

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

Filing Date: **2006-05-08** | Period of Report: **2006-05-08**  
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### FILER

#### ALEXANDRIA REAL ESTATE EQUITIES INC

CIK: **1035443** | IRS No.: **954502084** | State of Incorporation: **MD** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **001-12993** | Film No.: **06815994**  
SIC: **6798** Real estate investment trusts

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 8, 2006



ALEXANDRIA.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**

*(Exact name of registrant as specified in its charter)*

Maryland

1-12993

95-4502084

*(State of other jurisdiction of incorporation) (Commission File Number) (I.R.S. Employer Identification Number)*

**385 East Colorado Boulevard, Suite 299  
Pasadena, California 91101**

*(Address of principal executive offices including zip code)*

**(626) 578-0777**

*(Registrant's telephone number, including area code)*

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
- 

## ITEM 2.02 Results of Operations and Financial Condition

On May 8, 2006, we issued a press release entitled "Alexandria Real Estate Equities, Inc. Reports First Quarter 2006 Results" which sets forth our results of operations for the first quarter ended March 31, 2006. A copy of that press release is attached hereto as Exhibit 99.1.

## ITEM 9.01 Financial Statements and Exhibits

(c) Exhibits

99.1 Press Release dated May 8, 2006.

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	ALEXANDRIA REAL ESTATE EQUITIES, INC.
May 8, 2006	By: <u>/s/ JOEL S. MARCUS</u>
	Joel S. Marcus

	Chief Executive Officer
	(Principal Executive Officer)

	By: /s/ DEAN A. SHIGENAGA
	Dean A. Shigenaga
	Chief Financial Officer
	(Principal Financial and Accounting Officer)

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## EXHIBIT INDEX

Exhibit Number

Exhibit Title

99.1\*

[Press release dated May 8, 2006](#)

\* Also provided in [PDF format](#) as a courtesy.

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# ALEXANDRIA

**Contact: Joel S. Marcus**  
**Chief Executive Officer**  
**Alexandria Real Estate Equities, Inc.**  
**(626) 578-9693**

**Alexandria Real Estate Equities, Inc.**  
**Reports**  
**First Quarter 2006 Results**

**- Company Reports Funds from Operations Per Share (Diluted) of \$1.24, Up 4%  
 Over First Quarter 2005, and Earnings Per Share (Diluted) of \$0.56 -**

## Highlights

- First Quarter 2006 Funds From Operations Per Share (FFO) (Diluted) of \$1.24 Up 4%
- First Quarter 2006 Total Revenues Up 25%, FFO Available to Common Stockholders Up 19%
- First Quarter 2006 Earnings Per Share (Diluted) of \$0.56
- Executed 28 Leases for 502,000 Square Feet
- First Quarter 2006 GAAP Basis Rental Rate Increase of 6.2%
- First Quarter 2006 GAAP Basis Same Property Revenues Less Operating Expenses Up 2.0% Over First Quarter 2005
- Added Five Properties Aggregating 333,000 Square Feet for Total Consideration of \$99 million
- Added One Land Parcel with Approximately 494,000 Developable Square Feet
- Completed Ground-Up Development of One Property
- Completed Redevelopment of Multiple Spaces at Two Properties

PASADENA, CA. - May 8, 2006 -- Alexandria Real Estate Equities, Inc. (NYSE: ARE) today announced operating and financial results for the first quarter 2006.

For the first quarter of 2006, we reported total revenues of \$68,591,000 and FFO available to common stockholders of \$28,154,000, or \$1.24 per share (diluted), compared to total revenues of \$55,055,000 and FFO available to common stockholders of \$23,608,000, or \$1.19 per share (diluted), for the first quarter of 2005. Comparing the first quarter of 2006 to the first quarter of 2005, total revenues increased 25%, FFO available to common stockholders increased 19% and FFO per share (diluted) increased 4%.

