UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

Commission file number 1-12993

ALEXANDRIA REAL ESTATE EQUITIES, INC.

(Exact name of registrant as specified in its charter)

Maryland	**95-4502084**
(State or other jurisdiction of incorporation or organization)	(IRS Employer I.D. Number)

385 East Colorado Boulevard
Suite 299
Pasadena, California 91101

(Address of principal executive offices including zip code)

Registrant s telephone number, including area code: **(626) 578-0777**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, $.01 par value per share	New York Stock Exchange
8.375% Series C Cumulative Redeemable Preferred Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [X] No [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K, or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Act). Large accelerated filer [X] Accelerated filer [ ]

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

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

The aggregate market value of the shares of Common Stock held by non-affiliates of registrant was approximately $4.7 billion based on the closing price for such shares on the New York Stock Exchange on June 30, 2011.

As of February 17, 2012, the registrant had outstanding 62,031,040 shares of Common Stock.

Documents Incorporated By Reference

Part III of this annual report on Form 10-K incorporates certain information by reference from the registrant s definitive proxy statement to be filed within 120 days of the end of the fiscal year covered by this annual report on Form 10-K in connection with the registrant s annual meeting of stockholders to be held on or about May 21, 2012.

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PART I

Certain information and statements included in this annual report on Form 10-K, including, without limitation, statements containing the words believes, expects, may, will, should, seeks, approximately, intends, plans, estimates, or anticipates, or the negative of these words, constitute 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. Forward-looking statements involve inherent risks and uncertainties regarding events, conditions, and financial trends that may affect our future plans of operation, business strategy, results of operations, and financial position. A number of important factors could cause actual results to differ materially from those included within or contemplated by the forward-looking statements, including, but not limited to, the following:

- negative worldwide economic, financial, and banking conditions;
- worldwide economic recession, lack of confidence, and/or high structural unemployment;
- potential defaults on national debt by certain countries;
- potential and further downgrades of the credit ratings of the federal, state, and foreign governments, or their perceived creditworthiness;
- concerns regarding the European debt crisis and market perception concerning the instability of the euro;
- failure of the United States government to agree on a debt ceiling or deficit reduction plan;
- potential further downgrades of the credit ratings of major financial institutions, or their perceived creditworthiness;
- financial, banking, and credit market conditions;
- the seizure or illiquidity of credit markets;
- failure to meet market expectations for our financial performance;
- our inability to obtain capital (debt, construction financing, and/or equity) or refinance debt maturities;
- our inability to comply with financial covenants in our debt agreements;
- our failure to maintain our current investment grade credit ratings;
- inflation or deflation;
- prolonged period of stagnant growth;
- increased interest rates and operating costs;
- adverse economic or real estate developments in our markets;

- our failure to successfully complete and lease our existing space held for redevelopment and new properties acquired for that purpose and any properties undergoing development;
- significant decreases in our active development, active redevelopment, or preconstruction activities resulting in significant increases in our interest, operating, and payroll expenses;
- our failure to successfully operate or lease acquired properties;
- the financial condition of our insurance carriers;
- general and local economic conditions;
- government interference with healthcare system and negative impact on our tenants;
- adverse developments concerning the life science industry and/or our life science client tenants;
- the nature and extent of future competition;
- decreased rental rates, increased vacancy rates, or failure to renew or replace expiring leases;
- defaults on or non-renewal of leases by tenants;
- availability of and our ability to attract and retain qualified personnel;
- our failure to comply with laws or changes in law;
- compliance with environmental laws;
- our failure to maintain our status as a real estate investment trust (REIT);
- changes in laws, regulations, and financial accounting standards;
- certain ownership interests outside the United States that subject us to different or greater risks than those associated with our domestic operations; and
- fluctuations in foreign currency exchange rates.

This list of risks and uncertainties is not exhaustive. Additional information regarding risk factors that may affect us is included under the headings Item 1A. Risk Factors and Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations in this annual report on Form 10-K. Readers of our annual report on Form 10-K should also read our Securities and Exchange Commission (SEC) and other publicly filed documents for further discussion regarding such factors.

As used in this annual report on Form 10-K, references to the Company, we, our, and us refer to Alexandria Real Estate Equities, Inc. and its subsidiaries.

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ITEM 1. BUSINESS

General

We are a Maryland corporation formed in October 1994 that has elected to be taxed as a REIT for federal income tax purposes. We are the largest owner and preeminent REIT, and leading life science real estate company, focused principally on science-driven cluster development through the ownership, operation, management, selective acquisition, development, and redevelopment of properties containing life science laboratory space. We are the leading provider of high-quality environmentally sustainable real estate, technical infrastructure, and services to the broad and diverse life science industry. Client tenants include institutional (universities and independent non-profit institutions), pharmaceutical, biotechnology, medical device, product, and service entities and government agencies. Our primary business objective is to maximize stockholder value by providing our stockholders with the greatest possible total return based on a multifaceted platform of internal and external growth. Our operating platform is based on the principle of clustering, with assets and operations located adjacent to life science entities driving growth and technological advances within each cluster.

As of December 31, 2011, we had 173 properties aggregating approximately 15.3 million rentable square feet, composed of approximately 13.6 million rentable square feet of operating properties, approximately 818,020 rentable square feet undergoing active development and approximately 919,857 rentable square feet undergoing active redevelopment. Our operating properties were approximately 95% leased as of December 31, 2011. Our primary sources of revenues are rental income and tenant recoveries from leases of our properties. The comparability of financial data from period to period is affected by the timing of our property acquisition, development, and redevelopment activities.

2011 highlights

Improved credit profile and market access

Over the past several years, we successfully completed important steps in order to enhance our ability to access the debt capital markets on favorable terms, including (1) retiring certain debt, (2) amending our unsecured line of credit and unsecured bank term loans to increase the amount available and extend the maturity dates, (3) deleveraging our balance sheet, (4) generating significant cash flows from the completion and occupancy of key development and redevelopment projects from our non-income producing assets, and (4) reducing outstanding debt with the sale of land parcels in Mission Bay, San Francisco, California, for $278 million. We have also strived to maintain and improve the key strengths of our balance sheet and business, which include, among others, balance sheet liquidity, diverse and creditworthy tenant base, well located properties proximate to leading research institutions, favorable lease terms, stable occupancy and cash flows, and demonstrated life science and real estate expertise.

In July 2011, the Company received investment grade ratings from two major rating agencies. Receipt of our investment grade ratings was a significant milestone for us that we believe will provide long-term value to our stockholders. This important development provides us access to the investment grade unsecured debt market and allows us to continue to pursue our long-term capital, investment, and operating strategies. We expect that issuance of investment grade unsecured notes will allow us to transition from bank debt financing to unsecured notes, from variable rate debt to fixed rate debt, and from medium-term debt to long-term debt.

Credit Metrics (2)	Year Ended December 31, 2011	2010
Net debt to Adjusted EBITDA	7.1x	7.4x
Net debt to gross assets (1)	37%	39%
Fixed charge coverage ratio	2.7x	2.2x
Interest coverage ratio	3.4x	2.7x
Unencumbered net operating income as a percentage of total net operating income	69%	60%
Liquidity unsecured line of credit availability and unrestricted cash (1)	$1.2 billion	$0.5 billion
Non-income producing assets as a percentage of gross real estate assets (1)	24%	24%

(1) At end of period.

(2) These metrics reflect certain non-GAAP financial measures. See Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Measures for more information, including definitions and reconciliations to the most directly comparable GAAP measures.

We expect to transition our balance sheet debt from short-term and medium-term bank debt to long-term unsecured fixed rate debt over the next several years. While this transition of bank debt is in process, we will utilize interest rate swap agreements to reduce our interest rate risk. In December 2011, we executed interest rate swap agreements and reduced our unhedged variable rate debt exposure from 51% as of September 30, 2011, to 21% as of December 31, 2011. We expect to keep our unhedged variable rate debt at approximately 20% or less of our total debt.

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During 2011, we refinanced and extended debt maturities, significantly increasing our liquidity as of December 31, 2011. The following table summarizes our financing activities for the year ended December 31, 2011 (dollars in thousands):

		December 31, 2011		
Key Debt Financings	Maturity Date	Amount Outstanding	Weighted Average Interest Rate (2)	Date of Loan
2017 Unsecured Bank Term Loan	1/31/2017	$ 600,000	1.93%	December 2011
Refinancing of a secured loan	4/20/2014	76,000	2.29	December 2011
2016 Unsecured Bank Term Loan	6/30/2016	750,000	3.28	June 2011
Unsecured line of credit (1)	1/31/2015	370,000	2.59	January 2011
		$ 1,796,000	2.65%	

(1) Total commitments available for borrowing aggregate $1.5 billion under our unsecured line of credit. As of December 31, 2011, we had approximately $1.1 billion available for borrowing under our unsecured line of credit.
(2) Represents the contractual interest rate as of the end of the period plus the impact of our interest rate swap agreements.

2017 Unsecured Bank Term Loan

In December 2011, we closed a $600 million unsecured bank term loan (the 2017 Unsecured Bank Term Loan), which matures in January 2017, assuming we exercise our sole right to extend the maturity date by one year. Borrowings under the 2017 Unsecured Bank Term Loan bear interest at London Interbank Offered Rate (LIBOR) or a base rate specified in the loan agreement, plus in either case a specified margin. The applicable margin for LIBOR borrowings under the 2017 Unsecured Bank Term Loan as of December 31, 2011, was 1.50%. Our 2017 Unsecured Bank Term Loan may be repaid at any date prior to maturity without a prepayment penalty. The net proceeds from this 2017 Unsecured Bank Term Loan were used to reduce outstanding borrowings on our unsecured line of credit.

Refinancing of secured loan

In December 2011, we extended the maturity date of a $76 million secured loan to April 2014. As of December 31, 2011, the interest rate for this secured loan was 2.29%.

2016 Unsecured Bank Term Loan

In February 2011, we entered into a $250 million unsecured bank term loan. In June 2011, we amended this $250 million unsecured bank term loan (as amended, the 2016 Unsecured Bank Term Loan) to, among other things, increase the borrowings from $250 million to $750 million and to extend the maturity date from January 2015 to June 2016, assuming we exercise our sole right to extend the maturity date by one year. Borrowings under the 2016 Unsecured Bank Term Loan bear interest at LIBOR or a base rate specified in the loan agreement, plus in either case a specified margin. The applicable margin for the LIBOR borrowings under the 2016 Unsecured Bank Term Loan as of December 31, 2011, was 1.65%. The financial covenants were not amended and are identical to the financial covenants required under our existing unsecured credit facility. The 2016 Unsecured Bank Term Loan may be repaid at any date prior to maturity without a prepayment penalty. The net proceeds from this 2016 Unsecured Bank Term Loan were used to reduce outstanding borrowings on the 2012 Unsecured Bank Term Loan (defined below) from $750 million to $250 million. As a result of this early repayment, in the three months ended June 30, 2011, we recognized a loss on early extinguishment of debt of approximately $1.2 million related to the write-off of unamortized loan fees.

Unsecured credit facility

In January 2011, we entered into a third amendment (the Third Amendment) to our second amended and restated credit agreement dated October 31, 2006, as further amended on December 1, 2006, and May 2, 2007 (the Prior Credit Agreement, and as amended by the Third Amendment, the Amended Credit Agreement), with Bank of America, N.A., as administrative agent, and certain lenders. The Third Amendment amended the Prior Credit Agreement to, among other things, increase the maximum permitted borrowings under the unsecured line of credit from $1.15 billion to $1.5 billion, plus a $750 million unsecured bank term loan (the 2012 Unsecured Bank Term Loan and, together with the unsecured line of credit, the Unsecured Credit Facility) and provided an accordion option to increase commitments under the Unsecured Credit Facility by up to an additional $300 million. Borrowings under the Unsecured Credit Facility bear interest at LIBOR or a base rate specified in the loan agreement, plus in either case a specified margin. The applicable margin for LIBOR borrowings outstanding under our unsecured line of credit was 2.30% as of December 31, 2011. The applicable margin for the LIBOR borrowings under the 2012 Unsecured Bank Term Loan was not amended in the Third Amendment and was 0.70% as of December 31, 2011.

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Under the Third Amendment, the maturity date for the unsecured line of credit is January 2015, assuming we exercise our sole right under the amendment to extend this maturity date twice by an additional six months after each exercise. The maturity date of the 2012 Unsecured Bank Term Loan is October 2012. The Third Amendment modified certain financial covenants with respect to the Unsecured Credit Facility, including the fixed charge coverage ratio, secured debt ratio, leverage ratio, and minimum book value, and added covenants relating to an unsecured leverage ratio and unsecured debt yield.

Debt repayments

During 2011, we reduced the outstanding balance of our 3.70% unsecured convertible notes (3.70% Unsecured Convertible Notes), 2012 Unsecured Bank Term Loan, and various secured loans. The following table outlines certain debt repayments for the year ended December 31, 2011 (in thousands):

	Year Ended December 31, 2011			
		Debt Repayments		Loss on Early Extinguishment of Debt
Repurchase of 3.70% Unsecured Convertible Notes	$	217,133	$	5,237
Repayment of 2012 Unsecured Bank Term Loan		500,000		1,248
Secured loan repayments		55,677		
	$	772,810	$	6,485

At the beginning of 2011, our strategy was to reduce a portion of the outstanding balance of the 3.70% Unsecured Convertible Notes. We were also focused on the refinancing of certain near term bank debt maturities, prior to engaging in the rating assessment process with certain rating agencies. During the year ended December 31, 2011, we repurchased, in privately negotiated transactions, approximately $217.1 million of certain of our 3.70% Unsecured Convertible Notes for an aggregate cash price of approximately $221.4 million. As a result of these repurchases, we recognized an aggregate loss on early extinguishment of debt of approximately $5.2 million for the year ended December 31, 2011. During January 2012, we repurchased approximately $83.8 million in principal amount of our 3.70% Unsecured Convertible Notes at par, pursuant to options exercised by holders thereof under the indenture governing the notes. We do not expect to recognize any gain or loss as a result of this repurchase. As of February 21, 2012, $1.0 million of our 3.70% Unsecured Convertible Notes remained outstanding.

Follow-on common stock offering

In May 2011, we completed a follow-on common stock offering to fund the purchase of 409 and 499 Illinois Street and to fund construction activities. We acquired 409 and 499 Illinois Street, a newly and partially completed 453,256 rentable square foot life science laboratory development project located on a highly desirable waterfront location in Mission Bay, San Francisco, for approximately $293 million. The 409 Illinois Street property is a 241,659 rentable square foot tower that is 97% leased to a life science company through November 2023. The 499 Illinois Street property is a vacant 211,597 rentable square foot tower in shell condition for which we plan to complete the development.

Dispositions

In August 2011, we sold a parcel of land located in San Diego, California, for approximately $17.3 million at a gain of $46,000. The buyer is expected to construct a building with approximately 249,000 rentable square feet, representing a sale price of approximately $70 per rentable square foot.

During the three months ended September 30, 2011, 13-15 DeAngelo Drive, a 30,000 rentable square foot property, located in the suburbs of Boston, Massachusetts, met the criteria for classification as held for sale. This property had been occupied by a life science tenant through June 30, 2011. Upon move out, a user of the building presented an offer for the purchase of the building in the three months ended September 30, 2011. As a result, we recognized an impairment charge of approximately $1.0 million in the three months ended September 30, 2011, to adjust the carrying value to the estimated fair value less costs to sell. In October 2011, we sold 13-15 DeAngelo Drive to that user for approximately $2.9 million, representing a sale price of approximately $97 per rentable square foot.

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Acquisitions

In June 2011, we acquired 285 Bear Hill Road, a 26,270 rentable square foot office property located in the Greater Boston market, for approximately $3.9 million. We commenced the redevelopment of this property into life science laboratory space during the three months ended December 31, 2011. Based on our view of existing market conditions and certain assumptions, we expect to achieve a stabilized yield on a cash and United States generally accepted accounting principles (GAAP) basis for this property of approximately 8.0% and 8.6%, respectively. Stabilized yield on cost is calculated as the quotient of net operating income and our investment in the property at stabilization (Stabilized Yield).

In April 2011, we acquired 409 and 499 Illinois Street, a newly and partially completed 453,256 rentable square foot life science laboratory development project located on a highly desirable waterfront location in Mission Bay, San Francisco, for approximately $293 million. The 409 Illinois Street property is a 241,659 rentable square foot tower that is 97% leased to a life science company through November 2023. The 499 Illinois Street property is a vacant 211,597 rentable square foot tower in shell condition for which we plan to complete the development. Based on our view of existing market conditions and certain assumptions at the time of the acquisition, we expect to achieve a Stabilized Yield on a cash and GAAP basis for this property in the range of 6.5% to 7.0% and 7.2% to 7.6%, respectively.

During the three months ended March 31, 2011, we acquired 4755 Nexus Center Drive, a newly and partially completed 45,255 rentable square foot development project located in University Town Center, San Diego, for approximately $7.4 million. During the three months ended December 31, 2011, we leased 100% of this building to a biopharmaceutical company. We expect to complete construction and deliver this property to the tenant during the three months ended September 30, 2012. We expect to achieve a Stabilized Yield on a cash and GAAP basis for this property of 7.0% and 7.7%, respectively.

