

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934
For the fiscal year ended December 31, 1999 OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the transition period from _____ to _____

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 (IRS Employer I.D. Number)
of incorporation or organization)

135 N. LOS ROBLES AVENUE, SUITE 250 91101
PASADENA, CALIFORNIA (Zip Code)
(Address of principal executive offices)

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
9.50% Series A Cumulative Redeemable Preferred Stock	New York Stock Exchange

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

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 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.

The aggregate market value of the shares of Common Stock held by
non-affiliates was approximately \$413.8 million based on the closing price
for such shares on the New York Stock Exchange on March 22, 2000.

As of March 22, 2000 the Registrant had 13,792,422 shares of Common Stock
outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this report incorporates information by reference from the definitive Proxy Statement to be mailed in connection with the registrant's annual meeting of stockholders to be held on April 28, 2000.

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ALEXANDRIA REAL ESTATE EQUITIES, INC.

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PART I

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. You can identify some of the forward-looking statements by the use of forward-looking words such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates" or "anticipates," or the negative of these words or similar words. Forward-looking statements involve inherent risks and uncertainties regarding events, conditions and financial trends that may affect our future plan 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 the forward-looking statements, including, but not limited to, those described below under the headings "Business Risks" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." We do not take any responsibility to update any of these factors or to announce publicly any revisions to any of the forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 1. BUSINESS.

GENERAL

Alexandria Real Estate Equities, Inc., a Maryland corporation formed in October 1994, is a real estate investment trust ("REIT") engaged primarily in the ownership, operation, management, acquisition, conversion, retrofit, expansion and selective development and redevelopment of high quality, strategically located properties containing office and laboratory space designed and improved for lease principally to pharmaceutical, biotechnology, diagnostic and personal care products companies, major scientific research institutions and related government agencies (collectively, the "Life Science Industry"). Properties leased to tenants in the Life Science Industry typically consist of suburban office buildings containing scientific research and development laboratories and other improvements that are generic to tenants operating in the Life Science Industry (such properties, "Life Science Facilities"). In addition to principally serving the Life Science Industry, we provide creative space to various high technology and Internet tenants. As of December 31, 1999, we owned 58 properties (the "Properties"), containing approximately 4.0 million rentable square feet of office and laboratory space.

BUSINESS AND GROWTH STRATEGY.

We focus our operations and investment activities principally in the following cluster markets:

- California (in the San Diego, Pasadena and San Francisco Bay areas);
- Seattle;
- suburban Washington, D.C. (including Maryland and Virginia);
- eastern Massachusetts;
- New Jersey and suburban Philadelphia; and
- the Southeast (including Georgia and North Carolina).

Our tenant base is broad and diverse and reflects our focus on regional, national and international tenants with substantial financial and operational resources. For a detailed description of our Properties and tenants, see "Item 2. Properties." Alexandria is led by a senior management team with extensive experience in both the real estate and Life Science industries and is supported by a highly experienced Board of Directors.

We seek to maximize growth in funds from operations ("FFO") and cash available for distribution to stockholders through effective management, operation, acquisition, conversion, expansion and selective development of Life Science Facilities. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Funds from Operations" for a complete discussion of how we compute and view FFO, as well as a discussion of other measures of cash flow. In particular, we seek to increase FFO and cash available for distribution per share by:

- acquiring high quality Life Science Facilities at prices that will enable us to realize attractive returns in our cluster markets;
- realizing contractual rental rate escalations;
- retenanting and releasing space within our portfolio at higher rental rates and with minimal non-revenue enhancing tenant improvement costs;
- expanding existing Properties or converting existing office or warehouse space to generic laboratory space that can be leased at higher rental rates;
- selectively developing properties on a retrofit or build-to-suit basis; and
- continuing to implement effective cost control measures, including negotiating pass-through provisions in tenant leases for operating expenses and certain capital expenditures.

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

- include rental rate escalation provisions in our leases;
- acquire undervalued or underperforming properties where we can improve investment returns through releasing of vacant space and replacement of existing tenants with new tenants at higher rental rates;
- achieve higher rental rates as existing leases expire; and
- expand existing facilities that are fully leased and/or convert existing office space to higher rent, generic laboratory space.

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

ACQUISITIONS. We seek to identify and acquire high quality Life Science Facilities in our 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 properties, including the:

- location of the property and our strategy in the market;
- quality of existing and prospective tenants;
- condition and capacity of the building infrastructure;
- quality and generic characteristics of laboratory facilities;
- physical condition of the shell structure and common area improvements;
- opportunities available for leasing vacant space and for retenanting occupied space; and
- opportunities to convert existing office space to higher rent generic laboratory space.

DEVELOPMENT. Although we have historically emphasized acquisitions over development in pursuing our growth objectives, completed development projects are anticipated to represent a more significant portion of our growth in the future. Our strategy is to selectively pursue build-to-suit and retrofit development projects where we expect to achieve investment returns that will equal or exceed our returns on acquisitions. We generally have undertaken build-to-suit and retrofit projects only if our investment in infrastructure will be substantially made for generic, rather than tenant specific, improvements.

FINANCING/WORKING CAPITAL. We believe that cash provided by operations and our unsecured line of credit will be sufficient to fund our working capital requirements. We generally expect to finance future acquisitions through our unsecured line of credit and then to periodically refinance some or all of that indebtedness with additional equity or debt capital. We also may issue shares of our common stock or interests in our subsidiaries as consideration for acquisitions. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources" for a complete discussion of our unsecured line of credit and other outstanding indebtedness.

BUSINESS RISKS

WE ARE LARGELY DEPENDENT ON THE LIFE SCIENCE INDUSTRY FOR REVENUES FROM LEASE PAYMENTS

In general, our strategy is to invest primarily in properties primarily used by tenants in the Life Science Industry. Consequently, our revenues from lease payments are largely dependent on a single industry. If the Life Science Industry experiences an economic downturn, our business could be adversely affected. Events within the Life Science Industry will have a more pronounced effect on our ability to make distributions to our stockholders than if we had diversified investments. Also, our Properties may be better suited for a particular Life Science Industry tenant and could require modification before we could release vacant space to another Life Science Industry tenant. Our Properties also may not be suitable for lease to traditional office tenants without significant expenditures on renovations.

OUR TENANTS MAY NOT BE ABLE TO PAY US IF THEY ARE UNSUCCESSFUL IN DISCOVERING, DEVELOPING, MAKING OR SELLING THEIR PRODUCTS AND TECHNOLOGIES

Our Life Science Industry tenants are subject to a number of risks, any one or more of which may adversely affect their ability to make rental payments to us:

- Some of our tenants require significant funding to develop and commercialize their products and technologies, which is obtained from private investors, the public market, companies in the Life Science Industry or federal, state and local governments. Such funding may be unavailable, decreased or discontinued in the future which could adversely affect the ability of a tenant to successfully discover, develop, make, market or sell its products and technologies, to generate revenues or to make rental payments to us;
- Even with sufficient funding, some of our tenants may not be able to successfully discover or identify potential drug targets in humans or potential drugs for use in humans or to create tools or technologies which are commercially useful in the discovery or identification of potential drug targets or drugs;
- 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 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 which are developed and manufactured by some of our tenants require governmental regulatory approval 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 expenditure of substantial resources, is often unpredictable and a tenant may fail or experience significant delays in obtaining these approvals;
- Some of our tenants and their licensors typically require patent, copyright and trade secret protection to successfully 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 do not issue, or are successfully challenged, narrowed, invalidated or circumvented by third parties, or if a tenant fails to successfully obtain licenses to the discoveries of third parties necessary to commercialize its products or technologies; and
- A drug made by a tenant may not be well accepted by doctors and patients, or may be less effective or accepted than competing drugs made by others, 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 obtained.

We cannot assure you that our tenants will be able to successfully develop, make, market or sell their products and technologies due to the risks inherent in the Life Science Industry. If a tenant is unable to successfully avoid, or sufficiently mitigate, the risks described above, the affected tenant may have difficulty making rental payments to us.

WE COULD BE HELD LIABLE FOR DAMAGES RESULTING FROM OUR TENANTS' USE OF HAZARDOUS MATERIALS

Some of our Life Science Industry tenants engage in research and development activities that involve the 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 any damages that result. This liability could exceed our resources and our environmental remediation coverage and could adversely affect our ability to make distributions to our stockholders.

We and our tenants must comply with federal, state and local laws and regulations that govern the use, manufacture, storage, handling and disposal of hazardous materials and waste products. Changes in these laws and regulations could adversely affect our business or our tenants' business and their ability to make rental payments to us.

THE INABILITY OF ANY TENANT TO MAKE RENTAL PAYMENTS TO US COULD ADVERSELY AFFECT OUR BUSINESS

Our revenues are derived primarily from rental payments under our leases. Therefore, if our tenants, especially significant tenants, failed to make rental payments under their leases, our financial condition and our ability to make distributions to our stockholders could be adversely affected.

As of December 31, 1999, we had 169 leases with a total of 160 tenants. Twenty-seven of our Properties were single-tenant properties. Three of our tenants accounted for approximately 14.8% of our aggregate Annualized Base Rent, or approximately 5.9%, 5.3% and 3.6%, respectively. "Annualized Base Rent" means the annualized fixed base rental amount in effect as of December 31, 1999, using rental revenue calculated on a straight-line basis in accordance with generally accepted accounting principles ("GAAP"). Annualized Base Rent does not include real estate taxes and insurance, 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 also may 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, we cannot evict that tenant solely

because of its bankruptcy. The bankruptcy court might 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.

OUR U.S. GOVERNMENT TENANTS MAY NOT RECEIVE ANNUAL APPROPRIATIONS, WHICH COULD ADVERSELY AFFECT THEIR ABILITY TO PAY US

U.S. government tenants are subject to annual appropriations. If one of our U.S. government tenants failed to receive its annual 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 state eviction or rent deficiency laws. All of our leases with U.S. government tenants provide that the government tenant may terminate the lease under certain circumstances. As of December 31, 1999, leases with U.S. government tenants at our Properties accounted for approximately 7.6% of our aggregate Annualized Base Rent.

LOSS OF A TENANT COULD HAVE A NEGATIVE IMPACT ON OUR BUSINESS

A lessee may not renew its lease upon the expiration of the initial term. In addition, we may not be able to locate a qualified replacement tenant upon expiration or termination of a lease. Consequently, we could lose the cash flow from the affected Property, which could negatively impact our business. We may have to divert cash flow generated by other Properties to meet our mortgage payments, if any, or to pay other expenses related to owning the affected Property. As of December 31, 1999, leases at our Properties representing approximately 16.9% and 10.3% of the square footage of our Properties were scheduled to expire in 2000 and 2001, respectively.

POOR ECONOMIC CONDITIONS IN OUR CLUSTER MARKETS COULD ADVERSELY AFFECT OUR BUSINESS

Our Properties are located only in the following markets:

- California (in the San Diego, Pasadena and San Francisco Bay areas);
- Seattle;
- suburban Washington, D.C. (including Maryland and Virginia);
- eastern Massachusetts;
- New Jersey and suburban Philadelphia; and
- the Southeast (including North Carolina and Georgia).

As a result of this geographic concentration, we are dependent upon the local economic conditions in each of these markets, including local real estate conditions and competition. If there is a downturn in the economy in any of these markets, our operations and our ability to make distributions to stockholders could be adversely affected. We cannot assure you that these markets will continue to grow or will remain favorable to the Life Science Industry.

WE MAY HAVE DIFFICULTY MANAGING OUR RAPID GROWTH

We have grown rapidly and expect to continue to grow by acquiring and selectively developing additional properties. To manage our growth effectively, we must successfully integrate new acquisitions into our existing structure. We may not succeed with the integration. In addition, we may not effectively manage new properties, and new properties may not perform as expected. If we are unsuccessful in managing our growth, our business would be adversely affected.

OUR DEBT SERVICE OBLIGATIONS MAY HAVE ADVERSE CONSEQUENCES ON OUR BUSINESS OPERATIONS

We use debt to finance our operations, including acquisitions of properties. Our incurrence of debt may have consequences, including the following:

- our cash flow from operations may be 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;
- we may default under a mortgage loan that has cross default provisions, causing us automatically to default on another loan;
- we may not be able to refinance or extend our existing debt; and
- the terms of any refinancing or extension may not be as favorable as the terms of our existing debt.

As of December 31, 1999, we had outstanding mortgage indebtedness of approximately \$158.5 million, secured by fourteen Properties, and outstanding debt under our unsecured line of credit of approximately \$192.0 million.

OUR LINE OF CREDIT RESTRICTS OUR ABILITY TO ENGAGE IN SOME BUSINESS ACTIVITIES

Our unsecured revolving credit facility contains 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 have a negative effect on our operations and our ability to make distributions to our stockholders.

WE MAY NOT BE ABLE TO OBTAIN ADDITIONAL CAPITAL TO FURTHER OUR BUSINESS OBJECTIVES

Our ability to acquire or develop properties is dependent upon our ability to obtain capital. An inability to obtain capital on acceptable terms could delay or prevent us from acquiring, structuring and closing desirable investments, which would adversely affect our business. Also, the issuance of additional shares of capital stock or interests in subsidiaries to obtain capital for the acquisition of additional properties could result in a dilution of ownership for the then existing stockholders.

IF INTEREST RATES RISE, OUR DEBT SERVICE COSTS WILL INCREASE

Borrowings outstanding under our unsecured line of credit and certain other borrowings bear interest at a variable rate, and we may incur additional variable rate debt in the future. Increases in market interest rates would increase our interest expenses under these debt instruments and would increase the costs of refinancing existing indebtedness or obtaining new debt. Accordingly, these increases could adversely affect our financial position and our ability to make distributions to stockholders.

WE MAY NOT BE ABLE TO ACQUIRE PROPERTIES OR OPERATE THEM SUCCESSFULLY

Our success depends in large part upon our ability to acquire additional properties on satisfactory terms and to operate them successfully. If we are unable to do so, our business could be adversely affected. In addition, the acquisition of Life Science Facilities generally involves a higher per square foot price than the acquisition of traditional suburban office properties.

The acquisition, ownership and operation of real estate is subject to many risks, including:

- our Properties may not perform as we expect;
- we may not be able to acquire a desired property because of competition from other real estate investors with significant capital;
- we may lease space at rates below our expectations;
- we may not be able to obtain financing on acceptable terms;
- we may overpay for new acquisitions; and
- we may underestimate the cost of improvements required to bring an acquired property up to standards established for the market position intended for that property.

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

WE MAY NOT BE ABLE TO COMPLETE DEVELOPMENT PROJECTS EFFECTIVELY

Our expansion and development activities subject us to many risks, including:

- possible delays in construction;
- budget overruns;
- increasing costs of materials;
- financing availability;
- volatility in interest rates;
- labor availability;
- timing of the commencement of rental payments; and
- other property development uncertainties.

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

IF OUR REVENUES ARE LESS THAN OUR EXPENSES, WE MAY HAVE TO BORROW ADDITIONAL FUNDS AND WE MAY NOT MAKE DISTRIBUTIONS TO OUR STOCKHOLDERS

If our Properties do not generate revenues sufficient to meet our operating expenses, including debt service and other 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 from and the value of our Properties include:

- national and local economic conditions;
- competition from other Life Science Facilities;
- changes within the Life Science Industry;
- real estate conditions in our target markets;

- our ability to collect rent payments;
- availability of financing;
- changes in interest rate levels;
- vacancies at our Properties and our ability to release space;
- changes in tax or other regulatory laws;
- cost of compliance with government regulation;
- illiquidity of real estate investments; and
- increased 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, as such, greater exposure to increases in such expenses. Significant expenditures, such as mortgage payments, real estate taxes, insurance and maintenance costs, generally are fixed and do not decrease when revenues at the related property decrease.

