Alexandria Real Estate Equities, Inc.,
at the Vanguard of the Life Science Industry,
Providing High-Quality Office/Laboratory Space to Meet Historic-High Demand, Reports:
3Q21 and YTD 3Q21 Net Income per Share – Diluted of $0.67 and $3.38, respectively;
3Q21 and YTD 3Q21 FFO per Share – Diluted, As Adjusted, of $1.95 and $5.80, respectively

PASADENA, Calif. – October 25, 2021 – Alexandria Real Estate Equities, Inc. (NYSE:ARE) announced financial and operating results for the third quarter ended September 30, 2021.

Key highlights

Operating results	3Q21	3Q20	YTD 3Q21	YTD 3Q20
Total revenues:				
In millions	$ 547.8	$ 545.0	$1,537.2	$ 1,421.9
Growth	0.5% (1)		8.1% (1)	
Net income attributable to Alexandria's common stockholders – diluted				
In millions	$ 101.3	$ 79.3	$ 490.6	$ 324.2
Per share	$ 0.67	$ 0.63	$ 3.38	$ 2.61
Funds from operations attributable to Alexandria's common stockholders – diluted, as adjusted				
In millions	$ 296.0	$ 230.7	$ 841.3	$ 677.1
Per share	$ 1.95	$ 1.83	$ 5.80	$ 5.46

(1) 3Q20 includes a termination fee of $89.5 million. Growth for 3Q21 and YTD 3Q21 was 20.2% and 15.4%, respectively, excluding this termination fee.

Strategic relationship with Moderna, Inc. leads to new HQ and R&D facility at 325 Binney Street, representing largest life science lease executed in Company history

In September 2021, we signed a 15-year full-building lease with Moderna, Inc. to develop, construct, and operate its new headquarters and core R&D facility at 325 Binney Street, a leading-edge 462,100 RSF property designed to be the most sustainable laboratory building in Cambridge, representing the largest life science lease in Company history.

Historic-high year-to-date leasing volume and continued strong rental rate growth

- During YTD 3Q21, historic demand for our high-quality office/laboratory space translated into 5.4 million RSF of leasing activity in only nine months, representing the highest leasing activity in Company history, surpassing our record annual leasing of 5.1 million RSF in 2019.
- Continued strong leasing activity and rental rate growth during 3Q21 and YTD 3Q21 over expiring rates on renewed and re-leased space:

	3Q21	YTD 3Q21
Total leasing activity – RSF	1,810,630	5,422,127
Leasing of development and redevelopment space – RSF	1,005,890 (1)	2,071,750
Lease renewals and re-leasing of space:		
RSF (included in total leasing activity above)	671,775	2,666,313
Rental rate increases	35.3%	39.4%
Rental rate increases (cash basis)	19.3%	22.3%

(1) Represents the second highest leasing quarter of development and redevelopment square footage in Company history.

Continued strong net operating income and internal growth

- Net operating income (cash basis) of $1.3 billion for 3Q21 annualized, up $234.3 million, or 21.2%, compared to 3Q20 annualized, excluding the effect of income recognized during 3Q20 aggregating $86.2 million, which comprised a termination fee of $89.5 million and related expenses of $3.3 million.
- 95% of our leases contain contractual annual rent escalations approximating 3%.
- Same property net operating income growth:
  - 3.0% and 7.1% (cash basis) for 3Q21 over 3Q20.
  - 4.1% and 7.3% (cash basis) for YTD 3Q21 over YTD 3Q20.

A REIT industry-leading high-quality tenant roster with high-quality revenues and cash flows, strong margins, and operational excellence

Percentage of annual rental revenue in effect from investment-grade or publicly traded large cap tenants	53%	
Occupancy of operating properties in North America	94.4%	
Occupancy of operating properties in North America (excluding vacancy at recently acquired properties)	98.5% (1)	
Operating margin	70%	
Adjusted EBITDA margin	68%	
Weighted-average remaining lease term:		
All tenants	7.4	years
Top 20 tenants	10.6	years

(1) Excludes 1.6 million RSF, or 4.1%, of vacancy at recently acquired properties, representing lease-up opportunities that are expected to provide incremental annual rental revenues in excess of $59 million upon full lease-up. Excluding acquired vacancies, occupancy was 98.5% as of September 30, 2021, up 80 bps from 97.7% as of December 31, 2020. Refer to "Occupancy" in our Supplemental Information.

Credit rating outlook improvement

In October 2021, S&P Global Ratings upgraded our corporate issuer credit rating outlook to BBB+/Positive from BBB+/Stable as a result of our consistently strong operating performance and long-term positive fundamentals.

Strong and flexible balance sheet with significant liquidity

- Investment-grade credit ratings ranked in the top 10% among all publicly traded U.S. REITs as of September 30, 2021.
- Net debt and preferred stock to Adjusted EBITDA of 5.8x and fixed-charge coverage ratio of 5.1x for 3Q21 annualized.
- Net debt to gross assets of 28% as of September 30, 2021.
- $4.0 billion of liquidity as of September 30, 2021.

