



ALEXANDRIA

AT THE VANGUARD AND HEART OF THE LIFE SCIENCE ECOSYSTEM™

Alexandria Real Estate Equities, Inc. Reports:

**2Q23 and 1H23 Net Income per Share – Diluted of \$0.51 and \$0.95, respectively; and
2Q23 and 1H23 FFO per Share – Diluted, As Adjusted, of \$2.24 and \$4.43, respectively**

PASADENA, Calif. – July 24, 2023 – Alexandria Real Estate Equities, Inc. (NYSE: ARE) announced financial and operating results for the second quarter ended June 30, 2023.

Key highlights

Operating results

	2Q23	2Q22	1H23	1H22
Total revenues:				
In millions	\$ 713.9	\$ 643.8	\$1,414.7	\$ 1,258.8
Growth	10.9%		12.4%	
Net income attributable to Alexandria's common stockholders – diluted				
In millions	\$ 87.3	\$ 269.3	\$ 162.5	\$ 118.5
Per share	\$ 0.51	\$ 1.67	\$ 0.95	\$ 0.74
Funds from operations attributable to Alexandria's common stockholders – diluted, as adjusted				
In millions	\$ 382.4	\$ 338.8	\$ 756.1	\$ 663.4
Per share	\$ 2.24	\$ 2.10	\$ 4.43	\$ 4.15

An operationally excellent, industry-leading REIT with a high-quality/diverse client base of approximately 825 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:	
Tenant receivables as of June 30, 2023	\$ 7.0 million
July 2023 tenant rent and receivables collected as of July 24, 2023	99.7%
2Q23 tenant rent and receivables collected as of July 24, 2023	99.9%
Occupancy of operating properties in North America as of June 30, 2023	93.6%
Adjusted EBITDA margin	70%
Weighted-average remaining lease term as of June 30, 2023:	
Top 20 tenants	9.4 years
All tenants	7.2 years

Continued solid leasing volume and rental rate increases with weighted-average lease terms of 13.0 years and 9.5 years for 2Q23 and 1H23, respectively

- Solid leasing activity continued in 2Q23 with leasing volume aggregating 1.3 million RSF, 77% of which was generated from our client base of approximately 825 tenants.
- 1H23 annualized leasing volume of 5.1 million RSF in line with pre-COVID leasing volume.

	2Q23	1H23
Total leasing activity – RSF	1,325,326	2,548,753
Lease renewals and re-leasing of space:		
RSF (included in total leasing activity above)	1,052,872	2,172,910
Rental rate increase	16.6%	35.1%
Rental rate increase (cash basis)	8.3%	17.9%

Continued strong net operating income and internal growth

- Net operating income (cash basis) of \$1.8 billion for 2Q23 annualized, up \$178.3 million, or 11.1%, compared to 2Q22 annualized.
- Same property net operating income growth of 3.0% and 4.9% (cash basis) for 2Q23 over 2Q22 and 3.4% and 6.5% (cash basis) for 1H23 over 1H22.
- 96% of our leases contain contractual annual rent escalations approximating 3%.

Alexandria's banking syndicate continues to support our world-class brand, differentiated business model, and laboratory space market dominance

- In June 2023, we increased the aggregate commitments available for borrowing under our unsecured senior line of credit to \$5.0 billion from \$4.0 billion. The increase was 1.7x oversubscribed, and we added one new banking relationship.

Continued strong and flexible balance sheet with 13.4 years of remaining term of debt and no debt maturities prior to 2025

- Investment-grade credit ratings ranked in the top 10% among all publicly traded U.S. REITs.
- \$6.3 billion of liquidity.
- No debt maturities prior to 2025.
- 13.4 years weighted-average remaining term of debt.
- 99.2% of our debt has a fixed rate.
- Net debt and preferred stock to Adjusted EBITDA of 5.2x, matching our second-lowest level in Company history, and fixed-charge coverage ratio of 4.7x for 2Q23 annualized.
- Total debt and preferred stock to gross assets of 27%.
- \$1.3 billion of expected capital contributions from existing real estate joint venture partners from 3Q23 through 2026 to fund construction.

