



ALEXANDRIA

AT THE VANGUARD AND HEART OF THE LIFE SCIENCE ECOSYSTEM™

Alexandria Real Estate Equities, Inc. Reports:

4Q22 and 2022 Net Income per Share – Diluted of \$0.31 and \$3.18, respectively; and

4Q22 and 2022 FFO per Share – Diluted, As Adjusted, of \$2.14 and \$8.42, respectively

PASADENA, Calif. – January 30, 2023 – Alexandria Real Estate Equities, Inc. (NYSE: ARE) announced financial and operating results for the fourth quarter and year ended December 31, 2022.

Key highlights

Operating results

	4Q22	4Q21	2022	2021
Total revenues:				
In millions	\$ 670.3	\$ 576.9	\$2,589.0	\$ 2,114.2
Growth	16.2%		22.5%	
Net income attributable to Alexandria's common stockholders – diluted				
In millions	\$ 51.8	\$ 72.8	\$ 513.3	\$ 563.4
Per share	\$ 0.31	\$ 0.47	\$ 3.18	\$ 3.82
Funds from operations attributable to Alexandria's common stockholders – diluted, as adjusted				
In millions	\$ 353.6	\$ 303.6	\$1,361.7	\$ 1,144.9
Per share	\$ 2.14	\$ 1.97	\$ 8.42	\$ 7.76

An operationally excellent, industry-leading REIT with a high-quality client base of approximately 1,000 tenants supporting high-quality revenues, cash flows, and strong margins

Percentage of total annual rental revenue in effect from investment-grade or publicly traded large cap tenants	48%
Sustained strength in tenant collections:	
Tenant receivables as of December 31, 2022	\$ 7.6 million
January 2023 tenant rent and receivables collected as of January 30, 2023	99.4%
Occupancy of operating properties in North America	94.8%
Operating margin	70%
Adjusted EBITDA margin	69%
Weighted-average remaining lease term:	
All tenants	7.1 years
Top 20 tenants	9.4 years

Second-highest annual leasing volume and rental rate increases (cash basis)

- Annual leasing volume of 8.4 million RSF in 2022 represents the second highest in Company history, with 74% generated from our client base of approximately 1,000 tenants.
- 4Q22 leasing volume of 2.0 million RSF represents the fourth highest in Company history.
- Rental rate increase (cash basis) of 22.1% on lease renewals and re-leasing of space represents the second-highest rental rate growth (cash basis) in Company history.

	4Q22	2022
Total leasing activity – RSF	2,000,322	8,405,587
Lease renewals and re-leasing of space:		
RSF (included in total leasing activity above)	1,494,345	4,540,325
Rental rate increases	26.0% ⁽¹⁾	31.0%
Rental rate increases (cash basis)	19.6% ⁽¹⁾	22.1%

(1) Includes rental rate increases related to two recently acquired office leases, including one lease subject to a fixed-rate renewal option and one full-building lease in a non-core submarket. Excluding these leases, rental rate increases for the three months ended December 31, 2022 were 36.8% and 31.4% (cash basis).

Continued strong net operating income and internal growth, including highest annual same property and third-highest quarterly same property growth (cash basis)

- Net operating income (cash basis) of \$1.7 billion for 4Q22 annualized, up \$248.4 million, or 17.3%, compared to 4Q21 annualized.
- 96% of our leases contain contractual annual rent escalations approximating 3%.
- Same property net operating income growth:
 - 4.7% and 10.9% (cash basis) for 4Q22 over 4Q21, representing the third-highest (cash basis) growth in Company history.
 - 6.6% and 9.6% (cash basis) for 2022 over 2021, with both increases representing the highest growth in Company history.
 - Our 2022 same property growth outperformed our 10-year averages of 3.6% and 6.7% (cash basis) as a result of an increase in same property occupancy of 100 bps and early lease renewals that commenced in late 2021/early 2022.

Continued strong and flexible balance sheet with lowest leverage in Company history and 13.2 years of remaining term of outstanding debt

- Investment-grade credit ratings ranked in the top 10% among all publicly traded U.S. REITs.
- Net debt and preferred stock to Adjusted EBITDA of 5.1x, the lowest ratio in Company history, and fixed-charge coverage ratio of 5.0x for 4Q22 annualized.
- Total debt and preferred stock to gross assets of 25%.
- 99.4% of our debt has a fixed rate.
- 13.2 years weighted-average remaining term of debt.
- No debt maturities prior to 2025.
- \$5.3 billion of liquidity.
- \$1.4 billion of contractual construction funding commitments from existing real estate joint venture partners expected over the next four years.