Leasing

For the year ended December 31, 2011, we executed a total of 190 leases for approximately 3,407,000 rentable square feet at 87 different properties (excluding month-to-month leases), that represented the highest amount of rentable square feet leased in one year in the history of our Company. Of this total, approximately 1,822,000 rentable square feet related to new or renewal leases of previously leased space (renewed/re-leased space) and approximately 1,585,000 rentable square feet related to developed, redeveloped, or previously vacant space. Of the 1,585,000 rentable square feet, approximately 993,000 rentable square feet were related to our development or redevelopment programs, and the remaining approximately 592,000 rentable square feet were related to previously vacant space. Rental rates for these new or renewal leases (renewed/re-leased space) were on average approximately 4.2% higher on a basis calculated in accordance with GAAP than rental rates for the respective expiring leases. Additionally, we granted tenant concessions, including free rent, averaging approximately 2.0 months with respect to the 3,407,000 rentable square feet leased during the year ended December 31, 2011. Approximately 64% of the number of leases executed during the year ended December 31, 2011, had no tenant concessions/free rent.

As of December 31, 2011, approximately 95% of our leases (on a rentable square footage basis) were triple net leases, requiring tenants to pay substantially all real estate taxes, insurance, utilities, common area, and other operating expenses (including increases thereto) in addition to base rent. Additionally, approximately 92% of our leases (on a rentable square footage basis) provided for the recapture of certain capital expenditures, and approximately 94% of our leases (on a rentable square footage basis) contained effective annual rent escalations that were either fixed or indexed based on the consumer price index or another index.

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Business objectives and strategies

Our primary business objective is to maximize stockholder value by providing our stockholders with the greatest possible total return based on a multifaceted platform of internal and external growth. The key elements to our strategy are our consistent focus on high-quality assets and operations in the top life science cluster locations with our properties located adjacent to life science entities driving growth and technological advances within each cluster. These adjacency locations are characterized by high barriers to entry and exit as well as limited supply of available space, and they represent highly desirable locations for tenancy by life science entities. Our strategy also includes drawing upon our deep and broad life science and real estate relationships in order to attract new and leading life science client tenants and value-added real estate opportunities.

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

- California San Diego;
- California San Francisco;
- Greater Boston;
- New York City/New Jersey/Suburban Philadelphia;
- North Carolina Research Triangle Park;
- Suburban Washington, D.C.;
- Washington Seattle; and
- International.

Our client 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. For a more detailed description of our properties and tenants, see Item 2. Properties. We have an experienced board of directors and are led by a senior management team with extensive experience in both the real estate and life science industries.

Growth and core operating strategies

We continue to demonstrate the strength and durability of our core operations providing life science laboratory space to the broad and diverse life science industry. Our internal growth has been consistent, as demonstrated by our same property net operating income (NOI) performance, high and relatively stable occupancy, and continuing improvement of cash flows from leasing activity. In addition, we continue to focus on our external growth through the conversion of non-income-producing assets into income-producing assets, which results in cash flow contribution from ground-up development and from redevelopment of non-laboratory space into laboratory space. We intend to selectively acquire properties that we believe provide long-term value to our stockholders. Our strategy for acquisitions will focus on the quality of the submarket locations, improvements, tenancy, and overall return. We believe the life science industry will remain keenly focused on adjacency locations to key innovation drivers in each major life science submarket. Owning and operating the best assets in the best adjacency locations provides the best upside potential and provides the most downside risk mitigation. This being the case, we will also focus on adjacency locations that will deliver high cash flows, stability, and returns as we work to deliver the highest value to our stockholders.

We also intend to continue to focus on the completion and delivery of our existing active development projects aggregating approximately 818,020 rentable square feet and our existing active redevelopment projects aggregating approximately 919,857 rentable square feet. Additionally, we intend to continue with preconstruction activities for certain land parcels for future ground-up development in order to preserve and create value for these projects. These important preconstruction activities add significant value to our land for future ground-up development and are required for the ultimate vertical construction of the buildings. We also continue to be very prudent with any future decisions to add new projects to our active ground-up developments. Future ground-up development projects will likely require significant pre-leasing from high-quality and/or creditworthy entities.

We intend to transition our balance sheet debt from short-term and medium-term unsecured variable rate bank debt to long-term unsecured fixed rate debt. We are focused on the recycling of non-core suburban assets into higher-value urban or central business district adjacency location assets and teaming with high-quality capital partners, as appropriate. We expect sources of funds for construction activities and repayment of outstanding debt to be provided over several years by opportunistic sales of real estate, joint ventures, cash flows from operations, new secured or unsecured debt, and the issuance of additional equity securities, as appropriate.

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

- maintaining significant liquidity through borrowing capacity under our unsecured line of credit and cash and cash equivalents;
- minimizing the amount of near term debt maturities in a single year;
- maintaining low to modest leverage;
- minimizing variable interest rate risk;
- maintaining strong and stable operating cash flows;
- re-tenanting and re-leasing space at higher rental rates to the extent possible, while minimizing tenant improvement costs;
- maintaining solid occupancy while also maintaining high lease rental rates;
- realizing contractual rental rate escalations, which are currently provided for in approximately 94% of our leases (on a rentable square footage basis);
- implementing effective cost control measures, including negotiating pass-through provisions in tenant leases for operating expenses and certain capital expenditures;
- improving investment returns through leasing of vacant space and replacement of existing tenants with new tenants at higher rental rates;
- achieving higher rental rates from existing tenants as existing leases expire;
- selectively selling properties, including land parcels, to reduce outstanding debt;
- selectively acquiring high-quality, life science properties in our target life science cluster markets at prices that enable us to realize attractive returns;
- selectively redeveloping existing office, warehouse, shell space, or newly acquired properties into generic life science laboratory space that can be leased at higher rental rates in our target life science cluster markets; and
- selectively developing properties in our target life science cluster markets.

Acquisitions

We seek to identify and acquire high-quality, life science properties in our target life science cluster 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 prospective property or properties, including:

- adjacency to centers of innovation and technological advances;
- 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 the laboratory facilities;
- physical condition of the structure and common area improvements;
- opportunities available for leasing vacant space and for re-tenanting occupied space;
- availability of land for future ground-up development of new life science laboratory space; and
- opportunities to redevelop existing space into higher rent, generic life science laboratory space.

Development

A key component of our long-term business model is ground-up development projects. Our development strategy is primarily to pursue selective projects with significant pre-leasing where we expect to achieve appropriate investment returns and generally match a source of funds for this use. Our ground-up development projects focus on investment in generic and reusable infrastructure, rather than tenant-specific improvements. As of December 31, 2011, we had six projects undergoing ground-up development approximating 818,020 rentable square feet of life science laboratory space. We also have an embedded pipeline for future ground-up development approximating 17.9 million developable square feet.

Redevelopment

Another key component of our long-term business model is the redevelopment of existing office, warehouse, or shell space into generic life science laboratory space that can be leased at higher rates. Our redevelopment strategy includes significant pre-leasing of certain projects prior to the commencement of the redevelopment where we expect to achieve appropriate investment returns and generally match a source of funds for this use. As of December 31, 2011, we had 11 projects aggregating 919,857 rentable square feet undergoing active redevelopment. In addition to properties undergoing redevelopment, as of December 31, 2011, our asset base contained embedded opportunities for a future permanent change of use to life science laboratory space through redevelopment aggregating approximately 1.0 million rentable square feet.

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Tenants

As of December 31, 2011, we had 474 leases with a total of 388 tenants, and 69, or 40%, of our 173 properties were single-tenant properties. Our three largest tenants accounted for approximately 13.6% of our aggregate annualized base rent, or approximately 6.4%, 3.6%, and 3.6%, respectively. None of our tenants represented more than 10% of total revenues for the year ended December 31, 2011.

Competition

In general, other life science properties are located in close proximity to our properties. The amount of rentable space available in any market could have a material effect on our ability to rent space and on the rents that we can earn. In addition, we compete for investment opportunities with insurance companies, pension and investment funds, private equity entities, partnerships, developers, investment companies, other REITs, and owner/occupants. Many of these entities have substantially greater financial resources than we do and may be able to pay more than we can or accept more risk than we are willing to accept. These entities may be less sensitive to risks with respect to the creditworthiness of a tenant or the geographic concentration of their investments. Competition may also reduce the number of suitable investment opportunities available to us or may increase the bargaining power of property owners seeking to sell. Competition in acquiring existing properties and land, both from institutional capital sources and from other REITs, has been very strong over the past several years. We believe we have differentiated ourselves from our competitors, as we are the innovator as well as the largest owner, manager, and developer of life science properties, in key life science markets and have the most important relationships in the life science industry.

Financial information about our operating segment

See Note 2 to our consolidated financial statements for information about our operating segment.

Regulation

General

Properties in our markets are subject to various laws, ordinances, and regulations, including regulations relating to common areas. We believe we have the necessary permits and approvals to operate each of our properties.

Americans with Disabilities Act

Our properties must comply with Title III of the Americans with Disabilities Act of 1990 (the ADA), to the extent that such properties are public accommodations as defined by the ADA. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. We believe that our properties are in substantial compliance with the ADA and that we will not be required to make substantial capital expenditures to address the requirements of the ADA. However, noncompliance with the ADA could result in the imposition of fines or an award of damages to private litigants. The obligation to make readily achievable accommodations is an ongoing one, and we will continue to assess our properties and make alterations as appropriate in this respect. See Item 1A. Risk Factors We may incur significant costs complying with the Americans with Disabilities Act and similar laws.

Environmental matters

Under various environmental protection laws, a current or previous owner or operator of real estate may be liable for contamination resulting from the presence or discharge of hazardous or toxic substances at that property, and may be required to investigate and clean up contamination located on or emanating from that property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of the contaminants, and the liability may be joint and several. Previous owners used some of our properties for industrial and other purposes, so those properties may contain some level of environmental contamination. The presence of contamination or the failure to remediate contamination at our properties may expose us to third-party liability or may materially adversely affect our ability to sell, lease, or develop the real estate or to borrow using the real estate as collateral.

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Some of our properties may have asbestos-containing building materials. Environmental laws require that asbestos-containing building materials be properly managed and maintained, and may impose fines and penalties on building owners or operators for failure to comply with these requirements. These laws may also allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos-containing building materials.

In addition, some of our tenants routinely handle hazardous substances and wastes as part of their operations at our properties. Environmental laws and regulations subject our tenants, and potentially us, to liability resulting from these activities or from previous uses of those properties. Environmental liabilities could also affect a tenant s ability to make rental payments to us. We require our tenants to comply with these environmental laws and regulations. See Item 1A. Risk Factors We could be held liable for damages resulting from our tenants use of hazardous materials.

Independent environmental consultants have conducted Phase I or similar environmental site assessments on the properties in our portfolio. Site assessments are intended to discover and evaluate information regarding the environmental condition of the surveyed property and surrounding properties, and do not generally include soil samplings, subsurface investigations, or an asbestos survey. To date, these assessments have not revealed any material environmental liability that we believe would have a material adverse effect on our business, assets, or results of operations. Nevertheless, it is possible that the assessments on our properties have not revealed all environmental conditions, liabilities, or compliance concerns. Material environmental conditions, liabilities, or compliance concerns may have arisen after the review was completed or may arise in the future; and future laws, ordinances, or regulations may impose material additional environmental liability. See Item 1A. Risk Factors We could incur significant costs complying with environmental laws.

Insurance

We carry comprehensive liability, fire, extended coverage, and rental loss insurance with respect to our properties. We select policy specifications and insured limits that we believe to be appropriate given the relative risk of loss, the cost of the coverage, and industry practice. In the opinion of management, the properties in our portfolio are currently adequately insured. In addition, we have obtained earthquake insurance for certain properties located in the vicinity of active earthquake faults. We also carry environmental remediation insurance and title insurance on our properties. We obtain our title insurance policies generally when we acquire the property, with each policy covering an amount equal to the initial purchase price of each property. Accordingly, any of our title insurance policies may be in an amount less than the current value of the related property. See Item 1A. Risk Factors Our insurance may not adequately cover all potential losses.

Available information

Copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, including any amendments to the foregoing reports, are available, free of charge, through our corporate website at www.are.com as soon as is reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The current charters of our Board of Director s Audit, Compensation, and Nominating & Governance Committees, along with the Company s corporate governance guidelines and Business Integrity Policy and Procedures for Reporting Non-compliance (the Business Integrity Policy) are available on our corporate website. Additionally, any amendments to, and waivers of, our Business Integrity Policy that apply to our Chief Executive Officer and Chief Financial Officer will be available free of charge on our corporate website in accordance with applicable SEC and New York Stock Exchange (NYSE) requirements. Written requests should be sent to Alexandria Real Estate Equities, Inc., 385 East Colorado Boulevard, Suite 299, Pasadena, California 91101, Attention: Investor Relations. Further, a copy of this annual report on Form 10-K is located at the SEC s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The public may also download these materials from the SEC s website at www.sec.gov.

Employees

As of December 31, 2011, we had 212 full-time employees. We believe that we have good relations with our employees. We have adopted a Business Integrity Policy that applies to all of our employees. Its receipt and review by each employee is documented and verified annually.

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ITEM 1A. RISK FACTORS

The global financial crisis, high structural unemployment, and other events or circumstances beyond the control of the Company, may adversely affect its industry, business, results of operations, contractual commitments, and access to capital.

What began initially in 2007 and 2008 as a subprime mortgage crisis turned into an extraordinary United States (U.S.) and worldwide structural economic and financial crisis coupled with the rapid decline of the consumer economy. From 2008 through 2010 significant concerns over energy costs, geopolitical issues, the availability and cost of credit, the U.S. mortgage market, and a declining real estate market in the U.S. contributed to increased volatility, diminished expectations for the economy and the markets, and high levels of structural unemployment by historical standards. These factors, combined with volatile oil prices and fluctuating business and consumer confidence, precipitated a steep economic decline. In 2011, the economy showed signs of improvement, but recovery has been slow and volatile. Further, severe financial and structural strains on the banking and financial systems have led to significant lack of trust and confidence in the global credit and financial system. Consumers and money managers have liquidated and may liquidate equity investments, and consumers and banks have held and may hold cash and other lower-risk investments, resulting in significant and, in some cases, catastrophic declines in the equity capitalization of companies and failures of financial institutions. Although U.S. bank earnings and liquidity are on the rebound, the potential of significant future bank credit losses creates uncertainty for the lending outlook. Additionally, job growth remains sluggish, and sustained high unemployment can further hinder economic growth.

The downgrade of the U.S. credit rating and the economic crisis in Europe could negatively impact our liquidity, financial condition, and earnings.

Recent U.S. debt ceiling and budget deficit concerns, together with signs of deteriorating sovereign debt conditions in Europe, have increased the possibility of additional credit-rating downgrades and economic slowdowns. Although U.S. lawmakers passed legislation to raise the federal debt ceiling, Standard & Poor s Ratings Services lowered its long-term sovereign credit rating on the U.S. from AAA to AA+ in August 2011. The impact of this or any further downgrades to the U.S. government s sovereign credit rating, or its perceived creditworthiness, and the impact of the current crisis in Europe with respect to the ability of certain European Union countries to continue to service their sovereign debt obligations is inherently unpredictable and could adversely affect the U.S. and global financial markets and economic conditions. There can be no assurance that governmental or other measures to aid economic recovery will be effective. These developments and the government s credit concerns in general, could cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms. In addition, the lowered credit rating could create broader financial turmoil and uncertainty, which may exert downward pressure on the price of our common shares. Continued adverse economic conditions could have a material adverse effect on our business, financial condition, and results of operations.

Concerns regarding the European debt crisis and market perceptions concerning the instability of the euro, the potential reintroduction of individual currencies within the Eurozone, or the potential dissolution of the euro entirely, could adversely affect our business, results of operations, and financing.

As a result of the debt crisis with respect to countries in Europe, in particular most recently in Greece, Italy, Ireland, Portugal, and Spain, the euro area Member States created the European Financial Stability Facility (the EFSF) and the European Financial Stabilisation Mechanism (the EFSM) to provide funding to countries using the euro as their currency (the Eurozone) that are in financial difficulty and seek such support.

In March 2011, the European Council agreed on the need for Eurozone countries to establish a permanent financial stability mechanism, the European Stability Mechanism (the ESM), which will be activated by mutual agreement, to assume the role of the EFSF and the EFSM in providing external financial assistance to Eurozone countries after June 2013. Despite these measures, concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro, and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Eurozone countries.

These concerns could lead to the reintroduction of individual currencies in one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of the euro currency entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. Concerns over the effect of this financial crisis on financial institutions in Europe and globally could have an adverse impact on the capital markets generally, and more specifically on the ability of the Company, its tenants, and its lenders to finance their respective businesses and access liquidity at acceptable financing costs, if at all.

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

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

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

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

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

In the commercial real estate sector in which we operate, the uncertainties posed by various initiatives of accounting standard-setting authorities to fundamentally rewrite major bodies of accounting literature constitute a significant source of uncertainty as to the basic rules of business engagement. Changes in accounting standards and requirements, including the potential requirement that U.S. public companies prepare financial statements in accordance with international standards, proposed lease and investment property accounting standards, and the adoption of accounting standards likely to require the increased use of fair value measures, may have a significant effect on our financial results and on the results of our tenants, which would have a secondary impact upon us. New accounting pronouncements and interpretations of existing pronouncements are likely to continue to occur at an accelerated pace as a result of recent Congressional and regulatory actions and continuing efforts by the accounting profession itself to reform and modernize its principles and procedures.

Although we have not been as directly affected by the wave of new legislation and regulation as banks and investment banks, we may also be adversely affected by new or amended laws or regulations, by changes in federal, state, or foreign tax laws and regulations, and by changes in the interpretation or enforcement of existing laws and regulations. In the U.S., the financial crisis and continuing economic slowdown prompted a list of legislative, regulatory, and accounting profession responses.

