ALEXANDRIA REAL ESTATE EQUITIES INC
Form 10-Q
July 29, 2015
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2015

OR

o 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 incorporation or organization)	(I.R.S. Employer Identification Number)

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 ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, 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 ý No o

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,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý	Accelerated filer o

Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

As of July 15, 2015, 72,307,596 shares of common stock, par value $.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:

ABR	Annualized Base Rent
AFFO	Adjusted Funds from Operations
bps	Basis Points
CIP	Construction in Progress
EBITDA	Earnings before Interest, Taxes, Depreciation, and Amortization
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
LEED®	Leadership in Energy and Environmental Design
LIBOR	London Interbank Offered Rate
NAREIT	National Association of Real Estate Investment Trusts
NAV	Net Asset Value
NBV	Net Book Value
NOI	Net Operating Income
NYSE	New York Stock Exchange
REIT	Real Estate Investment Trust
RSF	Rentable Square Feet/Foot
SEC	Securities and Exchange Commission
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)

	June 30, 2015	December 31, 2014
Assets		
Investments in real estate	$7,442,875	$7,226,016
Cash and cash equivalents	68,617	86,011
Restricted cash	44,191	26,884
Tenant receivables	9,279	10,548
Deferred rent	257,427	234,124
Deferred leasing and financing costs	210,709	201,798
Investments	360,614	236,389
Other assets	131,179	114,266
Total assets	$8,524,891	$8,136,036
Liabilities, Noncontrolling Interests, and Equity		
Secured notes payable	$771,435	$652,209
Unsecured senior notes payable	1,747,531	1,747,370
Unsecured senior line of credit	624,000	304,000
Unsecured senior bank term loans	950,000	975,000
Accounts payable, accrued expenses, and tenant security deposits	531,612	489,085
Dividends payable	61,194	58,814
Total liabilities	4,685,772	4,226,478
Commitments and contingencies		
Redeemable noncontrolling interests	14,248	14,315
Alexandria Real Estate Equities, Inc.'s stockholders' equity:		
Series D cumulative convertible preferred stock	237,163	237,163
Series E cumulative redeemable preferred stock	130,000	130,000
Common stock	717	715
Additional paid-in capital	3,371,016	3,461,189
Accumulated other comprehensive income (loss)	83,980	(628)
Alexandria's stockholders' equity	3,822,876	3,828,439
Noncontrolling interests	1,995	66,804
Total equity	3,824,871	3,895,243
Total liabilities, noncontrolling interests, and equity	$8,524,891	$8,136,036

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues:				
Rental	$151,805	$134,992	$295,413	$265,562
Tenant recoveries	49,594	40,944	97,988	82,626
Other income	2,757	466	7,508	4,400
Total revenues	204,156	176,402	400,909	352,588
Expenses:				
Rental operations	62,250	52,353	123,473	104,860
General and administrative	14,989	13,836	29,376	27,060
Interest	26,668	17,433	49,904	36,556
Depreciation and amortization	62,171	57,314	121,091	107,735
Impairment of real estate	—	—	14,510	—
Loss on early extinguishment of debt	189	—	189	—
Total expenses	166,267	140,936	338,543	276,211
Equity in earnings of unconsolidated joint ventures	541	—	1,115	—
Income from continuing operations	38,430	35,466	63,481	76,377
Loss from discontinued operations	—	(147)	(43)	(309)
Gain on sales of real estate – land parcels	—	797	—	797
Net income	38,430	36,116	63,438	76,865
Dividends on preferred stock	(6,246)	(6,472)	(12,493)	(12,943)
Net income attributable to noncontrolling interests	(263)	(1,307)	(755)	(2,502)
Net income attributable to unvested restricted stock awards	(630)	(405)	(1,113)	(779)
Net income attributable to Alexandria's common stockholders	$31,291	$27,932	$49,077	$60,641
EPS attributable to Alexandria's common stockholders – basic and diluted:				
Continuing operations	$0.44	$0.39	$0.69	$0.85
Discontinued operations	—	—	—	—
EPS – basic and diluted	$0.44	$0.39	$0.69	$0.85
Dividends declared per share of common stock	$0.77	$0.72	$1.51	$1.42

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

Alexandria Real Estate Equities, Inc.
Consolidated Statements of Comprehensive Income
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	$38,430	$36,116	$63,438	$76,865
Other comprehensive income:				
Unrealized gains (losses) on marketable securities:				
Unrealized holding gains (losses) arising during the period	55,401	(2,734)	83,836	16,045
Reclassification adjustment for losses included in net income	1,362	406	2,465	406
Unrealized gains (losses) on marketable securities, net	56,763	(2,328)	86,301	16,451
Unrealized (losses) gains on interest rate swap agreements:				
Unrealized interest rate swap losses arising during the period	(1,225)	(2,526)	(4,238)	(3,914)
Reclassification adjustment for amortization of losses to interest expense included in net income	710	1,123	1,215	4,613
Unrealized (losses) gains on interest rate swap agreements, net	(515)	(1,403)	(3,023)	699
Unrealized (losses) gains on foreign currency translation:				
Unrealized foreign currency translation (losses) gains arising during the period	(1,507)	5,915	(7,778)	2,809
Reclassification adjustment for losses included in net income	—	—	9,236	—
Unrealized (losses) gains on foreign currency translation, net	(1,507)	5,915	1,458	2,809
Total other comprehensive income	54,741	2,184	84,736	19,959
Comprehensive income	93,171	38,300	148,174	96,824
Less: comprehensive income attributable to noncontrolling interests	(237)	(1,307)	(883)	(2,502)
Comprehensive income attributable to Alexandria's common stockholders	$92,934	$36,993	$147,291	$94,322

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

Alexandria Real Estate Equities, Inc.
Consolidated Statement of Changes in Stockholders' Equity and Noncontrolling Interests
(Dollars in thousands)
(Unaudited)

	Alexandria Real Estate Equities, Inc.'s Stockholders' Equity									
	Series D Cumulative Convertible Preferred Stock	Series E Cumulative Redeemable Preferred Stock	Number of Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests
Balance as of December 31, 2014	$237,163	$130,000	71,463,876	$715	$3,461,189	$—	$(628)	$66,804	$3,895,243	$14,315
Net income	—	—	—	—	—	62,683	—	227	62,910	528
Total other comprehensive income	—	—	—	—	—	—	84,608	128	84,736	—
Contributions by noncontrolling interests	—	—	—	—	—	—	—	340	340	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	(595)
Issuances of common stock	—	—	56,874	1	5,051	—	—	—	5,052	—
Issuances pursuant to stock plan	—	—	168,054	1	12,032	—	—	—	12,033	—
Purchase of noncontrolling interest	—	—	—	—	(48,463)	—	—	(65,504)	(113,967)	—
Dividends declared on common stock	—	—	—	—	—	(108,983)	—	—	(108,983)	—
Dividends declared on preferred stock	—	—	—	—	—	(12,493)	—	—	(12,493)	—
Distributions in excess of earnings	—	—	—	—	(58,793)	58,793	—	—	—	—
Balance as of June 30, 2015	$237,163	$130,000	71,688,804	$717	$3,371,016	$—	$83,980	$1,995	$3,824,871	$14,248

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

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Alexandria Real Estate Equities, Inc.
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2015	2014
Operating Activities		
Net income	$63,438	$76,865
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	121,091	107,735
Loss on early extinguishment of debt	189	—
Gain on sales of real estate – land parcels	—	(797)
Impairment of real estate	14,510	—
Equity in earnings from unconsolidated joint ventures	(1,115)	—
Distributions of earnings from unconsolidated joint ventures	648	—
Amortization of loan fees	5,723	5,304
Amortization of debt (premiums) discounts	(182)	136
Amortization of acquired below-market leases	(1,939)	(1,434)
Deferred rent	(23,193)	(24,619)
Stock compensation expense	7,744	6,304
Investment gains	(13,710)	(6,225)
Investment losses	7,877	5,240
Changes in operating assets and liabilities:		
Restricted cash	110	—
Tenant receivables	1,243	(735)
Deferred leasing costs	(24,503)	(17,452)
Other assets	(4,921)	(5,916)
Accounts payable, accrued expenses, and tenant security deposits	(1,610)	85
Net cash provided by operating activities	151,400	144,491
Investing Activities		
Proceeds from sales of real estate	92,455	17,868
Additions to real estate	(226,302)	(210,792)
Purchase of real estate	(137,493)	(97,785)
Deposits for investing activities	(15,501)	—
Change in restricted cash related to construction projects	—	5,650
Investment in unconsolidated real estate joint ventures	(3,182)	(1,405)
Additions to investments	(52,738)	(25,358)
Sales of investments	22,474	8,794
Repayment of notes receivable	4,247	29,851
Net cash used in investing activities	$(316,040)	$(273,177)