IMPROVEMENTS TO LIFE SCIENCE FACILITIES ARE MORE COSTLY THAN TRADITIONAL OFFICE SPACE

Our Properties contain generic infrastructure improvements that are more costly than other property types. These improvements include:

- reinforced concrete floors;
- upgraded roof loading capacity;
- significantly upgraded electrical, gas and plumbing infrastructure;
- heavy-duty HVAC systems; and
- laboratory benches.

Although we have historically been able to reflect the additional investment in generic infrastructure improvements in higher rental rates, we are not sure that we will be able to continue to do so in the future.

WE MAY NOT BE ABLE TO SELL OUR PROPERTIES QUICKLY TO RAISE MONEY

Investments in real estate are relatively illiquid. Accordingly, we may not be able to sell our Properties when we desire or at acceptable prices in response to changes in economic or other conditions. In addition, the Internal Revenue Code limits our ability to sell properties held for fewer than four years. These limitations on our ability to sell our Properties may adversely affect our cash flows and our ability to make distributions to stockholders.

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:

- insurance companies;
- pension and investment funds;
- partnerships;
- developers;
- investment companies; and
- other REITs.

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

OUR PROPERTIES MAY HAVE DEFECTS 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 valuation or revenue potential.

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 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 the additional tax liability, we might 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 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 since January 1996 in a manner so as to qualify as a REIT, we cannot assure you 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 an adverse manner.

Although certain of our officers and directors have extensive experience in the acquisition, leasing, operation financing and development of real properties, prior to commencement of our operations, no officer had significant experience in operating a business in accordance with the requirements for maintaining qualification as a REIT under the Internal Revenue Code.

THERE ARE LIMITS ON THE OWNERSHIP OF OUR CAPITAL STOCK; A STOCKHOLDER MAY LOSE BENEFICIAL OWNERSHIP OF ITS SHARES OF OUR COMMON STOCK BECAUSE OF THE OWNERSHIP LIMITS

The Internal Revenue Code provides that, in order for us to maintain our qualification as a REIT, not more than 50% of the value of our outstanding capital stock may be owned, directly or constructively, by five or fewer individuals or entities.

In addition, our charter prohibits, with certain limited exceptions, direct or constructive ownership of shares of our capital stock representing more than 9.8% of the combined total value of outstanding shares of our capital stock by any person (the "Ownership Limit"). Our Board of Directors may exempt a stockholder from the Ownership Limit if, prior to the exemption, our Board of Directors receives any information it deems necessary to determine or ensure our status as a REIT.

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 the Ownership Limit may be void or may be 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.

THE OWNERSHIP LIMIT AND OTHER PROVISIONS OF OUR CHARTER MAY DELAY OR PREVENT TRANSACTIONS THAT WOULD OTHERWISE BE BENEFICIAL TO OUR STOCKHOLDERS

The Ownership Limit may have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.

Our charter allows our Board of Directors to cause us to issue additional authorized but unissued shares of our common stock or preferred stock without any stockholder approval. The issuance of preferred stock could make it more difficult for another party to gain control of Alexandria. In addition, 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 otherwise be in the best interest of our common stockholders. Our Board of Directors could also establish one or more additional series of preferred stock that has a dividend preference, which may adversely affect our ability to pay dividends on our common stock.

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 would 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 all of our Properties because many of them are located in the vicinity of active earthquake faults. We also carry environmental remediation insurance and have title insurance policies on all of our Properties. We obtain our title insurance policies when we acquire the Property. As a result, each policy covers an amount equal to the initial purchase price of each Property. Any of our title insurance policies may be in an amount less than the current value of the related Property.

We believe that our insurance policy specifications, insured limits and deductibles are consistent with or superior to those customarily carried for similar properties. In addition, we require our tenants 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 because they are either uninsurable or because it is not economical to insure against them. In addition, certain disaster-type insurance (covering catastrophic events) may not be available or may only be available at rates that, in the opinion of our management, are prohibitive.

WE COULD INCUR SIGNIFICANT COSTS COMPLYING WITH ENVIRONMENTAL LAWS

Federal, state and local environmental laws and regulations may require us, as a current or previous 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. In addition, the presence of contamination, or the failure to properly clean it up, may adversely affect our ability to sell or rent an affected Property or to borrow funds using that Property as collateral.

Under environmental laws and regulations, we may have to pay governmental entities or third parties for property damage and for investigation and clean-up costs incurred by those parties relating to contaminated Properties regardless of whether we knew of or caused the presence of the contaminants. Even if more than one person may have been responsible for the contamination, we may be held responsible for all of the clean-up costs. In addition, third parties may sue us for damages and costs resulting from environmental contamination from that site.

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 it will result in material environmental costs or liabilities to us.

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.

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. 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. We are not aware of any material noncompliance, liability or claim relating to hazardous or toxic substances or petroleum products in connection with any of our Properties.

Independent environmental consultants have conducted Phase I or similar environmental assessments at all of our Properties. We anticipate that consultants will 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 revealed any environmental liability that we believe would have a material adverse effect on our business or results of operations. The additional investigations included, as appropriate:

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

Nevertheless, it is possible that the assessments on our Properties have not revealed, or that the 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 could have a material adverse effect on our business.

WE MAY INCUR SIGNIFICANT COSTS COMPLYING WITH THE AMERICANS WITH DISABILITIES ACT AND SIMILAR LAWS

Under the Americans with Disabilities Act, 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, our noncompliance 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. This may limit the overall returns on our investments.

We believe that our Properties are substantially in compliance with the present requirements of the Americans with Disabilities Act and similar laws. We have not, however, conducted an audit or an investigation of all of our Properties to determine our compliance.

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 and life-safety requirements. If we do not comply with all of these requirements, we may have to pay fines to governmental authorities or damage awards to private litigants.

We believe that our Properties are currently in compliance with all of these regulatory requirements. 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 stockholders.

THE LOSS OF SERVICES OF ANY OF OUR EXECUTIVE OFFICERS COULD ADVERSELY AFFECT US

We depend upon the services of our executive officers. The loss of services of any one of our executive officers could have an adverse effect on 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 Facilities and with major Life Science Industry tenants. We have employment agreements with most of our executive officers, but we cannot assure you that our executive officers will remain employed with us.

WE MAY CHANGE OUR BUSINESS POLICIES WITHOUT STOCKHOLDER APPROVAL

Our Board of Directors determines all of our business policies, with management's input, including our:

- status as a REIT;
- investment initiatives;
- growth management;
- debt incurrence;
- general financing;
- acquisition and selective development activities;
- shareholder distributions; and
- operations.

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 us 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.

We have adopted a policy of incurring debt only if upon such incurrence our debt to total market capitalization ratio would not exceed 57.5%. Our total market capitalization is the market value of our capital stock, including

interests exchangeable for shares of capital stock, plus total debt. Our Board of Directors could, however, change or eliminate this policy at any time. Higher leverage also increases the risk of default on our debt obligations.

OUR DISTRIBUTIONS TO STOCKHOLDERS MAY DECLINE AT ANY TIME

We may not continue our current level of distributions to 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;
- any decision by our Board of Directors 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; and
- other factors our Board of Directors deems relevant.

THE YEAR 2000 PROBLEM COULD DISRUPT OUR BUSINESS OPERATIONS

The year 2000 problem results from an inability of computer systems to accurately recognize dates on and after January 1, 2000. The year 2000 problem could lead to significant disruptions in our operations and in our tenants' operations, which could adversely affect their ability to make rental payments to us.

We have identified the following as the principal risks to us associated with the year 2000 problem:

- disruption of our operations due to the failure of third parties, including tenants, vendors and financial institutions, to achieve year 2000 readiness; and
- business interruption due to building system failures at our Properties.

We formed a Year 2000 Task Force to address the effects of the year 2000 problem on us. We have not experienced, and are not currently aware of, any material year 2000-related problems that may pose significant operational problems for our computer systems. We have also evaluated our significant third-party vendors, our financial institutions and our major tenants for their year 2000 readiness. We have not been informed by any of these parties of the occurrence of any year 2000-related problems. However, we cannot guarantee that our company, or our third-party vendors, financial institutions or major tenants, will not experience any year 2000-related problems in the future. If such problems do occur, there can be no assurance that they will not have a material impact on our operations.

We have used internal staff and outside consultants to address our year 2000 problems. Our year 2000 costs to date have been minimal, and we do not expect future costs to be material. However, unexpected future costs could be significant and could have a material effect on our operations.

POSSIBLE FUTURE SALES OF SHARES OF OUR COMMON STOCK COULD ADVERSELY AFFECT THE MARKET PRICE OF OUR COMMON STOCK

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

We have reserved for issuance to our officers, directors and employees pursuant to our Amended and Restated 1997 Stock Award and Incentive Plan (the "Plan") that number of shares of our common stock equal to 10% of the total number of shares outstanding at any time, provided that in no event may the number of shares of our common stock available for issuance under the Plan exceed 3,000,000 shares at any time. Our Board of Directors has approved an amendment to the Plan (the "Amendment") that would increase the number of shares of our common stock reserved for issuance under the Plan to that number of shares of our common stock equal to 12% of the total number of shares

outstanding at any time, provided that the number of shares available for issuance under the Plan may still not exceed 3,000,000 shares at any time. The

Amendment is subject to approval by our stockholders at our annual meeting of stockholders to be held on April 28, 2000.

As of December 31, 1999, there were options outstanding to purchase 785,000 shares of our common stock, of which options to purchase 426,003 shares of our common stock were exercisable. We have filed a registration statement with respect to the issuance of shares of our common stock pursuant to grants under the stock option plan. In addition, any shares issued under our stock option 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 promulgated under the Securities Act). Affiliates will be able to sell shares of our common stock pursuant to exemptions from the registration requirements or upon registration.

FINANCIAL INFORMATION REGARDING INDUSTRY SEGMENTS AND OPERATIONS.

We are involved only in the real estate industry segment within the United States, and we have no foreign operations. Accordingly, all financial statements contained in this report relate to the real estate industry segment. See "Item 2. Properties" and "Item 8. Financial Statements and Supplementary Data" for detailed financial information regarding our business.

EMPLOYEES

As of December 31, 1999, we had 38 full-time employees and one part-time employee.

ITEM 2. PROPERTIES.

GENERAL.

Our Properties range in size from approximately 15,000 to 250,000 square feet, are built to accommodate single or multiple tenants and are generally one or two story concrete tilt-up or block and steel frame structures. The exteriors typically resemble traditional suburban office properties, but 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 specific to a particular tenant. As a result, we believe that the improvements have long-term value and utility and are readily usable by a wide range of Life Science Industry tenants. Generic infrastructure improvements include:

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

We own fee simple title in each of our Properties, except with respect to:

- 1311, 1401 and 1431 Harbor Bay Parkway, in which we own a commercial condominium interest, together with an undivided interest in the common areas of the project in which the Property is a part; and
- 2425 Garcia Avenue, 2400/2450 Bayshore Parkway, 2625/2627/2631 Hanover Street, Buildings 79 & 96, Charlestown Navy Yard, and 8000/9000/10000 Virginia Manor Road,, in which we own ground leasehold interests.

As of December 31, 1999, we had 169 leases with a total of 160 tenants, and 27 of our 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 terms of 10 to 20 years. As of December 31, 1999:

- approximately 79% of our leases (on a square footage basis) were triple net leases, requiring tenants to pay substantially all real estate taxes and insurance, common area and other operating expenses (including increases thereto) in addition to base rent;
- approximately 16% of our leases (on a square footage basis) required the tenants to pay a majority of operating expenses;
- approximately 85% of our leases (on a square footage basis) contained effective annual rent escalations that are either fixed (ranging from 2.5% to 4.0%) or indexed based on a consumer price index or other index; and
- approximately 80% of our leases (on a square footage basis) provided for the recapture of certain capital expenditures (such as HVAC systems maintenance and/or replacement, roof replacement and parking lot resurfacing), which we believe would typically be borne by the landlord in traditional office leases.

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

As of December 31, 1999, we managed 57 of our Properties. The remaining Property was managed by a third-party professional management company. We make all material decisions with respect to this Property.

The following table sets forth pertinent information with respect to our Properties as of December 31, 1999:

PROPERTIES	YEAR BUILT/ RENOVATED (1)	RENTABLE SQUARE FEET	PERCENTAGE LEASED (2)	ANNUALIZED BASE RENT (2) (3)
SAN DIEGO				
10933 North Torrey Pines Road San Diego, CA	1971/1994	107,753	100%	\$ 2,353,543
11099 North Torrey Pines Road San Diego, CA	1986/1996	86,962	100	2,154,570
3535 General Atomics Court San Diego, CA	1986/1991	76,084	41	1,175,767
3565 General Atomics Court San Diego, CA	1991	43,600	100	1,526,949
11025 Roselle Street San Diego, CA	1983	18,173	100	401,568
4757 Nexus Centre Drive San Diego, CA	1989	67,050	100	2,107,557
6166 Nancy Ridge Drive San Diego, CA	1997	29,333	100	638,633
10505 Roselle Street San Diego, CA	late 1970's/1999	17,603	42	176,076
3770 Tansy Street San Diego, CA	1978/1999	15,410	--	--

PROPERTIES	PERCENTAGE OF AGGREGATE PORTFOLIO ANNUALIZED BASE RENT	ANNUALIZED BASE RENT PER LEASED SQUARE FOOT (3)	ANNUALIZED NET EFFECTIVE RENT PER LEASED SQUARE FOOT (4)	MAJOR TENANTS
10933 North Torrey Pines Road San Diego, CA	3.2%	\$21.84	16.41	The Scripps Research Institute Advanced Tissue Sciences, Inc.
11099 North Torrey Pines Road San Diego, CA	2.9	24.78	22.96	Agouron Pharmaceuticals, Inc. (5) Axys Pharmaceuticals, Inc.
3535 General Atomics Court San Diego, CA	1.6	37.82	37.80	The Scripps Research Institute Syntro Corporation(6)

3565 General Atomics Court San Diego, CA	2.1	35.02	35.02	Agouron Pharmaceuticals, Inc. (5)
11025 Roselle Street San Diego, CA	0.5	22.10	19.44	Collateral Therapeutics, Inc. Ciblex Corporation
4757 Nexus Centre Drive San Diego, CA	2.9	31.43	24.53	Matrix Pharmaceutical, Inc.
6166 Nancy Ridge Drive San Diego, CA	0.9	21.77	15.42	Arena Pharmaceuticals, Inc.
10505 Roselle Street San Diego, CA	0.2	23.57	19.74	Structural GenomiX, Inc.(7)
3770 Tansy Street San Diego, CA	--	--	--	Vacant(7)

PROPERTIES	YEAR BUILT/ RENOVATED (1)	RENTABLE SQUARE FEET	PERCENTAGE LEASED (2)	ANNUALIZED BASE RENT (2) (3)
3550 John Hopkins Court San Diego, CA	1999	55,000	45	1,563,653
9363 Towne Centre Drive San Diego, CA	1987	45,030	100	864,871
9373 Towne Centre Drive San Diego, CA	1987	53,688	78	993,809
9393 Towne Centre Drive San Diego, CA	1987	41,794	100	1,118,408

PASADENA

129/153/161 North Hill Street Pasadena, CA	1940's/1950's/ 1960's	51,980	--	--
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SAN FRANCISCO BAY AREA

1201 Harbor Bay Parkway Alameda, CA	1983/1999	61,015	100	911,230
1311 Harbor Bay Parkway Alameda, CA	1984	27,745	34	154,599
1401 Harbor Pay Parkway Alameda, CA	1986/1994	47,777	100	518,593
1431 Harbor Bay Parkway Alameda, CA	1985/1994	68,711	100	1,413,968
819-863 Mitten Road & 866 Malcolm Road Burlingame, CA	1962/1997	153,584	93	2,710,279

2625/2627/2631 Hanover Street Palo Alto, CA	1968/1985	32,074	100	1,058,442
2425 Garcia Avenue & 2400/2450 Bayshore Parkway Mountain View, CA	1980	98,964	100	3,639,360

SEATTLE

1102/1124 Columbia Street Seattle, WA	1975/1997	209,828	94	5,307,330
3000/3018 Western Avenue Seattle, Washington	1929/1990	47,746	100	1,458,386
3005 First Avenue Seattle, Washington	1980/1990	70,647	100	2,190,993

SUBURBAN WASHINGTON, D.C.