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

- Common stock dividend declared for 2Q23 of \$1.24 per common share, aggregating \$4.84 per common share for the twelve months ended June 30, 2023, up 24 cents, or 5%, over the twelve months ended June 30, 2022.
- Dividend yield of 4.4% as of June 30, 2023.
- Dividend payout ratio of 55% for the three months ended June 30, 2023.
- Average annual dividend per-share growth of 6% from 2019 to 2Q23 annualized.

Focused execution on harvesting value from our asset recycling program

Our \$1.85 billion capital plan for 2023 is focused on the enhancement of our asset base through the sale of non-core properties and/or properties not integral to our mega campus strategy and comprises:

(in millions)	Completed During 2Q23	Expected Completion During 2H23
Dispositions of 100% interests in properties with strong capitalization rates	\$ 603	\$ —
Strategic partial interest sales	98	—
Executed and pending transactions subject to signed letters of intent or purchase and sale agreements	—	175
Additional targeted non-core dispositions in process	—	874
Proceeds of forward equity sales agreements entered into during 2022	—	100
Completed and pending transactions	\$ 701	\$ 1,149
Total 2023 capital plan	\$1,850	

Second Quarter Ended June 30, 2023 Financial and Operating Results (continued)

June 30, 2023

External growth and investments in real estate

Alexandria's highly leased value-creation pipeline delivers annual incremental net operating income of \$58 million commencing during 2Q23 and drives future annual incremental net operating income aggregating \$605 million

(dollars in millions)	Incremental Annual Net Operating Income	RSF	Project Leased Percentage
Placed into service ⁽¹⁾ :			
1Q23	\$ 23	453,511	100 %
2Q23	58	387,076	100
1H23	<u>\$ 81</u>	<u>840,587</u>	<u>100 %</u>
Expected to be placed into service and stabilized ⁽²⁾ :			
2H23	\$ 150	1,175,382	99 %
2024	127	1,842,713	90
2H23 through 4Q24	277	3,018,095	94
1Q25 through 2Q26	328	3,695,763	43
	<u>\$ 605</u>	<u>6,713,858</u>	<u>70 %</u> ⁽³⁾

- (1) Annual net operating income (cash basis) is expected to increase by \$38 million upon the burn-off of initial free rent from recently delivered projects, which has a weighted-average burn-off of three months.
- (2) Refer to "New Class A/A+ Development and Redevelopment Properties: Current Projects" of our Supplemental Information for additional details.
- (3) 77% of the leased RSF of our value-creation projects was generated from our client base.

Strong balance sheet management

Key metrics as of June 30, 2023

- \$30.6 billion in total market capitalization.
- \$19.4 billion in total equity capitalization, which ranks in the top 10% among all publicly traded U.S. REITs.

	2Q23		Goal
	Quarter Annualized	Trailing 12 Months	4Q23 Annualized
Net debt and preferred stock to Adjusted EBITDA	5.2x	5.4x	Less than or equal to 5.1x
Fixed-charge coverage ratio	4.7x	4.9x	4.5x to 5.0x

Key capital events

- 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 while maintaining the existing borrowing rate and maturity date.
- 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.
- As of 2Q23, we have outstanding forward equity agreements from 2022 aggregating 699 thousand shares of common stock with expected net proceeds of \$102.8 million.
- As of June 30, 2023, the remaining aggregate amount available under our ATM program for future sales of common stock was \$141.9 million.

Investments

- As of June 30, 2023:
 - Our non-real estate investments aggregated \$1.5 billion.
 - Unrealized gains presented in our consolidated balance sheet were \$251.3 million, comprising gross unrealized gains and losses aggregating \$373.3 million and \$122.0 million, respectively.
- Investment loss of \$78.3 million for 2Q23, presented in our consolidated statements of operations, consisted of \$77.9 million of unrealized losses and reclassifications, and \$371 thousand of realized losses.

Other key highlights

Nareit Investor CARE Gold Award winner

We received the 2023 Nareit Investor CARE (Communications and Reporting Excellence) Gold Award in the Large Cap Equity REIT category for superior shareholder communications and reporting. Our most recent award contributes to an impressive milestone of our sixth consecutive Nareit Investor CARE Award, our seventh Gold award, and our eighth overall award since 2015, positioning us as the equity REIT with the most Gold awards. These recognitions are directly attributed to our world-class team's operational excellence in upholding the highest levels of transparency, integrity, and accountability to our stockholders.

