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

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Prospectus Supplement

Prospectus

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.

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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.

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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

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.

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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.

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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	Warrants
Preferred Stock	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.

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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