Continued strong, consistent, and increasing dividends with a focus on retaining significant net cash flows from operating activities after dividends for reinvestment

- Common stock dividend declared for 4Q22 of \$1.21 per common share, aggregating \$4.72 per common share for the year ended December 31, 2022, up 24 cents, or 5%, over the year ended December 31, 2021.
- Dividend yield of 3.3% as of December 31, 2022.
- Dividend payout ratio of 58% for the three months ended December 31, 2022.
- Average annual dividend per-share growth of 6.5% over the last five years.

Alexandria's value-creation pipeline drives visibility for future growth aggregating over \$655 million of incremental net operating income

Highly leased value-creation pipeline of current and seven near-term projects expected to generate greater than \$655 million of incremental net operating income, primarily commencing from 1Q23 through 4Q25.

- 7.6 million RSF of value-creation projects, which are 72% leased.
- 77% of the leased RSF of our value-creation projects was generated from our client base of approximately 1,000 tenants.

Fourth Quarter and Year Ended December 31, 2022 Financial and Operating Results (continued)

December 31, 2022



ALEXANDRIA
Building the Future of Life-Changing Innovation®

Key items included in operating results

Key items included in net income attributable to Alexandria's common stockholders:

	4Q22	4Q21	4Q22	4Q21	2022	2021	2022	2021
(In millions, except per share amounts)	Amount		Per Share – Diluted		Amount		Per Share – Diluted	
Impairment of real estate	\$ (26.2)	\$ —	\$ (0.16)	\$ —	\$ (65.0)	\$ (52.7)	\$ (0.40)	\$ (0.35)
Loss on early extinguishment of debt	—	—	—	—	(3.3)	(67.3)	(0.02)	(0.46)
Gain on sales of real estate	—	124.2	—	0.80	537.9	126.6	3.33	0.86
Acceleration of stock compensation expense due to executive officer resignation	—	—	—	—	(7.2)	—	(0.04)	—
Unrealized (losses) gains on non-real estate investments	(24.1)	(139.7)	(0.15)	(0.91)	(412.2)	43.6	(2.55)	0.30
Impairment of non-real estate investments	(20.5)	—	(0.12)	—	(20.5)	—	(0.13)	—
Significant realized gains on non-real estate investments	—	—	—	—	—	110.1	—	0.75
Total	<u>\$ (70.8)</u>	<u>\$ (15.5)</u>	<u>\$ (0.43)</u>	<u>\$ (0.11)</u>	<u>\$ 29.7</u>	<u>\$ 160.3</u>	<u>\$ 0.19</u>	<u>\$ 1.10</u>

Refer to "Funds from operations and funds from operations per share" of this Earnings Press Release for additional details.

Strong balance sheet management

Key metrics as of December 31, 2022

- \$35.0 billion in total market capitalization.
- \$24.9 billion in total equity capitalization, which ranks in the top 10% among all publicly traded U.S. REITs.
- No remaining LIBOR-based debt ahead of June 2023 phase-out.

	4Q22		Goal
	Quarter Annualized	Trailing 12 Months	4Q23 Annualized
Net debt and preferred stock to Adjusted EBITDA	5.1x	5.2x	Less than or equal to 5.1x
Fixed-charge coverage ratio	5.0x	5.0x	4.5x to 5.0x

Key capital events

- During 4Q22, we settled outstanding forward equity sales agreements by issuing 8.0 million shares of common stock at an average price of \$186.87 and received net proceeds of \$1.5 billion.
- In December 2022, we entered into new forward equity sales agreements aggregating \$104.7 million to sell 699,274 shares under our ATM program at an average price of \$149.68 per share (before underwriter discounts). We expect to settle these forward equity sales agreements in 2023.
- As of December 31, 2022, the remaining aggregate amount available under our ATM program for future sales of common stock was \$141.9 million. We expect to establish a new ATM program in 1Q23.

Investments

- As of December 31, 2022:
 - Our non-real estate investments aggregated \$1.6 billion.
 - Unrealized gains presented in our consolidated balance sheet were \$397.0 million, comprising gross unrealized gains and losses aggregating \$506.4 million and \$109.4 million, respectively.
- Investment loss of \$19.7 million for the three months ended December 31, 2022 presented in our consolidated statement of operations consisted of \$25.0 million of realized gains, \$24.1 million of unrealized losses/changes in fair value, and \$20.5 million of impairments primarily related to three non-real estate investments in privately held entities that do not report NAV.

External growth and investments in real estate

Delivery and commencement of value-creation projects

- During 4Q22, we placed into service development and redevelopment projects aggregating 497,755 RSF across multiple submarkets, resulting in \$28 million of incremental annual net operating income.
- Annual net operating income (cash basis) is expected to increase by \$57 million upon the burn-off of initial free rent from recently delivered projects.
- Commenced two development projects aggregating 467,567 RSF during 4Q22, including 212,796 RSF at 1450 Owens Street in our Mission Bay submarket, which will be 100% funded by our joint venture partner, and 254,771 RSF at 10075 Barnes Canyon Road in our Sorrento Mesa submarket, which will be 50% funded by our joint venture partner.