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

(In millions, except per share amounts)	Amount		Per Share – Diluted		Amount		Per Share – Diluted	
	2Q23	2Q22	2Q23	2Q22	1H23	1H22	1H23	1H22
Unrealized losses on non-real estate investments	\$ (77.9)	\$ (68.1)	\$ (0.46)	\$ (0.42)	\$(143.8)	\$(331.6)	\$ (0.84)	\$ (2.07)
Gain on sales of real estate	214.8	214.2	1.26	1.33	214.8	214.2	1.26	1.34
Impairment of non-real estate investments	(23.0)	—	(0.13)	—	(23.0)	—	(0.13)	—
Impairment of real estate	(168.6)	—	(0.99)	—	(168.6)	—	(0.99)	—
Loss on early extinguishment of debt	—	(3.3)	—	(0.02)	—	(3.3)	—	(0.02)
Total	<u>\$ (54.7)</u>	<u>\$ 142.8</u>	<u>\$ (0.32)</u>	<u>\$ 0.89</u>	<u>\$(120.6)</u>	<u>\$(120.7)</u>	<u>\$ (0.70)</u>	<u>\$ (0.75)</u>

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

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

- In June 2023, Alexandria released our 2022 ESG Report, which highlights our longstanding and continued leadership in ESG. The report details the advancement of our decarbonization strategy and our roadmap to climate resilience within our life science real estate asset base. It also showcases Alexandria's comprehensive efforts to catalyze the health, wellness, safety, and productivity of our employees, tenants, local communities, and the world through the built environment and beyond, including through our visionary social responsibility initiatives. Notable ESG initiatives and achievements include the following:
 - We continue to further our approach to net zero by developing an innovative greenhouse gas emissions mitigation strategy that includes reducing emissions from the operation of our real estate assets through electrification, energy efficiency, and renewable electricity.
 - We have proactively taken steps to incorporate electrification into some of our development projects, including at 230 Harriet Tubman Way on our Alexandria Center® for Life Science – Millbrae campus in our South San Francisco submarket.
 - We look for opportunities to utilize alternative energy sources, such as geothermal energy. In our Greater Boston region, our 325 Binney Street development, Moderna's new HQ and core R&D operations, is designed to be the most sustainable laboratory building in Cambridge, and our 15 Necco Street development is a state-of-the-art low-carbon laboratory building for Eli Lilly. 325 Binney Street and 15 Necco Street are targeting a 92% and 74% reduction in fossil fuel use, respectively.
 - We also continue to increase our consumption of renewable electricity. With our new solar power purchase agreement to take effect in our Greater Boston region in 2024, 100% of the electricity consumed by Greater Boston will be from renewable electricity, assuming 2022 levels of use for Alexandria-paid utility accounts.
 - Pursuing Zero Energy certifications for two projects: 325 Binney Street, which is targeting LEED Zero Energy certification and is designed to be the most sustainable laboratory building in Cambridge, and 685 Gateway Boulevard in our South San Francisco submarket, which is designated as Zero Energy Ready and is on track to achieve ILFI Zero Energy certification.
- In our Lake Union submarket, Alexandria received the 2023 BOMA Pacific Northwest TOBY (The Outstanding Building of the Year) Award in the Corporate Facility category for 1165 Eastlake Avenue East on The Eastlake Life Science by Alexandria mega campus. The TOBY Awards honor and recognize quality in commercial buildings and reward excellence in building management.

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 advanced 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 825 tenants, Alexandria has a total market capitalization of \$30.6 billion and an asset base in North America of 74.9 million SF as of June 30, 2023, which includes 41.1 million RSF of operating properties and 5.3 million RSF of Class A/A+ properties undergoing construction, 9.4 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 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.

