

2015

# ALEXANDRIA REAL ESTATE EQUITIES, INC. EARNINGS PRESS RELEASE AND SUPPLEMENTAL INFORMATION NYSE:ARE



ALEXANDRIA®

SECOND QUARTER ENDED JUNE 30, 2015



Cambridge



Mission Bay/SoMa



New York City



San Diego

Unique Collaborative Science and Technology Campuses in Urban Innovation Clusters



## CONFERENCE CALL INFORMATION:

Tuesday, July 28, 2015  
3:00 p.m. Eastern Time  
12:00 p.m. Pacific Time

Number: (877) 545-1403 or (719) 325-4748  
Confirmation Code: 9589266

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# BEST-IN-CLASS OFFICE REIT

AAA urban innovation campuses in key cluster submarkets

Class A assets

Internal growth drivers

- Favorable NNN lease structure with annual rent escalations
- Rental rate growth on leasing activity in key cluster submarkets

Visible multi-year external growth pipeline

Disciplined allocation of capital

Unique business strategy drives high-quality growth in cash flows, FFO per share, and NAV; and increasing common stock dividends

Best-in-class transparency, quality, and efficiency of disclosures and reporting

ABR from Class A Assets  
in AAA Locations

**75%**

of ARE's  
Total ABR

Investment-Grade  
Client Tenants

**53%**

of ARE's  
Total ABR

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Table of Contents**

|   | Page |   | Page |
|---|------|---|------|
| <b>EARNINGS PRESS RELEASE</b>   |      | <b>SUPPLEMENTAL INFORMATION (continued)</b>                                     |      |
| Second Quarter Ended June 30, 2015, Financial and Operating Results ..... | 1    | <b>Investments in Real Estate, Value-Creation Projects, and Acquisitions</b>    |      |
| Guidance .....  | 3    | Key Real Estate Metrics .....   | 30   |
| Dispositions and Other Sources of Capital .....                           | 4    | Investments in Real Estate .....  | 31   |
| Key NAV Consideration .....   | 5    | Overview of Current and Near-Term Value-Creation Pipeline .....                 | 32   |
| Earnings Call Information and About the Company .....                     | 6    | Value-Creation Development and Redevelopment Projects Placed into Service ..... | 33   |
| Consolidated Statements of Income .....                                   | 7    | Current Value-Creation Development Projects .....                               | 34   |
| Consolidated Balance Sheets .....   | 8    | Near-Term and Future Value-Creation Projects in North America .....             | 37   |
| Funds From Operations and Adjusted Funds From Operations .....            | 9    | Unconsolidated Joint Ventures .....   | 44   |
| <b>SUPPLEMENTAL INFORMATION</b>   |      | Capital Allocation and Projected Construction Spending .....                    | 45   |
| Company Profile .....   | 12   | Historical Construction Spending .....  | 46   |
| NAV, FFO Per Share, and Common Stock Dividends .....                      | 14   | Acquisitions .....  | 47   |
| Investor Information .....  | 15   | Real Estate Investments in Asia .....   | 48   |
| Financial and Asset Base Highlights .....                                 | 16   | <b>Balance Sheet</b>  |      |
| <b>Operating Information</b>  |      | Key Credit Metrics .....  | 49   |
| Key Operating Metrics .....   | 18   | Summary of Debt .....   | 50   |
| Same Property Performance .....   | 19   | <b>Definitions and Reconciliations</b> .....                                    | 53   |
| Leasing Activity .....  | 21   |   |      |
| Lease Expirations .....   | 22   |   |      |
| Top 20 Client Tenants .....   | 23   |   |      |
| Summary of Properties and Occupancy .....                                 | 24   |   |      |
| Property Listing .....  | 25   |   |      |

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. Please see page 6 of the earnings press release for further information.

This document is not an offer to sell or 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 its consolidated subsidiaries.



# ALEXANDRIA®

## Alexandria Real Estate Equities, Inc. Reports

### Second Quarter Ended June 30, 2015 Financial and Operating Results

#### 4.5% Cash Cap Rate on Sale of 70% Interest in Core Asset to High Quality Institutional Investor 2015 Recipient of NAREIT Gold Investor Communication and Reporting Excellence Award Strong Demand Drives Record Leasing Volume Exceeding 1.9 million RSF in 2Q15

**FFO Per Share – Basic and Diluted, of \$1.31 for 2Q15, up 10.1% over 2Q14**  
**EPS – Diluted of \$0.44 for 2Q15, up 12.8% over 2Q14**  
**Total Revenues of \$204.2 million for 2Q15, up 15.7% over 2Q14**

PASADENA, CA. – July 27, 2015 – Alexandria Real Estate Equities, Inc. (NYSE:ARE) today announced financial and operating results for the second quarter ended June 30, 2015.

Joel S. Marcus, Chairman, Chief Executive Officer, and Founder of Alexandria Real Estate Equities, Inc., said, “Congratulations to our first-in-class team on the solid execution of another strong quarter of financial and operating results, including the following key highlights:

- Executed agreement for the sale of a 70% interest in our class A facility located at 225 Binney Street, Cambridge, MA, to TIAA-CREF for a sale price of \$190.1 million at a cash cap rate of 4.5%; we expect to complete the sale in 4Q15;
- 2015 recipient of the NAREIT Investor CARE (Communication and Reporting Excellence) Gold Award by NAREIT as a best-in-class REIT that delivers transparency, quality, and efficient communications and reporting to the investment community;
- FFO per share diluted for 2Q15 of \$1.31, up 10.1%, compared to \$1.19 for 2Q14;
- Same property NOI growth of 0.5% and 4.7% (cash basis) for 2Q15, as compared to 2Q14;
- Rental rate increases of 14.5% and 7.0% (cash basis) for 2Q15 lease renewals and re-leasing of space aggregating 783,042 RSF;
- Executed 1.9 million RSF of leasing in 2Q15; strong demand and pricing power in our key cluster markets;
- Executed 1.1 million RSF (included in the 1.9 million RSF above) of leases related to class A ground-up development space providing further visibility into key near-term multi-year growth drivers; further increasing proportion of total ABR in the future from class A assets and high quality tenants; and
- Common stock dividend for 2Q15 of \$0.77 per common share, up 5 cents, or 7%, over 2Q14; continuation of strategy to share growth in cash flows from operating activities with our shareholders while also retaining important capital for investment.”

#### 4.5% Cash cap rate on sale of 70% interest in core real estate asset

- In July 2015, we executed an agreement for the sale of a 70% interest in our class A facility located at 225 Binney Street, Cambridge, MA, to TIAA-CREF for a sale price of \$190.1 million at a cash cap rate of 4.5%; we expect to complete the sale in 4Q15

#### 2015 Recipient of NAREIT Investor CARE Award

- 2015 recipient of the Investor CARE (Communication and Reporting Excellence) Gold Award by NAREIT as a best-in-class REIT that delivers transparency, quality, and efficient communications and reporting to the investment community

#### Results

- Funds from operations (“FFO”) attributable to Alexandria Real Estate Equities, Inc.’s (“Alexandria’s”) common stockholders – basic and diluted:
  - \$1.31 per share for 2Q15, up 10.1%, compared to \$1.19 per share for 2Q14
  - \$2.59 per share for YTD 2Q15, up 9.7%, compared to \$2.36 per share for YTD 2Q14
  - \$93.4 million for 2Q15, up \$8.9 million, or 10.6%, compared to \$84.5 million for 2Q14
  - \$184.8 million for YTD 2Q15, up \$17.2 million, or 10.3%, compared to \$167.6 million for YTD 2Q14
- Net income attributable to Alexandria’s common stockholders – diluted:
  - \$31.3 million, or \$0.44 per share, for 2Q15, compared to \$27.9 million, or \$0.39 per share, for 2Q14
  - \$49.1 million, or \$0.69 per share, for YTD 2Q15, compared to \$60.6 million, or \$0.85 per share, for YTD 2Q14

#### Core operating metrics

- Total revenues:
  - \$204.2 million for 2Q15, up \$27.8 million, or 15.7%, compared to \$176.4 million for 2Q14
  - \$400.9 million for YTD 2Q15, up \$48.3 million, or 13.7%, compared to \$352.6 million for YTD 2Q14
- Net operating income (“NOI”), including our share of unconsolidated joint ventures:
  - \$142.8 million for 2Q15, up \$18.8 million, or 15.1%, compared to \$124.0 million for 2Q14
  - \$279.2 million for YTD 2Q15, up \$31.5 million, or 12.7%, compared to \$247.7 million for YTD 2Q14
- Same property NOI growth:
  - 0.5% and 4.7% (cash basis) increase for 2Q15, as compared to 2Q14
  - 1.4% and 6.2% (cash basis) increase for YTD 2Q15, as compared to YTD 2Q14



**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Core operating metrics (continued)**

- Executed leases for 1,915,379 rentable square feet (“RSF”) during 2Q15, the highest quarterly leasing volume in the Company’s history, including:
  - 304,326 RSF to Eli Lilly and Company, representing 100% of the recently acquired redevelopment project at 10290 Campus Point Drive in our University Town Center submarket in San Diego
  - 300,000 RSF to Stripe, Inc., representing 100% of 510 Townsend Street in our SoMa submarket in San Francisco
  - 208,394 RSF to Bristol-Myers Squibb Company, representing 48% of 100 Binney Street in our Cambridge submarket in Greater Boston
  - 90,423 RSF to Juno Therapeutics, Inc., representing 31% of 400 Dexter Avenue North in our Lake Union submarket in Seattle
  - 14.5% and 7.0% (cash basis) rental rate increases on lease renewals and re-leasing of space aggregating 783,042 RSF
- Executed leases for 2,938,048 RSF during YTD 2Q15
  - 20.3% and 11.2% (cash basis) rental rate increases on lease renewals and re-leasing of space aggregating 1,272,328 RSF
- Occupancy at 95.9% for properties in North America as of 2Q15
- Operating margins at 70% for 2Q15
- Adjusted EBITDA margins at 65% for 2Q15

**External growth: value-creation projects and acquisitions**

*Value-creation projects*

- Current development projects underway were on average 88% leased or under negotiation (71% leased and 17% under negotiation)
- Near-term value-creation projects with estimated commencement of construction in 2H15, aggregating 1,097,564 RSF, were on average 100% leased or under negotiation (80% leased and 20% under negotiation)
- 2Q15 key value-creation projects placed into service include:
  - 112,500 RSF to FORUM Pharmaceuticals Inc. at 225 Second Avenue in our Route 128 submarket in Greater Boston.
  - 51,997 RSF, including 48,990 RSF to the Dana-Farber Cancer Institute, Inc., at 360 Longwood Avenue in our Longwood Medical submarket in Greater Boston.
- 2Q15 commencements of development project:
  - 287,806 RSF development project at 400 Dexter Avenue North in our Lake Union submarket; 64% leased/negotiating (31% leased and 33% under negotiation)

*Acquisitions*

- In April 2015, we acquired 505 Brannan Street, a near-term development project in our SoMa submarket. The property is currently entitled for 135,000 RSF, and we are seeking entitlements for an additional 165,000 RSF. The purchase price of the land parcel was \$34.0 million.
- Refer to “Subsequent events” for details on acquisition of 10290 Campus Point Drive in our University Town Center submarket.

**Balance sheet**

- \$10.7 billion total market capitalization as of June 30, 2015
- 12% of gross investment in real estate in value-creation pipeline (50% of pipeline undergoing construction)
- 7.5x net debt to adjusted EBITDA – 2Q15 annualized; 2015 target range from 6.5x to 7.5x, with goal of <7.0x by 4Q15
- 3.4x fixed charge coverage ratio – 2Q15 annualized
- In June 2015, we completed a partial principal repayment of \$25.0 million, extended the maturity date of the remaining \$350 million unsecured senior bank term loan from 2016 to 2021 (“2021 Unsecured Senior Bank Term Loan”), and reduced pricing to LIBOR +1.10% from LIBOR +1.20%
- In June 2015, we exercised the first of two one-year extensions on a \$47.2 million secured construction loan, which extended the maturity date from July 1, 2015, to July 1, 2016
- Limited debt maturities through 2018; well-laddered maturity profile
- Executed additional interest rate swap agreements in April, June, and July 2015, with an aggregate notional amount of \$550 million, to increase notional hedged variable-rate debt to a minimum of \$800 million and \$350 million during 2016 and 2017, respectively.
- 22% unhedged variable-rate debt as a percentage of total debt as of June 30, 2015, with goal of <15% by 4Q15

**LEED statistics**

- 51 LEED projects, including 35 LEED certified projects aggregating 5.4 million RSF and 16 additional LEED projects in process aggregating 3.3 million square feet
- 55% of our total annualized base rent (“ABR”) will be generated from LEED projects upon completion of our in-process projects

**Subsequent events**

- In July 2015, we commenced development of a 431,483 RSF value-creation project at 100 Binney Street in our Cambridge submarket; 98% leased/negotiating, including 48% leased to Bristol-Myers Squibb Company.
- In July 2015, we acquired 10290 Campus Point Drive, a property aggregating 304,326 RSF. This highly strategic acquisition is located adjacent to our uniquely positioned life science campus at the Alexandria Center<sup>®</sup> for Life Science at Campus Pointe with high-quality on-site amenities in the heart of our University Town Center submarket. The acquired property is 100% leased to the previous owner through September 30, 2015. In June 2015, we leased the entire 304,326 RSF to Eli Lilly and Company for 15.5 years. In October 2015, we expect to commence conversion of the space into Class A office/laboratory space through redevelopment. Upon completion of this redevelopment project, Eli Lilly and Company will relocate its existing presence at 10300 Campus Point Drive of 125,409 RSF and the previously announced 106,173 RSF expansion, into our recently acquired 10290 Campus Point Drive. These changes resulted in a net increase of 72,744 RSF leased to Eli Lilly and Company at the campus. Our campus will ultimately contain an aggregate of 1,046,472 RSF, including 292,387 RSF of capacity for future ground-up development.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Guidance**

(Dollars in thousands, except per share amounts)

The following updated guidance is based on our current view of existing market conditions and other assumptions for the year ending December 31, 2015. 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.

| <b>Summary of Key Changes in Guidance</b> | <b>Description</b> |
|---|--------------------|
| FFO per share – diluted                   | + \$0.02           |
| <i>Sources of capital:</i>                |                    |
| Midpoint                                  | <b>Description</b> |
| Incremental debt                          | \$ (75,000)        |
| Acquisition (non-cash)                    | (135,000)          |
| Remainder/asset sales                     | 115,000            |
| Net decrease in sources of capital        | <u>\$ (95,000)</u> |
| <i>Uses of capital:</i>                   |                    |
| Construction                              | \$ (45,000)        |
| Acquisition                               | (50,000)           |
| Decrease in uses of capital               | <u>\$ (95,000)</u> |

• Midpoint of range increased by \$0.02 to \$5.24, driven by strong leasing activity, and narrowed range from \$0.10 to \$0.06

• Increase in income-producing asset sales generates higher proceeds resulting in a reduction in incremental debt. A portion of the incremental proceeds will fund the acquisition of a redevelopment opportunity at 10290 Campus Point Drive.

• Reduction in projected construction spending includes, among other items, approximately \$17.5 million of construction funding assumed by the buyer of 270 Third Street (see next page)

• Decrease in acquisitions primarily due to change in timing of non-cash acquisition from 2015 to 2016, offset by purchase in July 2015, of 10290 Campus Point Drive, a 100% pre-leased redevelopment project

**EPS and FFO Per Share Attributable to Alexandria’s Common Stockholders – Diluted**

|                                    |                         |
|------------------------------------|-------------------------|
| Earnings per share                 | \$1.44 to \$1.50        |
| Add: depreciation and amortization | 3.59                    |
| Add: impairment of real estate     | 0.20                    |
| Other                              | (0.02)                  |
| FFO per share                      | <u>\$5.21 to \$5.27</u> |

**Key Credit Metrics**

|   |              |
|---|--------------|
| Net debt to Adjusted EBITDA – 4Q15 annualized   | <7.0x        |
| Fixed-charge coverage ratio – 4Q15 annualized   | 3.0x to 3.5x |
| Value-creation pipeline as a percentage of gross investments in real estate as of December 31, 2015 | 10% to 15%   |

**Key Assumptions**

|  | Low        | High       |
|--|------------|------------|
| Occupancy percentage for operating properties in North America as of December 31, 2015 | 96.9%      | 97.4%      |
| <i>Same Properties’ performance:</i>   |            |            |
| NOI increase   | 0.5%       | 2.5%       |
| NOI increase (cash basis)  | 5.0%       | 7.0%       |
| <i>Lease renewals and re-leasing of space:</i>   |            |            |
| Rental rate increases  | 14.0%      | 17.0%      |
| Rental rate increases (cash basis)   | 8.0%       | 10.0%      |
| Straight-line rent revenue   | \$ 47,000  | \$ 52,000  |
| General and administrative expenses  | \$ 55,000  | \$ 59,000  |
| Capitalization of interest   | \$ 35,000  | \$ 45,000  |
| Interest expense   | \$ 106,000 | \$ 116,000 |

**Key Sources and Uses of Capital**

|   | Completed 1H15    | Low               | High                |
|---|-------------------|-------------------|---------------------|
| <i>Sources of capital:</i>                                |                   |                   |                     |
| Net cash provided by operating activities after dividends | \$ 61,000         | \$ 115,000        | \$ 135,000          |
| Incremental debt  | 316,000           | 115,000           | 195,000             |
| Remainder/asset sales (see next page)                     | 94,000            | 720,000           | 820,000             |
| Total sources of capital                                  | <u>\$ 471,000</u> | <u>\$ 950,000</u> | <u>\$ 1,150,000</u> |
| <i>Uses of capital:</i>                                   |                   |                   |                     |
| Construction  | \$ 198,000        | \$ 600,000        | \$ 700,000          |
| Acquisitions <sup>(1)</sup>                               | 273,000           | 350,000           | 450,000             |
| Total uses of capital                                     | <u>\$ 471,000</u> | <u>\$ 950,000</u> | <u>\$ 1,150,000</u> |
| <i>Incremental debt:</i>                                  |                   |                   |                     |
| Issuance of unsecured senior and other notes payable      | \$ 82,000         | \$ 370,000        | \$ 450,000          |
| Borrowings under existing secured construction loans      | 43,000            | 80,000            | 130,000             |
| Repayments of secured notes payable                       | (10,000)          | (61,000)          | (137,000)           |
| Activity on unsecured senior line of credit/other         | 201,000           | (274,000)         | (248,000)           |
| Incremental debt  | <u>\$ 316,000</u> | <u>\$ 115,000</u> | <u>\$ 195,000</u>   |

(1) Includes the acquisition in July 2015 of 10290 Campus Point Drive, a property aggregating 304,326 RSF, for \$105.0 million. See page 2 for additional information.



**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Dispositions and Other Sources of Capital**  
*(Dollars in thousands)*

| Property – Market/Submarket   | Date Sold         | Number of Operating Properties | Square Feet | Annual NOI <sup>(1)</sup> | Sales Price <sup>(2)</sup>      |
|---|-------------------|--------------------------------|-------------|---------------------------|---------------------------------|
| Dispositions completed in 1Q15  |                   |                                |             |                           |                                 |
| 661 University Avenue – Canada/Toronto  | January           | 1                              | N/A         | \$ (1,363)                | \$ 54,104                       |
| Other   | January/<br>March | 2                              | 196,859     | (595)                     | 14,335                          |
|   |                   |                                |             | \$ (1,958)                | 68,439                          |
| Dispositions completed in 1Q15  |                   |                                |             |                           |                                 |
| Dispositions completed in 2Q15  |                   |                                |             |                           |                                 |
| 270 Third Street – Greater Boston/Cambridge <sup>(3)</sup>  |                   |                                |             |                           |                                 |
| Sales price   | June              | —                              | N/A         | \$ —                      | 43,000                          |
| Construction funding assumed by buyer   |                   |                                |             |                           | (17,523)                        |
| Net proceeds  |                   |                                |             |                           | 25,477                          |
| Pending/targeted asset sales  |                   |                                |             |                           |                                 |
| 225 Binney Street – Greater Boston/Cambridge (sale of 70% interest at 4.5% cash capitalization rate) <sup>(4)</sup> |                   |                                | 305,212     | \$ 9,332 <sup>(4)</sup>   | 190,110                         |
| 500 Forbes Boulevard – San Francisco/South San Francisco  |                   |                                | 155,685     | \$ 5,628                  | 240,974 to 290,974              |
| Other   |                   |                                | 240,000     | \$ 8,200                  |                                 |
|   |                   |                                |             |                           | 525,000 to 575,000              |
| Completed and pending/targeted asset sales  |                   |                                |             |                           |                                 |
| Projected – remainder/asset sales   |                   |                                | TBD         | TBD                       | 195,000 to 245,000              |
| Total dispositions completed and other sources of capital <sup>(5)</sup>  |                   |                                |             |                           | <u>\$ 720,000 to \$ 820,000</u> |

(1) Annualized using actual results for the quarter ended prior to the date of sale, or 2Q15 for pending/targeted asset sales, as of June 30, 2015.

(2) Represents the sales price for completed dispositions and the estimated sales price for pending/targeted asset sales, as of June 30, 2015.

(3) Represents a residential project under construction totaling 91 units at the Alexandria Center<sup>®</sup> at Kendall Square. Our projected key sources and uses of capital reflect the savings of \$17.5 million in projected construction spending.

(4) In July 2015, we executed an agreement to sell a 70% interest in our 225 Binney Street property to a high quality institutional investor for \$190.1 million at a 4.5% cash capitalization rate. We expect to complete the sale in 4Q15. Annual NOI represents 70% of annualized 2Q15 NOI of \$13.3 million (including straight-line rent) for this property. Annualized 2Q15 NOI, excluding straight-line rent, was \$8.7 million.

(5) We anticipate a portion of dispositions and other sources of capital will come from the sale of equity investments in publicly traded entities. As of June 30, 2015, our \$172.6 million of equity investments in publicly traded entities had unrealized gains aggregating \$138.7 million.

Key NAV Consideration

KEY NAV CONSIDERATION FOR  
RECENTLY COMPLETED DEVELOPMENT  
AT 75/125 BINNEY STREET, CAMBRIDGE, MA

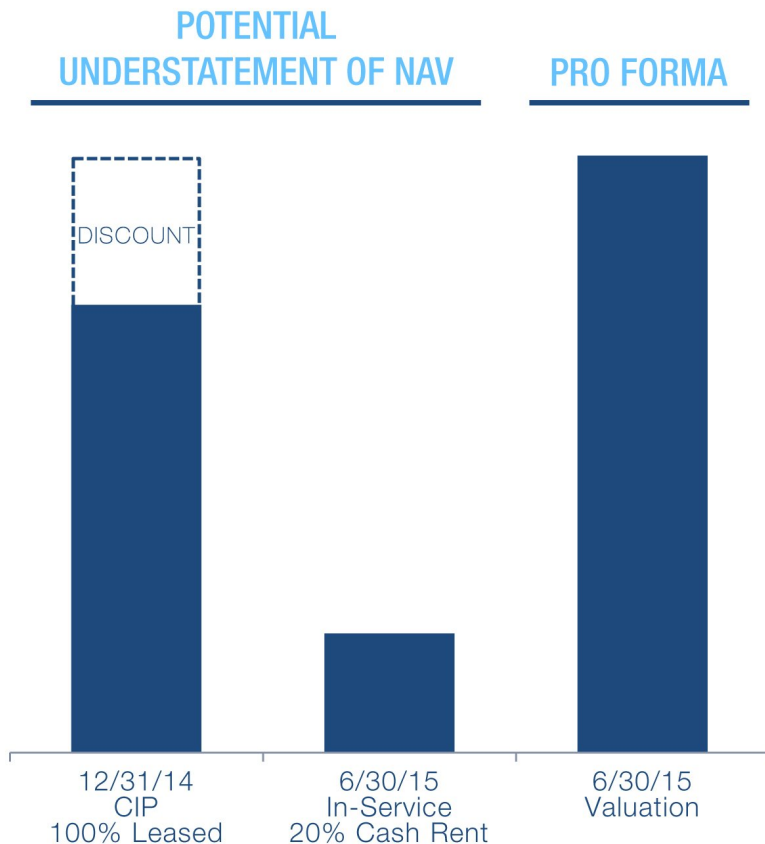
INCREMENTAL NAV FOR  
CASH NOI VALUATION MODELS

Delivered 99% leased on March 24, 2015,  
cash rents commenced immediately

Upon delivery in March 2015, \$30 million annual rent  
consisted of 80% straight line rent and 20% cash rent

1.5 years of free rent spread over first  
two years of 15-year lease

Full cash rents of \$76.50/sf begin on April 1, 2017



POTENTIAL UNDERSTATEMENT OF NAV

**12/31/14** NAV is typically discounted CIP balance prior to in-service delivery

**6/30/15** Cash NOI / Cap. Rate significantly undervalues property due to only 20% of cash rent in place today

PRO FORMA NAV CALCULATION

**6/30/15** Full Cash NOI / Cap. Rate = NAV Valuation



## ALEXANDRIA REAL ESTATE EQUITIES, INC.

June 30, 2015

### Earnings Call Information

We will host a conference call on Tuesday, July 28, 2015, at 3:00 p.m. Eastern Time (“ET”)/12:00 p.m. noon Pacific Time (“PT”) that is open to the general public to discuss our financial and operating results for the second quarter ended June 30, 2015. To participate in this conference call, dial (877) 545-1403 or (719) 325-4748 and confirmation code 9589266 shortly before 3:00 p.m. ET/12:00 p.m. noon PT. The audio webcast can be accessed at: [www.are.com](http://www.are.com), in the “For Investors” section. A replay of the call will be available for a limited time from 6:00 p.m. ET/3:00 p.m. PT on Tuesday, July 28, 2015. The replay number is (888) 203-1112 or (719) 457-0820 and the confirmation code is 9589266.

Additionally, a copy of this Earnings Press Release and Supplemental Information for the second quarter ended June 30, 2015, is available in the “For Investors” section of our website at [www.are.com](http://www.are.com) or by following this link: <http://www.are.com/fs/2015q2.pdf>.

For any questions, please contact Joel S. Marcus, Chairman, Chief Executive Officer & Founder, at (626) 578-9693 or Dean A. Shigenaga, Executive Vice President & Chief Financial Officer, at (626) 578-0777.

### About the Company

Alexandria Real Estate Equities, Inc. (NYSE:ARE) is a fully integrated, self-administered, and self-managed office real estate investment trust (“REIT”) uniquely focused on collaborative science and technology campuses in urban innovation clusters with a total market capitalization of \$10.7 billion as of June 30, 2015, and an asset base of 31.1 million square feet, including 18.8 million RSF of operating and current value-creation projects, as well as an additional 12.3 million square feet of near-term and future ground-up development projects. Alexandria pioneered this niche in 1994 and has since established a dominant market presence in AAA locations, including Greater Boston, San Francisco, New York City, San Diego, Seattle, Maryland, and Research Triangle Park.

