ALEXANDRIA REAL ESTATE EQUITIES INC
Form 424B5
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The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus, dated September 21, 2010

PROSPECTUS SUPPLEMENT

(To prospectus dated April 3, 2009)

4,000,000 Shares

Alexandria Real Estate Equities, Inc.

Common Stock

We are selling 4,000,000 shares of our common stock, par value $0.01 per share. Our common stock is listed on the New York Stock Exchange under the symbol "ARE." On September 20, 2010, the last reported sale price of our common stock on the New York Stock Exchange was $73.36 per share.

Investing in our common stock involves risks. See "Risk factors" on page S-5.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

In addition to the underwriting discount, the underwriters may receive from purchasers of the shares normal brokerage commissions in amounts agreed with such purchasers.

The underwriters may also purchase up to 600,000 additional shares of our common stock from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover overallotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares of our common stock will be ready for delivery on or about September , 2010.

BofA Merrill Lynch

J.P. Morgan

Goldman, Sachs & Co.

Barclays Capital

Citi

RBC Capital Markets

Joint Book-Running Managers

The date of this prospectus supplement is September , 2010.

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Prospectus Supplement

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with any different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations, and prospects may have changed since those dates.

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain or incorporate by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended. You can identify the forward-looking statements by their use of forward-looking words, such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," or "anticipates," or the negative of those words or similar words. Forward-looking statements involve inherent risks and uncertainties regarding events, conditions and financial trends that may affect our future plans of operation, business strategy, results of operations and financial position. A number of important factors could cause actual results to differ materially from those included within or contemplated by the forward-looking statements, including, but not limited to the following:

- negative worldwide economic, financial, and banking conditions;
- worldwide economic recession and lack of confidence;
- financial, banking, and credit market conditions;
- the seizure or illiquidity of credit markets;
- our inability to obtain capital (debt, construction financing, and/or equity) or refinance debt maturities;
- inflation or deflation;
- prolonged period of stagnant growth;
- increased interest rates and operating costs;
- adverse economic or real estate developments in our markets;
- our failure to successfully complete and lease our existing space held for redevelopment and new properties acquired for that purpose and any properties undergoing development;
- significant decreases in our active development, active redevelopment, or preconstruction activities resulting in significant increases in our interest, operating, and payroll expenses;
- our failure to successfully operate or lease acquired properties;
- the financial condition of our insurance carriers;
- general and local economic conditions;
- decreased rental rates or increased vacancy rates/failure to renew or replace expiring leases;

- defaults on or non-renewal of leases by tenants;
- our failure to comply with laws or changes in law;
- compliance with environmental laws;
- our failure to maintain our status as a real estate investment trust ("REIT");
- certain ownership interests outside the United States may subject us to different or greater risks than those associated with our domestic operations; and
- fluctuations in foreign currency exchange rates.

This list of risks and uncertainties, however, is only a summary and is not intended to be exhaustive. For a discussion of these and other factors that could cause actual results to differ from those contemplated in the forward-looking statements, please see the discussion under "Risk Factors" contained in this prospectus supplement and the other information contained in our publicly available filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010. We do not undertake any responsibility to update any of these factors or to announce publicly any revisions to forward-looking statements, whether as a result of new information, future events or otherwise.

SUMMARY

The following summary may not contain all of the information that is important to you. You should read this entire prospectus supplement, the accompanying prospectus, and the documents incorporated by reference into the accompanying prospectus carefully before deciding whether to invest in our common stock. In this prospectus supplement and the accompanying prospectus, unless otherwise indicated, the "Company," "we," "us," and "our" refer to Alexandria Real Estate Equities, Inc. and its consolidated subsidiaries and "GAAP" refers to United States generally accepted accounting principles. Unless otherwise indicated, the information in this prospectus supplement is as of June 30, 2010 and assumes that the underwriters do not exercise the overallotment option described in "Underwriting."

Alexandria Real Estate Equities, Inc.

Overview

We are a publicly traded REIT focused principally on science-driven cluster formation. We are the leading provider of high-quality, environmentally sustainable real estate, technical infrastructure, and services to the broad and diverse life science industry. We believe the life science industry is the cornerstone to managing and lowering overall healthcare costs. Client tenants include institutional (universities and independent not-for-profit institutions), pharmaceutical, biotechnology, medical device, product, service, and translational entities, as well as government agencies. Our operating platform is based on the principle of "clustering," with assets and operations located in key life science markets.