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

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

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The enactment of the Dodd-Frank Act will subject us to substantial additional federal regulation, and we cannot predict the effect of such regulation on our business, results of operations, cash flows, or financial condition.

There are significant corporate governance and executive compensation-related provisions in the Dodd-Frank Act that require the SEC to adopt additional rules and regulations in these areas. For example, the Dodd-Frank Act requires publicly traded companies to give stockholders a non-binding vote on executive compensation and so-called golden parachute payments, and authorizes the SEC to promulgate rules that would allow stockholders to nominate their own candidates using a company s proxy materials. Our efforts to comply with these requirements have resulted in, and are likely to continue to result in, an increase in expenses and a diversion of management s time from other business activities. In addition, provisions of the Dodd-Frank Act that directly affect other participants in the real estate and capital markets, such as banks, investment funds, and interest rate swap providers, could have indirect, but material, impacts on our business that cannot now be predicted. Given the uncertainty associated with the manner in which the provisions of the Dodd-Frank Act will be implemented by various regulatory agencies and through regulations, the full extent of the impact such requirements will have on our operations is unclear. The changes resulting from the Dodd-Frank Act may impact the profitability of business activities, require changes to certain business practices, or otherwise adversely affect our business.

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

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

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

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

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

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

In July 2011, the FASB and IASB (collectively, the Boards) reissued a joint proposal for a new standard for lease accounting by both lessors and lessees, which was first issued in August 2010. The lease accounting proposal is anticipated to result in differences from existing GAAP. Leases would no longer be classified as operating or capital leases and all leases would be recorded on balance sheets using a financing model, except for leases with terms of one year or less. Lessees would no longer recognize lease expense on a straight-line basis, and rent expense might be higher in earlier periods of the lease term. Reassessment of key considerations such as lease term or residual value guarantees would be required throughout the life of a lease. The Boards have tentatively decided that lessors should apply a single approach to all leases and recognize a lease receivable and a residual asset for each lease, except for leases of one year or less or leases of investment property carried at fair value. Certain lessors would be excluded from this accounting, including lessors meeting the definition of an investment property entity or investment company and would recognize investment properties at fair value with changes in fair value recognized in the consolidated statements of income. Accordingly, the new guidance, if adopted as proposed, may impact key financial metrics, including those that serve or may serve as covenants for our outstanding debt.

In October 2011, the FASB proposed a new standard for entities that invest primarily in real estate properties and meet other criteria. An entity that qualifies as an investment property entity (IPE) would measure real estate investment property at fair value, with changes in fair value reported in net income. The proposed definition of an IPE requires meeting specific criteria, including (1) substantially all of the entity s business activities are investing in real estate properties, (2) the express business purpose of the entity is to invest in real estate properties for total return, including capital appreciation, (3) ownership of the entity is represented by units of investment, in the form of equity or partnership interests, to which a portion of net assets are attributed, (4) there must be significant pooling of funds of investors unrelated to the IPE s parent, if a parent exists, and (5) the entity must provide financial results about activities to investors. The proposed definition of an IPE will likely evolve during the review of the proposed standard and therefore it is unclear today if the Company will qualify as an IPE. If we do not meet the definition of an IPE, we may be required to evaluate if we will be subject to investment company accounting rules. Investment companies are subject to fair value accounting and are expected to be excluded from the proposed lessor accounting in the paragraph above. The proposal requires IPEs to recognize rental revenue when received or or when receivable pursuant to the contractual terms of the lease, thereby eliminating rental revenue recognition on a straight-line basis. IPEs will not follow the proposed lessor accounting in the paragraph above. The proposal requires an IPE to separately present on its financial statements (1) rental revenue from investment properties, (2) rental operating expenses from investment properties, (3) fair value of investment properties, and (4) debt related to investment properties. The FASB s proposal, if adopted, would represent a significant change from our current accounting model. If we are required to record our investment properties at fair value, we may experience significant fluctuations in our results of operations from one reporting period to the next.

No dates have yet been proposed for finalizing the new lease and investment property guidance. We are currently evaluating the impact of the adoption of the proposed lease accounting and investment property entity standards on our financial position and results of operations. Such evaluation cannot be completed, however, without more clarity regarding the specific standards that will be adopted. Until there is more certainty with respect to the standards to be adopted, users of our financial statements should consider that the proposed and anticipated standard could have a material adverse impact on our reported results of operations.

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

The lease accounting proposal issued by the Boards would eliminate operating lease accounting (except for leases with terms of one year or less), and all leases would be recorded on balance sheets using a financing model. Tenants would no longer account for lease expense on a straight-line basis, and rent expense may be higher in earlier periods of the lease term. Reassessment of key considerations such as lease term or residual value guarantees would be required throughout the life of a lease. The proposed changes may have a significant impact on the structuring of new and renewal leases in the future.

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

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

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

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Current levels of market volatility are unprecedented.

The capital and credit markets have experienced volatility and disruption for several years. In some cases, the markets have produced downward pressure on stock prices and credit capacity for certain issuers without regard to those issuers underlying financial and/or operating strength. If current levels of market disruption and volatility continue or worsen, there can be no assurance that we will not experience an adverse effect, which may be material, on our business, financial condition, and results of operations. Disruptions, uncertainty, or volatility in the capital markets may also limit our access to capital from financial institutions on favorable terms, or altogether, and our ability to raise capital through the issuance of equity securities could be adversely affected by causes beyond our control through ongoing extraordinary disruptions in the global economy and financial systems or other events.

We may not be able to obtain additional capital to further our business objectives.

Our ability to acquire, develop, or redevelop properties depends upon our ability to obtain capital. The real estate industry has recently experienced volatile debt and equity capital markets with periods of extreme illiquidity. A prolonged period in which we cannot effectively access the public equity or debt markets may result in heavier reliance on alternative financing sources to undertake new investments. An inability to obtain equity or debt capital on acceptable terms could delay or prevent us from acquiring, financing, and completing desirable investments, and could otherwise adversely affect our business. Also, the issuance of additional shares of capital stock or interests in subsidiaries to fund future operations could dilute the ownership of our then-existing stockholders. Even as liquidity returns to the market, debt and equity capital may be more expensive than in prior years.

Possible future sales of shares of our common stock could adversely affect its market price.

We cannot predict the effect, if any, of future sales of shares of our common stock on the market price of our common stock from time to time. Sales of substantial amounts of capital stock (including common stock issued upon the conversion of convertible debt securities, or the conversion or redemption of preferred stock), or the perception that such sales may occur, could adversely affect prevailing market prices for our common stock.

We have reserved a number of shares of common stock for issuance to our directors, officers, and employees pursuant to our Amended and Restated 1997 Stock Award and Incentive Plan (sometimes referred to herein as our equity incentive plan). As of December 31, 2011, a total of 1,178,441 shares of our common stock were reserved for issuance under our Amended and Restated 1997 Stock Award and Incentive Plan. As of December 31, 2011, options to purchase 3,500 shares of our common stock were outstanding, all of which were exercisable. We have filed a registration statement with respect to the issuance of shares of our common stock pursuant to grants under our equity incentive plan. In addition, any shares issued under our equity incentive plan will be available for sale in the public market from time to time without restriction by persons who are not our affiliates (as defined in Rule 144 adopted under the Securities Act). Affiliates will be able to sell shares of our common stock subject to restrictions under Rule 144.

The price per share of our stock may fluctuate significantly.

The market price per share of our common stock may fluctuate significantly in response to many factors, including, but not limited to:

- the availability and cost of debt and/or equity capital;
- the condition of our balance sheet;
- the condition of the financial and banking industries;
- actual or anticipated variations in our quarterly operating results or dividends;
- the amount and timing of debt maturities and other contractual obligations;
- changes in our funds from operations (FFO) or earnings estimates;
- the publication of research reports about us, the real estate industry, or the life science industry;
- the general reputation of REITs and the attractiveness of their equity securities in comparison to other debt or equity securities (including securities issued by other real estate-based companies);
- general stock and bond market conditions, including changes in interest rates on fixed income securities, that may lead prospective purchasers of our stock to demand a higher annual yield from future dividends;
- changes in our analyst ratings;
- changes in our credit ratings;
- changes in market valuations of similar companies;
- adverse market reaction to any additional debt we incur in the future;

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- additions or departures of key management personnel;
- actions by institutional stockholders;
- speculation in the press or investment community;
- terrorist activity adversely affecting the markets in which our securities trade, possibly increasing market volatility and causing the further erosion of business and consumer confidence and spending;
- government regulatory action and changes in tax laws;
- the realization of any of the other risk factors included in this annual report on Form 10-K; and
- general market and economic conditions.

Many of the factors listed above are beyond our control. These factors may cause the market price of shares of our common stock to decline, regardless of our financial condition, results of operations, business, or our prospects.

Failure to meet market expectations for our financial performance will likely adversely affect the market price and volatility of our stock.

Our expected results may not be achieved, and actual results may differ materially from our expectations. This may be a result of various factors, including, but not limited to: the status of the economy; the status of capital markets, including availability and cost of capital; changes in financing terms; negative developments in the operating results or financial condition of tenants, including, but not limited to, their ability to pay rent; our ability to re-lease space at similar rates as vacancies occur; our ability to timely reinvest sale proceeds at similar rates to assets sold; regulatory approval and market acceptance of the products and technologies of life science tenants; liability or contract claims by or against tenants; unanticipated difficulties and/or expenditures relating to future acquisitions; environmental laws affecting our properties; changes in rules or practices governing our financial reporting; and other legal and operational matters, including REIT qualification and key management personnel recruitment and retention. Failure to meet market expectations, particularly with respect to funds from operations (FFO) per share, earnings per share, operating cash flows, and revenues, will likely result in a decline and/or increased volatility in the market price of our stock.

Our debt service obligations may have adverse consequences on our business operations.

We use debt to finance our operations, including the acquisition, development, and redevelopment of properties. Our use of debt may have adverse consequences, including the following:

- our cash flow from operations may not be sufficient to meet required payments of principal and interest;
- we may be forced to dispose of one or more of our properties, possibly on disadvantageous terms, to make payments on our debt;

- we may default on our debt obligations, and the lenders or mortgagees may foreclose on our properties that secure those loans;
- a foreclosure on one of our properties could create taxable income without any accompanying cash proceeds to pay the tax;
- a default under a mortgage loan that has cross default provisions may cause us to automatically default on another loan;
- we may not be able to refinance or extend our existing debt;
- the terms of any refinancing or extension may not be as favorable as the terms of our existing debt;
- we may be subject to a significant increase in the variable interest rates on our unsecured line of credit and unsecured bank term loans and certain other borrowings, which could adversely impact our operations; and
- the terms of our debt obligations may require a reduction in our distributions to stockholders.

As of December 31, 2011, we had outstanding mortgage indebtedness of approximately $724.3 million (net of $0.8 million discount), secured by 38 properties, and outstanding debt under our unsecured line of credit and unsecured bank term loans of approximately $2.0 billion.

We may not be able to refinance our debt and/or our debt may not be assumable.

Due to the high volume of real estate debt financing in recent years, the real estate industry may require more funds to refinance debt maturities than the potential funds available from lenders. This potential shortage of available funds from lenders and stricter credit underwriting guidelines may limit our ability to refinance our debt as it matures, our cash flows, our ability to make distributions to our stockholders, or adversely affect our financial condition, results of operations, and the market price of our common stock.

As of December 31, 2011, we had approximately $2.8 billion in outstanding debt. This debt may be unassumable by a potential purchaser of the Company and may be subject to significant prepayment penalties.

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Adverse changes in our credit ratings could negatively affect our financing ability.

In July 2011, we received investment grade ratings from two major rating agencies. Our credit ratings may affect the amount of capital we can access, as well as the terms and pricing of any debt we may incur. There can be no assurance that we will be able to maintain our current credit ratings. In the event that our current credit ratings are downgraded or removed, we would most likely incur higher borrowing costs and experience greater difficulty in obtaining additional financing, which would in turn have a material adverse impact on our financial condition, results of operations, and liquidity.

We may not be able to borrow additional amounts through the issuance of unsecured bonds.

There is no assurance that we will be able to access the investment grade unsecured bond market on favorable terms while we maintain our investment grade ratings. Our ability to borrow additional amounts through the issuance of unsecured bonds may be negatively impacted by periods of illiquidity in the bond market. Our inability to borrow additional amounts through the issuance of unsecured bonds will require us to borrow under variable rate or other arrangements and could delay or prevent us from acquiring, financing, and completing desirable investments, which could adversely affect our business, cash flows, ability to make distributions to our stockholders, financial condition, and results of operations.

We may not be able to borrow additional amounts under our unsecured line of credit and unsecured bank term loans.

Aggregate unsecured borrowings under our unsecured line of credit and unsecured bank term loans are limited to an amount based primarily on the net operating income derived from a pool of unencumbered properties and the cost basis of certain of our land and construction projects and compliance with certain financial and non-financial covenants. Borrowings under our unsecured line of credit and unsecured bank term loans are funded by a group of 57 banks. Our ability to borrow additional amounts under our unsecured line of credit and unsecured bank term loans may be negatively impacted by a decrease in cash flows from our properties, a default or cross default under our unsecured line of credit and unsecured bank term loans, non-compliance with one or more loan covenants, and non-performance or failure of one or more lenders under our unsecured line of credit and unsecured bank term loans. In addition, we may not be able to refinance or repay outstanding borrowings on our unsecured line of credit or unsecured bank term loans. Our inability to borrow additional amounts could delay or prevent us from acquiring, financing, and completing desirable investments, which could adversely affect our business; and our inability to refinance or repay amounts under our unsecured line of credit or unsecured bank term loans may adversely affect our cash flows, ability to make distributions to our stockholders, financial condition, and results of operations.

Our unsecured line of credit and unsecured bank term loans restrict our ability to engage in some business activities.

Our unsecured line of credit and unsecured bank term loans contain customary negative covenants and other financial and operating covenants that, among other things:

- restrict our ability to incur additional indebtedness;

- restrict our ability to make certain investments;
- restrict our ability to merge with another company;
- restrict our ability to make distributions to stockholders;
- require us to maintain financial coverage ratios; and
- require us to maintain a pool of unencumbered assets approved by the lenders.

These restrictions could cause us to default on our unsecured line of credit and unsecured bank term loans or negatively affect our operations and our ability to make distributions to our stockholders.

We could become highly leveraged, and our debt service obligations could increase.

Our organizational documents do not limit the amount of debt that we may incur. Therefore, we could become highly leveraged. This would result in an increase in our debt service obligations that could adversely affect our cash flow and our ability to make distributions to our stockholders. Higher leverage could also increase the risk of default on our debt obligations.

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If interest rates rise, our debt service costs will increase and the value of our properties may decrease.

Our unsecured line of credit, unsecured bank term loans, and certain other borrowings bear interest at variable rates, and we may incur additional debt in the future. Increases in market interest rates would increase our interest expense under these debt instruments and would increase the costs of refinancing existing indebtedness or obtaining new debt. Additionally, increases in market interest rates may result in a decrease in the value of our real estate and decrease the market price of our common stock. Accordingly, these increases could adversely affect our financial position and our ability to make distributions to our stockholders.

Failure to hedge effectively against interest rate changes may adversely affect our results of operations.

The interest rate hedge agreements we use to manage some of our exposure to interest rate volatility involve risks, such as the risk that counterparties may fail to honor their obligations under these arrangements. In addition, these arrangements may not be effective in reducing our exposure to changes in interest rates. These risk factors may lead to failure to hedge effectively against changes in interest rates and therefore may adversely affect our results of operations.

The adoption of derivatives legislation by Congress could have an adverse impact on our ability to hedge risks associated with our business.

The Dodd-Frank Act regulates derivative transactions, which include certain instruments used in our risk management activities. The Dodd-Frank Act contemplates that most swaps will be required to be cleared through a registered clearing facility and traded on a designated exchange or swap execution facility. There are some exceptions to these requirements for entities that use swaps to hedge or mitigate commercial risk. While we may ultimately be eligible for such exceptions, the scope of these exceptions is currently uncertain, pending further definition through rulemaking proceedings. Among the other provisions of the Dodd-Frank Act that may affect derivative transactions are those relating to establishment of capital and margin requirements for certain derivative participants; establishment of business conduct standards, recordkeeping and reporting requirements; and imposition of position limits. Although the Dodd-Frank Act includes significant new provisions regarding the regulation of derivatives, the impact of those requirements will not be known definitively until regulations have been adopted by the SEC and the Commodity Futures Trading Commission. The new legislation and any new regulations could increase the operational and transactional cost of derivatives contracts and affect the number and/or creditworthiness of available hedge counterparties to us.

The conversion rights of our convertible preferred stock may be detrimental to holders of common stock.

As of December 31, 2011, we had approximately $250 million outstanding of our 7.00% series D cumulative convertible preferred stock (Series D Convertible Preferred Stock). Shares of Series D Convertible Preferred Stock may be converted into shares of our common stock subject to certain conditions. As of December 31, 2011, the conversion rate for the Series D Convertible Preferred Stock was 0.2480 shares of our common stock per $25.00 liquidation preference, which was equivalent to a conversion price of approximately $100.81 per share of common stock. The conversion rate for the Series D Convertible Preferred Stock is subject to adjustments for certain events, including, but not limited to certain dividends on our common stock in excess of $0.78 per share per quarter and dividends on our common stock payable in shares of our common stock. In addition, on or after April 20, 2013, we may, at our option, be able to cause some or all of our Series D Convertible Preferred Stock to be automatically converted if the closing sale price per share of our common stock equals or exceeds 150% of the then-applicable conversion price of the Series D Convertible Preferred Stock for at least 20 trading days in a period of 30 consecutive trading days ending on the trading day immediately prior to our issuance of a press release announcing the exercise of our conversion option. Holders of our Series D Convertible Preferred Stock, at their option, may, at any time and from time to time, convert some or all of their outstanding shares.