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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 2015 earnings per share attributable to Alexandria’s common stockholders – diluted, 2015 FFO per share attributable to Alexandria’s common stockholders – diluted, NOI, 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 our existing space held for redevelopment and new properties acquired for that purpose and any properties undergoing development, 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 client tenants, general and local economic conditions, a favorable capital market environment, performance of our operations in areas such as current and future development and redevelopment projects being placed into service, leasing activity, 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.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Consolidated Statements of Income**  
*(In thousands, except per share amounts)*  
*(Unaudited)*

|   | Three Months Ended |                  |                    |                  |                  | Six Months Ended |                  |
|---|--------------------|------------------|--------------------|------------------|------------------|------------------|------------------|
|   | 6/30/15            | 3/31/15          | 12/31/14           | 9/30/14          | 6/30/14          | 6/30/15          | 6/30/14          |
| Revenues:   |                    |                  |                    |                  |                  |                  |                  |
| Rental  | \$ 151,805         | \$ 143,608       | \$ 140,873         | \$ 137,718       | \$ 134,992       | \$ 295,413       | \$ 265,562       |
| Tenant recoveries   | 49,594             | 48,394           | 45,282             | 45,572           | 40,944           | 97,988           | 82,626           |
| Other income  | 2,757              | 4,751            | 2,519              | 2,325            | 466              | 7,508            | 4,400            |
| Total revenues  | <u>204,156</u>     | <u>196,753</u>   | <u>188,674</u>     | <u>185,615</u>   | <u>176,402</u>   | <u>400,909</u>   | <u>352,588</u>   |
| Expenses:   |                    |                  |                    |                  |                  |                  |                  |
| Rental operations   | 62,250             | 61,223           | 56,881             | 57,423           | 52,353           | 123,473          | 104,860          |
| General and administrative  | 14,989             | 14,387           | 13,861             | 12,609           | 13,836           | 29,376           | 27,060           |
| Interest  | 26,668             | 23,236           | 22,188             | 20,555           | 17,433           | 49,904           | 36,556           |
| Depreciation and amortization   | 62,171             | 58,920           | 57,973             | 58,388           | 57,314           | 121,091          | 107,735          |
| Impairment of real estate   | —                  | 14,510           | 51,675             | —                | —                | 14,510           | —                |
| Loss on early extinguishment of debt  | 189                | —                | —                  | 525              | —                | 189              | —                |
| Total expenses  | <u>166,267</u>     | <u>172,276</u>   | <u>202,578</u>     | <u>149,500</u>   | <u>140,936</u>   | <u>338,543</u>   | <u>276,211</u>   |
| Equity in earnings of unconsolidated joint ventures   | 541                | 574              | 554                | —                | —                | 1,115            | —                |
| Income (loss) from continuing operations  | 38,430             | 25,051           | (13,350)           | 36,115           | 35,466           | 63,481           | 76,377           |
| (Loss) income from discontinued operations  | —                  | (43)             | 1,722              | (180)            | (147)            | (43)             | (309)            |
| Gain on sales of real estate – land parcels   | —                  | —                | 5,598              | 8                | 797              | —                | 797              |
| Net income (loss)   | 38,430             | 25,008           | (6,030)            | 35,943           | 36,116           | 63,438           | 76,865           |
| Dividends on preferred stock  | (6,246)            | (6,247)          | (6,284)            | (6,471)          | (6,472)          | (12,493)         | (12,943)         |
| Preferred stock redemption charge   | —                  | —                | (1,989)            | —                | —                | —                | —                |
| Net income attributable to noncontrolling interests   | (263)              | (492)            | (1,362)            | (1,340)          | (1,307)          | (755)            | (2,502)          |
| Net income attributable to unvested restricted stock awards   | (630)              | (483)            | (489)              | (506)            | (405)            | (1,113)          | (779)            |
| Net income (loss) attributable to Alexandria Real Estate Equities, Inc.'s common stockholders   | <u>\$ 31,291</u>   | <u>\$ 17,786</u> | <u>\$ (16,154)</u> | <u>\$ 27,626</u> | <u>\$ 27,932</u> | <u>\$ 49,077</u> | <u>\$ 60,641</u> |
| Earnings per share attributable to Alexandria's common stockholders – basic and diluted:  |                    |                  |                    |                  |                  |                  |                  |
| Continuing operations   | \$ 0.44            | \$ 0.25          | \$ (0.25)          | \$ 0.39          | \$ 0.39          | \$ 0.69          | \$ 0.85          |
| Discontinued operations   | —                  | —                | 0.02               | —                | —                | —                | —                |
| Earnings per share – basic and diluted  | <u>\$ 0.44</u>     | <u>\$ 0.25</u>   | <u>\$ (0.23)</u>   | <u>\$ 0.39</u>   | <u>\$ 0.39</u>   | <u>\$ 0.69</u>   | <u>\$ 0.85</u>   |
| Weighted-average shares of common stock outstanding for calculating earnings per share attributable to Alexandria's common stockholders – basic and diluted | 71,412             | 71,366           | 71,314             | 71,195           | 71,126           | 71,389           | 71,100           |
| Dividends declared per share of common stock  | \$ 0.77            | \$ 0.74          | \$ 0.74            | \$ 0.72          | \$ 0.72          | \$ 1.51          | \$ 1.42          |



**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Consolidated Balance Sheets**  
*(In thousands)*  
*(Unaudited)*

|  | 6/30/15                | 3/31/15             | 12/31/14            | 9/30/14             | 6/30/14             |
|--|------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Assets</b>  |                        |                     |                     |                     |                     |
| Investments in real estate   | \$ 7,442,875           | \$ 7,388,059        | \$ 7,226,016        | \$ 7,197,630        | \$ 7,030,117        |
| Cash and cash equivalents  | 68,617                 | 90,641              | 86,011              | 67,023              | 61,701              |
| Restricted cash  | 44,191                 | 56,704              | 26,884              | 24,245              | 24,519              |
| Tenant receivables   | 9,279                  | 10,627              | 10,548              | 10,830              | 10,654              |
| Deferred rent  | 257,427                | 243,459             | 234,124             | 225,506             | 214,793             |
| Deferred leasing and financing costs                                 | 210,709                | 199,576             | 201,798             | 199,835             | 193,621             |
| Investments  | 360,614 <sup>(1)</sup> | 283,062             | 236,389             | 177,577             | 174,802             |
| Other assets   | 131,179                | 133,093             | 114,266             | 117,668             | 105,442             |
| <b>Total assets</b>  | <b>\$ 8,524,891</b>    | <b>\$ 8,405,221</b> | <b>\$ 8,136,036</b> | <b>\$ 8,020,314</b> | <b>\$ 7,815,649</b> |
| <b>Liabilities, Noncontrolling Interests, and Equity</b>             |                        |                     |                     |                     |                     |
| Secured notes payable  | \$ 771,435             | \$ 760,476          | \$ 652,209          | \$ 636,825          | \$ 615,551          |
| Unsecured senior notes payable                                       | 1,747,531              | 1,747,450           | 1,747,370           | 1,747,290           | 1,048,310           |
| Unsecured senior line of credit                                      | 624,000                | 421,000             | 304,000             | 142,000             | 571,000             |
| Unsecured senior bank term loans                                     | 950,000                | 975,000             | 975,000             | 975,000             | 1,100,000           |
| Accounts payable, accrued expenses, and tenant security deposits     | 531,612                | 645,619             | 489,085             | 504,535             | 434,528             |
| Dividends payable  | 61,194                 | 58,824              | 58,814              | 57,549              | 57,377              |
| <b>Total liabilities</b>   | 4,685,772              | 4,608,369           | 4,226,478           | 4,063,199           | 3,826,766           |
| <b>Commitments and contingencies</b>                                 |                        |                     |                     |                     |                     |
| Redeemable noncontrolling interests                                  | 14,248                 | 14,282              | 14,315              | 14,348              | 14,381              |
| <b>Alexandria Real Estate Equities, Inc.'s stockholders' equity:</b> |                        |                     |                     |                     |                     |
| Series D cumulative convertible preferred stock                      | 237,163                | 237,163             | 237,163             | 250,000             | 250,000             |
| Series E cumulative redeemable preferred stock                       | 130,000                | 130,000             | 130,000             | 130,000             | 130,000             |
| Common stock   | 717                    | 716                 | 715                 | 714                 | 713                 |
| Additional paid-in capital   | 3,371,016              | 3,383,456           | 3,461,189           | 3,523,195           | 3,542,334           |
| Accumulated other comprehensive income (loss)                        | 83,980                 | 29,213              | (628)               | (28,711)            | (16,245)            |
| <b>Alexandria's stockholders' equity</b>                             | 3,822,876              | 3,780,548           | 3,828,439           | 3,875,198           | 3,906,802           |
| Noncontrolling interests   | 1,995                  | 2,022               | 66,804              | 67,569              | 67,700              |
| <b>Total equity</b>  | 3,824,871              | 3,782,570           | 3,895,243           | 3,942,767           | 3,974,502           |
| <b>Total liabilities, noncontrolling interests, and equity</b>       | <b>\$ 8,524,891</b>    | <b>\$ 8,405,221</b> | <b>\$ 8,136,036</b> | <b>\$ 8,020,314</b> | <b>\$ 7,815,649</b> |

(1) Includes unrealized gains on publicly traded investments aggregating \$138.7 million as of June 30, 2015, classified in accumulated other comprehensive income (loss) within stockholder's equity.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Funds From Operations and Adjusted Funds From Operations**  
*(In thousands)*  
*(Unaudited)*

The following table presents a reconciliation of net income (loss) attributable to Alexandria's common stockholders – basic, the most directly comparable financial measure presented in accordance with generally accepted accounting principles (“GAAP”), to FFO attributable to Alexandria's common stockholders – basic and diluted, FFO attributable to Alexandria's common stockholders – diluted, as adjusted, and adjusted funds from operations (“AFFO”) attributable to Alexandria's common stockholders – diluted. The table below includes our share of consolidated and unconsolidated joint venture amounts.

|  | Three Months Ended      |                  |                    |                  | Six Months Ended |                   |                   |
|--|-------------------------|------------------|--------------------|------------------|------------------|-------------------|-------------------|
|  | 6/30/15                 | 3/31/15          | 12/31/14           | 9/30/14          | 6/30/14          | 6/30/15           | 6/30/14           |
| <b>Net income (loss) attributable to Alexandria's common stockholders</b>                          | <b>\$ 31,291</b>        | <b>\$ 17,786</b> | <b>\$ (16,154)</b> | <b>\$ 27,626</b> | <b>\$ 27,932</b> | <b>\$ 49,077</b>  | <b>\$ 60,641</b>  |
| Depreciation and amortization  | 62,523                  | 59,202           | 58,302             | 58,388           | 57,314           | 121,725           | 107,735           |
| Impairment of real estate – rental properties  | —                       | 14,510           | 26,975             | —                | —                | 14,510            | —                 |
| Gain on sales of real estate – rental properties <sup>(1)</sup>                                    | —                       | —                | (1,838)            | —                | —                | —                 | —                 |
| Gain on sales of real estate – land parcels  | —                       | —                | (5,598)            | (8)              | (797)            | —                 | (797)             |
| Amount attributable to noncontrolling interests/<br>unvested restricted stock awards:              |                         |                  |                    |                  |                  |                   |                   |
| Net income   | 893                     | 975              | 1,851              | 1,846            | 1,712            | 1,868             | 3,281             |
| FFO  | (1,274)                 | (1,141)          | (2,063)            | (2,278)          | (1,648)          | (2,415)           | (3,277)           |
| <b>FFO attributable to Alexandria's common stockholders –<br/>basic and diluted <sup>(2)</sup></b> | <b>93,433</b>           | <b>91,332</b>    | <b>61,475</b>      | <b>85,574</b>    | <b>84,513</b>    | <b>184,765</b>    | <b>167,583</b>    |
| Impairment of real estate – land parcels   | —                       | —                | 24,700             | —                | —                | —                 | —                 |
| Loss on early extinguishment of debt   | 189                     | —                | —                  | 525              | —                | 189               | —                 |
| Preferred stock redemption charge  | —                       | —                | 1,989              | —                | —                | —                 | —                 |
| Allocation to unvested restricted stock awards   | (2)                     | —                | (259)              | (4)              | —                | (2)               | —                 |
| <b>FFO attributable to Alexandria's common stockholders –<br/>diluted, as adjusted</b>             | <b>93,620</b>           | <b>91,332</b>    | <b>87,905</b>      | <b>86,095</b>    | <b>84,513</b>    | <b>184,952</b>    | <b>167,583</b>    |
| Non-revenue-enhancing capital expenditures:  |                         |                  |                    |                  |                  |                   |                   |
| Building improvements  | (2,743)                 | (2,278)          | (1,989)            | (2,405)          | (1,255)          | (5,021)           | (3,035)           |
| Tenant improvements and leasing commissions  | (6,429)                 | (5,775)          | (5,499)            | (1,693)          | (3,934)          | (12,204)          | (7,987)           |
| Straight-line rent revenue   | (14,159) <sup>(3)</sup> | (10,697)         | (10,023)           | (10,892)         | (12,737)         | (24,856)          | (24,619)          |
| Straight-line rent expense on ground leases  | 510                     | 363              | 657                | 723              | 697              | 873               | 1,408             |
| Amortization of acquired below-market leases   | (1,006)                 | (933)            | (654)              | (757)            | (618)            | (1,939)           | (1,434)           |
| Amortization of loan fees  | 2,921                   | 2,835            | 2,822              | 2,786            | 2,743            | 5,756             | 5,304             |
| Amortization of debt (premiums) discounts  | (100)                   | (82)             | 17                 | (36)             | (69)             | (182)             | 136               |
| Stock compensation expense   | 4,054                   | 3,690            | 4,624              | 3,068            | 3,076            | 7,744             | 6,304             |
| Allocation to unvested restricted stock awards   | 152                     | 118              | 98                 | 71               | 90               | 272               | 184               |
| <b>AFFO attributable to Alexandria's common stockholders – diluted</b>                             | <b>\$ 76,820</b>        | <b>\$ 78,573</b> | <b>\$ 77,958</b>   | <b>\$ 76,960</b> | <b>\$ 72,506</b> | <b>\$ 155,395</b> | <b>\$ 143,844</b> |

(1) Gain on sales of real estate – rental properties recognized during 4Q14 is classified in (loss) income from discontinued operations in the consolidated statements of income.

(2) Calculated in accordance with standards established by the Board of Governors of the NAREIT in its April 2002 White Paper and related implementation guidance.

(3) Increase in straight-line rent revenue in 2Q15 compared to 1Q15 is primarily due to the completion of the development of 75/125 Binney Street located in Cambridge, Massachusetts, on March 24, 2015. See page 5 for additional information. Straight-line rent is expected to decline quarter to quarter through the remainder of 2015.



**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Funds From Operations Per Share and Adjusted Funds From Operations Per Share**  
*(In thousands, except per share amounts)*  
*(Unaudited)*

The following table presents a reconciliation of earnings per share attributable to Alexandria's common stockholders – basic, the most directly comparable financial measure presented in accordance with GAAP, to FFO per share attributable to Alexandria's common stockholders – diluted, FFO per share attributable to Alexandria's common stockholders – diluted, as adjusted, and AFFO per share attributable to Alexandria's common stockholders – diluted. For the computation of the weighted-average shares used to compute the per share information, refer to the "Definitions and Reconciliations" section in our supplemental information. The table below includes our share of consolidated and unconsolidated joint venture amounts.

|  | Three Months Ended |                |                  |                | Six Months Ended |                |                |
|--|--------------------|----------------|------------------|----------------|------------------|----------------|----------------|
|  | 6/30/15            | 3/31/15        | 12/31/14         | 9/30/14        | 6/30/14          | 6/30/14        |                |
| <b>Earnings per share attributable to Alexandria's common stockholders – basic and diluted</b>   | <b>\$ 0.44</b>     | <b>\$ 0.25</b> | <b>\$ (0.23)</b> | <b>\$ 0.39</b> | <b>\$ 0.39</b>   | <b>\$ 0.69</b> | <b>\$ 0.85</b> |
| Depreciation and amortization  | 0.87               | 0.83           | 0.82             | 0.81           | 0.81             | 1.70           | 1.52           |
| Impairment of real estate – rental properties  | —                  | 0.20           | 0.38             | —              | —                | 0.20           | —              |
| Gain on sales of real estate – rental properties   | —                  | —              | (0.03)           | —              | —                | —              | —              |
| Gain on sales of real estate – land parcels  | —                  | —              | (0.08)           | —              | (0.01)           | —              | (0.01)         |
| <b>FFO per share attributable to Alexandria's common stockholders – basic and diluted <sup>(1)</sup></b>   | <b>1.31</b>        | <b>1.28</b>    | <b>0.86</b>      | <b>1.20</b>    | <b>1.19</b>      | <b>2.59</b>    | <b>2.36</b>    |
| Impairment of real estate – land parcels   | —                  | —              | 0.34             | —              | —                | —              | —              |
| Loss on early extinguishment of debt   | —                  | —              | —                | 0.01           | —                | —              | —              |
| Preferred stock redemption charge  | —                  | —              | 0.03             | —              | —                | —              | —              |
| <b>FFO per share attributable to Alexandria's common stockholders – diluted, as adjusted</b>   | <b>1.31</b>        | <b>1.28</b>    | <b>1.23</b>      | <b>1.21</b>    | <b>1.19</b>      | <b>2.59</b>    | <b>2.36</b>    |
| Non-revenue-enhancing capital expenditures:  |                    |                |                  |                |                  |                |                |
| Building improvements  | (0.04)             | (0.03)         | (0.03)           | (0.03)         | (0.02)           | (0.07)         | (0.04)         |
| Tenant improvements and leasing commissions  | (0.09)             | (0.08)         | (0.08)           | (0.02)         | (0.06)           | (0.17)         | (0.11)         |
| Straight-line rent revenue   | (0.20)             | (0.15)         | (0.14)           | (0.15)         | (0.18)           | (0.35)         | (0.35)         |
| Straight-line rent expense on ground leases  | 0.01               | 0.01           | 0.01             | 0.01           | 0.01             | 0.01           | 0.02           |
| Amortization of acquired below-market leases   | (0.01)             | (0.01)         | (0.01)           | (0.01)         | (0.01)           | (0.02)         | (0.02)         |
| Amortization of loan fees  | 0.04               | 0.03           | 0.05             | 0.03           | 0.04             | 0.08           | 0.07           |
| Stock compensation expense   | 0.06               | 0.05           | 0.06             | 0.04           | 0.05             | 0.11           | 0.09           |
| <b>AFFO per share attributable to Alexandria's common stockholders – diluted</b>   | <b>\$ 1.08</b>     | <b>\$ 1.10</b> | <b>\$ 1.09</b>   | <b>\$ 1.08</b> | <b>\$ 1.02</b>   | <b>\$ 2.18</b> | <b>\$ 2.02</b> |
| Weighted-average shares of common stock outstanding for calculating FFO, FFO, as adjusted, and AFFO per share attributable to Alexandria's common stockholders – basic and diluted | 71,412             | 71,366         | 71,314           | 71,195         | 71,126           | 71,389         | 71,100         |

(1) Calculated in accordance with standards established by the Board of Governors of the NAREIT in its April 2002 White Paper and related implementation guidance.

**SUPPLEMENTAL  
INFORMATION**

### Company Profile

Alexandria Real Estate Equities, Inc. (NYSE:ARE) is the largest and leading office REIT uniquely focused on collaborative science and technology campuses in urban innovation clusters with a total market capitalization of \$10.7 billion as of June 30, 2015, and an asset base of 31.1 million square feet, including 18.8 million RSF of operating and current value-creation projects, as well as an additional 12.3 million square feet of near-term and future ground-up development projects. Alexandria pioneered this niche in 1994 and has since established a dominant market presence in AAA locations, including Greater Boston, San Francisco, New York City, San Diego, Seattle, Maryland, and Research Triangle Park. Alexandria is known for its high-quality and diverse client tenant base, with approximately 53% of total annualized base rent as of June 30, 2015, generated from investment-grade client tenants – a REIT industry-leading percentage. Alexandria has a longstanding and proven track record of developing Class A assets clustered in urban science and technology campuses that provide its innovative client 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 our website at [www.are.com](http://www.are.com).

### Client tenant base

The impressive quality, diversity, breadth, and depth of our significant relationships with our client tenants provide Alexandria with high-quality and stable cash flows. Alexandria's strong underwriting skills and long-term industry relationships positively distinguish Alexandria from all other publicly traded REITs and real estate companies.

### Executive/senior management

Alexandria's executive and senior management team has unique experience and expertise in creating highly dynamic and collaborative campuses in key coastal science and technology gateway cities that inspire innovation. From the development of high-quality, sustainable real estate, to the ongoing cultivation of collaborative environments with unique amenities and events, the Alexandria team has a first-in-class reputation of excellence in its niche. Our sophisticated management team also includes regional market directors with leading reputations and longstanding relationships within the science and technology communities in their respective urban innovation clusters. We believe that our unparalleled expertise, experience, reputation, and key relationships with the real estate, science, and technology industries provide Alexandria significant competitive advantages in attracting new business opportunities.

Alexandria's senior management team, consisting of 22 individuals, averages over 24 years of real estate experience, including over 12 years with Alexandria.

### EXECUTIVE MANAGEMENT

#### Joel S. Marcus

Chairman,  
Chief Executive Officer & Founder

#### Dean A. Shigenaga

Executive Vice President,  
Chief Financial Officer & Treasurer

#### Thomas J. Andrews

Executive Vice President,  
Regional Market Director – Greater Boston

#### Jennifer J. Banks

General Counsel,  
Executive Vice President & Corporate Secretary

#### Peter M. Moglia

Chief Investment Officer

#### Stephen A. Richardson

Chief Operating Officer,  
Regional Market Director – San Francisco

#### Daniel J. Ryan

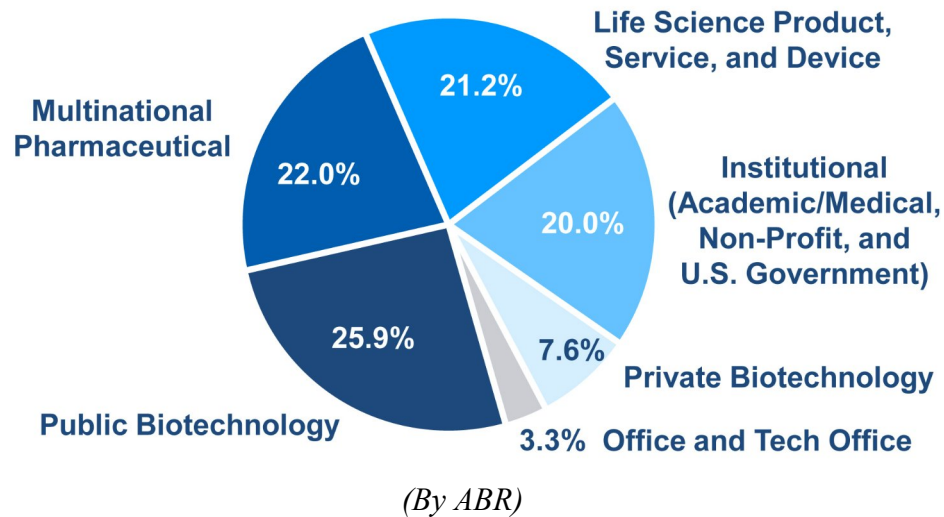
Executive Vice President,  
Regional Market Director – San Diego & Strategic Operations



## ARE's Franchise and Class A Assets in AAA Locations Drive High Quality and Stable Tenancy and Cash Flows

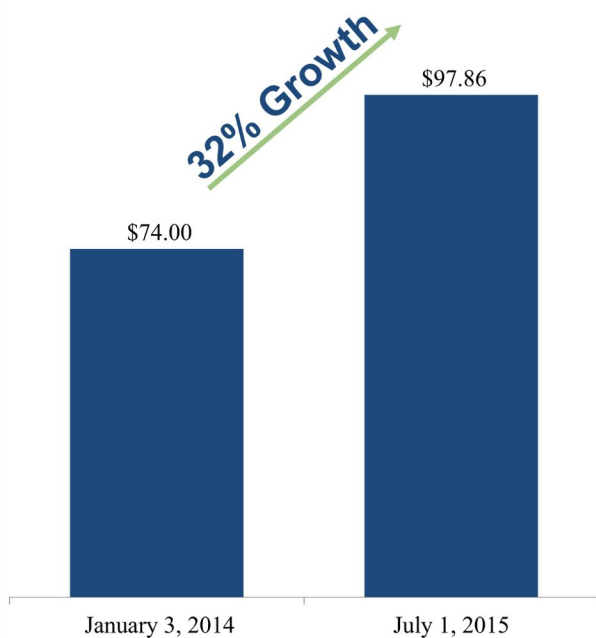
ABR from Class A Assets in AAA Locations  
**75%**  
of ARE's Total ABR

Investment-Grade Client Tenants  
**53%**  
of ARE's Total ABR



NAV, FFO Per Share, and Common Stock Dividends

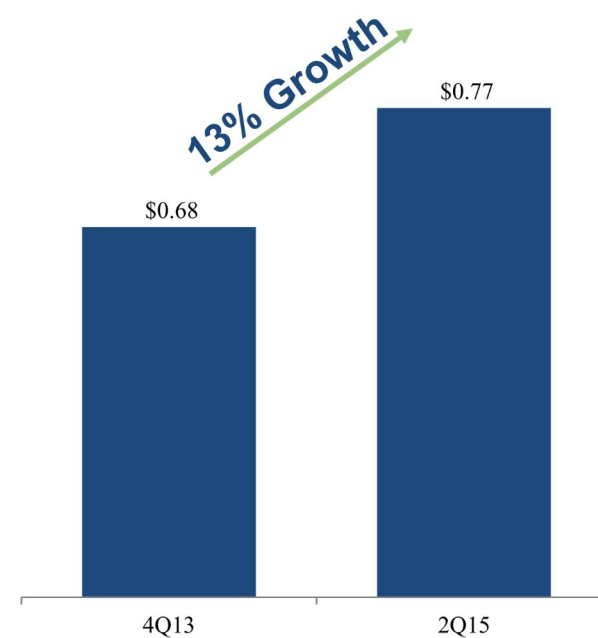
Growth in NAV Per Share <sup>(1)</sup>



Growth in FFO Per Share



Growth in Quarterly Common Stock Dividends Per Share



(1) Based upon *Real Estate Securities Monthly* by Green Street Advisors.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Investor Information**

Corporate Headquarters

385 East Colorado Boulevard, Suite 299  
Pasadena, California 91101

Trading Symbols

New York Stock Exchange  
Common stock: ARE  
Series E preferred stock: ARE-E

Information Requests

Phone: (626) 396-4828  
E-mail: corporateinformation@are.com  
Web: www.are.com

**Common stock data** (at the end of the quarter unless otherwise noted)

|  | 2Q15          | 1Q15          | 4Q14          | 3Q14         | 2Q14         |
|--|---------------|---------------|---------------|--------------|--------------|
| Closing stock price                                      | \$ 87.46      | \$ 98.04      | \$ 88.74      | \$ 73.75     | \$ 77.64     |
| Dividend per share – quarter/annualized                  | \$ 0.77/3.08  | \$ 0.74/2.96  | \$ 0.74/2.96  | \$ 0.72/2.88 | \$ 0.72/2.88 |
| Dividend payout ratio for the quarter                    | 59%           | 58%           | 60%           | 60%          | 61%          |
| Dividend yield – annualized                              | 3.5%          | 3.0%          | 3.3%          | 3.9%         | 3.7%         |
| Common shares outstanding (in thousands)                 | 71,689        | 71,545        | 71,464        | 71,372       | 71,318       |
| Market value of common shares outstanding (in thousands) | \$ 6,269,903  | \$ 7,014,285  | \$ 6,341,704  | \$ 5,263,672 | \$ 5,537,136 |
| Total market capitalization (in thousands)               | \$ 10,733,776 | \$ 11,290,054 | \$ 10,392,126 | \$ 9,147,179 | \$ 9,253,401 |

**Equity research coverage**

Alexandria is currently covered by the following research analysts. This list may not be complete and is subject to change as firms initiate or discontinue coverage of our company. Please note that any opinions, estimates, or forecasts regarding our historical or predicted performance made by these analysts are theirs alone and do not represent opinions, estimates, or forecasts of Alexandria or its management. Alexandria does not by its reference or distribution of the information below imply its endorsement of or concurrence with any opinions, estimates, or forecasts of these analysts. Interested persons may obtain copies of analysts' reports on their own as we do not distribute these reports. Several of these firms may from time-to-time own our stock and/or hold other long or short positions in our stock, and may provide compensated services to us.