300 Professional Drive Gaithersburg, MD	1989	47,558	51	475,448
401 Professional Drive Gaithersburg, MD	1987	62,739	100	1,038,585
25/35/45 West Watkins Mill Road Gaithersburg, MD	1989/1997	138,938	100	1,984,161
708 Quince Orchard Road Gaithersburg, MD	1982/1997	49,225	100	1,461,699
940 Clopper Road Gaithersburg, MD	1989	44,464	84	501,605

PROPERTIES	PERCENTAGE OF AGGREGATE PORTFOLIO ANNUALIZED BASE RENT	ANNUALIZED BASE RENT PER LEASED SQUARE FOOT (3)	ANNUALIZED NET EFFECTIVE RENT PER LEASED SQUARE FOOT (4)	MAJOR TENANTS
3550 John Hopkins Court San Diego, CA	2.1	62.55	62.55	Axys Pharmaceuticals, Inc. (8) Genos Biosciences, Inc. (8)
9363 Towne Centre Drive San Diego, CA	1.2	19.21	19.21	Orincon Corporation

9373 Towne Centre Drive San Diego, CA	1.3	23.88	23.87	Amylin Pharmaceuticals, Inc. Vical Incorporated
9393 Towne Centre Drive San Diego, CA	1.5	26.76	26.76	Cytel Corporation
PASADENA				
129/153/161 North Hill Street Pasadena, CA	--	--	--	Vacant (7)
SAN FRANCISCO BAY AREA				
1201 Harbor Bay Parkway Alameda, CA	1.2	14.93	9.80	Avigen, Inc. Lucent Technologies Inc.
1311 Harbor Bay Parkway Alameda, CA	0.2	16.58	15.22	Berkeley Heartlab, Inc.
1401 Harbor Pay Parkway Alameda, CA	0.7	10.85	10.51	Chiron Diagnostics
1431 Harbor Bay Parkway Alameda, CA	1.9	20.58	16.57	U.S. Food & Drug Administration
819-863 Mitten Road & 866 Malcolm Road Burlingame, CA	3.7	18.88	16.44	Valentis, Inc. Mills Peninsula Medical Group, Inc. U.S. Federal Aviation Administration
2625/2627/2631 Hanover Street Palo Alto, CA	1.4	33.00	33.00	Alza Corporation
2425 Garcia Avenue & 2400/2450 Bayshore Parkway Mountain View, CA	4.9	36.77	36.77	Scios, Inc. Google, Inc.
SEATTLE				
1102/1124 Columbia Street Seattle, WA	7.2	27.00	25.69	Corixa Corporation Fred Hutchinson Cancer Research Center Swedish Medical Center
3000/3018 Western Avenue Seattle, Washington	2.0	30.54	26.21	University of Washington
3005 First Avenue Seattle, Washington	3.0	31.01	26.91	Dendreon Corporation
SUBURBAN WASHINGTON, D.C.				
300 Professional Drive Gaithersburg, MD	0.6	19.68	18.85	Antex Biologics Inc.
401 Professional Drive Gaithersburg, MD	1.4	16.55	16.55	Gillette Capital Corporation (9)
25/35/45 West Watkins Mill Road Gaithersburg, MD	2.7	14.28	14.02	Genetic Therapy, Inc. (10) MedImmune, Inc.
708 Quince Orchard Road Gaithersburg, MD	2.0	29.69	18.27	Gene Logic, Inc.
940 Clopper Road Gaithersburg, MD	0.7	13.36	11.43	Immunomatrix, Inc. BHC Securities, Inc.

PROPERTIES	YEAR BUILT/ RENOVATED (1)	RENTABLE SQUARE FEET	PERCENTAGE LEASED (2)	ANNUALIZED BASE RENT (2) (3)
1401 Research Boulevard Rockville, MD	1966	48,800	100	722,904
1500 East Gude Drive Rockville, MD	1981/1986	45,989	100	624,334
1413 Research Boulevard Rockville, MD	1967/1996	105,000	100	1,815,917
1550 East Gude Drive Rockville, MD	1981/1995	44,500	100	735,374
1330 Piccard Drive Rockville, MD	1978/1994	131,511	100	1,903,653
14225 Newbrook Drive Chantilly, VA	1992	248,186	100	4,341,125
8000/9000/10000 Virginia Manor Road Beltsville, MD	1990	191,884	100	1,968,601
10150 Old Columbia Road Columbia, MD	1983/1997	75,500	100	1,087,343
19 Firstfield Road Gaithersburg, MD	1974	25,175	100	417,446
15020 Shady Grove Road Gaithersburg, MD	1987	41,062	100	759,754
2001 Aliceanna Street Baltimore, MD	early 1950's/1995	179,397	84	862,752

50 West Watkins Mill Road Gaithersburg, MD	1988	57,410	100	677,438
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EASTERN MASSACHUSETTS

Buildings 79 & 96 Charlestown Navy Yard Boston, MA	1880/1991	24,940	100	710,000
280 Pond Street Randolph, MA	1960's	24,867	100	404,622
60 Westview Street Lexington, MA	1975	32,000	100	832,000
377 Plantation Street Worcester, MA	1993	92,711	100	2,185,284
620 Memorial Drive Cambridge, MA	1920's/1997	96,500	100	3,947,688
One Innovation Drive Worcester, MA	1991	113,571	98	2,119,665

NEW JERSEY/SUBURBAN PHILADELPHIA

215 College Road Paramus, NJ	1968/1974/ 1984	106,036	97	1,585,807
170 Williams Drive Ramsey, NJ	1982/1994	37,000	100	536,500

PROPERTIES	PERCENTAGE OF AGGREGATE PORTFOLIO ANNUALIZED BASE RENT	ANNUALIZED BASE RENT PER LEASED SQUARE FOOT (3)	ANNUALIZED NET EFFECTIVE RENT PER LEASED SQUARE FOOT (4)	MAJOR TENANTS
1401 Research Boulevard Rockville, MD	1.0	14.81	14.04	U.S. Bureau of Alcohol Tobacco and Firearms
1500 East Gude Drive Rockville, MD	0.9	13.58	12.72	bioMerieux Vitek, Inc.
1413 Research Boulevard Rockville, MD	2.5	17.29	15.65	U.S. Army Corps of Engineers
1550 East Gude Drive Rockville, MD	1.0	16.53	16.08	Shire Pharmaceuticals Group plc

1330 Piccard Drive Rockville, MD	2.6	14.48	14.46	Intracel Corporation
14225 Newbrook Drive Chantilly, VA	5.7	17.49	17.49	American Medical Laboratories, Inc.
8000/9000/10000 Virginia Manor Road Beltsville, MD	2.7	10.26	10.17	Digene Corporation North American Vaccine, Inc.
10150 Old Columbia Road Columbia, MD	1.5	14.40	11.37	North American Vaccine, Inc.
19 Firstfield Road Gaithersburg, MD	0.6	16.58	16.58	Genetic Therapy, Inc. (10)
15020 Shady Grove Road Gaithersburg, MD	1.0	18.50	11.25	Human Genome Sciences, Inc.
2001 Aliceanna Street Baltimore, MD	1.2	5.74	5.74	Maryland Economic Development Corporation The National Aquarium of Baltimore, Inc.
50 West Watkins Mill Road Gaithersburg, MD	0.9	11.80	11.80	Federal Express Corporation
EASTERN MASSACHUSETTS				
Buildings 79 & 96 Charlestown Navy Yard Boston, MA	1.0	28.47	26.34	Diacrin, Inc.
280 Pond Street Randolph, MA	0.5	16.27	16.27	Ares Advanced Technology, Inc.
60 Westview Street Lexington, MA	1.1	26.00	23.61	U.S. Environmental Protection Agency
377 Plantation Street Worcester, MA	3.0	23.57	23.57	University of Massachusetts Phytera, Inc.
620 Memorial Drive Cambridge, MA	5.3	40.91	40.91	Pfizer, Inc.
One Innovation Drive Worcester, MA	2.9	19.04	19.04	AstraZeneca plc Massachusetts Biotechnology Research Institute, Inc.
NEW JERSEY/SUBURBAN PHILADELPHIA				
215 College Road Paramus, NJ	2.1	15.49	14.91	Gryphon Development, Inc. Synaptic Pharmaceutical Corporation
170 Williams Drive Ramsey, NJ	0.7	14.50	14.49	Alteon Inc.

PROPERTIES	YEAR BUILT/ RENOVATED (1)	RENTABLE SQUARE FEET	PERCENTAGE LEASED (2)	ANNUALIZED BASE RENT (2) (3)
100 Phillips Parkway Montvale, NJ	late 1960's	74,000	--	--
5100/5110 Campus Drive Plymouth Meeting, PA	1989	42,782	100	528,483
702 Electronic Drive Horsham, PA	1983/1998	40,000	100	937,527
279 Princeton Parkway Princeton, NJ	1984	42,600	100	530,182
SOUTHEAST				
100 Capitola Drive Durham, NC	1986	65,114	100	1,030,700
800 & 801 Capitola Drive Durham, NC	1985	119,916	100	1,556,753
150/154 Technology Parkway Norcross, GA	1976/1985/ 1993	37,080	100	675,560
5 Triangle Drive Research Triangle Park, NC	1981	32,120	100	486,825
Total/Weighted Average (10):		4,046,126 =====	91.5% =====	\$73,884,319 =====

PROPERTIES	PERCENTAGE OF AGGREGATE PORTFOLIO ANNUALIZED BASE RENT	ANNUALIZED BASE RENT PER LEASED SQUARE FOOT (3)	ANNUALIZED NET EFFECTIVE RENT PER LEASED SQUARE FOOT (4)	MAJOR TENANTS
100 Phillips Parkway Montvale, NJ	--	--	--	Vacant (7)
5100/5110 Campus Drive Plymouth Meeting, PA	0.7	12.35	11.82	Gen Trak, Inc. Biomol Research Laboratories, Inc. Magainin Pharmaceuticals Inc.
702 Electronic Drive Horsham, PA	1.3	23.44	23.44	Cell Pathways, Inc.
279 Princeton Parkway Princeton, NJ	0.7	12.45	12.45	Coelacanth Chemical Corporation
SOUTHEAST				
100 Capitola Drive Durham, NC	1.4	15.83	9.99	American Social Health Association, Inc. Batelle Survey Research, Inc.
800 & 801 Capitola Drive Durham, NC	2.1	12.98	11.21	Triangle Laboratories, Inc. Ventana Communications Group, Inc.
150/154 Technology Parkway Norcross, GA	0.9	18.22	18.10	CytRx Corporation Oread, Inc.
5 Triangle Drive Research Triangle Park, NC	0.7	15.16	14.85	Mantech Environmental Technology, Inc. City Search, Inc.
Total/Weighted Average (11):	100.0% =====	\$19.97 =====	\$18.47 =====	

(1) Includes year in which construction was completed and, where applicable, year of most recent major renovation.

(2) Based on all leases at the respective Property in effect as of December 31, 1999.

(3) Annualized Base Rent means the annualized fixed base rental amount in effect as of December 31, 1999 (using rental revenue computed on a straight-line basis in accordance with GAAP) paid by tenants under the terms of their leases. This amount, divided by the rentable square feet leased at the Property as of December 31, 1999, is the Annualized Base Rent per Leased Square Foot.

- (4) Annualized Net Effective Rent is the Annualized Base Rent in effect as of December 31, 1999, less (for gross leases) real estate taxes and insurance, common area and other operating expenses and (for all leases) amortized tenant improvements and leasing commissions. This amount, divided by the rentable square feet leased at the Property as of December 31, 1999, is the Annualized Net Effective Rent per Leased Square Foot.
- (5) Agouron Pharmaceuticals, Inc. is a wholly owned subsidiary of Warner-Lambert Company.
- (6) Syntro Corporation is a wholly owned subsidiary of Schering-Plough Corporation.
- (7) All, or a significant portion, of this Property is currently under renovation.
- (8) The leases with Axys Pharmaceuticals, Inc. and Genos Biosciences, Inc. terminated on December 31, 1999 and the Annualized Base Rent per Leased Square Foot and the Annualized Net Effective Rent per Leased Square Foot reflect the short-term nature of these leases.
- (9) Gillette Capital Corporation is a wholly owned subsidiary of The Gillette Company, the guarantor of the lessee's obligations under the lease.
- (10) Genetic Therapy, Inc. is a wholly owned subsidiary of Novartis AG.
- (11) Weighted Average based on a percentage of aggregate leased square feet.

LOCATION AND TYPE OF SPACE

The following table sets forth, as of December 31, 1999, the gross revenues and type of space within our Properties by rentable square footage in each of our existing markets.

GEOGRAPHIC AREA	GROSS REVENUES AND TYPE OF SPACE			
	TOTAL RENTABLE SQUARE FOOTAGE	% OF TOTAL RENTABLE SQUARE FOOTAGE	ANNUALIZED BASE RENT (1)	% OF ANNUALIZED BASE RENT
San Diego	657,480	16.2%	\$15,075,404	20.4%
Pasadena	51,980	1.3	-	0.0
San Francisco Bay Area	489,870	12.1	10,406,471	14.1
Seattle	328,221	8.1	8,956,709	12.1
Suburban Washington, D.C.	1,537,338	38.0	21,378,139	28.9
Eastern Massachusetts	384,589	9.5	10,199,259	13.8
New Jersey/Suburban Philadelphia	342,418	8.5	4,118,499	5.6
Southeast	254,230	6.3	3,749,838	5.1
Total	4,046,126	100.0%	\$73,884,319	100.0%

(1) Annualized Base Rent means the annualized fixed base rental amount in effect as of December 31, 1999 (using rental revenue computed on a straight-line basis in accordance with GAAP) paid by tenants under the terms of their leases.

TENANTS

Our Properties are leased principally to tenants engaged in a variety of activities in the Life Science Industry. The following table sets forth information regarding leases with our 20 largest tenants based upon Annualized Base Rent as of December 31, 1999.