As of June 30, 2010:

- we had 161 properties approximating 12.7 million rentable square feet consisting of 156 properties approximating 11.8 million rentable square feet (including spaces undergoing active redevelopment) and five properties undergoing ground-up development approximating an additional 865,000 rentable square feet;

- our properties were located in leading life science markets, including: the San Diego and San Francisco Bay areas of California; Eastern Massachusetts; New Jersey/Suburban Philadelphia; New York City; the Southeast; Suburban Washington, D.C.; Seattle, Washington; and International;

- our properties were approximately 94.0% leased at an average annualized base rent per leased square foot of $31.10 (excludes spaces at properties totaling approximately 552,227 rentable square feet undergoing a permanent change in use to life science laboratory space through redevelopment, including the conversion of single-tenancy space to multi-tenancy space or multi-tenancy space to single-tenancy space);

- we had five projects under ground-up development for approximately 865,000 rentable square feet of life science space. In addition, our asset base contains strategically located ground-up development opportunities for approximately 11.4 million developable square feet of life science laboratory space and embedded opportunities for a future permanent change of use to life science laboratory space through redevelopment aggregating approximately 1.7 million rentable square feet;

- we had 427 leases with 350 tenants, with our largest single tenant, Novartis AG, accounting for 8.0% of our annualized base rent; and

- approximately 97% of our leases (on a rentable square footage basis) recover a majority of operating expenses, including approximately 89% triple net leases, requiring 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 8% requiring the tenants to pay a majority of operating expenses. Additionally, approximately

92% of our leases (on a rentable square footage basis) provided for the recapture of certain capital expenditures and approximately 94% of our leases (on a rentable square footage basis) contained effective annual rent escalations that were either fixed or indexed based on the consumer price index or another index.

Business strategy

We seek to maximize funds from operations ("FFO"), balance sheet liquidity and flexibility, and cash available for distribution to stockholders through the ownership, operation, management, selective redevelopment, development and acquisition of life science properties, as well as management of our balance sheet. In particular, we seek to maximize FFO, balance sheet liquidity and flexibility, and cash available for distribution by:

- maintaining a strong, liquid, and flexible balance sheet;
- maintaining strong and stable operating cash flows;
- re-tenanting and re-leasing space at higher rental rates while minimizing tenant improvement costs;
- maintaining solid occupancy while also maintaining high lease rental rates;
- realizing contractual rental rate escalations, which are currently provided for in approximately 94% of our leases (on a rentable square footage basis);
- implementing effective cost control measures, including negotiating pass-through provisions in tenant leases for operating expenses and certain capital expenditures;
- improving investment returns through leasing of vacant space and replacement of existing tenants with new tenants at higher rental rates;
- achieving higher rental rates from existing tenants as existing leases expire;
- selectively redeveloping existing office, warehouse, shell space, or newly acquired properties into generic laboratory space that can be leased at higher rental rates in our target life science cluster markets;
- selectively developing properties in our target life science cluster markets; and
- selectively selling properties, including land, to reduce outstanding debt.

We continue to demonstrate the strength and durability of our core operations providing life science laboratory space to the broad and diverse life science industry. Our core operating results were steady for the six months ended June 30, 2010. We intend to continue to focus on the completion of our existing active redevelopment projects aggregating approximately 552,227 rentable square feet and our existing active development projects aggregating approximately an additional 865,000 rentable square feet. Additionally, we intend to continue with preconstruction activities for certain land parcels for future ground-up/vertical aboveground development in order to preserve and create value for these projects. These important preconstruction activities add significant value to our land for future ground-up development and are required for the ultimate vertical construction of the buildings. We also intend to be very careful and prudent with any future decisions to add new projects to our active ground-up/vertical developments. Future ground-up/vertical development projects will likely require significant pre-leasing from high quality and/or creditworthy entities. We also intend to selectively acquire properties that we believe provide long-term value to our stockholders. Our strategy for acquisitions will focus on quality of the submarket locations, improvements, tenancy, and overall return. We believe the life science industry will remain keenly focused on adjacency locations to key innovative drivers in each major life science submarket. As such, we will also focus on adjacency locations which we expect will deliver high cash flows, stability, and returns as we work to deliver the highest value to our stockholders. We intend to continue to reduce debt as a percentage of our overall capital structure over a multi-year period. During this period, we may also extend and/or refinance certain debt maturities. We expect sources of funds for construction activities and repayment of outstanding debt to be provided over several years by opportunistic sales of real estate, joint ventures, cash flows from operations, new secured or unsecured debt, and the issuance of additional equity securities, as appropriate.

