ALEXANDRIA REAL ESTATE EQUITIES INC
Form 424B5
September 21, 2007

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price**	**Amount of Registration Fee(1)**
Common Stock	$220,800,000	$6,778.56

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933. The total registration fee due for this offering is $6,778.56.

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-133496

PROSPECTUS SUPPLEMENT
(To Prospectus Dated April 24, 2006)

2,000,000 Shares

Alexandria Real Estate Equities, Inc.

Common Stock

We are selling 2,000,000 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 19, 2007, the last reported sale price of our common stock on the New York Stock Exchange was $99.89 per share.

Investing in our common stock involves risks. See Risk Factors on page S-4.

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.

	Per Share	Total
Public offering price	$96.00	$192,000,000
Underwriting discount	$1.85	$3,700,000
Proceeds, before expenses, to us	$94.15	$188,300,000

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 300,000 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.

The underwriters expect that the shares of our common stock will be ready for delivery on or about September 25, 2007.

Citi **Merrill Lynch & Co.**

September 19, 2007

TABLE OF CONTENTS

Prospectus Supplement

	Page
Forward-looking Statements	ii
Summary	S-1
Risk Factors	S-4
Alexandria Real Estate Equities, Inc.	S-4
Properties	S-10
Use of Proceeds	S-15
Capitalization	S-16
Selected Financial Data	S-17
Underwriting	S-19
Federal Income Tax Considerations	S-24
Legal Matters	S-24
Experts	S-24

Prospectus

About this Prospectus	i
Where You Can Find More Information	1
Alexandria Real Estate Equities, Inc.	3
Securities That We May Offer	4
Use of Proceeds	4
Description of Stock	5
Description of Warrants	11
Description of Debt Securities	12
Description of Global Securities	18
Provisions of Maryland Law and of Our Charter and Bylaws	20
Federal Income Tax Considerations	25
Legal Matters	37
Experts	37
Forward-Looking Statements	37

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, 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, i 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 such forward-looking statements, including, but not limited to, our lack of industry diversification, our dependence on tenants in the life science industry, our rapid growth, our lack of geographic diversification and other considerations related to real estate financing, acquisition, redevelopment and development. 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 the accompanying prospectus 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, 2006. 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. Unless otherwise indicated, the information in this prospectus supplement is as of June 30, 2007 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 real estate investment trust, or REIT, focused principally on the ownership, operation, management, selective redevelopment, development and acquisition of life sciences properties. Our properties are designed and improved for lease primarily to institutional (universities and independent not-for-profit institutions), pharmaceutical, biotechnology, medical device, life science product, service, biodefense and translational medicine entities, as well as related governmental agencies. Our 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.

As of June 30, 2007:

- we had 155 properties (151 properties located in nine life science markets in the United States and four properties located in Canada), with approximately 10.8 million rentable square feet of office/laboratory space;

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

- our properties, excluding spaces at properties totaling 812,785 square feet undergoing a permanent change in use to office/laboratory space through redevelopment, were approximately 93.3% leased at an average annualized base rent per leased square foot of $29.47, with a portion of the vacant space at our properties being office or warehouse space;

- we had four parcels of land under development for approximately 1.2 million rentable square feet of office/laboratory space. In addition, our asset base contains strategically located ground-up development opportunities for approximately 6.8 million developable square feet of office/laboratory space and imbedded opportunities for a future permanent change of use to office/laboratory space through redevelopment aggregating approximately 1.5 million rentable square feet;

- we had 359 leases with 299 tenants, with our largest single tenant, Novartis AG, accounting for 8.1% of our annualized base rent; and

- approximately 89% of our leases (on a square footage basis) were triple net leases, requiring tenants to pay substantially all real estate taxes and insurance, common area and other operating expenses (including increases thereto) in addition to base rent, and, in addition to our triple net leases, approximately 4% of our leases (on a square footage basis) required the tenants to pay a majority of operating expenses. Additionally, approximately 91% of our leases (on a square footage basis) provided for the recapture of certain capital expenditures and

approximately 93% of our leases (on a square footage basis) contained effective annual rent escalations that are either fixed or indexed based on the consumer price index or another index.

Business Strategy

We seek to maximize growth in FFO 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 increase FFO and cash available for distribution by:

- redeveloping existing office, warehouse or 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;

- acquiring high quality life science properties in our target life science cluster markets at prices that enable us to realize attractive returns;

- retenanting and re-leasing space at higher rental rates while minimizing tenant improvement costs;

- realizing contractual rental rate escalations, which are currently provided for in approximately 93% of our leases (on a square footage basis);

- implementing effective cost control measures, including negotiating pass-through provisions in tenant leases for operating expenses and certain capital expenditures; and

- maintaining a strong and flexible balance sheet.

Recent Developments

Developments

In January 2007, we announced the execution of a long-term ground lease with the New York City Health and Hospitals Corporation. This ground lease enables us to develop the East River Science Park in New York City. We have commenced construction of two buildings totaling approximately 725,000 rentable square feet. The East River Science Park is intended to create a robust life science cluster in New York City. This development will capitalize on its proximity to the city's other top academic medical research institutions and major hospitals. These pre-eminent institutions include Columbia University, Memorial Sloan-Kettering Cancer Center, The Mount Sinai Hospital, Rockefeller University, Weill Medical College of Cornell University, as well as a myriad of independent research institutions, world renowned scientists and medical professionals.

In May 2007, we announced that we were selected by the Scottish Development International/Scottish Enterprise as the development partner for the newly branded Edinburgh BioQuarter. We have begun planning for the first building totaling approximately 80,000 rentable square feet and have exclusive rights to develop a top cluster for a broad spectrum of life science entities. Planning permission has already been granted for approximately 1.4 million square feet of academic, institutional and commercial life science space. We anticipate completion of our due diligence and closing in the fourth quarter.

In the second quarter we announced our first development project in China totaling approximately 275,000 rentable square feet. Our current estimate is to begin construction in the near future.

In July 2007, we announced that we were selected by MaRS as the development partner for a new building in the city's biomedical corridor in the Discovery District of Toronto. The planned class A high rise building will add up to approximately 900,000 square feet of office, laboratory, technology and related space to the existing MaRS infrastructure. The planned building will be adjacent to the seat of provincial government, cultural and financial districts, and academic and clinical research institutions. Construction will begin in the near future.

Financing

In May 2007, we entered into an amendment to our amended and restated credit agreement to increase the maximum permitted borrowings under our unsecured credit facilities from $1.4 billion to $1.9 billion consisting of a $1.15 billion unsecured line of credit and a $750 million unsecured term loan. We may in the future elect to increase commitments under the unsecured credit facilities by up to an additional $500 million.

RISK FACTORS

An investment in our common stock involves risks. You should carefully consider the risks referred to in the section of our base prospectus entitled Forward Looking Statements, as well as the risks identified in this prospectus supplement and in our most recently filed Annual Report on Form 10-K and our most recently filed Quarterly Reports on Form 10-Q, which are incorporated herein by reference.

Financing our future growth plan or refinancing existing debt maturities could be impacted by negative capital market conditions.

Recently, domestic financial markets have experienced unusual volatility and uncertainty. While this condition has occurred most visibly within the subprime mortgage lending sector of the credit market, liquidity has tightened in overall domestic financial markets, including the investment grade debt and equity capital markets. Consequently, there is greater uncertainty regarding our ability to access the credit market in order to attract financing on reasonable terms. Our ability to finance our pending or new acquisitions as well as our ability to refinance debt maturities could be adversely affected by our inability to secure permanent financing on reasonable terms, if at all.

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 U.S. federal income tax purposes. We are engaged principally in the ownership, operation, management, selective redevelopment, development and acquisition of life sciences properties. Our properties are designed and improved for lease primarily to institutional (universities and independent not-for-profit institutions), pharmaceutical, biotechnology, medical device, life science product, service, biodefense and translational medicine entities, as well as governmental agencies. Our 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.

We have achieved significant growth since the completion of our initial public offering (IPO) on May 27, 1997. From June 30, 1997 through June 30, 2007, we have achieved the following:

- an increase in our properties from 15 properties with approximately 1.4 million rentable square feet of space to 155 properties with approximately 10.8 million rentable square feet of space;
- a 32.2% compound annual growth rate in total assets, from $230 million to $3.8 billion;
- a 32.5% compound annual growth rate in total market capitalization, from $305 million to $5.2 billion;
- a 23.2% compound annual growth rate in FFO, from $5.5 million for the three months ended September 30, 1997 to $41.6 million for the three months ended June 30, 2007; and
- From our initial public offering (May 27, 1997) through June 30, 2007, we also have achieved a 22.3% compound annual investment return (assumes reinvestment of dividends).

Business and Growth Strategy

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

- California Los Angeles Metro;
- California San Diego;

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

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 governmental 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 some of the most stable and growing segments of the U.S. economy and includes 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.

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, our Chief Executive Officer, who has over 33 years of experience in the real estate and life science industries, as well as significant capital markets experience; James H. Richardson, our President, who has over 23 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 Dean A. Shigenaga, our Chief Financial Officer, who has over 13 years of experience in finance, accounting and real estate.

We believe that we have achieved favorable returns on our life science properties as a result of:

- the continued demand by tenants for life science properties;
- the constrained supply and lack of speculative development of life science properties due, in part, to the expertise generally required to develop and manage this property type and the high barriers to entry into the life science markets;
- the highly fragmented and inefficient market for ownership of life science properties;
- our adherence to strict evaluation criteria and due diligence reviews when assessing prospective properties and tenants; and
- our knowledge and understanding of both the life science industry and its tenants and the real estate industry.

s-5

Additionally, we believe that the personal and business relationships that our management team and members of our board of directors have developed over time within the real estate and life science industries have contributed significantly to our ability to identify and consummate favorable acquisitions, redevelopments and developments, and to lease space to targeted high quality life science industry tenants. We believe that we are the pre-eminent real estate investment trust focused primarily on the ownership, operation, management, selective redevelopment, development and acquisition of properties for the life sciences industry.

We seek to maximize growth in FFO 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 increase FFO and cash available for distribution by:

- redeveloping existing office, warehouse or 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;

- acquiring high quality life science properties in our target life science cluster markets at prices that enable us to realize attractive returns;

- retenanting and re-leasing space at higher rental rates while minimizing tenant improvement costs;

- realizing contractual rental rate escalations, which are currently provided for in approximately 93% of our leases (on a square footage basis);

- implementing effective cost control measures, including negotiating pass-through provisions in tenant leases for operating expenses and certain capital expenditures; and

- maintaining a strong and flexible balance sheet.

We seek to achieve a significant component of our growth primarily from internal growth through selective redevelopment and development, favorable lease terms and successful leasing activity. In addition, our internal growth strategy is supplemented with external growth through selective acquisition of properties in our target life science cluster markets.

Internal Growth

We seek to achieve internal growth from several sources. For example, we seek to:

- redevelop existing and/or newly acquired space to higher rent, generic laboratory space;

- develop office/laboratory properties;

- improve investment returns through leasing of vacant space and replacement of existing tenants with new tenants at higher rental rates;

- include rental rate escalation provisions in our leases;

- implement effective cost control measures, including negotiating pass-through provisions in tenant leases for operating expenses and certain capital expenditures; and

- achieve higher rental rates from existing tenants as existing leases expire.

Our ability to negotiate contractual rent escalations in future leases and to achieve increases in rental rates will depend upon market conditions and the demand for life science properties at the time the leases are negotiated and the increases are proposed.