Value-creation pipeline of new Class A development and redevelopment projects as a percentage of gross assets

	4Q22
Under construction projects 68% leased/negotiating	10%
Near-term projects expected to commence construction in the next four quarters 88% leased	2%
Income-producing/potential cash flows/covered land play ⁽¹⁾	7%
Land	3%

(1) Includes projects that have existing buildings that are generating or can generate operating cash flows. Also includes development rights associated with existing operating campuses. These projects aggregate 1.1% of total annual rental revenue as of December 31, 2022 and are included in targeted for a future change in use in our industry mix chart. Refer to "High-quality and diverse client base in AAA locations" in our Supplemental Information.

- 81% of construction costs related to active development and redevelopment projects aggregating 5.6 million RSF are under a guaranteed maximum price ("GMP") contract or other fixed contracts. Our budgets also include construction cost contingencies in GMP contracts plus additional landlord contingencies that generally range from 3% to 5%.

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

- In January 2023, Alexandria Venture Investments was recognized by Silicon Valley Bank in its "Healthcare Investments and Exits: Annual Report 2022" as the #1 most active corporate investor in biopharma by new deal volume (2021-2022) for the sixth consecutive year. Alexandria's venture activity provides us with, among other things, mission-critical data on and insights into key macro life science industry and innovation trends.
- In November 2022, our executive chairman and founder, Joel S. Marcus, presented at the much-anticipated Annual Baron Investment Conference for a rare second time. Mr. Marcus opened the program with a presentation on what renowned author and business strategist Jim Collins describes as our "Superior Results, Distinctive Impact, and Lasting Endurance."
- In November 2022, Alexandria earned several 2022 TOBY (The Outstanding Building of the Year) Awards from BOMA (Building Owners and Managers Association) in Boston, Seattle, and Raleigh-Durham. The TOBY Awards recognize quality in commercial buildings and reward excellence in building management.
 - In our Cambridge/Inner Suburbs submarket: Four recognitions across three of our premier mega campuses – Alexandria Center® at Kendall Square, Alexandria Center® at One Kendall Square, and Alexandria Technology Square® – for Corporate Facility, Laboratory Building, Renovated Building, and Building Under 100,000 SF categories.
 - In our Lake Union submarket: A recognition for 1165 Eastlake Avenue East on The Eastlake Life Science Campus by Alexandria mega campus in the Corporate Facility category.
 - In our Research Triangle submarket: A recognition for 9 Laboratory Drive on our Alexandria Center® for AgTech campus in the Life Science category.
- In October 2022, Mr. Marcus, as a newly appointed member of the Prix Galien USA's esteemed Awards jury, honored groundbreaking medical innovations in life science. He served on the Prix Galien committee, alongside other influential science leaders, that recognized the Best Startup, Best Digital Health Solution and the inaugural Best Incubators, Accelerators and Equity.
- In October 2022, 9880 Campus Point Drive on the Campus Point by Alexandria mega campus in our University Town Center submarket received an Orchid award for Architecture from the San Diego Architectural Foundation, and a People's Choice Orchid. The facility is home to Alexandria GradLabs®, a dynamic platform that is accelerating the growth of promising early-stage life science companies.
- Alexandria is addressing some of today's most urgent societal challenges through our eight social responsibility pillars, including the mental health crisis and opioid addiction. In October 2022:
 - Alexandria presented a timely conversation on the state of mental health in America with former congressman Patrick J. Kennedy, one of the world's leading voices and policymakers on mental health, at the Galien Forum USA 2022, which was held at the Alexandria Center® for Life Science – New York City.
 - OneFifteen, a novel, data-driven comprehensive care model we developed in partnership with Verily, celebrated its third anniversary of the campus's opening in Dayton, Ohio. OneFifteen has treated over 5,800 patients since opening its doors in October 2019.

About Alexandria Real Estate Equities, Inc.

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 its founding in 1994, Alexandria is the preeminent and longest-tenured owner, operator, and developer of collaborative life science, agtech, and technology 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 approximately 1,000 tenants, Alexandria has a total market capitalization of \$35.0 billion and an asset base in North America of 74.6 million square feet ("SF") as of December 31, 2022, which includes 41.8 million RSF of operating properties and 5.6 million RSF of Class A properties undergoing construction, 9.9 million RSF of near-term and intermediate-term development and redevelopment projects, and 17.3 million SF of future development projects. Alexandria has a longstanding and proven track record of developing Class A properties clustered in life science, agtech, and technology 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 ensure 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. For additional information on Alexandria, please visit www.are.com.

