ALEXANDRIA®

Alexandria Real Estate Equities, Inc.
Reports
Second Quarter Ended June 30, 2017, Financial and Operating Results
Strong Internal and External Growth

PASADENA, Calif. – July 31, 2017 – Alexandria Real Estate Equities, Inc. (NYSE:ARE) announced financial and operating results for the second quarter ended June 30, 2017.

Key highlights

20 years on the New York Stock Exchange ("NYSE")

We celebrated our 20th anniversary as an NYSE listed REIT and achieved a total shareholder return of 1,218%, assuming reinvestment of dividends, from our initial public offering in May 1997 through 2Q17.

Increased common stock dividend

Common stock dividend for 2Q17 of $0.86 per common share, up 3 cents, or 4%, over 1Q17; continuation of our strategy to share growth in cash flows from operating activities with our stockholders while also retaining a significant portion for reinvestment.

Strong internal growth

- Total revenues of $273.1 million, up 20.8%, for 2Q17, compared to $226.1 million for 2Q16, and total revenues of $543.9 million, up 23.0%, for YTD 2Q17, compared to $442.2 million for YTD 2Q16;
- Continued substantial leasing activity and strong rental rate growth, in light of minimal contractual lease expirations for 2017, and a highly leased value-creation pipeline:

	2Q17	1H17
Total leasing activity – RSF	1,081,777	2,402,558
Lease renewals and re-leasing of space:		
Rental rate increases	23.2%	26.2%
Rental rate increases (cash basis)	9.4%	14.7%
RSF (included in total leasing activity above)	604,142	1,483,005

- Executed key leases during 2Q17:
  - 163,648 RSF, leased to Takeda Pharmaceutical Company Ltd. at our redevelopment project at 9625 Towne Centre Drive in our San Diego market; and
  - 109,780 RSF, renewed with Laboratory Corporation of America at 13112 Evening Creek Drive in our San Diego market.
- Same property net operating income growth:
  - 1.8% and 7.0% (cash basis) for 2Q17, compared to 2Q16; and
  - 2.2% and 6.2% (cash basis) for YTD 2Q17, compared to YTD 2Q16.

Strong external growth; disciplined allocation of capital to visible, multiyear, highly leased value-creation pipeline

- Deliveries of new Class A properties drive significant growth in net operating income:

Delivery Date	RSF	Percentage Leased	Incremental Annual Net Operating Income
2016	1,893,928	94%	$92 million (1)
1H17	304,276	100%	$21 million
2H17	1,100,841	81%	$74 million to $84 million (1)

(1) Deliveries of projects are primarily weighted toward the fourth quarter.

- 2Q17 key development project placed into service: fully leased parking structure delivered to Illumina, Inc. at 5200 Illumina Way in our University Town Center submarket;
- 100 Binney Street on track to be 100% leased in 3Q17:
  - 59% leased as of July 2017, including one lease executed in 2Q17 and one lease executed in July 2017
  - Two leases were distributed with execution expected in the first week of August
  - One lease on track for execution in 3Q17
- $95 million in contractual cash rents from recently completed development and redevelopment projects:
  - $40 million in 2Q17; and
  - $55 million relatively evenly over five quarters from 3Q17 to 3Q18.
- Completed strategic acquisitions of two properties and two land parcels during 2Q17 for an aggregate purchase price of $244.0 million, including: (i) future development projects of over 1.0 million SF in our Greater Stanford submarket, (ii) a redevelopment project consisting of 175,000 RSF in Research Triangle Park, and (iii) an operating property consisting of 77,634 RSF in our Greater Stanford submarket. See page 3 for additional information.