Redevelopment

We seek to enhance our growth by redeveloping existing office, warehouse or shell space as generic laboratory space that can be leased at higher rates. As of June 30, 2007, we had approximately 812,785 rentable square feet undergoing redevelopment at 15 properties. A summary of our square footage undergoing redevelopment as of June 30, 2007, is listed in the table below:

Summary of Square Footage Undergoing Redevelopment

Markets/Submarkets	Placed in Redevelopment	Estimated In-Service Dates	Estimated Investment Per Square Foot	Square Footage Undergoing Redevelopment/ Total Property	Status
California Los Angeles Metro	2006	2008	$ 80-100	29,660/29,660	Construction
California San Diego/Torrey Pines(1)	2004	2009	$ 100-120	87,140/87,140	Redesign/Construction (Entitlements Recently Completed)
California San Diego/Torrey Pines	2006	2009	$ 80-100	43,600/43,600	Redesign
California San Diego/Sorrento	2006	2008	$ 70-80	30,147/30,147	Redesign/Demolition
California San Diego/Torrey Pines	2007	2009	$ 80-100	86,962/86,962	Redesign
California San Francisco Bay/Peninsula	2007	2008	$ 80-100	30,238/82,712	Construction
Eastern Massachusetts/Cambridge	2007	2009	$ 70-80	113,045/113,045	Redesign
Eastern Massachusetts/Cambridge	2006	2008	$ 120-175	155,090/155,090	Construction
Eastern Massachusetts/Suburban	2006	2008	$ 100-120	13,674/82,330	Construction
International Canada	2007	2008	$ 140-160	46,032/46,032	Entitlements/Redesign
Southeast/Florida	2006	2008	$ 80-100	45,841/45,841	Construction
Southeast/Research Triangle Park	2007	2008	$ 100-120	16,393/77,395	Design
Suburban Washington DC/Shady Grove	2007	2008	$ 70-80	10,170/60,495	Construction
Suburban Washington DC/Shady Grove	2007	2009	$ 70-80	69,366/125,004	Redesign/Construction
Washington Seattle/First Hill	2006	2007	$ 70-80	35,427/164,345	Construction
				812,785/1,229,798	

(1) This project also includes site work and a multi-story below and above ground parking structure to support both the existing building undergoing redevelopment (for which entitlements have just been received) and an additional building targeted for development in the future.

In addition to properties undergoing redevelopment, as of June 30, 2007, our asset base contained imbedded opportunities for a future permanent change of use to office/laboratory space through redevelopment aggregating approximately 1.5 million rentable square feet.

Development

We seek to acquire strategic land parcels in key life science markets to enhance our growth through ground-up development projects. Our development strategy is primarily to pursue selective projects where we expect to achieve investment returns that will equal or exceed our returns on acquisitions. We generally have undertaken ground-up development projects only if our investment in infrastructure will be substantially made for generic, rather than tenant specific, improvements. As of June 30, 2007, we had four parcels of land undergoing development for approximately 1.2 million rentable square feet of office/laboratory space. A summary of our properties undergoing ground-up development as of June 30, 2007, is listed in the table below:

Summary of Properties Undergoing Ground-Up Development

Markets/Submarkets	Building Descriptions	Construction Start Dates	Estimated In Service Dates	Estimated Investment Per Square Foot(1)	Rentable Square Footage	Status
California San Francisco Bay/ Mission Bay	One Multi-tenant Bldg.	2005	2007	$ 300-350	154,000	Construction
California San Francisco Bay/ So. San Francisco	Two Bldgs, Single or Multi-tenant	2006	2009	$ 300-350	162,000	Construction
California San Francisco Bay/ So. San Francisco	One Single or Multi-tenant Bldg.	2006	2009	$ 300-350	135,000	Construction
New York New York City/ New York City	Two Multi-tenant Bldgs.	2007	2009/2010/2011	$500	725,000 (2)	Site Work
Total Properties Undergoing Ground-Up Development(1)					1,176,000	

(1) Our aggregate construction costs to date approximate $144 per developable square foot. Amounts exclude our investment per square foot in land.

(2) In addition, we have the right to develop an additional parcel with approximately 442,000 square feet.

In addition to properties undergoing development, as of June 30, 2007, our asset base contained strategically located land with ground-up development opportunities for approximately 6.8 million developable square feet of office/laboratory space.

Acquisitions

We seek to identify and acquire high quality life science properties in our target life science markets. Critical evaluation of prospective property acquisitions is an essential component of our acquisition strategy. When evaluating acquisition opportunities, we assess a full range of matters relating to the properties, including:

- opportunities to redevelop existing space into higher rent generic laboratory space;
- opportunities to develop office/laboratory properties;
- location of the property and our strategy in the relevant market;

- quality of existing and prospective tenants;
- condition and capacity of the building infrastructure;
- quality and generic characteristics of laboratory facilities;
- physical condition of the structure and common area improvements; and
- opportunities available for leasing vacant space and for retenanting occupied space.

Financing and Working Capital

We believe that cash provided by operations, our unsecured line of credit and our unsecured term loan will be sufficient to fund our working capital requirements. We generally expect to finance future redevelopment, development and acquisition of properties through our unsecured line of credit and unsecured term loan and, then, to refinance some or all of that indebtedness periodically with additional equity or debt capital. For further discussion on our ability to refinance debt maturities or to secure permanent financing, please see Risk Factors contained in this prospectus supplement and the other information contained in our publicly available filings with the Securities and Exchange Commission. We may also issue shares of our common stock, preferred stock or interests in our subsidiaries to fund future operations.

We seek to maintain a balance between the amounts of our fixed and variable rate debt with a view to moderating our exposure to interest rate risk. We also use financial instruments, such as interest rate swap agreements, to hedge a portion of our exposure to variable interest rates primarily associated with our unsecured line of credit and our unsecured term loan. Interest rate swap agreements involve an exchange of fixed and floating rate interest payments without the exchange of the underlying principal or notional amount. Interest received under our current interest rate swap agreements is based on the one-month London interbank offered rate, or LIBOR.

PROPERTIES

General

As of June 30, 2007, we had 155 properties comprising approximately 10.8 million rentable square feet of office/laboratory space. Excluding properties undergoing redevelopment, our properties were approximately 93.3% leased as of June 30, 2007. The exteriors of our properties typically resemble traditional office properties, but the interior infrastructures are designed to accommodate the needs of life science industry tenants. These improvements typically are generic to life science industry tenants rather than being specific to a particular tenant. As a result, we believe that the improvements have long-term value and utility and are usable by a wide range of life science industry tenants. Generic infrastructure improvements to our life science properties typically include:

- reinforced concrete floors;
- upgraded roof loading capacity;
- increased floor to ceiling heights;
- heavy-duty HVAC systems;
- enhanced environmental control technology;
- significantly upgraded electrical, gas and plumbing infrastructure; and
- laboratory benches.

As of June 30, 2007, we owned a fee simple interest in each of our properties, except for the following nineteen properties that account for approximately 18% of the total rentable square footage of our properties:

- three properties in the San Francisco Bay market, in which we hold a commercial condominium interest, together with an undivided interest in the common areas of the project of which the property is a part;
- three properties in the San Francisco Bay market, one property in the Southeast market, two properties in the Suburban Washington D.C. market and one property in the Eastern Massachusetts market in which we hold ground leasehold interests;
- one property located in the San Francisco Bay market and one property located in the Eastern Massachusetts market, in which we have a controlling interest. The non-controlling interest held by certain third parties is reflected as minority interest in our consolidated financial statements; and
- seven properties in the Eastern Massachusetts market in which we hold ground leasehold interests and a controlling interest. The non-controlling interest held by certain third parties is reflected as minority interest in our consolidated financial statements.

As of June 30, 2007, our asset base contains two ground-up development projects in New York City and the San Francisco Bay markets in which we hold ground leasehold interests.

As of June 30, 2007, we had 359 leases with a total of 299 tenants, and 77 of our 155 properties were single-tenant properties. Leases in our multi-tenant buildings typically have terms of three to seven years, while the single-tenant building leases typically have initial terms of 10 to 20 years. As of June 30, 2007:

- approximately 89% of our leases (on a square footage basis) were triple net leases, requiring tenants to pay substantially all real estate taxes and insurance, common area and other

S-10

operating expenses (including increases thereto) in addition to base rent, and, in addition to our triple net leases, approximately 4% of our leases (on a square footage basis) required the tenants to pay a majority of operating expenses;

- approximately 93% of our leases (on a square footage basis) contained effective annual rent escalations that are either fixed (generally ranging from 3% to 3.5%) or indexed based on a consumer price index or other index; and

- approximately 91% of our leases (on a square footage basis) provided for the recapture of certain capital expenditures (such as HVAC systems maintenance and/or replacement, roof replacement and parking lot resurfacing), which we believe would typically be borne by the landlord in traditional office leases.

Our leases also typically give us the right to review and approve tenant alterations to the property. Generally, tenant-installed improvements to the properties remain our property after termination of the lease at our election. However, we are permitted under the terms of most of our leases to require that the tenant, at its expense, remove the improvements and restore the premises to their original condition.

Location of Properties

The locations of our properties are diversified among a number of life science markets. The following table sets forth, as of June 30, 2007, the total rentable square footage and annualized base rent of our properties in each of our existing markets (dollars in thousands).

Markets	Number of Properties	Total Rentable Square Footage	% of Total Rentable Square Footage	Annualized Base Rent(1)	% of Annualized Base Rent
California Los Angeles Metro	2	61,003	0.6 %	$ 696	0.3 %
California San Diego	27	1,311,536	12.1	27,419	10.0
California San Francisco	22	1,604,523	14.8	51,231	18.6
Eastern Massachusetts	37	3,017,207	27.9	95,859	34.8
International Canada	4	342,394	3.2	6,415	2.3
New Jersey/Suburban Philadelphia	8	443,349	4.1	8,999	3.3
Southeast	12	658,406	6.1	10,147	3.7
Suburban Washington, D.C.	31	2,499,870	23.1	47,936	17.4
Washington Seattle	12	879,251	8.1	26,445	9.6
Total	155	10,817,539	100.0 %	$ 275,147	100.0 %

(1) Annualized base rent means the annualized fixed base rental amount in effect as of June 30, 2007 (using rental revenue computed on a straight-line basis in accordance with GAAP).

In addition, as of June 30, 2007, our asset base contained land parcels totaling 1.2 million square footage undergoing development and future ground-up development opportunities for approximately 6.8 million square feet of office/laboratory space.

Life Science Sector Diversification

Our tenant base is broad and diverse within the life science industry and reflects our focus on regional, national and international tenants with substantial financial and operational resources. The following chart shows the percentage of leased square footage by tenant business type for our properties as of June 30, 2007:

Tenants

Our life science properties are leased principally to a diverse group of tenants, with no tenant being responsible for more than 8.1% of our annualized base rent. The following table sets forth information regarding leases with our 10 largest tenants based upon annualized base rent as of June 30, 2007.

10 Largest Tenants

Tenant	Number of Leases	Remaining Lease Term in Years	Approximate Aggregate Leased Square Feet	Percentage of Aggregate Leased Square Feet	Annualized Base Rent (in thousands)(1)	Percentage of Aggregate Annualized Base Rent
1. Novartis AG	3 (2)	8.1	374,789	4.0 %	$ 22,372	8.1 %
2. GlaxoSmithKline	5 (3)	7.5	293,602	3.1	10,884	4.0
3. ZymoGenetics, Inc.	2	11.9	203,369	2.2	8,747	3.2
4. Massachusetts Institute of Technology	3 (4)	4.8	178,952	1.9	7,899	2.9
5. Theravance, Inc.	2	4.8	170,244	1.8	6,136	2.2
6. Genentech, Inc.	1	11.2	126,971	1.4	5,533	2.0
7. Amylin Pharmaceuticals, Inc.	3 (5)	8.9	158,983	1.7	5,460	2.0
8. Amgen, Inc.	3 (6)	2.3	203,600	2.2	5,028	1.8
9. Quest Diagnostics Incorporated.	1	9.5	248,186	2.7	4,341	1.6
10. Infinity Discovery, Inc.	2	5.5	67,167	0.7	4,302	1.6
Total/Weighted Average(7)	25	7.6	2,025,863	21.7 %	$ 80,702	29.4 %

(1) Annualized base rent means the annualized fixed base rental amount in effect as of June 30, 2007 (using rental revenue computed on a straight-line basis in accordance with GAAP).

(2) Amount shown is a weighted average of multiple leases with this tenant for 255,441 rentable square feet, 37,907 rentable square feet, and 81,441 rentable square feet with remaining lease terms of 10.8 years, 1.3 years, and 3.0 years, respectively.