The conversion of the Series D Convertible Preferred Stock for our common stock would dilute stockholder ownership in our company, and could adversely affect the market price of our common stock or impair our ability to raise capital through the sale of additional equity securities. Any adjustments that increase the conversion rate of the Series D Convertible Preferred Stock would increase their dilutive effect. Further, the conversion rights by the holders of the Series D Convertible Preferred Stock might be triggered in situations in which we need to conserve our cash reserves, in which event, our election, under certain conditions, to repurchase such Series D Convertible Preferred Stock in lieu of converting it into common stock might adversely affect us and our stockholders.

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We are subject to risks and liabilities in connection with properties owned through partnerships, limited liability companies, and joint ventures.

Our organizational documents do not limit the amount of funds that we may invest in non-wholly owned partnerships, limited liability companies, or joint ventures. Partnership, limited liability company, or joint venture investments involve certain risks, including:

- upon bankruptcy of non-wholly owned partnerships, limited liability companies, or joint venture entities, we may become liable for the partnership s, limited liability company s, or joint venture s liabilities;
- we may share certain approval rights over major decisions with third parties;
- we may be required to contribute additional capital if our partners fail to fund their share of any required capital contributions;
- our partners, co-members, or joint ventures might have economic or other business interests or goals that are inconsistent with our business interests or goals and that could affect our ability to operate the property or our ability to maintain our qualification as a REIT;
- our ability to sell the interest on advantageous terms when we desire may be limited or restricted under the terms of our agreements with our partners; and
- we may not continue to own or operate the interests or assets underlying such relationship or may need to purchase such interests or assets at an above market price to continue ownership.

We generally seek to maintain sufficient control of our partnerships, limited liability companies, and joint ventures to permit us to achieve our business objectives. However, we may not be able to do so, and the occurrence of one or more of the events described above could adversely affect our financial condition, results of operations, cash flow, ability to make distributions to our stockholders, or the market price of our common stock.

We may not be able to sell our properties quickly to raise money.

Investments in real estate are relatively illiquid compared to other investments. Accordingly, we may not be able to sell our properties when we desire or at prices acceptable to us in response to changes in economic or other conditions. In addition, the Internal Revenue Code of 1986, as amended (the Internal Revenue Code) limits our ability to sell properties held for less than two years. These limitations on our ability to sell our properties may adversely affect our cash flows, our ability to repay debt, and our ability to make distributions to our stockholders.

If our revenues are less than our expenses, we may have to borrow additional funds, and we may not be able to make distributions to our stockholders.

If our properties do not generate revenues sufficient to meet our operating expenses, including our debt service obligations and capital expenditures, we may have to borrow additional amounts to cover fixed costs and cash flow needs. This could adversely affect our ability to make distributions to our stockholders. Factors that could adversely affect the revenues we generate from, and the values of, our properties include:

- national, local, and worldwide economic conditions;
- competition from other life science properties;
- changes in the life science industry;
- real estate conditions in our target markets;
- our ability to collect rent payments;
- the availability of financing;
- changes to the financial and banking industries;
- changes in interest rate levels;
- vacancies at our properties and our ability to re-lease space;
- changes in tax or other regulatory laws;
- the costs of compliance with government regulation;
- the lack of liquidity of real estate investments; and
- increases in operating costs.

In addition, if a lease at a property is not a triple net lease, we will have greater expenses associated with that property and greater exposure to increases in such expenses. Significant expenditures, such as mortgage payments, real estate taxes and insurance, and maintenance costs are generally fixed and do not decrease when revenues at the related property decrease.

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Our distributions to stockholders may decline at any time.

We may not continue our current level of distributions to our stockholders. Our Board of Directors will determine future distributions based on a number of factors, including:

- our amount of cash available for distribution;
- our financial condition and capital requirements;
- any decision to reinvest funds rather than to distribute such funds;
- our capital expenditures;
- the annual distribution requirements under the REIT provisions of the Internal Revenue Code;
- restrictions under Maryland law; and
- other factors our Board of Directors deems relevant.

A reduction in distributions to stockholders may negatively impact our stock price.

Distributions on our common stock may be made in the form of cash, stock, or a combination of both.

As a REIT, we are required to distribute at least 90% of our taxable income to our stockholders. Typically, we generate cash for distributions through our operations, the disposition of assets, or the incurrence of additional debt. Our Board of Directors may determine in the future to pay dividends on our common stock in cash, shares of our common stock, or a combination of cash and shares of our common stock. The Internal Revenue Service issued Revenue Procedure 2010-12, which provides guidance regarding certain dividends payable in cash or stock at the election of stockholders and declared with respect to taxable years ending on or before December 31, 2011. Under Revenue Procedure 2010-12, a distribution of our stock pursuant to such an election will be considered a taxable distribution of property in an amount equal to the amount of cash that could have been received instead if, among other things, 10% or more of the distribution is payable in cash. Any such dividend would be distributed in a manner intended to count toward satisfaction of our annual distribution requirements and to qualify for the dividends paid deduction. A reduction in the cash yield on our common stock may negatively impact our stock price.

We may be unable to identify and complete acquisitions and successfully operate acquired properties.

We continually evaluate the market of available properties and may acquire properties when opportunities exist. Our ability to acquire properties on favorable terms and successfully operate them may be exposed to the following significant risks:

- we may be unable to acquire a desired property because of competition from other real estate investors with significant capital, including both publicly traded REITs and institutional investment funds;

- even if we are able to acquire a desired property, competition from other potential acquirers may significantly increase the purchase price or result in other less favorable terms;

- even if we enter into agreements for the acquisition of properties, these agreements are subject to customary conditions to closing, including completion of due diligence investigations to our satisfaction;

- we may be unable to finance acquisitions on favorable terms or at all;

- we may spend more than budgeted amounts to make necessary improvements or renovations to acquired properties;

- we may be unable to integrate new acquisitions quickly and efficiently, particularly acquisitions of operating properties or portfolios of properties, into our existing operations, and our results of operations and financial condition could be adversely affected;

- acquired properties may be subject to reassessment, which may result in higher than expected property tax payments;

- market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and

- we may acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities such as liabilities for clean-up of undisclosed environmental contamination, claims by tenants, vendors or other persons dealing with the former owners of the properties and claims for indemnification by general partners, directors, officers, and others indemnified by the former owners of the properties.

If we cannot finance property acquisitions on favorable terms, or operate acquired properties to meet our financial expectations, our financial condition, results of operations, cash flows, ability to make distributions to our stockholders, trading price of our common stock, and ability to satisfy our debt service obligations could be materially adversely affected.

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We may suffer economic harm as a result of making unsuccessful acquisitions in new markets.

We may pursue selective acquisitions of properties in markets where we have not previously owned properties. These acquisitions may entail risks in addition to those we face in other acquisitions where we are familiar with the markets, such as the risk that we do not correctly anticipate conditions or trends in a new market and are therefore not able to generate profit from the acquired property. If this occurs, it could adversely affect our financial position, results of operations, cash flows, or ability to make distributions to our stockholders, the trading price of our common stock, and our ability to satisfy our debt service obligations.

The acquisition of new properties or the development of new properties may give rise to difficulties in predicting revenue potential.

We may continue to acquire additional properties and may seek to develop our existing land holdings strategically as warranted by market conditions. These acquisitions and developments could fail to perform in accordance with expectations. If we fail to accurately estimate occupancy levels, operating costs, or costs of improvements to bring an acquired property or a development property up to the standards established for our intended market position, the performance of the property may be below expectations. Acquired properties may have characteristics or deficiencies affecting their valuation or revenue potential that we have not yet discovered. We cannot assure our stockholders that the performance of properties acquired or developed by us will increase or be maintained under our management.

We may be unsuccessful with our real estate development and redevelopment activities.

A key component of our long-term business model consists of the ground-up development and redevelopment of space for lease. Our success with our development and redevelopment projects depends on many risks that may adversely affect our business, including those associated with:

- negative worldwide economic, financial, and banking conditions;
- worldwide economic recession, lack of confidence, and/or high structural unemployment;
- financial, banking, and credit market conditions;
- the seizure or illiquidity of credit markets;
- national, local, and worldwide economic conditions;
- delays in construction;
- budget overruns;
- lack of availability and/or increasing costs of materials;

- commodity pricing of building materials and supplies;
- financing availability;
- changes in the life sciences, financial, and banking industries;
- volatility in interest rates;
- labor availability and/or strikes;
- uncertainty of leasing;
- timing of the commencement of rental payments;
- changes in local submarket conditions;
- delays or denials of entitlements or permits; and
- other property development uncertainties.

In addition, development and redevelopment activities, regardless of whether they are ultimately successful, typically require a substantial portion of management s time and attention. This may distract management from focusing on other operational activities. If we are unable to complete development and/or redevelopment projects successfully, our business may be adversely affected.

We have spaces available for redevelopment that may be difficult to redevelop or successfully lease to tenants.

A key component of our long-term business model is redevelopment of existing office, warehouse, or shell space as generic life science laboratory space that can be leased at higher rates. There can be no assurance that we will be able to complete spaces undergoing redevelopment or initiate additional redevelopment projects. Redevelopment activities subject us to many risks, including those related to delays in permitting, financing availability, engaging contractors, the availability and pricing of materials and labor, and other redevelopment uncertainties. In addition, there can be no assurance that, upon completion, we will be able to successfully lease the space or lease the space at rental rates at or above the returns on our investment anticipated by our stockholders.

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Improvements to life science properties are significantly more costly than traditional office space.

Our properties contain infrastructure improvements that are significantly more costly than other property types. Although we have historically been able to recover the additional investment in infrastructure improvements through higher rental rates, there is the risk that we will not be able to continue to do so in the future. Typical improvements include:

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

We could default on leases for land on which some of our properties are located or held for future development.

As of December 31, 2011, we held ground lease obligations that included leases for 21 of our properties and six land development parcels. These lease obligations have remaining lease terms from 22 to 99 years, excluding extension options. If we default under the terms of any particular lease, we may lose the ownership rights to the property subject to the lease. Upon expiration of a lease and all of its options, we may not be able to renegotiate a new lease on favorable terms, if at all. The loss of the ownership rights to these properties or an increase of rental expense could have a material adverse effect on our financial condition, results of operations, cash flow, stock price, and ability to satisfy our debt service obligations and pay distributions to our stockholders.

We may not be able to operate properties successfully.

Our success depends in large part upon our ability to operate our properties successfully. If we are unable to do so, our business could be adversely affected. The ownership and operation of real estate is subject to many risks that may adversely affect our business and our ability to make payments to our stockholders, including the risks that:

- our properties may not perform as we expect;

- we may have to lease space at rates below our expectations;
- we may not be able to obtain financing on acceptable terms; and
- we may underestimate the cost of improvements required to maintain or improve space to meet standards established for the market position intended for that property.

If we encounter any of these risks, our business and our ability to make distributions to our stockholders could be adversely affected.

We may experience increased operating costs, which may reduce profitability.

Our properties are subject to increases in operating expenses including insurance, property taxes, utilities, administrative costs, and other costs associated with security, landscaping, and repairs and maintenance of our properties. As of December 31, 2011, approximately 95% of our leases (on a rentable 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. However, we cannot be certain that our tenants will be able to bear the full burden of these higher costs, or that such increased costs will not lead them, or other prospective tenants, to seek space elsewhere. If operating expenses increase, the availability of other comparable space in the markets we operate in may hinder or limit our ability to increase our rents; if operating expenses increase without a corresponding increase in revenues, our profitability could diminish and limit our ability to make distributions to our stockholders.

In order to maintain the quality of our properties and successfully compete against other properties, we must periodically spend money to maintain, repair, and renovate our properties, which reduces our cash flows.

If our properties are not as attractive to current and prospective tenants in terms of rent, services, condition, or location as properties owned by our competitors, we could lose tenants or suffer lower rental rates. As a result, we may from time to time be required to make significant capital expenditures to maintain the competitiveness of our properties. There can be no assurances that any such expenditures would result in higher occupancy or higher rental rates, or deter existing tenants from relocating to properties owned by our competitors.

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We face substantial competition in our target markets.

The significant competition for business in our target markets could have an adverse effect on our operations. We compete for investment opportunities with:

- other REITs;
- insurance companies;
- pension and investment funds;
- private equity entities;
- partnerships;
- developers;
- investment companies; and
- owners/occupants.

Many of these entities have substantially greater financial resources than we do and may be able to pay more than we can or accept more risk than we are willing to accept. These entities may be less sensitive to risks with respect to the creditworthiness of a tenant or the geographic concentration of their investments. Competition may also reduce the number of suitable investment opportunities available to us or may increase the bargaining power of property owners seeking to sell.

Poor economic conditions in our markets could adversely affect our business.

Our properties are located in the following markets:

- California   San Diego;
- California   San Francisco;
- Greater Boston;
- New York City/New Jersey/Suburban Philadelphia;

- North Carolina Research Triangle Park;
- Suburban Washington, D.C.;
- Washington Seattle; and
- International.

As a result of our geographic concentration, we depend upon the local economic and real estate conditions in these markets. We are, therefore, subject to increased exposure (positive or negative) to economic, tax, and other competitive factors specific to markets in confined geographic areas. Our operations may also be affected if too many competing properties are built in any of these markets. An economic downturn in any of these markets could adversely affect our operations and our ability to make distributions to stockholders. We cannot assure our stockholders that these markets will continue to grow or remain favorable to the life science industry.

We are largely dependent on the life science industry, and changes within the industry may adversely impact our revenues from lease payments and results of operations.

In general, our business and strategy is to invest primarily in properties used by tenants in the life science industry. Our business could be adversely affected if the life science industry is impacted by the current economic, financial, and banking crisis or if the life science industry migrates from the U.S. to other countries. Because of our industry focus, events within the life science industry may have a more pronounced effect on our ability to make distributions to our stockholders than if we had more diversified investments. Also, some of our properties may be better suited for a particular life science industry tenant and could require modification before we are able to re-lease vacant space to another life science industry tenant. Generally, our properties may not be suitable for lease to traditional office tenants without significant expenditures on renovations.

Our ability to negotiate contractual rent escalations on 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.

Many life science entities have completed mergers or consolidations. Mergers or consolidations of life science entities in the future could reduce the amount of rentable square footage requirements of our client tenants and prospective tenants, which may adversely impact our revenues from lease payments and results of operations.

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Our inability to renew leases or re-lease space on favorable terms as leases expire may significantly affect our business.

Our revenues are derived primarily from rental payments and reimbursement of operating expenses under our leases. If a tenant experiences a downturn in its business or other types of financial distress, it may be unable to make timely payments under its lease. Also, when our tenants terminate early or decide not to renew their leases, we may not be able to re-lease the space. Even if tenants decide to renew or lease space, the terms of renewals or new leases, including the cost of any tenant improvements, concessions, and lease commissions, may be less favorable to us than current lease terms. Consequently, we could generate less cash flow from the affected properties than expected, which could negatively impact our business. We may have to divert cash flow generated by other properties to meet our debt service payments, if any, or to pay other expenses related to owning the affected properties. As of December 31, 2011, leases at our properties representing approximately 9.5% and 9.8% of the aggregate total rentable square footage of our properties, excluding month-to-month leases, were scheduled to expire in 2012 and 2013, respectively.

High levels of regulation, expense, and uncertainty may adversely affect the life science industry as well as our tenants business, results of operations, and financial condition, which may adversely affect their ability to make rental payments to us and consequently, may materially adversely affect our business, results of operations, and financial condition.

Our life science industry tenants are subject to a number of risks unique to the life science industry, including the following, any one or more of which may adversely affect their ability to make rental payments to us and consequently, may materially adversely affect our business, results of operations, and financial condition:

- Our client tenants sell products and services in an industry that is characterized by rapid and significant technological changes, frequent new product and service introductions and enhancements, evolving industry standards, and uncertainty over the implementation of new healthcare reform legislation, which may cause them to lose competitive positions and adversely affect their operations.

- Some of our tenants developing potential drugs may find that their drugs are not effective, or may even be harmful, when tested in humans.

- Some of our tenants depend on reimbursements from various government entities or private insurance plans, and reimbursements may decrease in the future.

- Some of our tenants may not be able to manufacture their drugs economically, even if such drugs are proven through human clinical trials to be safe and effective in humans.

- Drugs that are developed and manufactured by some of our tenants require regulatory approval, including the approval of the U.S. Food and Drug Administration, prior to being made, marketed, sold, and used. The regulatory approval process to manufacture and market drugs is costly, typically takes several years, requires the use of substantial resources, and is often unpredictable. A tenant may fail or experience significant delays in obtaining these approvals.

- Some of our tenants and their licensors require patent, copyright, or trade secret protection to develop, make, market, and sell their products and technologies. A tenant may be unable to commercialize its products or technologies if patents covering such products or technologies are not issued, or are successfully challenged, narrowed, invalidated, or circumvented by third parties, or if the tenant fails to obtain licenses to the discoveries of third parties necessary to commercialize its products or technologies.

- A drug made by a tenant may not be well accepted by doctors and patients, may be less effective or accepted than a competitor s drug, or may be subsequently recalled from the market, even if it is successfully developed, proven safe and effective in human clinical trials, manufactured, and the requisite regulatory approvals are obtained.

- Some of our tenants require significant funding to develop and commercialize their products and technologies, which funding must be obtained from venture capital firms; private investors; the public markets; companies in the life science industry; or federal, state, and local governments. Such funding may become unavailable or difficult to obtain. The ability of each tenant to raise capital will depend on its financial and operating condition and the overall condition of the financial, banking, and economic environment.