Operating results	2Q17	2Q16	Change	1H17	1H16	Change
Net income (loss) attributable to Alexandria's common stockholders – diluted:						
In millions	$ 31.6	$ (127.6)	N/A	$ 57.3	$ (131.5)	N/A
Per share	$ 0.35	$ (1.72)	N/A	$ 0.64	$ (1.79)	N/A
Funds from operations attributable to Alexandria's common stockholders – diluted, as adjusted:						
In millions	$ 136.2	$ 101.1	34.7%	$ 266.7	$ 198.2	34.6%
Per share	$ 1.50	$ 1.36	10.3%	$ 2.98	$ 2.70	10.4%

Items included in net income (loss) attributable to Alexandria's common stockholders (amounts are shown after deducting any amounts attributable to noncontrolling interests):

(In millions, except per share amounts)	Amount		Per Share – Diluted		Amount		Per Share – Diluted	
	2Q17	2Q16	2Q17	2Q16	1H17	1H16	1H17	1H16
Gain on sales of real estate	$ 0.1	$ —	$ —	$ —	$ 0.4	$ —	$ —	$ —
Impairment of:								
Rental properties	(0.2)	(88.4)	—	(1.19)	(0.2)	(88.4)	—	(1.20)
Land parcels	—	(67.2)	—	(0.90)	—	(96.1)	—	(1.30)
Non-real estate	(4.5)	—	(0.05)	—	(4.5)	—	(0.05)	—
Loss on early extinguishment of debt	—	—	—	—	(0.7)	—	(0.01)	—
Preferred stock redemption charge	—	(9.5)	—	(0.13)	(11.3)	(12.5)	(0.12)	(0.17)
Total	$ (4.6)	$ (165.1)	$ (0.05)	$ (2.22)	$ (16.3)	$ (197.0)	$ (0.18)	$ (2.67)
Weighted-average shares of common stock outstanding – diluted			90.7	74.3			89.5	73.5

Core operating metrics and internal growth

- Percentage of annual rental revenue in effect as of 2Q17 from:
  - Investment-grade tenants: 51%;
  - Class A properties in AAA locations: 79%;
- Occupancy for operating properties in North America as of 2Q17: 95.7%;
- Operating margin for 2Q17: 72%;
- Adjusted EBITDA margin for 2Q17: 68%; and
- Weighted-average remaining lease term for our top 20 tenants:
  - As of 2Q17: 13.5 years;
  - As of 2Q17, excluding one long-term ground lease: 9.7 years;
- See "Strong internal growth" in the key highlights section on page 1 of this Earnings Press Release for information on our leasing activity, rental rate growth, and net operating income.

External growth

See page 1 of this Earnings Press Release for key highlights

Balance sheet management

Key Metrics

		2Q17
Total market capitalization	$	16.0billion
Liquidity	$	1.8billion
Net debt to Adjusted EBITDA:		
Quarter annualized		6.2x
Trailing 12 months		6.8x
Fixed-charge coverage ratio:		
Quarter annualized		4.1x
Trailing 12 months		3.9x
Unhedged variable-rate debt as a percentage of total debt		11%
Current and future value-creation pipeline as a percentage of gross investments in real estate in North America		13%

Key capital events

- During 2Q17, we sold an aggregate of 2.1 million shares of common stock under our ATM program for gross proceeds of $245.8 million, or $118.97 per share, and net proceeds of approximately $241.8 million. As of 2Q17, there is no remaining availability on our ATM program. We expect to file a new ATM common stock offering program in 2H17;
- On April 14, 2017, we completed the redemption of all 5.2 million outstanding shares of our Series E Redeemable Preferred Stock at a redemption price of $25.00 per share, or an aggregate of $130.0 million, plus accrued dividends;
- In April 2017, we executed three interest rate swap agreements aggregating:
  - $150 million notional amount at a fixed pay rate of 1.60%, effective March 29, 2018; and
  - $100 million notional amount at a fixed pay rate of 1.89%, effective March 29, 2019.