FFO is a non-GAAP measure widely used by publicly-traded real estate investment trusts. A reconciliation of GAAP net income available to common stockholders to FFO available to common stockholders, on both an aggregate and a per share diluted basis, is included in the financial information accompanying this press release. The primary reconciling item between GAAP net income available to common stockholders and FFO available to common stockholders is depreciation and amortization expense. Depreciation and amortization expense for the three months ended March 31, 2006 and 2005 was \$15,443,000 and \$12,641,000, respectively. Net income available to common stockholders for the first quarter of 2006 was \$12,733,000, or \$0.56 per share (diluted), compared to net income available to common stockholders of \$10,967,000, or \$0.55 per share (diluted) for the first quarter of 2005.

For the first quarter 2006 we executed a total of 28 leases for approximately 502,000 square feet of space at 19 different properties (excluding month-to-month leases). Of this total, approximately 185,000 square feet were for new or renewal leases related to previously leased space and approximately 317,000 square feet were for redeveloped, developed or previously vacant space. Of the 317,000 square feet, approximately 286,000 square feet were delivered from our redevelopment or development programs, with the remaining approximately 31,000 square feet for previously vacant space. Rental rates for these new or renewal leases were on average approximately 6.2% higher (on a GAAP basis) than rental rates for expiring leases.

During the first quarter of 2006, we added five properties aggregating approximately 333,000 square feet. We paid approximately \$99.5 million cash for the properties. Also during the first quarter of 2006, we added one land parcel with approximately 494,000 developable square feet. We paid approximately \$6.5 million cash for the land parcel.

As of March 31, 2006, approximately 85% 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, as of March 31, 2006, approximately 6% of our leases (on a square footage basis) required the tenants to pay a majority of operating expenses. Additionally, as of March 31, 2006, approximately 90% of our leases (on a square footage basis) provided for the recapture of certain capital expenditures and approximately 90% 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.

Based on our current view of existing market conditions and certain current assumptions, we have updated our prior guidance for 2006 FFO per share (diluted) and earnings per share (diluted) as follows:

	<u>2006</u>
FFO per share (diluted)	\$ 5.16
Earnings per share (diluted)	\$ 2.32

Alexandria Real Estate Equities, Inc. is a publicly-traded real estate investment trust focused principally on the ownership, operation, management, acquisition and selective redevelopment and development of properties containing office/laboratory space. Such properties are 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 government agencies. Our portfolio currently consists of 140 properties comprising approximately 9.2 million square feet of office/laboratory space.

This press release contains forward-looking statements, including earnings guidance, within the meaning of the federal securities laws. Our actual results may differ materially from those projected in the forward-looking statements. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained in our Annual Report on Form 10-K and our other periodic reports filed with the Securities and Exchange Commission.

(Tables follow)

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**Financial Information**

*(Dollars in thousands, except per share data)*  
*(Unaudited)*

	<b>Three Months Ended March 31, 2006</b>	<b>Three Months Ended March 31, 2005</b>
	-----	-----
<b>Income statement data</b>		
Total revenues	\$ 68,591	\$ 55,055
Expenses		
Rental operations	15,443	12,401
General and administrative	6,452	4,445
Interest	14,865	11,321
Depreciation and amortization	15,274	12,506
	-----	-----
Minority interest	52,034 370	40,673 --
	-----	-----
Income from continuing operations	16,187	14,382
Income from discontinued operations, net	568	607
	-----	-----

Net income		16,755		14,989
Dividends on preferred stock		4,022		4,022
Net income available to common stockholders	\$	12,733	\$	10,967
Weighted average shares of common stock outstanding				
Basic		22,322,290		19,468,620
Diluted		22,759,795		19,789,798
Earnings per share - basic				
Continuing operations (net of preferred stock dividends)	\$	0.54	\$	0.53
Discontinued operations, net		0.03		0.03
Earnings per share - basic	\$	0.57	\$	0.56
Earnings per share - diluted				
Continuing operations (net of preferred stock dividends)	\$	0.53	\$	0.52
Discontinued operations, net		0.03		0.03
Earnings per share - diluted	\$	0.56	\$	0.55

### Funds from Operations

Generally accepted accounting principles ("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 ("NAREIT") established the measurement tool of Funds From Operations ("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 (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.