- Even with sufficient funding, some of our tenants may not be able to discover or identify potential drug targets in humans, or potential drugs for use in humans, or to create tools or technologies that are commercially useful in the discovery or identification of potential drug targets or drugs.

We cannot assure our stockholders that our tenants will be able to develop, make, market, or sell their products and technologies due to the risks inherent in the life science industry. Any tenant that is unable to avoid, or sufficiently mitigate, the risks described above, may have difficulty making rental payments to us.

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Our results of operations depend on our tenants research and development efforts and their ability to obtain funding for these efforts.

Our client tenant base includes entities in the pharmaceutical, biotechnology, medical device, life science, and related industries; academic institutions; government institutions; and private foundations. Our tenants base their research and development budgets on several factors, including the need to develop new products, the availability of governmental and other funding, competition, and the general availability of resources.

Research and development budgets fluctuate due to changes in available resources, research priorities, general economic conditions, institutional and governmental budgetary limitations, and mergers and consolidations of entities in the life science industry. Our business could be adversely impacted by a significant decrease in life science research and development expenditures by either our tenants or the life science industry.

Additionally, our client tenants include research institutions whose funding is largely dependent on grants from government agencies such as the U.S. National Institutes of Health (NIH), the National Science Foundation, and similar agencies or organizations. Government funding of research and development is subject to the political process, which is often unpredictable. Other programs, such as Homeland Security or defense, could be viewed by the government as higher priorities. Additionally, proposals to reduce or eliminate budgetary deficits have sometimes included reduced allocations to the NIH and other government agencies that fund research and development activities. Any shift away from funding of life science research and development or delays surrounding the approval of government budget proposals may adversely impact our tenants operations, which in turn may impact their ability to make lease payments to us and thus adversely impact our results of operations.

The inability of a tenant to pay us rent could adversely affect our business.

Our revenues are derived primarily from rental payments and reimbursement of operating expenses under our leases. If our tenants, especially significant tenants, fail to make rental payments under their leases, our financial condition, cash flows, and ability to make distributions to our stockholders could be adversely affected.

As of December 31, 2011, we had 474 leases with a total of 388 tenants, and 69, or 40%, of our 173 properties were single-tenant properties. Our three largest tenants accounted for approximately 13.6% of our aggregate annualized base rent, or approximately 6.4%, 3.6%, and 3.6%, respectively. Annualized base rent means the annualized fixed base rental amount in effect as of December 31, 2011, using rental revenues calculated on a straight-line basis in accordance with GAAP. Annualized base rent does not include reimbursements for real estate taxes, insurance, utilities, common area, and other operating expenses, substantially all of which are borne by the tenants in the case of triple net leases.

The bankruptcy or insolvency of a major tenant may also adversely affect the income produced by a property. If any of our tenants becomes a debtor in a case under the U.S. Bankruptcy Code, as amended, we cannot evict that tenant solely because of its bankruptcy. The bankruptcy court may authorize the tenant to reject and terminate its lease with us. Our claim against such a tenant for unpaid future rent would be subject to a statutory limitation that might be substantially less than the remaining rent actually owed to us under the tenant s lease. Any shortfall in rent payments could adversely affect our cash flow and our ability to make distributions to our stockholders.

Government interference with the healthcare system may have a negative impact on our tenants.

Life science entities are subject to extensive government regulation and oversight both in the U.S. and foreign jurisdictions. The Food and Drug Administration (FDA) and comparable agencies in other jurisdictions directly regulate many critical activities of life science and healthcare industries, including the conduct of preclinical and clinical studies, product manufacturing, advertising and promotion, product distribution, adverse event reporting and product risk management. In both domestic and foreign markets, sales of life science industry products depend, in part, on the availability and amount of reimbursement by third party payers, including governments and private health plans. Governments may regulate coverage, reimbursement and pricing of products to control cost or affect utilization of products. Private health plans may also seek to manage cost and utilization by implementing coverage and reimbursement limitations. Substantial uncertainty exists regarding the reimbursement by third party payors of newly approved health care products. The U.S. and foreign governments regularly consider reform measures that affect health care coverage and costs. Such reforms may include changes to the coverage and reimbursement of our products. Government and other regulatory oversight and future regulatory and government interference with the healthcare systems may adversely impact our tenant s businesses and our business.

Our U.S. government tenants may not receive annual budget appropriations, which could adversely affect their ability to pay us.

U.S. government tenants may be subject to annual budget appropriations. If one of our U.S. government tenants fails to receive its annual budget appropriation, it might not be able to make its lease payments to us. In addition, defaults under leases with federal government tenants are governed by federal statute and not by state eviction or rent deficiency laws. As of December 31, 2011, leases with U.S. government tenants at our properties accounted for approximately 2.8% of our aggregate annualized base rent.

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We could be held liable for damages resulting from our tenants use of hazardous materials.

Many of our life science industry tenants engage in research and development activities that involve controlled use of hazardous materials, chemicals, and biological and radioactive compounds. In the event of contamination or injury from the use of these hazardous materials, we could be held liable for damages that result. This liability could exceed our resources and any recovery available through any applicable insurance coverage, which could adversely affect our ability to make distributions to our stockholders.

Together with our tenants, we must comply with federal, state, and local laws and regulations governing the use, manufacture, storage, handling, and disposal of hazardous materials and waste products. Failure to comply with these laws and regulations, or changes in them, could adversely affect our business or our tenants businesses and their ability to make rental payments to us.

Our properties may have defects that are unknown to us.

Although we review the physical condition of our properties before they are acquired, and on a periodic basis after acquisition, any of our properties may have characteristics or deficiencies unknown to us that could adversely affect the property s value or revenue potential.

We may incur significant costs complying with the Americans with Disabilities Act and similar laws.

Under the ADA, places of public accommodation and/or commercial facilities are required to meet federal requirements related to access and use by disabled persons. We may be required to make substantial capital expenditures at our properties to comply with this law. In addition, non-compliance could result in the imposition of fines or an award of damages to private litigants.

A number of additional federal, state, and local laws and regulations exist regarding access by disabled persons. These regulations may require modifications to our properties or may affect future renovations. These expenditures may have an adverse impact on overall returns on our investments.

We may incur significant costs if we fail to comply with laws or if laws change.

Our properties are subject to many federal, state, and local regulatory requirements and to state and local fire, life-safety, and other requirements. If we do not comply with all of these requirements, we may have to pay fines to government authorities or damage awards to private litigants. We do not know whether these requirements will change or whether new requirements will be imposed. Changes in these regulatory requirements could require us to make significant unanticipated expenditures. These expenditures could have an adverse effect on us and our ability to make distributions to our stockholders.

We may incur significant costs complying with environmental laws.

Federal, state, and local environmental laws and regulations may require us, as a current or prior owner or operator of real estate, to investigate and clean up hazardous or toxic substances or petroleum products released at or from any of our properties. The cost of investigating and cleaning up contamination could be substantial and could exceed the amount of any insurance coverage available to us. In addition, the presence of contamination, or the failure to properly clean it up, may adversely affect our ability to lease or sell an affected property, or to borrow funds using that property as collateral.

Under environmental laws and regulations, we may have to pay government entities or third parties for property damage and for investigation and cleanup costs incurred by those parties relating to contaminated properties regardless of whether we knew of or caused the contamination. Even if more than one party was responsible for the contamination, we may be held responsible for all of the cleanup costs. In addition, third parties may sue us for damages and costs resulting from environmental contamination or jointly responsible parties may contest their responsibility or be financially unable to pay their share of such costs.

Environmental laws also govern the presence, maintenance, and removal of asbestos-containing materials. These laws may impose fines and penalties on us for the release of asbestos-containing materials and may allow third parties to seek recovery from us for personal injury from exposure to asbestos fibers. We have detected asbestos-containing materials at some of our properties, but we do not expect that they will result in material environmental costs or liabilities to us.

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Environmental laws and regulations also require the removal or upgrading of certain underground storage tanks and regulate:

- the discharge of storm water, wastewater, and any water pollutants;
- the emission of air pollutants;
- the generation, management, and disposal of hazardous or toxic chemicals, substances, or wastes; and
- workplace health and safety.

Many of our tenants routinely handle hazardous substances and wastes as part of their operations at our properties. Environmental laws and regulations subject our tenants, and potentially us, to liability resulting from these activities. Environmental liabilities could also affect a tenant s ability to make rental payments to us. We require our tenants to comply with these environmental laws and regulations and to indemnify us for any related liabilities.

Independent environmental consultants have conducted Phase I or similar environmental assessments at our properties. We intend to use consultants to conduct similar environmental assessments on our future acquisitions. This type of assessment generally includes a site inspection, interviews, and a public records review, but no subsurface sampling. These assessments and certain additional investigations of our properties have not to date revealed any environmental liability that we believe would have a material adverse effect on our business, assets, or results of operations.

The additional investigations have included, as appropriate:

- asbestos surveys;
- radon surveys;
- lead surveys;
- mold surveys;
- additional public records review;
- subsurface sampling; and
- other testing.

Nevertheless, it is possible that the assessments on our current properties have not revealed, and that assessments on future acquisitions will not reveal, all environmental liabilities. Consequently, there may be material environmental liabilities of which we are unaware that may result in substantial costs to us or our tenants and that could have a material adverse effect on our business.

Our properties may contain or develop harmful mold or suffer from other air quality issues, which could lead to liability for adverse health effects and costs to remedy the problem.

When excessive moisture accumulates in buildings or on building materials, mold may grow, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses, and bacteria. Indoor exposure to airborne toxins or irritants above certain levels may cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants, employees of our tenants, and others if property damage or health concerns arise.

We could incur significant costs due to the financial condition of our insurance carriers.

We insure our properties with insurance companies that we believe have a good rating at the time our policies are put into effect. The financial condition of one or more of the insurance companies that we hold policies with may be negatively impacted, resulting in their inability to pay on future insurance claims. Their inability to pay future claims may have a negative impact on our financial results. In addition, the failure of one or more insurance companies may increase the costs of renewing our insurance policies or increase the cost of insuring additional properties and recently developed or redeveloped properties.

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Our insurance may not adequately cover all potential losses.

If we experience a loss at any of our properties that is not covered by insurance or that exceeds our insurance policy limits, we could lose the capital invested in the affected property and, possibly, future revenues from that property. In addition, we could continue to be obligated on any mortgage indebtedness or other obligations related to the affected properties. We carry comprehensive liability, fire, extended coverage, and rental loss insurance with respect to our properties. We have obtained earthquake insurance for our properties that are located in the vicinity of active earthquake faults. We also carry environmental remediation insurance and have title insurance policies for our properties. We obtain our title insurance policies when we acquire the property, with each policy covering an amount equal to the initial purchase price of each property. Accordingly, any of our title insurance policies may be in an amount less than the current value of the related property.

Our tenants are also required to maintain comprehensive insurance, including liability and casualty insurance, that is customarily obtained for similar properties. There are, however, certain types of losses that we and our tenants do not generally insure against because they are uninsurable or because it is not economical to insure against them. The availability of coverage against certain types of losses, such as from terrorism or toxic mold, has become more limited and, when available, carries a significantly higher cost. We cannot predict whether insurance coverage against terrorism or toxic mold will remain available for our properties because insurance companies may no longer offer coverage against such losses, or such coverage, if offered, may become prohibitively expensive. Toxic mold has not presented any material problems at any of our properties.

We face possible risks associated with the physical effects of climate change.

We cannot predict the rate at which climate change will progress. However, the physical effects of climate change could have a material adverse effect on our properties, operations, and business. For example, most of our properties are located along the east and west coasts of the U.S. To the extent that climate change impacts changes in weather patterns, our markets could experience increases in storm intensity and rising sea levels. Over time, these conditions could result in declining demand for life science laboratory space at our properties or result in our inability to operate the buildings at all. Climate change may also have indirect effects on our business by increasing the cost of, or availability of, property insurance on terms we find acceptable, increasing the cost of energy, and increasing the cost of snow removal at our properties. There can be no assurance that climate change will not have a material adverse effect on our properties, operations, or business.

Terrorist attacks may have an adverse impact on our business and operating results and could decrease the value of our assets.

Terrorist attacks such as those that took place on September 11, 2001, could have a material adverse impact on our business and operating results. Future terrorist attacks may result in declining economic activity, which could reduce the demand for and the value of our properties. To the extent that future terrorist attacks impact our tenants, their businesses similarly could be adversely affected, including their ability to continue to honor their lease obligations.

The loss of services of any of our senior executive officers could adversely affect us.

We depend upon the services of relatively few executive officers. The loss of services of any one of them may adversely affect our business, financial condition, and prospects. We use the extensive personal and business relationships that members of our management have developed over time with owners of life science properties and with major life science industry tenants. We cannot assure our stockholders that our senior executive officers will remain employed with us.

Competition for skilled personnel could increase labor costs.

We compete with various other companies in attracting and retaining qualified and skilled personnel. We depend on our ability to attract and retain skilled management personnel who are responsible for the day-to-day operations of our company. Competitive pressures may require that we enhance our pay and benefits package to compete effectively for such personnel. We may not be able to offset such additional costs by increasing the rates we charge tenants. If there is an increase in these costs or if we fail to attract and retain qualified and skilled personnel, our business and operating results could be adversely affected.

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If we fail to qualify as a REIT, we would be taxed at corporate rates and would not be able to take certain deductions when computing our taxable income.

If, in any taxable year, we fail to qualify as a REIT:

- we would be subject to federal income tax on our taxable income at regular corporate rates;
- we would not be allowed a deduction for distributions to our stockholders in computing taxable income;
- unless we were entitled to relief under the Internal Revenue Code, we would also be disqualified from treatment as a REIT for the four taxable years following the year during which we lost qualification; and
- we would no longer be required by the Internal Revenue Code to make any distributions to our stockholders.

As a result of any additional tax liability, we may need to borrow funds or liquidate certain investments in order to pay the applicable tax. Accordingly, funds available for investment or distribution to our stockholders would be reduced for each of the years involved.

Qualification as a REIT involves the application of highly technical and complex provisions of the Internal Revenue Code to our operations and financial results, and the determination of various factual matters and circumstances not entirely within our control. There are only limited judicial or administrative interpretations of these provisions. Although we believe that we have operated in a manner so as to qualify as a REIT, we cannot assure our stockholders that we are or will remain so qualified.

In addition, although we are not aware of any pending tax legislation that would adversely affect our ability to operate as a REIT, new legislation, regulations, administrative interpretations, or court decisions could change the tax laws or interpretations of the tax laws regarding qualification as a REIT, or the federal income tax consequences of that qualification, in a manner that is adverse to our stockholders.

We may change our business policies without stockholder approval.

Our Board of Directors determines all of our material business policies, with management s input, including those related to our:

- status as a REIT;
- incurrence of debt and debt management activities;

- selective acquisition, development, and redevelopment activities;
- stockholder distributions; and
- other policies, as appropriate.

Our Board of Directors may amend or revise these policies at any time without a vote of our stockholders. A change in these policies could adversely affect our business and our ability to make distributions to our stockholders.

Failure to maintain effective internal control over financial reporting could have a material adverse effect on our business, results of operations, financial condition, and stock price.

Pursuant to the Sarbanes-Oxley Act of 2002, we are required to provide a report by management on internal control over financial reporting, including management s assessment of the effectiveness of internal control. Changes to our business will necessitate ongoing changes to our internal control systems and processes. Internal control over financial reporting may not prevent or detect misstatement because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, our business, results of operations, and financial condition could be materially harmed, and we could fail to meet our reporting obligations and there could be a material adverse effect on our stock price.

Our business and operations would suffer in the event of system failures.

Despite system redundancy, the implementation of security measures, and the existence of a disaster recovery plan for our internal information technology systems, our systems are vulnerable to damages from any number of sources, including computer viruses, unauthorized access, energy blackouts, natural disasters, terrorism, war, and telecommunication failures. Any system failure or accident that causes interruptions in our operations could result in a material disruption to our business. We may also incur additional significant costs to remedy damages caused by such disruptions.

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There are limits on the ownership of our capital stock under which a stockholder may lose beneficial ownership of its shares and that may delay or prevent transactions that might otherwise be desired by our stockholders.

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

In order for us to maintain our qualification as a REIT, among other reasons, our charter provides for an ownership limit, which prohibits, with certain exceptions, direct or constructive ownership of shares of stock representing more than 9.8% of the combined total value of our outstanding shares of stock by any person, as defined in our charter. Our Board of Directors, in its sole discretion, may waive the ownership limit for any person. However, our Board of Directors may not grant such waiver if, after giving effect to such waiver, five individuals could beneficially own, in the aggregate, more than 49.9% of the value of our outstanding stock. As a condition to waiving the ownership limit, our Board of Directors may require a ruling from the Internal Revenue Service or an opinion of counsel in order to determine our status as a REIT. Notwithstanding the receipt of any such ruling or opinion, our Board of Directors may impose such conditions or restrictions as it deems appropriate in connection with granting a waiver.

Our charter further prohibits transferring shares of our stock if such transfer would result in us being closely held under Section 856(h) of the Internal Revenue Code or would result in shares of our stock being owned by fewer than 100 persons.

The constructive ownership rules are complex and may cause shares of our common stock owned directly or constructively by a group of related individuals or entities to be constructively owned by one individual or entity. A transfer of shares to a person who, as a result of the transfer, violates these limits, shall be void, or the shares shall be exchanged for shares of excess stock and transferred to a trust, for the benefit of one or more qualified charitable organizations designated by us. In that case, the intended transferee will have only a right to share, to the extent of the transferee s original purchase price for such shares, in proceeds from the trust s sale of those shares and will effectively forfeit its beneficial ownership of the shares. These ownership limits could delay, defer, or prevent a transaction or a change in control that might involve a premium price for the holders of our common stock or that might otherwise be desired by such holders.