(3) Amount shown is a weighted average of multiple leases with this tenant for 60,759 rentable square feet, 68,000 rentable square feet, 13,883 rentable square feet and 150,960 rentable square feet with remaining lease terms of 12.8 years, 12.8 years, 4.3 years, and 3.4 years, respectively.

(4) Amount shown is a weighted average of multiple leases with this tenant for 86,515 rentable square feet, 83,561 rentable square feet, and 8,876 rentable square feet with remaining lease terms of 6.0 years, 3.6 years, and 4.3 years, respectively.

(5) Amount shown is a weighted average of multiple leases with this tenant for 45,030 rentable square feet, 42,443 rentable square feet, and 71,510 rentable square feet with remaining lease terms of 7.6 years, 7.6 years, and 10.6 years, respectively.

(6) Amount shown is a weighted average of multiple leases with this tenant for 116,284 rentable square feet, 66,000 rentable square feet, and 21,316 rentable square feet with remaining lease terms of 0.7 years, 4.9 years, and 3.5 years, respectively.

(7) Weighted average remaining lease term is based on percentage of aggregate square feet.

Property and Lease Information

The following table summarizes information with respect to the lease expirations at our properties as of June 30, 2007:

Year of Lease Expiration	Number of Expiring Leases	Square Footage of Expiring Leases	Percentage of Aggregate Lease Square Footage	Annualized Base Rent of Expiring Leases (per square foot)
2007	51 (1)	410,231	4.4 %	$ 26.66
2008	46	829,357	8.9	27.19
2009	55	710,657	7.6	22.82
2010	41	1,010,063	10.8	27.35
2011	49	1,374,152	14.7	27.82
Thereafter	117	5,001,134	53.6	31.91

(1) Includes month-to-month leases for approximately 69,000 square feet.

USE OF PROCEEDS

We expect to receive approximately $187.8 million in net proceeds from the sale of the shares of our common stock in this offering, or approximately $216.0 million if the underwriters overallotment option is exercised in full, after payment of our expenses related to this offering and underwriting discounts and commissions. We intend to use the net proceeds from this offering to reduce the outstanding balance on our $1.9 billion credit facility, which consists of a $1.15 billion unsecured revolver and a $750 million unsecured term loan. We may then borrow from time to time under our unsecured line of credit to provide funds for general working capital and other corporate purposes, including the acquisitions of additional life science properties and the redevelopment or development of existing or new properties. As of June 30, 2007, we had an aggregate $778 million of borrowings outstanding on our unsecured line of credit and unsecured term loan at a weighted average interest rate of 6.47%. Citigroup Global Markets Inc. is a joint lead arranger for our unsecured line of credit and unsecured term loan.

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2007:

- on an actual basis;

- on an adjusted basis giving effect to (i) the sale of 2,000,000 shares of our common stock in this offering at $94.15 per share, and (ii) our use of the net proceeds, as described herein under the caption Use of Proceeds. It does not include up to an additional 300,000 shares of our common stock that may be sold pursuant to the underwriters over-allotment option.

The information set forth in the following table should be read in conjunction with, and is qualified in its entirety by, the financial statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, and our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2007, which are incorporated by reference into this prospectus supplement.

	As of June 30, 2007	
	Actual	As Adjusted
	(Dollars in thousands, except per share amounts)	
Debt:		
Secured notes payable(1)	$ 1,036,269	$ 1,036,269
Unsecured line of credit and unsecured term loan	778,000	590,200
Unsecured Convertible Senior Notes	460,000	460,000
Stockholders Equity:		
Preferred Stock, $0.01 par value per share; 100,000,000 shares authorized; 5,185,500 shares of 8.375% Series C Cumulative Redeemable Preferred Stock issued and outstanding on a historical and pro forma basis; $25.00 liquidation value	129,638	129,638
Common stock, $0.01 par value per share; 100,000,000 shares authorized; 29,180,700 and 31,180,700 shares issued and outstanding on an historical and pro forma basis (2)	292	312
Excess stock, $0.01 par value per share; 200,000,000 shares authorized; 0 shares issued and outstanding on an historical and pro forma basis		
Additional paid-in capital	1,146,101	1,333,881
Accumulated other comprehensive income(3)	36,159	36,159
Total capitalization	$ 3,586,459	$ 3,586,459

(1) Includes unamortized discount of $1.4 million as of June 30, 2007.

(2) The information presented does not include 843,701 shares of our common stock that we have reserved for issuance under our Amended and Restated 1997 Stock Award and Incentive Plan. As of June 30, 2007, options to purchase 270,120 shares of our common stock were outstanding and, of those options granted, options to purchase 270,120 shares were exercisable.

(3) Accumulated other comprehensive income consists of $20,391,000 of unrealized gains on marketable securities, $8,735,000 of unrealized gains on interest rate swap agreements and $7,033,000 of unrealized foreign currency translation gains.

SELECTED FINANCIAL DATA

The selected financial data set forth below is derived from our unaudited financial statements for the six months ended June 30, 2007 and 2006 and from our audited financial statements for the fiscal years ended December 31, 2006 and 2005. Our unaudited interim results, in the opinion of management, reflect all adjustments (consisting solely of normal recurring adjustments) which are necessary to present fairly the results of our operations for the unaudited interim periods. Our unaudited interim results for the six months ended June 30, 2007 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2007. The following selected financial data should be read in conjunction with the more detailed information contained in the financial statements and notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007 which are incorporated by reference into this prospectus supplement.

	For the Six Months Ended June 30,(1)		**For the Year Ended December 31,**(1)	
	2007	**2006**	**2006**	**2005**
	(Dollars in thousands, except per share amounts)			
Operating Data:				
Total revenues	$ 193,541	$ 138,470	$ 316,821	$ 238,138
Total expenses	149,516	104,760	242,445	177,294
Minority interests share of income	1,809	740	2,287	634
Income from continuing operations	42,216	32,970	72,089	60,210
Income from discontinued operations, net	3,616	947	1,327	3,223
Net income	45,832	33,917	73,416	63,433
Dividends on preferred stock	6,591	8,045	16,090	16,090
Preferred stock redemption charge	2,799			
Net income available to common stockholders	$ 36,442	$ 25,872	$ 57,326	$ 47,343
Earnings per share basic:				
Continuing operations (net of preferred stock dividends and preferred stock redemption charge)	$ 1.14	$ 1.11	$ 2.23	$ 2.11
Discontinued operations, net	0.12	0.04	0.05	0.15
Earnings per share basic	$ 1.26	$ 1.15	$ 2.28	$ 2.26
Earnings per share diluted:				
Continuing operations (net of preferred stock dividends and preferred stock redemption charge)	$ 1.12	$ 1.08	$ 2.19	$ 2.07
Discontinued operations, net	0.12	0.04	0.06	0.15
Earnings per share diluted	$ 1.24	$ 1.12	$ 2.25	$ 2.22
Weighted average shares of common stock outstanding				
Basic	28,972,732	22,590,811	25,102,200	20,948,915
Diluted	29,337,440	23,010,992	25,524,478	21,316,886
Cash dividends declared per share of common stock	$ 1.50	$ 1.40	$ 2.86	$ 2.72
Balance Sheet Data (at period end):				
Rental properties, net of accumulated depreciation	$ 2,802,568	$ 1,967,859	$ 2,924,881	$ 1,788,818
Total assets	$ 3,846,886	$ 2,576,639	$ 3,617,477	$ 2,362,450
Secured notes payable, unsecured line of credit, unsecured term loan and unsecured convertible senior note	$ 2,274,269	$ 1,305,103	$ 2,024,866	$ 1,406,666
Total liabilities	$ 2,476,267	$ 1,419,226	$ 2,208,348	$ 1,512,535
Minority interests share of income	$ 58,429	$ 20,176	$ 57,477	$ 20,115
Stockholders equity	$ 1,312,190	$ 1,137,237	$ 1,351,652	$ 829,800

Reconciliation of Net Income Available to Common Stockholders to Funds from Operations Available to Common Stockholders:								
Net income available to common stockholders(2)	$ 36,422		$ 25,872		$ 57,326		$ 47,343	
Add: Depreciation and amortization(3)	46,172		31,612		74,039		55,416	
Add: Minority interests share of income	1,809		740		2,287		634	
Subtract: Gain/loss on sales of property(4)	(3,461)		(59)		(59)		(36)	
Subtract: FFO allocable to minority interest	(1,809)		(784)		(1,928)		(668)	
Funds from operations available to common stockholders(5)	$ 79,153		$ 57,381		$ 131,665		$ 102,689	
Other Data:								
Cash flows from operating activities	$ 81,393		$ 49,741		$ 128,390		$ 120,678	
Cash flows from investing activities	$ (209,411)		$ (213,490)		$ (970,590)		$ (432,900)	
Cash flows from financing activities	$ 132,087		$ 163,485		$ 841,237		$ 312,975	
Number of properties owned at period end	155		140		158		133	
Rentable square feet of properties owned at period end	10,817,539		9,247,447		11,163,839		8,817,239	
Occupancy of properties owned at period end	86.3 %		88.3 %		88.0 %		87.8 %	
Occupancy of properties owned at period end, excluding properties under redevelopment	93.3 %(6)		93.1 %(7)		93.1 %(7)		93.2 %(7)	

(1) Amounts disclosed for periods prior to 2007 have been reclassified to conform to the current year presentation related to discontinued operations.

(2) During the first quarter of 2007, we elected to redeem our 9.10% Series B Preferred Stock. Accordingly, in compliance with Emerging Issues Task Force Topic D-42, we recorded a charge of $2,799,000, or $0.10 per common share (diluted).

(3) Includes depreciation and amortization on assets held for sale reflected as discontinued operations (for the periods prior to when such assets were designated as held for sale).

(4) Gain/loss on sales of property relates to the disposition of one property during the second quarter of 2007, one property during the first quarter of 2007, three properties during the second quarter of 2006, and one property during the third quarter of 2005. Gain/loss on sales of property is included in the income statement in income from discontinued operations.

(5) GAAP basis accounting for real estate assets utilizes historical cost accounting and assumes real estate values diminish over time. In an effort to overcome the difference between real estate values and historical cost accounting for real estate assets, the Board of Governors of the National Association of Real Estate Investment Trusts, or NAREIT, established the measurement tool of funds from operations, or FFO. Since its introduction, FFO has become a widely used non-GAAP financial measure by REITs. We believe that FFO is helpful to investors as an additional measure of the performance of an equity REIT. We compute FFO in accordance with standards established by the Board of Governors of NAREIT in its April 2002 White Paper, or the White Paper, and related implementation guidance, which may differ from the methodology for calculating FFO utilized by other equity REITs, and, accordingly, may not be comparable to such other REITs. The White Paper defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales, plus real estate related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. While FFO is a relevant and widely used measure of operating performance for REITs, it should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of financial performance, or to cash flows from operating activities (determined in accordance with GAAP) as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make distributions. We believe that net income is the most directly comparable GAAP financial measure to FFO.

(6) Excludes spaces at properties totaling 812,785 square feet undergoing a permanent change in use to office/laboratory space through redevelopment.

(7) Excludes spaces at properties totaling 479,056, 612,699 and 548,051 square feet undergoing a permanent change in use to office/laboratory space through redevelopment as of June 30, 2006, December 31, 2006 and December 31, 2005, respectively.

UNDERWRITING

Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are acting as the representatives of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, each underwriter named below has agreed to purchase, and we have agreed to sell to that underwriter, the number of shares of common stock set forth opposite the underwriter s name.

Underwriter	Number of shares
Citigroup Global Markets Inc.	1,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	1,000,000
Total	2,000,000

The underwriting agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all of the shares (other than those covered by the over-allotment option described below) if they purchase any of the shares.

The underwriters propose to offer some of the shares directly to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the shares to dealers at the public offering price less a concession not to exceed $0.70 per share. If all of the shares are not sold at the initial offering price, the representatives may change the public offering price and the other selling terms.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 300,000 additional shares of common stock at the public offering price less the underwriting discount. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent the option is exercised, each underwriter must purchase a number of additional shares approximately proportionate to that underwriter s initial purchase commitment.