**Bank of America Merrill Lynch**

Jamie Feldman / Jeffrey Spector  
(646) 855-5808 / (646) 855-1363

**Barclays Capital Inc.**

Ross Smotrich  
(212) 526-2306

**Citigroup Global Markets Inc.**

Michael Bilerman / Smedes Rose  
(212) 816-1383 / (212) 816-6243

**Cowen and Company, LLC**

James Sullivan / Tom Catherwood  
(646) 562-1380 / (646) 562-1382

**Evercore ISI**

Sheila McGrath / Nathan Crossett  
(212) 497-0882 / (212) 497-0870

**Green Street Advisors, Inc.**

Michael Knott / Kevin Tyler  
(949) 640-8780 / (949) 640-8780

**JMP Securities – JMP Group, Inc.**

Peter Martin / Aaron Hecht  
(415) 835-8904 / (415) 835-3963

**J.P. Morgan Securities LLC**

Anthony Paolone / Gene Nusinzon  
(212) 622-6682 / (212) 622-1041

**Mizuho Securities USA Inc.**

Richard Anderson / Jieren Huang  
(212) 205-8445 / (201) 626-1085

**RBC Capital Markets**

Michael Carroll / Rich Moore  
(440) 715-2649 / (440) 715-2646

**Robert W. Baird & Company**

David Rodgers / Stephen Dye  
(216) 737-7341 / (312) 609-5480

**Standard & Poor's**

Cathy Seifert  
(212) 438-9545

**UBS Securities LLC**

Ross Nussbaum / Nick Yulico  
(212) 713-2484 / (212) 713-3402

**Rating agencies**

**Moody's Investors Service**

Philip Kibel / Merrie Frankel  
(212) 553-4569 / (212) 553-3652

**Rating**

Baa2  
Stable Outlook

**Standard & Poor's**

Fernanda Hernandez / Jaime Gitler  
(212) 438-1347 / (212) 438-5049

**Rating**

BBB-  
Positive Outlook



**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Financial and Asset Base Highlights**  
*(Dollars in thousands, except per share amounts)*  
*(Unaudited)*

|  | Three Months Ended (unless stated otherwise) |            |             |            |            |
|--|--|------------|-------------|------------|------------|
|  | 6/30/15                                      | 3/31/15    | 12/31/14    | 9/30/14    | 6/30/14    |
| <b>Operating data</b>  |  |            |             |            |            |
| Total revenues   | \$ 204,156                                   | \$ 196,753 | \$ 188,674  | \$ 185,615 | \$ 176,402 |
| Operating margins  | 70%  | 69%        | 70%         | 69%        | 70%        |
| Adjusted EBITDA margins  | 65%  | 64%        | 65%         | 64%        | 64%        |
| Adjusted EBITDA – quarter annualized   | \$ 532,904                                   | \$ 507,088 | \$ 493,432  | \$ 473,884 | \$ 452,568 |
| Adjusted EBITDA – trailing 12 months   | \$ 501,827                                   | \$ 481,743 | \$ 468,492  | \$ 457,498 | \$ 441,914 |
| General and administrative expense as a percentage of total assets – trailing 12 months          | 0.7%   | 0.7%       | 0.7%        | 0.7%       | 0.7%       |
| General and administrative expense as a percentage of total revenues – trailing 12 months        | 7.2%   | 7.3%       | 7.4%        | 7.4%       | 7.6%       |
| Capitalized interest   | \$ 8,437                                     | \$ 10,971  | \$ 11,665   | \$ 12,125  | \$ 11,302  |
| Weighted-average interest rate for capitalization of interest during period                      | 3.45%  | 3.54%      | 3.69%       | 3.73%      | 3.41%      |
| <b>Net income (loss), FFO, and AFFO</b>  |  |            |             |            |            |
| Net income (loss) attributable to Alexandria's common stockholders                               | \$ 31,291                                    | \$ 17,786  | \$ (16,154) | \$ 27,626  | \$ 27,932  |
| FFO attributable to Alexandria's common stockholders – basic and diluted                         | \$ 93,433                                    | \$ 91,332  | \$ 61,475   | \$ 85,574  | \$ 84,513  |
| FFO attributable to Alexandria's common stockholders – diluted, as adjusted                      | \$ 93,620                                    | \$ 91,332  | \$ 87,905   | \$ 86,095  | \$ 84,513  |
| AFFO attributable to Alexandria's common stockholders – diluted                                  | \$ 76,820                                    | \$ 78,573  | \$ 77,958   | \$ 76,960  | \$ 72,506  |
| <b>Per share data</b>  |  |            |             |            |            |
| Earnings per share attributable to Alexandria's common stockholders – basic and diluted          | \$ 0.44                                      | \$ 0.25    | \$ (0.23)   | \$ 0.39    | \$ 0.39    |
| FFO per share attributable to Alexandria's common stockholders – diluted                         | \$ 1.31                                      | \$ 1.28    | \$ 0.86     | \$ 1.20    | \$ 1.19    |
| FFO per share attributable to Alexandria's common stockholders – diluted, as adjusted            | \$ 1.31                                      | \$ 1.28    | \$ 1.23     | \$ 1.21    | \$ 1.19    |
| AFFO per share attributable to Alexandria's common stockholders – diluted                        | \$ 1.08                                      | \$ 1.10    | \$ 1.09     | \$ 1.08    | \$ 1.02    |
| Dividend (common stock)  | \$ 0.77                                      | \$ 0.74    | \$ 0.74     | \$ 0.72    | \$ 0.72    |
| Dividend payout ratio (common stock)   | 59%  | 58%        | 60%         | 60%        | 61%        |
| <b>Leasing activity and same property performance</b>  |  |            |             |            |            |
| Total leasing activity – RSF   | 1,915,379                                    | 1,022,669  | 581,660     | 871,416    | 752,364    |
| Lease renewals and re-leasing of space – change in average new rental rates over expiring rates: |  |            |             |            |            |
| Rental rate increases  | 14.5%  | 30.8%      | 10.1%       | 18.6%      | 9.9%       |
| Rental rate increases (cash basis)   | 7.0%   | 18.5%      | 2.4%        | 5.6%       | 3.0%       |
| RSF <sup>(1)</sup>   | 783,042                                      | 489,286    | 318,434     | 169,248    | 497,965    |
| Same property – percentage change over comparable quarter from prior year:                       |  |            |             |            |            |
| NOI increase   | 0.5%   | 2.3%       | 3.6%        | 5.0%       | 5.3%       |
| NOI increase (cash basis)  | 4.7%   | 7.8%       | 6.7%        | 5.9%       | 5.7%       |

(1) Included in total leasing activity immediately above.

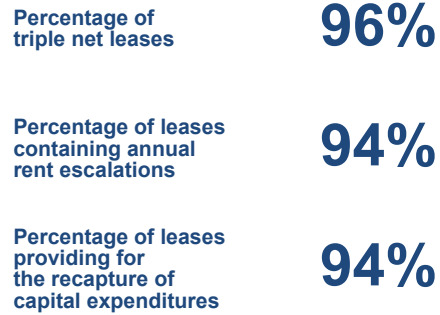
**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Financial and Asset Base Highlights (continued)**  
*(Dollars in thousands, except per occupied RSF amounts)*  
*(Unaudited)*

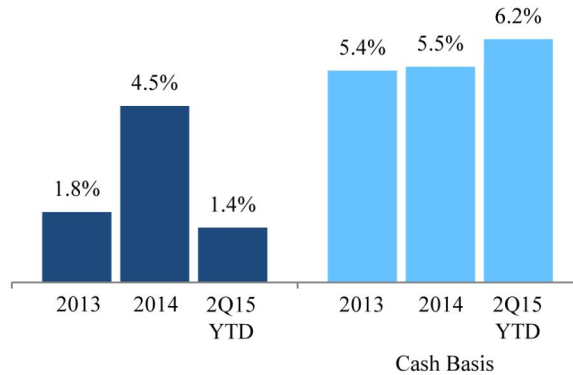
|   | Three Months Ended (unless stated otherwise) |               |               |              |              |
|---|--|---------------|---------------|--------------|--------------|
|   | 6/30/15                                      | 3/31/15       | 12/31/14      | 9/30/14      | 6/30/14      |
| <b>Asset base statistics – at end of period</b>                               |  |               |               |              |              |
| Number of properties (including unconsolidated joint ventures)                | 194  | 193           | 193           | 194          | 191          |
| Rentable square feet (operating and current value-creation projects)          | 18,817,923                                   | 18,527,998    | 18,729,282    | 18,458,379   | 17,881,108   |
| Total square footage (including near-term and future developable square feet) | 31,071,674                                   | 30,654,286    | 31,538,470    | 31,617,818   | 31,378,329   |
| ABR per occupied RSF  | \$ 38.70                                     | \$ 38.67      | \$ 37.23      | \$ 37.23     | \$ 36.76     |
| Occupancy of operating properties – North America                             | 95.9%  | 96.8%         | 97.0%         | 97.3%        | 96.9%        |
| Occupancy of operating and redevelopment properties – North America           | 95.9%  | 95.9%         | 96.1%         | 96.3%        | 95.6%        |
| <b>Selected balance sheet information – at end of period</b>                  |  |               |               |              |              |
| Gross investments in real estate  | \$ 8,647,900                                 | \$ 8,541,889  | \$ 8,346,261  | \$ 8,280,799 | \$ 8,069,927 |
| Total assets  | \$ 8,524,891                                 | \$ 8,405,221  | \$ 8,136,036  | \$ 8,020,314 | \$ 7,815,649 |
| Gross assets  | \$ 9,729,916                                 | \$ 9,559,051  | \$ 9,256,281  | \$ 9,103,483 | \$ 8,855,459 |
| Total unsecured debt  | \$ 3,321,531                                 | \$ 3,143,450  | \$ 3,026,370  | \$ 2,864,290 | \$ 2,719,310 |
| Total debt  | \$ 4,092,966                                 | \$ 3,903,926  | \$ 3,678,579  | \$ 3,501,115 | \$ 3,334,861 |
| Net debt  | \$ 4,023,048                                 | \$ 3,797,173  | \$ 3,565,684  | \$ 3,409,847 | \$ 3,248,641 |
| Total liabilities   | \$ 4,685,772                                 | \$ 4,608,369  | \$ 4,226,478  | \$ 4,063,199 | \$ 3,826,766 |
| Common shares outstanding (in thousands)                                      | 71,689                                       | 71,545        | 71,464        | 71,372       | 71,318       |
| Total equity capitalization   | \$ 6,640,810                                 | \$ 7,386,128  | \$ 6,713,547  | \$ 5,646,064 | \$ 5,918,540 |
| Total market capitalization   | \$ 10,733,776                                | \$ 11,290,054 | \$ 10,392,126 | \$ 9,147,179 | \$ 9,253,401 |
| <b>Key credit metrics</b>   |  |               |               |              |              |
| Net debt to Adjusted EBITDA – quarter annualized                              | 7.5x   | 7.5x          | 7.2x          | 7.2x         | 7.2x         |
| Net debt to Adjusted EBITDA – trailing 12 months                              | 8.0x   | 7.9x          | 7.6x          | 7.5x         | 7.4x         |
| Fixed-charge coverage ratio – quarter annualized                              | 3.4x   | 3.3x          | 3.3x          | 3.3x         | 3.5x         |
| Fixed-charge coverage ratio – trailing 12 months                              | 3.3x   | 3.3x          | 3.3x          | 3.3x         | 3.2x         |
| Unencumbered NOI as a percentage of total NOI                                 | 78%  | 82%           | 84%           | 84%          | 84%          |

Key Operating Metrics  
(Unaudited)

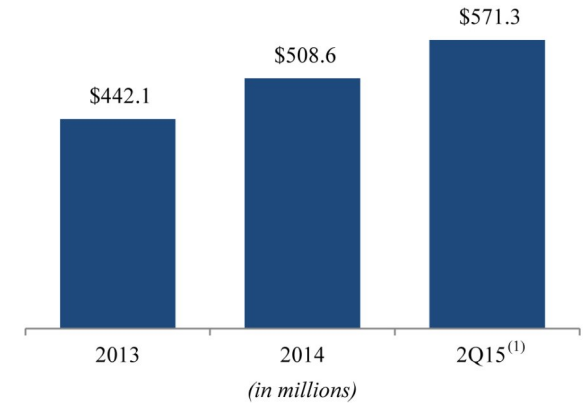
Favorable Lease Structure



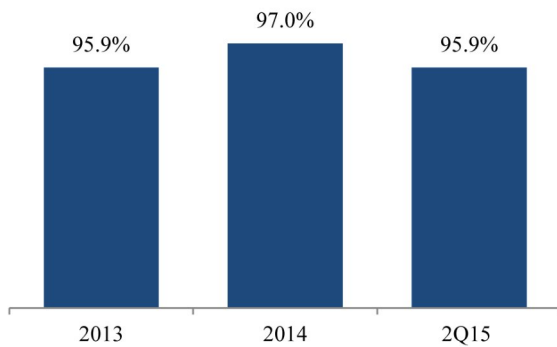
Same Property NOI Increase



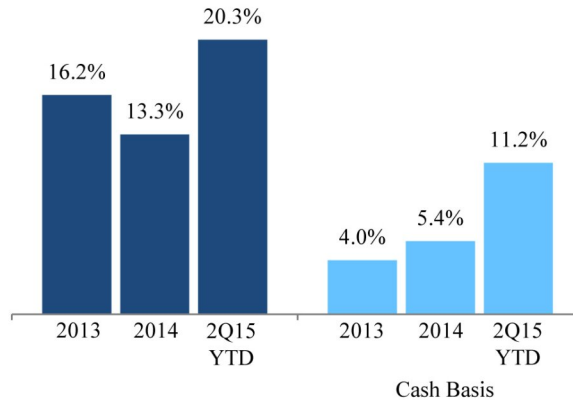
NOI – Key Driver of NAV Growth



Occupancy of Operating Properties North America<sup>(2)</sup>



Rental Rate Increases: Renewed/Re-leased Space



Adjusted EBITDA Margin<sup>(1)</sup>

**65%**

(1) Represents the three months ended June 30, 2015, annualized.

(2) As of the end of each respective period.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Same Property Performance**  
*(Dollars in thousands)*  
*(Unaudited)*

| <b>Same Property Financial Data</b>                       | 2Q15                               | YTD 2Q15          | <b>Same Property Statistical Data</b> |             |                                  |                   | 2Q15             | YTD 2Q15    |
|---|------------------------------------|-------------------|---------------------------------------|-------------|----------------------------------|-------------------|------------------|-------------|
| Percentage change over comparable period from prior year: |                                    |                   |                                       |             |                                  |                   |                  |             |
| NOI increase  | 0.5%                               | 1.4%              |                                       |             |                                  |                   | 168              | 164         |
| NOI increase (cash basis)                                 | 4.7%                               | 6.2%              |                                       |             |                                  |                   | 14,156,773       | 13,997,651  |
| Operating margin  | 70%                                | 70%               |                                       |             |                                  |                   | 95.7%            | 95.9%       |
|   |                                    |                   |                                       |             |                                  |                   | 95.8%            | 95.6%       |
|   | <b>Three Months Ended June 30,</b> |                   |                                       |             | <b>Six Months Ended June 30,</b> |                   |                  |             |
|   | 2015                               | 2014              | \$ Change                             | % Change    | 2015                             | 2014              | \$ Change        | % Change    |
| Revenues:   |                                    |                   |                                       |             |                                  |                   |                  |             |
| Rental – same properties                                  | \$ 127,800                         | \$ 127,658        | \$ 142                                | 0.1%        | \$ 251,321                       | \$ 249,383        | \$ 1,938         | 0.8%        |
| Rental – non-same properties                              | 24,005                             | 7,334             | 16,671                                | 227.3       | 44,092                           | 16,179            | 27,913           | 172.5       |
| Total rental  | 151,805                            | 134,992           | 16,813                                | 12.5        | 295,413                          | 265,562           | 29,851           | 11.2        |
| Tenant recoveries – same properties                       | 43,253                             | 39,757            | 3,496                                 | 8.8         | 85,937                           | 79,889            | 6,048            | 7.6         |
| Tenant recoveries – non-same properties                   | 6,341                              | 1,187             | 5,154                                 | 434.2       | 12,051                           | 2,737             | 9,314            | 340.3       |
| Total tenant recoveries                                   | 49,594                             | 40,944            | 8,650                                 | 21.1        | 97,988                           | 82,626            | 15,362           | 18.6        |
| Other income – same properties                            | 21                                 | 234               | (213)                                 | (91.0)      | 33                               | 270               | (237)            | (87.8)      |
| Other income – non-same properties                        | 2,736                              | 232               | 2,504                                 | 1,079.3     | 7,475                            | 4,130             | 3,345            | 81.0        |
| Total other income  | 2,757                              | 466               | 2,291                                 | 491.6       | 7,508                            | 4,400             | 3,108            | 70.6        |
| Total revenues – same properties                          | 171,074                            | 167,649           | 3,425                                 | 2.0         | 337,291                          | 329,542           | 7,749            | 2.4         |
| Total revenues – non-same properties                      | 33,082                             | 8,753             | 24,329                                | 278.0       | 63,618                           | 23,046            | 40,572           | 176.0       |
| Total revenues  | 204,156                            | 176,402           | 27,754                                | 15.7        | 400,909                          | 352,588           | 48,321           | 13.7        |
| Expenses:   |                                    |                   |                                       |             |                                  |                   |                  |             |
| Rental operations – same properties                       | 51,759                             | 48,961            | 2,798                                 | 5.7         | 102,902                          | 98,402            | 4,500            | 4.6         |
| Rental operations – non-same properties                   | 10,491                             | 3,392             | 7,099                                 | 209.3       | 20,571                           | 6,458             | 14,113           | 218.5       |
| Total rental operations                                   | 62,250                             | 52,353            | 9,897                                 | 18.9        | 123,473                          | 104,860           | 18,613           | 17.8        |
| Our share of NOI from unconsolidated joint ventures:      |                                    |                   |                                       |             |                                  |                   |                  |             |
| Joint venture NOI – same properties                       | —                                  | —                 | —                                     | —           | —                                | —                 | —                | —           |
| Joint venture NOI – non-same properties                   | 931                                | —                 | 931                                   | 100.0       | 1,791                            | —                 | 1,791            | 100.0       |
| Our share of NOI from unconsolidated joint ventures       | 931                                | —                 | 931                                   | 100.0       | 1,791                            | —                 | 1,791            | 100.0       |
| Net operating income from continuing operations:          |                                    |                   |                                       |             |                                  |                   |                  |             |
| NOI – same properties                                     | 119,315                            | 118,688           | 627                                   | 0.5         | 234,389                          | 231,140           | 3,249            | 1.4         |
| NOI – non-same properties                                 | 23,522                             | 5,361             | 18,161                                | 338.8       | 44,838                           | 16,588            | 28,250           | 170.3       |
| Total NOI from continuing operations                      | \$ 142,837                         | \$ 124,049        | \$ 18,788                             | 15.1%       | \$ 279,227                       | \$ 247,728        | \$ 31,499        | 12.7%       |
| <b>NOI – same properties</b>                              | <b>\$ 119,315</b>                  | <b>\$ 118,688</b> | <b>\$ 627</b>                         | <b>0.5%</b> | <b>\$ 234,389</b>                | <b>\$ 231,140</b> | <b>\$ 3,249</b>  | <b>1.4%</b> |
| Less: straight-line rent adjustments                      | (3,818)                            | (8,412)           | 4,594                                 | (54.6)      | (6,559)                          | (16,643)          | 10,084           | (60.6)      |
| <b>NOI – same properties (cash basis)</b>                 | <b>\$ 115,497</b>                  | <b>\$ 110,276</b> | <b>\$ 5,221</b>                       | <b>4.7%</b> | <b>\$ 227,830</b>                | <b>\$ 214,497</b> | <b>\$ 13,333</b> | <b>6.2%</b> |

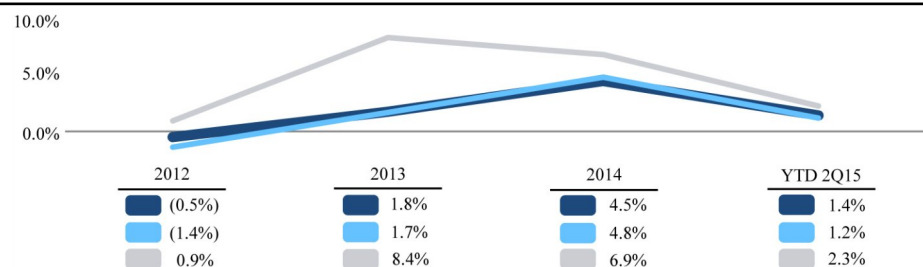


**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

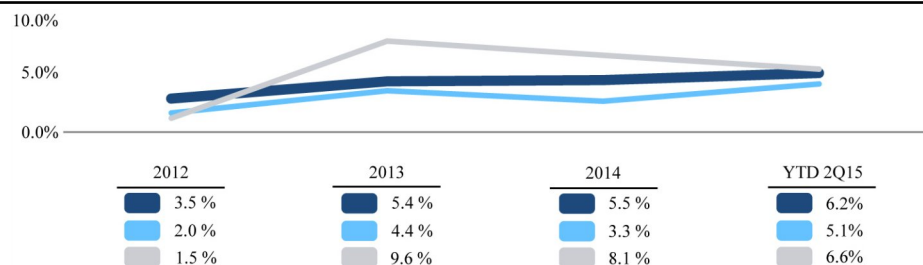
**Same Property Performance (continued)**  
*(Unaudited)*

The charts below provide two alternative calculations of same property performance in comparison to our historical same property performance. Our reported same property performance is based upon a pool of operating assets and development and redevelopment projects recently placed into service to the extent that those assets were operating for the entirety of the comparable same property periods presented. The two alternative calculations presented below consist of (i) same property performance for the operating portfolio excluding assets that were recently developed or redeveloped and (ii) the same property performance for the operating portfolio including those assets that were either under current redevelopment or redevelopments projects recently placed into service. For each period presented, same property performance including redevelopment properties would have been higher than our method of reporting same property performance. Same property performance including redevelopment properties will, from time to time, have significant growth in NOI as a result of the completion of the conversion of non-laboratory space (with lower NOI) to office/laboratory space (with higher NOI) through redevelopment. We believe our method of reporting same property performance is a more useful presentation since it excludes the potential significant increases in performance as a result of completion of significant redevelopment projects.

**Percentage change in same property NOI over preceding period**



**Percentage change in same property NOI over preceding period (cash basis)**



NOI Included in All Comparative Periods

| Legend                                      | Operating Properties | NOI Included in All Comparative Periods |                    |                         |               |
|---|----------------------|---|--------------------|-------------------------|---------------|
|   |                      | Recently Placed into Service            |                    | Properties Under Active |               |
|   |                      | Developments                            | Redevelopments     | Development             | Redevelopment |
| Same property data as reported              | Yes                  | Yes <sup>(1)</sup>                      | Yes <sup>(1)</sup> | No                      | No            |
| Same property operating portfolio           | Yes                  | No                                      | No                 | No                      | No            |
| Same property data including redevelopments | Yes                  | No                                      | Yes                | No                      | Yes           |

(1) Development and redevelopment projects recently placed into service are included in the same property data for each of the year-over-year comparison periods only if the property was operating during both entire same property periods. For example, projects completed during 2013 are included in 2015 versus 2014 same property performance (as a percentage change over 2014).