First half 2010 highlights

On July 29, 2010, we announced financial and operating results for the three and six months ended June 30, 2010.

For the three months ended June 30, 2010, we:

- executed 35 leases for approximately 551,000 rentable square feet;
- reported GAAP rental rate increase of 5.1% on renewed/released space;
- reported occupancy at 94.0%;
- repaid two secured loans aggregating approximately $22 million;
- completed an exchange offer of approximately $232.7 million of our 8.00% unsecured convertible notes representing approximately 97% of the total 8.00% unsecured convertible notes outstanding prior to the exchange offer;
- executed a 10-year lease with Bayer AG for 49,000 rentable square feet at the Alexandria Center for Science and Technology at Mission Bay; and
- obtained final zoning approval for the Alexandria Center at Kendall Square located in East Cambridge, Massachusetts, an 11.3-acre life science development consisting of 1.7 million square feet of life science laboratory spaces.

For the six months ended June 30, 2010, we:

- executed 75 leases for approximately 1,031,000 rentable square feet, including approximately 189,000 rentable square feet of redevelopment and development space;
- reported GAAP rental rate increase of 4.2% on renewed/released space;
- completed ground-up development of one property in Seattle, Washington aggregating approximately 115,000 rentable square feet pursuant to a 10-year lease with Gilead Sciences Inc.;
- sold one property aggregating approximately 71,000 rentable square feet previously classified as "held for sale;"
- repaid four secured loans aggregating approximately $33 million; and

received LEED® Silver Certifications for two buildings in San Francisco Bay market.

Recent developments

In the third quarter of 2010, we exercised our option to extend the maturity date of our $1.15 billion unsecured line of credit from October 29, 2010 to October 29, 2011. We expect to pay the required extension fee of $1.7 million prior to October 29, 2010, the original maturity date. We are currently reviewing a proposal for the amendment and extension of our unsecured line of credit for a commitment equal to or approximating the commitment of $1.15 billion on our existing unsecured line of credit. We currently anticipate closing this transaction near the end of the fourth quarter of 2010.

In July 2010, we repurchased, in a privately negotiated transaction, $7.1 million principal amount of our 8% unsecured convertible notes for an aggregate cash price of approximately $12.8 million. We recognized a loss on early extinguishment of debt related to the repurchase in the third quarter of 2010 of approximately $1.3 million.

We executed leases aggregating over 570,000 rentable square feet in the third quarter of 2010 and 1.6 million rentable square feet year to date 2010. In the third quarter of 2010, we executed a lease for 100% of a 90,000 rentable square foot ground-up development project in Research Triangle Park, North Carolina on land we currently own. We anticipate funding approximately $13 million for this project. Construction design and budgeting commenced in the third quarter of 2010 and vertical construction is currently expected to begin in the fourth quarter of 2010.

In June 2010, the Cambridge Planning Board granted final zoning approval for our life science development known as Alexandria Center at Kendall Square. The project is an 11.3 acre development that will consist of approximately 1.7 million rentable square feet of life science space for the East Cambridge community. Located in the heart of the renowned Kendall Square innovation district, tenants for this project will enjoy convenient access to leading research and academic institutions, including Massachusetts Institute of Technology ("MIT"), Whitehead Institute for BioMedical Research, the Broad Institute, and Harvard University. With its crucial adjacency location near the Kendall Square T Station and the MIT campus, the project is positioned to be the epicenter of Cambridge's life science industry. Design, drawings, budgeting, and other preconstruction activities, including funding costs related to these important preconstruction activities, are ongoing. We currently anticipate initiating construction of the first building to this project upon lease up to what we expect will be a high quality tenant.