Corporate social responsibility and industry leadership

- 49% of total annual rental revenue is expected from Leadership in Energy and Environmental Design ("LEED®") certified projects upon completion of 14 in-process projects.
- 86 energy conservation measures were completed in 2015 and 2016. Achieved year-over-year reduction in greenhouse gases.
- In June 2017, we celebrated the grand opening of Alexandria LaunchLabs® at the Alexandria Center® for Life Science – New York City and awarded the inaugural Alexandria LaunchLabs Entrepreneurship Prize to Neochromosome, Inc. Alexandria LaunchLabs® is NYC's premier, full-service startup platform that satisfies the need for turn-key office/laboratory space and access to strategic risk capital for seed-stage life science companies. The grand opening was held in connection with the NYC Life Science Innovation Showcase in partnership with the New York Academic Consortium. To date, 13 initial member companies have been accepted to Alexandria LaunchLabs® from a competitive pool of applicants, indicating strong demand for Alexandria's office/laboratory space.

- In June 2017, we hosted former Vice President Joe Biden and Dr. Jill Biden at our Alexandria Center® for Life Science – New York City to launch the Biden Cancer Initiative, a comprehensive program to develop and accelerate progress in cancer prevention, detection, treatment, and care.
- In June 2017, Joel S. Marcus, Chairman, Chief Executive Officer & Founder, was named one of "Commercial Real Estate's Best Bosses of 2017" by *Real Estate Forum*. He was named one of 25 winners (out of more than 200 nominations) across the United States real estate industry for his leadership qualities, manifested from our founding in 1994 through the recent commemoration of our 20th anniversary on the NYSE.

(Dollars in thousands)

1Q17:								
303 Binney Street (1)	Cambridge/Greater Boston	3/29/17	—	N/A	—	—	208,965	$ 80,250
88 Bluxome Street (2)	Mission Bay/SoMa/San Francisco	1/10/17	1	100%	232,470 (2)	—	1,070,925 (2)	130,000
3050 Callan Road and Vista Wateridge	Torrey Pines/Sorrento Mesa/San Diego	3/24/17	—	N/A	—	—	229,000	8,250
			1		232,470	—	1,508,890	218,500
2Q17:								
960 Industrial Road (3)	Greater Stanford/San Francisco	5/17/17	1	100%	195,000 (3)	—	500,000 (3)	64,959
825 and 835 Industrial Road (4)	Greater Stanford/San Francisco	6/1/17	—	N/A	—	—	530,000	85,000
1450 Page Mill Road (5)	Greater Stanford/San Francisco	6/1/17	1	100%	77,634	—	—	85,300
5 Laboratory Drive (6)	Research Triangle Park/RTP	5/25/17	1	N/A	—	175,000	—	8,750
			3		272,634	175,000	1,030,000	244,009
2H17:								
266 and 275 Second Avenue (7)	Route 128/Greater Boston	7/11/17	2	71%	146,129	57,628	—	71,000
1455 and 1515 Third Street (acquisition of remaining 49% interest)	Mission Bay/SoMa/San Francisco	11/10/16	2	100%	422,980	—	—	56,800 (8)
								$ 590,309

(1) Land parcel located adjacent to our Alexandria Center® at One Kendall Square campus that is currently entitled for the development of 163,339 RSF of office or office/laboratory space and 45,626 RSF of residential space. We may seek to increase the entitlements, which may result in additional purchase price consideration.

(2) We are currently pursuing entitlements for the development of two buildings aggregating 1,070,925 RSF in two phases. The future development project undergoing entitlements for 1,070,925 developable square feet will replace the leading tennis and fitness facility consisting of 232,470 RSF. We expect to provide total estimated project costs and related yields in the future.

(3) We are currently pursuing entitlements of 500,000 RSF for a multi-building development. We have leased the existing 195,000 RSF property back to the seller on a short-term basis, while we obtain entitlements. The future development square footage will replace the current operating RSF. We expect to provide total estimated project costs and related yields in the future.

(4) Fully-entitled land parcel for the development of two buildings aggregating 530,000 RSF and a parking structure. When combined with our acquisition of the 960 Industrial Road land parcel, these sites will have the ability to develop 1.0 million SF of Class A properties clustered in an urban science and technology campus.