We have agreed that, except pursuant to the underwriting agreement, for a 30 day period after the date of this prospectus supplement, we will not, without the underwriters prior written consent, sell, contract to sell, or otherwise dispose of any common stock, other than (1) pursuant to employee stock option plans existing on the date of the underwriting agreement, (2) upon the conversion or exchange of convertible or exchangeable securities outstanding as of the date of the underwriting agreement, or (3) in connection with acquisitions of assets or businesses in which common stock is issued as consideration.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of the shares described in this prospectus may not be made to the public in that relevant member state prior to the publication of a prospectus in relation to the shares that has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer of securities may be made to the public in that relevant member state at any time:

- to any legal entity that is authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities; or

- to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000; and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts; or

- in any other circumstances that do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each purchaser of shares described in this prospectus located within a relevant member state will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of Article 2(1)(e) of the Prospectus Directive.

For purposes of this provision, the expression an offer to the public in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each relevant member state. This EEA selling restriction is in addition to any other selling restrictions set out below.

The sellers of the shares have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the shares as contemplated in this prospectus. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of the shares on behalf of the underwriters.

Notice to Prospective Investors in the United Kingdom

This prospectus is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in France

Neither this prospectus nor any other offering material relating to the shares described in this prospectus has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or by the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers.* The shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the shares has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or

- used in connection with any offer for subscription or sale of the shares to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d investisseurs*), in each case investing for their own account, all as defined in, and in

accordance with, Article L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;

- to investment services providers authorized to engage in portfolio management on behalf of third parties; or

- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l épargne*).

The shares may be resold directly or indirectly, only in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

Notice to Prospective Investors in Italy

The offering of the shares has not been cleared by the Italian Securities Exchange Commission (*Commissione Nazionale per le Società e la Borsa*, the CONSOB) pursuant to Italian securities legislation and, accordingly, the shares may not and will not be offered, sold or delivered, nor may or will copies of this prospectus or any other documents relating to the shares be distributed in Italy, except (i) to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of July 1, 1998, as amended, (the Regulation No. 11522) or (ii) in other circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998 (the Financial Service Act) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of May 14, 1999, as amended.

Any offer, sale or delivery of the shares or distribution of copies of this prospectus or any other document relating to the shares in Italy may and will be effected in accordance with all Italian securities, tax, exchange control and other applicable laws and regulations, and, in particular, will be: (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of September 1, 1993, as amended (the Italian Banking Law), Regulation No. 11522, and any other applicable laws and regulations; and (ii) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Any investor purchasing the shares in the offering is solely responsible for ensuring that any offer or resale of the shares it purchased in the offering occurs in compliance with applicable laws and regulations.

This prospectus and the information contained herein are intended only for the use of its recipient and, unless in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of the Financial Service Act and Article 33, first paragraph, of CONSOB Regulation No. 11971 of May 14, 1999, as amended, is not to be distributed, for any reason, to any third party resident or located in Italy. No person resident or located in Italy other than the original recipients of this document may rely on it or its content.

Italian provisions relating to secondary market

Investors should also note that, in any subsequent distribution of the shares in Italy, Article 100-*bis* of the Financial Service Act may require compliance with the law relating to public offers of securities. Furthermore, where the shares are placed solely with professional investors and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of shares who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and to claim damages from any authorised person at whose premises the shares were purchased, unless an exemption provided for under the Financial Service Act applies.

Other

If you purchase shares of common stock offered in this prospectus supplement and the accompanying prospectus, you may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering price listed on the cover page of this prospectus supplement and the accompanying prospectus.

Our common stock is listed on the New York Stock Exchange under the symbol ARE.

The following table shows the underwriting discounts that we are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters over-allotment option.

	Paid by Alexandria	
	No Exercise	Full Exercise
Per share	$ 1.85	$ 1.85
Total	$ 3,700,000	$ 4,255,000

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, syndicate covering transactions and stabilizing transactions. Short sales involve syndicate sales of shares of our common stock in excess of the number of shares to be purchased by the underwriters in this offering, which creates a syndicate short position. Covered short sales are sales of shares made in an amount up to the number of shares represented by the underwriters over-allotment option. In determining the source of shares to close out the covered syndicate short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. Transactions to close out the covered syndicate short positions involve either purchases of the common stock in the open market after the distribution has been competed or the exercise of the over-allotment option. The underwriters may also make naked short sales of shares in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing shares of common stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of bids for or purchases of shares in the open market while the offering is in progress.

The underwriters also may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the underwriters repurchase shares originally sold by that syndicate member in order to cover syndicate short positions or make stabilizing purchases.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the common stock. They may also cause the price of the common stock to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the exchange on which we are listed or in the over-the-counter market, or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

We estimate that the total expenses of this offering, other than underwriting discounts, will be approximately $500,000.

The underwriters have performed investment banking and advisory services for us from time to time for which they have received customary fees and expenses. The underwriters may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business.

The net proceeds from this offering will be used to reduce the outstanding balance on our $1.9 billion credit facility. As of June 30, 2007, we had an aggregate $778 million of borrowings outstanding

on our unsecured line of credit and unsecured term loan. Citigroup Global Markets Inc. is a joint lead arranger for our unsecured line of credit and unsecured term loan for which they receive customary fees and expenses.

Affiliates of Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are also lenders under our $200 million senior secured term loan facility for which they have received customary fees and expenses.

A prospectus supplement and the accompanying prospectus in electronic format may be made available by one or more of the underwriters on a website maintained by a third-party vendor or by one or more of the underwriters. The representatives may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. The representatives will allocate shares to underwriters that may make Internet distributions on the same basis as other allocations. In addition, shares may be sold by the underwriters to securities dealers who resell shares to online brokerage account holders. Other than the prospectus supplement and the accompanying prospectus in electronic format, the information on such website is not part of the prospectus supplement and the accompanying prospectus.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

FEDERAL INCOME TAX CONSIDERATIONS

In our prospectus dated April 24, 2006, we noted that, without future congressional action, the maximum tax rate for noncorporate taxpayers on long-term capital gains will increase to 20% in 2009, and the maximum tax rate on dividends to noncorporate taxpayers will increase to 35% in 2009 and 39.6% in 2011. As part of the Tax Increase Prevention and Reconciliation Act of 2005, the maximum tax rate on such long-term capital gains will now increase to 20% in 2011, and the maximum tax rate on such dividends will now increase to 39.6% in 2011. Thus, all references in the section of the prospectus titled Federal Income Tax Considerations to the year 2009 or the date January 1, 2009 should now be to the year 2011 or the date January 1, 2011.

In our prospectus dated April 24, 2006, the third paragraph of the section titled Taxation of Our Company, *General,* should be replaced with the following: We have elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code, commencing with our taxable year ended December 31, 1996, and intend to continue to operate in a manner consistent with such election and all rules with which a REIT must comply. We have received from Morrison & Foerster LLP its opinion to the effect that, commencing with our taxable year ended December 31, 2004, we were organized and have operated in conformity with the requirements for qualification and taxation as a REIT under the Internal Revenue Code, and that our proposed method of operation will enable us to continue to meet the requirements for qualification and taxation as a REIT under the Internal Revenue Code. It must be emphasized that this opinion is based and conditioned upon certain assumptions and representations made by us as to factual matters (including representations concerning, among other things, our business and properties, the amount of rents attributable to personal property and other items regarding our ability to meet the various requirements for qualification as a REIT). The opinion is expressed as of its date, and Morrison & Foerster LLP has undertaken no obligation to advise holders of securities of any subsequent change in the matters stated, represented or assumed or any subsequent change in the applicable law. Moreover, qualification and taxation as a REIT depends upon our having met and continuing to meet, through actual annual operating results, distribution levels and diversity of stock ownership, the various qualification tests imposed under the Internal Revenue Code discussed below, the results of which will not be reviewed by Morrison & Foerster LLP.

LEGAL MATTERS

Certain legal matters relating to this offering will be passed upon for us by Morrison & Foerster LLP, Los Angeles, California, and certain matters with respect to Maryland law, including the validity of the shares of the common stock offered hereby, will be passed upon for us by Venable LLP, Baltimore, Maryland. Certain legal matters relating to this offering will be passed upon for the underwriter by Clifford Chance US LLP, New York, New York. Morrison & Foerster LLP and Clifford Chance US LLP will rely upon the opinion of Venable LLP as to all matters of Maryland law.

EXPERTS

The consolidated financial statements and schedule of Alexandria Real Estate Equities, Inc. appearing in Alexandria Real Estate Equities, Inc. s Annual Report (Form 10-K) for the year ended December 31, 2006, and Alexandria Real Estate Equities, Inc. management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2006 including therein, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon included therein and incorporated by reference into the accompanying prospectus. Such consolidated financial statements and management s assessment are incorporated by reference into the accompanying prospectus in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

PROSPECTUS

Alexandria Real Estate Equities, Inc.

Common Stock
Preferred Stock
Warrants
Debt Securities

We may offer from time to time common stock, preferred stock, warrants or debt securities.

Each time that we sell securities under this prospectus, we will provide a prospectus supplement or other offering material that will contain specific information about the terms of that offering. The prospectus supplement or other offering material may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement or other offering material, you should rely on the information in the prospectus supplement or such other offering material.

We may sell the securities to or through underwriters, and also to other purchasers or through agents. The names of the underwriters will be stated in the prospectus supplements or other offering material. We also may sell securities directly to investors.

Our common stock is traded on the New York Stock Exchange under the symbol ARE.

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

The date of this prospectus is April 24, 2006.

TABLE OF CONTENTS

About this Prospectus	i
Where You Can Find More Information	1
Alexandria Real Estate Equities, Inc.	3
Securities That We May Offer	4
Use of Proceeds	4
Description of Stock	5
Description of Warrants	11
Description of Debt Securities	12
Description of Global Securities	18
Provisions of Maryland Law and of Our Charter and Bylaws	20
Federal Income Tax Considerations	25
Legal Matters	37
Experts	37
Forward-Looking Statements	37

ABOUT THIS PROSPECTUS

This prospectus is part of a shelf registration statement that we have filed with the United States Securities and Exchange Commission, or SEC. By using a shelf registration statement, we may sell the common stock, preferred stock, warrants or debt securities described in this prospectus, any prospectus supplement or any other offering material:

- from time to time and in one or more offerings;
- in one or more series; and
- in any combination thereof.

Neither this prospectus nor any accompanying prospectus supplement contains all of the information included in the registration statement, as permitted by the rules and regulations of the SEC. To understand fully the terms of the securities we are offering with this prospectus, you should carefully read this entire prospectus, the applicable prospectus supplement and any other offering material, as well as the documents we have incorporated by reference. We are subject to the informational requirements of the Securities Exchange Act of 1934, or Exchange Act, and therefore file reports and other information with the SEC. Statements contained in this prospectus and any accompanying prospectus supplement or other offering material about the provisions or contents of any agreement or other document are only summaries. If SEC rules or regulations require that any agreement or document be filed as an exhibit to the registration statement, you should refer to that agreement or document for its complete contents. You should not assume that the information in this prospectus, any prospectus supplement or any other offering material is accurate as of any date other than the date on the front of each document.

YOU SHOULD CAREFULLY READ THIS PROSPECTUS, THE APPLICABLE PROSPECTUS SUPPLEMENT AND ANY APPLICABLE OTHER OFFERING MATERIAL, AS WELL AS THE DOCUMENTS WE HAVE INCORPORATED BY REFERENCE AS DESCRIBED UNDER THE SECTION ENTITLED WHERE YOU CAN FIND MORE INFORMATION. **WE ARE NOT MAKING AN OFFER OF THE SECURITIES OFFERED HEREBY IN ANY STATE WHERE SUCH OFFER OR SALE IS NOT PERMITTED.**

THIS PROSPECTUS MAY NOT BE USED TO SELL SECURITIES UNLESS IT IS ACCOMPANIED BY A PROSPECTUS SUPPLEMENT OR OTHER OFFERING MATERIAL.