Acquisitions

December 31, 2022

(Dollars in thousands)



ALEXANDRIA®
Building the Future of Life-Changing Innovation®

Property	Submarket/Market	Date of Purchase	Number of Properties	Operating Occupancy	Square Footage			Total ⁽³⁾	Purchase Price
					Acquisitions With Development/Redevelopment Opportunities ⁽¹⁾				
					Future Development	Operating With Future Development/ Redevelopment	Operating ⁽²⁾		
Completed in YTD 3Q22			39	92%	6,538,991	3,305,764	451,760	9,600,231	\$ 2,437,592
Completed in 4Q22:									
35 Gatehouse Drive ⁽⁴⁾	Route 128/Greater Boston	12/29/22	1	100	75,000	31,611	265,965	372,576	272,500
1001 Trinity Street and 1020 Red River Street	Austin/Texas	10/4/22	2	100	51,038	198,972	—	250,010	108,000
Other									360
			3	100	126,038	230,583 ⁽⁵⁾	265,965 ⁽⁵⁾	622,586	380,860
Total 2022 acquisitions			42	93%	6,665,029	3,536,347	717,725	10,222,817	\$ 2,818,452

(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 the operating component of our value-creation acquisitions that is not expected to undergo future development or redevelopment.

(3) Represents total square footage upon completion of development or redevelopment of one or more new Class A properties. Square footage presented includes RSF of buildings currently in operation with future development or redevelopment opportunities. Refer to "Definitions and reconciliations" in our Supplemental Information for additional details on value-creation square feet currently included in rental properties.

(4) Represents an opportunity to expand our existing properties at 40, 50, and 60 Sylvan Road and 840 Winter Street into a mega campus.

(5) We expect the acquisitions completed during the three months ended December 31, 2022 to generate initial annual net operating income of approximately \$28 million for the twelve months following acquisition. These acquisitions included three operating properties with a weighted-average acquisition date of December 8, 2022 (weighted by initial annual net operating income).

Dispositions and Sales of Partial Interests

December 31, 2022

(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	Gain or Consideration in Excess of Book Value
100 Binney Street	Cambridge/Inner Suburbs/ Greater Boston	3/30/22	70%	432,931	3.6%	3.5%	\$ 713,228 ⁽¹⁾	\$ 2,353	\$ 413,615 ⁽²⁾
300 Third Street	Cambridge/Inner Suburbs/ Greater Boston	6/27/22	70%	131,963	4.6%	4.3%	166,485 ⁽¹⁾	\$ 1,802	113,020 ⁽²⁾
Alexandria Park at 128, 285 Bear Hill Road, 111 and 130 Forbes Boulevard, and 20 Walkup Drive	Route 128 and Route 495/ Greater Boston	6/8/22	100%	617,043	5.1%	5.1%	334,397	\$ 542	202,325
1450 Owens Street	Mission Bay/San Francisco Bay Area	7/1/22	20% ⁽³⁾	191,000	N/A	N/A	25,039 ⁽¹⁾	N/A	10,083 ⁽²⁾
341 and 343 Oyster Point Boulevard, 7000 Shoreline Court, and Shoreway Science Center	South San Francisco and Greater Stanford/San Francisco Bay Area	9/15/22	100%	330,379	5.2%	5.2%	383,635	\$ 1,161	223,127
3215 Merryfield Row	Torrey Pines/San Diego	9/1/22	70%	170,523	4.5%	4.2%	149,940 ⁽¹⁾	\$ 1,256	42,214 ⁽²⁾
Summers Ridge Science Park	Sorrento Mesa/San Diego	9/15/22	70%	316,531	4.9%	4.6%	159,600 ⁽¹⁾	\$ 720	65,097 ⁽²⁾
7330 and 7360 Carroll Road	Sorrento Mesa/San Diego	9/15/22	100%	84,442	4.4%	4.6%	59,476	\$ 704	35,463
Other	Various				N/A	N/A	230,496	N/A	77,003
Total 2022 dispositions and sales of partial interests							<u>\$ 2,222,296</u>		<u>\$ 1,181,947</u>

(1) Represents the contractual sales price for the percentage interest of the property sold by us.

(2) We retained control over the newly formed real estate joint venture and therefore continued to consolidate this property. We accounted for the difference between the consideration received and the book value of the interest sold as an equity transaction, with no gain or loss recognized in earnings.

(3) Relates to the sale of a partial interest in a land parcel. The noncontrolling interest share of our joint venture partner is anticipated to increase to 75% as our partner contributes capital for construction over time. As of December 31, 2022, the noncontrolling interest share of our joint venture partner was 40.3%.

Guidance

December 31, 2022

(Dollars in millions, except per share amounts)

The following guidance is based on our current view of existing market conditions and assumptions for the year ending December 31, 2023 and is consistent with the guidance issued on our Form 8-K filed on November 30, 2022, except for an update to “excess 2022 bond capital held as cash at December 31, 2022,” which reflects the actual amount of \$300 million as of December 31, 2022, compared to the prior guidance range from \$200 million to \$300 million.