On August 9, 2010, we announced that we had entered into a definitive agreement to acquire three life science properties and other selected assets and interests of privately-held Verallliance Properties, Inc. ("Veralliance"), including continuing services from Veralliance Founder and President, Daniel Ryan and other key management and operational personnel. Veralliance is a San Diego-based corporate real estate solutions company focused on the acquisition, development, and management of office and life science assets in Southern California. The transaction is expected to be completed in the fourth quarter of 2010. The three life science properties, located in San Diego, California, contain an aggregate 161,000 rentable square feet and are expected to be purchased for an aggregate purchase price of approximately $50 million and consisted of approximately $35.2 million in cash and our assumption of two secured loans aggregating approximately $14.8 million. We completed the acquisition of one of these properties and expect to complete the acquisition of the other two properties in October 2010.

In September 2010, we purchased a life science property with approximately 48,500 rentable square feet in the Suburban Washington, D.C. market. The total purchase price was approximately $12.5 million and consisted of approximately $6.2 million in cash and our assumption of a secured loan of approximately $6.3 million. This property is fully leased to a high quality credit life science entity.

We recently executed a definitive agreement to acquire one life science property and are currently negotiating terms and conditions regarding the potential acquisition of another life science property. These properties are located in two of our life science submarkets. Each property is fully occupied by a leading life science entity and the properties contain an aggregate of approximately 387,000 rentable square feet. The aggregate purchase price for both acquisitions is expected to be approximately $156 million. Because we are currently in negotiations with respect to one acquisition, and the other acquisition is subject to various closing conditions, there can be no assurance that we will complete either acquisition within the time period currently anticipated or at all.

RISK FACTORS

An investment in our common stock involves risks. New risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial performance. You should carefully consider the risks referred to in the section of the accompanying prospectus entitled "Forward-Looking Statements," as well as the risks identified in this prospectus supplement and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010, which are incorporated herein by reference.

Changes in laws, regulations, and financial accounting standards may adversely affect our reported results of operations.

As a response in large part to perceived abuses and deficiencies in current regulation believed to have caused or exacerbated the recent global financial crisis, legislative, regulatory, and accounting standard-setting bodies around the world are engaged in an intensive, wide-ranging examination and re-writing of the laws, regulations, and accounting standards that have constituted the basic playing field of global and domestic business for several decades. In many jurisdictions, including the United States, the legislative and regulatory response has included the extensive reorganization of existing regulatory and rulemaking agencies and organizations, and the establishment of new agencies with broad, interest powers. This reorganization has disturbed long-standing regulatory and industry relationships and established procedures.

The rulemaking and administrative efforts have focused principally on the areas perceived as contributing to the financial crisis, including banking, investment banking, securities regulation, and real estate finance with spillover impacts into many other areas. These initiatives have created a degree of uncertainty regarding the basic rules governing the real estate industry and many other businesses that is unprecedented in the United States at least since the wave of lawmaking, regulatory reform, and governmental reorganization that followed in the wake of the Great Depression.

The global financial crisis and the aggressive governmental and accounting profession reaction thereto occurs against a backdrop of increasing globalization and internationalization of financial and securities regulation that began prior to the financial crisis. As a result of this ongoing trend, financial and investment activities previously regulated almost exclusively at a local or national level are increasingly regulated, or at least coordinated, on an international basis, with national rulemaking and standard setting groups relinquishing varying degrees of local and national control to achieve more uniform regulation and reduce the ability of market participants to engage in regulatory arbitrage between jurisdictions. This globalization and internationalization trend has continued, arguably with an increased sense of urgency and importance, during the financial crisis.

This high degree of regulatory uncertainty, coupled with considerable additional uncertainty regarding the underlying condition and prospects of global, domestic, and local economies, has created a business environment characterized by an unusually pronounced lack of "visibility" that makes business planning and projections even more uncertain than is ordinarily the case for businesses in the financial and real estate sectors.