Alexandria Real Estate Equities, Inc.
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Financing Activities		
Borrowings from secured notes payable	$42,867	$77,762
Repayments of borrowings from secured notes payable	(10,075)	(219,427)
Borrowings from unsecured senior line of credit	915,000	637,000
Repayments of borrowings from unsecured senior line of credit	(595,000)	(270,000)
Repayments of borrowings from unsecured senior bank term loans	(25,000)	—
Change in restricted cash related to financing activities	(1,520)	1,212
Payment of loan fees	(3,559)	(310)
Proceeds from the issuance of common stock	5,052	—
Dividends on common stock	(106,603)	(98,867)
Dividends on preferred stock	(12,493)	(12,943)
Contributions by noncontrolling interests	340	19,410
Distributions to and purchases of noncontrolling interests	(61,890)	(1,983)
Net cash provided by financing activities	147,119	131,854
Effect of foreign exchange rate changes on cash and cash equivalents	127	837
Net (decrease) increase in cash and cash equivalents	(17,394)	4,005
Cash and cash equivalents as of the beginning of period	86,011	57,696
Cash and cash equivalents as of the end of period	$68,617	$61,701
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for interest, net of interest capitalized	$44,332	$31,922
Non-Cash Investing Activities		
Change in accrued construction	$(27,469)	$592
Assumption of secured notes payable in connection with purchase of real estate	$(82,000)	$(48,329)
Non-Cash Financing Activities		
Payable for purchase of noncontrolling interest	$(52,672)	$—

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

Alexandria Real Estate Equities, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

1. Background

As used in this quarterly report on Form 10-Q, references to the “Company,” “Alexandria,” “ARE,” “we,” “us,” and “our” refe Alexandria Real Estate Equities Inc., and its consolidated subsidiaries.

Alexandria Real Estate Equities, Inc. (NYSE:ARE) is a self-administered, and self-managed 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 value-creation 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. 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.

Our asset base consisted of the following, as of June 30, 2015:

	Square Feet
Operating properties	16,822,194
Current value-creation projects (includes unconsolidated joint ventures)	1,995,729
Total operating and current value-creation projects	18,817,923
Near-term value-creation projects (CIP)	2,026,669
Future value-creation projects:	
North America	3,807,375
Asia	6,419,707
	10,227,082
Near-term and future value-creation projects	12,253,751
Total	31,071,674

As of June 30, 2015:

- Investment-grade client tenants represented approximately 53% of our total annualized base rent;
- Approximately 94% of our leases (on an RSF basis) contained effective annual rent escalations that were either fixed (generally ranging from 3% to 3.5%) or indexed based on a consumer price index or other indices;
- Approximately 96% of our leases (on an RSF basis) were triple net leases, requiring client tenants to pay substantially all real estate taxes, insurance, utilities, common area, and other operating expenses (including increases thereto) in addition to base rent; and
- Approximately 94% of our leases (on an RSF basis) provided for the recapture of certain capital expenditures (such as HVAC systems maintenance and/or replacement, roof replacement, and parking lot resurfacing) that we believe would typically be borne by the landlord in traditional office leases.

Any references to the number of buildings, square footage, number of leases, occupancy, and any amounts derived from these values in the notes to the consolidated financial statements are unaudited and outside the scope of our independent registered public accounting firm's review of our interim consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board.

2. Basis of presentation and summary of significant accounting policies (continued)

2. Basis of presentation and summary of significant accounting policies

We have prepared the accompanying interim consolidated financial statements in accordance with GAAP and in conformity with the rules and regulations of the SEC. In our opinion, the interim consolidated financial statements presented herein reflect all adjustments that are necessary to fairly present the interim consolidated financial statements. The results of operations for the interim period are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in our annual report on Form 10-K for the year ended December 31, 2014.

Basis of presentation and consolidation

The accompanying consolidated financial statements include the accounts of Alexandria Real Estate Equities, Inc. and its consolidated subsidiaries. All significant intercompany balances and transactions have been eliminated.

In certain circumstances, we may enter into joint venture arrangements with outside partners. On a quarterly basis, we evaluate each joint venture arrangement under the VIE model, and if the entity is determined not to be a VIE, we then evaluate the entity under the voting model to determine if the entity should be consolidated.

Under the VIE model, an entity is determined to be a VIE if it has any of the following characteristics:

- The entity does not have sufficient equity to finance its activities without additional subordinated financial support;
- The equity holders, as a group, lack the characteristics of a controlling financial interest; or
- The legal entity is established with non-substantive voting rights.

If an entity is determined to be a VIE, we evaluate whether we are the primary beneficiary using qualitative analyses. Factors considered include, but are not limited to, the purpose and design of the VIE, risks that the VIE was designed to create and pass through, the form of our ownership interest, our representation on the entity's governing body, the size and seniority of our investment, our ability to participate in policy-making decisions, and the rights of the other investors to participate in the decision-making process and/or liquidate the venture, if applicable. We consolidate VIEs whenever we determine that we are the primary beneficiary.

If an entity is determined not to be a VIE, we then evaluate such entity under the voting model. Under the voting model, if we are the general partner or managing member, or have a similar role that can direct the operations of the entity, we have a presumption that we control the entity and we should consolidate regardless of our ownership percentage. If we determine that the other equity holders have any one of the following rights, it is assumed that we do not control the entity and therefore should not consolidate the entity: (i) the substantive ability to dissolve the entity or remove us from the lead role of the entity or (ii) substantive rights that allow them to participate in the activities that most significantly impact the entity's economic performance.

As of June 30, 2015, we had two joint ventures that did not meet the requirements for consolidation and were accounted for under the equity method of accounting. Refer to Note 3 – "Investments in Real Estate," appearing elsewhere in this quarterly report on Form 10-Q, for further information on our unconsolidated joint ventures.

Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, and equity; the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements; and the amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates.

2. Basis of presentation and summary of significant accounting policies (continued)

Investments in real estate and properties classified as “held-for-sale”

We recognize real estate acquired (including the intangible value of above- or below-market leases, acquired in-place leases, client tenant relationships, and other intangible assets or liabilities), liabilities assumed, and any noncontrolling interest in an acquired entity at their fair value as of the acquisition date. If there is a bargain fixed-rate renewal option for the period beyond the non-cancelable lease term of an in-place lease, we evaluate factors such as the business conditions in the industry in which the lessee operates, the economic conditions in the area in which the property is located, and the ability of the lessee to sublease the property during the renewal term, in order to determine the likelihood that the lessee will renew. When we determine there is reasonable assurance that such bargain purchase option will be exercised, we consider its impact in determining the intangible value of such lease and its related amortization period. The value of tangible assets acquired is based upon our estimation of value on an as-if-vacant basis. The value of acquired in-place leases includes the estimated costs during the hypothetical lease-up period and other costs that would have been incurred in the execution of similar leases, considering market conditions at the acquisition date of the acquired in-place lease. We assess the fair value of tangible and intangible assets based on numerous factors, including estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors, including the historical operating results, known trends, and market/economic conditions that may affect the property. We also recognize the fair values of assets acquired, the liabilities assumed, and any noncontrolling interest in acquisitions of less than a 100% interest when the acquisition constitutes a change in control of the acquired entity. Acquisition-related costs related to the acquisition of businesses, including real estate acquired with in-place leases, are expensed as incurred.

The values allocated to buildings and building improvements, land improvements, tenant improvements, and equipment are depreciated on a straight-line basis using the shorter of the term of the respective ground lease and up to 40 years for buildings and building improvements, an estimated life of 20 years for land improvements, the respective lease term for tenant improvements, and the estimated useful life for equipment. The values of acquired above- and below-market leases are amortized over the terms of the related leases and recognized as either an increase (for below-market leases) or a decrease (for above-market leases) to rental income. The values of acquired in-place leases are classified in other assets in the accompanying consolidated balance sheets and amortized over the remaining terms of the related leases.