The following table presents a reconciliation of net income available to common stockholders, the most directly comparable GAAP financial measure to FFO, to funds from operations available to common stockholders for the three months ended March 31, 2006 and 2005 (in thousands, except per share data):

		Three Months Ended March 31, 2006		Three Months Ended March 31, 2005
Reconciliation of net income available to common stockholders to funds from operations available to common stockholders				
Net income available to common stockholders	\$	12,733	\$	10,967
Add:				
Depreciation and amortization (1)		15,443		12,641
Minority interest		370		--
Subtract:				
FFO allocable to minority interest		(392)		--
Funds from operations available to common stockholders	\$	28,154	\$	23,608
FFO per share				
Basic	\$	1.26	\$	1.21

Diluted

\$	1.24	\$	1.19
----	------	----	------

**Reconciliation of earnings per share (diluted) to  
FFO per share (diluted)**

Earnings per share (diluted)	\$	0.56	\$	0.55
Depreciation and amortization (1)		0.68		0.64
Minority interest		0.02		--
FFO allocable to minority interest		(0.02)		--
FFO per share (diluted)	\$	1.24	\$	1.19

1. 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").

**Alexandria Real Estate Equities, Inc. and Subsidiaries**  
**Supplemental Financial Information**  
*(Dollars in thousands, except per share data)*  
*(Unaudited)*

	<b>Quarterly Supplemental Financial Inform</b>				
	For the Three Months Ended				
	03/31/2006	12/31/2005	09/30/2005	06/30/2005	03/31/2005
Operational data	-----	-----	-----	-----	-----
Breakdown of revenues from continuing operations (a)					
Rental income	\$ 52,546	\$ 50,231	\$ 47,523	\$ 45,020	\$ 43,053
Tenant recoveries	14,047	13,052	13,153	11,188	11,281
Other income	1,998	1,658	1,350	1,069	721
Total	\$ 68,591	\$ 64,941	\$ 62,026	\$ 57,277	\$ 55,055
Funds from operations per share - diluted (b)	\$ 1.24	\$ 1.22	\$ 1.21	\$ 1.20	\$ 1.19
Dividends per share on common stock	\$ 0.70	\$ 0.70	\$ 0.68	\$ 0.68	\$ 0.66
Dividend payout ratio (common stock)	57.0%	57.2%	59.0%	56.8%	58.9%
Straight line rent	\$ 2,977	\$ 1,492	\$ 3,020	\$ 3,305	\$ 2,836
			<b>As of</b>		
	03/31/2006	12/31/2005	09/30/2005	06/30/2005	03/31/2005
<b>Other data</b>	-----	-----	-----	-----	-----
Number of shares of common stock outstanding					
at end of period	22,555,587	22,441,294	22,437,761	21,204,620	21,075,793
Number of properties (c)					
Acquired/added/completed during period	6	6	5	5	6
Sold/reconstructed during period	--	--	(1)	--	--
Owned at end of period	139	133	127	123	118
Rentable square feet (c)					
Acquired/added/completed during period	380,043	415,978	301,458	333,788	341,075
Sold/reconstructed during period	--	--	(16,500)	--	--
Owned at end of period	9,163,779	8,783,736	8,367,758	8,082,800	7,749,012
<b>Debt to total market capitalization (d)</b>					
Total debt	\$ 1,544,430	\$ 1,406,666	\$ 1,271,698	\$ 1,301,934	\$ 1,217,917
Preferred stock	193,917	192,419	196,420	197,474	194,692
Common stock	2,150,224	1,806,524	1,855,378	1,557,479	1,356,860



Total market capitalization	\$ 3,888,571	\$ 3,405,609	\$ 3,323,496	\$ 3,056,887	\$ 2,769,469
	=====	=====	=====	=====	=====
Debt to total market capitalization	39.7%	41.3%	38.3%	42.6%	44.0%

- a. The historical results above exclude the results of assets "held for sale" which have been reflected as discontinued operations.
- b. See page 4 for a reconciliation of earnings per share (diluted) to FFO per share (diluted).
- c. Includes assets "held for sale" during the applicable periods such assets were "held for sale".
- d. Debt to market capitalization is the ratio of total debt (secured notes payable and unsecured line of credit and unsecured term loan) to total market capitalization. Total market capitalization is equal to the outstanding shares of preferred stock and common stock multiplied by the related closing prices at the end of each period presented, plus total debt.