In the commercial real estate sector in which we operate, the uncertainties posed by various initiatives of accounting standard-setting authorities to rewrite in fundamental respects major bodies of accounting literature constitute a significant source of uncertainty as to the basic rules of business engagement. Changes in accounting standards and requirements, including the potential requirement that United States public companies prepare financial statements in accordance with international standards, and the adoption of accounting standards likely to require the increased use of "fair value" measures, may have a significant effect on our financial results and on the results of our tenants, which would have a secondary impact upon us. New accounting pronouncements and interpretations of existing pronouncements are likely to continue to occur at an accelerated pace as a result of recent

Congressional and regulatory actions and continuing efforts by the accounting profession itself to reform and modernize its principles and procedures.

Although we have not been as directly affected by the wave of new legislation and regulation as banks and investment banks, we may also be adversely affected by new or amended laws or regulations, changes in federal, state or foreign tax laws and regulations, and by changes in the interpretation or enforcement of existing laws and regulations. In the United States, the financial crisis and continuing economic slowdown has already prompted a list of legislative, regulatory, and accounting profession responses, including the adoption in 2009 by the Financial Accounting Standards Board ("FASB"), of accounting literature which changed in fundamental respects the accounting rules governing sales of financial assets and consolidation of certain entities that have severely curtailed the ability of entities to recognize gain on the sale or securitization of financial assets.

The federal legislative response has culminated most recently in the enactment on July 21, 2010 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"). The Dodd-Frank Act contains far-reaching provisions that substantially revise, or provide for the revision of, long-standing, fundamental rules governing the banking and investment banking industries, and provide for the broad restructuring of the regulatory authorities in these areas. The Dodd-Frank Act is expected to result in profound changes in the ground rules for financial business activities in the U.S.

To a large degree, the impacts of the legislative, regulatory, and accounting reforms to date are still not clear. Many of the provisions of the Dodd-Frank Act have extended implementation periods and delayed effective dates and will require extensive rulemaking by regulatory authorities. While we do not currently expect the Dodd-Frank Act to have a significant direct effect on us, the Dodd-Frank Act's impact on us may not be known for an extended period of time. The Dodd-Frank Act, including future rules implementing its provisions and the interpretation of those rules, along with other legislative and regulatory proposals directed at the financial or real estate industries or affecting taxation that are proposed or pending in the United States Congress, may limit our revenues, impose fees or taxes on us, and/or intensify the regulatory framework in which we operate in ways that are not currently identifiable. The Dodd-Frank Act is also expected to result in substantial changes and dislocations in the banking industry and the financial services sector in ways, for example, that could have significant consequences on the availability and pricing of unsecured credit, commercial mortgage credit, and derivatives, such as interest rate swaps, that are important aspects of our business. Accordingly, new laws, regulations, and accounting standards, as well as changes to, or new interpretations of, currently accepted accounting practices in the real estate industry, may adversely affect our financial results.

Changes in the system for establishing United States accounting standards may result in adverse fluctuations in our asset and liability values and earnings, and materially and adversely affect our reported results of operations.

Accounting for public companies in the United States has historically been conducted in accordance with GAAP. GAAP is established by the FASB, an independent body whose standards are recognized by the SEC as authoritative for publicly held companies. The International Accounting Standards Board ("IASB") is a London-based independent board established in 2001 and charged with the development of International Financial Reporting Standards ("IFRS"). IFRS generally reflects accounting practices that prevail in Europe and in developed nations around the world.

IFRS differs in material respects from GAAP. Among other things, IFRS has historically relied more on "fair value" models of accounting for assets and liabilities than GAAP. "Fair value" models are based on periodic revaluation of assets and liabilities, often resulting in fluctuations in such values as compared to GAAP, which relies more frequently on historical cost as the basis for asset and liability valuation.

The SEC has proposed the mandatory adoption of IFRS by United States public companies starting in 2015, with early adoption permitted before that date. It is unclear at this time how the SEC will propose that GAAP and IFRS be harmonized if the proposed change is adopted. In addition, switching to a new method of accounting and adopting IFRS will be a complex undertaking. We may need to develop new systems and controls based on the principles of IFRS. Since these are new endeavors, and the precise requirements of the pronouncements ultimately adopted are not now known, the magnitude of costs associated with this conversion are uncertain.

We are currently evaluating the impact of the adoption of IFRS on our financial position and results of operations. Such evaluation cannot be completed, however, without more clarity regarding the specific IFRS standards that will be adopted. Until there is more certainty with respect to the IFRS standards to be adopted, prospective investors should consider that our conversion to IFRS could have a material adverse impact on our reported results of operations.