ALEXANDRIA. Building the Future of Life-Changing Innovation™

Continued dividend strategy to share growth in cash flows with stockholders

Common stock dividend declared for 3Q21 of $1.12 per common share, aggregating $4.42 per common share for the twelve months ended September 30, 2021, up 24 cents, or 6%, over the twelve months ended September 30, 2020. Our FFO payout ratio of 58% for the three months ended September 30, 2021, allows us to continue to share growth in cash flows from operating activities with our stockholders while also retaining a significant portion for reinvestment.

Sustained strength in tenant collections

- Tenant collections remain consistently high, with 99.6% of October 2021 billings collected as of the date of this release.
- As of September 30, 2021, our tenant receivables balance of $7.7 million continues to be near historical lows.

Key items included in operating results

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

	3Q21	3Q20	3Q21	3Q20	YTD 3Q21	YTD 3Q20	YTD 3Q21	YTD 3Q20
(In millions, except per share amounts)	Amount		Per Share – Diluted		Amount		Per Share – Diluted	
Unrealized (losses) gains on non-real estate investments	$ (14.4)	$ (14.0)	$ (0.10)	$ (0.11)	$183.3	$140.5	$ 1.26	$ 1.13
Significant realized gains on non-real estate investments	52.4 (1)	—	0.35	—	110.1	—	0.76	—
(Loss) gain on sales of real estate	(0.4)	1.6	—	0.01	2.3	1.6	0.02	0.01
Impairment of real estate	(42.6) (1)	(7.7)	(0.28)	(0.06)	(52.7)	(30.5)	(0.37)	(0.24)
Impairment of non-real estate investments	—	—	—	—	—	(24.5)	—	(0.20)
Loss on early extinguishment of debt	—	(52.8)	—	(0.42)	(67.3)	(52.8)	(0.46)	(0.42)
Termination fee(1)	—	86.2	—	0.69	—	86.2	—	0.69
Acceleration of stock compensation expense due to executive officer resignation	—	(4.5)	—	(0.04)	—	(4.5)	—	(0.04)
Total	$ (5.0)	$ 8.8	$ (0.03)	$ 0.07	$175.7	$116.0	$ 1.21	$ 0.93

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

Alexandria at the vanguard of innovation for over 750 tenants, with a focus to accommodate current tenant needs plus a path for their future growth

During 3Q21, we completed acquisitions in our key life science cluster submarkets aggregating 5.6 million SF, comprising 4.9 million RSF of value-creation opportunities and 0.7 million RSF of operating space, for an aggregate purchase price of $989.7 million.

Robust leasing activity of development and redevelopment projects

Historically high demand for our value-creation development and redevelopment projects of high-quality office/laboratory space, as well as continued operational excellence at our world-class, sophisticated laboratory facilities, and strong execution by our team, has translated into record leases executed in the nine months ended September 30, 2021, aggregating 2.1 million RSF, related to our development and redevelopment projects.

Value-creation development and redevelopment projects expected to generate significant growth in rental revenues and cash flows

Our highly leased value-creation pipeline of current and near-term projects that are under construction or will commence in the next six quarters is expected to generate significant incremental revenues, as follows:

Under Construction		Key Projects Expected to Commence Construction in the Next Six Quarters(1)		Incremental Projected Annual Rental Revenues
4.3 Million RSF 37 Properties 79% Leased/Negotiating	+	3.4 Million RSF 20 Properties 80% Leased/Negotiating	=	> $615 Million

(1) We expect to commence construction of other projects in 2022.

- Approximately 93% of leased/negotiating activity related to the 7.7 million RSF of projects under construction or expected to commence construction in the next six quarters, is from existing relationships.
- In October 2021, our Alexandria Center® for Life Science – Fenway campus received entitlement rights to develop 450,000 SF of office/laboratory space.

Delivery of fully leased value-creation projects

- During 3Q21, we placed into service development and redevelopment projects aggregating 238,163 RSF that are 100% leased across four submarkets.
- Commencement of three value-creation projects aggregating 1.1 million RSF during 3Q21, including a 462,100 RSF development project at 325 Binney Street in our Cambridge submarket and a 229,000 RSF development project at 751 Gateway Boulevard in our South San Francisco submarket, which are 100% leased and 100% negotiating, respectively.
- Annual net operating income (cash basis) is expected to increase by $45 million upon the burn-off of initial free rent from recently delivered projects.