In addition to the ownership limit, certain provisions of our charter and bylaws may delay or prevent transactions that may be deemed to be desirable to our stockholders.

As authorized by Maryland law, our charter allows our Board of Directors to cause us to issue additional authorized but unissued shares of our common stock or preferred stock and to classify or reclassify unissued shares of common or preferred stock without any stockholder approval. Our Board of Directors could establish a series of preferred stock that could delay, defer, or prevent a transaction that might involve a premium price for our common stock or for other reasons be desired by our common stockholders or that have a dividend preference that may adversely affect our ability to pay dividends on our common stock.

Our charter permits the removal of a director only upon a two-thirds vote of the votes entitled to be cast generally in the election of directors, and our bylaws require advance notice of a stockholder s intention to nominate directors or to present business for consideration by stockholders at an annual meeting of our stockholders. Our charter and bylaws also contain other provisions that may delay, defer, or prevent a transaction or change in control that involves a premium price for our common stock or that for other reasons may be desired by our stockholders.

External factors may adversely impact the valuation of investments.

We hold equity investments in certain publicly traded companies and privately held entities primarily involved in the life science industry. The valuation of these investments is affected by many external factors beyond our control, including, but not limited to, market prices, market conditions, prospects for favorable or unfavorable clinical trial results, new product initiatives, and new collaborative agreements. Unfavorable developments with respect to any of these factors may have an adverse impact on the valuation of our investments.

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We face risks associated with short-term liquid investments.

We have significant cash balances that we invest in a variety of short-term investments that are intended to preserve principal value and maintain a high degree of liquidity while providing current income. From time to time, these investments may include (either directly or indirectly) obligations (including certificates of deposit) of banks, money market funds, treasury bank securities, and other highly rated short-term securities. Investments in these securities and funds are not insured against loss of principal. Under certain circumstances we may be required to redeem all or part of these securities or funds at less than par value. A decline in the value of our investments or delay or suspension of our right to redeem may have a material adverse effect on our results of operations or financial condition and our ability to pay our obligations as they become due.

We have certain ownership interests outside the U.S. that may subject us to risks different from or greater than those associated with our domestic operations.

We have five operating properties and one ground-up development project in Canada as well as construction projects in Asia, with an aggregate gross investment in real estate of approximately $180.1 million and $185.4 million, respectively, as of December 31, 2011. International development, ownership, and operating activities involve risks that are different from those we face with respect to our domestic properties and operations. These risks include but are not limited to:

- adverse effects of changes in exchange rates for foreign currencies;
- challenges with respect to the repatriation of foreign earnings;
- changes in foreign political, regulatory, and economic conditions, including regionally, nationally, and locally;
- challenges in managing international operations;
- challenges of complying with a wide variety of foreign laws and regulations, including those relating to real estate, corporate governance, operations, taxes, employment, and legal proceedings;
- differences in lending practices;
- differences in languages, cultures, and time zones; and
- changes in applicable laws and regulations in the U.S. that affect foreign operations.

Although our international activities currently represent a relatively small portion of our overall business, these risks could increase in significance which, in turn, could have an adverse impact on our results of operations and financial condition.

We are subject to risks from potential fluctuations in exchange rates between the U.S. dollar and foreign currencies.

We have properties and operations in countries where the U.S. dollar is not the local currency and thus are subject to international currency risk from the potential fluctuations in exchange rates between the U.S. dollar and the local currency. A significant decrease in the value of the Canadian dollar, Indian rupee, Chinese yuan (renminbi), or other currencies in countries where we may have an investment could materially affect our results of operations. We may attempt to mitigate such effects by borrowing in the local foreign currency in which we invest. Any international currency gain recognized with respect to changes in exchange rates may not qualify under the 75% gross income test or the 95% gross income test that we must satisfy annually in order to qualify and maintain our status as a REIT.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

General

As of December 31, 2011, we had 173 properties containing approximately 15.3 million rentable square feet of life science laboratory space. Our operating properties were approximately 95% leased as of December 31, 2011. 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 December 31, 2011, we held a fee simple interest in each of our properties, except for 21 properties that accounted for approximately 21% of the total rentable square footage of our properties. Of the 21 properties, we held four properties in the San Francisco market, 13 properties in the Greater Boston market, one property in the New York City submarket, one property in the North Carolina Research Triangle Park market, one property in the Suburban Washington, D.C. market, and one property in the International market pursuant to ground leasehold interests. See further discussion in our consolidated financial statements and notes thereto in Item 15. Exhibits and Financial Statement Schedules.

In addition, as of December 31, 2011, our asset base contained approximately 407,000 developable square feet in New York City and three land parcels aggregating approximately 2.0 million developable square feet in India, which we held pursuant to ground leasehold interests and two land parcels aggregating approximately 567,000 rentable square feet in China which we held pursuant to land usage rights.

As of December 31, 2011, we had 474 leases with a total of 388 tenants, and 69, or 40%, of our 173 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 December 31, 2011:

- approximately 95% of our leases (on a rentable square footage basis) were triple net leases, requiring tenants to pay substantially all real estate taxes, insurance, utilities, common area, and other operating expenses (including increases thereto) in addition to base rent;

- approximately 94% of our leases (on a rentable square footage basis) contained effective annual rent escalations that were either fixed (generally ranging from 3% to 3.5%) or indexed based on a consumer price index or other index; and

- approximately 92% of our leases (on a rentable 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 are reusable generic life science laboratory improvements and 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 certain non-generic improvements and restore the premises to their original condition.

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Location of properties

The locations of our properties are diversified among a number of life science cluster submarkets. The following table sets forth, as of December 31, 2011, the total rentable square footage, annualized base rent, and encumbrances of our properties in each of our existing markets (dollars in thousands):

	Rentable Square Feet								
Markets	Operating	Development	Redevelopment	Total	% of Total	# of Properties	Annualized Base Rent (1)	% of Annualized Base Rent	Encumbrances (2)
California San Diego	2,038,575	168,685	407,474	2,614,734	17.1%	35	$ 65,628	15.8%	$ 116,666
California San Francisco	2,269,578	319,766		2,589,344	16.9	24	83,542	20.2	165,576
Greater Boston	3,124,818	303,143	329,438	3,757,399	24.5	39	117,080	28.3	244,636
NYC/New Jersey/Suburban Philadelphia	748,216			748,216	4.9	9	33,186	8.0	15,071
North Carolina Research Triangle Park	822,919		18,060	840,979	5.5	13	17,787	4.3	
Suburban Washington, D.C.	2,447,674		105,706	2,553,380	16.7	32	54,074	13.1	138,316
Washington Seattle	887,824		59,179	947,003	6.2	11	33,527	8.1	44,040
Other non-cluster markets	61,002			61,002	0.4	2	763	0.2	
Domestic markets	12,400,606	791,594	919,857	14,112,057	92.2	165	405,587	98.0	724,305
International	1,069,651	26,426		1,096,077	7.2	5	8,503	2.0	
Subtotal	13,470,257	818,020	919,857	15,208,134	99.4	170	$ 414,090	100.0%	$ 724,305
Discontinued Operations/ Held for Sale	97,740			97,740	0.6	3			
Total	13,567,997	818,020	919,857	15,305,874	100.0%	173			

(1) Annualized base rent means the annualized fixed base rental amount in effect as of December 31, 2011 (using rental revenue computed on a straight-line basis in accordance with GAAP). Represents annualized base rent related to our operating rentable square feet.

(2) Certain properties are pledged as security under our secured notes payable as of December 31, 2011. See Schedule III Consolidated Financial Statement Schedule of Rental Properties and Accumulated Depreciation of Alexandria Real Estate Equities, Inc. in Item 15. Exhibits and Financial Statement Schedules for additional information on our properties, including encumbered properties.

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Property listing

The following table provides certain information about our operating properties as of December 31, 2011 (dollars in thousands):

[redacted]									
California San Diego									
10931/10933 North Torrey Pines Road (1)	Torrey Pines	96,641			96,641	1	$ 2,969	99.5%	99.5%
10975 North Torrey Pines Road	Torrey Pines	44,733			44,733	1	1,638	100.0	100.0
11119 North Torrey Pines Road	Torrey Pines			72,245	72,245	1		N/A	
3010 Science Park Road	Torrey Pines	74,557			74,557	1	3,215	100.0	100.0
3115/3215 Merryfield Row	Torrey Pines	158,645			158,645	2	7,098	100.0	100.0
3530/3550 John Hopkins Court & 3535/3565 General Atomics Court	Torrey Pines	117,058		98,320	215,378	4	2,997	91.7	49.8
10300 Campus Point Drive	University Town Center	260,197		189,562	449,759	1	9,591	100.0	57.9
4755/4757/4767 Nexus Center Drive (2)	University Town Center	132,330	45,255		177,585	3	4,914	100.0	100.0
5200 Illumina Way	University Town Center	346,581	123,430		470,011	1	13,260	100.0	100.0
9363/9373/9393 Towne Center Drive	University Town Center	111,513			111,513	3	3,337	100.0	100.0
9880 Campus Point Drive	University Town Center	71,510			71,510	1	2,774	100.0	100.0
5810-5820 Nancy Ridge Drive	Sorrento Mesa	87,298			87,298	1	1,715	100.0	100.0
5871 Oberlin Drive	Sorrento Mesa	33,817			33,817	1	878	100.0	100.0
6138-6150 Nancy Ridge Drive	Sorrento Mesa	56,698			56,698	1	1,586	100.0	100.0
6146/6166 Nancy Ridge Drive	Sorrento Mesa	51,273			51,273	2	1,008	87.4	87.4
6175/6225/6275 Nancy Ridge Drive	Sorrento Mesa	60,232		47,347	107,579	3	419	47.2	26.4
7330 Carroll Road	Sorrento Mesa	66,244			66,244	1	2,141	89.4	89.4
10505 Roselle Street & 3770 Tansy Street	Sorrento Valley	33,013			33,013	2	1,001	100.0	100.0
11025/11035/11045 Roselle Street	Sorrento Valley	65,910			65,910	3	1,035	72.4	72.4
3985 Sorrento Valley Boulevard	Sorrento Valley	60,545			60,545	1	1,557	100.0	100.0
13112 Evening Creek Drive	I-15 Corridor	109,780			109,780	1	2,495	100.0	100.0
California - San Diego		2,038,575	168,685	407,474	2,614,734	35	$ 65,628	96.4%	80.3%
California - San Francisco									
1500 Owens Street	**Mission Bay**	**158,267**			**158,267**	**1**	**$ 6,721**	**93.8%**	**93.8%**
1700 Owens Street	**Mission Bay**	**157,340**			**157,340**	**1**	**6,962**	**97.5**	**97.5**
455 Mission Bay Boulevard	**Mission Bay**	**210,000**			**210,000**	**1**	**7,850**	**92.4**	**92.4**

409/499 Illinois Street	**Mission Bay**	**234,249**	**219,007**	**453,256**	**2**	**14,318**	**100.0**	**100.0**
249 E. Grand Avenue	**South San Francisco**	**129,501**		**129,501**	**1**	**5,084**	**100.0**	**100.0**
341/343 Oyster Point Blvd	**South San Francisco**	**107,960**		**107,960**	**2**	**1,961**	**100.0**	**100.0**
400/450 East Jamie Court	**South San Francisco**	**62,548**	**100,759**	**163,307**	**2**	**1,743**	**100.0**	**100.0**
500 Forbes Boulevard	**South San Francisco**	**155,685**		**155,685**	**1**	**5,540**	**100.0**	**100.0**
600/630/650 Gateway Boulevard	**South San Francisco**	**150,960**		**150,960**	**3**	**3,798**	**91.0**	**91.0**
681 Gateway Boulevard	**South San Francisco**	**126,971**		**126,971**	**1**	**6,161**	**100.0**	**100.0**
7000 Shoreline Court	**South San Francisco**	**136,393**		**136,393**	**1**	**4,084**	**100.0**	**100.0**
901/951 Gateway Boulevard	**South San Francisco**	**170,244**		**170,244**	**2**	**5,355**	**88.3**	**88.3**
2425 Garcia Ave & 2400/2450 Bayshore Pky	**Peninsula**	**98,964**		**98,964**	**1**	**3,224**	**96.4**	**96.4**
2625/2627/2631 Hanover Street (3)	**Peninsula**	**32,074**		**32,074**	**1**	**1,335**	**100.0**	**100.0**
3165 Porter Drive	**Peninsula**	**91,644**		**91,644**	**1**	**3,929**	**100.0**	**100.0**
3350 W. Bayshore Road	**Peninsula**	**60,000**		**60,000**	**1**	**1,531**	**100.0**	**100.0**
75 & 125 Shoreway Road	**Peninsula**	**82,815**		**82,815**	**1**	**1,864**	**92.3**	**92.3**
849/863 Mitten Road & 866 Malcolm Road	**Peninsula**	**103,963**		**103,963**	**1**	**2,082**	**99.3**	**99.3**
California - San Francisco		**2,269,578**	**319,766**	**2,589,344**	**24**	**$ 83,542**	**96.7%**	**96.7%**

(1) Includes 9,741 and 14,030 rentable square feet targeted for redevelopment in 2012 and 2013, respectively.

(2) Includes 67,050 rentable square feet targeted for redevelopment in 2012.

(3) Includes 32,074 rentable square feet targeted for redevelopment in 2012.

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[redacted]									
Greater Boston									
100 Technology Square	Cambridge/Inner Suburbs	255,441			255,441	1	$ 17,640	100.0%	100.0%
200 Technology Square	Cambridge/Inner Suburbs	177,101			177,101	1	10,264	100.0	100.0
300 Technology Square	Cambridge/Inner Suburbs	175,609			175,609	1	10,422	99.4	99.4
400 Technology Square	Cambridge/Inner Suburbs			212,123	212,123	1		N/A	
500 Technology Square	Cambridge/Inner Suburbs	184,207			184,207	1	10,022	98.4	98.4
600 Technology Square	Cambridge/Inner Suburbs	128,224			128,224	1	4,363	99.6	99.6
700 Technology Square	Cambridge/Inner Suburbs	48,930			48,930	1	1,753	94.2	94.2
161 First Street	Cambridge/Inner Suburbs	46,356			46,356	1	1,812	99.5	99.5
167 Sidney Street	Cambridge/Inner Suburbs	26,589			26,589	1	1,392	100.0	100.0
215 First Street	Cambridge/Inner Suburbs	366,719			366,719	1	10,887	90.9	90.9
225 Binney Street	Cambridge/Inner Suburbs		303,143		303,143	1		N/A	N/A
300 Third Street	Cambridge/Inner Suburbs	131,963			131,963	1	6,575	100.0	100.0
480 Arsenal	Cambridge/Inner Suburbs	140,744			140,744	1	4,549	100.0	100.0
500 Arsenal Street	Cambridge/Inner Suburbs	93,516			93,516	1	3,584	100.0	100.0
780/790 Memorial Drive	Cambridge/Inner Suburbs	98,497			98,497	2	6,554	96.9	96.9
79/96 Charlestown Navy Yard	Cambridge/Inner Suburbs	24,940			24,940	1			
99 Erie Street	Cambridge/Inner Suburbs	27,960			27,960	1	594	42.3	42.3
100 Beaver Street	Rte 128	82,330			82,330	1	2,093	88.2	88.2
285 Bear Hill Road	Rte 128			26,270	26,270	1		N/A	
19 Presidential Way	Rte 128	128,325			128,325	1	3,398	100.0	100.0
29 Hartwell Avenue	Rte 128	59,000			59,000	1	2,049	100.0	100.0
3 Preston Court	Rte 128	30,000			30,000	1	184	22.1	22.1
35 Hartwell Avenue	Rte 128	46,700			46,700	1	1,650	100.0	100.0
35 Wiggins Avenue	Rte 128	48,640			48,640	1	724	100.0	100.0
44 Hartwell Avenue	Rte 128	26,828			26,828	1	1,105	100.0	100.0
45-47 Wiggins Avenue	Rte 128	38,000			38,000	1	1,114	100.0	100.0
60 Westview Street	Rte 128	40,200			40,200	1	1,147	100.0	100.0
6-8 Preston Court	Rte 128	54,391			54,391	1	553	84.0	84.0
111 Forbes Boulevard	Rte 495/Worcester	58,280			58,280	1	261	28.6	28.6
130 Forbes Boulevard	Rte 495/Worcester	97,566			97,566	1	871	100.0	100.0
155 Fortune Boulevard	Rte 495/Worcester	36,000			36,000	1	806	100.0	100.0
20 Walkup Drive	Rte 495/Worcester			91,045	91,045	1		N/A	
30 Bearfoot Road	Rte 495/Worcester	60,759			60,759	1	2,765	100.0	100.0
306 Belmont Street	Rte 495/Worcester	78,916			78,916	1	1,139	100.0	100.0
350 Plantation Street		11,774			11,774	1	173	100.0	100.0

