

ALEXANDRIA REAL ESTATE EQUITIES INC
Form 424B5
May 05, 2011

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-158400

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**Subject to Completion
Preliminary Prospectus Supplement, dated May 5, 2011**

PROSPECTUS SUPPLEMENT

(To prospectus dated April 3, 2009)

5,500,000 Shares

Alexandria Real Estate Equities, Inc.

Common Stock

We are selling 5,500,000 shares of our common stock, par value \$0.01 per share. Our common stock is listed on the New York Stock Exchange under the symbol "ARE." On May 4, 2011, the last reported sale price of our common stock on the New York Stock Exchange was \$80.16 per share.

Investing in our common stock involves risks. See "Risk Factors" on page S-7.

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

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

The underwriters may also purchase up to 825,000 additional shares of our common stock from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover overallocments.

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

The shares of our common stock will be ready for delivery on or about May _____, 2011.

Goldman, Sachs & Co.

The date of this prospectus supplement is May _____, 2011.

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

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FORWARD-LOOKING STATEMENTS

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

negative worldwide economic, financial, and banking conditions;

worldwide economic recession, lack of confidence, and/or high structural unemployment;

financial, banking, and credit market conditions;

the seizure or illiquidity of credit markets;

our inability to obtain capital (debt, construction financing, and/or equity) or refinance debt maturities;

our inability to comply with financial covenants in our debt agreements;

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;

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;

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our failure to maintain our status as a real estate investment trust ("REIT");

certain ownership interests outside the United States may subject us to different or greater risks than those associated with our domestic operations; and

fluctuations in foreign currency exchange rates.

This list of risks and uncertainties is not exhaustive. For a discussion of these and other factors that could cause actual results to differ from those contemplated in the forward-looking statements, please see the discussion under "Risk Factors" contained in this prospectus supplement and the other information contained in our publicly available filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011. We do not undertake any responsibility to update any of these factors or to announce publicly any revisions to forward-looking statements, whether as a result of new information, future events or otherwise.

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SUMMARY

The following summary may not contain all of the information that is important to you. You should read this entire prospectus supplement, the accompanying prospectus, and the documents incorporated by reference into the accompanying prospectus carefully before deciding whether to invest in our common stock. In this prospectus supplement and the accompanying prospectus, unless otherwise indicated, the "Company," "we," "us," and "our" refer to Alexandria Real Estate Equities, Inc. and its subsidiaries and "GAAP" refers to accounting principles generally accepted in the United States. Unless otherwise indicated, the information in this prospectus supplement is as of March 31, 2011 and assumes that the underwriters do not exercise the over-allotment option described in "Underwriting."

Alexandria Real Estate Equities, Inc.

Overview

We are a publicly traded REIT focused principally on cluster development through the ownership, operation, management, and selective acquisition, redevelopment, and development 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 March 31, 2011:

we had 168 properties aggregating 13.7 million rentable square feet, composed of approximately 12.4 million rentable square feet of operating properties, approximately 784,671 rentable square feet undergoing active redevelopment, and approximately 479,751 rentable square feet undergoing active development;

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

our operating properties were approximately 94% leased at an average annualized base rent per leased square foot of \$33.90;

we had five ground-up development projects for approximately 479,751 rentable square feet of life science space. In addition, our asset base contains strategically located ground-up development opportunities for approximately 14.1 million developable square feet of life science laboratory space and embedded opportunities for a future permanent change of use to life science laboratory space through redevelopment aggregating approximately 1.4 million rentable square feet;

we had 456 leases with 372 tenants, with our largest single tenant, Novartis AG, accounting for 6.7% of our annualized base rent;

of our top 20 largest client tenants, 15 tenants, representing 37% of our total annualized base rent, have investment grade ratings or are prominent, creditworthy private research institutions; and

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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, 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 91% of our leases (on a rentable square footage basis) contained effective annual rent escalations that were either fixed or indexed based on the consumer price index or another index.

Business Strategy

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

maintaining a strong, liquid, and flexible balance sheet;

maintaining strong and stable operating cash flows;

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

maintaining solid occupancy as well as high lease rental rates;

realizing contractual rental rate escalations, which are currently provided for in approximately 91% 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 and reinvest capital;

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 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.

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We continue to demonstrate the strength and durability of our core operations providing life science laboratory space to the broad and diverse life science industry. Our core operating results were solid for the three months ended March 31, 2011. We intend to continue to focus on the completion of our existing active redevelopment projects aggregating approximately 784,671 rentable square feet and our existing active development projects aggregating approximately an additional 479,751 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 intend to be very careful and prudent with any future decisions to add new

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projects to our active ground-up developments. We generally will not commence new development projects for aboveground vertical construction of new laboratory space without first securing significant pre-leasing for such space. We also intend to continue to reduce debt as a percentage of our overall capital structure over a multi-year period. During this period, we may also extend and/or refinance certain debt maturities. We expect the source of funds for construction activities and repayment of outstanding debt to be provided over several years by cash flows from operations, opportunistic sales of real estate, joint ventures, new secured or unsecured debt, and the issuance of additional equity securities, as appropriate. As of March 31, 2011, we identified one asset as "held for sale," which has been classified in discontinued operations.

