

ALEXANDRIA REAL ESTATE EQUITIES INC  
Form 10-Q  
April 30, 2019  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2019

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-12993

ALEXANDRIA REAL ESTATE EQUITIES, INC.  
(Exact name of registrant as specified in its charter)  
Maryland 95-4502084  
(State or other jurisdiction of (I.R.S. Employer Identification Number)  
incorporation or organization)  
385 East Colorado Boulevard, Suite 299, Pasadena, California 91101  
(Address of principal executive offices) (Zip code)

(626) 578-0777  
(Registrant's telephone number, including area code)

N/A  
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  
Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.  
Large accelerated filer  Accelerated filer

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Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

As of April 15, 2019, 112,935,703 shares of common stock, par value \$0.01 per share, were outstanding.

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## GLOSSARY

The following abbreviations or acronyms that may be used in this document shall have the adjacent meanings set forth below:

ASU	Accounting Standards Update
ATM	At the Market
BPS	Basis Points
CIP	Construction in Progress
EPS	Earnings per Share
FASB	Financial Accounting Standards Board
FFO	Funds From Operations
GAAP	U.S. Generally Accepted Accounting Principles
HVAC	Heating, Ventilation, and Air Conditioning
JV	Joint Venture
LEED®	Leadership in Energy and Environmental Design
LIBOR	London Interbank Offered Rate
Nareit	National Association of Real Estate Investment Trusts
NAV	Net Asset Value
REIT	Real Estate Investment Trust
RSF	Rentable Square Feet/Foot
SEC	Securities and Exchange Commission
SF	Square Feet/Foot
SoMa	South of Market (submarket of the San Francisco market)
U.S.	United States
VIE	Variable Interest Entity

## PART I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

Alexandria Real Estate Equities, Inc.  
 Consolidated Balance Sheets  
 (In thousands)  
 (Unaudited)

	March 31, 2019	December 31, 2018
<b>Assets</b>		
Investments in real estate	\$12,410,350	\$11,913,693
Investments in unconsolidated real estate joint ventures	290,405	237,507
Cash and cash equivalents	261,372	234,181
Restricted cash	54,433	37,949
Tenant receivables	9,645	9,798
Deferred rent	558,103	530,237
Deferred leasing costs	241,268	239,070
Investments	1,000,904	892,264
Other assets	653,726	370,257
<b>Total assets</b>	<b>\$15,480,206</b>	<b>\$14,464,956</b>
<b>Liabilities, Noncontrolling Interests, and Equity</b>		
Secured notes payable	\$356,461	\$630,547
Unsecured senior notes payable	5,139,500	4,292,293
Unsecured senior line of credit	—	208,000
Unsecured senior bank term loan	347,542	347,415
Accounts payable, accrued expenses, and tenant security deposits	1,171,377	981,707
Dividends payable	110,412	110,280
<b>Total liabilities</b>	<b>7,125,292</b>	<b>6,570,242</b>
<b>Commitments and contingencies</b>		
Redeemable noncontrolling interests	10,889	10,786
<b>Alexandria Real Estate Equities, Inc.'s stockholders' equity:</b>		
7.00% Series D cumulative convertible preferred stock	57,461	64,336
Common stock	1,112	1,110
Additional paid-in capital	7,518,716	7,286,954
Accumulated other comprehensive loss	(10,712)	(10,435)
<b>Alexandria Real Estate Equities, Inc.'s stockholders' equity</b>	<b>7,566,577</b>	<b>7,341,965</b>
Noncontrolling interests	777,448	541,963
<b>Total equity</b>	<b>8,344,025</b>	<b>7,883,928</b>
<b>Total liabilities, noncontrolling interests, and equity</b>	<b>\$15,480,206</b>	<b>\$14,464,956</b>

The accompanying notes are an integral part of these consolidated financial statements.



Alexandria Real Estate Equities, Inc.  
 Consolidated Statements of Income  
 (In thousands, except per share amounts)  
 (Unaudited)

	Three Months Ended March 31,	
	2019	2018
Revenues:		
Income from rentals	\$354,749	\$317,655
Other income	4,093	2,484
Total revenues	358,842	320,139
Expenses:		
Rental operations	101,501	91,771
General and administrative	24,677	22,421
Interest	39,100	36,915
Depreciation and amortization	134,087	114,219
Loss on early extinguishment of debt	7,361	—
Total expenses	306,726	265,326
Equity in earnings of unconsolidated real estate joint ventures	1,146	1,144
Investment income	83,556	85,561
Net income	136,818	141,518
Net income attributable to noncontrolling interests	(7,659 )	(5,888 )
Net income attributable to Alexandria Real Estate Equities, Inc.'s stockholders	129,159	135,630
Dividends on preferred stock	(1,026 )	(1,302 )