The following table reconciles the number of same properties to total properties for the six months ended June 30, 2015:

| Development – current                                     | Properties | Summary  | Properties |
|---|------------|--|------------|
| 50/60 Binney Street                                       | 2          | Development – current                                      | 11         |
| 430 East 29th Street                                      | 1          | Projects placed into service after January 1, 2014:        |            |
| 5200 Illumina Way – Building 6                            | 1          | Development  | 3          |
| 3013/3033 Science Park Road                               | 2          | Redevelopment  | 5          |
| 400 Dexter Avenue North                                   | 1          |  |            |
| 6040 George Watts Hill Drive                              | 1          | Development – Asia   | 2          |
| 360 Longwood Avenue (unconsolidated joint venture)        | 1          | Acquisitions after January 1, 2014:                        |            |
| 1455/1515 Third Street (unconsolidated joint venture)     | 2          | 3545 Cray Court  | 1          |
|   | 11         | 4025/4031/4045 Sorrento Valley Boulevard                   | 3          |
| Development – placed into service after January 1, 2014   | Properties | 9625 Towne Centre Drive                                    | 1          |
| 269 East Grand Avenue                                     | 1          | 640 Memorial Drive   | 1          |
| 499 Illinois Street                                       | 1          | Properties “held for sale” in current or preceding periods | 3          |
| 75/125 Binney Street                                      | 1          | Total properties excluded from same properties             | 30         |
|   | 3          |  |            |
| Redevelopment – placed into service after January 1, 2014 | Properties | Same properties  | 164        |
| 225 Second Avenue   | 1          | Total properties for the six months ended June 30, 2015    | 194        |
| 11055/1065/11075 Roselle Street                           | 3          |  |            |
| 10121 Barnes Canyon Road                                  | 1          |  |            |
|   | 5          |  |            |

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Leasing Activity**  
*(Unaudited)*

|   | Three Months Ended<br>June 30, 2015 |             | Six Months Ended<br>June 30, 2015  |              | Year Ended<br>December 31, 2014    |             |
|---|-------------------------------------|-------------|------------------------------------|--------------|------------------------------------|-------------|
|   | Including<br>Straight-line<br>Rent  | Cash Basis  | Including<br>Straight-line<br>Rent | Cash Basis   | Including<br>Straight-line<br>Rent | Cash Basis  |
| <i>(Dollars are per RSF)</i>                            |                                     |             |                                    |              |                                    |             |
| <i>Leasing activity:</i>                                |                                     |             |                                    |              |                                    |             |
| Renewed/re-leased space <sup>(1)</sup>                  |                                     |             |                                    |              |                                    |             |
| <b>Rental rate changes</b>                              | <b>14.5%</b>                        | <b>7.0%</b> | <b>20.3%</b>                       | <b>11.2%</b> | <b>13.3%</b>                       | <b>5.4%</b> |
| New rates   | \$ 36.35                            | \$ 36.57    | \$ 36.60                           | \$ 36.99     | \$ 40.32                           | \$ 40.73    |
| Expiring rates  | \$ 31.76                            | \$ 34.17    | \$ 30.42                           | \$ 33.25     | \$ 35.60                           | \$ 38.63    |
| Rentable square footage                                 | 783,042                             |             | 1,272,328                          |              | 1,447,516                          |             |
| Number of leases  | 57                                  |             | 92                                 |              | 124                                |             |
| Tenant improvements/leasing commissions per square foot | \$ 7.95                             |             | \$ 9.59                            |              | \$ 10.49                           |             |
| Average lease terms                                     | 5.1 years                           |             | 4.7 years                          |              | 3.5 years                          |             |
| Developed/redeveloped/previously vacant space leased    |                                     |             |                                    |              |                                    |             |
| New rates   | \$ 61.07                            | \$ 54.55    | \$ 56.85                           | \$ 50.90     | \$ 40.62                           | \$ 36.50    |
| Rentable square footage                                 | 1,132,337                           |             | 1,665,720                          |              | 1,321,317                          |             |
| Number of leases  | 23                                  |             | 40                                 |              | 66                                 |             |
| Tenant improvements/leasing commissions per square foot | \$ 15.20                            |             | \$ 16.47                           |              | \$ 14.96                           |             |
| Average lease terms                                     | 12.5 years                          |             | 12.4 years                         |              | 11.5 years                         |             |
| <i>Leasing activity summary (totals):</i>               |                                     |             |                                    |              |                                    |             |
| New rates   | \$ 50.97                            | \$ 47.20    | \$ 48.08                           | \$ 44.88     | \$ 40.46                           | \$ 38.71    |
| Rentable square footage                                 | 1,915,379                           |             | 2,938,048 <sup>(2)</sup>           |              | 2,768,833                          |             |
| Number of leases  | 80                                  |             | 132                                |              | 190                                |             |
| Tenant improvements/leasing commissions per square foot | \$ 12.24                            |             | \$ 13.49                           |              | \$ 12.62                           |             |
| Average lease terms                                     | 9.5 years                           |             | 9.1 years                          |              | 7.3 years                          |             |
| <i>Lease expirations <sup>(1)</sup></i>                 |                                     |             |                                    |              |                                    |             |
| Expiring rates  | \$ 30.06                            | \$ 31.77    | \$ 29.39                           | \$ 31.88     | \$ 33.09                           | \$ 35.79    |
| Rentable square footage                                 | 1,010,951                           |             | 1,627,479                          |              | 1,733,614                          |             |
| Number of leases  | 69                                  |             | 116                                |              | 151                                |             |

(1) Excludes 20 month-to-month leases for 32,498 RSF and 43,672 RSF as of June 30, 2015, and December 31, 2014, respectively.

(2) During the six months ended June 30, 2015, we granted tenant concessions/free rent averaging 2.6 months with respect to the 2,938,048 RSF leased.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Lease Expirations**  
*(Unaudited)*

| Year of Lease Expiration | Number of Leases Expiring | RSF of Expiring Leases | Percentage of Aggregate Total RSF | ABR of Expiring Leases (per RSF) |
|--------------------------|---------------------------|------------------------|-----------------------------------|----------------------------------|
| 2015                     | 33 <sup>(1)</sup>         | 466,006 <sup>(1)</sup> | 2.8%                              | \$ 27.79                         |
| 2016                     | 88                        | 1,382,244              | 8.2%                              | \$ 31.59                         |
| 2017                     | 84                        | 1,542,984              | 9.2%                              | \$ 27.46                         |
| 2018                     | 82                        | 1,742,989              | 10.4%                             | \$ 39.06                         |
| 2019                     | 62                        | 1,345,086              | 8.0%                              | \$ 35.77                         |
| 2020                     | 57                        | 1,482,844              | 8.8%                              | \$ 36.35                         |
| 2021                     | 39                        | 1,306,329              | 7.8%                              | \$ 38.84                         |
| 2022                     | 26                        | 896,973                | 5.3%                              | \$ 34.31                         |
| 2023                     | 22                        | 1,188,496              | 7.1%                              | \$ 37.63                         |
| 2024                     | 15                        | 794,391                | 4.7%                              | \$ 45.09                         |
| Thereafter               | 44                        | 3,498,160              | 20.8%                             | \$ 47.88                         |

| Market                        | 2015 RSF of Expiring Leases |                          |                            |                           |                      | ABR of Expiring Leases (per RSF) | 2016 RSF of Expiring Leases |                          |                            |                           |                  | ABR of Expiring Leases (per RSF) |
|-------------------------------|-----------------------------|--------------------------|----------------------------|---------------------------|----------------------|----------------------------------|-----------------------------|--------------------------|----------------------------|---------------------------|------------------|----------------------------------|
|                               | Leased                      | Negotiating/Anticipating | Targeted for Redevelopment | Remaining Expiring Leases | Total <sup>(1)</sup> |                                  | Leased                      | Negotiating/Anticipating | Targeted for Redevelopment | Remaining Expiring Leases | Total            |                                  |
| Greater Boston                | 14,460                      | 8,023                    | —                          | 32,211                    | 54,694               | \$ 40.18                         | 34,676                      | 62,073                   | —                          | 129,002                   | 225,751          | \$ 44.66                         |
| San Francisco                 | 114,769                     | 8,878                    | —                          | —                         | 123,647              | 38.06                            | 6,233                       | 13,589                   | —                          | 143,320                   | 163,142          | 30.69                            |
| New York City                 | —                           | —                        | —                          | 9,727                     | 9,727                | N/A                              | —                           | —                        | —                          | 5,447                     | 5,447            | N/A                              |
| San Diego                     | —                           | —                        | 182,611 <sup>(2)</sup>     | 1,000                     | 183,611              | 15.77                            | —                           | —                        | —                          | 525,658 <sup>(3)</sup>    | 525,658          | 32.86                            |
| Seattle                       | —                           | —                        | —                          | 39,578                    | 39,578               | 22.93                            | 2,468                       | —                        | —                          | 44,188                    | 46,656           | 34.33                            |
| Maryland                      | 17,369                      | —                        | —                          | 24,939                    | 42,308               | 11.24                            | 12,103                      | 4,457                    | —                          | 106,403                   | 122,963          | 26.73                            |
| Research Triangle Park        | 4,575                       | —                        | —                          | 443                       | 5,018                | N/A                              | 32,008                      | —                        | —                          | 110,336                   | 142,344          | 23.15                            |
| Canada                        | —                           | —                        | —                          | —                         | —                    | —                                | 60,917                      | —                        | —                          | —                         | 60,917           | 24.35                            |
| Non-cluster markets           | —                           | —                        | —                          | 5,647                     | 5,647                | N/A                              | —                           | —                        | —                          | 3,854                     | 3,854            | N/A                              |
| Asia                          | —                           | —                        | —                          | 1,776                     | 1,776                | 16.20                            | —                           | 81,170                   | —                          | 4,342                     | 85,512           | 16.48                            |
| <b>Total</b>                  | <b>151,173</b>              | <b>16,901</b>            | <b>182,611</b>             | <b>115,321</b>            | <b>466,006</b>       | <b>\$ 27.79</b>                  | <b>148,405</b>              | <b>161,289</b>           | <b>—</b>                   | <b>1,072,550</b>          | <b>1,382,244</b> | <b>\$ 31.59</b>                  |
| Percentage of expiring leases | 32%                         | 4%                       | 39%                        | 25%                       | 100%                 |                                  | 11%                         | 12%                      | —%                         | 77%                       | 100%             |                                  |

(1) Excludes 20 month-to-month leases for 32,498 RSF.

(2) Comprises 133,731 RSF at 9625 Towne Centre Drive and 48,880 RSF at 10151 Barnes Canyon Road, which were acquired with the intent to redevelop them into tech office spaces in 3Q15 and 4Q15, respectively, upon expiration of the acquired in-place leases.

(3) Includes 125,409 RSF leased to Eli Lilly and Company at 10300 Campus Point Drive with a contractual expiration in 4Q16. This tenant will relocate and expand into 304,326 RSF at our recently acquired redevelopment project at 10290 Campus Point Drive project. Refer to page 42 for additional information.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**

**June 30, 2015**

**Top 20 Client Tenants**

*(Dollars in thousands)*

*(Unaudited)*

|    | Client Tenant                               | Remaining Lease<br>Term in Years <sup>(1)</sup> | Aggregate<br>RSF | ABR        | Percentage of<br>Aggregate ABR | Investment-Grade Ratings |         |      |
|----|---|---|------------------|------------|--------------------------------|--------------------------|---------|------|
|    |   |   |                  |            |                                | Fitch                    | Moody's | S&P  |
| 1  | Novartis AG                                 | 2.5   | 697,814          | \$ 33,890  | 5.6%                           | AA                       | Aa3     | AA-  |
| 2  | ARIAD Pharmaceuticals, Inc.                 | 14.8  | 386,111          | 29,994     | 4.9                            | —                        | —       | —    |
| 3  | Illumina, Inc.                              | 14.7  | 595,886          | 25,452     | 4.2                            | —                        | —       | BBB  |
| 4  | New York University                         | 15.3  | 209,224          | 19,897     | 3.3                            | —                        | Aa3     | AA-  |
| 5  | Roche                                       | 5.2   | 343,472          | 16,490     | 2.7                            | AA                       | A1      | AA   |
| 6  | Eli Lilly and Company                       | 7.1   | 257,119          | 16,144     | 2.7                            | A                        | A2      | AA-  |
| 7  | Dana-Farber Cancer Institute, Inc.          | 15.0  | 203,090          | 15,038     | 2.5                            | —                        | A1      | —    |
| 8  | United States Government                    | 9.9   | 263,147          | 14,769     | 2.4                            | AAA                      | Aaa     | AA+  |
| 9  | Amgen Inc.                                  | 8.3   | 401,623          | 14,278     | 2.4                            | BBB                      | Baa1    | A    |
| 10 | FibroGen, Inc.                              | 8.4   | 234,249          | 14,278     | 2.4                            | —                        | —       | —    |
| 11 | Biogen Inc.                                 | 12.9  | 313,872          | 13,735     | 2.3                            | —                        | Baa1    | A-   |
| 12 | Massachusetts Institute of Technology       | 4.4   | 208,274          | 10,971     | 1.8                            | —                        | Aaa     | AAA  |
| 13 | The Regents of the University of California | 8.3   | 230,633          | 10,354     | 1.7                            | AA                       | Aa2     | AA   |
| 14 | Bristol-Myers Squibb Company                | 3.7   | 251,316          | 10,175     | 1.7                            | A-                       | A2      | A+   |
| 15 | Celgene Corporation                         | 6.1   | 273,086          | 10,093     | 1.7                            | —                        | Baa1    | BBB+ |
| 16 | The Scripps Research Institute              | 2.6   | 218,031          | 10,023     | 1.7                            | AA-                      | Aa3     | —    |
| 17 | GlaxoSmithKline plc                         | 4.0   | 208,394          | 9,571      | 1.6                            | A+                       | A2      | A+   |
| 18 | Sanofi                                      | 6.1   | 179,697          | 8,001      | 1.3                            | AA-                      | A1      | AA   |
| 19 | Alnylam Pharmaceuticals, Inc.               | 6.3   | 129,424          | 7,314      | 1.2                            | —                        | —       | —    |
| 20 | Sumitomo Dainippon Pharma Co., Ltd.         | 7.8   | 106,232          | 6,441      | 1.1                            | —                        | —       | —    |
|    | Total/weighted-average                      | 8.9   | 5,710,694        | \$ 296,908 | 49.2%                          |                          |         |      |

(1) Based on percentage of aggregate annualized base rent in effect as of June 30, 2015.



**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Summary of Properties and Occupancy**  
*(Unaudited)*

**Summary of properties**

| Market                                    | RSF               |                  |                   |             | Number of Properties | ABR                    |             | ABR per RSF <sup>(1)</sup> |
|---|-------------------|------------------|-------------------|-------------|----------------------|------------------------|-------------|----------------------------|
|   | Operating         | Development      | Total             | % Total     |                      | (Dollars in thousands) |             |                            |
| Greater Boston                            | 4,483,924         | 734,385          | 5,218,309         | 28%         | 42                   | \$ 214,065             | 36%         | \$ 49.50                   |
| San Francisco                             | 2,712,903         | 422,980          | 3,135,883         | 17          | 27                   | 116,944                | 19          | 43.11                      |
| New York City                             | 682,427           | 130,402          | 812,829           | 4           | 4                    | 52,963                 | 9           | 77.92                      |
| San Diego                                 | 3,197,821         | 358,609          | 3,556,430         | 19          | 49                   | 100,950                | 17          | 33.41                      |
| Seattle                                   | 746,260           | 287,806          | 1,034,066         | 5           | 11                   | 30,305                 | 5           | 42.32                      |
| Maryland                                  | 2,156,196         | —                | 2,156,196         | 11          | 29                   | 49,257                 | 8           | 24.40                      |
| Research Triangle Park                    | 980,763           | 61,547           | 1,042,310         | 6           | 15                   | 19,332                 | 3           | 21.65                      |
| Canada                                    | 322,967           | —                | 322,967           | 2           | 4                    | 8,156                  | 1           | 25.43                      |
| Non-cluster markets                       | 105,033           | —                | 105,033           | 1           | 3                    | 1,347                  | —           | 18.87                      |
| <b>North America</b>                      | <b>15,388,294</b> | <b>1,995,729</b> | <b>17,384,023</b> | <b>93</b>   | <b>184</b>           | <b>593,319</b>         | <b>98</b>   | <b>40.20</b>               |
| Asia                                      | 1,199,714         | —                | 1,199,714         | 6           | 8                    | 6,863                  | 1           | 9.66                       |
| Subtotal                                  | 16,588,008        | 1,995,729        | 18,583,737        | 99          | 192                  | 600,182                | 99          | 38.80                      |
| Properties “held for sale” <sup>(2)</sup> | 234,186           | —                | 234,186           | 1           | 2                    | 6,668                  | 1           | 31.72                      |
| <b>Total</b>                              | <b>16,822,194</b> | <b>1,995,729</b> | <b>18,817,923</b> | <b>100%</b> | <b>194</b>           | <b>\$ 606,850</b>      | <b>100%</b> | <b>\$ 38.70</b>            |

**Summary of occupancy percentages**

| Market                 | Operating Properties        |              |              | Operating and Redevelopment Properties |              |              |
|------------------------|-----------------------------|--------------|--------------|--|--------------|--------------|
|                        | 6/30/15                     | 3/31/15      | 6/30/14      | 6/30/15 <sup>(3)</sup>                 | 3/31/15      | 6/30/14      |
| Greater Boston         | 96.5% <sup>(4)</sup>        | 98.9%        | 98.5%        | 96.5%                                  | 96.4%        | 95.5%        |
| San Francisco          | 100.0                       | 98.5         | 98.4         | 100.0                                  | 98.5         | 98.4         |
| New York City          | 99.6                        | 99.5         | 98.4         | 99.6                                   | 99.5         | 98.4         |
| San Diego              | 94.5                        | 94.9         | 97.2         | 94.5                                   | 93.9         | 94.4         |
| Seattle                | 96.0                        | 96.2         | 93.3         | 96.0                                   | 96.2         | 93.3         |
| Maryland               | 93.6                        | 93.2         | 92.7         | 93.6                                   | 93.2         | 92.7         |
| Research Triangle Park | 91.0 <sup>(5)</sup>         | 98.8         | 99.5         | 91.0                                   | 98.8         | 99.5         |
| Subtotal               | 96.0 <sup>(6)</sup>         | 97.0         | 97.1         | 96.0                                   | 96.1         | 95.7         |
| Canada                 | 99.3                        | 99.0         | 97.6         | 99.3                                   | 99.0         | 97.6         |
| Non-cluster markets    | 68.0                        | 68.0         | 74.9         | 68.0                                   | 68.0         | 74.9         |
| <b>North America</b>   | <b>95.9% <sup>(6)</sup></b> | <b>96.8%</b> | <b>96.9%</b> | <b>95.9%</b>                           | <b>95.9%</b> | <b>95.6%</b> |

(1) Represents ABR per occupied square foot as of June 30, 2015.

(2) See page 29 for additional information.

(3) There were no properties undergoing redevelopment as of June 30, 2015.

(4) Consistent with our prior disclosures, the decline from 1Q15 is primarily driven by a 128,325 RSF full-building lease that expired at 19 Presidential Way in our Route 128 submarket. We are in the process of marketing the property for multi-tenancy office/laboratory use.

(5) Consistent with our prior disclosures, the decline from 1Q15 is primarily driven by an 81,580 RSF full-building lease that expired at 2525 East NC Highway 54 in our Research Triangle Park market. We are in the process of marketing the property for multi-tenancy office/laboratory use.

(6) See footnotes 4 and 5, above.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**

**June 30, 2015**

**Property Listing**

*(Unaudited, dollars in thousands)*

| Market / Submarket / Address   | RSF                     |                       |                         | Number of Properties | ABR                      | Operating Occupancy Percentage |
|--|-------------------------|-----------------------|-------------------------|----------------------|--------------------------|--------------------------------|
|  | Operating               | Development           | Total                   |                      |                          |                                |
| <b>Greater Boston</b>  |                         |                       |                         |                      |                          |                                |
| <i>Cambridge/Inner Suburbs</i>   |                         |                       |                         |                      |                          |                                |
| Alexandria Center® at Kendall Square<br><i>50/60, 75/125, and 225 Binney Street, 161 and 215 First Street, 150 Second Street, and 300 Third Street</i> | 1,361,734               | 530,477               | 1,892,211               | 8                    | \$ 74,557                | 99.7%                          |
| Alexandria Technology Square®<br><i>100, 200, 300, 400, 500, 600, and 700 Technology Square</i>  | 1,181,635               | —                     | 1,181,635               | 7                    | 70,294                   | 100.0                          |
| 480/500 Arsenal Street   | 234,260                 | —                     | 234,260                 | 2                    | 8,571                    | 100.0                          |
| 640 Memorial Drive   | 225,504                 | —                     | 225,504                 | 1                    | 13,575                   | 100.0                          |
| 780/790 Memorial Drive   | 99,658                  | —                     | 99,658                  | 2                    | 6,693                    | 100.0                          |
| 167 Sidney Street/99 Erie Street   | 54,549                  | —                     | 54,549                  | 2                    | 2,713                    | 100.0                          |
| 79/96 Thirteenth Street Charlestown Navy Yard<br><i>Cambridge/Inner Suburbs</i>  | 25,309                  | —                     | 25,309                  | 1                    | 620                      | 100.0                          |
|  | <u>3,182,649</u>        | <u>530,477</u>        | <u>3,713,126</u>        | <u>23</u>            | <u>177,023</u>           | <u>99.9</u>                    |
| <i>Longwood Medical</i>  |                         |                       |                         |                      |                          |                                |
| 360 Longwood Avenue<br>(unconsolidated joint venture – 27.5% ownership)  | 209,628                 | 203,908               | 413,536                 | 1                    | 15,677                   | 100.0                          |
| <i>Route 128</i>   |                         |                       |                         |                      |                          |                                |
| Alexandria Park at 128<br><i>3, 6, and 8 Preston Court; 29, 35, and 44 Hartwell Avenue; 35, 45, and 47 Wiggins Avenue; and 60 Westview Street</i>      | 343,882                 | —                     | 343,882                 | 8                    | 8,699                    | 92.2                           |
| 19 Presidential Way  | 128,325                 | —                     | 128,325                 | 1                    | —                        | —                              |
| 100 Beaver Street  | 82,330                  | —                     | 82,330                  | 1                    | 2,496                    | 100.0                          |
| 285 Bear Hill Road   | 26,270                  | —                     | 26,270                  | 1                    | —                        | 100.0                          |
| 225 Second Avenue  | 112,500                 | —                     | 112,500                 | 1                    | 4,005                    | 100.0                          |
| <i>Route 128</i>   | <u>693,307</u>          | <u>—</u>              | <u>693,307</u>          | <u>12</u>            | <u>15,200</u>            | <u>77.6</u>                    |
| <i>Route 495/Worcester</i>   |                         |                       |                         |                      |                          |                                |
| 111/130 Forbes Boulevard   | 155,846                 | —                     | 155,846                 | 2                    | 1,415                    | 100.0                          |
| 20 Walkup Drive  | 91,045                  | —                     | 91,045                  | 1                    | 670                      | 100.0                          |
| 306 Belmont Street and 350 Plantation Street   | 90,690                  | —                     | 90,690                  | 2                    | 1,315                    | 100.0                          |
| 30 Bearfoot Road   | 60,759                  | —                     | 60,759                  | 1                    | 2,765                    | 100.0                          |
| <i>Route 495/Worcester</i>   | <u>398,340</u>          | <u>—</u>              | <u>398,340</u>          | <u>6</u>             | <u>6,165</u>             | <u>100.0</u>                   |
| <b>Greater Boston</b>  | <u><b>4,483,924</b></u> | <u><b>734,385</b></u> | <u><b>5,218,309</b></u> | <u><b>42</b></u>     | <u><b>\$ 214,065</b></u> | <u><b>96.5%</b></u>            |

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Property Listing**  
*(Unaudited, dollars in thousands)*

| Market / Submarket / Address  | RSF              |                |                  | Number of Properties | ABR               | Operating Occupancy Percentage |
|---|------------------|----------------|------------------|----------------------|-------------------|--------------------------------|
|   | Operating        | Development    | Total            |                      |                   |                                |
| <b>San Francisco</b>  |                  |                |                  |                      |                   |                                |
| <i>Mission Bay</i>  |                  |                |                  |                      |                   |                                |
| 409/499 Illinois Street   | 455,069          | —              | 455,069          | 2                    | \$ 26,958         | 100.0%                         |
| 455 Mission Bay Boulevard South   | 210,398          | —              | 210,398          | 1                    | 9,872             | 100.0                          |
| 1500 Owens Street   | 158,267          | —              | 158,267          | 1                    | 7,196             | 100.0                          |
| 1700 Owens Street   | 157,340          | —              | 157,340          | 1                    | 9,707             | 100.0                          |
| 1455/1515 Third Street<br>(unconsolidated joint venture – 51.0% ownership)                    | —                | 422,980        | 422,980          | 2                    | —                 | N/A                            |
| <i>Mission Bay</i>  | 981,074          | 422,980        | 1,404,054        | 7                    | 53,733            | 100.0                          |
| <i>South San Francisco</i>  |                  |                |                  |                      |                   |                                |
| Alexandria Technology Center® – Gateway<br>600, 630, 650, 681, 901, and 951 Gateway Boulevard | 448,175          | —              | 448,175          | 6                    | 17,271            | 100.0                          |
| 249/259/269 East Grand Avenue   | 407,369          | —              | 407,369          | 3                    | 16,498            | 100.0                          |
| 400/450 East Jamie Court  | 163,035          | —              | 163,035          | 2                    | 5,977             | 100.0                          |
| 7000 Shoreline Court  | 136,395          | —              | 136,395          | 1                    | 4,411             | 100.0                          |
| 341/343 Oyster Point Boulevard  | 107,960          | —              | 107,960          | 2                    | 3,313             | 100.0                          |
| 849/863 Mitten Road and 866 Malcolm Road  | 103,857          | —              | 103,857          | 1                    | 2,616             | 100.0                          |
| <i>South San Francisco</i>  | 1,366,791        | —              | 1,366,791        | 15                   | 50,086            | 100.0                          |
| <i>Palo Alto/Stanford Research Park</i>   |                  |                |                  |                      |                   |                                |
| 2425 Garcia Avenue and 2400/2450 Bayshore Parkway   | 98,446           | —              | 98,446           | 1                    | 3,229             | 100.0                          |
| 3165 Porter Drive   | 91,644           | —              | 91,644           | 1                    | 3,885             | 100.0                          |
| 75/125 Shoreway Road  | 82,874           | —              | 82,874           | 1                    | 2,501             | 100.0                          |
| 3350 West Bayshore Road   | 60,000           | —              | 60,000           | 1                    | 1,919             | 100.0                          |
| 2625/2627/2631 Hanover Street   | 32,074           | —              | 32,074           | 1                    | 1,591             | 100.0                          |
| <i>Palo Alto/Stanford Research Park</i>   | 365,038          | —              | 365,038          | 5                    | 13,125            | 100.0                          |
| <b>San Francisco</b>  | <b>2,712,903</b> | <b>422,980</b> | <b>3,135,883</b> | <b>27</b>            | <b>\$ 116,944</b> | <b>100.0%</b>                  |
| <b>New York City</b>  |                  |                |                  |                      |                   |                                |
| <i>Manhattan</i>  |                  |                |                  |                      |                   |                                |
| Alexandria Center® for Life Science<br>430 and 450 East 29th Street                           | 597,272          | 130,402        | 727,674          | 2                    | \$ 49,918         | 99.5%                          |
| <i>Pennsylvania</i>   |                  |                |                  |                      |                   |                                |
| 102 Witmer Road   | 50,000           | —              | 50,000           | 1                    | 2,310             | 100.0                          |
| 701 Veterans Circle   | 35,155           | —              | 35,155           | 1                    | 735               | 100.0                          |
| <i>Pennsylvania</i>   | 85,155           | —              | 85,155           | 2                    | 3,045             | 100.0                          |
| <b>New York City</b>  | <b>682,427</b>   | <b>130,402</b> | <b>812,829</b>   | <b>4</b>             | <b>\$ 52,963</b>  | <b>99.6%</b>                   |

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Property Listing**  
*(Unaudited, dollars in thousands)*

| Market / Submarket / Address  | RSF              |                |                  | Number of Properties | ABR               | Operating Occupancy Percentage |
|---|------------------|----------------|------------------|----------------------|-------------------|--------------------------------|
|   | Operating        | Development    | Total            |                      |                   |                                |
| <b>San Diego</b>  |                  |                |                  |                      |                   |                                |
| <i>Torrey Pines</i>   |                  |                |                  |                      |                   |                                |
| ARE Nautilus<br>3530/3550 John Hopkins Court and 3535/3565 General Atomics Court                                    | 241,191          | —              | 241,191          | 4                    | \$ 8,004          | 90.3%                          |
| ARE Sunrise<br>10931, 10933, and 10975 North Torrey Pines Road,<br>3010 Science Park Road, and 10996 Torreyana Road | 231,526          | —              | 231,526          | 3                    | 8,863             | 100.0                          |
| ARE Spectrum<br>3115/3215 Merryfield Row and 3013/3033 Science Park Road  | 261,583          | 63,000         | 324,583          | 4                    | 8,685             | 100.0                          |
| 11119 North Torrey Pines Road   | 72,506           | —              | 72,506           | 1                    | 2,570             | 100.0                          |
| 3545 Cray Court<br>Torrey Pines   | 116,556          | —              | 116,556          | 1                    | 4,827             | 100.0                          |
|   | 923,362          | 63,000         | 986,362          | 13                   | 32,949            | 97.5                           |
| <i>University Town Center</i>   |                  |                |                  |                      |                   |                                |
| 5200 Illumina Way   | 497,078          | 295,609        | 792,687          | 6                    | 19,522            | 100.0                          |
| 10300 Campus Point Drive  | 449,759          | —              | 449,759          | 1                    | 17,234            | 100.0                          |
| ARE Esplanade<br>4755, 4757, and 4767 Nexus Center Drive  | 180,208          | —              | 180,208          | 3                    | 6,743             | 96.5                           |
| ARE Towne Centre<br>9363, 9373, 9393, and 9625 Towne Centre Drive <sup>(1)</sup>                                    | 272,309          | —              | 272,309          | 4                    | 3,725             | 78.1                           |
| 9880 Campus Point Drive<br>University Town Center   | 71,510           | —              | 71,510           | 1                    | 2,774             | 100.0                          |
|   | 1,470,864        | 295,609        | 1,766,473        | 15                   | 49,998            | 95.5                           |
| <i>Sorrento Mesa</i>  |                  |                |                  |                      |                   |                                |
| 5810/5820 and 6138/6146/6150 Nancy Ridge Drive  | 160,784          | —              | 160,784          | 3                    | 2,893             | 78.9                           |
| ARE Portola<br>6175, 6225, and 6275 Nancy Ridge Drive   | 105,812          | —              | 105,812          | 3                    | 2,115             | 70.0                           |
| 10121/10151 Barnes Canyon Road <sup>(2)</sup>   | 102,392          | —              | 102,392          | 2                    | 1,948             | 100.0                          |
| 7330 Carroll Road   | 66,244           | —              | 66,244           | 1                    | 2,239             | 88.7                           |
| 5871 Oberlin Drive<br>Sorrento Mesa   | 33,817           | —              | 33,817           | 1                    | 973               | 100.0                          |
|   | 469,049          | —              | 469,049          | 10                   | 10,168            | 84.4                           |
| <i>Sorrento Valley</i>  |                  |                |                  |                      |                   |                                |
| 11025/11035/11045/11055/11065/11075 Roselle Street  | 121,655          | —              | 121,655          | 6                    | 2,798             | 88.5                           |
| 3985/4025/4031/4045 Sorrento Valley Boulevard<br>Sorrento Valley  | 103,111          | —              | 103,111          | 4                    | 2,542             | 100.0                          |
|   | 224,766          | —              | 224,766          | 10                   | 5,340             | 93.7                           |
| <i>I-15 Corridor</i>  |                  |                |                  |                      |                   |                                |
| 13112 Evening Creek Drive   | 109,780          | —              | 109,780          | 1                    | 2,495             | 100.0                          |
| <b>San Diego</b>  | <b>3,197,821</b> | <b>358,609</b> | <b>3,556,430</b> | <b>49</b>            | <b>\$ 100,950</b> | <b>94.5%</b>                   |

- (1) We acquired 9625 Towne Centre Drive in 4Q14 with an in-place lease. The property contains 133,731 RSF and will undergo conversion into tech office space through redevelopment in 3Q15, upon expiration of the acquired in-place lease.
- (2) We acquired these properties in 3Q13 with the intent to redevelop them upon the expiration of the in-place leases. In 3Q14, we completed the redevelopment of 53,512 RSF, 100% leased to Outerwall Inc., a high-quality technology client tenant. The remaining 48,880 RSF will undergo conversion into tech office space through redevelopment beginning in 4Q15 upon expiration of the acquired in-place lease.