Guidance

June 30, 2023

(Dollars in millions)

Guidance for 2023 has been updated to reflect our current view of existing market conditions and assumptions 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. Also, refer to our discussion of “forward-looking statements” on page 8 of this Earnings Press Release for additional details. Key updates to the midpoints of our guidance ranges for our 2023 key sources and uses of capital include the following:

- During the three months ended June 30, 2023, we pivoted our strategy toward harvesting value by selling 100% interests in non-core properties and/or properties not integral to our mega campus strategy in lieu of seeking a new real estate joint venture partner for one of our active development projects.
 - This resulted in increases to (i) proceeds from dispositions and sales of partial interests by \$225 million, and (ii) our share of construction spending by \$210 million, as this amount was previously expected to be funded by a future joint venture partner.
 - The revised midpoint to our 2023 guidance range for dispositions and sales of partial interests is \$1.75 billion.
 - The revised midpoint to our 2023 guidance range for construction spending is \$2.9 billion. Total 2023 construction spending before contributions from real estate joint venture partners remains unchanged from our prior forecast at \$3.5 billion (refer to page 48).

Key Sources and Uses of Capital	Midpoint			As of 7/24/23			
	As of 4/24/23	Key Changes	As of 7/24/23	Range		Midpoint	Certain Completed Items
<i>Sources of capital:</i>							
Incremental debt	\$ 650	\$ (15)	\$ 635	\$ 560	\$ 710	\$ 635	
Excess 2022 bond capital held as cash at December 31, 2022	300	—	300	300	300	300	\$ 300 ⁽¹⁾
Net cash provided by operating activities after dividends	375	—	375	350	400	375	
Dispositions and sales of partial interests (refer to page 7)	1,525	225	1,750	1,650	1,850	1,750	\$ 701 ⁽²⁾
Future settlement of forward equity sales agreements outstanding as of December 31, 2022	100	—	100	100	100	100	\$ 100 ⁽³⁾
Total sources of capital before excess cash expected to be held at December 31, 2023	<u>\$ 2,950</u>	<u>\$ 210</u>	<u>\$ 3,160</u>	2,960	3,360	3,160	
Cash expected to be held at December 31, 2023 ⁽⁴⁾	<u>\$ 275</u>	<u>\$ —</u>	<u>\$ 275</u>	125	425	275	
Total sources of capital				<u>\$ 3,085</u>	<u>\$ 3,785</u>	<u>\$ 3,435</u>	
<i>Uses of capital:</i>							
Construction (refer to page 48)	\$ 2,725	\$ 210	\$ 2,935	\$ 2,785	\$ 3,085	\$ 2,935	
Acquisitions (refer to page 6)	225	—	225	175	275	225	\$ 235
Total uses of capital	<u>\$ 2,950</u>	<u>\$ 210</u>	<u>\$ 3,160</u>	<u>\$ 2,960</u>	<u>\$ 3,360</u>	<u>\$ 3,160</u>	
<i>Incremental debt (included above):</i>							
Issuance of unsecured senior notes payable				\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000 ⁽⁵⁾
Unsecured senior line of credit, commercial paper, and other				(440)	(290)	(365)	
Net incremental debt				<u>\$ 560</u>	<u>\$ 710</u>	<u>\$ 635</u>	

(1) 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.

(2) In addition to completed transactions, we have pending transactions subject to signed letters of intent or purchase and sale agreements aggregating \$175.0 million as of July 24, 2023.

(3) 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 second half of 2023.

(4) Represents estimated excess 2023 bond capital proceeds expected to be held as cash at December 31, 2023, which reduces our 2024 debt capital needs.

(5) Represents \$1.0 billion of unsecured senior notes payable issued in February 2023.

Guidance (continued)

June 30, 2023

(Dollars in millions, except per share amounts)



ALEXANDRIA
Building the Future of Life-Changing Innovation®

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

	As of 7/24/23	As of 4/24/23	Key Changes
Earnings per share ⁽¹⁾	\$2.72 to \$2.78	\$2.21 to \$2.31	
Depreciation and amortization of real estate assets	5.55	5.55	
Gain on sales of real estate	(1.26)	—	(2)
Impairment of real estate – rental properties	0.98	0.81	(3)
Allocation to unvested restricted stock awards	(0.04)	(0.04)	
Funds from operations per share ⁽⁴⁾	\$7.95 to \$8.01	\$8.53 to \$8.63	
Unrealized losses on non-real estate investments	0.84	0.39	(3)
Impairment of non-real estate investments	0.13	—	
Impairment of real estate	0.02	—	
Allocation to unvested restricted stock awards	(0.01)	(0.01)	
Funds from operations per share, as adjusted ⁽⁴⁾	<u>\$8.93 to \$8.99</u>	<u>\$8.91 to \$9.01</u>	No change to midpoint; range narrowed by 4 cents
Midpoint	\$8.96	\$8.96	