The information in this prospectus is accurate as of April 24, 2006. You should rely only on the information contained in this prospectus, the applicable prospectus supplement and/or other offering materials, and the documents we have incorporated by reference. We have not authorized anyone to provide you with different information. You should not assume that the information provided by this prospectus, the applicable prospectus supplement, our other offering materials or the documents we have incorporated by reference is accurate as of any date other than the date of the respective document.

WHERE YOU CAN FIND MORE INFORMATION

Where Documents are Filed; Copies of Documents

We are subject to the informational requirements of the Exchange Act in accordance with which we file reports, proxy statements and other information with the SEC. This registration statement, the exhibits and schedules forming a part thereof, and the reports, proxy statements and other information we have filed with the SEC can be inspected and copied at the Public Reference Room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Such material also may be accessed by visiting the following internet website maintained by the SEC that contains reports, proxy and information statements and other information regarding issuers, such as us, that file electronically with the SEC: http://www.sec.gov. In addition, our common stock listed on the New York Stock Exchange, and similar information regarding us and the information we provide to the exchange may be inspected and copied at the offices of The New York Stock Exchange, 20 Broad Street, New York, New York 10005.

You may also access further information about us by visiting our website at http://labspace.com. Please note that the information and materials found on our website, except for our SEC filings expressly described below, are not part of this prospectus and are not incorporated by reference into this prospectus.

Incorporation of Documents by Reference

We have filed with the SEC a registration statement on Form S-3 with respect to the securities offered by this prospectus. This prospectus is a part of that registration statement. As allowed by the SEC, this prospectus does not contain all of the information you can find in the registration statement or the exhibits to the registration statement. Instead, the SEC allows us to incorporate by reference information into this prospectus. This means that we can disclose particular important information to you without actually including such information in this prospectus by simply referring you to another document that we filed separately with the SEC.

The information we incorporate by reference is an important part of this prospectus and should be carefully read in conjunction with this prospectus and any prospectus supplement. Information that we file with the SEC after the date of this prospectus will automatically update and may supersede some of the information in this prospectus as well as information we previously filed with the SEC and that was incorporated by reference into this prospectus.

The following documents are incorporated by reference into this prospectus:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2005, as filed with the SEC on March 16, 2006;

- the description of our common stock contained in the Registration Statement on Form 8-A filed on May 14, 1997, including any amendments or reports filed for the purpose of updating such description;

- the description of our preferred stock purchase rights contained in the registration statement on Form 8-A, as filed with the SEC on February 10, 2000, including any amendments or reports filed for the purpose of updating such description; and

- all reports or documents that we file under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than those that we furnish pursuant to Item 2.02 or 7.01 of Form 8-K or other information furnished to the SEC) after the date of this prospectus and prior to the termination of the offering.

If information in any of these incorporated documents conflicts with information in this prospectus, prospectus supplement or any other offering materials, you should rely on the most recent information. If information in an incorporated document conflicts with information in another incorporated document, you should rely on the information in the most recent incorporated document.

You may request from us at no cost a copy of any document we incorporate by reference, excluding all exhibits to such incorporated documents (unless we have specifically incorporated by reference such exhibits either in this prospectus or in the incorporated document), by making such a request in writing or by telephone to the following address:

Alexandria Real Estate Equities, Inc.
385 East Colorado Boulevard, Suite 299
Pasadena, California 91101
Attention: Corporate Secretary
(626) 578-0777

Except as provided above, no other information (including information on our website) is incorporated by reference into this prospectus.

ALEXANDRIA REAL ESTATE EQUITIES, INC.

We are a Maryland corporation formed in October 1994 that has elected to be taxed as a real estate investment trust, or REIT, for federal income tax purposes. We are engaged primarily in the ownership, operation, management, acquisition, and selective redevelopment and development of high quality, strategically located properties containing office/laboratory space designed and improved for lease primarily to institutional (universities and not-for-profit institutions), pharmaceutical, biotechnology, life science product, service, biodefense, and translational research entities, as well as related government agencies. Our 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. We refer to such properties as life science properties.

As of December 31, 2005, we owned 134 properties (131 properties located in nine states and three located in Canada) with approximately 8.8 million rentable square feet of office/laboratory space.

For additional information regarding our business, we refer you to our filings with the SEC incorporated by reference in this prospectus. See Where You Can Find More Information.

Our principal executive offices are located at 385 East Colorado Boulevard, Suite 299, Pasadena, California 91101 and our telephone number is (626) 578-0777.

SECURITIES THAT WE MAY OFFER

We may issue from time to time, in one or more offerings, the following securities:

- common stock;
- preferred stock;
- warrants; and/or
- debt securities.

The descriptions of the securities contained in this prospectus, together with the applicable prospectus supplement or other offering material, summarize all the material terms and provisions of the various types of securities that we may offer under this prospectus. The particular terms of the securities offered by this prospectus will be described in a prospectus supplement or other offering material.

This prospectus contains a summary of the material general terms of the various securities that we may offer. The specific terms of the securities will be described in a prospectus supplement or other offering material, which may be in addition to or different from the general terms summarized in this prospectus. The summaries contained in this prospectus and in any prospectus supplements or other offering material may not contain all of the information that you would find useful. Accordingly, you should read the actual documents relating to any securities sold pursuant to this prospectus. See Where You Can Find More Information to find out how you can obtain a copy of those documents.

The terms of any offering of securities, the initial offering price of any such offering and the net proceeds to us, will be contained in the prospectus supplement or other offering material relating to that offering.

USE OF PROCEEDS

Unless otherwise indicated in the applicable prospectus supplement or other offering material, we will use the net proceeds from the sale of the securities to reduce the outstanding balance on our unsecured line of credit or other borrowings or for general corporate purposes. If initially used to pay down our line of credit, we may then borrow from time to time under the line of credit to provide funds for general working capital and other corporate purposes, including the acquisition of additional life science properties and the redevelopment or development of existing or new properties.

DESCRIPTION OF STOCK

The following summary of the terms of our stock does not purport to be complete and is subject to and qualified in its entirety by reference to the Maryland General Corporation Law and our charter and bylaws. See Additional Information.

General

Our charter provides that we may issue up to

- 100,000,000 shares of common stock;
- 100,000,000 shares of preferred stock; and
- 200,000,000 shares of excess stock (as described below).

Of our preferred stock,

- 1,610,000 shares are classified as 9.50% Series A cumulative redeemable preferred stock, or Series A preferred stock;
- 2,300,000 shares are classified as 9.10% Series B cumulative redeemable preferred stock, or Series B preferred stock;
- 5,750,000 shares are classified as 8.375% Series C cumulative redeemable preferred stock, or Series C preferred stock; and
- 500,000 shares are classified as Series A Junior Participating preferred stock, or Series A junior preferred stock.

As of March 13, 2006 the following securities were issued and outstanding:

- 22,778,820 shares of our common stock;
- no shares of our Series A preferred stock or Series A junior preferred stock;
- 2,300,000 shares of our Series B preferred stock; and
- 5,185,500 shares of our Series C preferred stock.

All 1,543,500 previously issued and outstanding shares of our Series A preferred stock were redeemed as of July 7, 2004.

Under Maryland law, stockholders generally are not liable for a corporation s debts or obligations.

Common Stock

Subject to the preferential rights of any other class or series of our stock and to the provisions of our charter regarding restrictions on transfer of our stock, holders of our common stock are entitled to receive dividends on such shares if, as and when authorized by our board of directors and declared by us out of assets legally available therefor. Our holders of common stock are also entitled to share ratably in our assets legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up after payment of or adequate provision for all our known debts and liabilities.

Subject to the provisions of our charter regarding the restrictions on transfer of our stock, each outstanding share of common stock entitles the holder thereof to one vote on all matters submitted to a vote of stockholders, including the election of directors, and, except as provided with respect to any other class or series of our stock, the holders of such shares will possess the exclusive voting power. A plurality of all the votes

cast at a meeting at which a quorum is present is sufficient to elect a director. There is no

cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of our common stock can elect all of the directors then standing for election, and the holders of the remaining shares will not be able to elect any directors.

Holders of shares of our common stock generally have no preference, conversion, exchange, sinking fund or appraisal rights and have no preemptive rights to subscribe for any of our securities. Subject to the provisions of our charter regarding restriction on transfer of our stock, shares of our common stock will each have equal distribution, liquidation and other rights.

Our charter authorizes our board of directors to reclassify any unissued shares of our common stock into other classes or series of classes of stock and to establish the number of shares in each class or series and to set the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption for each such class or series.

Our outstanding shares of common stock are listed on the New York Stock Exchange under the symbol ARE. Any additional shares of common stock we issue will also be listed on the New York Stock Exchange upon official notice of issuance.

Preferred Stock

Our charter authorizes our board of directors, without the approval of our stockholders, to classify any unissued shares of preferred stock and to reclassify any previously classified but unissued shares of any series, as authorized by our board of directors. Prior to the issuance of shares of any series, our board of directors is required by the Maryland General Corporation Law and our charter to set, subject to the provisions of our charter regarding restrictions on transfer of our stock, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each such series, all of which will be set forth in articles supplementary to our charter adopted for that purpose by our board of directors or a duly authorized special committee thereof. Using this authority, our board of directors could authorize the issuance of shares of preferred stock with terms and conditions that could delay, defer or prevent a transaction or a change in control that might involve a premium price for holders of our common stock or for other reasons be desired by them.

Upon issuance against full payment of the purchase price therefor, shares of preferred stock will be fully paid and nonassessable. The specific terms of a particular class or series of preferred stock to be offered pursuant to this prospectus will be described in the prospectus supplement or other offering material relating to that class or series, including a prospectus supplement or other offering material providing that preferred stock may be issuable upon the exercise of warrants or conversion of other securities issued by us. The description of preferred stock set forth below and the description of the terms of a particular class or series of preferred stock set forth in the applicable prospectus supplement or other offering material do not purport to be complete and are qualified in their entirety by reference to the articles supplementary relating to that class or series.

Rank. Unless otherwise specified in the applicable prospectus supplement or other offering material, our preferred stock will, with respect to dividend rights and rights upon our liquidation, dissolution or winding up, rank:

- senior to all classes or series of our common stock, and to all our equity securities ranking junior to such preferred stock with respect to dividend rights or rights upon our liquidation, dissolution or winding up;

- on a parity with all equity securities authorized or designated by us, the terms of which specifically provide that such equity securities rank on a parity with the preferred stock with respect to dividend rights or rights upon our liquidation, dissolution or winding up; and

- junior to all our existing and future indebtedness and to any class or series of equity securities authorized or designated by us, the terms of which specifically provide that such equity securities rank senior to the preferred stock with respect to dividend rights or rights upon our liquidation, dissolution or winding up.

Conversion Right. The terms and conditions, if any, upon which any shares of any class or series of our preferred stock are convertible into shares of our common stock will be set forth in the applicable prospectus supplement or other offering material relating thereto. Such terms will include:

- the number of shares of our common stock into which the shares of our preferred stock are convertible;

- the conversion price (or manner of calculation thereof);

- the conversion period;

- provisions as to whether conversion will be at the option of the holders of such class or series of our preferred stock or us;

- the events requiring an adjustment of the conversion price; and

- provisions affecting conversion in the event of the redemption of such class or series of preferred stock.

Power To Issue Additional Shares Of Common Stock And Preferred Stock

We believe that the power of our board of directors to authorize us to issue additional authorized but unissued shares of common stock or preferred stock and to classify or reclassify unissued shares of our common stock or preferred stock and thereafter to cause us to issue such classified or reclassified shares of stock will provide us with increased flexibility in structuring possible future financing and acquisition transactions and in meeting other needs that may arise. The additional classes or series of our preferred stock, as well as our common stock, will be available for issuance without further action by our stockholders, unless further action is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although our board of directors has no present intention to do so, it could authorize us to issue a class or series of stock that could, depending upon the terms of such class or series, delay, defer or prevent a transaction or a change in control that might involve a premium price for holders of common stock or for other reasons be desired by them.

Restrictions On Ownership And Transfer

In order to qualify as a REIT under the Internal Revenue Code, not more than 50% of the value of our outstanding stock may be owned, directly or constructively, by five or fewer individuals or entities (as set forth in the Internal Revenue Code) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made). Furthermore, shares of our outstanding stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year.