**ALEXANDRIA REAL ESTATE EQUITIES, INC.**

**June 30, 2015**

**Property Listing**  
(Unaudited, dollars in thousands)

| Market / Submarket / Address   | RSF              |                |                  | Number of Properties | ABR              | Operating Occupancy Percentage |
|--|------------------|----------------|------------------|----------------------|------------------|--------------------------------|
|  | Operating        | Development    | Total            |                      |                  |                                |
| <b>Seattle</b>   |                  |                |                  |                      |                  |                                |
| <i>Lake Union</i>  |                  |                |                  |                      |                  |                                |
| 1201/1208 Eastlake Avenue East   | 203,369          | —              | 203,369          | 2                    | \$ 8,748         | 100.0%                         |
| 1616 Eastlake Avenue East  | 168,708          | —              | 168,708          | 1                    | 6,147            | 82.2                           |
| 1551 Eastlake Avenue East  | 117,482          | —              | 117,482          | 1                    | 3,554            | 100.0                          |
| 199 East Blaine Street   | 115,084          | —              | 115,084          | 1                    | 6,165            | 100.0                          |
| 219 Terry Avenue North   | 30,705           | —              | 30,705           | 1                    | 1,618            | 100.0                          |
| 400 Dexter Avenue North  | —                | 287,806        | 287,806          | 1                    | —                | N/A                            |
| 1600 Fairview Avenue East  | 27,991           | —              | 27,991           | 1                    | 1,133            | 100.0                          |
| <i>Lake Union</i>  | 663,339          | 287,806        | 951,145          | 8                    | 27,365           | 95.5                           |
| <i>Elliott Bay</i>   |                  |                |                  |                      |                  |                                |
| 3000/3018 Western Avenue   | 47,746           | —              | 47,746           | 1                    | 1,839            | 100.0                          |
| 410 West Harrison/410 Elliott Avenue West  | 35,175           | —              | 35,175           | 2                    | 1,101            | 100.0                          |
| <i>Elliott Bay</i>   | 82,921           | —              | 82,921           | 3                    | 2,940            | 100.0                          |
| <b>Seattle</b>   | <b>746,260</b>   | <b>287,806</b> | <b>1,034,066</b> | <b>11</b>            | <b>\$ 30,305</b> | <b>96.0%</b>                   |
| <b>Maryland</b>  |                  |                |                  |                      |                  |                                |
| <i>Rockville</i>   |                  |                |                  |                      |                  |                                |
| 9800 Medical Center Drive  | 282,436          | —              | 282,436          | 4                    | \$ 12,445        | 100.0%                         |
| 1330 Piccard Drive   | 131,511          | —              | 131,511          | 1                    | 3,121            | 100.0                          |
| 1500/1550 East Gude Drive  | 90,489           | —              | 90,489           | 2                    | 1,681            | 100.0                          |
| 14920/15010 Broschart Road   | 86,703           | —              | 86,703           | 2                    | 1,948            | 100.0                          |
| 1405 Research Boulevard  | 71,669           | —              | 71,669           | 1                    | 2,104            | 100.0                          |
| 5 Research Place   | 63,852           | —              | 63,852           | 1                    | 2,389            | 100.0                          |
| 9920 Medical Center Drive  | 58,733           | —              | 58,733           | 1                    | 455              | 100.0                          |
| 5 Research Court   | 54,906           | —              | 54,906           | 1                    | —                | —                              |
| 12301 Parklawn Drive   | 49,185           | —              | 49,185           | 1                    | 1,169            | 100.0                          |
| <i>Rockville</i>   | 889,484          | —              | 889,484          | 14                   | 25,312           | 93.8                           |
| <i>Gaithersburg</i>  |                  |                |                  |                      |                  |                                |
| Alexandria Technology Center® – Gaithersburg I<br>9 West Watkins Mill Road and 910, 930, and<br>940 Clopper Road                                 | 377,401          | —              | 377,401          | 4                    | 7,138            | 89.7                           |
| Alexandria Technology Center® – Gaithersburg II<br>708 Quince Orchard Road, 1300 Quince Orchard Boulevard, and 19, 20, and<br>22 Firstfield Road | 237,137          | —              | 237,137          | 5                    | 5,390            | 100.0                          |
| 16020 Industrial Drive   | 71,000           | —              | 71,000           | 1                    | 1,048            | 100.0                          |
| 401 Professional Drive   | 63,154           | —              | 63,154           | 1                    | 835              | 71.7                           |
| 950 Wind River Lane  | 50,000           | —              | 50,000           | 1                    | 1,082            | 100.0                          |
| 620 Professional Drive   | 27,950           | —              | 27,950           | 1                    | 1,191            | 100.0                          |
| <i>Gaithersburg</i>  | 826,642          | —              | 826,642          | 13                   | 16,684           | 93.1                           |
| <i>Beltsville</i>  |                  |                |                  |                      |                  |                                |
| 8000/9000/10000 Virginia Manor Road  | 191,884          | —              | 191,884          | 1                    | 2,123            | 86.6                           |
| <i>Northern Virginia</i>   |                  |                |                  |                      |                  |                                |
| 14225 Newbrook Drive   | 248,186          | —              | 248,186          | 1                    | 5,138            | 100.0                          |
| <b>Maryland</b>  | <b>2,156,196</b> | <b>—</b>       | <b>2,156,196</b> | <b>29</b>            | <b>\$ 49,257</b> | <b>93.6%</b>                   |

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

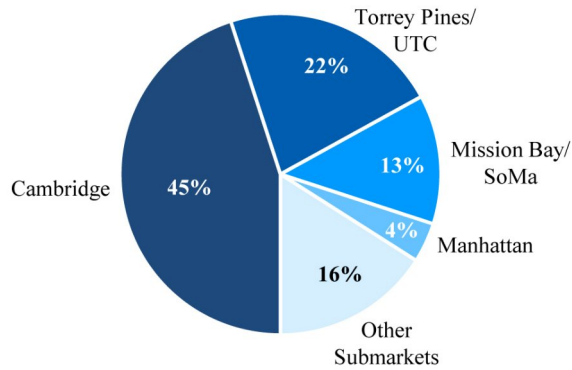
**Property Listing**  
*(Unaudited, dollars in thousands)*

| Market / Submarket / Address  | RSF               |                  |                   | Number of Properties | ABR               | Operating Occupancy Percentage |
|---|-------------------|------------------|-------------------|----------------------|-------------------|--------------------------------|
|   | Operating         | Development      | Total             |                      |                   |                                |
| <b>Research Triangle Park</b>   |                   |                  |                   |                      |                   |                                |
| <i>Research Triangle Park</i>   |                   |                  |                   |                      |                   |                                |
| Alexandria Technology Center® – Alston<br>100, 800, and 801 Capitola Drive                    | 186,870           | —                | 186,870           | 3                    | \$ 3,305          | 96.5 %                         |
| 108/110/112/114 TW Alexander Drive  | 158,417           | —                | 158,417           | 1                    | 4,537             | 100.0                          |
| Alexandria Innovation Center® – Research Triangle Park<br>7010, 7020, and 7030 Kit Creek Road | 135,677           | —                | 135,677           | 3                    | 2,924             | 100.0                          |
| 6 Davis Drive   | 100,000           | —                | 100,000           | 1                    | 1,062             | 100.0                          |
| 7 Triangle Drive  | 96,626            | —                | 96,626            | 1                    | 3,156             | 100.0                          |
| 407 Davis Drive   | 81,956            | —                | 81,956            | 1                    | 1,644             | 100.0                          |
| 2525 East NC Highway 54   | 81,580            | —                | 81,580            | 1                    | —                 | —                              |
| 601 Keystone Park Drive   | 77,395            | —                | 77,395            | 1                    | 1,341             | 100.0                          |
| 5 Triangle Drive  | 32,120            | —                | 32,120            | 1                    | 824               | 100.0                          |
| 6101 Quadrangle Drive   | 30,122            | —                | 30,122            | 1                    | 539               | 100.0                          |
| 6040 George Watts Hill Drive  | —                 | 61,547           | 61,547            | 1                    | —                 | N/A                            |
| <b>Research Triangle Park</b>   | <b>980,763</b>    | <b>61,547</b>    | <b>1,042,310</b>  | <b>15</b>            | <b>\$ 19,332</b>  | <b>91.0%</b>                   |
| Canada  | 322,967           | —                | 322,967           | 4                    | 8,156             | 99.3                           |
| Non-cluster markets   | 105,033           | —                | 105,033           | 3                    | 1,347             | 68.0                           |
| <b>North America</b>  | <b>15,388,294</b> | <b>1,995,729</b> | <b>17,384,023</b> | <b>184</b>           | <b>\$ 593,319</b> | <b>95.9%</b>                   |
| Asia  | 1,199,714         | —                | 1,199,714         | 8                    | 6,863             |                                |
| <b>Subtotal</b>   | <b>16,588,008</b> | <b>1,995,729</b> | <b>18,583,737</b> | <b>192</b>           | <b>\$ 600,182</b> |                                |
| Properties “held for sale”  |                   |                  |                   |                      |                   |                                |
| 500 Forbes Boulevard (South San Francisco)  | 155,685           | —                | 155,685           | 1                    | 5,540             |                                |
| Other   | 78,501            | —                | 78,501            | 1                    | 1,128             |                                |
| <b>Properties “held for sale”</b>   | <b>234,186</b>    | <b>—</b>         | <b>234,186</b>    | <b>2</b>             | <b>\$ 6,668</b>   |                                |
| <b>Total</b>  | <b>16,822,194</b> | <b>1,995,729</b> | <b>18,817,923</b> | <b>194</b>           | <b>\$ 606,850</b> |                                |

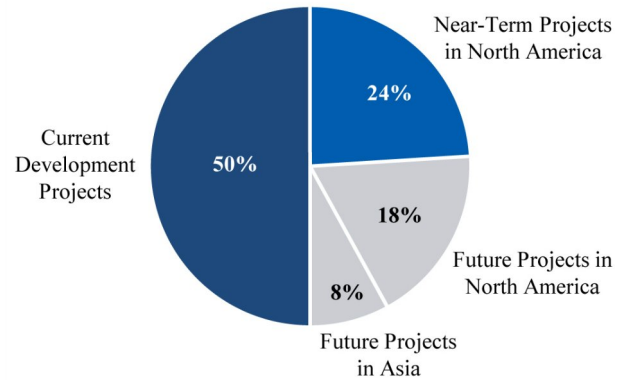
Key Real Estate Metrics

(Unaudited)

2015 Disciplined Allocation of Capital <sup>(1)</sup>



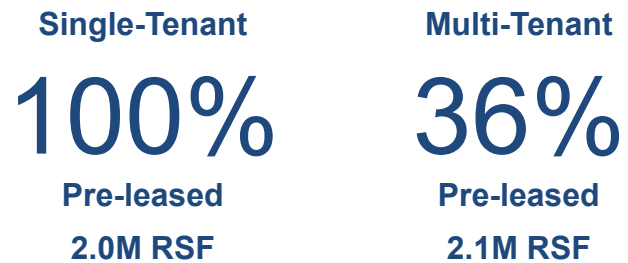
12% of Gross Investment in Real Estate in Value-Creation Pipeline



LEED-Certified Percentage of ABR <sup>(2)</sup>



Pre-Leased <sup>(3)</sup> Percentage of Ground-Up Developments Since January 1, 2009



(1) Includes actual and projected construction and acquisitions for the year ending December 31, 2015. Refer to page 45 for additional details.

(2) Upon completion of our in-process LEED certification projects.

(3) Represents average pre-leased percentage at the time development commenced.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Investments in Real Estate**  
*(Dollars in thousands, except per square foot amounts)*  
*(Unaudited)*

|  | Page   | Investments in Real Estate |  |                     |             | Square Feet       |                               |                   | Per SF <sup>(1)</sup> |
|--|--------|----------------------------|--|---------------------|-------------|-------------------|-------------------------------|-------------------|-----------------------|
|  |        | Consolidated               | ARE Share of Unconsolidated Joint Ventures | Total Amount        | %           | Consolidated      | Unconsolidated Joint Ventures | Total             |                       |
| Rental properties  | 24     | \$ 7,608,220               | \$ 57,254                                  | \$ 7,665,474        | 88%         | 16,612,566        | 209,628                       | 16,822,194        | \$ 463                |
| <b>Current value-creation projects/</b>                                    |        |                            |  |                     |             |                   |                               |                   |                       |
| <b>Construction in progress (“CIP”):</b>                                   | 32     |                            |  |                     |             |                   |                               |                   |                       |
| Current development projects   | 34, 35 | 409,619                    | 105,870                                    | <b>515,489</b>      | 6%          | 1,368,841         | 626,888                       | <b>1,995,729</b>  | <b>341</b>            |
| Rental properties and current value-creation projects                      |        | 8,017,839                  | 163,124                                    | 8,180,963           |             | 17,981,407        | 836,516                       | 18,817,923        | 450                   |
| <b>Near-term value-creation projects (CIP):</b>                            | 32, 37 | 246,111                    | —  | <b>246,111</b>      | 3%          | 2,026,669         | —                             | <b>2,026,669</b>  | <b>121</b>            |
| <b>Future value-creation projects:</b>                                     |        |                            |  |                     |             |                   |                               |                   |                       |
| North America  | 37     | 183,984                    | —  | 183,984             | 2%          | 3,807,375         | —                             | 3,807,375         | 48                    |
| Asia   | 48     | 78,911                     | —  | 78,911              | 1%          | 6,419,707         | —                             | 6,419,707         | 12                    |
|  |        | 262,895                    | —  | <b>262,895</b>      |             | 10,227,082        | —                             | <b>10,227,082</b> | <b>26</b>             |
| Near-term and future value-creation projects                               |        | 509,006                    | —  | <b>509,006</b>      |             | 12,253,751        | —                             | <b>12,253,751</b> | <b>42</b>             |
| <b>Value-creation pipeline</b>   |        | 918,625                    | 105,870                                    | <b>1,024,495</b>    | 12%         | 13,622,592        | 626,888                       | <b>14,249,480</b> | <b>84</b>             |
| Gross investments in real estate   |        | 8,526,845                  | 163,124                                    | <u>\$ 8,689,969</u> | <u>100%</u> | <u>30,235,158</u> | <u>836,516</u>                | <u>31,071,674</u> | <u>\$ 289</u>         |
| Equity method of accounting – unconsolidated joint ventures                | 44     | 121,055                    | N/A  |                     |             |                   |                               |                   |                       |
| Gross investments in real estate – including unconsolidated joint ventures |        | 8,647,900                  | N/A  |                     |             |                   |                               |                   |                       |
| Less: accumulated depreciation   |        | (1,205,025)                | (874)                                      |                     |             |                   |                               |                   |                       |
| Investments in real estate   |        | <u>\$ 7,442,875</u>        | <u>\$ 162,250</u>                          |                     |             |                   |                               |                   |                       |

(1) Items that include our share of unconsolidated joint ventures are not calculated directly from amounts shown on this page. The per square foot amount represents the total cost of our rental properties and value-creation projects, including our partners' share, divided by the total rentable or developable square feet of the respective property.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Overview of Current and Near-Term Value-Creation Pipeline**

| Property – Market/Submarket   | CIP<br>Square Feet | Total Project    |             |                   | Leased/<br>Negotiating     | Year of NOI Contribution – Forecast |      |      |      |  |
|---|--------------------|------------------|-------------|-------------------|----------------------------|-------------------------------------|------|------|------|--|
|   |                    | Square<br>Feet   | Leased      | Negotiating       |                            | 2015                                | 2016 | 2017 | 2018 |  |
| <b>Current value-creation development projects</b>                      |                    |                  |             |                   |                            |                                     |      |      |      |  |
| 360 Longwood Avenue – Greater Boston/Longwood Medical                   | 203,908            | 413,536          | 63%         | —%                | 63%                        |                                     |      |      |      |  |
| 430 East 29th Street – New York City/Manhattan                          | 130,402            | 418,639          | 76          | 22                | 98                         |                                     |      |      |      |  |
| 3013/3033 Science Park Road – San Diego/Torrey Pines                    | 63,000             | 165,938          | 81          | —                 | 81                         |                                     |      |      |      |  |
| 5200 Illumina Way–Bldg 6 – San Diego/University Town Center             | 295,609            | 295,609          | 100         | —                 | 100                        |                                     |      |      |      |  |
| 6040 George Watts Hill Drive – Research Triangle Park/RTP               | 61,547             | 61,547           | 100         | —                 | 100                        |                                     |      |      |      |  |
| 50/60 Binney Street – Greater Boston/Cambridge                          | 530,477            | 530,477          | 50          | 48                | 98                         |                                     |      |      |      |  |
| 1455/1515 Third Street – San Francisco/Mission Bay                      | 422,980            | 422,980          | 100         | —                 | 100                        |                                     |      |      |      |  |
| 400 Dexter Avenue North – Seattle/Lake Union                            | 287,806            | 287,806          | 31          | 33 <sup>(1)</sup> | 64                         |                                     |      |      |      |  |
| Total/weighted-average  | <u>1,995,729</u>   | <u>2,596,532</u> | <u>71%</u>  | <u>17%</u>        | <u>88%</u>                 |                                     |      |      |      |  |
| <b>Subsequent acquisitions of value-creation redevelopment projects</b> |                    |                  |             |                   |                            |                                     |      |      |      |  |
| 10290 Campus Point Drive – San Diego/University Town Center             | <u>304,326</u>     | <u>304,326</u>   | <u>100%</u> | <u>—%</u>         | <u>100%</u> <sup>(2)</sup> |                                     |      |      |      |  |
| <b>Near-term value-creation development projects<sup>(3)</sup></b>      |                    |                  |             |                   |                            |                                     |      |      |      |  |
| 4796 Executive Drive – San Diego/University Town Center                 | 61,755             | 61,755           | 100%        | —%                | 100%                       |                                     |      |      |      |  |
| 100 Binney Street – Greater Boston/Cambridge                            | 431,483            | 431,483          | 48          | 50                | 98                         |                                     |      |      |      |  |
| 510 Townsend Street – San Francisco/SoMa                                | 300,000            | 300,000          | 100         | —                 | 100                        |                                     |      |      |      |  |
| 505 Brannan Street – San Francisco/SoMa                                 | 135,000            | 135,000          | —           | —                 | —                          |                                     |      |      |      |  |
| 5200 Illumina Way – San Diego/University Town Center                    | 386,044            | 386,044          | —           | —                 | —                          |                                     |      |      |      |  |
| 10300 Campus Point Drive–Bldg 2 – San Diego/University Town Center      | 292,387            | 292,387          | —           | —                 | —                          |                                     |      |      |      |  |
| East 29th Street – New York City/Manhattan                              | 420,000            | 420,000          | —           | —                 | —                          |                                     |      |      |      |  |
| Total/weighted-average  | <u>2,026,669</u>   | <u>2,026,669</u> | <u>28%</u>  | <u>11%</u>        | <u>39%</u>                 |                                     |      |      |      |  |

(1) Includes expansion for 23,726 RSF currently under lease negotiation with Juno Therapeutics, Inc. Also, includes an option for Juno Therapeutics, Inc. to expand in the project by up to an additional 70,204 RSF.

(2) Refer to page 42 for additional information.

(3) Refer to page 22 for RSF targeted for redevelopment.

(4) We hold an option to ground lease a parcel supporting the future ground-up development of approximately 420,000 SF at the Alexandria Center® for Life Science. We have begun discussions with the city of New York regarding this option and the potential to increase the site density beyond 420,000 SF.



**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Value-Creation Development and Redevelopment Projects Placed into Service**  
*(Dollars in thousands)*  
*(Unaudited)*

| Property – Market/Submarket                                  | Placed into Service in 2Q15 |         | RSF In Service |         | % of Project In Service | Total Project      |                           | Unlevered           |                                       |                          |
|--|-----------------------------|---------|----------------|---------|-------------------------|--------------------|---------------------------|---------------------|---------------------------------------|--------------------------|
|  | Date                        | RSF     | Prior to 2Q15  | Total   |                         | Leased/Negotiating | Investment                | Average Cash Yield  | Initial Stabilized Yield (Cash Basis) | Initial Stabilized Yield |
| <i>Unconsolidated joint venture development projects</i>     |                             |         |                |         |                         |                    |                           |                     |                                       |                          |
| 360 Longwood Avenue – Greater Boston/Longwood Medical        | Various                     | 51,997  | 157,631        | 209,628 | 51%                     | 63%                | \$ 108,965 <sup>(1)</sup> | 8.2% <sup>(2)</sup> | 7.3% <sup>(2)</sup>                   | 7.8% <sup>(2)</sup>      |
| <i>Consolidated redevelopment projects</i>                   |                             |         |                |         |                         |                    |                           |                     |                                       |                          |
| 225 Second Avenue – Greater Boston/Route 128                 | May 2015                    | 112,500 | —              | 112,500 | 100%                    | 100%               | \$ 47,172                 | 9.0% <sup>(3)</sup> | 8.3% <sup>(3)</sup>                   | 8.4% <sup>(4)</sup>      |
| 11055/11065/11075 Roselle Street – San Diego/Sorrento Valley | June 2015                   | 31,277  | 23,936         | 55,213  | 100%                    | 75%                | \$ 18,193                 | 8.1% <sup>(5)</sup> | 7.9% <sup>(5)</sup>                   | 8.0% <sup>(5)</sup>      |

(1) Represents only ARE's investment at completion related to its 27.5% interest in this unconsolidated joint venture. See pages 35 and 44 for additional information.

(2) The unlevered initial stabilized yields have been updated to reflect rental rates achieved on recently executed leases as well as our expectations for future rental rates for the remaining 152,010 RSF that we are currently marketing. The yields decreased from previously disclosed estimated yields of 9.3% average cash yield, 8.3% for initial stabilized yield (cash basis), and 8.9% for initial stabilized yield.

(3) Consistent with previously disclosed estimated yields.

(4) Increased from previously disclosed estimated yield of 8.3% for initial stabilized yield. The increase in the initial stabilized yield and investment into the project reflect the final terms of our lease with the client tenant.