	Rte 495/Worcester									
377 Plantation Street	Rte 495/Worcester	92,711			92,711	1		2,082	85.1	85.1
381 Plantation Street	Rte 495/Worcester	92,423			92,423	1		2,162	100.0	100.0
One Innovation Drive	Rte 495/Worcester	115,179			115,179	1		2,393	93.6	93.6
Greater Boston		3,124,818	303,143	329,438	3,757,399	39	$	117,080	93.9%	85.0%
NYC/New Jersey/Suburban Philadelphia										
450 E. 29th Street	Midtown Manhattan	309,141			309,141	1	$	24,447	99.0%	99.0%
100 Phillips Parkway	Bergen County	78,501			78,501	1		2,221	100.0	100.0
102 Witmer Road	Pennsylvania	50,000			50,000	1		3,345	100.0	100.0
200 Lawrence Road	Pennsylvania	111,451			111,451	1		1,254	100.0	100.0
210 Welsh Pool Road	Pennsylvania	59,415			59,415	1		946	100.0	100.0
5100 Campus Drive	Pennsylvania	21,782			21,782	1		-	-	-
701 Veterans Circle	Pennsylvania	35,155			35,155	1		735	100.0	100.0
702 Electronic Drive	Pennsylvania	40,171			40,171	1		238	42.5	42.5
279 Princeton Road	Princeton	42,600			42,600	1		-	-	-
NYC/New Jersey/Suburban Philadelphia		748,216			748,216	9	$	33,186	87.9%	87.9%
North Carolina Research Triangle Park										
100 Capitola Drive	Research Triangle Park	65,992			65,992	1	$	978	95.8%	95.8%
108/110/112/114 Alexander Road	Research Triangle Park	158,417			158,417	1		4,954	100.0	100.0
2525 E. NC Highway 54	Research Triangle Park	81,580			81,580	1		1,655	100.0	100.0
5 Triangle Drive	Research Triangle Park	32,120			32,120	1		824	100.0	100.0
601 Keystone Park Drive	Research Triangle Park	77,395			77,395	1		1,306	100.0	100.0
6101 Quadrangle Drive	Research Triangle Park	12,083		18,060	30,143	1		227	100.0	40.1
7 Triangle Drive	Research Triangle Park	96,626			96,626	1		2,879	100.0	100.0
7010/7020/7030 Kit Creek	Research Triangle Park	133,654			133,654	3		2,395	85.3	85.3
800/801 Capitola Drive	Research Triangle Park	120,197			120,197	2		1,901	83.8	83.8
555 Heritage Drive	Palm Beach	44,855			44,855	1		668	88.6	88.6
North Carolina Research Triangle Park		822,919		18,060	840,979	13	$	17,787	94.3%	92.3%

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Suburban Washington, D.C.									
12301 Parklawn Drive	Rockville	49,185			49,185	1	$ 1,024	100.0%	100.0%
1330 Piccard Drive	Rockville	131,415			131,415	1	3,209	91.9	91.9
1405/1413 Research Boulevard	Rockville	176,669			176,669	2	5,047	100.0	100.0
1500/1550 East Gude Drive	Rockville	90,489			90,489	2	1,937	100.0	100.0
14920 Broschart Road	Rockville	48,500			48,500	1	961	100.0	100.0
15010 Broschart Road	Rockville	38,203			38,203	1	663	81.7	81.7
5 Research Court	Rockville	54,906			54,906	1	1,564	100.0	100.0
5 Research Place	Rockville	63,852			63,852	1	2,341	100.0	100.0
9800 Medical Center Drive	Rockville	201,896		79,579	281,475	4	6,768	97.2	69.7
9920 Medical Center Drive	Rockville	58,733			58,733	1	455	100.0	100.0
1201 Clopper Road	Gaithersburg	143,585			143,585	1	3,480	100.0	100.0
1300 Quince Orchard Road	Gaithersburg	54,874			54,874	1	812	100.0	100.0
16020 Industrial Drive	Gaithersburg	83,541			83,541	1	1,410	100.0	100.0
19/20/22 Firstfield Road	Gaithersburg	132,639			132,639	3	2,900	100.0	100.0
25/35/45 West Watkins Mill Road	Gaithersburg	138,938			138,938	1	3,619	100.0	100.0
401 Professional Drive	Gaithersburg	63,154			63,154	1	1,046	89.5	89.5
620 Professional Drive	Gaithersburg			26,127	26,127	1		N/A	
708 Quince Orchard Road	Gaithersburg	49,624			49,624	1	1,138	99.3	99.3
9 W. Watkins Mill Road	Gaithersburg	92,449			92,449	1	2,598	100.0	100.0
910 Clopper Road	Gaithersburg	180,650			180,650	1	3,147	85.6	85.6
930/940 Clopper Road	Gaithersburg	104,302			104,302	2	1,654	93.4	93.4
950 Wind River Lane	Gaithersburg	50,000			50,000	1	1,082	100.0	100.0
8000/9000/10000 Virginia Manor Road	Beltsville	191,884			191,884	1	2,878	84.1	84.1
14225 Newbrook Drive	Northern Virginia	248,186			248,186	1	4,341	100.0	100.0
Suburban Washington, D.C.		2,447,674		105,706	2,553,380	32	$ 54,074	96.2%	92.2%
Washington Seattle									
1201/1208 Eastlake Avenue	Lake Union	203,369			203,369	2	$ 8,747	100.0%	100.0%
1551 Eastlake Avenue	Lake Union	58,304		59,179	117,483	1	1,541	100.0	49.6
1600 Fairview Avenue	Lake Union	27,991			27,991	1	1,294	100.0	100.0
1616 Eastlake Avenue (1)	Lake Union	165,493			165,493	1	5,225	94.7	94.7
199 E. Blaine Street	Lake Union	115,084			115,084	1	6,140	100.0	100.0
219 Terry Avenue	Lake Union	30,845			30,845	1	1,410	93.4	93.4
1124 Columbia Street	First Hill	203,817			203,817	1	6,592	96.3	96.3
3000/3018 Western Avenue	Elliott Bay	47,746			47,746	1	1,795	100.0	100.0
410 W. Harrison/410 Elliott Avenue West	Elliott Bay	35,175			35,175	2	783	67.4	67.4
Washington Seattle		887,824		59,179	947,003	11	$ 33,527	96.7%	90.6%
Other non-cluster market properties		61,002			61,002	2	$ 763	62.2%	62.2%
Domestic Properties		12,400,606	791,594	919,857	14,112,057	165	$ 405,587	95.0%	88.4%
International									
Canada		46,032			46,032	1	$ 1,889	100.0%	100.0%

Canada	66,000			66,000	1	1,225	100.0	100.0
Canada	106,364	26,426		132,790	1	2,181	78.0	78.0
Canada	68,000			68,000	1	3,208	100.0	100.0
Canada (2)	783,255			783,255	1	N/A	N/A	N/A
International	1,069,651	26,426		1,096,077	5	$ 8,503	91.8%	91.8%
Subtotal	13,470,257	818,020	919,857	15,208,134	170	$ 414,090	94.9%	88.5%
Properties held for sale	97,740			97,740	3			
Total	13,567,997	818,020	919,857	15,305,874	173			

(1) In 2012, we expect to convert 65,936 rentable square feet of office space through redevelopment into life science laboratory space.

(2) Represents land and improvements subject to a ground lease with a tenant.

See Schedule III Consolidated Financial Statement Schedule of Rental Properties and Accumulated Depreciation of Alexandria Real Estate Equities, Inc. in Item 15. Exhibits and Financial Statement Schedules for additional information on our properties.

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Value-added projects

A key component of our business model is our value-added development and redevelopment programs. These programs are focused on providing high-quality, generic, and reusable life science laboratory space to meet the real estate requirements of a wide range of clients in the life science industry. Upon completion, each value-added project is expected to generate significant revenues and cash flows. Our development and redevelopment projects are generally in locations that are highly desirable to life science entities which we believe results in higher occupancy levels, longer lease terms, and higher rental income and returns. Redevelopment projects generally consist of the permanent change in use of office, warehouse, and shell space into generic life science laboratory space, including the conversion of single tenancy space to multi-tenancy space or vice versa. Development projects generally consist of the ground-up development of generic and reusable life science laboratory facilities. We anticipate execution of new active development projects for aboveground vertical construction of new life science laboratory space generally only with significant pre-leasing. Preconstruction activities include entitlements, permitting, design, site work, and other activities prior to commencement of vertical construction of aboveground shell and core improvements. Our objective also includes the advancement of preconstruction efforts to reduce the time to deliver projects to prospective tenants. These critical activities add significant value for future ground-up development and are required for the vertical construction of buildings. Ultimately, these projects will provide high-quality facilities for the life science industry and will generate significant revenue and cash flows for the Company.

Projects in India and China represent development opportunities focusing on life science laboratory space for our current client tenants and other life science relationship entities. These projects focus on real estate investments with targeted returns on investment greater than returns expected in the United States. We have approximately 525,000 square feet undergoing construction in India. Additionally, we have a two-building development project located in North China aggregating 292,000 rentable square feet undergoing construction. Our development, redevelopment, preconstruction, and certain real estate in Asia are classified as construction in progress. We are required to capitalize interest and other direct project costs during the period an asset is undergoing activities to prepare it for its intended use. Capitalization of interest and other direct project costs ceases after a project is substantially complete and ready for its intended use. Additionally, should activities necessary to prepare an asset for its intended use cease, interest, taxes, insurance, and certain other direct project costs related to these assets would be expensed as incurred. Expenditures for repairs and maintenance and demolition are expensed as incurred. When construction activities cease and the asset is ready for its intended use, the asset is transferred out of construction in progress and classified as rental properties, net, or land held for future development.

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The following table summarizes our investments in real estate as of December 31, 2011 and 2010 (dollars in thousands, except per square foot amounts):

	December 31, 2011			December 31, 2010		
	Book Value	Square Footage	Cost per Square Foot	Book Value	Square Footage	Cost per Square Foot
Rental properties	$ 5,112,759	13,567,997	$ 377	$ 4,546,769	12,429,758	$ 366
Less: accumulated depreciation	(742,535)			(616,007)		
Rental properties, net	4,370,224			3,930,762		
Construction in progress (CIP)/current value-added projects:						
Active development	198,644	818,020	243	134,758	475,818	283
Active redevelopment	281,555	919,857	306	248,651	755,463	329
Projects in India and China	106,775	817,000	131	98,327	973,000	101
Generic infrastructure/building improvement projects	92,338					
	679,312	2,554,877	266	481,736	2,204,281	219
Land/future value-added projects						
Land held for future development	341,678	10,939,000	31	431,838	8,328,000	52
Land undergoing preconstruction activities (additional CIP) (2)	574,884	2,668,000	215	563,800	3,014,000	187
	916,562	13,607,000	67	995,638	11,342,000	88
Investment in unconsolidated real estate entity	42,342	414,000	102	36,678	428,000	86
Investments in real estate, net	6,008,440	30,143,874	$ 199	5,444,814	26,404,039	$ 206
Add: accumulated depreciation	742,535			616,007		
Gross investments in real estate (1)	$ 6,750,975	30,143,874		$ 6,060,821	26,404,039	

(1) In addition to assets included in our gross investment in real estate, we also hold options/rights for parcels supporting approximately 3.0 million developable square feet. These parcels consist of: (a) a parcel supporting the future ground-up development of approximately 385,000 rentable square feet in Alexandria Center for Life Science New York City related to an option under our ground lease; (b) right to acquire land parcels supporting ground-up development of 636,000 rentable square feet in Edinburgh, Scotland; and (c) an option to increase our land use rights by up to approximately 2.0 million additional developable square feet in China.

(2) We generally will not commence ground-up development of any parcels undergoing preconstruction activities without first securing significant pre-leasing for such space. If vertical aboveground construction is not initiated at completion of preconstruction activities, the land parcel will be classified as land held for future development. The two largest projects included in preconstruction consist of our 1.6 million developable square feet at Alexandria Center at Kendall Square in East Cambridge, Massachusetts and our 407,000 developable square foot site for the second tower at Alexandria Center for Life Science New York City.

The following table summarizes our value-added projects (dollars in thousands):

Description	CIP Leased/ Negotiating	RSF In CIP	RSF In Service	December 31, 2011 In Service	December 31, 2011 CIP	Investment Cost to Complete 2012		Investment Cost to Complete Thereafter	Total at Completion Amount	Total at Completion %	Stabilized Yield Cash	Stabilized Yield GAAP
Development projects	69%	717,261		$	$ 171,592	$ 117,047	36%	$ 102,773	$ 391,412	36%	7.1%	8.2%
Urban/central business district redevelopment projects	66	559,184	147,880	58,088	148,369	144,482	44	34,621	385,560	35	7.8	8.3
Subtotal	68	1,276,445	147,880	58,088	319,961	261,529	80	137,394	776,972	71	7.5%	8.2%

Development 400/450 East Jamie Court	36	100,759	62,548	51,112	40,721	13,076	4	3,581	108,490	10	4.2%	4.3%
Other 400/450 East Jamie Court (1)				13,669	(13,669)							
Suburban and other redevelopment projects	50	360,673	12,083	3,526	156,593	51,772	16	3,461	215,352	19		
Other Suburban and other redevelopment projects (1)				23,407	(23,407)							
Total development and redevelopment projects	62%	1,737,877	222,511	149,802	480,199	326,377	100%	144,436	1,100,814	100%		
Projects in India and China		817,000			106,775	41,350		TBD	148,125			
Generic infrastructure/building improvement projects					92,338	50,376		TBD	142,714			
Subtotal		2,554,877	222,511	149,802	679,312	418,103		144,436	1,391,653			
Preconstruction		2,668,000			574,884	46,657		TBD	621,541			
Future projected construction						87,905		TBD	87,905			
Total		5,222,877	222,511	$ 149,802	$ 1,254,196	$ 552,665		$ 144,436	$ 2,101,099			

(1) As of the period ended, some portion of the real estate basis associated with the rentable square feet under development or redevelopment was classified as in service as activities necessary to prepare the asset for its intended use were no longer in process. In the near future, we anticipate recommencing activities necessary to prepare the asset for its intended use upon execution of leasing and final decisions related to design of each space.

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The following table provides detail on our development and redevelopment projects as of December 31, 2011 (dollars in thousands):

Market/Property	CIP Leased	CIP Negotiating/Committed	RSF In CIP	RSF In Service	Investment In Service	Investment CIP	Investment Cost to Complete 2012	Investment Cost to Complete Thereafter	Investment Total at Completion	Stabilized Yield Cash	Stabilized Yield GAAP	Project Start Date	Initial Occupancy	Stabilization Date
Development projects														
San Diego University Town Center														
4755 Nexus Center Drive	100%		45,255		$	$ 8,594	$ 13,747	$	$ 22,341	7.0%	7.7%	1Q11	3Q12	3Q12
5200 Illumina Way	100		123,430			19,077	29,207	1,016	49,300	7.0	10.8	4Q10	4Q12	4Q12
San Francisco Mission Bay														
409/499 Illinois Street			219,007			101,729	21,766	24,605	148,100	6.7	7.4	2Q11	4Q12	2Q14
Greater Boston Cambridge/Inner Suburbs														
225 Binney Street	100		303,143			38,382	47,016	77,152	162,550	7.5	8.1	4Q11	4Q13	4Q13
Canada	100		26,426			3,810	5,311		9,121	7.5	8.1	4Q11	3Q12	3Q12
Development Projects	69%		717,261		$	$ 171,592	$ 117,047	$ 102,773	$ 391,412	7.1%	8.2%			
Urban/central business district redevelopment projects														
San Diego Torrey Pines														
3530/3550 John Hopkins Court	100%		98,320		$	$ 26,304	$ 23,923	$ 173	$ 50,400	8.6%	9.0%	2Q10	2Q12	3Q12
San Diego University Town Center														
10300 Campus Point Drive	91		189,562	89,576	41,686	20,961	57,051	11,902	131,600	7.6	7.7	4Q10	4Q11	3Q12
Greater Boston Cambridge/Inner Suburbs														
400 Technology Square	39		212,123			68,717	48,909	21,924	139,550	8.1	9.1	4Q11	4Q12	4Q13
Seattle Lake Union														
1551 Eastlake Avenue	13	20	59,179	58,304	16,402	32,387	14,599	622	64,010	7.0	7.4	4Q11	4Q11	4Q13
Total urban/central business district redevelopment	64%	2%	559,184	147,880	$ 58,088	$ 148,369	$ 144,482	$ 34,621	$ 385,560	7.8%	8.3%			
Subtotal	67%	1%	1,276,445	147,880	$ 58,088	$ 319,961	$ 261,529	$ 137,394	$ 776,972	7.5%	8.2%			

San Francisco South SF														
400/450 East Jamie Court	9	27	100,759	62,548	51,112	40,721	13,076	3,581	108,490	4.2%	4.3%	4Q06	3Q11	4Q13
Other 400/450 East Jamie Court (1)					13,669	(13,669)								
Suburban and other redevelopment projects (2)	12	38	360,673	12,083	3,526	156,593	51,772	3,461	215,352			2Q07-3Q11	4Q11-1Q13	3Q12-1Q13
Other suburban and other redevelopment projects (1)					23,407	(23,407)								
Total	52%	10%	1,737,877	222,511	$ 149,802	$ 480,199	$ 326,377	$ 144,436	$ 1,100,814					
CIP development						$ 198,644								
CIP redevelopment						281,555								
Total						$ 480,199								

(1) As of the period ended, some portion of the real estate basis associated with the rentable square feet under development or redevelopment was classified as in service as activities necessary to prepare the asset for its intended use were no longer in process. In the near future, we anticipate recommencing activities necessary to prepare the asset for its intended use upon execution of leasing and final decisions related to design of each space.

(2) Represents seven projects ranging from approximately 26,000 to 91,000 rentable square feet.