Key Assumptions	As of 7/24/23		As of 4/24/23		Key Changes
	Low	High	Low	High	
Occupancy percentage 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	\$ 183	\$ 193	\$ 183	\$ 193	
Capitalization of interest	\$ 342	\$ 362	\$ 342	\$ 362	
Interest expense	\$ 74	\$ 94	\$ 74	\$ 94	

Key Credit Metrics	As of 7/24/23	As of 4/24/23	Key Changes
Net debt and preferred stock to Adjusted EBITDA – 4Q23 annualized	Less than or equal to 5.1x	Less than or equal to 5.1x	No change
Fixed-charge coverage ratio – 4Q23 annualized	4.5x to 5.0x	4.5x to 5.0x	

(1) Excludes unrealized gains or losses after June 30, 2023 that are required to be recognized in earnings and are excluded from funds from operations per share, as adjusted.

(2) Refer to "Dispositions and sales of partial interests" in this Earnings Press Release for additional information.

(3) Refer to "Funds from operations and funds from operations per share" in this Earnings Press Release for additional information.

(4) 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.

Acquisitions

June 30, 2023

(Dollars in thousands)

Property	Submarket/Market	Date of Purchase	Number of Properties	Operating Occupancy	Square Footage				Purchase Price
					Acquisitions With Development/Redevelopment Opportunities ⁽¹⁾			Total ⁽²⁾	
					Future Development	Active Development/ Redevelopment	Operating With Future Development/ Redevelopment		
Completed in 1H23:									
Canada	Canada	1/30/23	1	100%	—	—	247,743	247,743	\$ 100,837
Other	Various		2	100	1,089,349	110,717	10,000	1,210,066	125,103
			3	100%	1,089,349	110,717	257,743	1,457,809	225,940
Completed in July 2023									9,495
2023 acquisitions completed as of July 24, 2023									\$ 235,435
2023 guidance range								\$175,000 – \$275,000	

(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 operation with future development or redevelopment opportunities. Refer to "Investments in real estate" in the "Definitions and reconciliations" of our Supplemental Information for additional details on value-creation square feet currently included in rental properties.

Dispositions and Sales of Partial Interests

June 30, 2023

(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
Completed in 1H23:								
<i>Value harvesting 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 ⁽¹⁾	Route 128 and Cambridge/Inner Suburbs/Greater Boston	6/13/23	100%	428,663	5.0 % ⁽¹⁾	5.2 % ⁽¹⁾	\$ 365,226	\$ 852
11119 North Torrey Pines Road ⁽²⁾	Torrey Pines/San Diego	5/4/23	100%	72,506	4.4 % ⁽²⁾	4.6 % ⁽²⁾	86,000	\$ 1,186
275 Grove Street ⁽³⁾	Route 128/Greater Boston	6/27/23	100%	509,702	N/A	N/A	109,349	N/A
Other							42,092	
							602,667 ⁽⁴⁾	
<i>Strategic partial interest sales</i>								
15 Necco Street ⁽⁵⁾	Seaport Innovation District/ Greater Boston	4/11/23	18% ⁽⁵⁾	345,995	6.6 %	5.4 %	66,108	\$ 1,626
9625 Towne Centre Drive ⁽⁶⁾	University Town Center/San Diego	6/21/23	20.1%	163,648	4.2 %	4.5 %	32,261	\$ 981
							98,369	
							701,036	
Pending as of July 24, 2023:								
421 Park Drive ⁽⁷⁾	Fenway/Greater Boston		⁽⁷⁾	⁽⁷⁾			155,000	
Executed and pending transactions subject to signed letters of intent or purchase and sale agreements							20,000	
Total pending and under executed letters of intent or purchase and sales agreements							175,000	
							876,036	
Additional targeted non-core dispositions in process							873,964	
2023 dispositions and sales of partial interests (midpoint)							\$ 1,750,000	
2023 guidance range							\$1,650,000 – \$1,850,000	