**Alexandria Real Estate Equities, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
*(in thousands)*

	March 31, 2006	December 31, 2005
	-----	-----
	<i>(Unaudited)</i>	
<b>Assets</b>		
Rental properties, net	\$ 1,912,130	\$ 1,788,818
Properties under development and land held for development	343,969	329,338
Cash and cash equivalents	3,430	3,911
Tenant security deposits and other restricted cash	23,125	21,013
Tenant receivables	5,830	4,764
Deferred rent	57,151	54,573
Investments	82,604	82,010
Other assets	82,886	78,023
	-----	-----
Total assets	\$ 2,511,125	\$ 2,362,450
	=====	=====
<b>Liabilities and Stockholders' Equity</b>		
Secured notes payable	\$ 770,430	\$ 666,666
Unsecured line of credit and unsecured term loan	774,000	740,000
Accounts payable, accrued expenses and tenant security deposits	93,873	86,391
Dividends payable	19,634	19,478
	-----	-----
Total liabilities	1,657,937	1,512,535
	-----	-----
Minority interest	20,198	20,115
	Stockholders' equity:	
Series B preferred stock	57,500	57,500
Series C preferred stock	129,638	129,638
Common stock	226	224
Additional paid-in capital	609,120	607,405
Retained earnings	--	--
Accumulated other comprehensive income	36,506	35,033
	-----	-----

Total stockholders' equity	832,990	829,800
	-----	-----
Total liabilities and stockholders' equity	\$ 2,511,125	\$ 2,362,450
	=====	=====

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**Summary of Debt**  
**March 31, 2006**

(Dollars in thousands)  
(Unaudited)

Principal Maturities/Rates

Year	Secured Debt		Unsecured Debt	
	Amount	Weighted Average Interest Rate (1)	Amount	Weighted Average Interest Rate (2)
2006	\$ 33,597	6.32%	\$ --	--
2007	198,623	6.27%	274,000	6.05% (3)
2008	123,190	6.19%	--	--
2009	42,084	6.56%	500,000	6.09% (4)
2010	88,553	6.52%	--	--
Thereafter	280,145	6.29%	--	--
Subtotal	766,192		774,000	
Unamortized Premium	4,238		--	
Total	\$ 770,430		\$ 774,000	

Secured and Unsecured Debt Analysis

	Balance	% of Balance	Weighted Average Interest Rate	Weighted Average Maturity
Secured Debt	\$ 770,430	49.9%	6.31%	4.5 Years
Unsecured Debt	774,000	50.1%	6.08%	3.0 Years
Total Debt	\$ 1,544,430	100.0%	6.19%	3.7 Years

Fixed and Floating Rate Debt Analysis

	Balance	% of Balance	Weighted Average Interest Rate	Weighted Average Maturity
Fixed Rate Debt	\$ 584,918	37.9%	6.31%	5.3 Years
Floating Rate Debt	959,512 (5)	62.1%	6.12% (5)	2.8 Years
Total Debt	\$ 1,544,430	100.0%	6.19%	3.7 Years

- The weighted average interest rate related to our secured debt is calculated based on the outstanding debt as of April 1, 2006, and as of January 1<sup>st</sup> for each year thereafter.
- The weighted average interest rates related to our unsecured line of credit and unsecured term loan are calculated based on borrowings outstanding as of March 31, 2006.
- Unsecured line of credit matures in December 2007 and may be extended at our sole option for an additional one-year period.
- Unsecured term loan matures in December 2009.
- A portion of our floating rate debt is hedged by existing swap agreements (see page 8). The interest rate on floating rate debt shown above does not reflect the impact of such swap agreements.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**Summary of Interest Rate Swap Agreements <sup>(1)</sup>**  
**March 31, 2006**

(Dollars in thousands)  
(Unaudited)