Key strategic transactions that generated capital for investment into our highly leased value-creation pipeline and acquisitions with development and redevelopment opportunities

- During 3Q21, we completed dispositions of and sales of partial interests in real estate assets aggregating $339.4 million in our key life science cluster submarkets.
- In October 2021, we completed the recapitalization of two consolidated real estate joint ventures in our Mission Bay submarket:

	409 and 499 Illinois Street		1500 Owens Street	
(Dollars in thousands)	Alexandria	JV Partner	Alexandria	JV Partner
Previous ownership	60%	40%	50.1%	49.9%
Recapitalization in October 2021	25%	75%	25%	75%
Sale of ownership interest	35%		25.1%	
Sales price (our share)	$274,681			
Capitalization rate	5.0%			
Capitalization rate (cash)	4.2%			

We retained control over these joint ventures and continue to consolidate them in our financial statements. Refer to "Dispositions and sales of partial interest" of this Earnings Press Release for additional details on these transactions.

Balance sheet management

Key metrics as of September 30, 2021

- $38.6 billion of total market capitalization.
- $29.3 billion of total equity capitalization.
- No debt maturities prior to 2024.
- 11.9 years weighted-average remaining term of debt as of September 30, 2021.
- Investment-grade credit ratings ranked in the top 10% among all publicly traded U.S. REITs as of September 30, 2021.

	3Q21		Goal
	Quarter Annualized	Trailing 12 Months	4Q21 Annualized
Net debt and preferred stock to Adjusted EBITDA	5.8x	6.2x	Less than or equal to 5.2x
Fixed-charge coverage ratio	5.1x	4.8x	Greater than or equal to 5.0x

Value-creation pipeline of new Class A development and redevelopment projects as a percentage of gross assets	3Q21
Under construction projects	7%
Pre-leased/negotiating near-term projects and key pending acquisition	2%
Income-producing/potential cash flows/covered land play(1)	5%
Land	2%

(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.

Key capital events

- During 3Q21, we issued 2.5 million shares under our ATM program at a price of $200.73 per share (before underwriting discounts) and received net proceeds of $492.3 million. As of 3Q21, we have no amounts remaining under our ATM program. We expect to establish a new ATM program during 4Q21.
- As of September 30, 2021, we had outstanding forward equity sales agreements aggregating $771.9 million to sell 4.6 million shares of our common stock. We expect to settle these forward equity sales agreements in 4Q21.

Investments

- As of September 30, 2021, our investments aggregated $2.0 billion, including unrealized gains of $929.8 million.
- Investment income of $67.1 million for 3Q21 included $81.5 million in realized gains and $14.4 million in unrealized losses.

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

- In October 2021, our ESG commitment and leadership was recognized in the 2021 Global Real Estate Sustainability Benchmark ("GRESB") Real Estate Assessment, including the following achievements: (i) Global Sector Leader and a 5 Star rating — GRESB's highest rating — in the Diversified Listed sector for buildings in development, (ii) #2 ranking in the U.S. in the Science & Technology sector for buildings in operation, and (iii) fourth consecutive "A" disclosure score.
- In October 2021, Alexandria received an ESG Rating of A from MSCI as a result of our continued advancement of green building opportunities, recognition of talent management programs, and below-industry-average turnover rate, among other achievements. Our MSCI ESG Rating of A is currently ranked in the top 10% among all publicly traded U.S. equity REITs. An MSCI ESG Rating is designed to measure a company's resilience to long-term industry-material ESG risks.
- In September 2021, Alexandria achieved the Fitwel Viral Response Certification With Distinction, the highest certification level within the Fitwel Viral Response module, for the second consecutive year. This evidence-based, third-party certification recognizes the Company's comprehensive and rigorous approach to protecting the health of its building occupants.
- In September 2021, the National September 11 Memorial & Museum honored Joel S. Marcus, our executive chairman and founder, for Distinction in Civic Engagement and Renewal, recognizing his meaningful contributions to and unwavering support of the 9/11 Memorial & Museum and its mission. As an active supporter of the Memorial & Museum since it opened in 2014, Mr. Marcus has served as a member of its board of trustees since his appointment in 2018 by former New York City Mayor Michael Bloomberg.
- In September 2021, OneFifteen, an innovative non-profit healthcare ecosystem dedicated to the full and sustained recovery of people living with addiction, received an honorable mention in Fast Company's 2021 Innovation by Design Awards in the Impact category. Alexandria led the design and development of the pioneering OneFifteen campus in Dayton, Ohio, which houses a unique, evidence-based model encompassing a full continuum of care in one location, from intake, medication-assisted treatment, and residential living to family reunification, job training, and community transition.
- In July 2021, Alexandria Venture Investments, our strategic venture capital platform, was recognized by Silicon Valley Bank in its Healthcare Investments and Exits: Mid-Year 2021 Report as the most active biopharma corporate investor by new deal volume from 2020 to 1H21 for the fourth consecutive year and as the most active new Series A investor in biopharma from 2020 to 1H21. Alexandria's venture activity provides us with, among other things, mission-critical data and knowledge on innovations and trends.