We are required to capitalize project costs, including predevelopment costs, interest, property taxes, insurance, and other costs directly related and essential to the acquisition, development, redevelopment, predevelopment, or construction of a project. Capitalization of development, redevelopment, predevelopment, and construction costs is required while activities are ongoing to prepare an asset for its intended use. Fluctuations in our development, redevelopment, predevelopment, and construction activities could result in significant changes to total expenses and net income. Costs incurred after a project is substantially complete and ready for its intended use are expensed as incurred. Should development, redevelopment, predevelopment, or construction activity cease, interest, property taxes, insurance, and certain other costs would no longer be eligible for capitalization and would be expensed as incurred. Expenditures for repairs and maintenance are expensed as incurred.

A property is classified as “held-for-sale” when all of the following criteria for a plan of sale have been met: (i) management, having the authority to approve the action, commits to a plan to sell the property; (ii) the property is available for immediate sale in its present condition, subject only to terms that are usual and customary; (iii) an active program to locate a buyer and other actions required to complete the plan to sell have been initiated; (iv) the sale of the property is probable and is expected to be completed within one year; (v) the property is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (vi) actions necessary to complete the plan of sale indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Depreciation of assets ceases upon designation of a property as “held-for-sale.” Prior to our adoption of the new discontinued operations accounting standard on October 1, 2014, the operations of properties “held-for-sale” were classified as discontinued operations in our consolidated statements of income.

Subsequent to the adoption of the new discontinued operations accounting standard on October 1, 2014, if the disposal of the property represents a strategic shift that has (or will have) a major effect on our operations or financial results, such as (i) a major line of business, (ii) a major geographic area, (iii) a major equity method investment, or (iv) other major parts of an entity, then the operations of the property “held-for-sale,” including any interest expense directly attributable to it, are classified as discontinued operations in our consolidated statements of income, and amounts for all prior periods presented are reclassified from continuing operations to discontinued operations. The disposal of an individual property generally will not represent a strategic shift and therefore will typically not meet the criteria for classification as discontinued operations.

2. Basis of presentation and summary of significant accounting policies (continued)

Impairment of long-lived assets

Long-lived assets to be held and used, including our rental properties, CIP, land held for development, and intangibles, are individually evaluated for impairment when conditions exist that may indicate that the amount of a long-lived asset may not be recoverable. The amount of a long-lived asset to be held and used is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Impairment indicators or triggering events for long-lived assets to be held and used, including our rental properties, CIP, land held for development, and intangibles, are assessed by project and include significant fluctuations in estimated rental revenues less rental operating expenses, occupancy changes, significant near-term lease expirations, current and historical operating and/or cash flow losses, construction costs, estimated completion dates, rental rates, and other market factors. We assess the expected undiscounted cash flows based upon numerous factors, including, but not limited to, construction costs, available market information, current and historical operating results, known trends, current market/economic conditions that may affect the property, and our assumptions about the use of the asset, including, if necessary, a probability-weighted approach if multiple outcomes are under consideration. Upon determination that an impairment has occurred, a write-down is recognized to reduce the carrying amount to its estimated fair value. If an impairment loss is not required to be recognized, the recognition of depreciation is adjusted prospectively, as necessary, to reduce the carrying amount of the real estate to its estimated disposition value over the remaining period that the real estate is expected to be held and used. We may adjust depreciation of properties that are expected to be disposed of or redeveloped prior to the end of their useful lives.

We use the “held-for-sale” impairment model for our properties classified as “held-for-sale.” The “held-for-sale” impairment model is different from the held-and-used impairment model. Under the “held-for-sale” impairment model, an impairment loss is recognized if the amount of the long-lived asset classified as “held-for-sale” exceeds its fair value less cost to sell. Because of these two different models, it is possible for a long-lived asset previously classified as held and used to require the recognition of an impairment charge upon classification as “held-for-sale.”

On a quarterly basis, we review current activities and changes in the business conditions of all of our properties prior to and subsequent to the end of each quarter to determine the existence of any triggering events requiring an impairment analysis. If triggering events are identified, we review an estimate of the future undiscounted cash flows for the properties, including a probability-weighted approach if multiple outcomes are under consideration.

Investments

We hold equity investments in certain publicly traded companies and investments in certain privately held entities primarily involved in the science industry. All of our investments in actively traded public companies are considered “available-for-sale” and are reflected in the accompanying consolidated balance sheets at fair value. Fair value has been determined based upon the closing price as of each balance sheet date, with unrealized gains and losses shown as a separate component of comprehensive income. The classification of each investment is determined at the time each investment is made, and such determination is reevaluated at each balance sheet date. The cost of each investment sold is determined by the specific identification method, with realized gains or losses classified in other income in the accompanying consolidated statements of income. Investments in privately held entities are generally accounted for under the cost method when our interest in the entity is so minor that we have virtually no influence over the entity’s operating and financial policies. Certain investments in privately held entities are accounted for under the equity method unless our interest in the entity is deemed to be so minor that we have virtually no influence over the entity’s operating and financial policies. Under the equity method of accounting, we recognize our investment initially at cost and adjust the amount of the investment to recognize our share of the earnings or losses of the investee subsequent to the date of our investment. Additionally, we limit our ownership percentage in the voting stock of each individual entity to less than 10%. As of June 30, 2015, and December 31, 2014, our ownership percentage in the voting stock of each individual entity was less than 10%.

We monitor each of our equity investments throughout the year for new developments, including operating results, results of clinical trials, capital-raising events, and merger and acquisition activities. Individual investments are evaluated for impairment when changes in conditions may indicate an impairment exists. The factors that we consider in making these assessments include, but are not limited to, market prices, market conditions, available financing, prospects for favorable or unfavorable clinical trial results, new product initiatives, and new collaborative agreements. If there are no identified events or changes in circumstances that might have an adverse effect on our cost method investments, we do not estimate the investment's fair value. For all of our investments, if a decline in the fair value of an investment below the carrying value is determined to be other than temporary, such investment is written down to its estimated fair value with a charge to current earnings.

2. Basis of presentation and summary of significant accounting policies (continued)

Recognition of rental income and tenant recoveries

Rental income from leases is recognized on a straight-line basis over the respective lease terms. We classify amounts currently recognized as income, and expected to be received in later years as deferred rent in the accompanying consolidated balance sheets. Amounts received currently but recognized as income in future years are classified in accounts payable, accrued expenses, and tenant security deposits in the accompanying consolidated balance sheets. We commence recognition of rental income at the date the property is ready for its intended use and the client tenant takes possession or controls the physical use of the property.

Tenant recoveries related to reimbursement of real estate taxes, insurance, utilities, repairs and maintenance, common area expenses, and other operating expenses are recognized as revenue in the period during which the applicable expenses are incurred.

Tenant receivables consist primarily of amounts due for contractual lease payments, reimbursements of common area maintenance expenses, property taxes, and other expenses recoverable from client tenants. Tenant receivables are expected to be collected within one year. We may maintain an allowance for estimated losses that may result from the inability of our client tenants to make payments required under the terms of the lease and for tenant recoveries due. If a client tenant fails to make contractual payments beyond any allowance, we may recognize additional bad debt expense in future periods equal to the amount of uncollectible tenant receivables and deferred rent arising from the straight-lining of rent. As of June 30, 2015, and December 31, 2014, we had no allowance for uncollectible tenant receivables and deferred rent.

Monitoring client tenant credit quality

During the term of each lease, we monitor the credit quality of our client tenants by (i) reviewing the credit rating of client tenants that are rated by a nationally recognized credit rating agency, (ii) reviewing financial statements of the client tenants that are publicly available or that are required to be delivered to us pursuant to the applicable lease, (iii) monitoring news reports regarding our client tenants and their respective businesses, and (iv) monitoring the timeliness of lease payments. We have a team of employees who, among them, have graduate and undergraduate degrees in biology, chemistry, and industrial biotechnology and experience in the science and technology industries, as well as in finance. Our research team is responsible for assessing and monitoring the credit quality of our client tenants and any material changes in their credit quality.