First Quarter 2011 Highlights

For the three months ended March 31, 2011, we:

executed 44 leases for 552,000 rentable square feet, including 76,000 rentable square feet of redevelopment and development space;

reported occupancy of operating properties at approximately 94%, and occupancy of operating and redevelopment properties at approximately 89% as of March 31, 2011;

repurchased approximately \$96.1 million of our 3.70% unsecured senior convertible notes;

extended the maturity date and increased commitments on our unsecured credit facility from \$1.9 billion to \$2.25 billion;

closed on a new \$250 million unsecured term loan;

completed the ground-up development of 1500 Owens Street in Mission Bay, San Francisco; and

acquired 4755 Nexus Center Drive, a newly and partially completed 41,710 rentable square foot development project located in University Town Center in the San Diego market (see additional discussion below under "Recent Developments.")

Recent Developments

Acquisitions

During the three months ended March 31, 2011, we acquired 4755 Nexus Center Drive, a newly and partially completed development project located in University Town Center in the San Diego market, for approximately \$7.4 million. The property is a vacant 41,710 rentable square foot building in shell condition for which we plan to complete the development. Based on our current view of existing market conditions and certain current assumptions, we expect to achieve a stabilized yield on cost on a GAAP and cash basis for this property in the range of 9.0% to 9.5% and 8.0% to 8.5%, 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 world-class 453,256 rentable square foot laboratory/office development project located on a highly desirable waterfront location in Mission Bay, San Francisco, for approximately \$293 million. 409 Illinois Street is a 241,659 rentable square foot tower that is 97% leased to a biotechnology company through November 2023. 499 Illinois Street is a vacant 211,597 rentable square foot tower in shell condition for which we plan to complete the development. Based on our current view of existing market conditions and certain current assumptions, we expect to achieve a Stabilized Yield on a GAAP and cash basis for this property in the range of 7.2% to 7.6% and 6.5% to 7.0%, respectively.

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Current value-added projects

Active redevelopment and development projects

A key component of our business model includes our value-added redevelopment and development 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 redevelopment and development 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 consists 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. Our incremental investment in redevelopment projects for the conversion of non-laboratory space to laboratory space generally ranges from \$75 to \$150 per square foot depending on the nature of the existing building improvements and laboratory design. As of March 31, 2011, we had 784,671 rentable square feet undergoing active redevelopment. Additionally, we anticipate several new redevelopment project starts in 2011 related to the conversion of non-laboratory space into laboratory space aggregating approximately 392,000 rentable square feet. Approximately 92% of these additional redevelopment projects are located in the Seattle, Washington, and Greater Boston markets. Development projects consist of the ground-up development of generic and reusable life science laboratory facilities. Over the past three quarters, we have announced two 100% pre-leased ground-up development projects. We anticipate spending approximately \$116 million and \$77 million on redevelopment and development projects, respectively, during the remaining nine months of 2011. We also have ongoing discussions with prospective tenants for pre-leasing of additional ground-up development projects related to our current land holdings. Accordingly, we may have additional construction spending related to future ground-up development projects.

Projects in India and China

Projects in India and China primarily represent development opportunities and projects focused 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.

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Estimated capital expenditures for remainder of 2011

The following table summarizes our estimated capital expenditures, excluding capitalized interest, for the remainder of 2011 (in thousands). Our actual capital expenditures will ultimately depend on many factors, including construction and infrastructure requirements for each tenant and final lease negotiations, and may materially differ from these estimates.

Redevelopment	\$ 116,000
Development	77,000
Projects in India and China	43,000
Current Value-Added Projects	236,000
Preconstruction	22,000
Other	19,000
Total Preconstruction and Other	41,000
Total(1)	\$ 277,000

- (1) Excludes estimated capital expenditures for 499 Illinois Street, which was acquired in April 2011. We are preparing a detailed budget and timeline for construction expenditures. Disclosure of estimated 2011 spending for this project will be provided in our Form 10-Q for the second quarter of 2011.

Current Value-Added Projects

Redevelopment capital expenditures for the remainder of 2011 represent estimated capital expenditures related to the rentable square feet undergoing active redevelopment as of March 31, 2011 and capital expenditures related to future redevelopment projects.