(5) Technology office building, subject to a 51-year ground lease, located in Stanford Research Park, a collaborative business community that supports innovative companies in their research and development pursuits. This recently constructed building is 100% leased to Infosys Limited for 12 years, and we expect initial stabilized yields of 7.3% and 5.8% (cash).

(6) We acquired 3054 East Cornwallis Road and will redevelop and rebrand the campus along with 6 Davis Drive as the Alexandria Center® for AgTech – RTP, with its newly named address of 5 Laboratory Drive.

(7) Property acquired with 59,656 RSF, or 29%, of vacant space, of which 57,628 RSF, or 28%, will undergo conversion from office to laboratory space through redevelopment. The property will provide an additional opportunity to increase stabilized cash yields through redevelopment of the space and the re-lease of in-place below-market leases. We expect to provide total estimated project costs and related yields in the future.

(8) Acquisition of the remaining 49% interest in our unconsolidated real estate joint venture with Uber Technologies, Inc. (“Uber”) was completed in November 2016. A portion of the consideration is payable in 2017 in three equal installments, upon Uber’s completion of construction milestones. The first installment of $18.9 million was paid in 2Q17.

(Dollars in thousands)

6146 Nancy Ridge Drive/San Diego/Sorrento Mesa	1/6/17	21,940	N/A	N/A	$ 3,000	$ 270
1401/1413 Research Boulevard/Maryland/Rockville (2)	5/17/17	90,000	N/A	N/A	7,937	111
360 Longwood Avenue/Greater Boston/Longwood Medical Area (3)	7/6/17	203,090	$ 4,313	$ 4,168	65,701	14,106
					$ **76,638**	$ 14,487

(1) Represents annualized amounts for the quarter ended prior to the date of sale. Net operating income (cash) excludes straight-line rent and amortization of acquired below-market leases.

(2) In May 2017, we recognized a gain of $111 thousand upon the sale of a 35% interest in our land parcels at 1401/1413 Research Boulevard, located in the Rockville submarket of Maryland. The sale was executed with a distinguished retail real estate developer for the development of an approximately 90,000 SF retail shopping center. We contributed the land parcels at a fair value of $7.9 million into a new entity, our partner contributed $3.9 million, and we received a distribution of $0.7 million. In addition, the real estate joint venture obtained a non-recourse secured construction loan with aggregate commitments of $25.0 million which is expected to fund the remaining construction costs to complete the project and we do not expect to make additional equity contributions to the real estate joint venture. See page 41 of the supplemental information for additional financial information on our unconsolidated real estate joint ventures.

(3) Represents the sale of a condominium interest for approximately 49% of the building RSF, or 203,090 RSF, in our unconsolidated real estate joint venture property. Net operating income, net operating income (cash basis), and contractual sales price represent our 27.5% share related to the sale of the condominium interest. The unconsolidated real estate joint venture expects to refinance the loan in 3Q17, secured by the remaining interest in the property. We expect to receive a cash distribution from the joint venture in the range from $35 million to $40 million for our share of the excess cash, primarily from the condominium sale and loan refinancing.

(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, 2017. There can be no assurance that actual amounts will be materially higher or lower than these expectations. See our discussion of “forward-looking statements” on page 6 of this Earnings Press Release.

EPS, FFO per share, and FFO per share, as adjusted	See below	See below
	As of 7/31/17	As of 5/1/17
Earnings per share	$1.40 to $1.46	$1.43 to $1.53
Depreciation and amortization	4.45	4.45
Allocation to unvested restricted stock awards	(0.04)	(0.04)
Funds from operations per share	$5.81 to $5.87	$5.84 to $5.94
Add: impairment of non-real estate investments	0.05 [1]	—
Add: loss on early extinguishment of debt	0.01	0.01
Add: preferred stock redemption charge	0.12 [2]	0.12
Funds from operations per share, as adjusted	$5.99 to $6.05	$5.97 to $6.07