Other income

The following is a summary of the other income in the accompanying consolidated statements of income for the three and six months ended June 30, 2015 and 2014 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Management fee income	$257	$916	$811	$1,642
Interest and other income	379	911	864	1,773
Investment income (loss)	2,121	(1,361)	5,833	985
Total other income	$2,757	$466	$7,508	$4,400

Income taxes

We are organized and qualify as a REIT pursuant to the Internal Revenue Code (the “Code”). Under the Code, a REIT that distributes at least 90% of its REIT taxable income to its shareholders annually and meets certain other conditions is not subject to federal income taxes, but could be subject to certain state and local taxes. We distribute 100% of our taxable income annually; therefore, a provision for federal income taxes is not required. In addition to our REIT returns, we file federal, state, and local tax returns for our subsidiaries. We file with jurisdictions located in the U.S., Canada, India, China, and other international locations. Our tax returns are subject to routine examination in various jurisdictions for calendar years 2010 through 2013.

2. Basis of presentation and summary of significant accounting policies (continued)

Recent accounting pronouncements

In February 2015, the FASB issued an Accounting Standards Update that requires reporting entities to evaluate whether they should consolidate certain legal entities. The Accounting Standards Update modifies the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities and eliminates the presumption that a general partner should consolidate a limited partnership. This Accounting Standards Update affects the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related-party relationships. The Accounting Standards Update is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015, with early adoption permitted. A reporting entity may apply the amendments in the Accounting Standards Update by (i) using a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption or (ii) applying the amendments retrospectively. We are currently assessing the potential impact that the adoption of the Accounting Standards Update will have on our consolidated financial statements.

In April 2015, the FASB issued an Accounting Standards Update that requires reporting entities to present debt issuance costs as a direct deduction from the face amount of the related note payable presented in the balance sheet. The Accounting Standards Update is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015, with early adoption permitted. A reporting entity is required to apply the amendments in the Accounting Standards Update retrospectively to all prior periods. We are currently assessing the potential impact that the adoption of the Accounting Standards Update will have on our consolidated financial statements.

3. Investments in real estate

Our investments in real estate consisted of the following as of June 30, 2015, and December 31, 2014 (in thousands):

	June 30, 2015	December 31, 2014
Land (related to rental properties)	$683,670	$624,681
Buildings and building improvements	6,690,157	6,171,504
Other improvements	234,393	192,128
Rental properties	7,608,220	6,988,313
Current value-creation projects/Construction in progress (CIP):		
Current development in North America	409,619	500,894
Current redevelopment in North America	—	42,482
Current development in Asia	—	14,065
	409,619	557,441
Rental properties and current value-creation projects	8,017,839	7,545,754
Near-term value-creation projects in North America (CIP):		
Alexandria Center® at Kendall Square – Binney Street[1]	140,488	321,907
Other projects	105,623	107,471
	246,111	429,378
Future value-creation projects:		
North America	183,984	175,175
Asia	78,911	78,548
	262,895	253,723
Near-term and future value-creation projects	509,006	683,101
Value-creation pipeline	918,625	1,240,542
Gross investments in real estate	8,526,845	8,228,855
Equity method of accounting – unconsolidated joint ventures	121,055	117,406
Gross investments in real estate – including unconsolidated joint ventures	8,647,900	8,346,261
Less: accumulated depreciation	(1,205,025)	(1,120,245)
Investments in real estate	$7,442,875	$7,226,016

(1) Includes amounts related to 100 Binney Street as of June 30, 2015, and 50, 60, and 100 Binney Street as of December 31, 2014.

Acquisitions

During the six months ended June 30, 2015, we acquired real estate and real estate related assets with an aggregate purchase price of $327.2 million, consisting of one operating property, including the assumption of debt, two land parcels, and the outstanding noncontrolling interest related to seven operating properties.

3. Investments in real estate (continued)

Sales of real estate assets and related impairment charges

In June 2015, we completed the sale of 270 Third Street, a residential development project with 91 units at our Alexandria Center® at Kendall Square in our Cambridge submarket in Greater Boston, for a sales price of $43.0 million. The net proceeds of $25.5 million reflect the assumption by the buyer of the cost to complete the construction of $17.5 million. The net proceeds from the sale approximated our carrying amount.

During the three months ended March 31, 2015, we completed the sale of our land and land improvements at 661 University Avenue in Toronto, Canada, for $54.1 million. In December 2014, we recognized an impairment charge of $16.6 million to lower the carrying costs of this property to its estimated fair value less cost to sell, including an estimated $5.0 million foreign exchange loss. Also, during the three months ended March 31, 2015, we sold a 21,859 RSF rental property located in Pennsylvania for $1.9 million. The sales price less cost to sell for this property approximated its carrying value at the time of sale and resulted in no gain or loss on sale.

During the three months ended December 31, 2014, we placed into service a 175,000 RSF building in Hyderabad, India. We completed a probability-weighted cash flow analysis for this building, inclusive of the estimated costs to complete, and determined that the estimated undiscounted cash flows exceeded the carrying amount of the building as of December 31, 2014.

During the three months ended March 31, 2015, we determined that this building in Hyderabad, India, met the criteria for classification as “held-for-sale,” including, among others, the following: (i) management committed to sell the real estate and executed a purchase and sale agreement on March 23, 2015, and (ii) management determined that the sale was probable within one year. Upon classification as “held for sale,” we recognized an impairment charge of $14.5 million to lower the carrying costs of the real estate to its estimated fair value less cost to sell, including an estimated $4.2 million foreign exchange loss. On March 26, 2015, we completed the sale of the building to the Indian multispecialty healthcare provider for $12.4 million.

As a result of our sales in Canada and India discussed above, our statement of comprehensive income reflects an aggregate $9.2 million of losses that we realized during the six months ended June 30, 2015, related to foreign currency exchange translation losses, noted above, that were previously classified in accumulated other comprehensive income (loss) on our accompanying consolidated balance sheets.

Current value-creation development and redevelopment projects

As of June 30, 2015, we had eight ground-up development projects, including two unconsolidated joint venture development projects, in process in North America. The projects at completion will aggregate 2.6 million RSF. An aggregate of 2.0 million RSF are currently in construction in progress, with the remainder already placed into service.

Investments in unconsolidated joint ventures

Refer to our consolidation policy described in Note 2 – “Basis of Presentation and Summary of Significant Accounting Policies,” regarding the following two unconsolidated joint ventures.

360 Longwood Avenue

We are currently developing a building aggregating 413,536 RSF in our Longwood Medical submarket of the Greater Boston market through an unconsolidated joint venture. The cost at completion for this unconsolidated joint venture real estate project is approximately $350.0 million. As of June 30, 2015, the project was 63% leased and 209,628 RSF, or 51%, has been placed in service. The joint venture has a secured construction loan with commitments aggregating $213.2 million, $170.5 million of which was outstanding as of June 30, 2015. The remaining cost to complete the development is expected to be funded primarily from the remaining commitments of $42.7 million under the secured construction loan. The secured construction loan 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.

We have a 27.5% interest in this unconsolidated joint venture that we account for under the equity method of accounting. Our investment under the equity method of accounting was $49.7 million as of June 30, 2015, and is classified in investments in real estate in our accompanying consolidated balance sheets.

3. Investments in real estate (continued)

1455/1515 Third Street

In September 2014, Alexandria and Uber Technologies, Inc. ("Uber"), entered into a joint venture agreement and acquired two land parcels supporting the development of two buildings aggregating 422,980 RSF at 1455/1515 Third Street in the Mission Bay submarket of the San Francisco market for a total purchase price of $125.0 million. We have a 51% interest and Uber has a 49% interest in this unconsolidated joint venture. The purchase price was funded by contributions into the joint venture by Uber and us. We account for our investment in this joint venture under the equity method of accounting. Our investment under the equity method of accounting was $71.3 million as of June 30, 2015, and was classified in investments in real estate in our accompanying consolidated balance sheets. The project is expected to be funded by equity contributions from Uber and us. The joint venture may also fund a portion of the project with proceeds from a secured construction loan. The project is 100% leased to Uber for a 15-year term.