- (1) We calculated capitalization rates based upon net operating income and net operating income (cash basis) for 2Q23 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 and a value-creation margin of 80%.
- (2) We calculated capitalization rates based upon net operating income and net operating income (cash basis) for 1Q23 annualized. Upon completion of the sale, we recognized a gain on sale of real estate aggregating \$27.6 million and a value-creation margin of 34%.
- (3) During 2Q23, 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) Dispositions completed during the three months ended June 30, 2023 had annual net operating income of \$32.4 million with a weighted-average disposition date of June 13, 2023 (weighted by net operating income for 2Q23 annualized).
- (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 this property. 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% 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 2Q23 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 and a value-creation margin of 88%.
- (7) Represents the disposition of 268,023 RSF of a 660,034 RSF near-term development at 421 Park Drive. The proceeds from this transaction will help fund our remaining 392,011 RSF of the project. The project is expected to commence vertical construction later this year and be completed in 2026. The buyer will fund the project costs related to 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.

Earnings Call Information and About the Company

June 30, 2023



We will host a conference call on Tuesday, July 25, 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 second quarter ended June 30, 2023. 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.alexandria-re.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, July 25, 2023. The replay number is (877) 344-7529 or (412) 317-0088, and the access code is 6301307.

Additionally, a copy of this Earnings Press Release and Supplemental Information for the second quarter ended June 30, 2023 is available in the "For Investors" section of our website at www.alexandria-re.com or by following this link: <https://www.alexandria-re.com/fs/2023q2.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, senior vice president – chief content officer.

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 advanced 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 825 tenants, Alexandria has a total market capitalization of \$30.6 billion and an asset base in North America of 74.9 million SF as of June 30, 2023, which includes 41.1 million RSF of operating properties and 5.3 million RSF of Class A/A+ properties undergoing construction, 9.4 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 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.alexandria-re.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.

This document is not an offer to sell or a solicitation to buy securities of Alexandria Real Estate Equities, Inc. Any offers to sell or solicitations to buy our securities shall be made only by means of a prospectus approved for that purpose. Unless otherwise indicated, the "Company," "Alexandria," "ARE," "we," "us," and "our" refer to Alexandria Real Estate Equities, Inc. and our consolidated subsidiaries. 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

June 30, 2023

(Dollars in thousands, except per share amounts)



ALEXANDRIA
Building the Future of Life-Changing Innovation®

	Three Months Ended					Six Months Ended	
	6/30/23	3/31/23	12/31/22	9/30/22	6/30/22	6/30/23	6/30/22
Revenues:							
Income from rentals	\$ 704,339	\$ 687,949	\$ 665,674	\$ 656,853	\$ 640,959	\$ 1,392,288	\$ 1,253,513
Other income	9,561	12,846	4,607	2,999	2,805	22,407	5,316
Total revenues	713,900	700,795	670,281	659,852	643,764	1,414,695	1,258,829
Expenses:							
Rental operations	211,834	206,933	204,352	201,189	196,284	418,767	377,612
General and administrative	45,882	48,196	42,992	49,958	43,397	94,078	84,328
Interest	17,072	13,754	17,522	22,984	24,257	30,826	53,697
Depreciation and amortization	273,555	265,302	264,480	254,929	242,078	538,857	482,737
Impairment of real estate	168,575 ⁽¹⁾	—	26,186	38,783	—	168,575	—
Loss on early extinguishment of debt	—	—	—	—	3,317	—	3,317
Total expenses	716,918	534,185	555,532	567,843	509,333	1,251,103	1,001,691
Equity in earnings of unconsolidated real estate joint ventures	181	194	172	40	213	375	433
Investment loss	(78,268)	(45,111)	(19,653)	(32,305)	(39,481)	(123,379)	(279,800)
Gain on sales of real estate	214,810	—	—	323,699	214,219	214,810	214,219
Net income	133,705	121,693	95,268	383,443	309,382	255,398	191,990
Net income attributable to noncontrolling interests	(43,768)	(43,831)	(40,949)	(38,747)	(37,168)	(87,599)	(69,345)
Net income attributable to Alexandria Real Estate Equities, Inc.'s stockholders	89,937	77,862	54,319	344,696	272,214	167,799	122,645
Net income attributable to unvested restricted stock awards	(2,677)	(2,606)	(2,526)	(3,257)	(2,934)	(5,283)	(4,134)
Net income attributable to Alexandria Real Estate Equities, Inc.'s common stockholders	\$ 87,260	\$ 75,256	\$ 51,793	\$ 341,439	\$ 269,280	\$ 162,516	\$ 118,511
Net income per share attributable to Alexandria Real Estate Equities, Inc.'s common stockholders:							
Basic	\$ 0.51	\$ 0.44	\$ 0.31	\$ 2.11	\$ 1.67	\$ 0.95	\$ 0.74
Diluted	\$ 0.51	\$ 0.44	\$ 0.31	\$ 2.11	\$ 1.67	\$ 0.95	\$ 0.74
Weighted-average shares of common stock outstanding:							
Basic	170,864	170,784	165,393	161,554	161,412	170,824	159,814
Diluted	170,864	170,784	165,393	161,554	161,412	170,824	159,814
Dividends declared per share of common stock	\$ 1.24	\$ 1.21	\$ 1.21	\$ 1.18	\$ 1.18	\$ 2.45	\$ 2.33