(5) Increased from previously disclosed estimated yields of 8.0% for average cash yield, 7.8% for initial stabilized yield (cash basis), and 7.9% for initial stabilized yield. The increase in the yields reflects the final project costs.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Current Value-Creation Development Projects – Consolidated**  
*(Dollars in thousands)*  
*(Unaudited)*

| Property – Market/Submarket   | Project RSF    |                  |                  | Leased Status    |            |                |            |                              |            | Project Start Date | Initial Occupancy Date | Stabilized Occupancy Date |
|---|----------------|------------------|------------------|------------------|------------|----------------|------------|------------------------------|------------|--------------------|------------------------|---------------------------|
|   | In Service     | CIP              | Total            | Leased           |            | Negotiating    |            | Total Leased/<br>Negotiating |            |                    |                        |                           |
|   |                |                  |                  | RSF              | %          | RSF            | %          | RSF                          | %          |                    |                        |                           |
| <i>Consolidated development projects</i>  |                |                  |                  |                  |            |                |            |                              |            |                    |                        |                           |
| 50/60 Binney Street – Greater Boston/Cambridge                                  | —              | 530,477          | 530,477          | 267,277          | 50%        | 253,103        | 48%        | 520,380                      | 98%        | 1Q15               | 3Q17                   | 2017                      |
| 430 East 29th Street – New York City/Manhattan                                  | 288,237        | 130,402          | 418,639          | 318,645          | 76%        | 90,886         | 22%        | 409,531                      | 98%        | 4Q12               | 4Q13                   | 2015                      |
| 5200 Illumina Way–Building 6 –<br>San Diego/University Town Center              | —              | 295,609          | 295,609          | 295,609          | 100%       | —              | —%         | 295,609                      | 100%       | 3Q14               | 3Q16                   | 2016                      |
| 3013/3033 Science Park Road – San Diego/Torrey Pines                            | 102,938        | 63,000           | 165,938          | 135,002          | 81%        | —              | —%         | 135,002                      | 81%        | 2Q14               | 4Q14                   | 2016                      |
| 400 Dexter Avenue North – Seattle/Lake Union                                    | —              | 287,806          | 287,806          | 90,423           | 31%        | 93,930         | 33%        | 184,353                      | 64%        | 2Q15               | 1Q17                   | 2018                      |
| 6040 George Watts Hill Drive –<br>Research Triangle Park/Research Triangle Park | —              | 61,547           | 61,547           | 61,547           | 100%       | —              | —%         | 61,547                       | 100%       | 4Q14               | 1Q16                   | 2016                      |
| <b>Consolidated development projects</b>  | <b>391,175</b> | <b>1,368,841</b> | <b>1,760,016</b> | <b>1,168,503</b> | <b>66%</b> | <b>437,919</b> | <b>25%</b> | <b>1,606,422</b>             | <b>91%</b> |                    |                        |                           |

| Property – Market/Submarket   | Investment        |                   |                   |               |                     |                    | Unlevered                             |                          |     |      |     |  |
|---|-------------------|-------------------|-------------------|---------------|---------------------|--------------------|---------------------------------------|--------------------------|-----|------|-----|--|
|   | In Service        | CIP               | Cost to Complete  |               |                     | Average Cash Yield | Initial Stabilized Yield (Cash Basis) | Initial Stabilized Yield |     |      |     |  |
|   |                   |                   | 2015              | Thereafter    | Total at Completion |                    |                                       |                          |     |      |     |  |
| <i>Consolidated development projects</i>  |                   |                   |                   |               |                     |                    |                                       |                          |     |      |     |  |
| 50/60 Binney Street – Greater Boston/Cambridge                                  | \$ —              | \$ 230,895        | \$ 68,331         | \$ TBD        | \$ TBD              | TBD                | (1)                                   | TBD                      | (1) | TBD  | (1) |  |
| 430 East 29th Street – New York City/Manhattan                                  | \$ 313,574        | \$ 122,687        | \$ 26,984         | \$ —          | \$ 463,245          | 7.1%               |                                       | 6.6%                     |     | 6.5% |     |  |
| 5200 Illumina Way–Building 6 –<br>San Diego/University Town Center              | \$ —              | \$ 19,494         | \$ 20,476         | \$ 29,930     | \$ 69,900           | 8.6%               |                                       | 7.0%                     |     | 8.4% |     |  |
| 3013/3033 Science Park Road – San Diego/Torrey Pines                            | \$ 53,669         | \$ 5,464          | \$ 13,366         | \$ 32,291     | \$ 104,790          | 7.7%               |                                       | 7.2%                     |     | 7.1% |     |  |
| 400 Dexter Avenue North – Seattle/Lake Union                                    | \$ —              | \$ 21,267         | \$ 37,465         | \$ TBD        | \$ TBD              | TBD                | (1)                                   | TBD                      | (1) | TBD  | (1) |  |
| 6040 George Watts Hill Drive –<br>Research Triangle Park/Research Triangle Park | \$ —              | \$ 9,812          | \$ 14,378         | \$ 1,610      | \$ 25,800           | 8.1%               |                                       | 7.3%                     |     | 8.1% |     |  |
| <b>Consolidated development projects</b>  | <b>\$ 367,243</b> | <b>\$ 409,619</b> | <b>\$ 181,000</b> | <b>\$ TBD</b> | <b>\$ TBD</b>       |                    |                                       |                          |     |      |     |  |

(1) The design and budget of this project are in process, and the estimated project costs with related yields are expected to be disclosed in the future.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**

**June 30, 2015**

**Current Value-Creation Development Projects – Unconsolidated Joint Ventures**

*(Dollars in thousands)*

*(Unaudited)*

| Property – Market/Submarket                              | Project RSF    |                |                | Leased Status  |            |              |           |                          |            | Project Start Date | Initial Occupancy Date | Stabilized Occupancy Date |
|--|----------------|----------------|----------------|----------------|------------|--------------|-----------|--------------------------|------------|--------------------|------------------------|---------------------------|
|  | In Service     | CIP            | Total          | Leased         |            | Negotiating  |           | Total Leased/Negotiating |            |                    |                        |                           |
|  |                |                |                | RSF            | %          | RSF          | %         | RSF                      | %          |                    |                        |                           |
| <i>Unconsolidated joint venture development projects</i> |                |                |                |                |            |              |           |                          |            |                    |                        |                           |
| 360 Longwood Avenue – Greater Boston/Longwood Medical    | 209,628        | 203,908        | 413,536        | 259,859        | 63%        | 1,667        | —%        | 261,526                  | 63%        | 2Q12               | 3Q14                   | 2016                      |
| 1455/1515 Third Street – San Francisco/Mission Bay       | —              | 422,980        | 422,980        | 422,980        | 100%       | —            | —%        | 422,980                  | 100%       | 3Q14               | 1Q17                   | 2017                      |
| <b>Total</b>   | <b>209,628</b> | <b>626,888</b> | <b>836,516</b> | <b>682,839</b> | <b>82%</b> | <b>1,667</b> | <b>—%</b> | <b>684,506</b>           | <b>82%</b> |                    |                        |                           |

| Property – Market/Submarket  | Investment       |                   |                        |                  |                        |                  |                     | Unlevered <sup>(1)</sup> |                                       |                          |                     |
|--|------------------|-------------------|------------------------|------------------|------------------------|------------------|---------------------|--------------------------|---------------------------------------|--------------------------|---------------------|
|  | In Service       | CIP               | Cost to Complete       |                  |                        |                  | Total at Completion | Average Cash Yield       | Initial Stabilized Yield (Cash Basis) | Initial Stabilized Yield |                     |
|  |                  |                   | 2015                   |                  | Thereafter             |                  |                     |                          |                                       |                          |                     |
|  |                  |                   | Construction Financing | Internal Funding | Construction Financing | Internal Funding |                     |                          |                                       |                          |                     |
| <i>Unconsolidated joint venture development projects <sup>(2)</sup></i>                  |                  |                   |                        |                  |                        |                  |                     |                          |                                       |                          |                     |
| 100% of joint venture: 360 Longwood Avenue – Greater Boston/Longwood Medical             | \$ 153,356       | \$ 154,430        | \$ 24,336              | \$ —             | \$ 17,878              | \$ —             | \$ 350,000          |                          |                                       |                          |                     |
| 100% of joint venture: 1455/1515 Third Street – San Francisco/Mission Bay <sup>(3)</sup> | \$ 21,150        | \$ 110,344        | \$ —                   | \$ 35,192        | \$ —                   | \$ TBD           | \$ TBD              |                          |                                       |                          |                     |
| <i>ARE share of unconsolidated joint venture development projects <sup>(2)</sup></i>     |                  |                   |                        |                  |                        |                  |                     |                          |                                       |                          |                     |
| 27.5% of joint venture: 360 Longwood Avenue – Greater Boston/Longwood Medical            | \$ 46,467        | \$ 46,852         | \$ 6,692               | \$ 550           | \$ 4,916               | \$ 3,488         | \$ 108,965          | 8.2%                     | <sup>(3)</sup>                        | 7.3% <sup>(3)</sup>      | 7.8% <sup>(3)</sup> |
| 51.0% of joint venture: 1455/1515 Third Street – San Francisco/Mission Bay               | \$ 10,787        | \$ 59,018         | \$ —                   | \$ 19,450        | \$ —                   | \$ TBD           | \$ TBD              | TBD                      | <sup>(4)</sup>                        | TBD <sup>(4)</sup>       | TBD <sup>(4)</sup>  |
| <b>Total ARE share of unconsolidated joint venture development projects</b>              | <b>\$ 57,254</b> | <b>\$ 105,870</b> | <b>\$ 6,692</b>        | <b>\$ 20,000</b> | <b>\$ 4,916</b>        | <b>\$ TBD</b>    | <b>\$ TBD</b>       |                          |                                       |                          |                     |

(1) Our projected unlevered initial stabilized yield (cash basis) is based upon our share of the investment in real estate, including costs incurred directly by us outside of the joint venture. Development management fees earned from these development projects have been excluded from our estimate of unlevered yields.

(2) Refer to page 44 for additional information regarding our unconsolidated joint ventures.

(3) The unlevered initial stabilized yields have been updated to reflect rental rates achieved on recent executed leases as well as our expectations for future rental rates for the remaining 152,010 RSF that we are currently marketing. The yields decreased from previously disclosed estimated yields of 9.3% average cash yield, 8.3% for initial stabilized yield (cash basis), and 8.9% for initial stabilized yield.

(4) The design and budget of this project are in process, and the estimated project costs with related yields are expected to be disclosed in the near future.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**

**June 30, 2015**

**Current Value-Creation Development Projects**

**50 Binney Street**

Greater Boston/  
Cambridge

274,734 RSF

Genzyme  
Corporation



**60 Binney Street**

Greater Boston/  
Cambridge

255,743 RSF

Under  
Negotiation



**360 Longwood Avenue**

Greater Boston/  
Longwood  
Medical

203,908 RSF <sup>(1)</sup>

Dana-Farber  
Cancer Institute,  
Inc./Others



**1455/1515 Third Street**

San Francisco/  
Mission Bay

422,980 RSF

Uber  
Technologies,  
Inc.

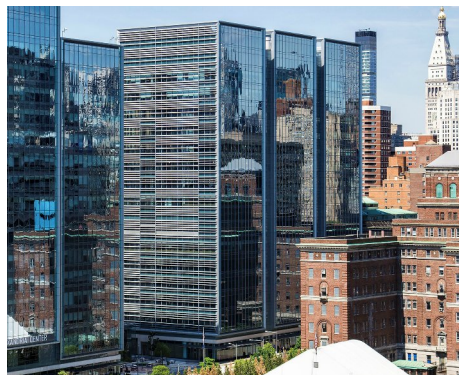


**430 East 29th Street**

New York City/  
Manhattan

130,402 RSF <sup>(1)</sup>

Roche/New  
York University/  
Others



**5200 Illumina Way – Building 6**

San Diego/  
University Town  
Center

295,609 RSF

Illumina, Inc.



**3013/3033 Science Park Road**

San Diego/  
Torrey Pines

63,000 RSF <sup>(1)</sup>

Receptos, Inc./  
The Medicines  
Company



**400 Dexter Avenue North**

Seattle/Lake  
Union

287,806 RSF

Juno  
Therapeutics,  
Inc.



**6040 George Watts Hill Drive**

Research  
Triangle Park/  
RTP

61,547 RSF

Fujifilm  
Diosynth  
Biotechnologies  
U.S.A., Inc.



(1) Represents portion of total project under construction. See page 34 and 35 for portion of total project that has been placed into operations.



**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Near-Term and Future Value-Creation Development Projects in North America**  
*(Dollars in thousands, except per square foot amounts)*  
*(Unaudited)*

| Property – Market/Submarket  | Page | Book Value        | Value-Creation Project | Square Feet                  |                  | Cost Per Square Foot |
|--|------|-------------------|------------------------|------------------------------|------------------|----------------------|
|  |      |                   |                        | Embedded Land <sup>(1)</sup> | Total            |                      |
| <b>Near-Term Value-Creation Development Projects – Land undergoing predevelopment activities (CIP)</b> |      |                   |                        |                              |                  |                      |
| 100 Binney Street – Greater Boston/Cambridge <sup>(2)</sup>  | 38   | \$ 140,488        | 431,483                | —                            | 431,483          | \$ 326               |
| 510 Townsend Street – San Francisco/SoMa   | 39   | 61,268            | 300,000                | —                            | 300,000          | 204                  |
| 505 Brannan Street – San Francisco/SoMa  | 39   | 23,195            | 135,000                | —                            | 135,000          | 172                  |
| East 29th Street – New York City/Manhattan   | 40   | —                 | —                      | 420,000 <sup>(3)</sup>       | 420,000          | —                    |
| 5200 Illumina Way – San Diego/University Town Center   | 41   | 9,487             | 386,044                | —                            | 386,044          | 25                   |
| 10300 Campus Point Drive–Bldg 2 – San Diego/University Town Center                                     | 42   | 6,302             | 292,387                | —                            | 292,387          | 22                   |
| 4796 Executive Drive – San Diego/University Town Center  | 43   | 5,371             | 61,755                 | —                            | 61,755           | 87                   |
| <b>Near-term value-creation development projects</b>   |      | <b>246,111</b>    | <b>1,606,669</b>       | <b>420,000</b>               | <b>2,026,669</b> | <b>121</b>           |
| <b>Future Value-Creation Development Projects – Land held for development</b>                          |      |                   |                        |                              |                  |                      |
| Alexandria Technology Square® – Greater Boston/Cambridge   |      | 7,721             | 100,000                | —                            | 100,000          | 77                   |
| 505 Brannan Street Expansion – San Francisco/SoMa  |      | 11,855            | 165,000                | —                            | 165,000          | 72                   |
| Grand Avenue – San Francisco/South San Francisco <sup>(4)</sup>  |      | 45,056            | 397,132                | —                            | 397,132          | 113                  |
| 560 Eccles Avenue – San Francisco/South San Francisco <sup>(5)</sup>                                   |      | 17,655            | 144,000                | —                            | 144,000          | 123                  |
| ARE Sunrise – San Diego/Torrey Pines   |      | —                 | —                      | 133,000                      | 133,000          | —                    |
| 1150/1165/1166 Eastlake Avenue East – Seattle/Lake Union <sup>(6)</sup>                                |      | 33,995            | 266,266                | —                            | 266,266          | 128                  |
| 1818 Fairview Avenue East – Seattle/Lake Union   |      | 8,381             | 188,490                | —                            | 188,490          | 44                   |
| Other  |      | 59,321            | 1,927,487              | 486,000                      | 2,413,487        | 25                   |
| <b>Future value-creation development projects</b>  |      | <b>183,984</b>    | <b>3,188,375</b>       | <b>619,000</b>               | <b>3,807,375</b> | <b>48</b>            |
| <b>Total near-term and future value-creation development projects in North America</b>                 |      | <b>\$ 430,095</b> | <b>4,795,044</b>       | <b>1,039,000</b>             | <b>5,834,044</b> | <b>\$ 74</b>         |

- (1) Embedded land generally represents adjacent land acquired in connection with the acquisition of operating properties. As a result, the real estate basis attributable to these land parcels is primarily classified in rental properties.
- (2) Includes infrastructure-related costs consisting of utility access and roads, installation of storm drain systems, infiltration systems, traffic lighting/signals, streets, and sidewalks.
- (3) We hold a right to ground-lease a parcel supporting the future ground-up development of approximately 420,000 SF at the Alexandria Center® for Life Science pursuant to an option under our ground lease. We have begun discussions regarding this option and the potential to increase the site density beyond 420,000 SF.
- (4) Represents two additional land parcels located adjacent to/surrounding the recently developed 249/259/269 East Grand Avenue campus leased to Amgen Inc. in South San Francisco.
- (5) Represents an additional land parcel located nearby our 341/343 Oyster Point Boulevard properties and within walking distance of Roche's campus in South San Francisco.
- (6) The cost per square foot for 1165 Eastlake Avenue East includes an existing structure that can substantially be incorporated into the development plans.

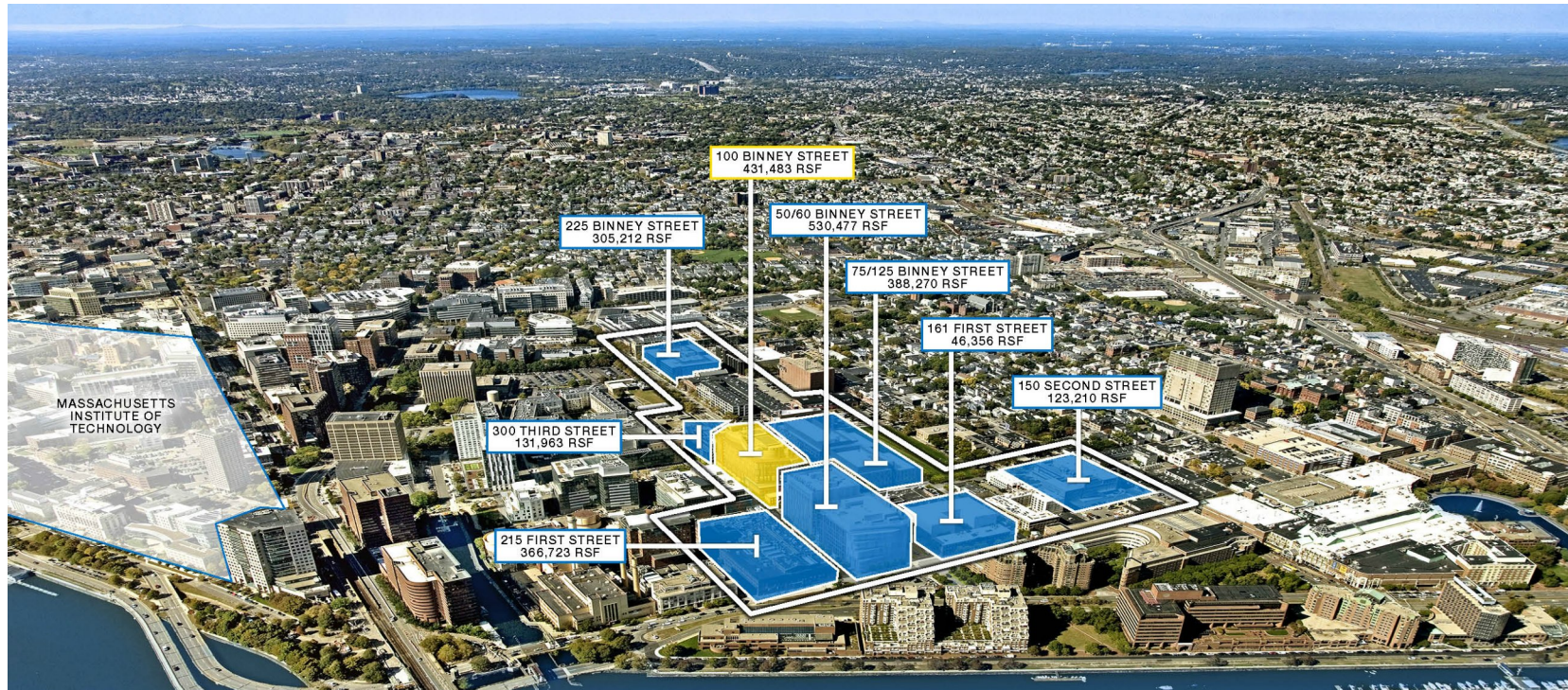
Near-Term Value-Creation Development Projects  
Greater Boston

Operating/Development Project

Near-Term Value-Creation Project

100 Binney Street at Alexandria Center® at Kendall Square

Greater Boston/Cambridge



**Background**

Alexandria received final approval from the City of Cambridge to develop the Alexandria Center® at Kendall Square, a fully integrated campus featuring four world-class office/laboratory buildings, high-quality amenities, and green space. Alexandria's entitlement efforts resulted in an increase of 1.2 million developable square feet over the original entitlements in place at acquisition.

**Near-Term Opportunity**

Our near-term development opportunity consists of 431,483 RSF at 100 Binney Street. In June 2015, we leased 208,394 RSF, or 48%, to Bristol-Myers Squibb Company and we commenced development in July 2015. We also expect to disclose the estimated investment and yields in the near term.



ALEXANDRIA REAL ESTATE EQUITIES, INC.

June 30, 2015

Near-Term Value-Creation Development Projects

San Francisco

 Operating/Development Project

 Near-Term Value-Creation Project

510 Townsend Street

San Francisco/SoMa

505 Brannan Street

San Francisco/SoMa



**Background**

Alexandria's acquisition of 510 Townsend Street project in April 2014 and 505 Brannan Street project in April 2015, represents an expansion of our successful Mission Bay science and technology campus into the SoMa submarket. Both sites are ideally located within close proximity to public transportation. Furthermore, with its highly strategic location at the intersection of Alexandria's Mission Bay science and technology campus and the SoMa technology district, the 510 Townsend Street and 505 Brannan Street sites, and this key cluster expansion, mirrors the convergence of life science, technology, and healthcare.

**Near-Term Opportunity - 510 Townsend Street**

Ground-up development of a tech office building at 510 Townsend Street with 300,000 RSF 100% leased to Stripe, Inc. We anticipate receipt of Proposition M entitlement allocation soon and plan to commence construction as soon as possible in 2015. We also expect to disclose the estimated investment and yields upon commencement of ground-up development.

**Near-Term Opportunity - 505 Brannan Street**

Ground-up development of a tech office building at 505 Brannan Street. This site is fully entitled under Proposition M for 135,000 RSF and, subject to market conditions, we expect to commence construction on the first phase of the project in the near term. We are also pursuing entitlements for a second phase aggregating 165,000 RSF, which will be built on top of the first phase. We expect to disclose the estimated investment and yields upon commencement of each phase of ground-up development.



ALEXANDRIA REAL ESTATE EQUITIES, INC.

June 30, 2015

Near-Term Value-Creation Development Projects  
New York City

 Operating/Development Project

 Near-Term Value-Creation Project

Alexandria Center<sup>®</sup> for Life Science – North Land Parcel

New York City/Manhattan



**Background**

Alexandria was selected by the City of New York to transform a riverfront parcel into the Alexandria Center<sup>®</sup> for Life Science, New York City's first and only world-class life science cluster campus. In 2010, we placed the ground-up development of the East Tower consisting of 309,035 RSF into service. In 4Q12, we commenced ground-up development of the West Tower consisting of 418,639 RSF, and have subsequently placed into service 288,237 RSF, or 69% of the project.

**Near-term Opportunity**

We hold an option to ground lease a parcel supporting the future ground-up development of approximately 420,000 SF at the Alexandria Center<sup>®</sup> for Life Science. We have begun discussions with the City of New York regarding this option and the potential to increase the site density beyond 420,000 SF.



Near-Term Value-Creation Development Projects  
San Diego

■ Operating/Development Project

■ Near-Term Value-Creation Project

5200 Illumina Way

San Diego/University Town Center



**Background**

Alexandria owns and operates the headquarters campus of Illumina, Inc., a leading developer, manufacturer, and marketer of life science tools and integrated systems for large-scale analysis of genetic variation and function with a market capitalization of \$26.8 billion as of March 31, 2015. The initial campus consisted of buildings 1, 2, and 3 which aggregated 346,581 RSF. The development of buildings 4 and 5 (placed into service in 4Q12 and 1Q13, respectively) and our current development of building 6, increased the campus by an additional 446,106 RSF to an aggregate of 792,687 RSF. Furthermore, we are pursuing additional entitlements aggregating 214,067 RSF, which would increase our future expansion capacity to 386,044 RSF and an aggregate campus of 1,178,731 RSF.

**Near-Term Opportunity**


Ground-up development of an additional office/laboratory building aggregating 386,044 RSF. Subject to market conditions, we expect to commence development of at least one additional building over the next one to three years as we expect expansion requirements from Illumina, Inc. We also expect to disclose the estimated investment and yields upon commencement of ground-up development.



Near-Term Value-Creation Development Projects  
San Diego

 Operating

 Near-Term Value-Creation Project

 Recent Acquisition

Alexandria Center<sup>®</sup> for Life Science at Campus Pointe

San Diego/University Town Center



**Background**

The acquisition of 10290 Campus Point provides the opportunity to generate significant value through the expansion of a uniquely positioned life science campus with high-quality on-site amenities in the heart of our University Town Center submarket. Including our existing flagship office/laboratory space at 10300 Campus Point Drive, the Alexandria Center<sup>®</sup> for Life Science at Campus Pointe consists of 754,085 RSF. We are pursuing additional entitlements aggregating 292,387 RSF, which would increase our campus to 1,046,472 RSF.

**Near-Term Opportunity**

In July 2015, we acquired 10290 Campus Point Drive, a property aggregating 304,326 RSF. This highly strategic acquisition is located adjacent to our uniquely positioned life science campus at Alexandria Center<sup>®</sup> for Life Science at Campus Pointe with high-quality on-site amenities in the heart of our University Town Center submarket. The acquired property is 100% leased to the previous owner through September 30, 2015. In June 2015, we leased the entire 304,326 RSF to Eli Lilly and Company for 15.5 years. In October 2015, we expect to commence conversion of the space into Class A office/laboratory space through redevelopment. Upon completion of this redevelopment project, Eli Lilly and Company will relocate its existing presence at 10300 Campus Point Drive of 125,409 RSF and the previously announced 106,173 RSF expansion, into our recently acquired 10290 Campus Point Drive. These changes resulted in a net increase of 72,744 RSF leased to Eli Lilly and Company at the campus. Our campus will ultimately contain an aggregate of 1,046,472 RSF, including 292,387 RSF of capacity for future ground-up development.



June 30, 2015

Near-Term Value-Creation Development Projects  
San Diego



Operating



Near-Term Value-Creation Project

4796 Executive Drive at ARE Esplanade

San Diego/University Town Center



**Background**

Alexandria's Esplanade campus features three single-tenant operating properties located at 4755, 4757, and 4767 Nexus Center Drive, aggregating 180,208 RSF of office/laboratory space in the University Town Center submarket of San Diego.