Acquisitions

September 30, 2021

(Dollars in thousands)

					Square Footage						
					Acquisitions With Development/Redevelopment Opportunities[1]						
Property	Submarket/Market	Date of Purchase	Number of Properties	Operating Occupancy	Future Development	Active Development/ Redevelopment	Operating With Future Development/ Redevelopment	Operating[2]	Operating	Total	Purchase Price
Completed in 1H21			49	95%	4,507,706	980,934	1,571,982	2,238,467	80,032	8,631,231	$ 2,952,205
Completed in 3Q21:											
Other	Other/Greater Boston	8/24/21	4	45%	440,992	453,869	173,276	—	—	1,068,137	192,000
1122 El Camino Real	South San Francisco/ San Francisco Bay Area	9/14/21	1	100%	700,000	—	223,232	—	—	700,000 [3]	105,250
Pacific Technology Park (50% interest in consolidated JV)	Sorrento Mesa/San Diego	8/5/21	5	100%	—	—	228,871	315,481	—	544,352	85,750
Other	Other/San Diego	7/21/21	9	77%	64,235	—	211,440	98,428	—	374,103	135,484
3029 East Cornwallis Road	Research Triangle/ Research Triangle	7/30/21	—	N/A	1,055,000	—	—	—	—	1,055,000	91,000
Other	Various	Various	8	95%	1,178,188	—	414,286	148,665	158,916	1,900,055	380,213
			27	90%	3,438,415	453,869	1,251,105 [4]	562,574 [4]	158,916 [4]	5,641,647	989,697
Completed in October 2021:											
Other			2	75%	—	—	185,228	—	—	185,228	203,800
Pending acquisition:											
Charles Park	Cambridge/ Greater Boston	December 2021	2	N/A	TBD[5]	400,000	—	—	—	400,000	815,000
Total			80		7,946,121	1,834,803	3,008,315	2,801,041	238,948	14,858,106	$ 4,960,702
2021 guidance range											$4,460,000 – $5,460,000
2022 pending acquisition:											
Mercer Mega Block	Lake Union/Seattle	1Q22[6]	—	N/A	800,000	—	—	—	—	800,000	$ 143,500

(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. Refer to “New Class A development and redevelopment properties: current projects” in our Supplemental Information for additional details on active development and redevelopment projects.

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

(3) Represents total square footage upon completion of development or redevelopment of a new Class A property. Square footage presented includes RSF of buildings currently in operations with future development or redevelopment opportunities. We intend to demolish and develop or redevelop the existing properties upon expiration of the existing in-place leases. Refer to “Definitions and reconciliations” of this Supplemental Information for additional details on value-creation square feet currently included in rental properties.

(4) We expect the acquisitions completed during the three months ended September 30, 2021 to generate initial annual net operating income of $35.9 million. These acquisitions included 27 operating properties with a weighted-average acquisition date of July 26, 2021 (weighted by initial annual net operating income).

(5) We expect to pursue additional entitlement opportunities for future development of additional office/laboratory space.

(6) We continue to diligently work through various long-lead-time due diligence items. We are working toward completion of all due diligence items as soon as possible.

Dispositions and Sales of Partial Interest

September 30, 2021

(Dollars in thousands)

Property	Submarket/Market	Date of Sale	Interest Sold	RSF	Capitalization Rate	Capitalization Rate (Cash Basis)	Sales Price[1]	Sales Price per RSF	Consideration in Excess of Book Value[2]
Completed YTD 3Q21:									
213 East Grand Avenue	South San Francisco/ San Francisco Bay Area	4/22/21	70%	300,930	4.5%	4.0%	$ 301,000	$ 1,429	$ 103,679
400 Dexter Avenue North	Lake Union/Seattle	7/23/21	70%	290,111	4.1%	4.2%	254,814	$ 1,255	$ 95,467
260 Townsend Street	SoMa/San Francisco Bay Area	7/30/21	100%	66,682	N/A	N/A	49,000 [3]	$ 735	[3]
220 and 240 2nd Avenue South	SoDo/Seattle	7/29/21	100%	80,160	N/A	N/A	24,100	$ 301	$ —
Land	Other/San Diego	3/12/21	100%	185,000	N/A	N/A	22,900	N/A	[4]
9444 Waples Street	Sorrento Mesa/San Diego	8/5/21	50%	88,380	N/A	N/A	11,469	$ 260	$ —
							663,283		
Completed in October 2021:									
409 and 499 Illinois Street	Mission Bay/San Francisco Bay Area	10/5/21	35% [5]	455,069	5.0%	4.2%	274,681	$ 1,366	$ 113,756
1500 Owens Street	Mission Bay/San Francisco Bay Area	10/5/21	25.1% [5]	158,267					
							937,964		
Pending dispositions or sales of partial interest:									
[6]	Greater Boston	4Q21	TBD				800,000 [7]	TBD	TBD
[6]	San Francisco Bay Area	4Q21	TBD				400,000 [7]	TBD	TBD
[8]	Various	4Q21	TBD				500,000 [7]	TBD	TBD
							$ 2,637,964		
2021 guidance range							$ 1,670,000 – $ 2,670,000		

