****PURSUANT TO****18 U.S.C. SECTION 1350.****AS ADOPTED PURSUANT TO****SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Joel S. Marcus, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Alexandria Real Estate Equities, Inc. for the quarter ended September 30, 2023, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Alexandria Real Estate Equities, Inc.

Date: October 23, 2023

/s/ Joel S. Marcus

Joel S. Marcus

Executive Chairman

I, Peter M. Moglia, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Alexandria Real Estate Equities, Inc. for the quarter ended September 30, 2023, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Alexandria Real Estate Equities, Inc.

Date: October 23, 2023

/s/ Peter M. Moglia

Peter M. Moglia

Chief Executive Officer and Chief Investment Officer

I, Marc E. Binda, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Alexandria Real Estate Equities, Inc. for the quarter ended September 30, 2023, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Alexandria Real Estate Equities, Inc.

Date: October 23, 2023

/s/ Marc E. Binda

Marc E. Binda

Chief Financial Officer and Treasurer