Changes in financial accounting standards governing leases and investment properties may cause adverse unexpected fluctuations in our income and asset valuations, which could impact our compliance with debt covenants and adversely affect our reported results of operations.

In August 2010, a joint committee of the FASB and the IASB issued an exposure draft on a new standard for lease accounting by both lessors and lessees. With respect to accounting by lessors, the exposure draft reflects the FASB's and the IASB's tentative conclusion to adopt one of two accounting models with respect to operating leases, which comprise substantially our entire lease portfolio. A lessor that retains exposure to significant risks or benefits associated with the underlying asset would apply a "performance obligation" approach; otherwise, the lessor would apply the "derecognition" approach. For substantially our entire lease portfolio, we anticipate applying the "performance obligation" approach.

Under this approach, the underlying leased real estate asset remains on the balance sheet of the lessor and a separate liability for the performance obligation of the lessor that is, the obligation to make the property available to the lessee and related obligations would be recorded. In addition, the lessor would recognize an additional asset representing its right to receive rental payments, which would be subsequently measured at amortized cost using the effective interest method which would replace the current straight-line recognition of lease revenue. If the guidance is issued in its current form, we would expect our assets and liabilities to increase substantially relative to the current presentation. Additionally, income on leases previously accounted for as operating leases would be front-end loaded as compared to the existing accounting requirements. Accordingly, the new guidance, if adopted as proposed, may impact key financial metrics, including those which serve or may serve as covenants for our unsecured line of credit and unsecured term loan or any replacement facility.

The FASB, under a separate but related project, is considering requiring investment properties to be reported at fair value at the end of each quarterly reporting period. Under this proposed guidance, lessors with investment properties would not be subject to the proposed FASB/IASB lease accounting guidance described above with respect to their investment properties. If we are required to fair value our investment properties quarterly, we may experience significant fluctuations in our results of operations from one reporting period to the next.

The new lease and investment property guidance is expected to be finalized in the second quarter of 2011, with an effective date no earlier than 2013. We are currently evaluating the impact of the adoption of the proposed lease accounting standard and the anticipated investment property standard on our financial position and results of operations. Such evaluation cannot be completed, however, without more clarity regarding the specific standard that will be adopted. Until there is more certainty with respect to the standards to be adopted, prospective investors should consider that the proposed and anticipated standard could have a material adverse impact on our reported results of operation.

Changes in laws, regulations, and financial accounting standards applicable to our tenants may materially affect the terms of our leases and demand for our properties, and thereby cause adverse unexpected fluctuations in income and adversely affect our reported results of operations.

The lease accounting exposure draft issued by the FASB and the IASB would generally require our tenants to establish an asset on their balance sheet representing the right to occupy and use the leased property and an offsetting liability representing the tenant's lease payment obligation. For many life science companies whose intellectual property and other assets do not carry high balance sheet values, the cost of the tenant's premises constitutes one of the tenant's most significant financial attributes, and the new requirement to record an asset and a liability reflecting the right to use and the payment obligation with respect to a leased property as balance sheet entries could have a significant impact on the structuring of new and renewal leases in the future.

For example, all other things being equal, lessees may negotiate for shorter-term leases or other features that would result in relatively lower recognition of balance sheet asset and liability related to leases. Moreover, some lessees who decided to lease rather than purchase their premises to avoid recording the value of the property as an asset and the amount of an associated mortgage as a liability may in the future purchase rather than lease their premises if the standard is adopted as proposed.

Non-accounting legal developments affecting a significant portion of our tenant base could also have unforeseen, and potentially materially adverse, impacts on our business and results of operations. For example, changes in tax rules regarding the treatment of research and development costs, and governmental incentives to life science companies to locate in particular geographic markets in the United States or in foreign jurisdictions, could systematically impact our tenants' siting decisions in favor of markets in the United States or in foreign jurisdictions in which we do not have a significant presence.

We are currently evaluating the impact of the adoption of the proposed lease accounting standard on our tenants' financial position and results of operations, as well as the likely impact of the standard on the lease preferences of our tenants. Such evaluation cannot be completed, however, without more clarity regarding the specific standard that will be adopted. Until there is more certainty with respect to the standard to be adopted and the impact thereof on our tenants, prospective investors should consider that the imposition of the lease accounting standard on our tenants could ultimately have a material adverse impact on our reported results of operations.