(1) For sales of partial interests, represents the contractual sales price for the percentage interest of the property sold by us.
(2) For each partial interest sale, 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) The sales price includes the assumption by the buyer of a secured loan for $28.2 million. Upon completion of the sale, we recognized a loss on sale of real estate aggregating $435 thousand.
(4) During the three months ended March 31, 2021, we recognized $2.8 million of gains on sales of real estate related to the completion of two real estate dispositions.
(5) Refer to “Key strategic transactions that generated capital for investment into our highly leased value-creation pipeline and acquisitions with development and redevelopment opportunities” on page 2 of this Earnings Press Release for additional details.
(6) Transactions are currently under negotiation of purchase and sale agreements.
(7) Represents the approximate aggregate sales price for each transaction. A significant amount of the proceeds from pending dispositions were subject to completion of lease negotiations prior to advancing the disposition process.
(8) Represents two transactions in early negotiations with potential buyers.

Guidance

September 30, 2021

(Dollars in millions, except per share amounts)

The following updated guidance is based on our current view of existing market conditions and assumptions for the year ending December 31, 2021. 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 7 of this Earnings Press Release for additional details.

Summary of Key Changes in Guidance	2021 Guidance As of 10/25/21	2021 Guidance As of 7/26/21
EPS, FFO per share, and FFO per share, as adjusted	See updates below	
Occupancy[1]	93.3% to 93.9%	94.3% to 94.9%
Rental rate increases	33.0% to 36.0%	31.0% to 34.0%
Rental rate increases (cash basis)	19.0% to 22.0%	18.0% to 21.0%

Summary of Key Changes in Sources and Uses of Capital Guidance	2021 Guidance Midpoint As of 10/25/21	2021 Guidance Midpoint As of 7/26/21
Real estate dispositions and partial interest sales	$2,170	$1,920
Construction[2]	$2,110	$1,910

Projected 2021 Earnings per Share and Funds From Operations per Share Attributable to Alexandria’s Common Stockholders – Diluted

	As of 10/25/21	As of 7/26/21
Earnings per share[3]	$3.91 to $3.93	$3.46 to $3.54
Depreciation and amortization of real estate assets	5.05	5.50
Gain on sales of real estate	(0.02)	(0.02)
Impairment of real estate – rental properties[4]	0.18	0.05
Allocation to unvested restricted stock awards	(0.04)	(0.04)
Funds from operations per share[5]	$9.08 to $9.10	$8.95 to $9.03
Unrealized gains on non-real estate investments	(1.26)	(1.39)
Significant realized gains on non-real estate investments[4]	(0.76)	(0.41)
Impairment of real estate[4]	0.19	0.02
Loss on early extinguishment of debt	0.46	0.47
Allocation to unvested restricted stock awards	0.02	0.01
Other	0.01	0.06
Funds from operations per share, as adjusted[5]	$7.74 to $7.76	$7.71 to $7.79
Midpoint	$7.75	$7.75

Key Assumptions	Low	High
Occupancy percentage in North America as of December 31, 2021[1]	93.3%	93.9%
Lease renewals and re-leasing of space:		
Rental rate increases	33.0%	36.0%
Rental rate increases (cash basis)	19.0%	22.0%
Same property performance:		
Net operating income increase	2.0%	4.0%
Net operating income increase (cash basis)	4.7%	6.7%
Straight-line rent revenue	$ 119	$ 129
General and administrative expenses	$ 146	$ 151
Capitalization of interest	$ 172	$ 182
Interest expense	$ 128	$ 138

Key Credit Metrics	2021 Guidance
Net debt and preferred stock to Adjusted EBITDA – 4Q21 annualized	Less than or equal to 5.2x
Fixed-charge coverage ratio – 4Q21 annualized	Greater than or equal to 5.0x

Key Sources and Uses of Capital	Range Low	Range High	Midpoint	Certain Completed Items
Sources of capital:				
Net cash provided by operating activities after dividends	$ 210	$ 250	$ 230	
Incremental debt	1,415	575	995	
2020 debt capital proceeds held in cash	150	250	200	
Real estate dispositions and partial interest sales (refer to page 5)	1,670	2,670	2,170	$ 938
Common equity	2,975	3,975	3,475	$ 3,533 [6]
Total sources of capital	$ 6,420	$ 7,720	$ 7,070	
Uses of capital:				
Construction (refer to page 43)[2]	$ 1,960	$ 2,260	$ 2,110	
Acquisitions (refer to page 4)	4,460	5,460	4,960	$ 4,146
Total uses of capital	$ 6,420	$ 7,720	$ 7,070	
Incremental debt (included above):				
Issuance of unsecured senior notes payable	$ 1,750	$ 1,750	$ 1,750	$ 1,750
Principal repayments of unsecured senior notes payable	(650)	(650)	(650)	$ (650)
Unsecured senior line of credit, commercial paper, and other	315	(525)	(105)	
Incremental debt	$ 1,415	$ 575	$ 995	

(1) Updated guidance for occupancy percentage in North America as of December 31, 2021, reflects vacancy at one recently acquired property that closed in 3Q21, and two pending acquisitions expected to close in 4Q21, representing lease-up opportunities that will contribute to growth in cash flows. One of the two pending acquisitions includes value-creation opportunities while the other pending acquisition is 50% under lease negotiation. Excluding vacancy at recently acquired properties, we expect occupancy for properties in North America as of December 31, 2021 to increase by approximately 100 bps compared to December 31, 2020. Refer to “Occupancy” of our Supplemental Information for additional details.