Near-term value-creation projects in North America (CIP)

Land undergoing predevelopment activities is classified as CIP and is undergoing activities prior to commencement of construction of aboveground building improvements. We generally will not commence ground-up development of any parcels without first securing pre-leasing for such space, except when there is solid market demand. If aboveground construction is not initiated at completion of predevelopment activities, the land parcel will be classified as future value-creation projects. Our objective with predevelopment is to reduce the time it takes to deliver projects to prospective client tenants. Additionally, during predevelopment, we focus on the design of cost-effective buildings with generic and reusable infrastructure to accommodate single-tenancy and multi-tenancy. As of June 30, 2015, we had $246.1 million of land undergoing predevelopment activities in North America aggregating 2.0 million square feet.

Predevelopment costs generally include the following activities prior to commencement of vertical construction:

- Traditional predevelopment costs, including entitlement, design, construction drawings, BIM (3-D virtual modeling), budgeting, sustainability and energy optimization reviews, permitting, and planning for all aspects of the project; and

- 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.

Future value-creation projects

Future value-creation projects represent land that we plan to develop in the future, but for which, as of each period presented, no construction or predevelopment activities were ongoing. As a result, interest, property taxes, insurance, and other costs are expensed as incurred. As of June 30, 2015, we had $262.9 million of land held for future development supporting an aggregate of 10.2 million square feet of ground-up development.

4. Investments

Our investments in privately held entities are primarily accounted for under the cost method. Our investments in publicly traded companies are principally marketable equity securities that are accounted for as "available-for-sale" marketable equity securities that are carried at their fair values. Investments in "available-for-sale" marketable equity securities with gross unrealized losses as of June 30, 2015, had been in a continuous unrealized loss position for less than 12 months. We have the ability and intent to hold these investments for a reasonable period of time sufficient for the recovery of our investment. We believe that these unrealized losses are temporary; accordingly, there are no other-than-temporary impairments in accumulated other comprehensive income related to "available-for-sale" marketable equity securities as of June 30, 2015, or December 31, 2014.

The following table summarizes our investments as of June 30, 2015, and December 31, 2014 (in thousands):

	June 30, 2015	December 31, 2014
"Available-for-sale" marketable equity securities, cost basis	$33,897	$21,898
Unrealized gains	139,459	53,625
Unrealized losses	(791)	(1,258)
"Available-for-sale" marketable equity securities, at fair value	172,565	74,265
Investments accounted for under cost method	188,049	162,124
Total investments	$360,614	$236,389

The following table outlines our investment income (loss), which is classified in other income in the accompanying consolidated statements of income (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Investment gains	$7,773	$2,185	$13,710	$6,225
Investment losses	(5,652)	(3,546)	(7,877)	(5,240)
Investment income (loss)	$2,121	$(1,361)	$5,833	$985

5. Fair value measurements

We are required to disclose fair value information about all financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate fair value. We measure and disclose the estimated fair value of financial assets and liabilities utilizing a fair value hierarchy that distinguishes between data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participant assumptions. This hierarchy consists of three broad levels, as follows: (i) quoted prices in active markets for identical assets or liabilities, (ii) "significant other observable inputs," and (iii) "significant unobservable inputs." "Significant other observable inputs" can include quoted prices for similar assets or liabilities in active markets, as well as inputs that are observable for the asset or liability, such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. "Significant unobservable inputs" are typically based on an entity's own assumptions, since there is little, if any, related market activity. In instances in which the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level of input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. There were no transfers between the levels in the fair value hierarchy during the six months ended June 30, 2015 and 2014.

5. Fair value measurements (continued)

The following tables set forth the assets and liabilities that we measure at fair value on a recurring basis by level within the fair value hierarchy as of June 30, 2015, and December 31, 2014 (in thousands):

		June 30, 2015		
Description	Total	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Assets:				
“Available-for-sale” marketable equity securities	$172,565	$172,565	$—	$—
Interest rate swap agreements	$19	$—	$19	$—
Liabilities:				
Interest rate swap agreements	$3,951	$—	$3,951	$—

		December 31, 2014		
Description	Total	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Assets:				
“Available-for-sale” marketable equity securities	$74,265	$74,265	$—	$—
Liabilities:				
Interest rate swap agreements	$909	$—	$909	$—

The carrying values of cash and cash equivalents, restricted cash, tenant receivables, other assets, accounts payable, accrued expenses, and tenant security deposits approximate fair value. Our “available-for-sale” marketable equity securities and our interest rate swap agreements have been recognized at fair value. Refer to Note 7 – “Interest Rate Swap Agreements,” for further details on our interest rate swap agreements. The fair values of our secured notes payable, unsecured senior notes payable, unsecured senior line of credit, and unsecured senior bank term loans were estimated using widely accepted valuation techniques, including discounted cash flow analyses of “significant other observable inputs” such as available market information on discount and borrowing rates with similar terms, maturities, and credit ratings. Because the valuations of our financial instruments are based on these types of estimates, the actual fair value of our financial instruments may differ materially if our estimates do not prove to be accurate. Additionally, the use of different market assumptions or estimation methods may have a material effect on the estimated fair value amounts.

As of June 30, 2015, and December 31, 2014, the book and estimated fair values of our “available-for-sale” marketable equity securities, interest rate swap agreements, secured notes payable, unsecured senior notes payable, unsecured senior line of credit, and unsecured senior bank term loans were as follows (in thousands):

	June 30, 2015		December 31, 2014	
	Book Value	Fair Value	Book Value	Fair Value
Assets:				
“Available-for-sale” marketable equity securities	$172,565	$172,565	$74,265	$74,265
Interest rate swap agreements	$19	$19	$—	$—
Liabilities:				
Interest rate swap agreements	$3,951	$3,951	$909	$909

Secured notes payable	$771,435	$801,330	$652,209	$693,338
Unsecured senior notes payable	$1,747,531	$1,782,455	$1,747,370	$1,793,255
Unsecured senior line of credit	$624,000	$624,207	$304,000	$304,369
Unsecured senior bank term loans	$950,000	$953,387	$975,000	$976,010

Fair value measurements for other than on a non-recurring basis

Refer to Note 3 – “Investments in Real Estate” and Note 11 – “Noncontrolling Interests.”

6. Secured and unsecured senior debt

The following table summarizes our secured and unsecured senior debt as of June 30, 2015 (dollars in thousands):

	Fixed-Rate/Hedged Variable-Rate		Unhedged Variable-Rate		Total Consolidated		Percentage of Total Debt		Weighted-Average Interest Rate at End of Period (1)		Weighted-Average Remaining Term (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.

6. Secured and unsecured senior debt (continued)

The following table summarizes our outstanding indebtedness and respective principal maturities as of June 30, 2015 (dollars in thousands):

Debt	Stated Rate	Weighted-Average Interest Rate[1]	Maturity Date[2]	Principal Payments Remaining for the Periods Ending December 31, 2015	2016	2017	2018	2019	Thereafter
Secured notes payable									
Greater Boston, San Francisco, and San Diego	5.73 %	5.73 %	1/1/16	$914	$75,501	$—	$—	$—	$—
Greater Boston, San Diego, and New York City	5.82	5.82	4/1/16	494	29,389	—	—	—	—
San Diego	5.74	3.00	4/15/16	88	6,916	—	—	—	—
San Francisco	L+1.40	1.59	6/1/16 [3]	—	20,631	—	—	—	—
San Francisco	L+1.50	1.69	7/1/16 [4]	—	47,183	—	—	—	—
San Francisco	6.35	6.35	8/1/16	1,313	126,715	—	—	—	—
Maryland	2.17	2.17	1/20/17	—	—	76,000	—	—	—
Greater Boston	L+1.35	1.54	8/23/17 [5]	—	—	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
San Diego	4.66	4.66	1/1/23	703	1,464	1,540	1,614	1,692	31,674
Greater Boston	3.93	3.10	3/10/23	—	—	—	1,091	1,505	79,404
San Francisco	6.50	6.50	7/1/36	10	19	20	22	23	728
Unamortized premiums				367	610	573	588	595	1,971
Secured notes payable weighted-average/subtotal	4.37 %	4.25		4,689	310,124	227,246	5,294	5,953	218,129
2019 Unsecured Senior Bank Term Loan	L+1.20 %	1.71	1/3/19	—	—	—	—	600,000	—
2021 Unsecured Senior Bank Term Loan	L+1.10 %	1.52	1/15/21	—	—	—	—	—	350,000
$1.5 billion unsecured senior line of credit	L+1.10 % [6]	1.22	1/3/19	—	—	—	—	624,000	—
Unsecured senior notes payable	2.75 %	2.79	1/15/20	—	—	—	—	—	400,000
Unsecured senior notes payable	4.60 %	4.61	4/1/22	—	—	—	—	—	550,000
Unsecured senior notes payable	3.90 %	3.94	6/15/23	—	—	—	—	—	500,000
Unsecured senior notes payable	4.50 %	4.51	7/30/29	—	—	—	—	—	300,000
Unamortized discounts				(165)	(337)	(350)	(362)	(375)	(880
Unsecured debt weighted-average/subtotal		2.79		(165)	(337)	(350)	(362)	1,223,625	2,099,120
Weighted-average/total		3.07 %		$4,524	$309,787	$226,896	$4,932	$1,229,578	$2,317,24[illegible]
Balloon payments				$—	$304,713	$223,281	$—	$1,224,000	$2,304,46[illegible]
Principal amortization				4,524	5,074	3,615	4,932	5,578	12,783