ALEXANDRIA REAL ESTATE EQUITIES, INC.

General

We are a Maryland corporation formed in October 1994 that has elected to be taxed as a REIT for federal income tax purposes. We are the largest owner and preeminent REIT focused principally on cluster development through the ownership, operation, management, selective redevelopment, development, and acquisition of properties containing life science laboratory space. We are the leading provider of high-quality, environmentally sustainable real estate, technical infrastructure, and services to the broad and diverse life science industry. Client tenants include institutional (universities and independent not-for-profit institutions), pharmaceutical, biotechnology, medical device, product, service, and translational entities, as well as government agencies. Our operating platform is based on the principle of "clustering," with assets and operations located in key life science markets. As of June 30, 2010, we had 161 properties approximating 12.7 million rentable square feet consisting of 156 properties approximating 11.8 million rentable square feet (including spaces undergoing active redevelopment) and five properties undergoing ground-up development approximating an additional 865,000 rentable square feet. As of that date, our properties were approximately 94.0% leased, excluding spaces at properties undergoing a permanent change in use to life science laboratory space through redevelopment, including the conversion of single-tenancy space to multi-tenancy space or multi-tenancy space to single-tenancy space.

Business and Strategy

We focus our property operations and investment activities principally in the following life science markets:

- California San Diego;
- California San Francisco Bay;
- Eastern Massachusetts;
- New Jersey/Suburban Philadelphia;
- New York City;
- Southeast;
- Suburban Washington, D.C.;
- Washington Seattle; and
- International.

Each of these areas is an important market for the life science industry. To facilitate research and development, technology transfer, and recruitment of scientific professionals, life science industry companies generally cluster near major scientific research institutions, universities, and government agencies, all of which drive demand for life science properties suitable for such tenants. As a result, we focus our operations and acquisition activities principally in a limited number of target markets where we believe life science industry tenants tend to cluster.

The multibillion dollar life science industry comprises thousands of public and private companies and scientific research institutions engaged principally in the research, development, testing, manufacture, sale, and regulation of pharmaceuticals, medical devices, laboratory instrumentation, and other related applications. Properties leased to tenants in the life science industry typically consist of buildings containing scientific research and development laboratories and other improvements that are generic to tenants operating in the life science industry. Unlike traditional office space, the location of and improvements to life science properties are generally considered essential to a tenant's business. We believe that as a result of these factors, occupancy levels in life science properties within our target

life science markets generally have been higher, and tenant turnover has been lower, than in traditional office properties. Our average occupancy at December 31 of each year from 1997 to 2009 and June 30, 2010 was approximately 95.2%, excluding properties undergoing redevelopment.

We are led by a senior management team with extensive experience in both the real estate and life science industries and are supported by a highly experienced board of directors. Our management team includes Joel S. Marcus, who has served as Chairman of the Board of Directors since May 2007, Chief Executive Officer since March 1997, President since February 2009, and a director since the Company's inception in 1994 and has over 37 years of experience in the real estate and life science industries, as well as significant capital markets experience; Dean A. Shigenaga, who has served as Treasurer since March 2008, Senior Vice President since April 2007, and Chief Financial Officer since December 2004 and has over 17 years of experience in finance, accounting, treasury management, and real estate; Peter M. Moglia, who has served as Chief Investment Officer since January 2009 and in a number of other capacities with the Company since April 1998 and has over 19 years of experience in the real estate industry primarily in underwriting and financial analyses, structuring, and executing transactions, leasing, and asset management; Thomas J. Andrews, our Senior Vice President and Regional Market Director Massachusetts, who has over 21 years of experience in the development, management, and leasing of life science space in Massachusetts and leads our acquisition, development, leasing, and management activities in the New England region; and Stephen A. Richardson, our Senior Vice President and Regional Market Director San Francisco Bay, who has over 27 years of experience in the real estate industry and has specialized for much of his career in the acquisition, management, and leasing of life science properties and is responsible for our San Francisco Bay area life science real estate asset base including the Alexandria Center for Science and Technology at Mission Bay. Our team also includes James H. Richardson, our former President and current Director and long-term consultant to the Company. Mr. Richardson has over 27 years of experience in the real estate industry, and has specialized for much of his career in the acquisition, management, and leasing of life science properties. Additionally, our team includes Peter J. Nelson, our former chief financial officer, who is also an active long-term consultant to the Company. Mr. Nelson has over 27 years of experience in finance, accounting, real estate asset management, and leasing. Each of our regional offices are fully integrated into our overall business and led by regional market directors and support personnel.