In order for us to maintain our qualification as a REIT, our charter provides for an ownership limit, which prohibits, with certain exceptions, direct or constructive ownership of shares of stock representing

more than 9.8% of the combined total value of our outstanding shares of stock by any person, as defined in our charter.

Our board of directors, in its sole discretion, may waive the ownership limit for any person. However, our board of directors may not grant such waiver if, after giving effect to such waiver, five individuals could beneficially own, in the aggregate, more than 49.9% of the value of our outstanding stock. As a condition to waiving the ownership limit, our board of directors may require a ruling from the Internal Revenue Service or an opinion of counsel in order to determine our status as a REIT. Notwithstanding the receipt of any such ruling or opinion, our board of directors may impose such conditions or restrictions as it deems appropriate in connection with granting a waiver.

Our charter further prohibits any person from:

- beneficially or constructively owning shares of our stock that would result in us being closely held under Section 856(h) of the Internal Revenue Code; and

- transferring shares of our stock if such transfer would result in shares of our stock being owned by fewer than 100 persons.

Any transfer in violation of any of these restrictions is void *ab initio*. Any person who acquires or attempts to acquire beneficial or constructive ownership of shares of our stock in violation of the foregoing restrictions on transferability and ownership is required to give us notice immediately and provide us with such other information as we may request in order to determine the effect of such transfer on our status as a REIT. The foregoing restrictions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interests to continue to qualify, or to attempt to qualify, as a REIT.

If any transfer of shares of our stock or other event occurs that would result in any person beneficially or constructively becoming the owner of shares of our stock in excess or in violation of the above transfer or ownership limitations, or becoming a prohibited owner, then that number of shares of our stock (rounded up to the nearest whole share) the beneficial or constructive ownership of which otherwise would cause such person to violate such limitations shall be automatically exchanged for an equal number of shares of excess stock. Those shares of excess stock will be automatically transferred to a trust for the exclusive benefit of one or more charitable beneficiaries, and the prohibited owner will generally not acquire any rights in such shares. This automatic exchange will be deemed to be effective as of the close of business on the business day prior to the date of such violative transfer. Shares of excess stock held in the trust will be issued and outstanding shares of our stock. The prohibited owner will not:

- benefit economically from ownership of any shares of excess stock held in the trust;

- have any rights to distributions thereon; or

- possess any rights to vote or other rights attributable to the shares of excess stock held in the trust.

The trustee of the trust will have all voting rights and rights to dividends or other distributions with respect to shares of stock held in the trust, which rights shall be exercised for the exclusive benefit of the charitable beneficiary. Any dividend or other distribution paid prior to the discovery by us that shares of stock have been transferred to the trustee will be paid by the recipient of such dividend or distribution to us upon demand, or, at our sole election, will be offset against any future dividends or distributions payable to the purported transferee or holder, and any dividend or distribution authorized but unpaid will be rescinded as void *ab initio* with respect to such shares of stock and promptly thereafter paid over to the trustee with respect to such shares of excess stock, as trustee of the trust for the exclusive benefit of the charitable beneficiary. The prohibited owner will have no voting rights with respect to shares of excess stock held in the trust and, subject to Maryland law, effective as of the date that such shares of stock have been transferred to the trustee, the trustee will have the authority (at the trustee s sole discretion) to:

- rescind as void any vote cast by a prohibited owner prior to the discovery by us that such shares have been transferred to the trustee, and
- recast such vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary.

However, if we have already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast such vote.

Within 180 days after the date of the event that resulted in shares of our excess stock being transferred to the trust (or as soon as possible thereafter if the trustee did not learn of such event within such period), the trustee shall sell the shares of stock held in the trust to a person, designated by the trustee, whose ownership of the shares will not violate the ownership limitations set forth in our charter. Upon such sale, the interest of the charitable beneficiary in the shares sold will terminate and those shares of excess stock will be automatically exchanged for an equal number of shares of the same class or series of stock that originally were exchanged for the excess stock.

The trustee shall distribute to the prohibited owner, as appropriate:

- the price paid by the prohibited owner for the shares;
- if the prohibited owner did not give value for the shares in connection with the event causing the shares to be held in the trust (*e.g.,* a gift, devise or other such transaction), the market price (as defined in our charter) of such shares on the day of the event causing the shares to be held in the trust; or
- if the exchange for excess stock did not arise as a result of a purported transfer, the market price of such shares on the day of the other event causing the shares to be held in the trust.

If such shares are sold by a prohibited owner, then to the extent that the prohibited owner received an amount for such shares that exceeds the amount that such prohibited owner was entitled to receive pursuant to the aforementioned requirement, such excess shall be paid to the trustee.

All certificates representing shares of common stock and preferred stock will bear a legend referring to the restrictions described above.

Every owner of more than 5% (or such lower percentage as may be required by our charter, the Internal Revenue Code or the regulations promulgated thereunder) of all classes or series of our stock, including shares of common stock, within 30 days after the end of each taxable year, is required to give written notice to us stating the name and address of such owner, the number of shares of each class and series of our stock which the owner beneficially owns and a description of the manner in which such shares are held. Each such owner must provide us such additional information as we may reasonably request in order to determine the effect, if any, of such beneficial ownership on our status as a REIT. In addition,

each stockholder will be required upon demand to provide us such information as we may reasonably request in order to determine our status as a REIT, to comply with the requirements of any taxing authority or governmental authority or to determine such compliance, or to comply with the REIT provisions of the Internal Revenue Code.

These ownership limits could delay, defer or prevent a transaction or a change in control that might involve a premium price for the holders of our common stock or for other reasons be desired by them.

DESCRIPTION OF WARRANTS

We may issue warrants representing rights to purchase shares of our preferred stock, common stock or our debt securities. Warrants may be issued independently or together with any other securities offered by any prospectus supplement or other offering material and may be attached to or separate from such securities. Each series of warrants will be issued under a separate warrant agreement to be entered into between us and a warrant agent specified in the applicable prospectus supplement or other offering material. The warrant agent will act solely as our agent in connection with the warrants of such series and will not assume any obligation or relationship of agency or trust for or with any provisions of the warrants offered hereby.

The applicable prospectus supplement or other offering material will describe the terms of the warrants in respect of which this prospectus is being delivered, including, where applicable, the following:

the title of the warrants;

the aggregate number of the warrants;

the price or prices at which the warrants will be issued;

the designation, terms and number of shares of our preferred stock or common stock purchasable upon exercise of the warrants;

the designation and terms of the securities, if any, with which the warrants are issued and the number of the warrants issued with each such security;

the date, if any, on and after which the warrants and the related preferred stock or common stock will be separately transferable, including any limitations on ownership and transfer of the warrants that may be appropriate to preserve our status as a REIT;

the price at which each share of our preferred stock or common stock purchasable upon exercise of the warrants may be purchased;

the date on which the right to exercise the warrants will commence and the date on which such right relating to the warrants expires;

the minimum or maximum amount of the warrants that may be exercised at any one time;

information with respect to book-entry procedures applicable to the warrants, if any;

a description of federal income tax consequences; and

any other terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants.

DESCRIPTION OF DEBT SECURITIES

The debt securities that we may offer will be issued under indentures between us and a trustee. The following is a summary of the material provisions of the form of indenture included as an exhibit to the registration statement of which this prospectus is part for additional information. Unless the context requires otherwise, this prospectus refers to that indenture as the indenture.

The following summary of some of the material provisions of the indenture and of our debt securities is not complete and is subject to the detailed provisions of the applicable indenture to be entered into between us and the applicable trustee. For a full description of these provisions, including the definition of some terms used in this prospectus, and for other information regarding the debt securities, see the applicable indenture. Wherever we refer to particular sections or defined terms of the indenture, those sections or defined terms are incorporated by reference in this prospectus or prospectus supplement or other offering material.

The following summarizes what we expect to be certain general terms and provisions of the debt securities. Each time we offer debt securities, the prospectus supplement or other offering material relating to that offering will describe the terms of the debt securities we are offering.

General

We may issue debt securities from time to time in one or more series without limitation as to aggregate principal amount. The debt securities will be unsecured and unsubordinated obligations and will rank equally and ratably with other unsecured and unsubordinated obligations outstanding from time to time, unless stated otherwise in the applicable supplemental indenture.

Unless otherwise indicated in the prospectus supplement or other offering material, principal of, premium, if any, and interest on the debt securities will be payable, and the transfer of debt securities will be registrable, at any office or agency maintained by us for that purpose. The debt securities will be issued only in fully registered form without coupons and, unless otherwise indicated in the applicable prospectus supplement or other offering material, in denominations of $1,000 or integral multiples thereof. No service charge will be made for any registration of transfer or exchange of the debt securities, but we may require you to pay a sum sufficient to cover any tax or other governmental charge imposed in connection with the transfer or exchange.

The prospectus supplement or other offering material will describe the following terms of the debt securities we are offering:

- the title of the debt securities;
- any limit on the aggregate principal amount of the debt securities;
- the date or dates on which the principal of the debt securities is payable;
- the rate or rates, which may be fixed or variable, at which the debt securities will bear interest, if any, or the method by which the rate or rates will be determined, the date or dates from which any interest will accrue, the interest payment dates on which any interest will be payable, and the regular record date for the interest payable on any interest payment date;
- the place or places where the principal of and any premium and interest on the debt securities will be payable;
- the person who is entitled to receive any interest on the debt securities, if other than the record holder on the record date;

- the period or periods within which, the price or prices at which and the terms and conditions upon which the debt securities may be redeemed, in whole or in part, at our option;

- our obligation, if any, to redeem, purchase or repay the debt securities pursuant to any sinking fund or analogous provisions or at the option of a holder and the period or periods within which, the price or prices at which and the terms and conditions upon which we will redeem, purchase or repay, in whole or in part, the debt securities pursuant to such obligation;

- the currency, currencies or currency units in which we will pay the principal of and any premium and interest on any debt securities, if other than the currency of the United States of America and the manner of determining the equivalent in U.S. currency;

- if the amount of payments of principal of or any premium or interest on any debt securities may be determined with reference to an index or formula, the manner in which such amounts will be determined;

- if the principal of or any premium or interest on any debt securities is to be payable, at our election or at the election of the holder, in one or more currencies or currency units other than that or those in which the debt securities are stated to be payable, the currency, currencies or currency units in which payment of the principal of and any premium and interest on the debt securities as to which such election is made will be payable, and the periods within which and the terms and conditions upon which such election is to be made;

- if other than the debt securities principal amount, the portion of the principal amount of the debt securities that will be payable upon declaration of acceleration of the maturity;

- the applicability of the provisions described in the section of this prospectus captioned Defeasance and Covenant Defeasance;

- if the debt securities will be issued in whole or in part in the form of a book-entry security as described in this prospectus, the depository we appointed or its nominee with respect to the debt securities and the circumstances under which the book-entry security may be registered for transfer or exchange or authenticated and delivered in the name of a person other than the depository or its nominee;

- any provisions related to the conversion or exchange of the debt securities into our common stock or other debt securities;

- any provisions regarding the status and ranking of the debt securities; and

- any other terms of the debt securities.

We may offer and sell the debt securities as original issue discount securities at a substantial discount below their stated principal amount. The prospectus supplement or other offering material will describe the federal income tax consequences and other special considerations applicable to original issue discount securities and any debt securities the federal tax laws treat as having been issued with original issue discount. Original issue discount securities means any debt security that provides for an amount less than its principal amount to be due and payable upon the declaration of acceleration of the maturity of the debt security upon the occurrence and continuation of an Event of Default.

The indenture does not contain covenants or other provisions designed to afford holders of the debt securities protection in the event of a highly leveraged transaction, change in credit rating or other similar occurrence.

Covenants

The prospectus supplement or other offering material will describe any material covenants of a series of debt securities.