**Near-Term Opportunity**

Ground-up development of a build-to-suit building at 4796 Executive Drive will expand the ARE Esplanade footprint by an additional 61,755 RSF. In May 2015, we executed a lease with Otonomy, Inc. for 100% of the building. Subject to final completion of the design and budget for the project, we expect to commence construction in 2015. We also expect to disclose investment and yields upon commencement of ground-up development.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Unconsolidated Joint Ventures**  
*(Dollars in thousands)*  
*(Unaudited)*

|   | As of June 30, 2015       |                                  |                        |                  |                                |
|---|---------------------------|----------------------------------|------------------------|------------------|--------------------------------|
|   | 360 Longwood Avenue       |                                  | 1455/1515 Third Street |                  | Total ARE Share <sup>(1)</sup> |
|   | 100%                      | ARE's 27.5% Share <sup>(1)</sup> | 100%                   | ARE's 51% Share  |                                |
| Rental properties                       | \$ 153,356                | \$ 46,467                        | \$ 21,150              | \$ 10,787        | \$ 57,254                      |
| Construction in progress                | 154,430                   | 46,852                           | 110,344                | 59,018           | 105,870                        |
| <b>Gross investments in real estate</b> | <b>307,786</b>            | <b>93,319</b>                    | <b>131,494</b>         | <b>69,805</b>    | <b>163,124</b>                 |
| Less: accumulated depreciation          | (1,919)                   | (649)                            | (441)                  | (225)            | (874)                          |
| Investments in real estate              | 305,867                   | 92,670                           | 131,053                | 69,580           | 162,250                        |
| Other assets                            | 16,620                    | 5,433                            | 8,439                  | 4,447            | 9,880                          |
| Total assets                            | <u>\$ 322,487</u>         | <u>\$ 98,103</u>                 | <u>\$ 139,492</u>      | <u>\$ 74,027</u> | <u>\$ 172,130</u>              |
| Secured notes payable                   | \$ 170,531 <sup>(2)</sup> | \$ 46,896                        | \$ —                   | \$ —             | \$ 46,896                      |
| Other liabilities                       | 5,407                     | 1,487                            | 5,279                  | 2,692            | 4,179                          |
| Total liabilities                       | 175,938                   | 48,383                           | 5,279                  | 2,692            | 51,075                         |
| <b>Equity</b>                           | <b>146,549</b>            | <b>49,720</b>                    | <b>134,213</b>         | <b>71,335</b>    | <b>121,055</b>                 |
| Total liabilities and equity            | <u>\$ 322,487</u>         | <u>\$ 98,103</u>                 | <u>\$ 139,492</u>      | <u>\$ 74,027</u> | <u>\$ 172,130</u>              |
|   | <u>RSF</u>                |                                  | <u>RSF</u>             |                  |                                |
| Rental properties                       | 209,628                   |                                  | —                      |                  |                                |
| Active development (CIP) <sup>(4)</sup> | 203,908                   |                                  | 422,980                |                  |                                |
| Total                                   | <u>413,536</u>            |                                  | <u>422,980</u>         |                  |                                |

|                               | Three Months Ended June 30, 2015 |                         |                        |                 |                 |
|-------------------------------|----------------------------------|-------------------------|------------------------|-----------------|-----------------|
|                               | 360 Longwood Avenue              |                         | 1455/1515 Third Street |                 | Total ARE Share |
|                               | 100%                             | ARE's 27.5% Share       | 100%                   | ARE's 51% Share |                 |
| Revenue                       | \$ 4,491                         | \$ 1,300 <sup>(3)</sup> | \$ 47                  | \$ 24           | \$ 1,324        |
| Rental operations             | (1,167)                          | (320)                   | (142)                  | (73)            | (393)           |
| Interest                      | (139)                            | (38)                    | —                      | —               | (38)            |
| Depreciation and amortization | (831)                            | (285)                   | (132)                  | (67)            | (352)           |
| Net income (loss)             | <u>\$ 2,354</u>                  | <u>\$ 657</u>           | <u>\$ (227)</u>        | <u>\$ (116)</u> | <u>\$ 541</u>   |

|                               | Six Months Ended June 30, 2015 |                         |                        |                 |                 |
|-------------------------------|--------------------------------|-------------------------|------------------------|-----------------|-----------------|
|                               | 360 Longwood Avenue            |                         | 1455/1515 Third Street |                 | Total ARE Share |
|                               | 100%                           | ARE's 27.5% Share       | 100%                   | ARE's 51% Share |                 |
| Revenue                       | \$ 8,476                       | \$ 2,474 <sup>(3)</sup> | \$ 138                 | \$ 71           | \$ 2,545        |
| Rental operations             | (2,230)                        | (615)                   | (272)                  | (139)           | (754)           |
| Interest                      | (150)                          | (42)                    | —                      | —               | (42)            |
| Depreciation and amortization | (1,410)                        | (499)                   | (264)                  | (135)           | (634)           |
| Net income (loss)             | <u>\$ 4,686</u>                | <u>\$ 1,318</u>         | <u>\$ (398)</u>        | <u>\$ (203)</u> | <u>\$ 1,115</u> |

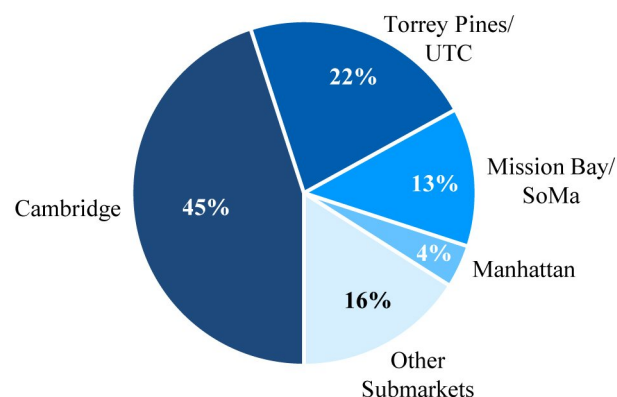
- (1) Amounts include costs incurred directly by us outside of the joint ventures. We believe the information on our share of investments in unconsolidated joint ventures is useful information for investors as it provides our proportional share of the investments in real estate from all properties, including our share of the assets and liabilities of our unconsolidated joint ventures. This information also allows investors to estimate the impact of real estate investments and debt financing at the joint venture level.
- (2) Secured construction loan with an aggregate commitment of \$213.2 million, which bears interest at LIBOR+3.75%, with a floor of 5.25%. The maturity date of the loan is April 1, 2017, with two, one-year options to extend the stated maturity date to April 1, 2019, subject to certain conditions.
- (3) Includes development and property management fees earned.
- (4) See page 35 for further detail of our unconsolidated joint venture development projects.



**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Capital Allocation and Projected Construction Spending**  
*(Dollars in thousands)*  
*(Unaudited)*

**Capital Allocation**  
**Actual and Projected Construction and Acquisition Spending in 2015**



| <b>Projected Construction Spending</b>   | <b>Six Months Ending December 31, 2015</b> |                        |
|--|--|------------------------|
| Current value-creation projects:   |  |                        |
| Development (consolidated)   | \$   | 181,000                |
| Development (unconsolidated joint venture)   |  | 20,000                 |
| Developments/redevelopments recently transferred to rental properties                  |  | 60,000 <sup>(1)</sup>  |
| Generic laboratory infrastructure/building improvement projects                        |  | 40,000 <sup>(2)</sup>  |
| Current value-creation projects  |  | <u>301,000</u>         |
| Near-term value-creation projects  |  | 144,000 <sup>(3)</sup> |
| Value-creation projects  |  | <u>445,000</u>         |
| Non-revenue-enhancing capital expenditures and tenant improvements                     |  | 7,000                  |
| Projected construction spending for the six months ending December 31, 2015 (midpoint) | \$   | <u><u>452,000</u></u>  |

| <b>Full-Year Construction Spending Guidance</b>                                     | <b>Year Ending December 31, 2015</b> |                                 |
|---|--------------------------------------|---------------------------------|
| Projected construction spending for the six months ending December 31, 2015 (range) | \$                                   | 402,000 – 502,000               |
| Actual construction spending for the six months ended June 30, 2015                 |                                      | <u>197,672</u>                  |
| Guidance range for the year ending December 31, 2015                                | \$                                   | <u><u>600,000 – 700,000</u></u> |

- (1) Includes spending for projects recently placed into service, including 11055/11065/11075 Roselle Street, 4757 Nexus Center Drive, and 1616 Eastlake Avenue East, that may require additional construction prior to occupancy, generally ranging from 15,000 to 30,000 RSF of the project plus amounts related to 75/125 Binney Street.
- (2) Includes, among others, 3535 General Atomics Court, 9373 Towne Centre Drive, 5810/5820/6175 Nancy Ridge Drive, 44 Hartwell Avenue, 19 Presidential Way, and 2525 East NC Highway 54.
- (3) See overview of our near-term value-creation projects on pages 32 and 37.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Historical Construction Spending**  
*(Dollars in thousands, except per square foot amounts)*  
*(Unaudited)*

| <b>Actual Construction Spending</b>  | <b>Six Months Ended<br/>June 30, 2015</b> |
|--|---|
| Development  | \$ 114,678                                |
| Redevelopment  | 24,687                                    |
| Predevelopment   | 20,162                                    |
| Generic laboratory infrastructure/building improvement projects <sup>(1)</sup> | 32,299                                    |
| Asia   | 5,846                                     |
| Total construction spending  | \$ 197,672                                |

(1) Includes revenue-enhancing projects and non-revenue-enhancing capital expenditures shown in the table below.

| <b>Non-revenue-enhancing Capital Expenditures,<br/>Tenant Improvements, and Leasing Costs <sup>(1)</sup></b> | Six Months Ended June 30, 2015 |            |          | Recent Average         |
|--|--------------------------------|------------|----------|------------------------|
|  | Amount                         | RSF        | Per RSF  | Per RSF <sup>(2)</sup> |
| Non-revenue-enhancing capital expenditures   | \$ 5,021                       | 15,913,666 | \$ 0.32  | \$ 0.35                |
| Tenant improvements and leasing costs:   |                                |            |          |                        |
| Re-tenanted space  | \$ 4,650                       | 316,361    | \$ 14.70 | \$ 13.40               |
| Renewal space  | 7,554                          | 955,967    | 7.90     | 6.69                   |
| Total tenant improvements and leasing costs/weighted-average   | \$ 12,204                      | 1,272,328  | \$ 9.59  | \$ 8.25                |

(1) Excludes amounts that are recoverable from client tenants, revenue-enhancing, or related to properties that have undergone redevelopment.

(2) Represents the average of the years ended December 31, 2011, through December 31, 2014, and the six months ended June 30, 2015, annualized.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Acquisitions**  
*(Dollars in thousands)*  
*(Unaudited)*

| Property – Market/Submarket  | Type      | Date Acquired | Number of Properties | Gross Purchase Price   | Loan Assumption          | RSF                    | Percentage |             | Average Cash Yield  | Unlevered                       |                          |
|--|-----------|---------------|----------------------|------------------------|--------------------------|------------------------|------------|-------------|---------------------|---------------------------------|--------------------------|
|  |           |               |                      |                        |                          |                        | Leased     | Negotiating |                     | Initial Stabilized Yield (Cash) | Initial Stabilized Yield |
| 640 Memorial Drive – Greater Boston/Cambridge  | Operating | 1/21/15       | 1                    | \$ 176,500             | \$ 82,000 <sup>(1)</sup> | 225,504                | 100.0%     | —%          | 6.8%                | 6.4%                            | 7.5%                     |
| Alexandria Technology Square <sup>®</sup> (10% noncontrolling interest) – Greater Boston/Cambridge | Operating | 1/21/15       | N/A <sup>(2)</sup>   | 108,250 <sup>(2)</sup> | —                        | 1,181,635              | 99.5%      | —%          | 6.1% <sup>(3)</sup> | 5.4% <sup>(3)</sup>             | 6.1% <sup>(3)</sup>      |
| 505 Brannan Street – San Francisco/SoMa  | Land      | 4/30/15       | —                    | 34,000                 | —                        | 300,000 <sup>(4)</sup> | —%         | —%          | TBD                 | TBD                             | TBD                      |
| 1818 Fairview Avenue East – Seattle/Lake Union   | Land      | 5/6/15        | —                    | 8,444 <sup>(5)</sup>   | —                        | 188,490                | —%         | —%          | TBD                 | TBD                             | TBD                      |
|  |           |               | 1                    | \$ 327,194             | \$ 82,000                | 1,895,629              |            |             |                     |                                 |                          |

*Subsequent acquisitions of redevelopment projects*

|   |               |        |   |            |      |         |        |    |                    |                    |                    |
|---|---------------|--------|---|------------|------|---------|--------|----|--------------------|--------------------|--------------------|
| 10290 Campus Point Drive – San Diego/University Town Center | Redevelopment | 7/1/15 | 1 | \$ 105,000 | \$ — | 304,326 | 100.0% | —% | TBD <sup>(6)</sup> | TBD <sup>(6)</sup> | TBD <sup>(6)</sup> |
|---|---------------|--------|---|------------|------|---------|--------|----|--------------------|--------------------|--------------------|

(1) Represents a secured note payable with a contractual rate of 3.93% and a maturity date in 2023.

(2) During the three months ended March 31, 2015, we executed an agreement to purchase the outstanding 10% noncontrolling interest in our 1.2 million RSF flagship campus at Alexandria Technology Square<sup>®</sup> for \$108.3 million. Upon execution of the purchase agreement, we recognized a liability representing the fair value of the aggregate consideration, primarily consisting of the \$108.3 million purchase price. The first installment of \$54.3 million was paid on April 1, 2015, and the second installment of \$54.0 million is due on April 1, 2016.

(3) We believe there is further upside in our projected returns as we anticipate significant rent growth from 81% of the leases contractually ending in the five years following the date of acquisition. Additionally, we believe we can increase our 1.2 million RSF campus by an additional 100,000 RSF and further increase NOI. The campus is currently 100% occupied and subject to a long-term ground lease. After considering the \$108.3 million purchase of the outstanding 10% noncontrolling interest in this flagship campus and the anticipated near- and medium-term upside in NOI from rental rate growth and campus expansion, we estimate that we can enhance our unlevered yields on our aggregate investment in the campus over the next five years to 8.5% and 8.1% (cash).

(4) Refer to page 39 for additional information.

(5) We acquired this site for future development and the land parcel is subject to a long-term ground lease. The land parcel is located adjacent to one of our existing campuses in the Lake Union submarket.

(6) Refer to page 42 for additional information.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**

**June 30, 2015**

**Real Estate Investments in Asia**

*(Unaudited)*

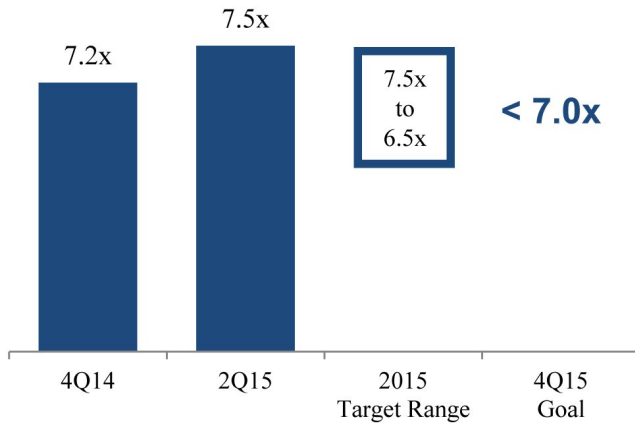
|   | Number of<br>Properties | ABR<br>(in thousands) | Occupancy<br>Percentage | Book Value <sup>(1)</sup><br>(in thousands) | Square Feet |
|---|-------------------------|-----------------------|-------------------------|---|-------------|
| Rental properties in China                | 2                       | \$ 1,222              | 53.6%                   | \$ 80,618                                   | 634,328     |
| Rental properties in India                | 6                       | 5,641                 | 65.5                    | 70,037                                      | 565,386     |
| Rental properties in Asia                 | 8                       | \$ 6,863              | 59.2%                   | 150,655                                     | 1,199,714   |
| Land held for future development in India |                         |                       |                         | 78,911                                      | 6,419,707   |
| Total investments in real estate in Asia  |                         |                       |                         | \$ 229,566 <sup>(1)</sup>                   | 7,619,421   |

(1) Includes cumulative unrealized foreign currency translation losses of approximately \$42.4 million as of June 30, 2015.

Key Credit Metrics

(Unaudited)

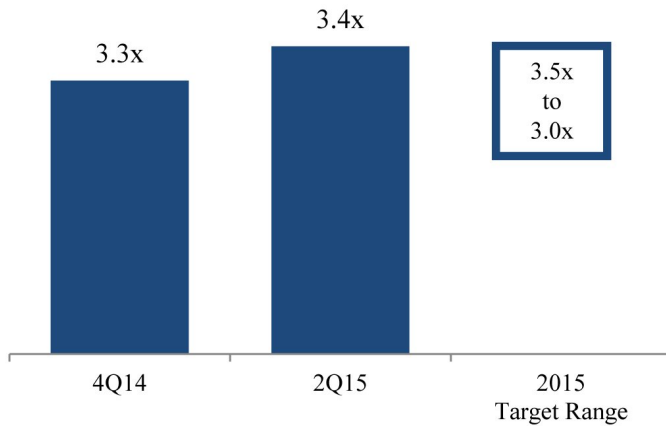
Net Debt to Adjusted EBITDA <sup>(1)</sup>



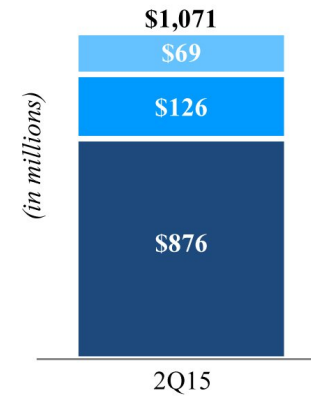
Unencumbered NOI <sup>(2)</sup>

78%

Fixed-Charge Coverage Ratio <sup>(1)</sup>



Liquidity



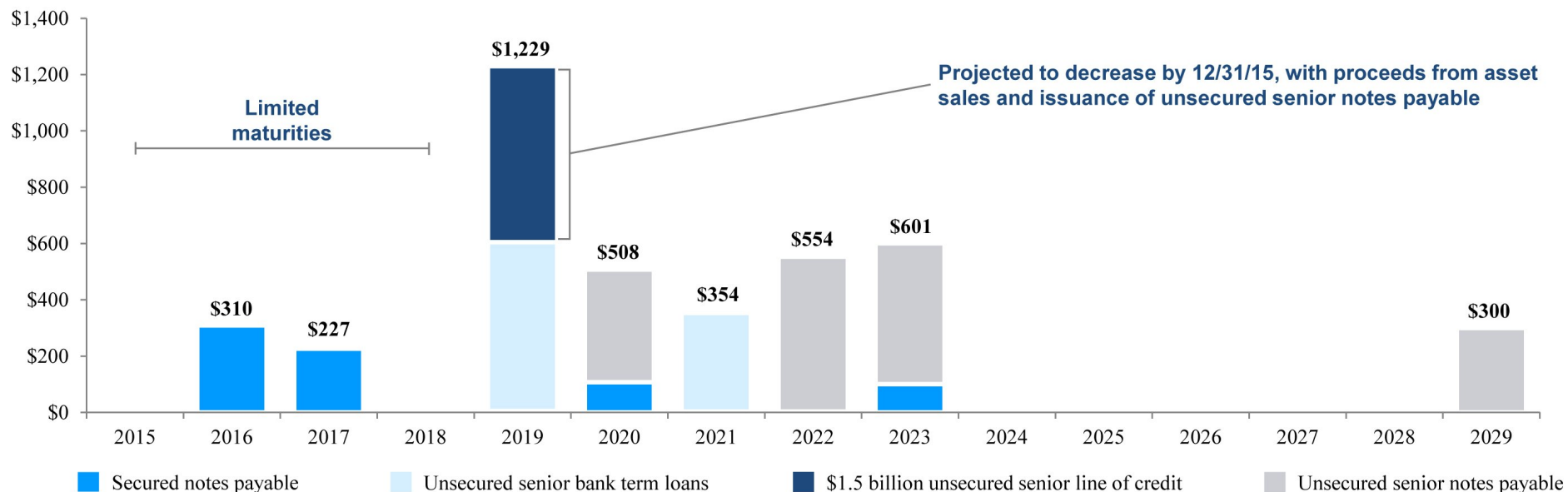
- Cash and Cash Equivalents
- Remaining Construction Loan Commitments
- \$1.5 Billion Unsecured Senior Line of Credit

(1) Quarter annualized.  
 (2) For the three months ended June 30, 2015.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Summary of Debt**  
*(Unaudited)*

**Debt maturities chart**  
*(Dollars in millions)*



**Fixed-rate/hedged and unhedged variable-rate debt**

*(Dollars in thousands)*

|   | Fixed-Rate/Hedged<br>Variable-Rate | Unhedged<br>Variable-Rate | Total<br>Consolidated | Percentage of<br>Total Debt | Weighted-Average<br>Interest Rate at<br>End of Period <sup>(1)</sup> | Weighted-Average<br>Remaining Term<br>(in years) |
|---|------------------------------------|---------------------------|-----------------------|-----------------------------|--|--|
| Secured notes payable                         | \$ 480,340                         | \$ 291,095                | \$ 771,435            | 18.8%                       | 4.25%  | 2.9  |
| Unsecured senior notes payable                | 1,747,531                          | —                         | 1,747,531             | 42.7                        | 3.98   | 7.8  |
| \$1.5 billion unsecured senior line of credit | —                                  | 624,000                   | 624,000               | 15.2                        | 1.22   | 3.5  |
| 2019 Unsecured Senior Bank Term Loan          | 600,000                            | —                         | 600,000               | 14.7                        | 1.71   | 3.5  |
| 2021 Unsecured Senior Bank Term Loan          | 350,000                            | —                         | 350,000               | 8.6                         | 1.52   | 5.5  |
| Total/weighted-average                        | \$ 3,177,871                       | \$ 915,095                | \$ 4,092,966          | 100.0%                      | 3.07%  | 5.4  |
| Percentage of total debt                      | 78%                                | 22%                       | 100%                  |                             |  |  |

(1) Represents the weighted-average interest rate as of the end of the period plus the impact of debt premiums/discounts and our interest rate swap agreements. The weighted-average interest rate excludes bank fees and amortization of loan fees.



**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Summary of Debt (continued)**  
*(Dollars in thousands)*  
*(Unaudited)*

| Debt  | Stated Rate             | Weighted-Average Interest Rate <sup>(1)</sup> | Maturity Date <sup>(2)</sup> | Principal Payments Remaining for the Periods Ending December 31, |            |            |          |              | Thereafter   | Total        |
|---|-------------------------|---|------------------------------|--|------------|------------|----------|--------------|--------------|--------------|
|   |                         |   |                              | 2015   | 2016       | 2017       | 2018     | 2019         |              |              |
| <b>Secured notes payable</b>                    |                         |   |                              |  |            |            |          |              |              |              |
| Greater Boston, San Francisco, and San Diego    | 5.73 %                  | 5.73 %  | 1/1/16                       | \$ 914   | \$ 75,501  | \$ —       | \$ —     | \$ —         | \$ —         | \$ 76,415    |
| Greater Boston, San Diego, and New York City    | 5.82                    | 5.82  | 4/1/16                       | 494  | 29,389     | —          | —        | —            | —            | 29,883       |
| San Diego                                       | 5.74                    | 3.00  | 4/15/16                      | 88   | 6,916      | —          | —        | —            | —            | 7,004        |
| San Francisco                                   | L+1.40                  | 1.59  | 6/1/16 <sup>(3)</sup>        | —  | 20,631     | —          | —        | —            | —            | 20,631       |
| San Francisco                                   | L+1.50                  | 1.69  | 7/1/16 <sup>(4)</sup>        | —  | 47,183     | —          | —        | —            | —            | 47,183       |
| San Francisco                                   | 6.35                    | 6.35  | 8/1/16                       | 1,313  | 126,715    | —          | —        | —            | —            | 128,028      |
| Maryland  | 2.17                    | 2.17  | 1/20/17                      | —  | —          | 76,000     | —        | —            | —            | 76,000       |
| Greater Boston                                  | L+1.35                  | 1.54  | 8/23/17 <sup>(5)</sup>       | —  | —          | 147,281    | —        | —            | —            | 147,281      |
| San Diego, Maryland, and Seattle                | 7.75                    | 7.75  | 4/1/20                       | 800  | 1,696      | 1,832      | 1,979    | 2,138        | 104,352      | 112,797      |
| San Diego                                       | 4.66                    | 4.66  | 1/1/23                       | 703  | 1,464      | 1,540      | 1,614    | 1,692        | 31,674       | 38,687       |
| Greater Boston                                  | 3.93                    | 3.10  | 3/10/23                      | —  | —          | —          | 1,091    | 1,505        | 79,404       | 82,000       |
| San Francisco                                   | 6.50                    | 6.50  | 7/1/36                       | 10   | 19         | 20         | 22       | 23           | 728          | 822          |
| Unamortized premiums                            |                         |   |                              | 367  | 610        | 573        | 588      | 595          | 1,971        | 4,704        |
| Secured notes payable weighted-average/subtotal | 4.37 %                  | 4.25  |                              | 4,689  | 310,124    | 227,246    | 5,294    | 5,953        | 218,129      | 771,435      |
| <b>Unsecured debt</b>                           |                         |   |                              |  |            |            |          |              |              |              |
| 2019 Unsecured Senior Bank Term Loan            | L+1.20 %                | 1.71  | 1/3/19                       | —  | —          | —          | —        | 600,000      | —            | 600,000      |
| 2021 Unsecured Senior Bank Term Loan            | L+1.10 %                | 1.52  | 1/15/21                      | —  | —          | —          | —        | —            | 350,000      | 350,000      |
| \$1.5 billion unsecured senior line of credit   | L+1.10 % <sup>(6)</sup> | 1.22  | 1/3/19                       | —  | —          | —          | —        | 624,000      | —            | 624,000      |
| Unsecured senior notes payable                  | 2.75 %                  | 2.79  | 1/15/20                      | —  | —          | —          | —        | —            | 400,000      | 400,000      |
| Unsecured senior notes payable                  | 4.60 %                  | 4.61  | 4/1/22                       | —  | —          | —          | —        | —            | 550,000      | 550,000      |
| Unsecured senior notes payable                  | 3.90 %                  | 3.94  | 6/15/23                      | —  | —          | —          | —        | —            | 500,000      | 500,000      |
| Unsecured senior notes payable                  | 4.50 %                  | 4.51  | 7/30/29                      | —  | —          | —          | —        | —            | 300,000      | 300,000      |
| Unamortized discounts                           |                         |   |                              | (165)  | (337)      | (350)      | (362)    | (375)        | (880)        | (2,469)      |
| Unsecured debt weighted-average/subtotal        |                         | 2.79  |                              | (165)  | (337)      | (350)      | (362)    | 1,223,625    | 2,099,120    | 3,321,531    |
| Weighted-average/total                          |                         | 3.07 %  |                              | \$ 4,524   | \$ 309,787 | \$ 226,896 | \$ 4,932 | \$ 1,229,578 | \$ 2,317,249 | \$ 4,092,966 |
| <b>Balloon payments</b>                         |                         |   |                              |  |            |            |          |              |              |              |
| Balloon payments                                |                         |   |                              | \$ —   | \$ 304,713 | \$ 223,281 | \$ —     | \$ 1,224,000 | \$ 2,304,466 | \$ 4,056,460 |
| <b>Principal amortization</b>                   |                         |   |                              |  |            |            |          |              |              |              |
| Principal amortization                          |                         |   |                              | 4,524  | 5,074      | 3,615      | 4,932    | 5,578        | 12,783       | 36,506       |
| Total consolidated debt                         |                         |   |                              | \$ 4,524   | \$ 309,787 | \$ 226,896 | \$ 4,932 | \$ 1,229,578 | \$ 2,317,249 | \$ 4,092,966 |
| <b>Fixed-rate/hedged variable-rate debt</b>     |                         |   |                              |  |            |            |          |              |              |              |
| Fixed-rate/hedged variable-rate debt            |                         |   |                              | \$ 4,524   | \$ 241,973 | \$ 3,615   | \$ 4,932 | \$ 605,578   | \$ 2,317,249 | \$ 3,177,871 |
| <b>Unhedged variable-rate debt</b>              |                         |   |                              |  |            |            |          |              |              |              |
| Unhedged variable-rate debt                     |                         |   |                              | —  | 67,814     | 223,281    | —        | 624,000      | —            | 915,095      |
| Total consolidated debt                         |                         |   |                              | \$ 4,524   | \$ 309,787 | \$ 226,896 | \$ 4,932 | \$ 1,229,578 | \$ 2,317,249 | \$ 4,092,966 |

(1) Represents the weighted-average interest rate as of the end of the period plus the impact of debt premiums/discounts and our interest rate swap agreements. The weighted-average interest rate excludes bank fees and amortization of loan fees.

(2) Includes any extension options that we control.

(3) We have two, one-year options to extend the stated maturity date to June 1, 2018, subject to certain conditions.

(4) We have an option to extend the stated maturity date to July 1, 2017, subject to certain conditions.

(5) We have a one-year option to extend the stated maturity date to August 23, 2018, subject to certain conditions.