Development capital expenditures for the remainder of 2011 primarily represent estimated capital expenditures related to rentable square feet undergoing active development as of March 31, 2011 and capital expenditures related to other development projects.

Capital expenditures related to projects in India and China for the remainder of 2011 represent estimated capital expenditures related to development opportunities and projects focused on life science laboratory space for our current client tenants and other life science relationship entities in India and China.

Future Value-Added Projects Preconstruction

Approximately \$20.8 million of the total estimated preconstruction capital expenditures for the remainder of 2011 relate to preconstruction activities at Alexandria Center™ at Kendall Square. We continue to advance various important preconstruction activities for this development site, including Building Information Modeling (3-D virtual modeling), design development and construction drawings (required for each of the five new buildings), sustainability and energy optimization review, budgeting, planning for future site and infrastructure work, and other activities prior to commencement of vertical construction of aboveground shell and core improvements. We generally will not commence ground-up development of any parcels undergoing preconstruction activities without first securing significant pre-leasing for such space.

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Other

Other capital expenditures represents estimated capital expenditures for the remainder of 2011 related to property-related tenant improvements, recurring capital expenditures, and other project costs (excluding costs related to the redevelopment and development of a property). These amounts include payments for property-related capital expenditures and tenant improvements that are recoverable from our tenants. As of March 31, 2011, approximately 92% of our leases (on a rentable square footage basis) provided for the recapture of certain capital expenditures (such as heavy-duty heating, ventilation, and air conditioning systems maintenance and/or replacement, roof replacement, and parking lot resurfacing). Capital expenditures fluctuate in any given period due to the nature, extent, and timing of improvements required and the extent to which they are recoverable from our tenants. In addition, we maintain an active preventative maintenance program at each of our properties to minimize capital expenditures.

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RISK FACTORS

An investment in our common stock involves risks. New risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial performance. You should carefully consider the risks referred to in the section of the accompanying prospectus entitled "Forward-Looking Statements," as well as the risks identified in this prospectus supplement, our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, which are incorporated herein by reference.

ALEXANDRIA REAL ESTATE EQUITIES, INC.

General

We are a Maryland corporation formed in October 1994 that has elected to be taxed as a REIT for federal income tax purposes. We are the largest owner and preeminent REIT focused principally on cluster development through the ownership, operation, management, and selective acquisition, redevelopment, and development 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 March 31, 2011, we had 168 properties aggregating 13.7 million rentable square feet, composed of approximately 12.4 million rentable square feet of operating properties, approximately 784,671 rentable square feet undergoing active redevelopment, and approximately 479,751 rentable square feet undergoing active development. Our operating properties were approximately 94% leased as of March 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, redevelopment, and development activities.

Business and Strategy

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;

Southeast;

Suburban Washington, D.C.;

Washington Seattle; and

International.

Each of these areas is an important market for the life science industry. To facilitate research and development, technology transfer, and recruitment of scientific professionals, life science

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industry companies generally cluster near major scientific research institutions, universities, and government agencies, all of which drive demand for life science properties suitable for such tenants. As a result, we focus our operations and acquisition activities principally in a limited number of target markets where we believe life science industry tenants tend to cluster.

The multibillion dollar life science industry comprises thousands of public and private companies and scientific research institutions engaged principally in the research, development, testing, manufacture, sale, and regulation of pharmaceuticals, medical devices, laboratory instrumentation, and other related applications. Properties leased to tenants in the life science industry typically consist of buildings containing scientific research and development laboratories and other improvements that are generic to tenants operating in the life science industry. Unlike traditional office space, the location of and improvements to life science properties are generally considered essential to a tenant's business. We believe that as a result of these factors, occupancy levels in life science properties within our target life science markets generally have been higher, and tenant turnover has been lower, than in traditional office properties. The average occupancy rate of our operating properties as of December 31 of each year from 1998 to 2010, and March 31, 2011 was approximately 95.2%.

We are led by a senior management team with extensive experience in both the real estate and life science industries and are supported by a highly experienced board of directors. Our management team includes Joel S. Marcus, who has served as Chairman of the Board of Directors since May 2007, Chief Executive Officer since March 1997, President since February 2009, and a director since the Company's inception in 1994 and has over 38 years of experience in the real estate and life science industries, as well as significant capital markets experience; Dean A. Shigenaga, who has served as Treasurer since March 2008, Senior Vice President since April 2007, and Chief Financial Officer since December 2004 and has over 18 years of experience in finance, accounting, treasury management, and real estate; Peter M. Moglia, who has served as Chief Investment Officer since January 2009 and in a number of other capacities with the Company since April 1998 and has over 20 years of experience in the real estate industry primarily in underwriting and financial analyses, structuring, and executing transactions, leasing, and asset management; Thomas J. Andrews, our Executive Vice President/Regional Market Director Greater Boston, who has over 22 years of experience in the development, management, and leasing of life science space in Massachusetts and leads our acquisition, development, leasing, and management activities in the New England region; and Stephen A. Richardson, our Executive Vice President/Regional Market Director San Francisco, who has over 28 years of experience in the real estate industry and has specialized for much of his career in the acquisition, management, and leasing of life science properties and is responsible for our San Francisco area life science real estate asset base including the Alexandria Center for Science and Technology at Mission Bay. Our team also includes James H. Richardson, our former President, current Director, and long-term consultant to the Company. Mr. Richardson has over 28 years of experience in the real estate industry, and has specialized for much of his career in the acquisition, management, and leasing of life science properties. Each of our regional offices is fully integrated into our overall business and led by regional market directors and support personnel.