(2) Increase in construction guidance was primarily driven by recent pre-leasing/negotiating activity, which has provided additional visibility and accelerated our spending requirements on our active and near-term value-creation projects.

(3) Excludes unrealized gains or losses after September 30, 2021, that are required to be recognized in earnings and are excluded from funds from operations per share, as adjusted.

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

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

(6) Refer to “Key capital events” on page 3 of this Earnings Press Release for additional details. During the nine months ended September 30, 2021, we issued 16.2 million shares of common stock and received net proceeds of $2.8 billion. We expect to issue 4.6 million shares in 4Q21 to settle our remaining outstanding forward equity sales agreements and receive net proceeds of approximately $771.9 million.

Earnings Call Information and About the Company

September 30, 2021

We will host a conference call on Tuesday, October 26, 2021, 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 third quarter ended September 30, 2021. 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, October 26, 2021. The replay number is (877) 344-7529 or (412) 317-0088, and the access code is 10159105.

Additionally, a copy of this Earnings Press Release and Supplemental Information for the third quarter ended September 30, 2021, is available in the "For Investors" section of our website at www.are.com or by following this link: http://www.are.com/fs/2021q3.pdf.

For any questions, please contact Joel S. Marcus, executive chairman and founder; Stephen A. Richardson, co-chief executive officer; Peter M. Moglia, co-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) 322-2216; or Sara M. Kabakoff, vice president – communications, at (626) 578-0777.

About the Company

Alexandria Real Estate Equities, Inc. (NYSE:ARE), an S&P 500® urban office real estate investment trust ("REIT"), is the first, longest-tenured, and pioneering owner, operator, and developer uniquely focused on collaborative life science, agtech, and technology campuses in AAA innovation cluster locations, with a total market capitalization of $38.6 billion as of September 30, 2021, and an asset base in North America of 63.9 million square feet ("SF"). The asset base in North America includes 38.7 million RSF of operating properties and 4.3 million RSF of Class A properties undergoing construction, 8.9 million RSF of near-term and intermediate-term development and redevelopment projects, and 12.0 million SF of future development projects. Founded in 1994, Alexandria pioneered this niche and has since established a significant market presence in key locations, including Greater Boston, the San Francisco Bay Area, New York City, San Diego, Seattle, Maryland, and Research Triangle. Alexandria has a longstanding and proven track record of developing Class A properties clustered in urban 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, agtech, 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.

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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 2021 earnings per share attributable to Alexandria's common stockholders – diluted, 2021 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 (including the impact of the ongoing COVID-19 pandemic), 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.

For additional discussion of the risks and other potential impacts posed by the outbreak of the COVID-19 pandemic and uncertainties we, our tenants, and the global and national economies face as a result, see the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K filed with the SEC on February 1, 2021.

Consolidated Statements of Operations

September 30, 2021

(Dollars in thousands, except per share amounts)