Total consolidated debt	$4,524	$309,787	$226,896	$4,932	$1,229,578	$2,317,249
Fixed-rate/hedged variable-rate debt	$4,524	$241,973	$3,615	$4,932	$605,578	$2,317,249
Unhedged variable-rate debt	—	67,814	223,281	—	624,000	—
Total consolidated debt	$4,524	$309,787	$226,896	$4,932	$1,229,578	$2,317,249

(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 a one-year 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.

6. Secured and unsecured senior debt (continued)

Interest expense

The following table summarizes interest expense for the three and six months ended June 30, 2015 and 2014 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Gross interest	$35,105	$28,735	$69,312	$59,871
Capitalized interest	(8,437)	(11,302)	(19,408)	(23,315)
Interest expense	$26,668	$17,433	$49,904	$36,556

Amendment of unsecured senior bank term loan

In June 2015, we completed a partial principal repayment of $25.0 million and extended the maturity of the remaining $350.0 million unsecured senior bank term loan ("2021 Unsecured Senior Bank Term Loan") from July 31, 2015, to June 30, 2019, subject to our option to extend the maturity up to three times upon the satisfaction of certain conditions, for an additional term of six months for the first and second extensions and for an additional term ending on January 15, 2021, for the third extension. In addition, we reduced the applicable interest rate margin with respect to borrowings outstanding under the loan to LIBOR+1.10% from LIBOR+1.20%. In conjunction with the amendment of our 2021 Unsecured Senior Bank Term Loan and the principal repayment, we recognized a loss on early extinguishment of debt aggregating $189 thousand related to the write-off of a portion of unamortized loan fees.

Secured construction loans

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.

The following table summarizes our secured construction loans as of June 30, 2015 (dollars in thousands):

Market	Stated Rate	Maturity Date	Outstanding Balance	Remaining Commitments	Total Commitments
San Francisco	L+1.40 %	6/1/16 [1]	$20,631	$15,369	$36,000
San Francisco	L+1.50 %	7/1/16 [2]	47,183	7,817	55,000
Greater Boston	L+1.35 %	8/23/17 [3]	147,281	103,119	250,400
			$215,095	$126,305	$341,400

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

7. Interest rate swap agreements

We use interest rate swap agreements to hedge the variable cash flows associated with certain of our existing LIBOR-based variable-rate debt, including our unsecured senior line of credit and unsecured senior bank term loans. The ineffective portion of the change in fair value of our interest rate swap agreements is required to be recognized directly in earnings. During the six months ended June 30, 2015 and 2014, our interest rate swap agreements were 100% effective; as a result, no hedge ineffectiveness was recognized in earnings. Changes in fair value, including accrued interest and adjustments for non-performance risk, on the effective portion of our interest rate swap agreements that are designated and that qualify as cash flow hedges are classified in accumulated other comprehensive income (loss). Amounts classified in accumulated other comprehensive income (loss) are subsequently reclassified into earnings in the period during which the hedged transactions affect earnings. During the next 12 months, we expect to reclassify approximately $2.4 million in accumulated other comprehensive income (loss) to earnings as an increase to interest expense. As of June 30, 2015, and December 31, 2014, the fair values of our interest rate swap agreements aggregating an asset balance were classified in other assets, and those aggregating a liability balance were classified in accounts payable, accrued expenses, and tenant security deposits, based upon their respective fair values, without any offsetting pursuant to master netting agreements. Refer to Note 5 – "Fair Value Measurements." Under our interest rate swap agreements, we have no collateral posting requirements.

The Company has agreements with certain of its derivative counterparties that contain a provision wherein (i) the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Company's default on the indebtedness; or (ii) if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations. If the Company had breached any of these provisions as of June 30, 2015, it could have been required to settle its obligations under the agreements at their termination value of $4.0 million.

We had the following outstanding interest rate swap agreements that were designated as cash flow hedges of interest rate risk as of June 30, 2015 (dollars in thousands):

Effective Date	Maturity Date	Number of Contracts	Weighted-Average Interest Pay Rate (1)	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
Total				$ (3,932)	$950,000	$950,000	$800,000	$200,000

(1) In addition to the interest pay rate for each swap agreement, interest is payable at an applicable margin for borrowings outstanding as of June 30, 2015. Borrowings under our 2019 unsecured senior bank term loan ("2019 Unsecured Senior Bank Term Loan") include an applicable margin of 1.20%, and borrowings outstanding under our unsecured senior line of credit and 2021 Unsecured Senior Bank Term Loan include an applicable margin of 1.10%.

During July 2015, we executed the following additional interest rate swap agreements that were designated as cash flow hedges of interest rate risk (dollars in thousands):

Notional Amount in Effect as of

Effective Date	Maturity Date	Number of Contracts	Weighted-Average Interest Pay Rate [(1)]	Fair Value as of 6/30/15	6/30/15	12/31/15	12/31/16	12/31/17
March 31, 2017	March 31, 2018	3	1.51%	none	$—	$—	$—	$150,000

(1) In addition to the interest pay rate for each swap agreement, interest is 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 unsecured senior line of credit and 2021 Unsecured Senior Bank Term Loan include an applicable margin of 1.10%.

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8. Accounts payable, accrued expenses, and tenant security deposits

The following table summarizes the components of accounts payable, accrued expenses, and tenant security deposits as of June 30, 2015, and December 31, 2014 (in thousands):

	June 30, 2015	December 31, 2014
Accounts payable and accrued expenses	$126,510	$127,828
Accrued construction	59,849	91,110
Acquired below-market leases	28,135	8,810
Conditional asset retirement obligations	8,912	9,108
Deferred rent liabilities	27,780	36,231
Interest rate swap liabilities	3,951	909
Prepaid rent and tenant security deposits	202,372	193,699
Other liabilities [1]	74,103	21,390
Total	$531,612	$489,085

(1) Our June 30, 2015, balance includes a $54.0 million liability related to the second installment payment for our acquisition of the remaining noncontrolling interest in our 1.2 million RSF flagship campus at Alexandria Technology Square®. For additional information, refer to Note 11 – "Noncontrolling Interests" to our unaudited consolidated financial statements under Item 1 of this report.

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9. Earnings per share

We use income from continuing operations attributable to Alexandria's common stockholders as the "control number" in determining whether potential common shares are dilutive or antidilutive to EPS. Pursuant to the presentation and disclosure literature on gains or losses on sales or disposals by REITs and EPS required by the SEC and the FASB, gains or losses on sales or disposals by a REIT that do not qualify as discontinued operations are classified below income from discontinued operations in the consolidated statements of income and included in the numerator for the computation of EPS for income from continuing operations.

We account for unvested restricted stock awards that contain nonforfeitable rights to dividends as participating securities and include these securities in the computation of EPS using the two-class method. Our 7% series D cumulative convertible preferred stock ("Series D Convertible Preferred Stock") is not a participating security, and is not included in the computation of EPS using the two-class method. Under the two-class method, we allocate net income after preferred stock dividends, preferred stock redemption charge, and amounts attributable to noncontrolling interests to common stockholders and unvested restricted stock awards based on their respective participation rights to dividends declared (or accumulated) and undistributed earnings. Diluted EPS is computed using the weighted-average shares of common stock outstanding determined for the basic EPS computation plus the effect of any dilutive securities. We had no dilutive securities outstanding during the three and six months ended June 30, 2015 and 2014.