Transaction Dates	Effective Dates	Notional Amounts	Effective at March 31, 2006	Interest Pay Rates (2)	Termination Dates
December 2002	January 2, 2003	\$ 25,000	\$ 25,000	3.285%	June 30, 2006
December 2002	January 2, 2003	25,000	25,000	3.285%	June 30, 2006
December 2003	December 30, 2005	50,000	50,000	4.150%	December 29, 2006
December 2003	December 29, 2006	50,000	--	5.090%	October 31, 2008
March 2004	December 31, 2004	25,000	25,000	2.956%	December 31, 2006
March 2004	December 31, 2004	25,000	25,000	2.956%	December 31, 2006
April 2004	April 29, 2005	50,000	50,000	3.140%	April 28, 2006
April 2004	April 28, 2006	50,000	--	4.230%	April 30, 2007
April 2004	April 30, 2007	50,000	--	4.850%	April 30, 2008
June 2004	June 30, 2005	50,000	50,000	4.343%	June 30, 2007
December 2004	December 31, 2004	50,000	50,000	3.590%	January 2, 2008
December 2004	January 3, 2006	50,000	50,000	3.927%	July 1, 2008
May 2005	December 30, 2005	25,000	25,000	4.120%	November 30, 2006
May 2005	June 30, 2006	50,000	--	4.270%	June 29, 2007
May 2005	November 30, 2006	25,000	--	4.330%	November 30, 2007
May 2005	June 29, 2007	50,000	--	4.400%	June 30, 2008
May 2005	November 30, 2007	25,000	--	4.460%	November 28, 2008
May 2005	June 30, 2008	50,000	--	4.509%	June 30, 2009
May 2005	November 28, 2008	25,000	--	4.615%	November 30, 2009
December 2005	December 29, 2006	50,000	--	4.730%	November 30, 2009
December 2005	December 29, 2006	50,000	--	4.740%	November 30, 2009
December 2005	January 2, 2008	50,000	--	4.768%	December 31, 2010
Total Notional Amount in Effect at March 31, 2006			\$ 375,000		

1. For all interest rate swap agreements, interest is received based on one month LIBOR.
2. The interest pay rates represent the interest rate we will pay for one month LIBOR under the respective interest rate swap agreement. These rates do not include any spread in addition to one month LIBOR that is due monthly as interest expense under our unsecured line of credit and unsecured term loan.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**Summary of Same Property Comparisons**

(Dollars in thousands)  
(Unaudited)

	GAAP Basis (1)			Cash Basis (1)		
	Quarter Ended			Quarter Ended		
	3/31/2006	3/31/2005	% Change	3/31/2006	3/31/2005	% Change
Revenue (2)	\$ 48,336	\$ 47,374	2.0%	\$ 46,712	\$ 44,704	4.5%
Operating expenses	11,208	10,982	2.0%	11,208	10,982	2.0%
Revenue less operating expenses	\$ 37,128	\$ 36,392	2.0%	\$ 35,504	\$ 33,722	5.3%

NOTE: This summary represents operating data for all properties that were owned and fully operating for the entire periods presented ("First Quarter Same Properties"). Properties under redevelopment are excluded from same property results.

- Revenue less operating expenses computed under GAAP is total revenue associated with the First Quarter Same Properties, as applicable, (excluding lease termination fees, if any) less property operating expenses. Under GAAP, rental revenue is recognized on a straight-line basis over the respective lease terms. Revenue less operating expenses on a cash basis is total revenue associated with the First Quarter Same Properties, as applicable, (excluding lease termination fees, if any) less property operating expenses, adjusted to exclude the effect of straight-line rent adjustments required by GAAP. Straight-line rent adjustments for the quarters ended March 31, 2006 and 2005 for the First Quarter Same Properties were \$1,624,000 and \$2,670,000, respectively. We believe that revenue less operating expenses on a cash basis is helpful to investors as an additional measure of operating performance because it eliminates straight-line rent adjustments to rental revenue.
- Fees received from tenants in connection with termination of their leases, if any, are excluded from revenue in the Same Property Comparisons.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**Summary of Properties**

(Dollars in thousands)