	Three Months Ended					Nine Months Ended	
	9/30/21	6/30/21	3/31/21	12/31/20	9/30/20	9/30/21	9/30/20
Revenues:							
Income from rentals	$ 546,527	$ 508,371	$ 478,695	$ 461,335	$ 543,412 [(1)]	$ 1,533,593	$ 1,416,873
Other income	1,232	1,248	1,154	2,385	1,630	3,634	5,044
Total revenues	547,759	509,619	479,849	463,720	545,042	1,537,227	1,421,917
Expenses:							
Rental operations	165,995	143,955	137,888	136,767	140,443	447,838	393,457
General and administrative	37,931	37,880	33,996	32,690	36,913	109,807	100,651
Interest	35,678	35,158	36,467	37,538	43,318	107,303	134,071
Depreciation and amortization	210,842	190,052	180,913	177,750	176,831	581,807	520,354
Impairment of real estate	42,620 [(1)]	4,926	5,129	25,177	7,680	52,675 [(1)]	22,901
Loss on early extinguishment of debt	—	—	67,253	7,898	52,770	67,253	52,770
Total expenses	493,066	411,971	461,646	417,820	457,955	1,366,683	1,224,204
Equity in earnings of unconsolidated real estate joint ventures	3,091	2,609	3,537	3,593	3,778	9,237	4,555
Investment income	67,084	304,263	1,014	255,137	3,348	372,361	166,184
(Loss) gain on sales of real estate	(435)	—	2,779	152,503	1,586	2,344	1,586
Net income	124,433	404,520	25,533	457,133	95,799	554,486	370,038
Net income attributable to noncontrolling interests	(21,286)	(19,436)	(17,412)	(15,649)	(14,743)	(58,134)	(40,563)
Net income attributable to Alexandria Real Estate Equities, Inc.'s stockholders	103,147	385,084	8,121	441,484	81,056	496,352	329,475
Net income attributable to unvested restricted stock awards	(1,883)	(4,521)	(2,014)	(5,561)	(1,730)	(5,750)	(5,304)
Net income attributable to Alexandria Real Estate Equities, Inc.'s common stockholders	$ 101,264	$ 380,563	$ 6,107	$ 435,923	$ 79,326	$ 490,602	$ 324,171
Net income per share attributable to Alexandria Real Estate Equities, Inc.'s common stockholders:							
Basic	$ 0.67	$ 2.61	$ 0.04	$ 3.26	$ 0.64	$ 3.39	$ 2.62
Diluted	$ 0.67	$ 2.61	$ 0.04	$ 3.26	$ 0.63	$ 3.38	$ 2.61
Weighted-average shares of common stock outstanding:							
Basic	150,854	145,825	137,319	133,688	124,901	144,716	123,561
Diluted	151,561	146,058	137,688	133,827	125,828	145,153	124,027
Dividends declared per share of common stock	$ 1.12	$ 1.12	$ 1.09	$ 1.09	$ 1.06	$ 3.33	$ 3.15

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

Consolidated Balance Sheets

September 30, 2021

(In thousands)

	9/30/21	6/30/21	3/31/21	12/31/20	9/30/20
Assets					
Investments in real estate	$ 23,071,514	$ 21,692,385	$ 20,253,418	$ 18,092,372	$ 17,600,648
Investments in unconsolidated real estate joint ventures	321,737	323,622	325,928	332,349	330,792
Cash and cash equivalents	325,872	323,876	492,184	568,532	446,255
Restricted cash	42,182	33,697	42,219	29,173	38,788
Tenant receivables	7,749	6,710	7,556	7,333	7,641
Deferred rent	816,219	781,600	751,967	722,751	719,552
Deferred leasing costs	329,952	321,005	294,328	272,673	266,440
Investments	2,046,878	1,999,283	1,641,811	1,611,114	1,330,945
Other assets	1,596,615	1,536,672	1,424,935	1,191,581	1,169,610
Total assets	$ 28,558,718	$ 27,018,850	$ 25,234,346	$ 22,827,878	$ 21,910,671
Liabilities, Noncontrolling Interests, and Equity					
Secured notes payable	$ 198,758	$ 227,984	$ 229,406	$ 230,925	$ 342,363
Unsecured senior notes payable	8,314,851	8,313,025	8,311,512	7,232,370	7,230,819
Unsecured senior line of credit and commercial paper	749,978	299,990	—	99,991	249,989
Accounts payable, accrued expenses, and other liabilities	2,149,450	1,825,387	1,750,687	1,669,832	1,609,340
Dividends payable	173,560	170,647	160,779	150,982	143,040
Total liabilities	11,586,597	10,837,033	10,452,384	9,384,100	9,575,551
Commitments and contingencies					
Redeemable noncontrolling interests	11,681	11,567	11,454	11,342	11,232
Alexandria Real Estate Equities, Inc.'s stockholders' equity:					
Common stock	1,532	1,507	1,457	1,367	1,333
Additional paid-in capital	14,727,735	14,194,023	12,994,748	11,730,970	10,711,119
Accumulated other comprehensive loss	(6,029)	(4,508)	(5,799)	(6,625)	(10,638)
Alexandria Real Estate Equities, Inc.'s stockholders' equity	14,723,238	14,191,022	12,990,406	11,725,712	10,701,814
Noncontrolling interests	2,237,202	1,979,228	1,780,102	1,706,724	1,622,074
Total equity	16,960,440	16,170,250	14,770,508	13,432,436	12,323,888
Total liabilities, noncontrolling interests, and equity	$ 28,558,718	$ 27,018,850	$ 25,234,346	$ 22,827,878	$ 21,910,671