There can be no assurance that actual 2023 results will not be materially higher or lower than these expectations. Also, refer to our discussion of “forward-looking statements” on page 7 of this Earnings Press Release for additional details.

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

Earnings per share ⁽¹⁾	\$3.41 to \$3.61
Depreciation and amortization of real estate assets	5.50
Allocation to unvested restricted stock awards	(0.05)
Funds from operations per share ⁽²⁾	<u>\$8.86 to \$9.06</u>
Midpoint	\$8.96

Key Assumptions

	Low	High
Occupancy percentage in North America as of December 31, 2023	94.8%	95.8%
Lease renewals and re-leasing of space:		
Rental rate increases	27.0%	32.0%
Rental rate increases (cash basis)	11.0%	16.0%
Same property performance:		
Net operating income increase	2.0%	4.0%
Net operating income increase (cash basis)	4.0%	6.0%
Straight-line rent revenue	\$ 130	\$ 145
General and administrative expenses	\$ 183	\$ 193
Capitalization of interest	\$ 342	\$ 362
Interest expense	\$ 74	\$ 94

Key Credit Metrics

	2023 Guidance
Net debt and preferred stock to Adjusted EBITDA – 4Q23 annualized	Less than or equal to 5.1x
Fixed-charge coverage ratio – 4Q23 annualized	4.5x to 5.0x

Key Sources and Uses of Capital

<i>Sources of capital:</i>			
Incremental debt	\$ 550	\$ 850	\$ 700
Excess 2022 bond capital held as cash at December 31, 2022	300	300	300
Net cash provided by operating activities after dividends	350	400	375
Real estate dispositions, sales of partial interests, and issuances of common equity	1,400	2,400	1,900
Total sources of capital	<u>\$ 2,600</u>	<u>\$ 3,950</u>	<u>\$ 3,275</u>
<i>Uses of capital:</i>			
Construction (refer to page 48)	\$ 2,400	\$ 3,550	\$ 2,975
Acquisitions (refer to page 4)	200	400	300
Total uses of capital	<u>\$ 2,600</u>	<u>\$ 3,950</u>	<u>\$ 3,275</u>
<i>Incremental debt (included above):</i>			
Issuance of unsecured senior notes payable	\$ 500	\$ 1,000	\$ 750
Unsecured senior line of credit, commercial paper, and other	50	(150)	(50)
Incremental debt	<u>\$ 550</u>	<u>\$ 850</u>	<u>\$ 700</u>

(1) Excludes unrealized gains or losses after December 31, 2022 that are required to be recognized in earnings and are excluded from funds from operations per share, as adjusted.

(2) Refer to “Funds from operations and funds from operations, as adjusted, attributable to Alexandria's common stockholders” in the “Definitions and reconciliations” of our Supplemental Information for additional details.

(3) Refer to “Key capital events” on page 2 of this Earnings Press Release for additional details. During the three months ended December 31, 2022, we entered into new forward equity sales agreements aggregating \$104.7 million to sell 699,274 shares under our ATM program at an average price of \$149.68 per share (before underwriter discounts). We expect to settle these forward equity sales agreements in 2023 and establish a new ATM program in 1Q23.

Earnings Call Information and About the Company

December 31, 2022



We will host a conference call on Tuesday, January 31, 2023, at 3:00 p.m. Eastern Time ("ET")/noon Pacific Time ("PT"), which is open to the general public, to discuss our financial and operating results for the fourth quarter and year ended December 31, 2022. To participate in this conference call, dial (833) 366-1125 or (412) 902-6738 shortly before 3:00 p.m. ET/noon PT and ask the operator to join the call for Alexandria Real Estate Equities, Inc. The audio webcast can be accessed at www.are.com in the "For Investors" section. A replay of the call will be available for a limited time from 5:00 p.m. ET/2:00 p.m. PT on Tuesday, January 31, 2023. The replay number is (877) 344-7529 or (412) 317-0088, and the access code is 7024203.

Additionally, a copy of this Earnings Press Release and Supplemental Information for the fourth quarter and year ended December 31, 2022 is available in the "For Investors" section of our website at www.are.com or by following this link: <https://www.are.com/fs/2022q4.pdf>.

For any questions, please contact Joel S. Marcus, executive chairman and founder; Peter M. Moglia, chief executive officer and co-chief investment officer; Dean A. Shigenaga, president and chief financial officer; Paula Schwartz, managing director of Rx Communications Group, at (917) 633-7790; or Sara M. Kabakoff, vice president – strategic communications.