Occupancy percentage in North America as of December 31, 2017	96.6%	97.2%
Lease renewals and re-leasing of space:		
Rental rate increases	19.5%	22.5%
Rental rate increases (cash basis)	7.5%	10.5%
Same property performance:		
Net operating income increase	2.0%	4.0%
Net operating income increase (cash basis)	5.5%	7.5%
Straight-line rent revenue	$ 107	$ 112
General and administrative expenses	$ 68	$ 73
Capitalization of interest	$ 48	$ 58
Interest expense	$ 131	$ 141

Key sources and uses of capital	See update below
Net debt to Adjusted EBITDA – 4Q17 annualized	5.3x to 5.8x
Net debt and preferred stock to Adjusted EBITDA – 4Q17 annualized	5.3x to 5.8x
Fixed-charge coverage ratio – 4Q17 annualized	Greater than 4.0x
Value-creation pipeline as a percentage of gross real estate as of December 31, 2017	Less than 10%

Sources of capital:				
Net cash provided by operating activities after dividends	$ 115	$ 135	$ 125	
Incremental debt	350	330	340	
Real estate dispositions and common equity	1,080	1,350	1,215 [3]	$ 230
Total sources of capital	$ 1,545	$ 1,815	$ 1,680	
Uses of capital:				
Construction	$ 815	$ 915	$ 865	$ 453
Acquisitions	540	640	590 [4]	$ 38 [5]
7.00% Series D preferred stock repurchases	60	130	95	$ 77
6.45% Series E preferred stock redemption	130	130	130	
Total uses of capital	$ 1,545	$ 1,815	$ 1,680	
Incremental debt (included above):				
Issuance of unsecured senior notes payable	$ 425	$ 425	$ 425	
Borrowings – secured construction loans	200	250	225	
Repayments of secured notes payable	(5)	(10)	(8)	
Repayment of unsecured senior term loan	(200)	(200)	(200)	
$1.65 billion unsecured senior line of credit/other	(70)	(135)	(102)	
Incremental debt	$ 350	$ 330	$ 340	

(1) Primarily related to two non-real estate investments.
(2) Includes charges aggregating $5.8 million related to the repurchases of 501,115 outstanding shares of our Series D Convertible Preferred Stock in 1Q17. Additionally, in March 2017, we announced the redemption of our Series E Redeemable Preferred Stock and recognized a $5.5 million preferred stock redemption charge. We completed the redemption in April 2017. Excludes any charges related to future repurchases of our Series D Convertible Preferred Stock.
(3) Includes 2.1 million shares of common stock sold under our ATM program during 2Q17 for net proceeds of $241.8 million, the public offering of 2.1 million shares of our common stock in March 2017 for net proceeds of $217.8 million, and 4.8 million shares of our common stock subject to forward equity sales agreements with anticipated aggregate net proceeds of $495.5 million expected to be settled in 2H17, subject to adjustments as provided in the forward equity sales agreements. Also includes the estimated net cash distribution ranging from $35 million to $40 million in connection with the July 2017 sale of a condominium interest in 203,090 RSF of our unconsolidated real estate joint venture property at 360 Longwood Avenue and the related refinancing of the unconsolidated secured loan. See "Dispositions" on page 4 of this Earnings Press Release for additional information.
(4) Acquisitions guidance increased by $160.0 million from $430.0 million in our May 1, 2017 forecast primarily for the acquisitions of 1450 Page Mill Road in our Greater Stanford submarket and 266 and 275 Second Avenue in our Route 128 submarket, which closed in June 2017 and July 2017, respectively. See "Acquisitions" on page 3 of this Earnings Press Release for additional information.
(5) Represents the final two construction milestone installments expected to be paid during 2H17 for the 2016 acquisition of the remaining 49% interest in our unconsolidated real estate joint venture with Uber at 1455 and 1515 Third Street in our Mission Bay/SoMa submarket.

We will host a conference call on Tuesday, August 1, 2017, 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, 2017. To participate in this conference call, dial (877) 270-2148 or (412) 902-6510 shortly before 3:00 p.m. ET/noon PT and ask the operator to join the Alexandria Real Estate Equities, Inc. call. 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, August 1, 2017. The replay number is (877) 344-7529 or (412) 317-0088, and the confirmation code is 10107612.