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

Consolidated Balance Sheets

June 30, 2023

(In thousands)

	6/30/23	3/31/23	12/31/22	9/30/22	6/30/22
Assets					
Investments in real estate	\$ 31,178,054	\$ 30,889,395	\$ 29,945,440	\$ 28,771,745	\$ 27,952,931
Investments in unconsolidated real estate joint ventures	37,801	38,355	38,435	38,285	37,587
Cash and cash equivalents	924,370	1,263,452	825,193	533,824	420,258
Restricted cash	35,920	34,932	32,782	332,344	97,404
Tenant receivables	6,951	8,197	7,614	7,759	7,069
Deferred rent	984,366	974,865	942,646	918,995	905,699
Deferred leasing costs	520,610	527,848	516,275	506,864	498,434
Investments	1,495,994	1,573,018	1,615,074	1,624,921	1,657,461
Other assets	1,475,191	1,602,403	1,599,940	1,633,877	1,667,210
Total assets	\$ 36,659,257	\$ 36,912,465	\$ 35,523,399	\$ 34,368,614	\$ 33,244,053
Liabilities, Noncontrolling Interests, and Equity					
Secured notes payable	\$ 91,939	\$ 73,645	\$ 59,045	\$ 40,594	\$ 24,986
Unsecured senior notes payable	11,091,424	11,089,124	10,100,717	10,098,588	10,096,462
Unsecured senior line of credit and commercial paper	—	374,536	—	386,666	149,958
Accounts payable, accrued expenses, and other liabilities	2,494,087	2,479,047	2,471,259	2,393,764	2,317,940
Dividends payable	214,555	209,346	209,131	193,623	192,571
Total liabilities	13,892,005	14,225,698	12,840,152	13,113,235	12,781,917
Commitments and contingencies					
Redeemable noncontrolling interests	52,628	44,862	9,612	9,612	9,612
Alexandria Real Estate Equities, Inc.'s stockholders' equity:					
Common stock	1,709	1,709	1,707	1,626	1,615
Additional paid-in capital	18,812,318	18,902,821	18,991,492	17,639,434	17,149,571
Accumulated other comprehensive loss	(16,589)	(20,536)	(20,812)	(24,725)	(11,851)
Alexandria Real Estate Equities, Inc.'s stockholders' equity	18,797,438	18,883,994	18,972,387	17,616,335	17,139,335
Noncontrolling interests	3,917,186	3,757,911	3,701,248	3,629,432	3,313,189
Total equity	22,714,624	22,641,905	22,673,635	21,245,767	20,452,524
Total liabilities, noncontrolling interests, and equity	\$ 36,659,257	\$ 36,912,465	\$ 35,523,399	\$ 34,368,614	\$ 33,244,053

Funds From Operations and Funds From Operations per Share

June 30, 2023

(In thousands)