About the Company

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 its founding in 1994, Alexandria is the preeminent and longest-tenured owner, operator, and developer of collaborative life science, agtech, and technology 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 approximately 1,000 tenants, Alexandria has a total market capitalization of \$35.0 billion and an asset base in North America of 74.6 million SF as of December 31, 2022, which includes 41.8 million RSF of operating properties and 5.6 million RSF of Class A properties undergoing construction, 9.9 million RSF of near-term and intermediate-term development and redevelopment projects, and 17.3 million SF of future development projects. Alexandria has a longstanding and proven track record of developing Class A properties clustered in life science, agtech, and technology 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 ensure 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. For additional information on Alexandria, please visit www.are.com.

This document includes "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. Such forward-looking statements include, without limitation, statements regarding our 2023 earnings per share attributable to Alexandria's common stockholders – diluted, 2023 funds from operations per share attributable to Alexandria's common stockholders – diluted, net operating income, and our projected sources and uses of capital. You can identify the forward-looking statements by their use of forward-looking words, such as "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. These forward-looking statements are based on our current expectations, beliefs, projections, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts, as well as a number of assumptions concerning future events. There can be no assurance that actual results will not be materially higher or lower than these expectations. These statements are subject to risks, uncertainties, assumptions, and other important factors that could cause actual results to differ materially from the results discussed in the forward-looking statements. Factors that might cause such a difference include, without limitation, our failure to obtain capital (debt, construction financing, and/or equity) or refinance debt maturities, lower than expected yields, increased interest rates and operating costs, adverse economic or real estate developments in our markets, our failure to successfully place into service and lease any properties undergoing development or redevelopment and our existing space held for future development or redevelopment (including new properties acquired for that purpose), our failure to successfully operate or lease acquired properties, decreased rental rates, increased vacancy rates or failure to renew or replace expiring leases, defaults on or non-renewal of leases by tenants, adverse general and local economic conditions, an unfavorable capital market environment, decreased leasing activity or lease renewals, failure to obtain LEED and other healthy building certifications and efficiencies, and other risks and uncertainties detailed in our filings with the Securities and Exchange Commission ("SEC"). Accordingly, you are cautioned not to place undue reliance on such forward-looking statements. All forward-looking statements are made as of the date of this Earnings Press Release and Supplemental Information, and unless otherwise stated, we assume no obligation to update this information and expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. For more discussion relating to risks and uncertainties that could cause actual results to differ materially from those anticipated in our forward-looking statements, and risks to our business in general, please refer to our SEC filings, including our most recent annual report on Form 10-K and any subsequent quarterly reports on Form 10-Q.

Alexandria®, Lighthouse Design® logo, Building the Future of Life-Changing Innovation®, That's What's in Our DNA®, At the Vanguard and Heart of the Life Science Ecosystem™, Alexandria Center®, Alexandria Technology Square®, Alexandria Technology Center®, and Alexandria Innovation Center® are copyrights and trademarks of Alexandria Real Estate Equities, Inc. All other company names, trademarks, and logos referenced herein are the property of their respective owners.

Consolidated Statements of Operations

December 31, 2022

(Dollars in thousands, except per share amounts)



ALEXANDRIA
Building the Future of Life-Changing Innovation®

	Three Months Ended					Year Ended	
	12/31/22	9/30/22	6/30/22	3/31/22	12/31/21	12/31/22	12/31/21
Revenues:							
Income from rentals	\$ 665,674	\$ 656,853	\$ 640,959	\$ 612,554	\$ 574,656	\$ 2,576,040	\$ 2,108,249
Other income	4,607	2,999	2,805	2,511	2,267	12,922	5,901
Total revenues	670,281	659,852	643,764	615,065	576,923	2,588,962	2,114,150
Expenses:							
Rental operations	204,352	201,189	196,284	181,328	175,717	783,153	623,555
General and administrative	42,992	49,958	43,397	40,931	41,654	177,278	151,461
Interest	17,522	22,984	24,257	29,440	34,862	94,203	142,165
Depreciation and amortization	264,480	254,929	242,078	240,659	239,254	1,002,146	821,061
Impairment of real estate	26,186	38,783	—	—	—	64,969	52,675
Loss on early extinguishment of debt	—	—	3,317	—	—	3,317	67,253
Total expenses	555,532	567,843	509,333	492,358	491,487	2,125,066	1,858,170
Equity in earnings of unconsolidated real estate joint ventures	172	40	213	220	3,018	645	12,255
Investment (loss) income	(19,653)	(32,305)	(39,481)	(240,319)	(112,884)	(331,758)	259,477
Gain on sales of real estate	—	323,699	214,219	—	124,226	537,918	126,570
Net income (loss)	95,268	383,443	309,382	(117,392)	99,796	670,701	654,282
Net income attributable to noncontrolling interests	(40,949)	(38,747)	(37,168)	(32,177)	(24,901)	(149,041)	(83,035)
Net income (loss) attributable to Alexandria Real Estate Equities, Inc.'s stockholders	54,319	344,696	272,214	(149,569)	74,895	521,660	571,247
Net income attributable to unvested restricted stock awards	(2,526)	(3,257)	(2,934)	(2,081)	(2,098)	(8,392)	(7,848)
Net income (loss) attributable to Alexandria Real Estate Equities, Inc.'s common stockholders	\$ 51,793	\$ 341,439	\$ 269,280	\$ (151,650)	\$ 72,797	\$ 513,268	\$ 563,399
Net income (loss) per share attributable to Alexandria Real Estate Equities, Inc.'s common stockholders:							
Basic	\$ 0.31	\$ 2.11	\$ 1.67	\$ (0.96)	\$ 0.47	\$ 3.18	\$ 3.83
Diluted	\$ 0.31	\$ 2.11	\$ 1.67	\$ (0.96)	\$ 0.47	\$ 3.18	\$ 3.82
Weighted-average shares of common stock outstanding:							
Basic	165,393	161,554	161,412	158,198	153,464	161,659	146,921
Diluted	165,393	161,554	161,412	158,198	154,307	161,659	147,460
Dividends declared per share of common stock	\$ 1.21	\$ 1.18	\$ 1.18	\$ 1.15	\$ 1.15	\$ 4.72	\$ 4.48