Additionally, a copy of this Earnings Press Release and Supplemental Information for the second quarter ended June 30, 2017, is available in the “For Investors” section of our website at www.are.com or by following this link: http://www.are.com/fs/2017q2.pdf.

For any questions, please contact Joel S. Marcus, chairman, chief executive officer, and founder, at (626) 578-9693 or Dean A. Shigenaga, executive vice president, chief financial officer, and treasurer, at (626) 578-0777.

About the Company

Alexandria Real Estate Equities, Inc. (NYSE:ARE), an S&P 500® company, is an urban office real estate investment trust (“REIT”) uniquely focused on collaborative life science and technology campuses in AAA innovation cluster locations, with a total market capitalization of $16.0 billion and an asset base in North America of 28.4 million square feet, as of June 30, 2017. The asset base in North America includes 20.6 million RSF of operating properties, including 1.7 million RSF of development and redevelopment of new Class A properties currently undergoing construction. Additionally, the asset base in North America includes 7.8 million SF of future development projects, including 1.3 million SF of near-term projects undergoing marketing for lease and pre-construction activities and 2.8 million SF of intermediate development projects. Founded in 1994, Alexandria pioneered this niche and has since established a significant market presence in key locations, including Greater Boston, San Francisco, New York City, San Diego, Seattle, Maryland, and Research Triangle Park. Alexandria has a longstanding and proven track record of developing Class A properties clustered in urban life science and technology campuses that provide its 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. We believe these advantages result 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 2017 earnings per share attributable to Alexandria’s common stockholders – diluted, 2017 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,” “projects,” “estimates,” “anticipates,” “believes,” “expects,” “intends,” “may,” “plans,” “seeks,” “should,” 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, 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, 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 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.

Consolidated Statements of Income

June 30, 2017

(In thousands, except per share amounts)

	Three Months Ended					Six Months Ended	
Revenues:							
Rental	$ 211,942	$ 207,193	$ 187,315	$ 166,591	$ 161,638	$ 419,135	$ 319,914
Tenant recoveries	60,470	61,346	58,270	58,681	54,107	121,816	106,704
Other income	647 (1)	2,338	3,577	5,107	10,331	2,985	15,547
Total revenues	273,059	270,877	249,162	230,379	226,076	543,936	442,165
Expenses:							
Rental operations	76,980	77,087	73,244	72,002	67,325	154,067	133,162
General and administrative	19,234	19,229	17,458	15,854	15,384	38,463	30,572
Interest	31,748	29,784	31,223	25,850	25,025	61,532	49,880
Depreciation and amortization	104,098	97,183	95,222	77,133	70,169	201,281	141,035
Impairment of real estate	203	—	16,024	8,114	156,143	203	185,123
Loss on early extinguishment of debt	—	670	—	3,230	—	670	—
Total expenses	232,263	223,953	233,171	202,183	334,046	456,216	539,772
Equity in earnings (losses) of unconsolidated real estate joint ventures	589	361	86	273	(146)	950	(543)
Gain on sales of real estate – rental properties	—	270	3,715	—	—	270	—
Gain on sales of real estate – land parcels	111	—	—	90	—	111	—
Net income (loss)	41,496	47,555	19,792	28,559	(108,116)	89,051	(98,150)
Net income attributable to noncontrolling interests	(7,275)	(5,844)	(4,488)	(4,084)	(3,500)	(13,119)	(7,530)
Net income (loss) attributable to Alexandria Real Estate Equities, Inc.'s stockholders	34,221	41,711	15,304	24,475	(111,616)	75,932	(105,680)
Dividends on preferred stock	(1,278)	(3,784)	(3,835)	(5,007)	(5,474)	(5,062)	(11,381)
Preferred stock redemption charge	—	(11,279)	(35,653)	(13,095)	(9,473)	(11,279)	(12,519)
Net income attributable to unvested restricted stock awards	(1,313)	(987)	(943)	(921)	(1,085)	(2,300)	(1,886)
Net income (loss) attributable to Alexandria Real Estate Equities, Inc.'s common stockholders	$ 31,630	$ 25,661	$ (25,127)	$ 5,452	$ (127,648)	$ 57,291	$ (131,466)
Net income (loss) per share attributable to Alexandria Real Estate Equities, Inc.'s common stockholders – basic and diluted	$ 0.35	$ 0.29	$ (0.31)	$ 0.07	$ (1.72)	$ 0.64	$ (1.79)
Weighted-average shares of common stock outstanding:							
Basic	90,215	88,147	80,800	76,651	74,319	89,186	73,452
Diluted	90,745	88,200	80,800	77,402	74,319	89,479	73,452
Dividends declared per share of common stock	$ 0.86	$ 0.83	$ 0.83	$ 0.80	$ 0.80	$ 1.69	$ 1.60