Events of Default

With respect to a series of debt securities, any one of the following events will constitute an event of default under the indenture:

- failure to pay any interest on any debt security of that series when due, continued for 30 days;
- failure to pay principal of or any premium on any debt security of that series when due;
- failure to deposit any sinking fund payment, when due, in respect of any debt security of that series;
- our failure to perform, or breach of, any other covenant or warranty in the indenture, other than a covenant included in the indenture solely for the benefit of a series of debt securities other than that series, continued for 90 days after written notice as provided in the indenture;
- certain events involving our bankruptcy, insolvency or reorganization; or
- any other event of default provided with respect to debt securities of that series.

If any event of default occurs and continues, either the trustee or the holders of at least 25 percent in principal amount of the outstanding debt securities of that series may declare the principal amount or, if the debt securities of that series are original issue discount securities, the portion of the principal amount as may be specified in the terms of those debt securities, of all the debt securities of that series to be due and payable immediately by a notice in writing to us, and to the trustee if given by holders. The principal amount (or specified amount) will then be immediately due and payable. After acceleration, but before a judgment or decree for payment based on acceleration has been obtained, the holders of a majority in principal amount of outstanding debt securities of that series may by written notice to us and the trustee, under specified circumstances, rescind and annul the acceleration.

Additional or different events of default applicable to a series of debt securities may be described in a prospectus supplement or other offering material. An event of default of one series of debt securities is not necessarily an event of default for any other series of debt securities. The prospectus supplement or other offering material relating to any series of debt securities that are original issue discount securities will contain the particular provisions relating to acceleration of the stated maturity of a portion of the principal amount of that series of original issue discount securities upon the occurrence and continuation of an event of default.

The indenture in part provides that, subject to the duty of the trustee during default to act with the required standard of care, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any of the holders, unless the holders offer the trustee reasonable security or indemnity. Generally, the holders of a majority in aggregate principal amount of the debt securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee.

A holder of any series of debt securities will not have any right to institute any proceeding with respect to the indenture, or for the appointment of a receiver or trustee, or for any other remedy, unless:

- the holder has previously given to the trustee written notice of a continuing event of default;
- the holders of at least 25 percent in principal amount of the outstanding debt securities of that series have made written request to the trustee to institute such proceeding as trustee;

- the trustee has not instituted proceedings within 60 days after receipt of such notice; and

- the trustee shall not have received from the holders of a majority in aggregate principal amount of the outstanding debt securities of that series a direction inconsistent with such request during the 60 day period.

However, these limitations do not apply to a suit instituted by a holder for enforcement of payment of the principal of and premium, if any, or interest on its debt securities on or after the respective due dates.

We are required to furnish to the trustee annually a statement as to our performance of certain obligations under the indenture and as to any default.

Modification and Waiver

We and the trustee may modify and amend the indenture with the consent of the holders of not less than the majority in aggregate principal amount of the outstanding debt securities of each series which is affected. Neither we nor the trustee may, however, modify or amend the indenture without the consent of the holders of all debt securities affected if such action would:

- change the stated maturity of the principal of, or any installment of principal of or interest on, any debt security;

- reduce the principal amount of, or the premium payable upon redemption, if any, or, except as otherwise provided in the prospectus supplement or other offering material, interest on, any debt security, including in the case of an original issue discount security the amount payable upon acceleration of the maturity;

- change the place or currency of payment of principal of, premium, if any, or interest on any debt security;

- impair the right to institute suit for the enforcement of any payment on any debt security on or after the stated maturity thereof, or in the case of redemption, on or after the redemption date;

- modify the conversion provisions, if any, of any debt security in a manner adverse to the holder of the debt security;

- reduce the percentage in principal amount of outstanding debt securities of any series, the consent of whose holders is required for modification or amendment of the indenture or for waiver of compliance with certain provisions of the indenture or for waiver of certain defaults; or

- modify certain provisions of the indenture, except to increase any percentage of principal amount whose holders are required to approve any change to such provision or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of each holder affected.

The holders of at least a majority in principal amount of the outstanding debt securities of any series may, on behalf of all holders of that series, waive compliance by us with certain restrictive provisions of the indenture. The holders of not less than a majority in principal amount of the outstanding debt securities of any series may, on behalf of all holders of that series, waive any past default under the indenture, except a default

- in the payment of principal, premium or interest and

- in respect of a covenant or provision of the indenture that cannot be modified or amended without the consent of those holders of each outstanding debt security of that series who were affected.

Consolidation, Merger and Sale of Assets

We may not consolidate with or merge into any other company or entity or convey, transfer or lease its properties and assets substantially as an entirety and may not permit any company or entity to merge into or consolidate with us or convey, transfer or lease its properties and assets substantially as an entirety to us, unless:

- in the case we consolidate with or merge into another person or convey, transfer or lease our properties and assets substantially as an entirety to any person, the person formed by that consolidation or into which we are merged or the person which acquires by conveyance or transfer, or which leases, our properties and assets substantially as an entirety is a corporation, partnership or trust organized under the laws of the United States of America, any State or the District of Columbia, and expressly assumes our obligations on the debt securities under a supplemental indenture;

- immediately after giving effect to the transaction no event of default, and no event which, after notice or lapse of time or both, would become an event of default, has occurred and is continuing;

- if our properties or assets become subject to a mortgage, pledge, lien, security interest or other encumbrance not permitted by the indenture, we or such successor, as the case may be, takes the necessary steps to secure the debt securities equally and ratably with, or prior to, all indebtedness secured thereby; and

- we have delivered to the trustee an officers certificate and an opinion of counsel, each stating compliance with these provisions.

Defeasance and Covenant Defeasance

The indenture provides, unless otherwise indicated in the prospectus supplement or other offering material relating to that particular series of debt securities, that, at our option, we:

- will be discharged from any and all obligations in respect of the debt securities of that series, except for certain obligations to register the transfer of or exchange of debt securities of that series, replace stolen, lost or mutilated debt securities of that series, maintain paying agencies and hold moneys for payment in trust; or

- need not comply with certain restrictive covenants of the indenture and the occurrence of an event described in the fourth bullet point in the section of the prospectus captioned Events of Default will no longer be an event of default,

in each case, if we deposit, in trust, with the trustee, money or U.S. Government obligations, which through the payment of interest and principal in accordance with their terms will provide money, in an amount sufficient to pay all the principal of and premium, if any, and interest on the debt securities of that series on the dates such payments are due, which may include one or more redemption dates that we designate, in accordance with the terms of the debt securities of that series.

We may establish this trust only if, among other things:

- no event of default or event which with the giving of notice or lapse of time, or both, would become an event of default under the indenture shall have occurred and is continuing on the date of the deposit or insofar as an event of default resulting from certain events involving our bankruptcy or insolvency at any time during the period ending on the 121st day after the date of the deposit or, if longer, ending on the day following the expiration of the longest preference period applicable to us in respect of the deposit;

- the defeasance will not cause the trustee to have any conflicting interest with respect to any other of our securities or result in the trust arising from the deposit to constitute, unless it is qualified as, a regulated investment company;

- the defeasance will not result, in a breach or violation of, or constitute a default under, the indenture or any other agreement or instrument to which we are a party or by which we are bound; and

- we have delivered an opinion of counsel to the effect that the holders will not recognize income, gain or loss for federal income tax purposes as a result of the defeasance and will be subject to federal income tax in the same manner as if the defeasance had not occurred, which opinion of counsel, in the case of the first item above, must refer to and be based upon a published ruling of the Internal Revenue Service, a private ruling of the Internal Revenue Service addressed to us, or otherwise a change in applicable federal income tax law occurring after the date of the indenture.

If we fail to comply with remaining obligations under the indenture after a defeasance of the indenture with respect to the debt securities of any series as described under the second item of the first sentence of this section and the debt securities of such series are declared due and payable because of the occurrence of any event of default, the amount of money and U.S. Government obligations on deposit with the trustee may be insufficient to pay amounts due on the debt securities of that series at the time of the acceleration resulting from the event of default. We will, however, remain liable for those payments.

DESCRIPTION OF GLOBAL SECURITIES

Book-Entry, Delivery and Form

The common stock, preferred stock, warrants or debt securities may be issued in book-entry form and represented by one or more global notes or global securities. The global securities are expected to be deposited with, or on behalf of, The Depository Trust Company, New York, New York, as depositary, and registered in the name of Cede & Co., the nominee of DTC. Unless and until it is exchanged for individual certificates evidencing securities under the limited circumstances described below, a global security may not be transferred except as a whole by the depositary to its nominee or by the nominee to the depositary, or by the depositary or its nominee to a successor depositary or to a nominee of the successor depositary.

DTC has advised each of the issuing companies that it is:

- a limited-purpose trust company organized under the New York Banking Law;
- a banking organization within the meaning of the New York Banking Law;
- a member of the Federal Reserve System;
- a clearing corporation within the meaning of the New York Uniform Commercial Code; and
- a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934.

DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among its participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants accounts, which eliminates the need for physical movement of securities certificates. Direct participants in DTC include securities brokers and dealers, including underwriters, banks, trust companies, clearing corporations and other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, which we sometimes refer to as indirect participants, that clear transactions through or maintain a custodial relationship with a direct participant either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

Purchases of securities within the DTC system must be made by or through direct participants, which will receive a credit for those securities on DTC s records. The ownership interest of the actual purchaser of a security, which is sometimes referred to as a beneficial owner, is in turn recorded on the direct and indirect participants records. Beneficial owners of securities will not receive written confirmation from DTC of their purchases. However, beneficial owners are expected to receive written confirmations providing details of their transactions, as well as periodic statements of their holdings, from the direct or indirect participants through which they purchased securities. Transfers of ownership interests in global securities are to be accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the global securities except under the limited circumstances described below.

To facilitate subsequent transfers, all global securities deposited with DTC will be registered in the name of DTC s nominee, Cede & Co. The deposit of securities with DTC and their registration in the name of Cede & Co. will not change the beneficial ownership of the securities. DTC has no knowledge of the actual beneficial owners of the securities. DTC s records reflect only the identity of the direct participants to whose accounts the securities are credited, which may or may not be the beneficial owners. The participants are responsible for keeping account of their holdings on behalf of their customers.

So long as the securities are in book-entry form, you will receive any payments and may transfer securities only through the facilities of the depositary and its direct and indirect participants.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any legal requirements in effect from time to time.

Redemption notices will be sent to DTC or its nominee. If less than all of the securities of a particular series are being redeemed, DTC will determine the amount of the interest of each direct participant in the securities of such series to be redeemed in accordance with DTC s procedures.

In any case where a vote may be required with respect to securities, neither DTC nor Cede & Co. will give consents for or vote the global securities. Under its usual procedures, DTC will mail an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns the consenting or voting rights of Cede & Co. to those direct participants to whose accounts the securities of such series are credited on the record date identified in a listing attached to the omnibus proxy.

So long as securities are in book-entry form, we will make payments on securities to the depositary or its nominee, as the registered owner of such securities, by wire transfer of immediately available funds. If securities are issued in definitive certificated form under the limited circumstances described below, we will have the option of paying interest by check mailed to the addresses of the persons entitled to payment or by wire transfer to bank accounts in the United States designated in writing to the applicable trustee at least 15 days before the applicable payment date by the persons entitled to payment.

Principal and interest payments on the securities will be made to Cede & Co., as nominee of DTC. DTC s practice is to credit direct participants accounts on the relevant payment date unless DTC has reason to believe that it will not receive payment on the payment date. Payments by direct and indirect participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the account of customers in bearer form or registered in street name. Those payments will be the responsibility of participants and not of DTC or us, subject to any legal requirements in effect from time to time. Payment of principal and interest to Cede & Co. is our responsibility, disbursement of payments to direct participants is the responsibility of DTC and disbursement of payments to the beneficial owners is the responsibility of direct and indirect participants.

Except under the limited circumstances described below, purchasers of securities will not be entitled to have securities registered in their names and will not receive physical delivery of securities. Accordingly, each purchaser of securities must rely on the procedures of DTC and its participants to exercise any rights under the securities and the applicable indenture.

The laws of some jurisdictions may require that some purchasers of securities take physical delivery of securities in definitive form. Those laws may impair the ability to transfer or pledge beneficial interests in securities.

DTC is under no obligation to provide its services as depositary for the securities and may discontinue providing its services at any time. Neither we nor the trustee will have any responsibility for the performance by DTC or its direct participants or indirect participants under the rules and procedures governing DTC.