We seek to maximize FFO, balance sheet liquidity and flexibility, and cash available for distribution to stockholders through the ownership, operation, management, selective redevelopment, development and acquisition of life science properties, as well as management of our balance sheet. In particular, we seek to maximize FFO, balance sheet liquidity and flexibility, and cash available for distribution by:

- maintaining a strong, liquid, and flexible balance sheet;
- maintaining strong and stable operating cash flows;
- re-tenanting and re-leasing space at higher rental rates while minimizing tenant improvement costs;
- maintaining solid occupancy while also maintaining high lease rental rates;
- realizing contractual rental rate escalations, which are currently provided for in approximately 94% of our leases (on a rentable square footage basis);
- implementing effective cost control measures, including negotiating pass-through provisions in tenant leases for operating expenses and certain capital expenditures;
- improving investment returns through leasing of vacant space and replacement of existing tenants with new tenants at higher rental rates;
- achieving higher rental rates from existing tenants as existing leases expire;

- selectively redeveloping existing office, warehouse, shell space, or newly acquired properties into generic laboratory space that can be leased at higher rental rates in our target life science cluster markets;

- selectively developing properties in our target life science cluster markets; and

- selectively selling properties, including land, to reduce outstanding debt.

Value-Added Activities

A key component of our business is our value-added redevelopment and development programs. These programs are focused on providing high quality generic life science space to meet the real estate requirements of various life science industry tenants. Redevelopment projects consist of the permanent change in use of office, warehouse and shell space into generic life science space, including the conversion of single tenancy space to multi tenancy spaces. Development projects consist of the ground-up development of generic life science facilities. Preconstruction projects include significant value added projects undergoing important and substantial activities to bring these assets to their intended use. These critical activities add significant value for future ground-up development (which are projected to yield substantial revenues and cash flows) and are required for the ultimate vertical construction of buildings. Amounts are classified as construction in progress as required under GAAP while construction activities are ongoing to bring the asset to its intended use. When construction activities cease, the asset is transferred out of construction in progress and classified as rental properties, net or land held for future development.

Land held for future development includes certain land parcels with improvements to the land, including, grading, piles, foundations, and other land improvements. Future redevelopment represents properties containing non-laboratory uses (office, industrial, or warehouse) for future conversion to life science laboratory space.

A key strategy for our value-added activities will include generation of significant cash flows through the ground-up development or redevelopment of life science properties and the lease or sale of land parcels.

The following table summarizes the components of our total value-added square footage as of June 30, 2010:

	Square Footage								
	Construction in Progress ("CIP")								
Markets	**Redevelop- ment**	**Development**	**Pre- construction**	**New Markets and Other Projects(1)**	**Total CIP**	**Investment in Unconsolidated Real Estate Entity**	**Land**	**Future Redevelop- ment**	**Total Value- Added Square Footage**
California San Diego	157,854	-	-	-	157,854	-	443,000	178,000	778,854
California San Francisco Bay/ Mission Bay	-	263,000	2,030,000	-	2,293,000	-	290,000	-	2,583,000
California San Francisco Bay/ So. San Francisco	-	292,000	144,000	-	436,000	-	1,051,000	25,000	1,512,000
Eastern Massachusetts	240,660	-	1,669,000	-	1,909,660	428,000	225,000	522,000	3,084,660
Suburban Washington, D.C.	153,713	-	-	-	153,713	-	952,000	390,000	1,495,713
Washington Seattle	-	-	248,000	-	248,000	-	1,049,000	318,000	1,615,000
International and Other	-	310,000	260,000	1,091,000	1,661,000	-	1,568,000	222,000	3,451,000
Total	552,227	865,000	4,351,000	1,091,000	6,859,227	428,000(2)	5,578,000(3)	1,655,000(4)	14,520,227