The table below is a reconciliation of the numerators and denominators of the basic and diluted EPS computations for the three and six months ended June 30, 2015 and 2014 (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Income from continuing operations	$38,430	$35,466	$63,481	$76,377
Gain on sales of real estate – land parcels	—	797	—	797
Dividends on preferred stock	(6,246)	(6,472)	(12,493)	(12,943)
Net income attributable to noncontrolling interests	(263)	(1,307)	(755)	(2,502)
Net income attributable to unvested restricted stock awards	(630)	(405)	(1,113)	(779)
Income from continuing operations attributable to Alexandria's common stockholders – basic and diluted	31,291	28,079	49,120	60,950
Loss from discontinued operations	—	(147)	(43)	(309)
Net income attributable to Alexandria's common stockholders – basic and diluted	$31,291	$27,932	$49,077	$60,641
Weighted-average shares of common stock outstanding – basic and diluted	71,412	71,126	71,389	71,100
EPS attributable to Alexandria's common stockholders – basic and diluted:				
Continuing operations	$0.44	$0.39	$0.69	$0.85
Discontinued operations	—	—	—	—
EPS – basic and diluted	$0.44	$0.39	$0.69	$0.85

9. Stockholders' equity (continued)

10. Stockholders' equity

"At the market" common stock offering program

During the three months ended June 30, 2015, we sold an aggregate of 56,874 shares of common stock for gross proceeds of $5.3 million at an average stock price of $94.02 and net proceeds of approximately $5.1 million, including commissions and other expenses of approximately $295 thousand.

Dividends

In June 2015, we declared cash dividends on our common stock for the second quarter of 2015, aggregating $55.7 million, or $0.77 per share. Also in June 2015, we declared cash dividends on our Series D Convertible Preferred Stock for the second quarter of 2015, aggregating approximately $4.2 million, or $0.4375 per share. Additionally, we declared cash dividends on our Series E cumulative redeemable preferred stock ("Series E Preferred Stock") for the second quarter of 2015, aggregating approximately $2.1 million, or $0.403125 per share. In July 2015, we paid the cash dividends on our common stock, Series D Preferred Stock, and Series E Preferred Stock for the second quarter of 2015.

Accumulated other comprehensive income (loss)

Accumulated other comprehensive income (loss) attributable to Alexandria consists of the following (in thousands):

	Unrealized Gain on Marketable Securities	Unrealized Loss on Interest Rate Swap Agreements	Unrealized Loss on Foreign Currency Translation	Total
Balance as of December 31, 2014	$52,367	$(909)	$(52,086)	$(628)
Other comprehensive income (loss) before reclassifications	83,836	(4,238)	(7,778)	71,820
Amounts reclassified from other comprehensive income (loss)	2,465	1,215	9,236	12,916
	86,301	(3,023)	1,458	84,736
Amounts attributable to noncontrolling interest	—	—	(128)	(128)
Net other comprehensive income (loss)	86,301	(3,023)	1,330	84,608
Balance as of June 30, 2015	$138,668	$(3,932)	$(50,756)	$83,980

Preferred stock and excess stock authorizations

Our charter authorizes the issuance of up to 100.0 million shares of preferred stock, of which 14.7 million shares were issued and outstanding as of June 30, 2015. In addition, 200.0 million shares of "excess stock" (as defined in our charter) are authorized, none of which were issued and outstanding as of June 30, 2015.

11. Noncontrolling interests

Noncontrolling interests represent the third-party interests in certain entities in which we have a controlling interest. These entities owned four projects as of June 30, 2015, and are included in our consolidated financial statements. Noncontrolling interests are adjusted for additional contributions and distributions, the proportionate share of the net earnings or losses, and other comprehensive income or loss. Distributions, profits, and losses related to these entities are allocated in accordance with the respective operating agreements.

The following table represents income from continuing operations and discontinued operations attributable to Alexandria Real Estate Equities, Inc., for the three and six months ended June 30, 2015 and 2014, excluding the amounts attributable to these noncontrolling interests:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Income from continuing operations attributable to Alexandria	$38,167	$34,956	$62,726	$74,672
Loss from discontinued operations	$—	$(147)	$(43)	$(309)

Certain of our noncontrolling interests have the right to require us to redeem their ownership interests in the respective entities. We classify these ownership interests in the entities as redeemable noncontrolling interests outside of total equity in the accompanying consolidated balance sheets. Redeemable noncontrolling interests are adjusted for additional contributions and distributions, the proportionate share of the net earnings or losses, and other comprehensive income or loss. Distributions, profits, and losses related to these entities are allocated in accordance with the respective operating agreements. If the amount of a redeemable noncontrolling interest is less than the maximum redemption value at the balance sheet date, such amount is adjusted to the maximum redemption value. Subsequent declines in the redemption value are recognized only to the extent that previous increases have been recognized.

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® for $108.3 million. 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. Upon execution of the purchase agreement, we recognized a liability representing the fair value of the aggregate consideration, primarily consisting of the purchase price in accounts payable, accrued expenses, and tenant security deposits on our accompanying consolidated balance sheet. We measured the fair value of the liability using significant observable inputs, including a discount rate that approximates our cost of debt capital in effect during the period the liability is outstanding. The difference between the noncontrolling interest purchase liability and the noncontrolling interest balance of $48.5 million was recognized as a reduction of additional paid-in capital.

12. Assets classified as “held for sale”

On October 1, 2014, we adopted an Accounting Standards Update on the reporting of discontinued operations that raised the threshold for classification of assets “held for sale” as discontinued operations. This Accounting Standards Update was applied prospectively, and since our adoption of this Accounting Standards Update, no additional properties have met the criteria for classification as a discontinued operation in our consolidated financial statements. Prior to the adoption of this Accounting Standards Update, certain properties met the previous criteria for classification as discontinued operations. As of June 30, 2015, none of our properties qualified for classification as discontinued operations.

The following is a summary of net assets “held for sale” as of June 30, 2015, and December 31, 2014, including the assets classified as “held for sale” subsequent to our adoption of the new Accounting Standards Update (in thousands):

	June 30, 2015	December 31, 2014
Properties classified as “held for sale”	$114,456	$173,706
Other assets	5,501	10,147
Total assets	119,957	183,853
Total liabilities	—	(6,044)
Net assets classified as “held for sale”[1]	$119,957	$177,809

(1) As of June 30, 2015, net assets classified as “held for sale” were composed of two properties.

The following is a summary of the income (loss) included in our income from continuing operations for the three and six months ended June 30, 2015 and 2014, from assets classified as “held for sale” subsequent to our adoption of the new Accounting Standards Update (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Total revenues	$2,497	$2,426	$4,827	$4,926
Operating expenses	(999)	(781)	(1,765)	(1,482)
Total revenues less operating expenses from assets classified as “held for sale,” not qualifying for classification as discontinued operations	1,498	1,645	3,062	3,444
Depreciation expense	—	(1,782)	(127)	(3,673)
Impairment of real estate	—	—	(14,510)	—
Income (loss) from assets classified as “held for sale,” not qualifying as discontinued operations[1]	$1,498	$(137)	$(11,575)	$(229)

(1) Includes the results of operations of two properties with an aggregate 234,186 RSF that were classified as “held for sale” as of June 30, 2015, and three properties with an aggregate 196,859 RSF that were sold during the six months ended June 30, 2015, but do not qualify for classification as discontinued operations. For additional information, refer to Note 2 – “Basis of Presentation and Summary of Significant Accounting Policies.”

13. Subsequent events

Sale of 225 Binney Street

In July 2015, we executed an agreement to sell a 70% interest in our 305,212 RSF, property at 225 Binney Street in our Cambridge submarket in Greater Boston to a high quality institutional investor for $190.1 million. We expect to complete the sale in the fourth quarter of 2015.

Commencement of value-creation development project at 100 Binney Street

In July 2015, we commenced development of a 431,483 RSF value-creation project at 100 Binney Street in our Cambridge submarket; it is 98% leased/negotiating, including 48% leased to Bristol-Myers Squibb Company.