20 LARGEST TENANTS

TENANT -----	NUMBER OF LEASES -----	REMAIN- ING INI- TIAL LEASE TERM IN YEARS -----	APPROXIMATE AGGREGATE RENTABLE SQUARE FEET -----	PERCENTAGE OF AGGREGATE LEASED SQUARE FEET -----
American Medical Laboratories, Inc.	1	17.0	248,186	6.7%
Pfizer, Inc.	1	12.3	96,500	2.6%
Corixa Corporation	1	5.0	69,997	1.9%
Agouron Pharmaceuticals, Inc. (3)	2	0.8 1.8	70,506	1.9%
Scios, Inc.	1	0.1 0.3	56,332	1.5%
Dendreon Corporation	1	9.0	70,647	1.9%
Matrix Pharmaceutical, Inc.	1	11.2	67,050	1.8%
Axys Pharmaceuticals, Inc.	2	2.0	70,056	1.9%
Intracel Corporation	1	7.1	131,511	3.6%
U.S. Army Corps of Engineers	1	2.4	105,000	2.8%
Advanced Tissue Sciences, Inc.	2	0.7	84,524	2.3%
North American Vaccine, Inc.	2	1.2 8.2	110,531	3.0%
Gene Logic Inc.	1	7.9	49,225	1.3%
University of Washington	1	14.1	47,746	1.3%
Google, Inc.	1	4.6	42,632	1.2%
U.S. Food & Drug Administration	1	14.1	68,711	1.9%
Fred Hutchinson Cancer Research Center	2	4.9	66,754	1.8%
The Scripps Research Institute	2	0.4 1.8	41,538	1.1%
MedImmune, Inc.	2	6.9	84,668	2.3%
University of Massachusetts	1	16.0	80,153	2.2%
Total/Weighted Average (4)	27 ==	6.7 =====	1,662,267 =====	45.0% =====

TENANT -----	ANNUALIZED BASE RENT (IN THOUSANDS) (1) -----	PERCENTAGE OF AGGREGATE PORTFOLIO AN- NUALIZED BASE RENT -----	ANNUALIZED NET EFFECTIVE RENT (IN THOUSANDS) (2) -----	PERCENTAGE OF AGGREGATE PORTFOLIO ANNUALIZED NET EFFECTIVE RENT -----
American Medical Laboratories, Inc.	\$4,341	5.9%	\$4,341	6.4%
Pfizer, Inc.	3,948	5.3%	3,948	5.9%
Corixa Corporation	2,672	3.6%	2,418	3.6%
Agouron Pharmaceuticals, Inc. (3)	2,309	3.1%	2,233	3.3%
Scios, Inc.	2,204	3.0%	2,204	3.3%
Dendreon Corporation	2,191	3.0%	1,901	2.8%
Matrix Pharmaceutical, Inc.	2,108	2.9%	1,645	2.4%
Axys Pharmaceuticals, Inc.	1,945	2.6%	1,864	2.8%
Intracel Corporation	1,904	2.6%	1,902	2.8%
U.S. Army Corps of Engineers	1,816	2.5%	1,643	2.4%

Advanced Tissue Sciences, Inc.	1,723	2.3%	1,388	2.1%
North American Vaccine, Inc.	1,496	2.0%	1,267	1.9%
Gene Logic Inc.	1,462	2.0%	900	1.3%
University of Washington	1,458	2.0%	1,251	1.9%
Google, Inc.	1,436	1.9%	1,436	2.1%
U.S. Food & Drug Administration	1,414	1.9%	1,138	1.7%
Fred Hutchinson Cancer Research Center	1,406	1.9%	1,403	2.1%
The Scripps Research Institute	1,376	1.9%	1,126	1.7%
MedImmune, Inc.	1,324	1.8%	1,305	1.9%
University of Massachusetts	1,315	1.8%	1,298	1.9%
Total/Weighted Average (4)	----- \$39,848 =====	----- 54.0% =====	----- \$36,611 =====	----- 54.3% =====

- - - - -

- (1) Annualized Base Rent means the annualized fixed base rental amount in effect as of December 31, 1999 (using rental revenue computed on a straight-line basis in accordance with GAAP) paid by tenants under the terms of their leases.
- (2) Annualized Net Effective Rent is the Annualized Base Rent in effect as of December 31, 1999 (using rental revenue computed on a straight-line basis in accordance with GAAP), less (for gross leases) real estate taxes and insurance, common area and other operating expenses and (for all leases) amortized tenant improvements and leasing commissions.
- (3) Agouron Pharmaceuticals, Inc. is a wholly owned subsidiary of Warner-Lambert Company.
- (4) Weighted Average based on percentage of aggregate leased square feet.

ITEM 3. LEGAL PROCEEDINGS.

To our knowledge, no litigation is pending against us, other than routine actions and administrative proceedings, substantially all of which are expected to be covered by liability insurance or 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. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

We did not submit any matters to a vote of security holders in the fourth quarter of the fiscal year ended December 31, 1999.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "ARE". On March 22, 2000, the last reported sales price per share of our common stock was \$31-1/8, and there were approximately 233 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 sales prices per share of our common stock as reported on the NYSE and the distributions paid by us with respect to each such period.

PERIOD - - - - -	HIGH ----	LOW ---	PER SHARE DISTRIBUTION -----
1998			
First Quarter.....	34-9/16	30-7/8	\$0.40
Second Quarter.....	34-1/2	28-1/2	\$0.40
Third Quarter.....	31-11/16	25-3/16	\$0.40
Fourth Quarter.....	31-15/16	25-15/16	\$0.40
1999			
First Quarter.....	31-9/16	25-1/8	\$0.40
Second Quarter.....	33	24-7/8	\$0.43
Third Quarter.....	31-7/16	28-7/8	\$0.43
Fourth Quarter.....	32	27-3/4	\$0.43

Future distributions on our common stock will be determined by our Board of Directors and will be dependent upon 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 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 95% of our taxable income for the current taxable year, and for taxable years beginning after December 31, 2000, we must make annual distributions to stockholders of at least 90% of our taxable income, in each case determined without regard to deductions for dividends paid and by 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 the distribution requirements. In that case, we may borrow funds or may raise funds through the issuance of additional debt or equity capital. We cannot assure you that we will make any future distributions.

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 Form 10-K.

	YEAR ENDED DECEMBER 31				
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
	1999	1998	1997	1996	1995
OPERATING DATA:					
Total revenue	\$ 86,262	\$ 61,016	\$ 34,846	\$ 17,673	\$ 9,923
Total expenses	64,209	41,613	37,643	15,498	9,057
Income (loss) from operations	22,053	19,403	(2,797)	2,175	866
Charge in lieu of taxes	-	-	-	-	(105)
Net income (loss)	\$ 22,053	\$ 19,403	\$ (2,797)	\$ 2,175	\$ 761
Net income (loss) per share of common stock (pro forma for 1997, pro forma and restated for 1996 and 1995)					
- Basic	\$ 1.48	\$ 1.60	\$ (0.35)	\$ 0.60	\$ 0.43
- Diluted	\$ 1.46	\$ 1.58	\$ (0.35)	\$ 0.60	\$ 0.43
Weighted average shares of common stock outstanding (pro forma for 1997, pro forma and restated for 1996 and 1995) (1)					
- Basic	13,525,840	12,098,959	8,075,864	3,642,131	1,765,923
- Diluted	13,670,568	12,306,470	8,075,864	3,642,131	1,765,923
Cash dividends declared per share of common stock (pro forma for 1997, pro forma and restated for 1996 and 1995)	\$ 1.69	\$ 1.60	\$ 1.60	\$ 0.87	\$ 0.51
BALANCE SHEET DATA (AT YEAR END):					
Rental properties - net of accumulated depreciation	\$ 554,706	\$ 471,907	\$ 227,076	\$ 146,960	\$ 54,353
Total assets	\$ 643,118	\$ 530,296	\$ 248,454	\$ 160,480	\$ 58,702
Mortgage loans payable and unsecured line of credit	\$ 350,512	\$ 309,829	\$ 70,817	\$ 113,182	\$ 40,894
Total liabilities	\$ 380,535	\$ 330,527	\$ 81,537	\$ 120,907	\$ 42,369
Mandatorily redeemable Series V preferred stock	\$ -	\$ -	\$ -	\$ 25,042	\$ -
Stockholders' equity	\$ 262,583	\$ 199,769	\$ 166,917	\$ 14,531	\$ 16,333
OTHER DATA:					
Net income (loss)	\$ 22,053	\$ 19,403	\$ (2,797)	\$ 2,175	\$ 761
Less: Preferred dividends	(2,036)	-	-	-	-
Add: Depreciation and amortization	18,532	10,296	4,866	2,405	1,668
Funds from operations (2)	\$ 38,549	\$ 29,699	\$ 2,069	\$ 4,580	\$ 2,429
Cash flows from operating activities	\$ 42,295	\$ 26,111	\$ 3,883	\$ (1,646)	\$ 355
Cash flows from investing activities	\$ (109,833)	\$ (246,753)	\$ (87,620)	\$ (94,900)	\$ (1,554)
Cash flows from financing activities	\$ 69,430	\$ 220,136	\$ 84,101	\$ 97,323	\$ 927
Number of properties owned at year end	58	51	22	12	4
Rentable square feet of properties owned at year end	4,046,126	3,588,154	1,747,837	1,031,070	313,042
Occupancy of properties owned at year end	92% (3)	93% (3)	97%	97%	96%

- (1) Pro forma shares of common stock outstanding for the years ended December 31, 1997 and 1996 include all shares outstanding after giving effect to the initial public offering, weighted for the period beginning from the date of the Offering, conversion of all series of preferred stock, the 1,765.923 to 1 stock split, the issuance of the stock grants and exercise of substitute stock options. Pro forma restated shares of common stock outstanding for the year ended December 31, 1995 also include shares outstanding after giving effect to the 1,765.923 to 1 stock split.
- (2) We compute funds from operations ("FFO") in accordance with standards established by the Board of Governors of NAREIT in its October 1999 White Paper ("White Paper"). The White Paper defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. FFO for 1997 has been restated to conform to the White Paper as amended in October 1999. FFO for 1997 has been impacted by non-recurring expenses associated with the initial public offering of \$12,197,000, and the write-off of unamortized loan costs of \$2,295,000. For a more detailed discussion of FFO, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Funds from Operations."
- (3) Includes properties under renovation.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The terms "we," "our," "ours" and "us" as used in this Form 10-K refer to Alexandria Real Estate Equities, Inc. and its subsidiaries. The following discussion should be read in conjunction with our consolidated financial statements and notes thereto appearing elsewhere in this Form 10-K.

OVERVIEW

In June 1997, we completed an initial public offering of our common stock (the "Offering"). Since the Offering, we have devoted substantially all of our resources to the ownership, operation, management, acquisition, conversion, retrofit, expansion and selective development and redevelopment of high quality, strategically located properties leased principally to tenants in the life science industry (we refer to these properties as "Life Science Facilities").

In 1999, we:

- Sold 1,150,000 shares of common stock resulting in aggregate proceeds of approximately \$29.8 million, net of underwriting discounts and commissions and other offering costs.
- Sold 1,543,500 shares of Series A cumulative redeemable preferred stock resulting in aggregate proceeds of approximately \$36.9 million, net of underwriters' discounts and commissions and other offering costs.
- Acquired seven properties with an aggregate of approximately 437,000 rentable square feet. In addition, we completed the development of one property with approximately 55,000 rentable square feet.

Our primary source of revenue is rental income and tenant recoveries from leases at the properties we own. Of the 58 properties we owned as of December 31, 1999, four were acquired in calendar year 1994, eight in 1996, 10 in 1997 (the "1997 Properties"), 29 in 1998 (the "1998 Properties") and seven in 1999. In addition, we completed the development of one property in 1999 (together with the seven properties acquired in 1999, the "1999 Properties"). As a result of our acquisition activities, there were significant increases in total revenues and expenses for 1999 as compared to 1998.

RESULTS OF OPERATIONS

COMPARISON OF THE YEAR ENDED DECEMBER 31, 1999 TO THE YEAR ENDED DECEMBER 31, 1998

Rental revenue increased by \$19.9 million, or 41%, to \$68.4 million for 1999 compared to \$48.5 million for 1998. The increase resulted primarily from the 1998 Properties being owned for a full period and the addition of the 1999 Properties. Rental revenue from the properties we acquired before January 1, 1998 (the "1999 Same Properties") increased by \$1.1 million, or 3.8%, due to increases in rental rates and occupancy.

Tenant recoveries increased by \$5.0 million, or 44%, to \$16.3 million for 1999 compared to \$11.3 million for 1998. The increase resulted primarily from the 1998 Properties being owned for a full period and the addition of the 1999 Properties. Tenant recoveries for the 1999 Same Properties increased by \$838,000, or 11.7%, generally due to an increase in recoverable operating expenses.

Interest and other income increased by \$298,000, or 24%, to \$1.5 million for 1999 compared to \$1.2 million for 1998. The increase resulted from an increase in storage and parking income at certain of our properties and from the increase in interest income from our secured note receivable, which was funded in March 1998.

Rental operating expenses increased by \$5.6 million, or 42%, to \$19.0 million for 1999 compared to \$13.4 million for 1998. The increase resulted primarily from the 1998 Properties being owned for a full period and the addition of the 1999 Properties. Operating expenses for the 1999 Same Properties increased by \$711,000, or 9.2%, primarily due to the increase in property taxes. The increase in property taxes, substantially all of which was recoverable from the tenants at the respective properties, was partially offset by lower premiums on our blanket property and liability insurance policies for all of our properties.

The following is a comparison of property operating data for the 1999 Same Properties computed under generally accepted accounting principles ("GAAP Basis") and under generally accepted accounting principles, adjusted to exclude the effect of straight line rent adjustments required by GAAP ("Cash Basis") (in thousands, except percentage data):

	FOR THE YEAR ENDED DECEMBER 31		
	1999	1998	CHANGE

GAAP BASIS:			
Revenue	\$37,109	\$35,244	5.3%
Rental operating expenses	8,435	7,724	9.2%

Net operating income	\$28,674	\$27,520	4.2%
=====			
CASH BASIS (1):			
Revenue	\$34,427	\$31,839	8.1%
Rental operating expenses	7,902	7,176	10.1%

Net operating income	\$26,525	\$24,663	7.5%
=====			

(1) The Cash Basis presentation excludes the results for 1431 Harbor Bay Parkway, Alameda, California. The lease for this property (which was in place when we acquired the property in 1996) contains significant step-down provisions that affected the cash rent paid by the tenant beginning in January 1999. As a result, cash rent paid was reduced from \$2,948,000 for 1998 to \$2,128,000 for 1999. The lease, which expires in January 2014, requires another step-down in rent beginning in January 2004 to \$750,000 per year. If this property was included in the Cash Basis presentation for 1999, revenue would have increased 5.0%, rental operating expenses would have increased 9.2% and net operating income would have increased 3.8%. On a GAAP Basis, rental income from this property throughout 1998 and 1999 was \$1,414,000.

General and administrative expenses increased by \$3.1 million, or 79%, to \$7.0 million for 1999 compared to \$3.9 million for 1998 due to the continued expansion in the scope of our operations.

Interest expense increased by \$5.7 million, or 40%, to \$19.7 million for 1999 compared to \$14.0 million for 1998. The increase resulted primarily from the indebtedness we incurred to acquire the 1998 Properties and the 1999 Properties.