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

maintaining a strong, liquid, and flexible balance sheet;

maintaining strong and stable operating cash flows;

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

maintaining solid occupancy while also maintaining high lease rental rates;

realizing contractual rental rate escalations, which are currently provided for in approximately 91% 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 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.

2011 Highlights

Acquisitions

During the three months ended March 31, 2011, we acquired 4755 Nexus Center Drive, a newly and partially completed development project located in University Town Center in the San Diego market, for approximately \$7.4 million. The property is a vacant 41,710 rentable square foot building in shell condition for which we plan to complete the development. Based on our current view of existing market conditions and certain current assumptions, we expect to achieve a Stabilized Yield on a GAAP and cash basis for this property in the range of 9.0% to 9.5% and 8.0% to 8.5%, respectively.

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

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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 credit facilities from \$1.9 billion to \$2.25 billion, consisting of a \$1.5 billion unsecured line of credit (increased from \$1.15 billion) and a \$750 million unsecured term loan (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.

Other financing activities

In February 2011, we closed on a new \$250 million unsecured term loan. The \$250 million unsecured term loan bears interest at LIBOR or the specified base rate, plus in either case a margin specified in the loan agreement. The applicable margin for the LIBOR borrowings under the \$250 million unsecured term loan was initially set at 2.0% at closing. The maturity date for the unsecured term loan is in February 2014, and may be extended for an additional 11 months at our sole discretion. The net proceeds from this loan were used to reduce outstanding borrowings on our Unsecured Credit Facility.

During the three months ended March 31, 2011, we repurchased, in privately negotiated transactions, approximately \$96.1 million of our 3.70% Unsecured Convertible Notes at an aggregate cash price of approximately \$98.6 million. As a result of these repurchases, we recognized losses on early extinguishment of debt of approximately \$2.5 million for the three months ended March 31, 2011.

Leasing

For the three months ended March 31, 2011, we executed a total of 44 leases for approximately 552,000 rentable square feet at 30 different properties (excluding month-to-month leases). Of this total, approximately 334,000 rentable square feet related to new or renewal leases of previously leased space and approximately 218,000 rentable square feet related to developed, redeveloped, or previously vacant space. Of the 218,000 rentable square feet, approximately 76,000 rentable square feet were related to our development or redevelopment programs, with the remaining approximately 142,000 rentable square feet related to previously vacant space. Rental rates for these new or renewal leases were on average approximately 1.6% higher on a GAAP basis than rental rates for expiring leases. Additionally, we granted tenant concessions/free rent averaging approximately one month with respect to the 552,000 rentable square feet leased during the three months ended March 31, 2011.

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The following table summarizes the components of our value-added rentable square footage that are currently active projects, as of March 31, 2011:

Markets	Active Redevelopment	Active Development	Projects in India and China	Total
California San Diego	422,803	165,140		587,943
California San Francisco		217,611		217,611
Greater Boston	210,660			210,660
Suburban Washington, D.C.	121,208			121,208
Other	30,000	97,000	1,028,000	1,155,000
Total	784,671	479,751	1,028,000	2,292,422

Active redevelopment projects

As of March 31, 2011, we had approximately 784,671 rentable square feet undergoing redevelopment, as summarized in the table below:

Market/Property	RSF	Redevelopment Percentage(1)			Status	Placed into Redevelopment	Estimated In-Service Dates	Total Property RSF(2)
		Negotiated/ Committed		Mktg				
		Lease						
San Diego								
Torrey Pines								
11119 North Torrey Pines Road	81,816			100%	Design/Permitting	2010	2012	81,816
3530/3350 John Hopkins Court	89,923		61%	39%	Construction	2010	2012	89,923
San Diego								
University Town Center								
10300 Campus Point Drive	203,717	43%			57% Design/Construction	2011	2012/2013	373,070
San Diego								
Sorrento Mesa								
6275 Nancy Ridge Drive	47,347				100% Design	2011	2012/2013	47,347
Greater Boston								
Cambridge/Inner Sub.								