(1) Includes impairment charges aggregating $4.5 million primarily related to two non-real estate investments.

Consolidated Balance Sheets

June 30, 2017

(In thousands)

Assets					
Investments in real estate	$ 9,819,413	$ 9,470,667	$ 9,077,972	$ 7,939,179	$ 7,774,608
Investments in unconsolidated real estate joint ventures	58,083	50,457	50,221	133,580	132,433
Cash and cash equivalents	124,877	151,209	125,032	157,928	256,000
Restricted cash	20,002	18,320	16,334	16,406	13,131
Tenant receivables	8,393	9,979	9,744	9,635	9,196
Deferred rent	383,062	364,348	335,974	318,286	303,379
Deferred leasing costs	201,908	202,613	195,937	191,765	191,619
Investments	424,920	394,471	342,477	320,989	360,050
Other assets	205,009	206,562	201,197	206,133	104,414
Total assets	$ 11,245,667	$ 10,868,626	$ 10,354,888	$ 9,293,901	$ 9,144,830
Liabilities, Noncontrolling Interests, and Equity					
Secured notes payable	$ 1,127,348	$ 1,083,758	$ 1,011,292	$ 789,450	$ 722,794
Unsecured senior notes payable	2,800,398	2,799,508	2,378,262	2,377,482	2,376,713
Unsecured senior line of credit	300,000	—	28,000	416,000	72,000
Unsecured senior bank term loans	547,639	547,420	746,471	746,162	945,030
Accounts payable, accrued expenses, and tenant security deposits	734,189	782,637	731,671	605,181	593,628
Dividends payable	81,602	78,976	76,914	66,705	67,188
Preferred stock redemption liability	—	130,000	—	—	—
Total liabilities	5,591,176	5,422,299	4,972,610	5,000,980	4,777,353
Commitments and contingencies					
Redeemable noncontrolling interests	11,410	11,320	11,307	9,012	9,218
Alexandria Real Estate Equities, Inc.'s stockholders' equity:					
7.00% Series D cumulative convertible preferred stock	74,386	74,386	86,914	161,792	188,864
6.45% Series E cumulative redeemable preferred stock	—	—	130,000	130,000	130,000
Common stock	921	899	877	768	766
Additional paid-in capital	5,059,180	4,855,686	4,672,650	3,649,263	3,693,807
Accumulated other comprehensive income (loss)	22,677	21,460	5,355	(31,745)	8,272
Alexandria Real Estate Equities, Inc.'s stockholders' equity	5,157,164	4,952,431	4,895,796	3,910,078	4,021,709
Noncontrolling interests	485,917	482,576	475,175	373,831	336,550
Total equity	5,643,081	5,435,007	5,370,971	4,283,909	4,358,259
Total liabilities, noncontrolling interests, and equity	$ 11,245,667	$ 10,868,626	$ 10,354,888	$ 9,293,901	$ 9,144,830

(In thousands, except per share amounts)

The following tables present a reconciliation of net income (loss) attributable to Alexandria's common stockholders, the most directly comparable financial measure presented in accordance with 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, and related per share amounts. Amounts allocable to unvested restricted stock awards are not material and are not presented separately within the per share table below. Per share amounts may not add due to rounding.