Depreciation and amortization increased by \$8.2 million, or 80%, to \$18.5 million for 1999 compared to \$10.3 million for 1998. The increase resulted primarily from depreciation associated with the 1998 Properties being owned for a full period and the addition of the 1999 Properties.

As a result of the foregoing, net income was \$22.1 million for 1999 compared to \$19.4 million for 1998.

COMPARISON OF THE YEAR ENDED DECEMBER 31, 1998 TO THE YEAR ENDED DECEMBER 31, 1997

Rental revenue increased by \$22.9 million, or 89%, to \$48.5 million for 1998 compared to \$25.6 million for 1997. The increase resulted primarily from the 1997 Properties being owned for a full period and the addition of the 1998 Properties. A portion of the increase was due to \$277,000 in rental termination payments received in 1998 associated with leases at two of the properties. Rental revenue from the properties we acquired before January 1, 1997 (the "1998 Same Properties") increased by \$234,000, or 1.6%, due to increases in rental rates and occupancy.

Tenant recoveries increased by \$2.9 million, or 35%, to \$11.3 million for 1998 compared to \$8.4 million for 1997. The increase resulted primarily from the 1997 Properties being owned for a full period and the addition of the 1998 Properties. Tenant recoveries for the 1998 Same Properties increased by \$149,000, or 2.8%, generally due to the improved identification and recovery of costs at certain properties.

Interest and other income increased by \$398,000, or 48%, to \$1.2 million for 1998 compared to \$836,000 for 1997, resulting primarily from \$511,000 of interest income from a \$6.0 million secured loan made in connection with the acquisition of one of the 1998 Properties. This increase was partially offset by a decrease in interest income resulting from a lower level of cash equivalents in 1998 compared to 1997, because cash equivalents had been used to acquire properties.

Rental operating expenses increased by \$4.6 million, or 53%, to \$13.4 million for 1998 compared to \$8.8 million for 1997. The increase resulted almost entirely from the 1997 Properties being owned for a full period and the addition of the 1998 Properties. Operating expenses for the 1998 Same Properties decreased by \$145,000, or 2.5%, primarily due to lower premiums on our blanket property and liability insurance policies.

The following is a comparison of property operating data computed on a GAAP Basis and on a Cash Basis for the 1998 Same Properties (in thousands, except percentage data):

	FOR THE YEAR ENDED DECEMBER 31		
	1998	1997	CHANGE

GAAP BASIS:			
Revenue	\$20,878	\$20,432	2.2%
Rental operating expenses	5,616	5,761	-2.5%

Net operating income	\$15,262	\$14,671	4.0%
=====			
CASH BASIS:			
Revenue	\$22,401	\$21,520	4.1%
Rental operating expenses	5,616	5,761	-2.5%

Net operating income	\$16,785	\$15,759	6.5%
=====			

General and administrative expenses increased by \$1.4 million, or 57%, to \$3.9 million for 1998 compared to \$2.5 million for 1997 due to owning a larger portfolio of properties in 1998 compared to 1997 and increased costs incurred as a result of being a public company for a full year.

Interest expense increased by \$7.0 million, or 100%, to \$14.0 million for 1998 compared to \$7.0 million for 1997. The increase resulted from indebtedness we incurred to acquire the 1997 Properties and the 1998 Properties, offset by a reduction in ongoing interest expense due to the payoff of \$72.7 million in secured notes payable in June 1997 with proceeds from the Offering.

We incurred \$12.2 million of non-recurring expenses in 1997 associated with the Offering.

Write-off of unamortized loan costs in 1997 represents the write-off of \$2.1 million in loan costs associated with \$72.7 million of secured notes we repaid with proceeds of the Offering and \$148,000 in loan costs associated with the payoff of debt in November 1997.

Depreciation and amortization increased by \$5.4 million, or 112%, to \$10.3 million for 1998 compared to \$4.9 million for 1997. The increase resulted primarily from depreciation associated with the 1997 Properties being owned for a full period and the addition of the 1998 Properties.

As a result of the foregoing, net income was \$19.4 million for 1998 compared to a net loss of \$2.8 million for 1997.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

Net cash provided by operating activities for 1999 increased by \$16.2 million to \$42.3 million compared to \$26.1 million for 1998. The increase resulted primarily from operating cash flows from the addition of the 1998 Properties and the 1999 Properties.

Net cash used in investing activities decreased by \$137.0 million to \$109.8 million for 1999 compared to \$246.8 million for 1998. The decrease was primarily due to a lower level of property acquisitions during 1999 compared to 1998.

Net cash provided by financing activities decreased by \$150.7 million to \$69.4 million for 1999 compared to \$220.1 million for 1998. Cash provided by financing activities for 1999 primarily consisted of net proceeds from the issuance/repurchase of our common stock, issuance of preferred stock and borrowings of secured debt, partially offset by principal reductions on our secured debt, principal reductions on our unsecured line of credit and distributions to stockholders. Cash provided by financing activities for 1998 primarily consisted of net proceeds from the issuance of our common stock, borrowings under our line of credit and secured debt, partially offset by principal reductions on our secured debt and distributions to stockholders.

COMMITMENTS

As of December 31, 1999, we were committed under the terms of certain leases to complete the construction of buildings and certain related improvements at a remaining aggregate cost of \$33.2 million.

As of December 31, 1999, we were also committed to fund approximately \$20.9 million for the construction of tenant improvements under the terms of various leases and for certain investments in limited partnerships.

RESTRICTED CASH

As of December 31, 1999, we had \$8.1 million in cash and cash equivalents, including \$4.7 million in restricted cash. Restricted cash consists of the following (in thousands):

	AMOUNT

Funds held in trust as additional security required under the terms of certain secured notes payable	\$ 2,982
Security deposit funds based on the terms of certain lease agreements	1,699

	\$ 4,681
	=====

SECURED DEBT

Secured debt as of December 31, 1999 consists of the following (dollars in thousands):

COLLATERAL	BALANCE AT DECEMBER 31, 1999	STATED INTEREST RATE	MATURITY DATE
One Innovation Drive, Worcester, MA (1)	\$ 11,720	8.75%	January 2006
100/800/801 Capitola Drive, Durham, NC	12,435	8.68%	December 2006
620 Memorial Drive, Cambridge, MA (2)	19,842	9.125%	October 2007
14225 Newbrook Drive, Chantilly, VA and 3000/3018 Western Avenue, Seattle, WA	35,995	7.22%	May 2008
377 Plantation Street, Worcester, MA and 6166 Nancy Ridge Road, San Diego, CA	18,900	8.71%	December 2009
1431 Harbor Bay Parkway, Alameda, CA	7,146	7.165%	January 2014
3535/3565 General Atomics Court, San Diego, CA	17,063	9.00%	December 2014
1102/1124 Columbia Street, Seattle, WA	20,148	7.75%	May 2016
381 Plantation Street, (development project) Worcester, MA	2,625	9.00%	October 2000
1201 Clopper Road, (development project) Gaithersburg, MD (3)	12,638	LIBOR + 1.75%	October 2001
	----- \$ 158,512 =====		

- (1) The balance shown includes an unamortized premium of \$725,000; the effective rate of the loan is 7.25%.
- (2) The balance shown includes an unamortized premium of \$2,062,000; the effective rate of the loan is 7.25%.
- (3) The balance shown represents the amount drawn on a construction loan that provides for borrowings of up to \$19,000,000.

The following is a summary of the scheduled principal payments for our secured debt as of December 31, 1999 (in thousands):

YEAR	AMOUNT
2000	\$ 5,994
2001	16,292
2002	3,951
2003	4,272
2004	3,915
Thereafter	121,301
Subtotal	155,725
Unamortized premium	2,787
	\$ 158,512

UNSECURED LINE OF CREDIT

At December 31, 1999, we had an unsecured line of credit that provided for borrowings of up to \$250 million. On February 11, 2000, we amended our unsecured line of credit to provide for borrowings of up to \$325 million. Borrowings under the line of credit, as amended, bear interest at a floating rate based on our election of either a LIBOR based rate or the higher of the bank's reference rate and the Federal Funds rate plus 0.5%. For each LIBOR based advance, we must elect to fix the rate for a period of one, two, three or six months.

The line of credit, as amended, contains financial covenants, including, among other things, maintenance of minimum net worth, a total liabilities to gross asset value ratio, and a fixed charge coverage ratio. In addition, the terms of the line of credit restrict, among other things, certain investments, indebtedness, distributions and mergers. Borrowings under the line of credit, as amended, are limited to an amount based on a pool of unencumbered assets. Accordingly, as we acquire additional unencumbered properties, borrowings available under the line of credit, as amended, will increase. As of December 31, 1999, borrowings under the line of credit were limited to approximately \$226,000,000, and carried a weighted average interest rate of 7.33%. As of February 11, 2000, borrowings under the line of credit, as amended, were limited to approximately \$248,000,000.

The line of credit, as amended, expires February 2003 and provides for an annual extension (provided there is no default) for an additional one-year period upon notice by the company and consent of the participating banks.

In September 1998, we entered into an interest rate swap agreement with FleetBoston Financial (the "Bank") to hedge our exposure to variable interest rates associated with our line of credit. Interest paid is calculated at a fixed interest rate of 5.43% through May 31, 2000 on a notional amount of \$50 million, and interest received is calculated at one month LIBOR. The net difference between the interest paid and the interest received is reflected as an adjustment to interest expense.

In October 1999, we entered into an additional interest rate swap agreement with the Bank to further hedge our exposure to variable interest rates associated with our line of credit. Interest paid will be calculated at a fixed interest rate of 6.5% through May 31, 2001 on a notional amount of \$50 million and interest received will be calculated at one month LIBOR. This agreement has no effect on our September 1998 interest rate swap agreement.

In January 2000, we entered into a third interest rate swap agreement with the Bank to further hedge our exposure to variable interest rates associated with our line of credit. Interest paid is calculated at a fixed interest rate of 6.5% from February 1, 2000 to March 31, 2000, 6.75% from April 1, 2000 to July 31, 2000, 7.00% from August 1, 2000 to December 29, 2000 and 7.25% from December 30, 2000 to December 31, 2001 on a notional amount of \$50 million and interest received is calculated at one month LIBOR. This agreement has no effect on our September 1998 and October 1999 interest rate swap agreements.

With respect to our swap agreements, we are exposed to losses in the event the Bank is unable to perform under the agreements, or in the event one month LIBOR is less than the agreed-upon fixed interest rates. The fair value of the swap agreements outstanding as of December 31, 1999 and changes in their fair value as a result of changes in market interest rates are not recognized in the financial statements.

OTHER RESOURCES AND LIQUIDITY REQUIREMENTS

In February 1999, we completed a public offering of 1,150,000 shares of common stock (including the shares issued upon exercise of the underwriter's over-allotment option). The shares were issued at a price of \$28.125 per share, resulting in aggregate proceeds of approximately \$29.8 million, net of underwriting discounts and commissions and other offering costs.

In June 1999, we completed a public offering of 1,543,500 shares of our Series A preferred stock (including the shares issued upon exercise of the underwriters' over-allotment option). The shares were issued at a price of \$25.00 per share, resulting in aggregate proceeds of approximately \$36.9 million, net of underwriters' discounts and commissions and other offering costs. The dividends on our Series A preferred stock are cumulative and accrue from the date of original issuance. We pay dividends quarterly in arrears at an annual rate of \$2.375 per share. Our Series A preferred stock has no stated maturity, is not subject to any sinking fund or mandatory redemption and is not redeemable prior to June 11, 2004, except in order to preserve our status as a real estate investment trust ("REIT"). On or after June 11, 2004, we may, at our option, redeem our Series A preferred stock, in whole or in part, at any time for cash at a redemption price of \$25.00 per share, plus accrued and unpaid dividends.

We expect to continue meeting our short-term liquidity and capital requirements generally through our working capital and net cash provided by operating activities. We believe that the net cash provided by operating activities will continue to be sufficient to make distributions necessary to enable us to continue qualifying as a REIT. We also believe that net cash provided by operations will be sufficient to fund our recurring non-revenue enhancing capital expenditures, tenant improvements and leasing commissions.

We expect to meet certain long-term liquidity requirements, such as property acquisitions, property development activities, scheduled debt maturities, renovations, expansions and other non-recurring capital improvements, through excess net cash provided by operating activities, long-term secured and unsecured borrowings, including borrowings under the line of credit and the issuance of additional debt and/or equity securities.

EXPOSURE TO ENVIRONMENTAL LIABILITIES

In connection with the acquisition of all of our properties, we have obtained Phase I environmental assessments to ascertain the existence of any environmental liabilities or other issues. The Phase I environmental assessments of our properties have not revealed any environmental liabilities that we believe would have a material adverse effect on our financial condition or results of operations taken as a whole, nor are we aware of any material environmental liabilities that have occurred since the Phase I environmental assessments were completed.

CAPITAL EXPENDITURES, TENANT IMPROVEMENTS AND LEASING COSTS

The following table shows total and weighted average per square foot capital expenditures, tenant improvements and leasing costs (excluding capital expenditures and tenant improvements that are recoverable from tenants or are revenue-enhancing) for the years ended December 31, 1999, 1998, 1997, 1996 and 1995, attributable to leases that commenced at our properties after our acquisition.

	TOTAL/ WEIGHTED AVERAGE	1999	1998	1997	1996	1995
CAPITAL EXPENDITURES:						
Weighted average square feet in portfolio	8,936,049	3,823,290	2,891,863	1,342,216	563,901	314,779
Property related capital expenditures	\$ 1,564,000	\$ 478,000	\$ 341,000	\$ 547,000	\$ 181,000	\$ 17,000
Per weighted average square foot in portfolio	\$ 0.18	\$ 0.13	\$ 0.12	\$ 0.41	\$ 0.32	\$ 0.05
TENANT IMPROVEMENTS AND LEASING COSTS:						
RETENANTED SPACE:						
Retenanted square feet	579,867	220,397	88,181	40,953	180,398	49,938
Tenant improvements and leasing costs	\$ 3,892,000	\$ 1,454,000	\$ 478,000	\$ 164,000	\$ 1,220,000	\$ 576,000
Per square foot leased	\$ 6.71	\$ 6.60	\$ 5.42	\$ 4.00	\$ 6.76	\$ 11.53
RENEWAL SPACE:						
Renewal square feet	213,084	93,667	77,038	1,232	25,063	16,084
Tenant improvements and leasing costs	\$ 266,000	\$ 149,000	\$ 69,000	\$ -	\$ -	\$ 48,000
Per square foot leased	\$ 1.25	\$ 1.59	\$ 0.90	\$ -	\$ -	\$ 2.98

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. We maintain an active preventative maintenance program at each of our properties to minimize capital expenditures required.

Tenant improvements and leasing costs also fluctuate in any given year depending upon factors such as the timing and extent of vacancies, property characteristics, the type of lease (renewal tenant or retenanted space), the involvement of external leasing agents and overall competitive market conditions.

INFLATION

As of December 31, 1999, approximately 79% of our leases (on a square footage basis) were triple net leases, requiring tenants to pay substantially all real estate taxes and insurance, common area and other operating expenses (including increases thereto). In addition, approximately 16% of our leases (on a square footage basis) required the tenants to pay a majority of operating expenses. Approximately 85% of our leases (on a square footage basis) contain effective annual rent escalations that are either fixed (ranging from 2.5% to 4.0%) or indexed based on the consumer price index or another index. Accordingly, we do not believe that our earnings or cash flow from real estate operations are subject to any significant risk of inflation. An increase in inflation, however, could result in an increase in our variable rate borrowing cost, including borrowings under the unsecured line of credit.