Acquisition of 10290 Campus Point Drive

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® 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.

14. Condensed consolidating financial information

Alexandria Real Estate Equities, Inc. (the "Issuer") has sold certain debt securities registered under the Securities Act of 1933, as amended, that are fully and unconditionally guaranteed by Alexandria Real Estate Equities, L.P. (the "LP" or the "Guarantor Subsidiary"), an indirectly 100% owned subsidiary of the Issuer. The Company's other subsidiaries, including, but not limited to, the subsidiaries that own substantially all of its real estate (collectively, the "Combined Non-Guarantor Subsidiaries"), will not provide a guarantee of such securities, including the subsidiaries that are partially or 100% owned by the LP. The following condensed consolidating financial information presents the condensed consolidating balance sheets as of June 30, 2015, and December 31, 2014, the condensed consolidating statements of income and comprehensive income for the three and six months ended June 30, 2015 and 2014, and the condensed consolidating cash flows for the six months ended June 30, 2015 and 2014, for the Issuer, the Guarantor Subsidiary, and the Combined Non-Guarantor Subsidiaries, as well as the eliminations necessary to arrive at the information for Alexandria Real Estate Equities, Inc., on a consolidated basis, and consolidated amounts. In presenting the condensed consolidating financial statements, the equity method of accounting has been applied to (i) the Issuer's interests in the Guarantor Subsidiary and the Combined Non-Guarantor Subsidiaries, (ii) the Guarantor Subsidiary's interests in the Combined Non-Guarantor Subsidiaries, and (iii) the Combined Non-Guarantor Subsidiaries' interests in the Guarantor Subsidiary, where applicable, even though all such subsidiaries meet the requirements to be consolidated under GAAP. All intercompany balances and transactions between the Issuer, the Guarantor Subsidiary, and the Combined Non-Guarantor Subsidiaries have been eliminated, as shown in the column "Eliminations." All assets and liabilities have been allocated to the Issuer, the Guarantor Subsidiary, and the Combined Non-Guarantor Subsidiaries generally based on legal entity ownership.

14. Condensed consolidating financial information (continued)

Condensed Consolidating Balance Sheet
as of June 30, 2015
(In thousands)
(Unaudited)

	Alexandria Real Estate Equities, Inc. (Issuer)	Alexandria Real Estate Equities, L.P. (Guarantor Subsidiary)	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Investments in real estate	$—	$—	$7,442,875	$—	$7,442,875
Cash and cash equivalents	35,230	—	33,387	—	68,617
Restricted cash	74	—	44,117	—	44,191
Tenant receivables	—	—	9,279	—	9,279
Deferred rent	—	—	257,427	—	257,427
Deferred leasing and financing costs	33,666	—	177,043	—	210,709
Investments	—	5,274	355,340	—	360,614
Investments in and advances to affiliates	7,195,934	6,488,974	132,875	(13,817,783)	—
Other assets	22,981	—	108,198	—	131,179
Total assets	$7,287,885	$6,494,248	$8,560,541	$(13,817,783)	$8,524,891
Liabilities, Noncontrolling Interests, and Equity					
Secured notes payable	$—	$—	$771,435	$—	$771,435
Unsecured senior notes payable	1,747,531	—	—	—	1,747,531
Unsecured senior line of credit	624,000	—	—	—	624,000
Unsecured senior bank term loans	950,000	—	—	—	950,000
Accounts payable, accrued expenses, and tenant security deposits	82,572	—	449,040	—	531,612
Dividends payable	60,906	—	288	—	61,194
Total liabilities	3,465,009	—	1,220,763	—	4,685,772
Redeemable noncontrolling interests	—	—	14,248	—	14,248
Alexandria’s stockholders’ equity	3,822,876	6,494,248	7,323,535	(13,817,783)	3,822,876
Noncontrolling interests	—	—	1,995	—	1,995
Total equity	3,822,876	6,494,248	7,325,530	(13,817,783)	3,824,871
Total liabilities, noncontrolling interests, and equity	$7,287,885	$6,494,248	$8,560,541	$(13,817,783)	$8,524,891

14. Condensed consolidating financial information (continued)

Condensed Consolidating Balance Sheet
as of December 31, 2014
(In thousands)
(Unaudited)

	Alexandria Real Estate Equities, Inc. (Issuer)	Alexandria Real Estate Equities, L.P. (Guarantor Subsidiary)	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Investments in real estate	$—	$—	$7,226,016	$—	$7,226,016
Cash and cash equivalents	52,491	63	33,457	—	86,011
Restricted cash	67	—	26,817	—	26,884
Tenant receivables	—	—	10,548	—	10,548
Deferred rent	—	—	234,124	—	234,124
Deferred leasing and financing costs	35,462	—	166,336	—	201,798
Investments	—	5,235	231,154	—	236,389
Investments in and advances to affiliates	6,874,866	6,295,852	128,943	(13,299,661)	—
Other assets	19,461	—	94,805	—	114,266
Total assets	$6,982,347	$6,301,150	$8,152,200	$(13,299,661)	$8,136,036
Liabilities, Noncontrolling Interests, and Equity					
Secured notes payable	$—	$—	$652,209	$—	$652,209
Unsecured senior notes payable	1,747,370	—	—	—	1,747,370
Unsecured senior line of credit	304,000	—	—	—	304,000
Unsecured senior bank term loans	975,000	—	—	—	975,000
Accounts payable, accrued expenses, and tenant security deposits	69,013	—	420,072	—	489,085
Dividends payable	58,525	—	289	—	58,814
Total liabilities	3,153,908	—	1,072,570	—	4,226,478
Redeemable noncontrolling interests	—	—	14,315	—	14,315
Alexandria’s stockholders’ equity	3,828,439	6,301,150	6,998,511	(13,299,661)	3,828,439
Noncontrolling interests	—	—	66,804	—	66,804
Total equity	3,828,439	6,301,150	7,065,315	(13,299,661)	3,895,243
Total liabilities, noncontrolling interests, and equity	$6,982,347	$6,301,150	$8,152,200	$(13,299,661)	$8,136,036

14. Condensed consolidating financial information (continued)

Condensed Consolidating Statement of Income
for the Three Months Ended June 30, 2015
(In thousands)
(Unaudited)

	Alexandria Real Estate Equities, Inc. (Issuer)	Alexandria Real Estate Equities, L.P. (Guarantor Subsidiary)	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:					
Rental	$—	$—	$151,805	$—	$151,805
Tenant recoveries	—	—	49,594	—	49,594
Other income	3,509	—	3,425	(4,177)	2,757
Total revenues	3,509	—	204,824	(4,177)	204,156
Expenses:					
Rental operations	—	—	62,250	—	62,250
General and administrative	13,223	—	5,943	(4,177)	14,989
Interest	19,867	—	6,801	—	26,668
Depreciation and amortization	1,469	—	60,702	—	62,171
Impairment of real estate	—	—	—	—	—
Loss on early extinguishment of debt	189	—	—	—	189
Total expenses	34,748	—	135,696	(4,177)	166,267
Equity in earnings of unconsolidated joint ventures	—	—	541	—	541
Equity in earnings of affiliates	69,406	65,246	1,270	(135,922)	—
Net income	38,167	65,246	70,939	(135,922)	38,430
Dividends on preferred stock	(6,246)	—	—	—	(6,246)
Net income attributable to noncontrolling interests	—	—	(263)	—	(263)
Net income attributable to unvested restricted stock awards	(630)	—	—	—	(630)
Net income attributable to Alexandria's common stockholders	$31,291	$65,246	$70,676	$(135,922)	$31,291

14. Condensed consolidating financial information (continued)

Condensed Consolidating Statement of Income
for the Three Months Ended June 30, 2014
(In thousands)
(Unaudited)

	Alexandria Real Estate Equities, Inc. (Issuer)	Alexandria Real Estate Equities, L.P. (Guarantor Subsidiary)	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues:					
Rental	$—	$—	$134,992	$—	$134,992
Tenant recoveries	—	—	40,944	—	40,944
Other income	2,916	(1,535)	2,532	(3,447)	466
Total revenues	2,916	(1,535)	178,468	(3,447)	176,402
Expenses:					