Consolidated Balance Sheets

December 31, 2022

(In thousands)

	12/31/22	9/30/22	6/30/22	3/31/22	12/31/21
Assets					
Investments in real estate	\$ 29,945,440	\$ 28,771,745	\$ 27,952,931	\$ 27,100,009	\$ 24,980,669
Investments in unconsolidated real estate joint ventures	38,435	38,285	37,587	38,456	38,483
Cash and cash equivalents	825,193	533,824	420,258	775,060	361,348
Restricted cash	32,782	332,344	97,404	95,106	53,879
Tenant receivables	7,614	7,759	7,069	7,570	7,379
Deferred rent	942,646	918,995	905,699	881,743	839,335
Deferred leasing costs	516,275	506,864	498,434	484,184	402,898
Investments	1,615,074	1,624,921	1,657,461	1,661,101	1,876,564
Other assets	1,599,940	1,633,877	1,667,210	1,801,027	1,658,818
Total assets	\$ 35,523,399	\$ 34,368,614	\$ 33,244,053	\$ 32,844,256	\$ 30,219,373
Liabilities, Noncontrolling Interests, and Equity					
Secured notes payable	\$ 59,045	\$ 40,594	\$ 24,986	\$ 208,910	\$ 205,198
Unsecured senior notes payable	10,100,717	10,098,588	10,096,462	10,094,337	8,316,678
Unsecured senior line of credit and commercial paper	—	386,666	149,958	—	269,990
Accounts payable, accrued expenses, and other liabilities	2,471,259	2,393,764	2,317,940	2,172,692	2,210,410
Dividends payable	209,131	193,623	192,571	187,701	183,847
Total liabilities	12,840,152	13,113,235	12,781,917	12,663,640	11,186,123
Commitments and contingencies					
Redeemable noncontrolling interests	9,612	9,612	9,612	9,612	9,612
Alexandria Real Estate Equities, Inc.'s stockholders' equity:					
Common stock	1,707	1,626	1,615	1,614	1,580
Additional paid-in capital	18,991,492	17,639,434	17,149,571	16,934,094	16,195,256
Accumulated other comprehensive loss	(20,812)	(24,725)	(11,851)	(5,727)	(7,294)
Alexandria Real Estate Equities, Inc.'s stockholders' equity	18,972,387	17,616,335	17,139,335	16,929,981	16,189,542
Noncontrolling interests	3,701,248	3,629,432	3,313,189	3,241,023	2,834,096
Total equity	22,673,635	21,245,767	20,452,524	20,171,004	19,023,638
Total liabilities, noncontrolling interests, and equity	\$ 35,523,399	\$ 34,368,614	\$ 33,244,053	\$ 32,844,256	\$ 30,219,373

Funds From Operations and Funds From Operations per Share

December 31, 2022

(In thousands)

The following table presents a reconciliation of net income (loss) attributable to Alexandria's common stockholders, the most directly comparable financial measure presented in accordance with U.S. generally accepted accounting principles ("GAAP"), including our share of amounts from consolidated and unconsolidated real estate joint ventures, to funds from operations attributable to Alexandria's common stockholders – diluted, and funds from operations attributable to Alexandria's common stockholders – diluted, as adjusted, for the periods below:

	Three Months Ended				Year Ended	
	12/31/22	9/30/22	6/30/22	3/31/22	12/31/21	12/31/21
Net income (loss) attributable to Alexandria's common stockholders	\$ 51,793	\$ 341,439	\$ 269,280	\$ (151,650)	\$ 72,797	\$ 513,268
Depreciation and amortization of real estate assets	261,185	251,453	238,565	237,160	234,979	988,363
Noncontrolling share of depreciation and amortization from consolidated real estate JVs	(29,702)	(27,790)	(26,418)	(23,681)	(21,265)	(107,591)
Our share of depreciation and amortization from unconsolidated real estate JVs	982	795	934	955	3,058	13,734
Gain on sales of real estate	—	(323,699)	(214,219)	—	(124,226)	(537,918)
Impairment of real estate – rental properties	20,899 ⁽¹⁾	—	—	—	—	20,899
Allocation to unvested restricted stock awards	(953)	1,002	—	—	—	(1,118)
Funds from operations attributable to Alexandria's common stockholders – diluted⁽²⁾	304,204	243,200	268,142	62,784	165,343	879,569
Unrealized losses (gains) on non-real estate investments	24,117	56,515	68,128	263,433	139,716	412,193
Significant realized gains on non-real estate investments	—	—	—	—	—	(110,119)
Impairment of non-real estate investments	20,512 ⁽³⁾	—	—	—	—	20,512 ⁽³⁾
Impairment of real estate	5,287	38,783	—	—	—	44,070
Loss on early extinguishment of debt	—	—	3,317	—	—	3,317
Acceleration of stock compensation expense due to executive officer resignation	—	7,185	—	—	—	7,185
Allocation to unvested restricted stock awards	(482)	(1,033)	(778)	(1,604)	(1,432)	(5,137)
Funds from operations attributable to Alexandria's common stockholders – diluted, as adjusted	\$ 353,638	\$ 344,650	\$ 338,809	\$ 324,613	\$ 303,627	\$1,361,709
						\$1,144,888

(1) Primarily consists of an impairment of one real estate asset recognized to reduce the carrying amount of the asset to its estimated fair value, less costs to sell, upon its classification as held for sale in December 2022. We expect to complete the sale of this asset during 2023.

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

(3) Primarily relates to three investments in privately held entities that do not report NAV.

Funds From Operations and Funds From Operations per Share (continued)

December 31, 2022

(In thousands, except per share amounts)

The following table presents a reconciliation of net income (loss) per share attributable to Alexandria'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 per share attributable to Alexandria's common stockholders – diluted, and funds from operations per share attributable to Alexandria's common stockholders – diluted, as adjusted, for the periods below. Per share amounts may not add due to rounding.

	Three Months Ended					Year Ended	
	12/31/22	9/30/22	6/30/22	3/31/22	12/31/21	12/31/22	12/31/21
Net income (loss) per share attributable to Alexandria's common stockholders – diluted	\$ 0.31	\$ 2.11	\$ 1.67	\$ (0.96)	\$ 0.47	\$ 3.18	\$ 3.82
Depreciation and amortization of real estate assets	1.41	1.39	1.32	1.36	1.40	5.47	5.07
Gain on sales of real estate	—	(2.00)	(1.33)	—	(0.80)	(3.33)	(0.86)
Impairment of real estate – rental properties	0.13 ⁽¹⁾	—	—	—	—	0.13	0.17
Allocation to unvested restricted stock awards	(0.01)	0.01	—	—	—	(0.01)	(0.04)
Funds from operations per share attributable to Alexandria's common stockholders – diluted	1.84	1.51	1.66	0.40	1.07	5.44	8.16
Unrealized losses (gains) on non-real estate investments	0.15	0.35	0.42	1.67	0.91	2.55	(0.30)
Significant realized gains on non-real estate investments	—	—	—	—	—	—	(0.75)
Impairment of non-real estate investments	0.12 ⁽¹⁾	—	—	—	—	0.13 ⁽¹⁾	—
Impairment of real estate	0.03	0.24	—	—	—	0.27	0.18
Loss on early extinguishment of debt	—	—	0.02	—	—	0.02	0.46
Acceleration of stock compensation expense due to executive officer resignation	—	0.04	—	—	—	0.04	—
Allocation to unvested restricted stock awards	—	(0.01)	—	(0.02)	(0.01)	(0.03)	0.01
Funds from operations per share attributable to Alexandria's common stockholders – diluted, as adjusted	\$ 2.14	\$ 2.13	\$ 2.10	\$ 2.05	\$ 1.97	\$ 8.42	\$ 7.76
Weighted-average shares of common stock outstanding for calculation of:							
Earnings per share – diluted	165,393	161,554	161,412	158,198	154,307	161,659	147,460
Funds from operations, diluted, per share	165,393	161,554	161,412	158,209	154,307	161,659	147,460
Funds from operations, diluted, as adjusted, per share	165,393	161,554	161,412	158,209	154,307	161,659	147,460

(1) Refer to footnotes on the previous page for additional details.