IMPACT OF THE YEAR 2000

The year 2000 issue was the result of computer programs being written using two digits rather than four digits to define the applicable year. Any of our computer programs having time-sensitive software could have recognized a date using "00" as the year 1900 rather than the year 2000. This could have resulted in a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send tenant invoices, provide building services or engage in similar normal business activities.

In October 1998, we formed an internal task force to identify, assess and evaluate our critical systems to determine which year 2000 related problems might cause system errors or failures. We identified three major areas as critical systems: (i) internal accounting systems, (ii) systems of significant tenants, vendors and financial institutions; and (iii) internal building systems at our properties. We engaged consulting professionals from a nationally recognized accounting firm to review our plans and assist us with our solutions.

Our year 2000 project was designed to ensure that all critical systems were evaluated and suitable for continued use into and beyond the year 2000. We completed our identification and initial evaluation of our critical systems in the first quarter of 1999, and implemented all of the necessary remedial actions.

We completed our review and testing of our internal accounting systems. All of these systems are year 2000 compliant.

We place a high degree of reliance on computer systems of third parties, such as tenants, vendors and financial institutions. Although we were assessing the readiness of these third parties, we could not guarantee that they would be year 2000 compliant in a timely manner. We surveyed significant third-party vendors and financial institutions, and all surveyed indicated that they had implemented year 2000 programs. In addition, we surveyed our significant tenants for their year 2000 readiness. We participated in surveys with new tenants, vendors and other third-party suppliers. If risk assessments of third-party suppliers or tenants indicated significant exposure to the year 2000 problem, the supplier or tenant was asked to demonstrate how the problems would be addressed.

The task force completed its evaluation of internal systems in our properties that may have had embedded microprocessors with potential year 2000 problems, mainly building systems, including heating, ventilation and air conditioning systems, elevators and security systems. Based on the results of our review, certain of our properties had critical systems that required upgrades for year 2000 readiness. Upgrades were completed at all of these properties in the second and third quarters of 1999. In some instances, we used the services of outside experts to test and review our findings and to confirm that our building systems are year 2000 compliant.

Our year 2000 project costs, including the costs of remedial activities and outside experts, were not material. The aggregate cost of purchasing conversion packages for the accounting systems and the cost to survey tenants, vendors and financial institutions were also not material. In addition, substantially all costs incurred to review the building systems and to replace or upgrade them constituted property maintenance costs, and were therefore generally recoverable from the tenants pursuant to the terms of their existing leases.

FUNDS FROM OPERATIONS

We believe that funds from operations ("FFO") is helpful to investors as a measure of the performance of an equity REIT because, along with cash flows from operating activities, financing activities and investing activities, it provides investors with an understanding of our ability to incur and service debt, to make capital expenditures and to make distributions. We compute FFO in accordance with standards established by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT") in its October 1999 White Paper (the "White Paper"), which may differ from the methodology for calculating FFO utilized by other equity REITs, and, accordingly, may not be comparable to such other REITs. Further, FFO does not represent amounts available for our discretionary use because a portion of FFO is needed for capital replacement or expansion, debt service obligations, or other commitments and uncertainties. The White Paper defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. FFO should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our financial performance or to cash flows from operating activities (determined in accordance with GAAP) as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make distributions. (See "Cash Flows" for information regarding these measures of cash flow).

The following table presents our FFO for the years ended December 31, 1999, 1998 and 1997 (in thousands):

	YEAR ENDED DECEMBER 31		
	1999	1998	1997 (1)
Net income (loss)	\$ 22,053	\$ 19,403	\$ (2,797)
Less:			
Preferred dividends	(2,036)	-	-
Add:			
Depreciation and amortization	18,532	10,296	4,866
Funds from Operations	\$ 38,549	\$ 29,699	\$ 2,069

(1) FFO for 1997 has been restated to conform to the White Paper as amended in October 1999. FFO for 1997 has been impacted by non-recurring expenses associated with the Offering of \$12,197,000, and the write-off of unamortized loan costs of \$2,295,000.

PROPERTY AND LEASE INFORMATION

The following table is a summary of our property portfolio as of December 31, 1999 (dollars in thousands):

	NUMBER OF PROPERTIES	RENTABLE SQUARE FEET	ANNUALIZED BASE RENT	OCCUPANCY PERCENTAGE	
REGION:					
Suburban Washington D.C	17	1,537,338	\$ 21,378	96.1%	(1)
California - San Diego	10	569,467	13,336	90.0%	
California - San Francisco Bay	8	489,870	10,406	94.2%	(1)
Southeast	4	254,230	3,750	100.0%	
New Jersey/Suburban Philadelphia	5	268,418	4,118	98.6%	
Eastern Massachusetts	6	384,589	10,199	99.4%	
Washington - Seattle	3	328,221	8,957	96.0%	
Subtotal	53	3,832,133	72,144	95.7%	
Renovation/Repositioning Properties	5	213,993	1,740	15.2%	
Total	58	4,046,126	\$ 73,884	91.5%	

(1) Substantially all of the vacant space is office or warehouse space.

The following table shows certain information with respect to the lease expirations of our properties as of December 31, 1999:

YEAR OF LEASE EXPIRATION	NUMBER OF EXPIRING LEASES	SQUARE FOOTAGE OF EXPIRING LEASES	PERCENTAGE OF AGGREGATE PORTFOLIO LEASE SQUARE FOOT	ANNUALIZED BASE RENT OF EXPIRING LEASES (PER SQUARE FOOT)
2000	56	626,203	16.9%	\$22.97
2001	26	379,513	10.3%	\$19.45
2002	22	389,887	10.5%	\$17.06
2003	17	356,898	9.6%	\$15.64
2004	18	390,152	10.5%	\$19.48
Thereafter	30	1,557,898	42.2%	\$20.72

The following table is a summary of our lease activity for the year ended December 31, 1999 computed on a GAAP Basis and on a Cash Basis:

	NUMBER OF LEASES	SQUARE FOOTAGE	EXPIRING RATE	NEW RATE	RENTAL RATE INCREASE	TI'S/LEASE COMMISSIONS PER FOOT	AVERAGE LEASE TERM
LEASE ACTIVITY - EXPIRED LEASES							
Lease Expirations							
Cash Rent	52	444,688	\$ 15.67	-	-	-	-
GAAP Rent	52	444,688	\$ 16.08	-	-	-	-
Renewed / Released Space							
Cash Rent	26	314,064	\$ 14.45	\$ 17.86	23.6%	\$ 5.10	5.7 Years
GAAP Rent	26	314,064	\$ 15.09	\$ 19.10	26.6%	\$ 5.10	5.7 Years
Month-to-Month Leases							
Cash Rent	13	53,763	\$ 10.61	\$ 10.61	0.0%	-	-
GAAP Rent	13	53,763	\$ 10.46	\$ 10.61	1.4%	-	-
Total Leasing							
Cash Rent	39	367,827	\$ 13.89	\$ 16.80	21.0%	-	-
GAAP Rent	39	367,827	\$ 14.42	\$ 17.86	23.9%	-	-
VACANT SPACE LEASED							
Cash Rent	15	103,087	-	\$ 17.60	-	\$ 5.85	3.8 Years
GAAP Rent	15	103,087	-	\$ 18.01	-	\$ 5.85	3.8 Years
ALL LEASE ACTIVITY							
Cash Rent	54	470,914	-	\$ 16.97	-	-	-
GAAP Rent	54	470,914	-	\$ 17.89	-	-	-

ITEM 7a. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the exposure to loss resulting from changes in interest rates, foreign currency exchange rates, commodity prices and equity prices. The primary market risk to which we are exposed is interest rate risk, which is sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors that are beyond our control.

In order to modify and manage the interest characteristics of our outstanding debt and limit the effects of interest rates on our operations, we may utilize a variety of financial instruments, including interest rate swaps, caps, floors and other interest rate exchange contracts. The use of these types of instruments to hedge our exposure to changes in interest rates carries additional risks such as counter-party credit risk and legal enforceability of hedging contracts.

Our future earnings, cash flows and fair values relating to financial instruments are primarily dependent upon prevalent market rates of interest, such as LIBOR. However, due to the purchase of our interest rate swap agreements, the current effects of interest rate changes are reduced. Based on interest rates at, and our swap agreements in effect on, December 31, 1999, a 1% increase in interest rates on our line of credit would decrease annual future earnings and cash flows, after considering the effect of our interest rate swap agreements, by approximately \$920,000. A 1% decrease in interest rates on our line of credit would increase annual future earnings and cash flows, after considering the effect of our interest rate swap agreements, by approximately \$920,000. A 1% increase in interest rates on our secured debt and interest rate swap agreements would decrease their fair value by approximately \$7.8 million. A 1% decrease in interest rates on our secured debt and interest rate swap agreements would increase their fair value by approximately \$8.9 million. A 1% increase or decrease in interest rates on our secured note receivable would not have a material impact on its fair value.

These amounts are determined by considering the impact of the hypothetical interest rates on our borrowing cost and our interest rate swap agreements in effect on December 31, 1999. These analyses do not consider the effects of the reduced level of overall economic activity that could exist in such an environment. Further, in the event of a change of such magnitude, we would consider taking actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, the sensitivity analysis assumes no changes in our capital structure.

If we were to include the impact of our new interest rate swap agreement effective February 2000 under the same conditions set forth above, a 1% increase in interest rates on our line of credit would decrease annual future earnings and cash flows, after considering the effect of our interest rate swap agreements, by approximately \$420,000. A 1% decrease in interest rates on our line of credit would increase annual future earnings and cash flows, after considering the effect of our interest rate swap agreements, by approximately \$420,000. A 1% increase in interest rates on our secured debt and our interest rate swap agreements would decrease their fair value by approximately \$7.4 million. A 1% decrease in interest rates on our secured debt and our interest rate swap agreements would increase their fair value by approximately \$8.4 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements and supplementary data required by Regulation S-X are included in this Report on Form 10-K beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information required by Item 10 is incorporated by reference from our definitive proxy statement to be mailed in connection with our annual meeting of stockholders to be held on April 28, 2000.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by Item 11 is incorporated by reference from our definitive proxy statement to be mailed in connection with our annual meeting of stockholders to be held on April 28, 2000.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by Item 12 is incorporated by reference from our definitive proxy statement to be mailed in connection with our annual meeting of stockholders to be held on April 28, 2000.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by Item 13 is incorporated by reference from our definitive proxy statement to be mailed in connection with our annual meeting of stockholders to be held on April 28, 2000.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) FINANCIAL STATEMENTS AND SCHEDULES

The following consolidated financial information is included as a separate section of this Annual Report on Form 10-K:

	PAGE
Report of Independent Auditors.....	F-1
Audited Consolidated Financial Statements	
Consolidated Balance Sheets as of December 31, 1999 and 1998.....	F-2
Consolidated Statements of Operations for the Years Ended December 31, 1999, 1998 and 1997.....	F-3
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 1999, 1998 and 1997.....	F-4
Consolidated Statements of Cash Flows for the Years Ended December 31, 1999, 1998 and 1997.....	F-5
Notes to Consolidated Financial Statements for the Years Ended December 31, 1999, 1998 and 1997.....	F-6
Schedule III - Consolidated Financial Statement of Rental Properties and Accumulated Depreciation.....	F-22

(b) REPORTS ON FORM 8-K.

Alexandria did not file any reports on Form 8-K during the fourth quarter of the fiscal year ended December 31, 1999.

(c) EXHIBITS.

EXHIBIT NUMBER - - - - -	EXHIBIT -----
3.1++	Articles of Amendment and Restatement of Alexandria
3.2++	Certificate of Correction of Alexandria
3.3*++	Bylaws of Alexandria (as amended, adopted February 4, 2000; effective February 16, 2000)
3.4*++	Articles Supplementary, dated February 10, 2000, relating to the election to be subject to Subtitle 8 of Title 3 of the MGCL
3.5*++	Articles Supplementary, dated February 10, 2000, relating to the Series A Junior Participating Preferred Stock
3.6*++	Articles Supplementary, dated June 9, 1999, relating to the 9.50% Series A Cumulative Redeemable Preferred Stock of Alexandria
4.1*++	Rights Agreement, dated as of February 10, 2000, between the Company and American Stock Transfer & Trust Company, as Rights Agent, including the form of the Articles Supplementary setting forth the terms of the Series A Junior Participating Preferred Stock, par value \$.01 per

EXHIBIT
NUMBER
- - - - -

EXHIBIT
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share, as Exhibit A, the form of Rights Certificate as Exhibit B and the Summary of Rights to Purchase Preferred Stock as Exhibit C. Pursuant to the Rights Agreement, printed Rights Certificates will not be mailed until after the Distribution Date (as such term is defined in the Rights Agreement)

- 4.2+ Specimen Certificate representing shares of Common Stock
- 4.3+** Specimen Certificate Representing Shares of Alexandria's 9.50% Series A Cumulative Redeemable Preferred Stock
- 10.1* Second Amendment to the Executive Employment Agreement and General and Special Release by and between Alexandria and Jerry M. Sudarsky, dated May 30, 1997
- 10.2* Amended and Restated Executive Employment Agreement by and between Alexandria and Joel S. Marcus, dated January 5, 1994, and amended as of March 28, 1997
- 10.3+++ Executive Employment Agreement between Alexandria and James H. Richardson, dated July 31, 1997
- 10.4*** Amended and Restated Executive Employment Agreement between Alexandria and Peter J. Nelson, dated May 20, 1998
- 10.5** Amendment to Amended and Restated Executive Employment Agreement between Alexandria and Peter J. Nelson, dated August 31, 1999
- 10.6*** Severance Agreement between Alexandria and Lynn Anne Shapiro, dated January 1, 1999
- 10.7*** Executive Employment Agreement between Alexandria and Vincent R. Ciruzzi, dated April 20, 1998
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- 10.9** Employment Letter Agreement between Alexandria and Tom Andrews, dated June 1, 1999
- 10.10** Amended and Restated 1997 Stock Award and Incentive Plan of Alexandria
- 10.11+ Form of Non-Employee Director Stock Option Agreement for use in connection with options issued pursuant to the 1997 Stock Option Plan
- 10.12+ Form of Incentive Stock Option Agreement for use in connection with Options issued pursuant to the 1997 Stock Option Plan
- 10.13+ Form of Nonqualified Stock Option Agreement for use in connection with Options issued pursuant to the 1997 Stock Option Plan
- 10.14** Form of Employee Restricted Stock Agreement for use in connection with shares of restricted stock issued to employees pursuant to Alexandria's Amended and Restated 1997 Stock Award and Incentive Plan
- 10.15** Form of Independent Contractor Restricted Stock Agreement for use in connection with shares of restricted stock issued to independent contractors pursuant to Alexandria's Amended and Restated 1997 Stock Award and Incentive Plan
- 10.16 Second Amended and Restated Revolving Loan Agreement among Alexandria, the Operating Partnership, ARE-QRS Corp., ARE Acquisitions, LLC, the Other Borrowers Then or Thereafter a Party Thereto, the Banks therein named, the Other Banks Which May Become Parties Thereto, BankBoston, N.A., as Managing Agent, The Chase Manhattan Bank, as Syndication Agent, and First Union National Bank, as Documentation Agent, dated February 11, 2000
- 10.17**+ Form of International Swap Dealers Association, Inc. Master Agreement and related Schedule and Confirmation between BankBoston, N.A. and Alexandria, dated as of August 31, 1998

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- 10.18+* Share Exchange Agreement, dated as of February 26, 1999, between Alexandria Real Estate Equities, Inc. and Health Science Properties Holding Corporation
 - 10.19+* First Amendment to Share Exchange Agreement, dated as of March 10, 1999, by and between Alexandria Real Estate Equities, Inc. and Health Science Properties Holding Corporation
 - 10.20+* Second Amendment to Share Exchange Agreement, dated as of March 11, 1999, by and between Alexandria Real Estate Equities, Inc. and Health Science Properties Holding Corporation
 - 10.21+* Escrow and Security Agreement, dated as of March 11, 1999, among Alexandria Real Estate Equities, Inc., Health Science Properties Holding Corporation and Cedars Bank
 - 10.22+* Registration Rights Agreement, dated as of March 11, 1999, by and among Alexandria Real Estate Equities, Inc. and Health Science Properties Holding Corporation (together with its permitted assigns)
 - 12.1 Computation of Consolidated Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends
 - 21.1 List of Subsidiaries of Alexandria
 - 23.1 Consent of Ernst & Young LLP
 - 27.1 Financial Data Schedule

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALEXANDRIA REAL ESTATE EQUITIES, INC.