	March 31, 2006				December 31, 2005
	Number of Properties	Rentable Square Feet	Annualized Base Rent	Occupancy Percentage	Occupancy Percentage
<b>Markets</b>					
California - Pasadena	1	31,343	\$ 825	100.0%	100.0%

California - San Diego	23	1,070,017	27,463	93.3%	92.2%	
California - San Francisco Bay	15	1,043,737	30,684	96.5%	96.5%	
Eastern Massachusetts	23	1,376,122	37,012	95.0%	93.6%	
New Jersey/Suburban Philadelphia	6	350,749	6,030	98.0%	98.0%	(1)
Southeast	10	539,203	9,096	82.4% (2)	85.9%	(2)
Suburban Washington D.C.	30	2,410,336	48,445	95.6%	97.0%	(1)
Washington - Seattle	10	783,091	23,506	89.7%	87.8%	
International - Canada	3	296,362	6,377	100.0%	100.0%	
-----						
Total Operating Properties	121	7,900,960	\$ 189,438	94.1%	94.3%	
=====						
Properties Under Redevelopment (3)	15	994,720	16,056	45.6%	45.7%	
-----						
Total Properties (Continuing Operations) (1)	136	8,895,680	\$ 205,494	88.7%	88.5%	
-----						

1. Occupancy percentage as of December 31, 2005 excludes three properties totaling 268,099 square feet that are classified as "held for sale" as of March 31, 2006. The occupancy of these three properties was previously included in the occupancy percentage of our operating properties.
2. Substantially all of the vacant space is office or warehouse space.
3. See Properties Under Redevelopment on page 15.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**Summary of Leasing Activity**  
**For the Three Months Ended March 31, 2006**

	Number of Leases	Square Footage	Expiring Rates	New Rates	Rental Rate Changes	TI's/Lease	
						Commissions Per Square Foot	Average Lease Terms
-----							
<b>Leasing Activity</b>							
Lease Expirations							
Cash Basis	36	297,041	\$26.40	--	--	--	--
GAAP Basis	36	297,041	\$25.51	--	--	--	--
Renewed/Releasable Space Leased							
Cash Basis	14	185,013	\$25.63	\$26.80	4.6%	\$3.57	4.1 years
GAAP Basis	14	185,013	\$24.51	\$26.02	6.2%	\$3.57	4.1 years
Month-to-Month Leases In Effect							
Cash Basis	18	52,495	\$28.92	\$28.92	--	--	--
GAAP Basis	18	52,495	\$28.92	\$28.92	--	--	--
Redeveloped/Developed/ Vacant Space Leased							
Cash Basis	14	317,383	--	\$33.18	--	\$5.67	9.4 years
GAAP Basis	14	317,383	--	\$37.69	--	\$5.67	9.4 years
<b>Leasing Activity Summary</b>							
Excluding Month-to-Month Leases							
Cash Basis	28	502,396	--	\$30.83	--	\$4.90	7.4 years
GAAP Basis	28	502,396	--	\$33.39	--	\$4.90	7.4 years
Including Month-to-Month Leases							

Cash Basis	46	554,891	--	\$30.65	--	--	--
GAAP Basis	46	554,891	--	\$32.97	--	--	--

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**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**Summary of Lease Expirations**  
**March 31, 2006**

Year of Lease Expiration	Number of Leases Expiring		Square Footage of Expiring Leases	Percentage of Aggregate Leased Square Feet	Annualized Base Rent of Expiring Leases (per square foot)
-----					
2006	67	(1)	726,404	9.0%	\$24.22
2007	47		937,538	11.6%	\$26.39
2008	31		651,340	8.1%	\$25.82
2009	31		546,792	6.8%	\$22.04
2010	32		742,122	9.2%	\$22.24

Markets	Square Footage of Expiring Leases	
	2006	2007
-----		
California - Pasadena	14,193	3,653
California - San Diego	180,309	129,824
California - San Francisco Bay	86,865	107,715
Eastern Massachusetts	179,789	81,590
New Jersey/Suburban Philadelphia	--	21,000
Southeast	57,532	62,564
Suburban Washington D.C.	151,580	511,650
Washington - Seattle	56,136	19,542
International - Canada	--	--
	-----	
Total	726,404 (1)	937,538
	=====	