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The following table summarizes the components of our future value-added square footage as of December 31, 2011:

Markets	Land Undergoing Preconstruction Activities (additional CIP)	Land Held for Future Development	Total Land (1)	Investment in Unconsolidated Real Estate Entity	Future Redevelopment (2)
California San Diego	271,000	522,000	793,000		87,000
California San Francisco/Mission Bay		290,000	290,000		
California San Francisco/So. San Francisco	171,000	1,024,000	1,195,000		40,000
Greater Boston	1,581,000	225,000	1,806,000	414,000	125,000
New York City	407,000		407,000		
Suburban Washington, D.C.		1,024,000	1,024,000		416,000
Washington Seattle	160,000	995,000	1,155,000		80,000
International	78,000	6,184,000	6,262,000		
Other		675,000	675,000		237,000
Total	2,668,000	10,939,000	13,607,000	414,000	985,000

(1) In addition to assets included in our gross book value of real estate, we also hold options/rights for parcels supporting approximately 3.0 million developable square feet. These parcels consist of: (a) a parcel supporting the future ground-up development of approximately 385,000 rentable square feet in Alexandria Center for Life Science New York City related to an option under our ground lease; (b) the right to acquire land parcels supporting ground-up development of 636,000 rentable square feet in Edinburgh, Scotland; and (c) an option to increase our land use rights by up to approximately 2.0 million additional developable square feet in China.

(2) Our asset base also includes non-laboratory space (office, warehouse, and industrial space) identified for future conversion into life science laboratory space through redevelopment. These spaces are classified in rental properties, net.

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Tenants

Our life science properties are leased principally to a diverse group of tenants, with no single tenant being responsible for more than 6.4% of our annualized base rent. The chart below shows tenant business type by annualized base rent as of December 31, 2011:

The following table sets forth information regarding leases with our 20 largest client tenants based upon annualized base rent as of December 31, 2011 (dollars in thousands):

	Tenant	Number of Leases	Remaining Lease Term in Years (1)	(2)	Approximate Aggregate Rentable Square Feet	Percentage of Aggregate Total Square Feet	Annualized Base Rent	Percentage of Aggregate Annualized Base Rent	Investment Grade Entities (3) Fitch Rating	Moody s Rating	S&P Rating	Education/ Research
1	Novartis AG	7	4.7	5.0	453,000	3.0%	$ 26,437	6.4%	AA	Aa2	AA-	
2	Eli Lilly and Company	5	9.6	11.2	262,182	1.7	15,048	3.6	A	A2	AA-	
3	Roche Holding Ltd	5	5.8	6.0	387,813	2.5	14,833	3.6	AA-	A1	AA-	
4	FibroGen, Inc.	1	11.9	11.9	234,249	1.5	14,318	3.5				
5	Illumina, Inc.	1	19.8	19.8	346,581	2.3	13,260	3.2				
6	United States Government	8	3.0	3.2	378,526	2.5	11,641	2.8	AAA	Aaa	AA+	
7	Bristol-Myers Squibb Company	3	6.9	7.0	250,454	1.6	10,086	2.4	A+	A2	A+	
8	GlaxoSmithKline plc	4	7.6	7.4	182,387	1.2	9,565	2.3	A+	A1	A+	
9	Massachusetts Institute of Technology	3	3.0	2.7	178,952	1.2	8,154	2.0		Aaa	AAA	ü
10	The Regents of the University of California	3	9.6	9.6	182,242	1.2	7,428	1.8	AA+	Aa1	AA	ü
11	NYU-Neuroscience Translational Research Institute	2	13.8	12.9	79,788	0.5	7,224	1.7		Aa3	AA-	
12	Alnylam Pharmaceuticals, Inc. (4)	1	4.8	4.8	129,424	0.8	6,120	1.5				
13	Gilead Sciences, Inc.	1	8.5	8.5	109,969	0.7	5,824	1.4		Baa1	A-	

14	Amylin Pharmaceuticals, Inc.	3	4.4	4.5	168,308	1.1	5,753	1.4				
15	Pfizer Inc.	2	7.4	7.2	116,518	0.8	5,502	1.3	A+	A1	AA	
16	Theravance, Inc. (5)	2	7.3	7.7	150,330	1.0	5,355	1.3				
17	The Scripps Research Institute	2	4.9	4.9	99,377	0.6	5,197	1.3	AA-	Aa3		ü
18	Quest Diagnostics Incorporated	2	4.6	4.6	280,113	1.8	4,989	1.2	BBB+	Baa2	BBB+	
19	Infinity Pharmaceuticals, Inc.	2	3.1	3.1	67,167	0.4	4,382	1.1				
20	Kadmon Corporation, LLC	2	8.9	8.8	46,958	0.3	4,172	1.0				
	Total/Weighted Average:	59	7.5	8.0	4,104,338	26.7%	$ 185,288	44.8%				

(1) Represents remaining lease term in years based on percentage of leased square feet.

(2) Represents remaining lease term in years based on percentage of annualized base rent in effect as of December 31, 2011.

(3) Ratings obtained from each of the following rating agencies: Fitch Ratings, Moody s Investors Service, and Standard & Poor s.

(4) As of September 30, 2011, Novartis AG owned approximately 13% of the outstanding stock of Alnylam Pharmaceuticals, Inc.

(5) As of October 26, 2011, GlaxoSmithKline plc owned approximately 18% of the outstanding stock of Theravance, Inc.

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The following table summarizes information with respect to the lease expirations at our properties as of December 31, 2011:

Year of Lease Expiration	Number of Leases Expiring	Rentable Square Footage (RSF) of Expiring Leases	Percentage of Aggregate Total RSF	Annualized Base Rent of Expiring Leases (per RSF)
2012	89 (1)	1,289,154 (1)	9.5%	$27.13
2013	84	1,338,019	9.8	29.27
2014	77	1,305,724	9.6	29.73
2015	57	1,222,622	9.0	32.79
2016	47	1,370,504	10.1	31.21
2017	30	1,069,380	7.9	32.88
2018	21	1,160,033	8.5	36.24
2019	11	499,498	3.7	35.50
2020	15	731,631	5.4	40.39
2021	18	611,863	4.5	38.42

Markets	Leased	Negotiating/ Anticipating	2012 RSF of Expiring Leases Targeted for Redevelopment	Remaining Expiring Leases	Total	Annualized Base Rent of Expiring Leases (per RSF)	Market Rent (2)
California San Diego	62,047	5,193	76,791	61,253	205,284	$ 26.22	$ 27.00 - $39.00
California San Francisco	35,847	13,980	32,074	119,207	201,108	23.49	$ 30.00 - $42.00
Greater Boston	70,736	45,217		165,418	281,371	40.85	$ 35.00 - $55.00
NYC							$ 65.00 - $80.00
New Jersey/Suburban Philadelphia				7,239	7,239	13.24	$ 12.00 - $15.00
North Carolina Research Triangle Park	8,940	12,196		33,252	54,388	13.81	$ 10.00 - $30.00
Suburban Washington, D.C.	108,604	8,793		268,932	386,329	21.17	$ 18.00 - $28.00
Washington Seattle	2,468	45,780	65,936	39,251	153,435	28.31	$ 20.00 - $48.00
International							$ 16.00 - $26.00
Total	288,642	131,159	174,801	694,552	1,289,154	$ 27.13(1)	
Percentage of expiring leases	22%	10%	14%	54%	100%		

Markets	Leased	Negotiating/ Anticipating	2013 RSF of Expiring Leases Targeted for Redevelopment	Remaining Expiring Leases	Total	Annualized Base Rent of Expiring Leases (per RSF)	Market Rent (2)
California San Diego	9,849	8,683	14,030	139,708	172,270	$ 21.33	$ 27.00 - $39.00
California San Francisco		49,108		244,270	293,378	27.15	$ 30.00 - $42.00
Greater Boston		102,594		374,814	477,408	34.81	$ 35.00 - $55.00
NYC							$ 65.00 - $80.00

New Jersey/Suburban Philadelphia								$	12.00 - $15.00
North Carolina Research Triangle Park		8,795		56,893	65,688		22.31	$	10.00 - $30.00
Suburban Washington, D.C.		118,470		188,596	307,066		28.72	$	18.00 - $28.00
Washington Seattle				15,373	15,373		28.18	$	20.00 - $48.00
International				6,836	6,836		27.14	$	16.00 - $26.00
Total	9,849	287,650	14,030	1,026,490	1,338,019	$	29.27		
Percentage of expiring leases	1%	21%	1%	77%	100%				

(1) Excludes five month-to-month leases for approximately 11,000 rentable square feet.

(2) Based upon rental rates achieved in recently executed leases.

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ITEM 3. LEGAL PROCEEDINGS

To our knowledge, no legal proceedings are pending against us, other than routine actions and administrative proceedings, substantially all of which are expected to be covered by liability insurance and which, in the aggregate, are not expected to have a material adverse effect on our financial condition, results of operations, or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the NYSE under the symbol ARE. On February 17, 2012, the last reported sales price per share of our common stock was $72.82 and there were approximately 278 holders of record of our common stock (excluding beneficial owners whose shares are held in the name of Cede & Co.). The following table sets forth the quarterly high and low trading prices per share of our common stock as reported on the NYSE and the distributions declared by us with respect to our common stock for each such period (distributions were paid the quarter following the quarter that the distribution was declared):

Period	High	Low	Per Share Distribution
2011			
Fourth Quarter	$71.07	$56.10	$0.49
Third Quarter	$85.33	$59.33	$0.47
Second Quarter	$83.08	$75.09	$0.45
First Quarter	$80.72	$72.99	$0.45
2010			
Fourth Quarter	$76.19	$65.60	$0.45
Third Quarter	$73.89	$60.11	$0.35
Second Quarter	$75.18	$60.48	$0.35
First Quarter	$69.03	$55.54	$0.35

Future distributions on our common stock will be determined by and at the discretion of our Board of Directors and will depend on a number of factors, including actual cash available for distribution, our financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Internal Revenue Code, restrictions under Maryland law, and such other factors as our Board of Directors deems relevant. To maintain our qualification as a REIT, we must make annual distributions to stockholders of at least 90% of our taxable income for the current taxable year, determined without regard to deductions for dividends paid and excluding any net capital gains. Under certain circumstances, we may be required to make distributions in excess of cash flow available for distributions to meet these distribution requirements. In such a case, we may borrow funds or may raise funds through the issuance of additional debt or equity capital. No dividends can be paid on our common stock unless we have paid full cumulative dividends on our 8.375% series C cumulative redeemable preferred stock (Series C Preferred Stock) and our Series D Convertible Preferred Stock. From the date of issuance of our preferred stock through December 31, 2011, we have paid full cumulative dividends on our Series C Preferred Stock and Series D Convertible Preferred Stock. We cannot assure our stockholders that we will make any future distributions.

The income tax treatment of distributions on our common stock, Series C Preferred Stock, and Series D Convertible Preferred Stock for the years ended December 31, 2011, 2010, and 2009 was as follows:

	Common Stock Year Ended December 31,	Series C Preferred Stock Year Ended December 31,	Series D Convertible Preferred Stock Year Ended December 31,

	2011	2010	2009	2011	2010	2009	2011	2010	2009
Ordinary income	95.7%	77.2%	98.8%	98.6%	100.0%	100.0%	98.6%	100.0%	100.0%
Return of capital	3.0	22.8	1.2						
Capital gains	1.3			1.4			1.4		
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

See Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters for information on securities authorized for issuance under equity compensation plans.

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ITEM 6. SELECTED FINANCIAL DATA

The following table should be read in conjunction with our consolidated financial statements and notes thereto appearing elsewhere in this annual report on Form 10-K. See Item 15. Exhibits and Financial Statement Schedules. Certain amounts for the years prior to 2011 presented in the table below have been reclassified to conform to the presentation of our consolidated financial statements for the year ended December 31, 2011.

	Year Ended December 31,				
	2011	2010	2009	2008	2007
	(Dollars in thousands, except per share amounts)				
Operating Data:					
Total revenues	$ 573,443	$ 485,748	$ 481,553	$ 453,638	$ 390,774
Total expenses	430,723	362,106	357,791	353,370	315,051
Income from continuing operations before (loss) gain on early extinguishment of debt	142,720	123,642	123,762	100,268	75,723
(Loss) gain on early extinguishment of debt	(6,485)	(45,168)	11,254		
Income from continuing operations	136,235	78,474	135,016	100,268	75,723
(Loss) income from discontinued operations, net	(888)	1,106	6,632	19,829	14,257
Gain on sales of land parcels	46	59,442			
Net income	135,393	139,022	141,648	120,097	89,980
Net income attributable to noncontrolling interests	3,975	3,729	7,047	3,799	3,669
Dividends on preferred stock	28,357	28,357	28,357	24,225	12,020
Preferred stock redemption charge					2,799
Net income attributable to unvested restricted stock awards	1,088	995	1,270	1,327	1,075
Net income attributable to Alexandria Real Estate Equities, Inc. s common stockholders	$ 101,973	$ 105,941	$ 104,974	$ 90,746	$ 70,417
Earnings per share attributable to Alexandria Real Estate Equities, Inc. s common stockholders basic					
Continuing operations	$ 1.75	$ 2.17	$ 2.55	$ 2.25	$ 1.89
Discontinued operations, net	(0.02)	0.02	0.17	0.62	0.48
Earnings per share basic	$ 1.73	$ 2.19	$ 2.72	$ 2.87	$ 2.37
Earnings per share attributable to Alexandria Real Estate Equities, Inc. s common stockholders diluted					
Continuing operations	$ 1.75	$ 2.17	$ 2.55	$ 2.24	$ 1.89
Discontinued operations, net	(0.02)	0.02	0.17	0.62	0.47
Earnings per share diluted	$ 1.73	$ 2.19	$ 2.72	$ 2.86	$ 2.36
Weighted average shares of common stock outstanding					
Basic	59,066,812	48,375,474	38,586,909	31,653,829	29,668,231
Diluted	59,077,610	48,405,040	38,600,069	31,765,055	29,832,013
Cash dividends declared per share of common stock	$ 1.86	$ 1.50	$ 1.85	$ 3.18	$ 3.04

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	Year Ended December 31,				
	2011	2010	2009	2008	2007
	(Dollars in thousands)				
Balance Sheet Data (at year end):					
Rental properties, net	$ 4,370,224	$ 3,930,762	$ 3,383,308	$ 3,215,723	$ 3,057,294
Land held for future development	$ 341,678	$ 431,838	$ 255,025	$ 109,478	$ 89,621
Construction in progress	$ 1,254,196	$ 1,045,536	$ 1,400,795	$ 1,398,895	$ 1,143,314
Investment in unconsolidated real estate entity	$ 42,342	$ 36,678	$	$	$
Total assets	$ 6,574,129	$ 5,905,861	$ 5,457,227	$ 5,132,077	$ 4,641,245
Total debt	$ 2,779,264	$ 2,584,162	$ 2,746,946	$ 2,938,108	$ 2,750,648
Total liabilities	$ 3,141,236	$ 2,919,533	$ 3,051,148	$ 3,357,014	$ 3,025,502
Redeemable noncontrolling interests	$ 16,034	$ 15,920	$ 41,441	$ 33,963	$ 35,342
Alexandria Real Estate Equities, Inc. s stockholders equity	$ 3,374,301	$ 2,928,825	$ 2,323,408	$ 1,700,010	$ 1,540,219
Noncontrolling interests	$ 42,558	$ 41,583	$ 41,230	$ 41,090	$ 40,182
Total equity	$ 3,416,859	$ 2,970,408	$ 2,364,638	$ 1,741,100	$ 1,580,401
Reconciliation of net income attributable to Alexandria Real Estate Equities, Inc. s common stockholders to FFO attributable to Alexandria Real Estate Equities, Inc. s common stockholders:					
Net income attributable to Alexandria Real Estate Equities, Inc. s common stockholders	$ 101,973	$ 105,941	$ 104,974	$ 90,746	$ 70,417
Add:					
Depreciation and amortization (1)	158,026	126,640	118,508	108,743	97,335
Net income attributable to noncontrolling interests	3,975	3,729	7,047	3,799	3,669
Net income attributable to unvested restricted stock awards	1,088	995	1,270	1,327	1,075
Subtract:					
Gain on sales of property	(46)	(59,466)	(2,627)	(20,401)	(7,976)
FFO attributable to noncontrolling interests	(3,970)	(4,226)	(3,843)	(4,108)	(3,733)
FFO attributable to unvested restricted stock awards	(2,432)	(1,608)	(2,694)	(2,596)	(2,418)
FFO attributable to Alexandria Real Estate Equities, Inc. s common stockholders (2)	258,614	172,005	222,635	177,510	158,369
Effect of dilutive securities and assumed conversion:					
Assumed conversion of 8.00% Unsecured Convertible Notes	21	7,781	11,943		
Amounts attributable to unvested restricted stock awards		(22)	118	9	13
FFO attributable to Alexandria Real Estate Equities, Inc. s common stockholders assuming effect of dilutive securities and assumed conversion	$ 258,635	$ 179,764	$ 234,696	$ 177,519	$ 158,382
Other Data:					
Cash provided by operating activities	$ 246,960	$ 227,425	$ 206,954	$ 257,200	$ 191,865
Cash used in investing activities	$ (733,579)	$ (445,164)	$ (406,566)	$ (494,933)	$ (949,253)
Cash provided by financing activities	$ 479,156	$ 237,912	$ 198,355	$ 300,864	$ 762,470
Number of properties at year end	173	167	163	166	175
Rentable square feet of properties at year end	15,305,874	13,661,039	12,728,890	12,630,666	13,815,946
Occupancy of operating and redevelopment properties at year end	89%	89%	89%	90%	88%
Occupancy of operating properties at year end	95%	94%	94%	95%	94%
Annualized base rent per leased rentable square foot	$ 34.39				