Dated: March 29, 2000 By: /s/ JOEL S. MARCUS

Joel S. Marcus
Chief Executive Officer

KNOW ALL THOSE BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Jerry M. Sudarsky, Joel S. Marcus and Peter J. Nelson, and each of them, as his true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this report, and to file the same, with exhibits thereto and other documents in connection therewith, if any, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that each of said attorneys-in-fact and agents of their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURES -----	TITLE -----	DATE ----
/s/ Jerry M. Sudarsky ----- Jerry M. Sudarsky	Chairman of the Board of Directors	March 21, 2000
/s/ Joel S. Marcus ----- Joel S. Marcus	Chief Executive Officer (Principal Executive Officer) and Director	March 29, 2000
/s/ James H. Richardson ----- James H. Richardson	President and Director	March 22, 2000
/s/ Peter J. Nelson ----- Peter J. Nelson	Chief Financial Officer, Senior Vice President, and Treasurer (Principal Financial and Accounting Officer)	March 29, 2000
/s/ Richard B. Jennings ----- Richard B. Jennings	Director	March 17, 2000
/s/ Viren Mehta ----- Viren Mehta	Director	March 21, 2000
/s/ David M. Petrone ----- David M. Petrone	Director	March 24, 2000
/s/ Anthony M. Solomon ----- Anthony M. Solomon	Director	March 22, 2000

SIGNATURES

TITLE

DATE

/s/ Alan G. Walton Director

March 20, 2000

Alan G. Walton

EXHIBIT INDEX

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of
Alexandria Real Estate Equities, Inc.

We have audited the accompanying consolidated balance sheets of Alexandria Real Estate Equities, Inc. and subsidiaries (the "Company") as of December 31, 1999 and 1998, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1999. Our audits also included the financial statement schedule listed in the index at item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Alexandria Real Estate Equities, Inc. and subsidiaries at December 31, 1999 and 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Los Angeles, California
January 24, 2000, except for Note 5,
as to which the date is February 11, 2000

ALEXANDRIA REAL ESTATE EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	DECEMBER 31	
	1999	1998
ASSETS		
Rental properties, net	\$ 554,706	\$ 471,907
Property under development	44,121	21,839
Cash and cash equivalents	3,446	1,554
Tenant security deposits and other restricted cash	4,681	7,491
Secured note receivable	6,000	6,000
Tenant receivables	3,432	2,884
Deferred rent	9,014	5,595
Other assets	17,718	13,026

Total assets	\$ 643,118	\$ 530,296

LIABILITIES AND STOCKHOLDERS' EQUITY		
Secured notes payable (includes unamortized premium of \$2,787 and \$2,262 at December 31, 1999 and 1998, respectively)	\$ 158,512	\$ 115,829
Unsecured line of credit	192,000	194,000
Accounts payable, accrued expenses and tenant security deposits	23,349	15,663
Dividends payable	6,674	5,035

	380,535	330,527
Commitments and contingencies	-	-
Stockholders' equity:		
9.50% Series A cumulative redeemable preferred stock, \$0.01 par value per share, 1,610,000 shares authorized; 1,543,500 issued and outstanding at December 31, 1999, \$25.00 liquidation value	38,588	-
Common stock, \$0.01 par value per share, 100,000,000 shares authorized; 13,745,622 and 12,586,263 shares issued and outstanding at December 31, 1999 and 1998, respectively	137	126
Additional paid-in capital	225,180	199,643
Deferred compensation	(1,494)	-
Retained earnings	-	-
Accumulated other comprehensive income	172	-

Total stockholders' equity	262,583	199,769

Total liabilities and stockholders' equity	\$ 643,118	\$ 530,296

SEE ACCOMPANYING NOTES.

ALEXANDRIA REAL ESTATE EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	YEAR ENDED DECEMBER 31		
	1999	1998	1997
Revenues			
Rental	\$ 68,425	\$ 48,469	\$ 25,622
Tenant recoveries	16,305	11,313	8,388
Interest and other income	1,532	1,234	836
	-----	-----	-----
	86,262	61,016	34,846
Expenses			
Rental operations	19,003	13,390	8,766
General and administrative	6,977	3,894	2,476
Interest	19,697	14,033	7,043
Non-recurring expenses associated with initial public offering	-	-	12,197
Write-off of unamortized loan costs	-	-	2,295
Depreciation and amortization	18,532	10,296	4,866
	-----	-----	-----
	64,209	41,613	37,643
Net income (loss)	\$ 22,053	\$ 19,403	\$ (2,797)
Preferred dividends	\$ 2,036	\$ -	\$ 3,038
	=====	=====	=====
Net income (loss) allocated to common stockholders	\$ 20,017	\$ 19,403	\$ (5,835)
	=====	=====	=====
Net income (loss) per share of common stock (pro forma for 1997):			
- Basic	\$ 1.48	\$ 1.60	\$ (0.35)
- Diluted	\$ 1.46	\$ 1.58	\$ (0.35)
	=====	=====	=====
Weighted average shares of common stock outstanding (pro forma for 1997):			
- Basic	13,525,840	12,098,959	8,075,864
- Diluted	13,670,568	12,306,470	8,075,864
	=====	=====	=====

SEE ACCOMPANYING NOTES.

ALEXANDRIA REAL ESTATE EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(DOLLARS IN THOUSANDS)

	SERIES T PREFERRED STOCK	SERIES U PREFERRED STOCK	SERIES A PREFERRED STOCK	NUMBER OF COMMON SHARES	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL
Balance at January 1, 1997 (restated)	\$ 1	\$ 110	\$ -	1,765,923	\$ 18	\$ 16,177
Accretion on Series V preferred stock	-	-	-	-	-	(1,911)
Cash dividends on Series T, U and V preferred stock	-	-	-	-	-	-
Exercise of compensatory stock options and issuance of stock grants (including compensation expense of \$4,161)	-	-	-	209,615	2	4,190
Issuance of common stock in connection with initial public offering, net of offering costs	-	-	-	7,762,500	78	138,812
Conversion of Series V and Series U preferred stock	-	(110)	-	1,666,593	16	27,045
Redemption of Series T preferred stock	(1)	-	-	-	-	-
Dividends declared on common stock	-	-	-	-	-	(10,578)
Net loss	-	-	-	-	-	-
Balance at December 31, 1997	-	-	-	11,404,631	114	173,735
Issuance of common stock, net of offering costs	-	-	-	1,150,000	12	32,701
Exercise of stock options, net	-	-	-	31,632	-	386
Dividends declared on common stock	-	-	-	-	-	(7,179)
Net income	-	-	-	-	-	-
Balance at December 31, 1998	-	-	-	12,586,263	126	199,643
Net income	-	-	-	-	-	-
Unrealized gain on marketable securities	-	-	-	-	-	-
Comprehensive income	-	-	-	-	-	-
Issuance of common stock, net of offering costs	-	-	-	1,150,000	11	29,818
Repurchase of common stock	-	-	-	(145,343)	(1)	(3,458)
Issuance of preferred stock, net of offering costs	-	-	38,588	-	-	(1,712)
Stock compensation expense	-	-	-	105,800	1	3,151
Amortization of stock compensation expense	-	-	-	-	-	-
Exercise of stock options	-	-	-	48,902	-	874
Dividends declared on preferred stock	-	-	-	-	-	-
Dividends declared on common stock	-	-	-	-	-	(3,136)
Balance at December 31, 1999	\$ -	\$ -	\$ 38,588	13,745,622	\$ 137	\$ 225,180

	DEFERRED COMPENSATION	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
Balance at January 1, 1997 (restated)	\$ -	\$ (1,775)	\$ -	\$ 14,531
Accretion on Series V preferred stock	-	-	-	(1,911)
Cash dividends on Series T, U and V preferred stock	-	(1,127)	-	(1,127)
Exercise of compensatory stock options and issuance of stock grants (including compensation expense of \$4,161)	-	-	-	4,192
Issuance of common stock in connection with initial public offering, net of offering costs	-	-	-	138,890
Conversion of Series V and Series U preferred stock	-	-	-	26,951
Redemption of Series T preferred stock	-	-	-	(1)
Dividends declared on common stock	-	(1,233)	-	(11,811)
Net loss	-	(2,797)	-	(2,797)
Balance at December 31, 1997	-	(6,932)	-	166,917
Issuance of common stock, net of offering costs	-	-	-	32,713
Exercise of stock options, net	-	-	-	386
Dividends declared on common stock	-	(12,471)	-	(19,650)
Net income	-	19,403	-	19,403
Balance at December 31, 1998	-	-	-	199,769
Net income	-	22,053	-	22,053
Unrealized gain on marketable securities	-	-	172	172
Comprehensive income	-	-	-	22,225
Issuance of common stock, net of offering costs	-	-	-	29,829
Repurchase of common stock	-	-	-	(3,459)
Issuance of preferred stock, net of offering costs	-	-	-	36,876

Stock compensation expense	(3,152)	-	-	-
Amortization of stock compensation expense	1,658	-	-	1,658
Exercise of stock options	-	-	-	874
Dividends declared on preferred stock	-	(2,036)	-	(2,036)
Dividends declared on common stock	-	(20,017)	-	(23,153)

Balance at December 31, 1999	\$ (1,494)	\$ -	\$ 172	\$ 262,583
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SEE ACCOMPANYING NOTES.

ALEXANDRIA REAL ESTATE EQUITIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	YEAR ENDED DECEMBER 31		
	1999	1998	1997

OPERATING ACTIVITIES			
Net income (loss)	\$ 22,053	\$ 19,403	\$ (2,797)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	18,532	10,296	4,866
Amortization of loan costs and fees	748	451	251
Amortization of premiums on secured notes	(310)	(32)	-
Stock compensation expense	1,658	-	4,161
Changes in operating assets and liabilities:			
Tenant security deposits and other restricted cash	2,810	(692)	(1,214)
Tenant receivables	(548)	(1,752)	(703)
Deferred rent	(3,419)	(3,097)	(1,595)
Other assets	(6,915)	(7,971)	(1,594)
Accounts payable, accrued expenses and tenant security deposits	7,686	9,505	2,508

Net cash provided by operating activities	42,295	26,111	3,883
INVESTING ACTIVITIES			
Purchase of rental properties	(63,896)	(200,590)	(81,160)
Additions to rental properties	(16,807)	(21,218)	(3,566)
Additions to property under development	(29,130)	(18,945)	(2,894)
Issuance of note receivable	-	(6,000)	-

Net cash used in investing activities	(109,833)	(246,753)	(87,620)
FINANCING ACTIVITIES			
Proceeds from secured notes payable	34,163	36,500	15,360
Net proceeds from issuances of common stock	29,829	32,713	138,919
Net proceeds from issuance of preferred stock	36,876	-	-
Exercise of stock options	874	386	-
Net (principal reductions) borrowings from unsecured line of credit	(2,000)	171,000	23,000
Decrease in due to Health Science Properties Holding Corporation	-	-	(2,525)
Principal reductions on secured notes payable	(3,303)	(1,286)	(80,725)
Dividends paid on common stock	(22,278)	(19,177)	(8,800)
Dividends paid on preferred stock	(1,272)	-	(1,127)
Redemption of Series T preferred stock	-	-	(1)
Repurchase of common stock	(3,459)	-	-

Net cash provided by financing activities	69,430	220,136	84,101
Net increase (decrease) in cash and cash equivalents	1,892	(506)	364
Cash and cash equivalents at beginning of year	1,554	2,060	1,696

Cash and cash equivalents at end of year	\$ 3,446	\$ 1,554	\$ 2,060
	=====		
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid during the year for interest and financing costs, net of interest capitalized	\$ 23,512	\$ 12,778	\$ 13,552
	=====		

SEE ACCOMPANYING NOTES.

1. BACKGROUND

Alexandria Real Estate Equities, Inc. is a real estate investment trust ("REIT") formed in 1994. We completed our initial public offering (the "Offering") on June 2, 1997. We are engaged primarily in the ownership, operation, management, acquisition, conversion, retrofit, expansion, and selective development and redevelopment of properties containing a combination of office and laboratory space. We refer to these properties as "Life Science Facilities". Our Life Science Facilities are designed and improved for lease primarily to pharmaceutical, biotechnology, diagnostic, device, contract research and personal care products companies, major scientific research institutions, related government agencies and technology enterprises. As of December 31, 1999, our portfolio consisted of 58 properties in nine states with approximately 4,046,000 rentable square feet, compared to 51 properties in nine states with approximately 3,588,000 rentable square feet as of December 31, 1998.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Alexandria and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH EQUIVALENTS

We consider all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

MARKETABLE SECURITIES

All marketable securities are classified as available-for-sale securities under the provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" and are included in other assets in our balance sheets. Available-for-sale securities are carried at fair value as determined by the most recently traded price at the balance sheet date, with unrealized gains and losses shown as a separate component of stockholders' equity.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

RENTAL PROPERTIES AND PROPERTY UNDER DEVELOPMENT

Rental properties and property under development are stated at the lower of cost or estimated fair value. Write-downs to estimated fair value would be recognized when impairment indicators are present and a property's estimated undiscounted future cash flows, before interest charges, are less than its book value. In that situation, we would recognize an impairment loss to the extent the carrying amount exceeds the fair value of the property. Based on our assessment, no write-downs to estimated fair value were necessary for the periods presented.

The cost of maintenance and repairs is expensed as incurred. Major replacements and betterments are capitalized and depreciated over their estimated useful lives.

Depreciation is provided using the straight-line method using estimated lives of 30 to 40 years for buildings and building improvements, 20 years for land improvements, and the term of the respective lease for tenant improvements.

RESTRICTED CASH

Restricted cash consists of the following (in thousands):

	DECEMBER 31	
	1999	1998
Reserve for tenant improvements established pursuant to leases at two of our properties	\$ -	3,220
Funds held in trust as additional security required under the terms of certain secured notes payable	2,982	3,360
Security deposit funds based on the terms of certain lease agreements	1,699	911
	<u>\$ 4,681</u>	<u>7,491</u>

LOAN FEES AND COSTS

Fees and costs incurred in obtaining long-term financing are amortized over the terms of the related loans and included in interest expense. Loan fees and costs, net of related amortization, totaled \$3,018,000 and \$3,424,000 as of December 31, 1999 and 1998, respectively, and are included in other assets in our balance sheets.