1. Includes month-to-month leases for approximately 52,000 square feet.

**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**Summary of Additions to and Dispositions of Properties**  
**For The Quarter Ended March 31, 2006**

(Dollars in thousands)

Markets	Acquisition Amount	Month of Acquisition	Rentable Square Feet
<b>Additions to Operating Properties/Properties Under Redevelopment</b>			
Washington - Seattle	\$ 5,000	January	24,000
Washington - Seattle	4,850	January	19,053
Eastern Massachusetts	9,400	March	113,045
	-----		-----
Additions to Operating Properties	19,250		156,098
Eastern Massachusetts	72,715	March	131,547
Southeast	7,500	March	45,841
	-----		-----
Additions to Properties Under Redevelopment	80,215		177,388 (1)
	-----		-----
<b>Total Additions to Operating Properties/Properties Under Redevelopment</b>	<b>\$ 99,465</b>		<b>333,486</b>
	=====		=====

Markets	Acquisition Amount	Month of Acquisition	Developable Square Feet
<b>Additions of Land:</b>			
Suburban Washington D.C.	\$ 6,481	January	494,000
	-----		-----
<b>Total Additions of Land</b>	<b>\$ 6,481</b>		<b>494,000</b>
	=====		=====

Markets	Disposition Amount	Month of Disposition	Rentable Square Feet
<b>Dispositions:</b>			
None (2)	N/A	N/A	N/A

1. Approximately 81,000 square feet of the total 177,000 square feet was placed into our active redevelopment program for a permanent change of use to office/laboratory space.
2. As of March 31, 2006, three properties totaling 268,099 square feet were classified as "held for sale".

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**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**Summary of Properties Under Development**  
**March 31, 2006**

	<b>Estimated</b>	<b>Total</b>	
	<b>In-Service</b>	<b>Rentable</b>	
<b>Markets</b>	<b>Dates</b>	<b>Square Footage</b>	<b>Status</b>
San Diego	2Q06	64,000	Leased
San Francisco Bay	4Q06	121,000	Leased
San Francisco Bay	4Q07	154,000	Leased/Negotiating
Suburban Washington D.C.	2Q06	73,000	Leased/Negotiating
Seattle	4Q06	<u>50,000</u>	Leased
Total		<u>462,000</u>	

As required under GAAP, interest is being capitalized on these ground-up development projects as activities are ongoing to bring these assets to their intended use. Interest capitalized on ground-up development and other construction projects for the three months ended March 31, 2006 was approximately \$7.7 million.

In addition to properties under development, as of March 31, 2006, our asset base contains strategically located ground-up development opportunities for approximately 5.8 million developable square feet of office/laboratory space with an aggregate cost basis of approximately \$245 million. See Summary of Imbedded Future Development and Redevelopment Square Footage on page 16.

The current construction cost of these ground-up development projects will average between \$250 and \$350 per developable square foot. Our aggregate construction costs to date approximate \$215 per developable square foot.

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**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**Summary of Properties Under Redevelopment**  
**March 31, 2006**



		<b>Total Rentable</b>	
	<b>Estimated</b>	<b>Square Footage</b>	<b>Total Rentable</b>
	<b>In-Service</b>	<b>Under</b>	<b>Square Footage</b>
<b>Markets</b>	<b>Dates</b>	<b>Redevelopment</b>	<b>of Property</b>
San Diego	2Q06	17,590	17,590
San Diego	4Q06	71,510	71,510
San Diego	3Q07	87,140	87,140
San Francisco Bay	3Q06	14,233	140,143
San Francisco Bay	3Q06	30,000	60,000
San Francisco Bay	3Q07	58,400	58,400
Eastern Massachusetts	1Q07	17,187	45,820
Eastern Massachusetts	2Q06	27,665	115,179
Eastern Massachusetts	2Q07	26,589	26,589
Eastern Massachusetts	1Q08	35,652	131,547
New Jersey/Suburban Philadelphia	2Q06	15,012	42,600
Southeast	1Q08	45,841	45,841