The following table presents a reconciliation of net income 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					Six Months Ended	
	6/30/23	3/31/23	12/31/22	9/30/22	6/30/22	6/30/23	6/30/22
Net income attributable to Alexandria's common stockholders	\$ 87,260	\$ 75,256	\$ 51,793	\$ 341,439	\$ 269,280	\$ 162,516	\$ 118,511
Depreciation and amortization of real estate assets	270,026	262,124	261,185	251,453	238,565	532,150	475,725
Noncontrolling share of depreciation and amortization from consolidated real estate JVs	(28,220)	(28,178)	(29,702)	(27,790)	(26,418)	(56,398)	(50,099)
Our share of depreciation and amortization from unconsolidated real estate JVs	855	859	982	795	934	1,714	1,889
Gain on sales of real estate	(214,810)	—	—	(323,699)	(214,219)	(214,810)	(214,219)
Impairment of real estate – rental properties	166,602 ⁽¹⁾	—	20,899	—	—	166,602	—
Allocation to unvested restricted stock awards	(872)	(1,359)	(953)	1,002	—	(2,220)	—
Funds from operations attributable to Alexandria's common stockholders – diluted⁽²⁾	280,841	308,702	304,204	243,200	268,142	589,554	331,807
Unrealized losses on non-real estate investments	77,897	65,855	24,117	56,515	68,128	143,752	331,561
Impairment of non-real estate investments	22,953 ⁽³⁾	—	20,512	—	—	22,953	—
Impairment of real estate	1,973	—	5,287	38,783	—	1,973	—
Loss on early extinguishment of debt	—	—	—	—	3,317	—	3,317
Acceleration of stock compensation expense due to executive officer resignation	—	—	—	7,185	—	—	—
Allocation to unvested restricted stock awards	(1,285)	(867)	(482)	(1,033)	(778)	(2,164)	(3,264)
Funds from operations attributable to Alexandria's common stockholders – diluted, as adjusted	\$ 382,379	\$ 373,690	\$ 353,638	\$ 344,650	\$ 338,809	\$ 756,068	\$ 663,421

(1) Primarily related to an impairment charge aggregating \$145.4 million at an office campus located at 275 Grove Street in our Route 128 submarket to reduce our investment in this campus to fair value less costs to sell.

(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.

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

June 30, 2023

(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					Six Months Ended	
	6/30/23	3/31/23	12/31/22	9/30/22	6/30/22	6/30/23	6/30/22
Net income per share attributable to Alexandria's common stockholders – diluted	\$ 0.51	\$ 0.44	\$ 0.31	\$ 2.11	\$ 1.67	\$ 0.95	\$ 0.74
Depreciation and amortization of real estate assets	1.42	1.38	1.41	1.39	1.32	2.80	2.68
Gain on sales of real estate	(1.26)	—	—	(2.00)	(1.33)	(1.26)	(1.34)
Impairment of real estate – rental properties	0.98	—	0.13	—	—	0.98	—
Allocation to unvested restricted stock awards	(0.01)	(0.01)	(0.01)	0.01	—	(0.02)	—
Funds from operations per share attributable to Alexandria's common stockholders – diluted	1.64	1.81	1.84	1.51	1.66	3.45	2.08
Unrealized losses on non-real estate investments	0.46	0.39	0.15	0.35	0.42	0.84	2.07
Impairment of non-real estate investments	0.13	—	0.12	—	—	0.13	—
Impairment of real estate	0.02	—	0.03	0.24	—	0.02	—
Loss on early extinguishment of debt	—	—	—	—	0.02	—	0.02
Acceleration of stock compensation expense due to executive officer resignation	—	—	—	0.04	—	—	—
Allocation to unvested restricted stock awards	(0.01)	(0.01)	—	(0.01)	—	(0.01)	(0.02)
Funds from operations per share attributable to Alexandria's common stockholders – diluted, as adjusted	\$ 2.24	\$ 2.19	\$ 2.14	\$ 2.13	\$ 2.10	\$ 4.43	\$ 4.15
Weighted-average shares of common stock outstanding – diluted	170,864	170,784	165,393	161,554	161,412	170,824	159,814