	Three Months Ended					Six Months Ended	
Net income (loss) attributable to Alexandria's common stockholders	**$ 31,630**	**$ 25,661**	**$ (25,127)**	**$ 5,452**	**$ (127,648)**	**$ 57,291**	**$ (131,466)**
Depreciation and amortization	104,098	97,183	95,222	77,133	70,169	201,281	141,035
Noncontrolling share of depreciation and amortization from consolidated real estate JVs	(3,735)	(3,642)	(2,598)	(2,224)	(2,226)	(7,377)	(4,527)
Our share of depreciation and amortization from unconsolidated real estate JVs	324	412	655	658	651	736	1,394
Gain on sales of real estate – rental properties	—	(270)	(3,715)	—	—	(270)	—
Gain on sales of real estate – land parcels	(111)	—	—	(90)	—	(111)	—
Impairment of real estate – rental properties	203	—	3,506	6,293	88,395	203	88,395
Allocation to unvested restricted stock awards	(685)	(561)	—	(438)	—	(1,245)	—
Funds from operations attributable to Alexandria's common stockholders – diluted [(1)]	**131,724**	**118,783**	**67,943**	**86,784**	**29,341**	**250,508**	**94,831**
Non-real estate investment income	—	—	—	—	(4,361)	—	(4,361)
Impairment of land parcels and non-real estate investments	4,491 [(2)]	—	12,511	4,886	67,162	4,491 [(2)]	96,142
Loss on early extinguishment of debt	—	670	—	3,230	—	670	—
Preferred stock redemption charge	—	11,279	35,653	13,095	9,473	11,279	12,519
Allocation to unvested restricted stock awards	(58)	(150)	(605)	(359)	(530)	(209)	(969)
Funds from operations attributable to Alexandria's common stockholders – diluted, as adjusted	**$ 136,157**	**$ 130,582**	**$ 115,502**	**$ 107,636**	**$ 101,085**	**$ 266,739**	**$ 198,162**
Net income (loss) per share attributable to Alexandria's common stockholders	**$ 0.35**	**$ 0.29**	**$ (0.31)**	**$ 0.07**	**$ (1.72)**	**$ 0.64**	**$ (1.79)**
Depreciation and amortization	1.10	1.06	1.15	0.97	0.92	2.16	1.88
Gain on sales of real estate – rental properties	—	—	(0.05)	—	—	—	—
Impairment of real estate – rental properties	—	—	0.05	0.08	1.19	—	1.20
Funds from operations per share attributable to Alexandria's common stockholders – diluted [(1)]	**1.45**	**1.35**	**0.84**	**1.12**	**0.39**	**2.80**	**1.29**
Non-real estate investment income	—	—	—	—	(0.06)	—	(0.06)
Impairment of land parcels and non-real estate investments	0.05 [(2)]	—	0.15	0.06	0.90	0.05 [(2)]	1.30
Loss on early extinguishment of debt	—	0.01	—	0.04	—	0.01	—
Preferred stock redemption charge	—	0.12	0.43	0.17	0.13	0.12	0.17
Funds from operations per share attributable to Alexandria's common stockholders – diluted, as adjusted	**$ 1.50**	**$ 1.48**	**$ 1.42**	**$ 1.39**	**$ 1.36**	**$ 2.98**	**$ 2.70**
Weighted-average shares of common stock outstanding for calculating funds from operations per share and funds from operations, as adjusted, per share – diluted	90,745	88,200	81,280	77,402	74,319	89,479	73,452

(1) Calculated in accordance with standards established by the Advisory Board of Governors of the National Association of Real Estate Investment Trusts (the "NAREIT Board of Governors") in its April 2002 White Paper and related implementation guidance.

(2) Primarily related to two non-real estate investments.