Suburban Washington D.C.	3Q06	60,443	92,449
Seattle	4Q07	12,719	27,633
Seattle	2Q06	<u>20,894</u>	<u>32,279</u>
Total		<u>540,875</u>	<u>994,720</u>

Our redevelopment program involves ongoing activities necessary for the permanent change of use of applicable redevelopment space to office/laboratory space. For properties undergoing redevelopment, the entire property is excluded from operating properties and related statistics (e.g. occupancy information, same property performance, etc.). As required under GAAP, interest is capitalized on redevelopment properties on the basis allocable only to that portion of space actively undergoing redevelopment. Average occupancy for properties under full or partial redevelopment as of March 31, 2006 was 45.6% and is not included in the occupancy of the operating properties. The current construction cost of properties under redevelopment will average between \$75 and \$100 per square foot. In addition to properties under active redevelopment, as of March 31, 2006 our asset base contains imbedded opportunities for a future permanent change of use to office/laboratory space through redevelopment aggregating approximately 1.1 million rentable square feet. See Summary of Imbedded Future Development and Redevelopment Square Footage on page 16.

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**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**Summary of Imbedded Future Development and Redevelopment Square Footage**  
**March 31, 2006**

Markets	Imbedded Future Development and Redevelopment		
	Development Square Footage	Redevelopment Square Footage	Total
San Francisco Bay	3,422,000 (1)	55,000	3,477,000
San Diego	467,000 (2)	143,000	610,000
Suburban Washington D.C.	886,000 (3)	397,000	1,283,000
Eastern Massachusetts	225,000	179,000	404,000
Washington - Seattle	386,000 (4)	120,000	506,000
Other	430,000 (5)	157,000	587,000
Total Imbedded Future Development and Redevel	5,816,000	1,051,000	6,867,000

A significant portion of our imbedded future development and redevelopment square footage is in the preconstruction phase (entitlement, permitting, design, etc.) of development. As required under GAAP, interest is being capitalized during the preconstruction phase while activities are ongoing to bring these assets to their intended use.

- Approximately 3.4 million developable square feet located in the San Francisco Bay market is in the preconstruction phase of development.
- Approximately 350,000 developable square feet located in the San Diego market is in the preconstruction phase of development.
- Approximately 590,000 developable square feet located in the Suburban Washington D.C. market is in the preconstruction phase of development.
- Approximately 250,000 developable square feet located in the Seattle market is in the preconstruction phase of development.
- Approximately 100,000 developable square feet is in the preconstruction phase of development.

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**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**Summary of Capital Costs**  
**For the Three Months Ended March 31, 2006**

*(In thousands)*

Property-related capital expenditures (1)	\$ 261
Leasing costs (2)	\$ 88
Property-related redevelopment costs (3)	\$ 18,534
Property-related development costs (3)	\$ 29,863

1. Property-related capital expenditures include all major capital and recurring capital expenditures except capital expenditures that are recoverable from tenants, revenue-enhancing capital expenditures, or costs related to the redevelopment of a property. Major capital expenditures consist of roof replacements and HVAC systems which are typically identified and considered at the time the property is acquired. Capital expenditures fluctuate in any given period due to the nature, extent or timing of improvements required and the extent to which they are recoverable from tenants. Approximately 90% of our leases (based on rentable square feet) provide for the recapture of certain capital expenditures (such as HVAC systems maintenance and/or replacement, roof replacement and parking lot resurfacing). In addition, we implement an active preventative maintenance program at each of our properties to minimize capital expenditures.
2. Leasing costs consist of tenant improvements and leasing commissions related to leasing of acquired vacant space and second generation space.
3. Amount includes leasing costs related to development and redevelopment projects.

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**ALEXANDRIA REAL ESTATE EQUITIES, INC.**  
**Conference Call Information**  
**For the First Quarter Ended March 31, 2006**

Alexandria Real Estate Equities, Inc. will be hosting a conference call to discuss its operating and financial results for the first quarter ended March 31, 2006:

Date: May 8, 2006

Time: 2:00 P.M. Eastern Daylight Time

Phone Number: (913) 981-5509

Confirmation Code: 5289804