Funds From Operations and Funds From Operations per Share

September 30, 2021

(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					Nine Months Ended	
	9/30/21	6/30/21	3/31/21	12/31/20	9/30/20	9/30/21	9/30/20
Net income attributable to Alexandria's common stockholders	**$ 101,264**	**$ 380,563**	**$ 6,107**	**$ 435,923**	**$ 79,326**	**$ 490,602**	**$ 324,171**
Depreciation and amortization of real estate assets	205,436	186,498	177,720	173,392	173,622	569,654	511,290
Noncontrolling share of depreciation and amortization from consolidated real estate JVs	(17,871)	(16,301)	(15,443)	(15,032)	(15,256)	(49,615)	(46,901)
Our share of depreciation and amortization from unconsolidated real estate JVs	3,465	4,135	3,076	2,976	2,936	10,676	8,437
Loss (gain) on sales of real estate	435	—	(2,779)	(152,503)	(1,586)	(2,344)	(1,586)
Impairment of real estate – rental properties	18,602 (1)	1,754	5,129	25,177	7,680	25,485	15,324
Allocation to unvested restricted stock awards	(1,472)	(2,191)	(201)	(420)	(1,261)	(6,574)	(5,692)
Funds from operations attributable to Alexandria's common stockholders – diluted(2)	**309,859**	**554,458**	**173,609**	**469,513**	**245,461**	**1,037,884**	**805,043**
Unrealized losses (gains) on non-real estate investments	14,432	(244,031)	46,251	(233,538)	14,013	(183,348)	(140,495)
Significant realized gains on non-real estate investments	(52,427) (3)	(34,773)	(22,919)	—	—	(110,119)	—
Impairment of non-real estate investments	—	—	—	—	—	—	24,482
Impairment of real estate	24,018 (4)	3,172	—	—	—	27,190	15,221
Loss on early extinguishment of debt	—	—	67,253	7,898	52,770	67,253	52,770
Termination fee	—	—	—	—	(86,179) (5)	—	(86,179)
Acceleration of stock compensation expense due to executive officer resignation	—	—	—	—	4,499	—	4,499
Allocation to unvested restricted stock awards	149	3,428	(1,208)	2,774	179	2,400	1,804
Funds from operations attributable to Alexandria's common stockholders – diluted, as adjusted	**$ 296,031**	**$ 282,254**	**$ 262,986**	**$ 246,647**	**$ 230,743**	**$ 841,260**	**$ 677,145**

(1) Related to a property in a non-core submarket to reduce the carrying amount of the property to its estimated fair value less costs to sell, upon our review of the current local market conditions.
(2) Calculated in accordance with standards established by the Nareit Board of Governors.
(3) Includes three separate significant realized gains from the following transactions: (i) the sale of shares in an investment in a publicly traded biotechnology company, (ii) a distribution received from a limited partnership investment, and (iii) the acquisition of one of our privately held biotechnology investments by a publicly traded biotechnology company.
(4) Primarily related to an impairment charge of $22.5 million to reduce the carrying amount of an option to purchase a land parcel in our SoMa submarket for the development of an office property to its estimated fair value less costs to sell, upon our classification of the option as held for sale in September 2021.
(5) Represents termination fee of $89.5 million and related expenses of $3.3 million recognized during the three months ended September 30, 2020, upon termination of our contract with Pinterest, Inc. related to a lease at 88 Bluxome Street in our SoMa submarket.

(In thousands, except per share amounts)

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Building the Future of Life-Changing Innovation™

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					Nine Months Ended	
	9/30/21	6/30/21	3/31/21	12/31/20	9/30/20	9/30/21	9/30/20
Net income per share attributable to Alexandria's common stockholders – diluted	**$ 0.67**	**$ 2.61**	**$ 0.04**	**$ 3.26**	**$ 0.63**	**$ 3.38**	**$ 2.61**
Depreciation and amortization of real estate assets	1.26	1.19	1.20	1.21	1.28	3.66	3.81
Loss (gain) on sales of real estate	—	—	(0.02)	(1.14)	(0.01)	(0.02)	(0.01)
Impairment of real estate – rental properties	0.12	0.01	0.04	0.19	0.06	0.18	0.12
Allocation to unvested restricted stock awards	(0.01)	(0.01)	—	(0.01)	(0.01)	(0.05)	(0.04)
Funds from operations per share attributable to Alexandria's common stockholders – diluted	**2.04**	**3.80**	**1.26**	**3.51**	**1.95**	**7.15**	**6.49**
Unrealized losses (gains) on non-real estate investments	0.10	(1.67)	0.34	(1.75)	0.11	(1.26)	(1.13)
Significant realized gains on non-real estate investments	(0.35)	(0.24)	(0.17)	—	—	(0.76)	—
Impairment of non-real estate investments	—	—	—	—	—	—	0.20
Impairment of real estate	0.16	0.02	—	—	—	0.19	0.12
Loss on early extinguishment of debt	—	—	0.49	0.06	0.42	0.46	0.42
Termination fee	—	—	—	—	(0.69)	—	(0.69)
Acceleration of stock compensation expense due to executive officer resignation	—	—	—	—	0.04	—	0.04
Allocation to unvested restricted stock awards	—	0.02	(0.01)	0.02	—	0.02	0.01
Funds from operations per share attributable to Alexandria's common stockholders – diluted, as adjusted	**$ 1.95**	**$ 1.93**	**$ 1.91**	**$ 1.84**	**$ 1.83**	**$ 5.80**	**$ 5.46**
Weighted-average shares of common stock outstanding – diluted	151,561	146,058	137,688	133,827	125,828	145,153	124,027