(6) Our unsecured senior line of credit contains a feature that allows lenders to competitively bid on the interest rate for borrowings under the facility. This may result in an interest rate that is below the stated rate of LIBOR+1.10%. In addition to the cost of borrowing, the facility is subject to an annual facility fee of 0.20%, based on the aggregate commitments outstanding.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Summary of Debt (continued)**  
*(Dollars in thousands)*  
*(Unaudited)*

**Secured construction loans**

| Property – Market/Submarket                               | Stated Rate | Maturity Date          | Outstanding Balance | Remaining Commitments | Total Commitments |
|---|-------------|------------------------|---------------------|-----------------------|-------------------|
| 269 East Grand Avenue – San Francisco/South San Francisco | L+1.40%     | 6/1/16 <sup>(1)</sup>  | \$ 20,631           | \$ 15,369             | \$ 36,000         |
| 259 East Grand Avenue – San Francisco/South San Francisco | L+1.50%     | 7/1/16 <sup>(2)</sup>  | 47,183              | 7,817                 | 55,000            |
| 75/125 Binney Street – Greater Boston/Cambridge           | L+1.35%     | 8/23/17 <sup>(3)</sup> | 147,281             | 103,119               | 250,400           |
|   |             |                        | <u>\$ 215,095</u>   | <u>\$ 126,305</u>     | <u>\$ 341,400</u> |

- (1) We have two, one-year options to extend the stated maturity date to June 1, 2018, subject to certain conditions.  
(2) We have an option to extend the stated maturity date to July 1, 2017, subject to certain conditions.  
(3) We have a one-year option to extend the stated maturity date to August 23, 2018, subject to certain conditions.

**Debt covenants**

| Debt Covenant Ratios                             | Unsecured Senior Notes Payable |        | Unsecured Senior Line of Credit and Unsecured Senior Bank Term Loans |        |
|--|--------------------------------|--------|--|--------|
|  | Requirement                    | Actual | Requirement  | Actual |
| Total Debt to Total Assets                       | ≤ 60%                          | 43%    | ≤ 60.0%  | 38.1%  |
| Secured Debt to Total Assets                     | ≤ 40%                          | 8%     | ≤ 45.0%  | 7.1%   |
| Consolidated EBITDA to Interest Expense          | ≥ 1.5x                         | 6.0x   | ≥ 1.50x  | 3.15x  |
| Unencumbered Total Asset Value to Unsecured Debt | ≥ 150%                         | 227%   | N/A  | N/A    |
| Unsecured Leverage Ratio                         | N/A                            | N/A    | ≤ 60.0%  | 43.5%  |
| Unsecured Interest Coverage Ratio                | N/A                            | N/A    | ≥ 1.50x  | 7.02x  |

**Interest rate swap agreements**

| Effective Date    | Maturity Date  | Number of Contracts | Weighted-Average Interest Pay Rate <sup>(1)</sup> | Fair Value as of 6/30/15 | Notional Amount in Effect as of |                   |                   |                   |
|-------------------|----------------|---------------------|---|--------------------------|---------------------------------|-------------------|-------------------|-------------------|
|                   |                |                     |   |                          | 6/30/15                         | 12/31/15          | 12/31/16          | 12/31/17          |
| December 31, 2014 | March 31, 2016 | 3                   | 0.53%   | \$ (804)                 | \$ 500,000                      | \$ 500,000        | \$ —              | \$ —              |
| March 31, 2015    | March 31, 2016 | 7                   | 0.42%   | (370)                    | 450,000                         | 450,000           | —                 | —                 |
| March 31, 2016    | March 31, 2017 | 9                   | 1.25%   | (2,501)                  | —                               | —                 | 800,000           | —                 |
| March 31, 2017    | March 31, 2018 | 4                   | 1.76%   | (257)                    | —                               | —                 | —                 | 200,000           |
| March 31, 2017    | March 31, 2018 | 3                   | 1.51%   | N/A <sup>(2)</sup>       | —                               | —                 | —                 | 150,000           |
|                   |                |                     |   | <u>\$ (3,932)</u>        | <u>\$ 950,000</u>               | <u>\$ 950,000</u> | <u>\$ 800,000</u> | <u>\$ 350,000</u> |

- (1) In addition to the interest pay rate for each swap agreement, interest is also payable at an applicable margin for borrowings outstanding as of June 30, 2015. Borrowings under our 2019 Unsecured Senior Bank Term Loan include an applicable margin of 1.20% and borrowings outstanding under our 2021 Unsecured Senior Bank Term Loan and our unsecured senior line of credit include applicable margins of 1.10%.  
(2) These additional interest rate swap agreements were executed in July 2015.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Definitions and Reconciliations**  
*(Unaudited)*

This section contains additional information for sections throughout this supplemental information package as well as explanations of certain non-GAAP financial measures and the reasons why we use these supplemental measures of performance. Our computation of non-GAAP measures may not be comparable to similar measures reported by other companies. Additional detail can be found in our most recent annual report on Form 10-K and subsequent quarterly reports on Form 10-Q, as well as other documents filed with or furnished to the SEC from time to time.

**Adjusted EBITDA**

The following table reconciles net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, to EBITDA and Adjusted EBITDA:

| <i>(In thousands)</i>                            | Three Months Ended |           |            |           |           | Six Months Ended |           |
|--|--------------------|-----------|------------|-----------|-----------|------------------|-----------|
|  | 6/30/15            | 3/31/15   | 12/31/14   | 9/30/14   | 6/30/14   | 6/30/15          | 6/30/14   |
| Net income (loss)                                | \$ 38,430          | \$ 25,008 | \$ (6,030) | \$ 35,943 | \$ 36,116 | \$ 63,438        | \$ 76,865 |
| Interest expense:                                |                    |           |            |           |           |                  |           |
| Consolidated                                     | 26,668             | 23,236    | 22,188     | 20,555    | 17,433    | 49,904           | 36,556    |
| Our share of unconsolidated JVs                  | 38                 | 4         | 35         | —         | —         | 42               | —         |
| Interest expense                                 | 26,706             | 23,240    | 22,223     | 20,555    | 17,433    | 49,946           | 36,556    |
| Income taxes                                     | 1,324              | 1,122     | —          | —         | —         | 2,446            | —         |
| Depreciation and amortization:                   |                    |           |            |           |           |                  |           |
| Consolidated                                     | 62,171             | 58,920    | 57,973     | 58,388    | 57,314    | 121,091          | 107,735   |
| Our share of unconsolidated JVs                  | 352                | 282       | 329        | —         | —         | 634              | —         |
| Depreciation and amortization                    | 62,523             | 59,202    | 58,302     | 58,388    | 57,314    | 121,725          | 107,735   |
| EBITDA   | 128,983            | 108,572   | 74,495     | 114,886   | 110,863   | 237,555          | 221,156   |
| Stock compensation expense                       | 4,054              | 3,690     | 4,624      | 3,068     | 3,076     | 7,744            | 6,304     |
| Loss on early extinguishment of debt             | 189                | —         | —          | 525       | —         | 189              | —         |
| Gain on sales of real estate – rental properties | —                  | —         | (1,838)    | —         | —         | —                | —         |
| Gain on sales of real estate – land parcels      | —                  | —         | (5,598)    | (8)       | (797)     | —                | (797)     |
| Impairment of real estate                        | —                  | 14,510    | 51,675     | —         | —         | 14,510           | —         |
| Adjusted EBITDA                                  | \$133,226          | \$126,772 | \$123,358  | \$118,471 | \$113,142 | \$259,998        | \$226,663 |

EBITDA represents earnings before interest, taxes, depreciation, and amortization. EBITDA is a non-GAAP financial measure and is used by us and others as a supplemental measure of performance. We use adjusted EBITDA (“Adjusted EBITDA”) to assess the performance of our operations, including our unconsolidated joint ventures, for financial and operational decision making, and as a supplemental or additional means of evaluating period-to-period comparisons on a consistent basis. Adjusted EBITDA is calculated as EBITDA, excluding stock compensation expense, gains or losses on early extinguishment of debt, gains or losses on sales of real estate, and impairments. We believe Adjusted EBITDA provides investors relevant and useful information because it permits investors to view income from our operations on an unleveraged basis before the effects of taxes, depreciation and amortization, stock compensation expense, gains or losses on early extinguishment of debt, gains or losses on sales of real estate, and impairments.

**Adjusted EBITDA margins**

Our total revenues exclude revenues from discontinued operations, and for the purposes of calculating the Adjusted EBITDA margin ratio, we exclude Adjusted EBITDA generated by our discontinued operations to improve the consistency and comparability from period to period.

The following table reconciles Adjusted EBITDA to Adjusted EBITDA – excluding discontinued operations:

| <i>(Dollars in thousands)</i>                         | Three Months Ended |            |            |            |            | Six Months Ended |            |
|---|--------------------|------------|------------|------------|------------|------------------|------------|
|   | 6/30/15            | 3/31/15    | 12/31/14   | 9/30/14    | 6/30/14    | 6/30/15          | 6/30/14    |
| Adjusted EBITDA                                       | \$ 133,226         | \$ 126,772 | \$ 123,358 | \$ 118,471 | \$ 113,142 | \$ 259,998       | \$ 226,663 |
| Add back: operating loss from discontinued operations | —                  | 43         | 116        | 180        | 147        | 43               | 309        |
| Adjusted EBITDA – excluding discontinued operations   | \$ 133,226         | \$ 126,815 | \$ 123,474 | \$ 118,651 | \$ 113,289 | \$ 260,041       | \$ 226,972 |
| Revenues:   |                    |            |            |            |            |                  |            |
| Consolidated  | \$ 204,156         | \$ 196,753 | \$ 188,674 | \$ 185,615 | \$ 176,402 | \$ 400,909       | \$ 352,588 |
| Our share of unconsolidated JVs                       | 1,324              | —          | —          | —          | —          | 1,324            | —          |
| Revenues  | \$ 205,480         | \$ 196,753 | \$ 188,674 | \$ 185,615 | \$ 176,402 | \$ 402,233       | \$ 352,588 |
| Adjusted EBITDA margins                               | 65%                | 64%        | 65%        | 64%        | 64%        | 65%              | 64%        |

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Definitions and Reconciliations (continued)**  
*(Unaudited)*

**Adjusted funds from operations**

AFFO is a non-GAAP financial measure that we use as a supplemental measure of our performance. AFFO excludes certain items that are not representative of our operating results because such items are dependent upon historical costs or are subject to judgmental valuation inputs and the timing of our decisions.

AFFO is not intended to represent cash flow for the period, and is intended only to provide an additional measure of performance. We believe that net income (loss) attributable to Alexandria's common stockholders is the most directly comparable GAAP financial measure to AFFO. We believe that AFFO is a widely recognized measure of the operations of equity REITs, and presenting AFFO will enable investors to assess our performance in comparison to other equity REITs. However, other equity REITs may use different methodologies for calculating AFFO and, accordingly, our AFFO may not be comparable to AFFO calculated by other equity REITs. AFFO should not be considered as an alternative to net income (loss) (determined in accordance with GAAP) as an indication of financial performance, or to cash flows from operating activities (determined in accordance with GAAP) as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make distributions.

**Annualized base rent**

Annualized base rent means the annualized fixed base rental amount in effect as of the end of the period, related to our operating rentable square feet (using rental revenue computed on a straight-line basis in accordance with GAAP).

**Average cash yield**

See definition of initial stabilized yield (unlevered).

**Cash interest**

Cash interest is equal to interest expense calculated in accordance with GAAP, plus capitalized interest, less amortization of loan fees and debt premiums/discounts. See definition of fixed-charge coverage ratio for a reconciliation of interest expense, the most directly comparable GAAP financial measure, to cash interest.

**Construction in progress**

A key component of our business model is our value-creation development and redevelopment projects. These projects are focused on providing high-quality, generic, and reusable science and technology space to meet the real estate requirements of and are reusable by a wide range of client tenants. We also have certain significant value-creation projects undergoing important and substantial predevelopment activities to bring these assets to their intended use. These critical activities add significant value and are required for the construction of buildings. Upon completion, each value-creation project is expected to generate significant revenues and cash flows. Our development and redevelopment projects are generally in locations that are highly desirable to high-quality science and technology entities, which we believe results in higher occupancy levels, longer lease terms, and higher rental income and returns. Development projects consist of the ground-up development of generic and reusable facilities. We generally will not commence new development projects for aboveground construction of Class A science and technology space without first securing pre-leasing for such space except when there is significant market demand for high-quality Class A facilities. Redevelopment projects consist of the permanent change in use of office, warehouse, and shell space into science and technology space.

*Land undergoing predevelopment activities (CIP)*

Land undergoing predevelopment activities is classified as construction in progress and is undergoing activities prior to commencement of construction of aboveground building improvements. If aboveground construction is not initiated at completion of predevelopment activities, the land parcel will be classified as land held for future development. Our objective with predevelopment is to reduce the time it takes to place projects into service with prospective client tenants.

We are required to capitalize project costs, including interest, property taxes, insurance, and other costs directly related and essential to the development or construction of a project during periods when activities necessary to prepare an asset for its intended use are in progress. Predevelopment costs generally include the following activities prior to commencement of vertical construction:

- Traditional preconstruction costs including entitlement, design, construction drawings, Building Information Modeling (3-D virtual modeling), budgeting, sustainability and energy optimization reviews, permitting, and planning for all aspects of the project.
- Site and infrastructure construction costs including belowground site work, utility connections, land grading, drainage, egress and regress access points, foundation, and other costs to prepare the site for construction of aboveground building improvements.

*Land held for future development*

All predevelopment efforts have been advanced to appropriate stages and no further predevelopment activities are ongoing and therefore, interest, property taxes, and other costs related to these assets are expensed as incurred.

**Dividend payout ratio**

Dividend payout ratio (common stock) is the ratio of the absolute dollar amount of dividends on our common stock (shares of common stock outstanding on the respective record date multiplied by the related dividend per share) to FFO attributable to Alexandria's common stockholders on a diluted basis, as adjusted.

**Dividend yield**

Dividend yield for the quarter represents the annualized quarter dividend divided by the closing common stock price at the end of the quarter.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Definitions and Reconciliations (continued)**  
*(Unaudited)*

**Fixed-charge coverage ratio**

The fixed-charge coverage ratio is a supplemental measure of our ability to satisfy fixed financing obligations and preferred stock dividends. The following table presents a reconciliation of interest expense, the most directly comparable GAAP financial measure to cash interest and fixed charges:

| <i>(Dollars in thousands)</i>             | Three Months Ended |                  |                  |                  |                  |
|---|--------------------|------------------|------------------|------------------|------------------|
|   | 6/30/15            | 3/31/15          | 12/31/14         | 9/30/14          | 6/30/14          |
| Adjusted EBITDA                           | \$ 133,226         | \$ 126,772       | \$ 123,358       | \$ 118,471       | \$ 113,142       |
| Interest expense                          | \$ 26,706          | \$ 23,240        | \$ 22,188        | \$ 20,555        | \$ 17,433        |
| Capitalized interest:                     |                    |                  |                  |                  |                  |
| Consolidated                              | 8,437              | 10,971           | 11,665           | 12,125           | 11,302           |
| Our share of unconsolidated JVs           | 617                | 588              | —                | —                | —                |
| Capitalized interest                      | 9,054              | 11,559           | 11,665           | 12,125           | 11,302           |
| Amortization of loan fees:                |                    |                  |                  |                  |                  |
| Consolidated                              | (2,889)            | (2,834)          | (2,819)          | (2,786)          | (2,743)          |
| Our share of unconsolidated JVs           | (32)               | (1)              | (3)              | —                | —                |
| Amortization of loan fees                 | (2,921)            | (2,835)          | (2,822)          | (2,786)          | (2,743)          |
| Amortization of debt premiums (discounts) | 100                | 82               | (17)             | 36               | 69               |
| Cash interest                             | 32,939             | 32,046           | 31,014           | 29,930           | 26,061           |
| Dividends on preferred stock              | 6,246              | 6,247            | 6,284            | 6,471            | 6,472            |
| Fixed charges                             | <u>\$ 39,185</u>   | <u>\$ 38,293</u> | <u>\$ 37,298</u> | <u>\$ 36,401</u> | <u>\$ 32,533</u> |
| Fixed-charge coverage ratio:              |                    |                  |                  |                  |                  |
| – quarter annualized                      | 3.4x               | 3.3x             | 3.3x             | 3.3x             | 3.5x             |
| – trailing 12 months                      | 3.3x               | 3.3x             | 3.3x             | 3.3x             | 3.2x             |

**Funds from operations and funds from operations, as adjusted**

FFO is a widely used non-GAAP financial measure among equity REITs. We believe that FFO is helpful to investors as an additional measure of the performance of an equity REIT. Moreover, we believe that FFO, as adjusted, is also helpful because it allows investors to compare our performance to the performance of other real estate companies on a consistent basis, without having to account for differences caused by investment and disposition decisions, financing decisions, terms of securities, capital structures, and capital market transactions. We compute FFO in accordance with standards established by the Board of Governors of the NAREIT in its April 2002 White Paper and related implementation guidance. Impairment write-downs of depreciable real estate are added back to net income for our computation of FFO, in accordance with NAREIT guidance. Our computation of FFO, as adjusted, further adds back impairment write-downs of non-depreciable real estate. Neither FFO nor FFO, as adjusted, should be considered as an alternative to net income (loss) (determined in accordance with GAAP) as an indication of financial performance, or to cash flows from operating activities (determined in accordance with GAAP) as a measure of liquidity, nor are they indicative of the availability of funds for our cash needs, including funds available to make distributions.

**Initial stabilized yield (unlevered)**

Initial stabilized yield is calculated as the quotient of the estimated amounts of NOI and our investment in the property. Our initial stabilized yield excludes the impact of leverage. Our cash rents related to our value-creation projects are expected to increase over time and our average cash yields are expected, in general, to be greater than our initial stabilized yields on a cash basis. Our estimates for initial yields, initial yields on a cash basis, and total costs at completion, represent our initial estimates at the commencement of the project. We expect to update this information upon completion of the project, or sooner, if there are significant changes to the expected project yields or costs.

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

Average cash yield reflects cash rents, including contractual rent escalations after initial rental concessions have elapsed, calculated on a straight-line basis.

**Net debt to Adjusted EBITDA**

Net debt to Adjusted EBITDA is a non-GAAP financial measure that we believe is useful to investors as a supplemental measure in evaluating our balance sheet leverage. Effective 1Q15 our calculation includes our share of unconsolidated joint venture debt. The following table reconciles net debt to Adjusted EBITDA:

| <i>(Dollars in thousands)</i>    | 6/30/15             | 3/31/15             | 12/31/14            | 9/30/14             | 6/30/14             |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Secured notes payable:           |                     |                     |                     |                     |                     |
| Consolidated                     | \$ 771,435          | \$ 760,476          | \$ 652,209          | \$ 636,825          | \$ 615,551          |
| Our share of unconsolidated JVs  | 46,896              | 45,778              | —                   | —                   | —                   |
| Secured notes payable            | 818,331             | 806,254             | 652,209             | 636,825             | 615,551             |
| Unsecured senior notes payable   | 1,747,531           | 1,747,450           | 1,747,370           | 1,747,290           | 1,048,310           |
| Unsecured senior line of credit  | 624,000             | 421,000             | 304,000             | 142,000             | 571,000             |
| Unsecured senior bank term loans | 950,000             | 975,000             | 975,000             | 975,000             | 1,100,000           |
| Cash and cash equivalents:       |                     |                     |                     |                     |                     |
| Consolidated                     | (68,617)            | (90,641)            | (86,011)            | (67,023)            | (61,701)            |
| Our share of unconsolidated JVs  | (4,006)             | (5,186)             | —                   | —                   | —                   |
| Cash and cash equivalents        | (72,623)            | (95,827)            | (86,011)            | (67,023)            | (61,701)            |
| Less: restricted cash            | (44,191)            | (56,704)            | (26,884)            | (24,245)            | (24,519)            |
| Net debt                         | <u>\$ 4,023,048</u> | <u>\$ 3,797,173</u> | <u>\$ 3,565,684</u> | <u>\$ 3,409,847</u> | <u>\$ 3,248,641</u> |
| Adjusted EBITDA:                 |                     |                     |                     |                     |                     |
| – quarter annualized             | \$ 532,904          | \$ 507,088          | \$ 493,432          | \$ 473,884          | \$ 452,568          |
| – trailing 12 months             | \$ 501,827          | \$ 481,743          | \$ 468,492          | \$ 457,498          | \$ 441,914          |
| Net debt to Adjusted EBITDA:     |                     |                     |                     |                     |                     |
| – quarter annualized             | 7.5x                | 7.5x                | 7.2x                | 7.2x                | 7.2x                |
| – trailing 12 months             | 8.0x                | 7.9x                | 7.6x                | 7.5x                | 7.4x                |

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Definitions and Reconciliations (continued)**  
*(Unaudited)*

**NOI**

The following table reconciles income from continuing operations to total NOI from continuing operations:

| <i>(In thousands)</i>                | Three Months Ended |            | Six Months Ended |            |
|--------------------------------------|--------------------|------------|------------------|------------|
|                                      | 6/30/15            | 6/30/14    | 6/30/15          | 6/30/14    |
| Income from continuing operations    | \$ 38,430          | \$ 35,466  | \$ 63,481        | \$ 76,377  |
| Add back:                            |                    |            |                  |            |
| General and administrative           | 14,989             | 13,836     | 29,376           | 27,060     |
| Interest expense                     | 26,706             | 17,433     | 49,946           | 36,556     |
| Depreciation and amortization        | 62,523             | 57,314     | 121,725          | 107,735    |
| Impairment of real estate            | —                  | —          | 14,510           | —          |
| Loss on early extinguishment of debt | 189                | —          | 189              | —          |
|                                      | 104,407            | 88,583     | 215,746          | 171,351    |
| NOI from continuing operations       | \$ 142,837         | \$ 124,049 | \$ 279,227       | \$ 247,728 |

NOI is a non-GAAP financial measure equal to income from continuing operations, the most directly comparable GAAP financial measure, excluding loss on early extinguishment of debt, impairment of real estate, depreciation and amortization, interest expense, and general and administrative expense, including our share from our unconsolidated joint ventures. We believe NOI provides useful information to investors regarding our financial condition and results of operations because it reflects primarily those income and expense items that are incurred at the property level. Therefore, we believe NOI is a useful measure for evaluating the operating performance of our real estate assets, including our share from our unconsolidated joint ventures. NOI on a cash basis is NOI, adjusted to exclude the effect of straight-line rent adjustments required by GAAP. We believe that NOI on a cash basis is helpful to investors as an additional measure of operating performance because it eliminates straight-line rent adjustments to rental revenue.

Further, we believe NOI is useful to investors as a performance measure, because when compared across periods, NOI reflects the impact on operations from trends in occupancy rates, rental rates, and operating costs, which provides perspective not immediately apparent from income from continuing operations. NOI presented by us may not be comparable to NOI reported by other equity REITs that define NOI differently. We believe that in order to facilitate a clear understanding of our operating results, NOI should be examined in conjunction with income from continuing operations as presented in our consolidated statements of income. NOI should not be considered as an alternative to income from continuing operations as an indication of our performance, or as an alternative to cash flows as a measure of liquidity, or our ability to make distributions.

**Same property comparisons**

As a result of changes within our total property portfolio during the comparative periods presented, including changes from assets acquired or sold, properties placed into development or redevelopment, and development and/or redevelopment properties recently placed into service, the consolidated total rental revenues, tenant recoveries, and rental operating expenses in our operating results can show significant changes from period to period. In order to supplement an evaluation of our results of operations over a given period, we analyze the operating performance for all properties, including any unconsolidated joint ventures, that were fully operating for the entirety of the comparative periods presented separately from properties acquired subsequent to the first day in the earliest comparable period presented, properties that underwent development or redevelopment at any time during the comparative periods, and corporate entities (legal entities performing general and administrative functions), which are excluded from same property results. Additionally, rental revenues from lease termination fees, if any, are excluded from the results of the same properties.

**Stabilized occupancy date**

The stabilized occupancy date represents the estimated date on which the project is expected to reach occupancy of 95% or greater.

**Total equity market capitalization**

Total equity market capitalization is equal to the sum of outstanding shares of series E cumulative convertible preferred stock and common stock multiplied by the related closing price of each class at the end of each period presented and the liquidation value of the series D cumulative convertible preferred stock.

**Total market capitalization**

Total market capitalization is equal to the sum of total equity market capitalization and total debt.



**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**June 30, 2015**

**Definitions and Reconciliations (continued)**  
*(Unaudited)*

**Unencumbered NOI as a percentage of total NOI from continuing operations**

Unencumbered NOI as a percentage of total NOI from continuing operations is a non-GAAP financial measure that we believe is useful to investors as a performance measure of the results of operations of our unencumbered real estate assets, as it reflects primarily those income and expense items that are incurred at the unencumbered property level. We use unencumbered NOI as a percentage of total NOI from continuing operations in order to assess our compliance with our financial covenants under our debt obligations because the measure serves as a proxy for a financial measure under such debt obligations. Unencumbered NOI is derived from assets classified in continuing operations, including our share from unconsolidated joint ventures, which are not subject to any mortgage, deed of trust, lien, or other security interest as of the period for which income is presented.

| <i>(Dollars in thousands)</i>                 | Three Months Ended |                   |                   |                   |                   | Six Months Ended  |                   |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 6/30/15            | 3/31/15           | 12/31/14          | 9/30/14           | 6/30/14           | 6/30/15           | 6/30/14           |
| Unencumbered NOI                              | \$ 110,820         | \$ 111,957        | \$ 111,741        | \$ 108,155        | \$ 103,951        | \$ 222,777        | \$ 207,047        |
| Encumbered NOI                                | 32,017             | 24,433            | 20,970            | 20,037            | 20,098            | 56,450            | 40,681            |
| NOI from continuing operations                | <u>\$ 142,837</u>  | <u>\$ 136,390</u> | <u>\$ 132,711</u> | <u>\$ 128,192</u> | <u>\$ 124,049</u> | <u>\$ 279,227</u> | <u>\$ 247,728</u> |
| Unencumbered NOI as a percentage of total NOI | 78%                | 82%               | 84%               | 84%               | 84%               | 80%               | 84%               |

**Weighted-average interest rate for capitalization of interest**

The weighted-average interest rate required for calculating capitalization of interest pursuant to GAAP represents a weighted-average rate based on the rates applicable to borrowings outstanding during the period and includes the impact of our interest rate swap agreements, amortization of debt discounts/premiums, amortization of loan fees, and other bank fees. A separate calculation is performed to determine our weighted-average interest rate for capitalization for each month. The rate will vary each month due to changes in variable interest rates, outstanding debt balances, the proportion of variable-rate debt to fixed-rate debt, the amount and terms of effective interest rate swap agreements, and the amount of loan fee amortization.

The following table presents the weighted-average interest rate for capitalization of interest:

|                                | Three Months Ended |         |          |         |         |
|--------------------------------|--------------------|---------|----------|---------|---------|
|                                | 6/30/15            | 3/31/15 | 12/31/14 | 9/30/14 | 6/30/14 |
| Weighted-average interest rate | 3.45%              | 3.54%   | 3.69%    | 3.73%   | 3.41%   |