As noted above, each purchaser of securities generally will not receive certificates representing those securities. However, we will prepare and deliver certificates for such securities in exchange for the securities evidenced by the global securities if:

- DTC notifies us that it is unwilling or unable to continue as a depositary for the global security or securities representing such series of securities or if DTC ceases to be a clearing agency registered under the Securities Exchange Act at a time when it is required to be registered and a successor

depositary is not appointed within 90 days of the notification to us or of our becoming aware of DTC s ceasing to be so registered, as the case may be;

- we determine, in our sole discretion, not to have such securities represented by one or more global securities; or
- an event of default under the indenture has occurred and is continuing with respect to such series of securities.

Any interest in a global security that is exchangeable under the circumstances described above will be exchangeable for securities in definitive certificated form registered in the names that the depositary directs. It is expected that these directions will be based upon directions received by the depositary from its participants with respect to ownership of securities evidenced by the global securities.

PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS

The following summary of certain provisions of Maryland General Corporation Law and of our charter and bylaws does not purport to be complete and is subject to and qualified in its entirety by reference to Maryland General Corporation Law and our charter and bylaws. See Additional Information.

Board Of Directors

Our bylaws provide that the number of our directors may be established by our board of directors, but may not be fewer than the minimum number required by the Maryland General Corporation Law nor more than 15. Any vacancy may be filled, at any regular meeting or at any special meeting called for that purpose, by a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum. All directors are elected to hold office until the next annual meeting of our stockholders and until their successors are duly elected and qualify.

Business Combinations

Under the Maryland General Corporation Law, specified business combinations (including a merger, consolidation, share exchange or, in specified circumstances, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and:

- any person who beneficially owns 10% or more of the voting power of the corporation s shares; or
- an affiliate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then-outstanding voting stock of the corporation or an affiliate of such an interested stockholder,

are prohibited for five years after the most recent date on which the 10% or more beneficial owner acquires such status.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which he otherwise would have become an interested stockholder. In approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board. After the five year period, any such business combination must be recommended by the board of directors of such corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation and

- two thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the 10% or more beneficial owner with whom (or with whose affiliate) the business combination is to be effected, unless, among other conditions, the corporation s common stockholders receive a minimum price (as defined in the Maryland General Corporation Law) for their shares and the consideration is received in cash or in the same form as previously paid by the 10% or more beneficial owner for its shares.

These provisions of the Maryland General Corporation Law do not apply, however, to business combinations that are approved or exempted by the board of directors of the corporation prior to the time that the 10% or more beneficial owner acquires such status. Our board of directors has adopted a resolution providing that the business combination provisions of the Maryland General Corporation Law shall not apply to us generally and that such resolution is irrevocable unless revocation, in whole or in part, is approved by the holders of a majority of the outstanding shares of common stock, but revocation will not affect any business combination consummated, or any business combination contemplated by any agreement entered into, prior to the revocation. As a result of the foregoing, any person who becomes a 10% or more beneficial owner may be able to enter into business combinations with us that may not be in the best interest of the stockholders, without our compliance with the business combination provisions of the Maryland General Corporation Law.

Control Share Acquisitions

The Maryland General Corporation Law provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares of stock owned by the acquiror, by officers or by directors who are employees of the corporation. Control shares are voting shares of stock which, if aggregated with all other such shares of stock previously acquired by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval.

A control share acquisition means the acquisition of control shares, subject to specified exceptions.

Under Maryland law, a person who has made or proposes to make a control share acquisition, upon satisfaction of specified conditions (including an undertaking to pay expenses), may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any meeting of the stockholders.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then, subject to specified conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a meeting of the stockholders and the acquiror becomes entitled to vote a

majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any acquisition by any person of shares of our stock. Our board of directors has resolved that, subject to Maryland law, this provision may not be amended or repealed without the approval of holders of at least a majority of the outstanding shares of common stock. There can be no assurance, however, that the provision will not be amended or eliminated in the future or that the resolution is enforceable under Maryland law.

Advance Notice Of Director Nominations And New Business

Our bylaws provide that:

- with respect to an annual meeting of stockholders, nominations of persons for election to our board of directors and the proposal of business to be considered by stockholders may be made only:

- pursuant to our notice of the meeting;

- by or at the direction of our board of directors; or

- by a stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures set forth in the bylaws; and

- with respect to special meetings of stockholders, only the business specified in our notice of meeting may be brought before the meeting of stockholders and nominations of persons for election to our board of directors may be made only:

- pursuant to our notice of the meeting;

- by or at the direction of our board of directors; or

- provided that our board of directors has determined that directors shall be elected at such meeting, by a stockholder who is entitled to vote at the meeting and has complied with the advance notice provisions set forth in the bylaws.

Amendment To Our Charter Or Bylaws

As permitted by the Maryland General Corporation Law, our charter provides that it may be amended by the affirmative vote of the holders of a majority of votes entitled to be cast on the matter. The board of directors has the exclusive power to adopt, alter, repeal or amend our bylaws.

Our charter and bylaws provide that our stockholders may remove any director by a vote of not less than two-thirds of all the votes entitled to be cast on the matter. Our charter and bylaws further provide that our board of directors may fill board vacancies and that any director elected to fill a vacancy may hold office for the remainder of the full term of the class of directors in which the vacancy occurred.

Extraordinary Actions

As permitted by the Maryland General Corporation Law, our charter provides that our dissolution must be advised by our board of directors approved by the affirmative vote of the holders of not less than a majority of all of the votes entitled to be cast on the matter. See Description of Stock Common Stock.

Under the Maryland General Corporation Law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business unless advised by the board of directors and approved by the affirmative vote of stockholders holding at least two thirds of the shares entitled to vote on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation s charter. Our charter provides for approval of such matters by the affirmative vote of a majority of all of the votes entitled to be cast thereon. Maryland law permits a corporation to transfer all or substantially all of its assets without the approval of the stockholders of the corporation to one or more persons if all of the equity interests of the person or persons are owned, directly or indirectly, by the corporation. Maryland law also does not require approval of the stockholders of a parent corporation to merge or sell all or substantially all of the assets of a subsidiary entity. Because operating assets may be held by a corporation s subsidiaries, as in our situation, this may mean that a subsidiary may be able to merge or to sell all or substantially all of its assets without a vote of the corporation s stockholders.

Stockholder Rights Plan

We have adopted a stockholder rights plan which provides that one right to purchase one one-hundredth of a share of Series A Junior Participating Preferred Stock, par value $0.01 per share, is attached to each outstanding share of our common stock. The rights have specified anti-takeover effects and are intended to discourage coercive or unfair takeover tactics and to encourage any potential acquiror to negotiate a price fair for all stockholders with our board of directors. The rights are intended to cause substantial dilution to an acquiring party that attempts to acquire us on terms not approved by our board of directors, but the rights will not interfere with any merger or other business combination that is approved by our board of directors.

The rights are not presently exercisable. The rights, other than those held by the acquiring person, will separate from the common stock and become exercisable upon the earlier of (i) ten days following a public announcement that a person or group of affiliated or associated persons has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of our outstanding shares of common stock, or (ii) ten business days (or such later date as our board of directors shall determine) following the commencement of a tender offer or exchange offer that would result in a person or group acquiring beneficial ownership of 15% or more of our common stock.

Each right entitles the holder to purchase one-hundredth of a share of Series A Junior Participating Preferred Stock for an exercise price that is currently $120 per share. Once the rights become exercisable, any rights held by the acquiring party, and specified related persons, will be void, and all other holders of rights will receive upon exercise of their rights that number of shares of common stock having a market value of two times the exercise price of the right. The rights, which expire on February 10, 2010, may be redeemed at any time prior to the time a party becomes an acquiring person, for $0.01 per right. Until a right is exercised, the holder of that right will have no rights as a stockholder of ours, including, without limitation, the right to vote or receive dividends.

Subtitle 8

Subtitle 8 of Title 3 of the Maryland General Corporation Law permits a Maryland corporation with a class of equity securities registered under the Securities Exchange Act of 1934 and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions:

- a classified board;

- a two-thirds vote requirement for removing a director;
- a requirement that the number of directors be fixed only by vote of the directors;
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred; and
- a majority requirement for the calling by stockholders of a special meeting of stockholders.

Through provisions in our charter and bylaws unrelated to Subtitle 8, we already:

- vest in the board the exclusive power to fix the number of directorships and
- require, unless called by our chairman of the board, our president, our chief executive officer or the board, the request of holders of a majority of outstanding shares to call a special meeting.

We have also elected to be subject to the provisions of Subtitle 8 relating to:

- a two-thirds vote for the removal of any director from the board and
- the filling of vacancies on the board.

Anti-Takeover Effect Of Provisions Of Maryland Law, Our Charter And Bylaws And Our Rights Plan

The possible future application of the business combination control share acquisition and Subtitle 8 provisions of the Maryland General Corporation Law, the amendments to and advance notice provisions of our bylaws and our stockholder rights plan may delay, defer or prevent a transaction or a change in control that might involve a premium price for holders of common stock or for other reasons be desired by them.

FEDERAL INCOME TAX CONSIDERATIONS

The following summary of material federal income tax considerations regarding an investment in our securities is based on current law, is for general information only and is not tax advice. This summary does not purport to deal with all aspects of taxation that may be relevant to particular investors in light of their personal investment or tax circumstances, or, except to the extent discussed under the headings Taxation of Tax-Exempt Stockholders and Taxation of Foreign Stockholders, to certain types of investors (including insurance companies, tax-exempt organizations, financial institutions or broker-dealers, foreign corporations and persons who are not citizens or residents of the U.S.) that are subject to special treatment under the federal income tax laws. This summary assumes that investors will hold our securities as capital assets (generally, property held for investment) under the Internal Revenue Code.

YOU SHOULD CONSULT WITH YOUR TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND SALE OF OUR SECURITIES AND OF OUR ELECTION TO BE TAXED AS A REAL ESTATE INVESTMENT TRUST, INCLUDING THE FEDERAL, STATE, LOCAL, AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF SUCH PURCHASE, OWNERSHIP, SALE AND ELECTION, AND OF POTENTIAL CHANGES IN APPLICABLE TAX LAWS.

Taxation of Our Company

General

The REIT provisions of the Internal Revenue Code are highly technical and complex. The following sets forth the material aspects of the provisions of the Internal Revenue Code that govern the federal income tax treatment of a REIT and its stockholders. This summary is qualified in its entirety by the applicable Internal Revenue Code provisions, rules and regulations promulgated thereunder, and administrative and judicial interpretations thereof, all of which are subject to change and which changes may apply retroactively.

We intend to operate in a manner that will enable us to satisfy the requirements for taxation as a REIT under the applicable provisions of the Internal Revenue Code. Although we believe that we are organized as and operate in such a manner, we cannot assure you that we qualify or will continue to qualify as a REIT. Qualification as a REIT involves the application of highly technical and complex Internal Revenue Code provisions for which there are only limited judicial and administrative interpretations. The determination of various factual matters and circumstances not entirely within our control may affect our ability to qualify as a REIT. If we fail to qualify as a REIT, we will be subject to federal income tax (including any applicable alternative minimum tax) on taxable income at regular corporate rates. In addition, unless entitled to relief under certain statutory provisions, we will be disqualified from treatment as a REIT for the four taxable years following the year during which qualification is lost. The additional tax would significantly reduce the cash flow available for distributions to stockholders. In addition, we would not be obligated to make distributions to stockholders.

We have elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code, commencing with our taxable year ended December 31, 1996, and intend to continue to operate in a manner consistent with such election and all rules with which a REIT must comply. We have received from Mayer, Brown, Rowe & Maw LLP its opinion to the effect that, commencing with our taxable year ended December 31, 1996, we were organized and have operated in conformity with the requirements for qualification and taxation as a REIT under the Internal Revenue Code, and that our proposed method of operation will enable us to continue to meet the requirements for qualification and taxation as a REIT under the Internal Revenue Code. It must be emphasized that this opinion is based and conditioned upon certain assumptions and representations made by us as to factual matters (in