RENTAL INCOME

Rental income from leases with scheduled rent increases, free rent and other rent adjustments are recognized on a straight-line basis over the respective lease term. We include amounts currently recognized as income, and expected to be received in later years, in deferred rent on our balance sheets. Amounts received currently, but recognized as income in future years, are included in accrued expenses as unearned rent on our balance sheets.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

INTEREST AND OTHER INCOME

Interest and other income were generated through the operation of our properties. Interest income was \$1,013,000, \$978,000 and \$588,000 in 1999, 1998 and 1997, respectively.

LEASING COSTS

Leasing costs are amortized on a straight-line basis over the term of the related lease. Leasing costs, net of related amortization, totaled \$7,159,000 and \$4,856,000 as of December 31, 1999 and 1998, respectively, and are included in other assets in our balance sheets.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of cash and cash equivalents approximates fair value. The carrying amount of our secured note receivable approximates fair value because the applicable interest rate approximates the market rate for this loan.

The fair value of our secured notes payable was estimated using discounted cash flows analyses based on borrowing rates we believe we could obtain with similar terms and maturities. As of December 31, 1999 and 1998, the fair value of our secured notes payable was approximately \$149,329,000 and \$118,310,000, respectively.

NET INCOME (LOSS) PER SHARE

Historical per share data has not been presented for 1997 because it is not meaningful due to the material changes in our capital structure as a result of the Offering. Instead, we have presented net loss per share for 1997 on a pro forma basis, giving effect to the Offering and related transactions.

Pro forma shares of common stock outstanding for the year ended December 31, 1997 include all shares outstanding after giving effect to the 1,765.923 to 1 stock split, the issuance of stock grants, the issuance and exercise of substitute stock options and the conversion of the Series U and Series V preferred stock. In addition, shares issued to the public in connection with the Offering have been weighted for the period of time they were outstanding.

We have adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share." Basic and diluted net income per share are the same for 1997 because the stock options outstanding as of December 31, 1997 were antidilutive.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

NET INCOME (LOSS) PER SHARE (CONTINUED)

The following table shows the computation of net income (loss) per share of common stock outstanding, as well as the dividends declared per share of common stock:

	YEAR ENDED DECEMBER 31		
	1999	1998	1997
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
Net income (loss) available to common stockholders	\$ 20,017	\$ 19,403	\$ (2,797)
Weighted average shares of common stock outstanding- basic (pro forma for 1997)	13,525,840	12,098,959	8,075,864
Add: dilutive effect of stock options	144,728	207,511	-
Weighted average shares of common stock outstanding- diluted (pro forma for 1997)	13,670,568	12,306,470	8,075,864
Net income (loss) per common share - basic (pro forma for 1997)	\$ 1.48	\$ 1.60	\$ (0.35)
Net income (loss) per common share - diluted (pro forma for 1997)	\$ 1.46	\$ 1.58	\$ (0.35)
Common dividends declared per share (pro forma for 1997)	\$ 1.69	\$ 1.60	\$ 1.60

OPERATING SEGMENTS

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131, "Disclosures About Segments of an Enterprise and Related Information," which is effective for years beginning after December 15, 1997. Statement 131 establishes standards for the way that public business enterprises report information about operating segments. Statement 131 also establishes standards for related disclosure about products and services, geographic areas, and major customers. Since we operate as a single segment, the implementation of Statement 131 did not have an impact on how we report our results of operations.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

INCOME TAXES

As a REIT, we are not subject to federal income taxation as long as we meet a number of organizational and operational requirements and distribute all of our taxable income to our stockholders. Since we believe we have met these requirements and our distributions exceeded taxable income, no federal income tax provision has been reflected in the accompanying consolidated financial statements for the years ended December 31, 1999, 1998 and 1997. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income tax on our taxable income at regular corporate tax rates. For the years ended December 31, 1999 and 1998, we reported that none of our distributions with respect to common stock represented a return of capital for federal income tax purposes. For the year ended December 31, 1997, we reported that 37.6% of our distributions with respect to common stock represented a return of capital.

3. RENTAL PROPERTIES

Rental properties consist of the following (in thousands):

	DECEMBER 31	
	1999	1998
Land	\$ 81,446	\$ 76,254
Building and improvements	475,507	393,728
Tenant and other improvements	33,249	20,536
	590,202	490,518
Less accumulated depreciation	(35,496)	(18,611)
	\$ 554,706	\$ 471,907

Fourteen of our rental properties are encumbered by deeds of trust and assignments of rents and leases associated with the properties (see Note 6). The net book value of these properties as of December 31, 1999 is \$239,659,000.

We lease space under noncancelable leases with remaining terms of one to 17 years.

As of December 31, 1999, approximately 79% of our leases (on a square footage basis) require that the lessee pay substantially all taxes, maintenance, insurance and certain other operating expenses applicable to the leased properties.

We capitalize interest to properties under development or renovation during the period the asset is undergoing activities to prepare it for its intended use. Total interest capitalized for the years ended December 31, 1999, 1998 and 1997 was \$3,784,000, \$2,199,000 and \$96,000, respectively. Total interest incurred for the years ended December 31, 1999, 1998 and 1997 was \$23,792,000, \$16,264,000 and \$7,139,000, respectively.

3. RENTAL PROPERTIES (CONTINUED)

Minimum lease payments to be received under the terms of the operating lease agreements, excluding expense reimbursements, as of December 31, 1999, are as follows (in thousands):

2000	\$	61,282
2001		55,140
2002		48,354
2003		43,179
2004		36,314
Thereafter		177,328

	\$	421,597
		=====

4. SECURED NOTE RECEIVABLE

In connection with the acquisition of a Life Science Facility in San Diego, California in March 1998, we made a \$6,000,000 loan to the sole tenant of the property, fully secured by a first deed of trust on certain improvements at the property. The loan bears interest at a rate of 11% per year, payable monthly, and matures in March 2002. The loan is cross-defaulted to the lease with the sole tenant. Under certain circumstances, we may obtain title to the improvements that secure the loan, and, in such event, we may also require the sole tenant at the property to lease such improvements back from us for an additional rental amount.

5. UNSECURED LINE OF CREDIT

Alexandria has an unsecured line of credit that provides for borrowings of up to \$250 million. Borrowings under the line of credit bear interest at a floating rate based on our election of either a LIBOR based rate or the higher of the bank's reference rate and the Federal Funds rate plus 0.5%. For each LIBOR based advance, we must elect to fix the rate for a period of one, two, three or six months.

The line of credit contains financial covenants, including, among other things, maintenance of minimum net worth, a total liabilities to gross asset value ratio, and a fixed charge coverage ratio. In addition, the terms of the line of credit restrict, among other things, certain investments, indebtedness, distributions and mergers. Borrowings under the line of credit are limited to an amount based on a pool of unencumbered assets. Accordingly, as we acquire additional unencumbered properties, borrowings available under the line of credit will increase, but may not exceed \$250 million. As of December 31, 1999, borrowings under the line of credit were limited to approximately \$226,000,000, and carried a weighted average interest rate of 7.33%.

The line of credit expires May 31, 2000 and provides for annual extensions (provided there is no default) for two additional one-year periods upon notice by the company and consent of the participating banks.

5. UNSECURED LINE OF CREDIT (CONTINUED)

On February 11, 2000, we amended our unsecured line of credit to provide for borrowings of up to \$325 million. Borrowings under our unsecured line of credit, as amended, bear interest at a floating rate based on our election of either a LIBOR based rate or the higher of the bank's reference rate and the Federal Funds rate plus 0.5%. Financial covenants for our unsecured line of credit, as amended, are substantially similar to those under the original line. The line, as amended, expires February 2003 and provides for an extension (provided there is no default) of an additional one-year period, upon notice by the company and consent of the participating banks.

We enter into interest rate swap agreements to modify the interest characteristics of our outstanding debt. These agreements involve an exchange of fixed and floating interest payments without the exchange of the underlying principal amount (the "notional amount").

In September 1998, we entered into an interest rate swap agreement with FleetBoston Financial (the "Bank") to hedge our exposure to variable interest rates associated with our line of credit. Interest paid is calculated at a fixed interest rate of 5.43% through May 31, 2000 on a notional amount of \$50 million and interest received is calculated at one month LIBOR. The net difference between the interest paid and the interest received is reflected as an adjustment to interest expense.

In October 1999, we entered into an additional interest rate swap agreement with the Bank to further hedge our exposure to variable interest rates associated with our line of credit. Interest paid is calculated at a fixed interest rate of 6.5% through May 31, 2001 on a notional amount of \$50 million and interest received is calculated at one month LIBOR. This agreement has no effect on our September 1998 interest rate swap agreement.

In January 2000, we entered into a third interest rate swap agreement with the Bank to further hedge our exposure to variable interest rates associated with our line of credit. Interest paid is calculated at a fixed interest rate of 6.5% from February 1, 2000 to March 31, 2000, 6.75% from April 1, 2000 to July 31, 2000, 7.00% from August 1, 2000 to December 29, 2000 and 7.25% from December 30, 2000 to December 31, 2001 on a notional amount of \$50 million and interest received is calculated at one month LIBOR. This agreement has no effect on our September 1998 and October 1999 interest rate swap agreements.

With respect to our swap agreements, we are exposed to losses in the event the Bank is unable to perform under the agreements, or in the event one month LIBOR is less than the agreed-upon fixed interest rates. The fair value of the swap agreements outstanding as of December 31, 1999 and changes in their fair value as a result of changes in market interest rates are not recognized in the financial statements. The fair value of our swap agreements outstanding as of December 31, 1999 was approximately \$160,000.

5. UNSECURED LINE OF CREDIT (CONTINUED)

In June 1998, the Financial Accounting Standards Board issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," which is required to be adopted in fiscal years beginning after June 15, 2000. When adopted, Statement 133 will require us to recognize all derivatives on the balance sheet at fair value. Based on the definitions provided in Statement 133, our interest rate swap agreements will be classified as cash flow hedges, with changes in their fair value recorded as an adjustment to comprehensive income, a separate component of shareholders' equity. We believe the implementation of Statement 133 will not have a significant impact on how we report our results of operations.

6. SECURED NOTES PAYABLE

Secured notes payable consists of the following (in thousands):

	DECEMBER 31	
	1999	1998
8.75% note, due January 2006, with an effective interest rate of 7.25% (includes unamortized premium of \$725), secured by One Innovation Drive, Worcester, MA	\$ 11,720	\$ -
8.68% note, due December 2006, secured by 100/800/801 Capitola Drive, Durham, NC	12,435	12,547
9.125% note, due October 2007, with an effective interest rate of 7.25% (includes unamortized premium of \$2,062 and \$2,262 at December 31, 1999 and 1998, respectively), secured by 620 Memorial Drive, Cambridge, MA	19,842	20,149
7.22% note, due May 2008, secured by 14225 Newbrook Avenue, Chantilly, VA and 3000/3018 Western Avenue, Seattle, WA	35,995	36,326
8.71% note, due December 2009, secured by 377 Plantation Street, Worcester, MA and 6166 Nancy Ridge, San Diego, CA	18,900	-
7.165% note, due January 2014, secured by 1431 Harbor Bay Parkway, Alameda, CA	7,146	8,500
9.00% note, due December 2014, secured by 3535/3565 General Atomics Court, San Diego, CA	17,063	17,578
7.75% note, due May 2016, secured by 1102/1124 Columbia Street, Seattle, WA	20,148	20,729
9.00% note, due October 2000, secured by 381 Plantation Street, Worcester, MA (development project)	2,625	-
Construction loan at LIBOR plus 1.75%, due October 2001, providing for borrowings of up to \$19,000,000, secured by 1201 Clopper Road, Gaithersburg, MD (development project)	12,638	-
	-----	-----
	\$158,512	\$115,829
	=====	=====

6. SECURED NOTES PAYABLE (CONTINUED)

All of our secured notes payable, except for the notes secured by 1431 Harbor Bay Parkway, 381 Plantation Street and 1201 Clopper Road, require monthly payments of principal and interest. The note secured by 1431 Harbor Bay Parkway requires monthly payments of interest and semi-annual payments of principal. The notes secured by 381 Plantation Street and 1201 Clopper Road require monthly payments of interest only.

Future principal payments due on secured notes payable as of December 31, 1999, are as follows (in thousands):

2000	\$	5,994
2001		16,292
2002		3,951
2003		4,272
2004		3,915
Thereafter		121,301

Subtotal		155,725
Unamortized premium		2,787

	\$	158,512
		=====

As of December 31, 1999, the weighted average interest rate of our short-term debt, including our unsecured line of credit, was 7.37%.

7. ISSUANCE OF COMMON STOCK

In February 1999, we completed a public offering of 1,150,000 shares of common stock (including the shares issued upon exercise of the underwriter's over-allotment option). The shares were issued at a price of \$28.125 per share, resulting in aggregate proceeds of approximately \$29.8 million, net of underwriting discounts and commissions and other offering costs.

In March 1999, we completed a transaction with Health Science Properties Holding Corporation ("Holdings"), a significant stockholder. In connection with the transaction, Holdings delivered to us all of the 1,765,923 restricted shares of our common stock it owned in exchange for (i) the assumption by us of a \$3,136,000 obligation of Holdings and (ii) the issuance by us to Holdings of 1,620,580 new shares of our common stock. The new shares issued were not registered under the Securities Act of 1933, as amended; however, we have granted registration rights to the holders of new shares. In connection with the issuance of the new shares, stockholders of Holdings have agreed to certain limitations on transfer of any of the shares of our common stock received by them upon the redemption or liquidation of Holdings, which occurred in March 1999.

8. NON-CASH TRANSACTIONS

As described in Note 7, in March 1999, we repurchased common stock in part in exchange for the assumption of a \$3,136,000 obligation. We repaid this obligation with funds borrowed under our line of credit.

In connection with the acquisition of One Innovation Drive in 1999 and 100/800/801 Capitola Drive and 620 Memorial Drive in 1998, we assumed secured notes payable. The following table summarizes these transactions (in thousands):

	1999	1998
	-----	-----
Aggregate purchase price (including closing and transaction costs)	\$ 17,294	\$ 58,581
Cash paid for the properties	5,997	25,751
	-----	-----
Secured notes payable assumed	\$ 11,297	\$ 32,830
	=====	=====

In 1999 and 1997, we incurred \$1,658,000 and \$4,161,000, respectively, in non-cash stock compensation expense. The stock compensation expense recorded in 1997 was associated with stock grants and stock options issued to our officers, directors and certain employees in connection with the Offering (see Note 11).

In connection with the Offering in 1997, all previously outstanding shares of Series U preferred stock and Series V preferred stock were converted into shares of common stock. The common stock issued was recorded at the book value of the Series U preferred stock and the Series V preferred stock (an aggregate of \$27,061,000).

9. PREFERRED STOCK AND EXCESS STOCK

SERIES A CUMULATIVE REDEEMABLE PREFERRED STOCK

In June 1999, we completed a public offering of 1,543,500 shares of our 9.50% Series A cumulative redeemable preferred stock (including the shares issued upon exercise of the underwriters' over-allotment option). The shares were issued at a price of \$25.00 per share, resulting in aggregate proceeds of approximately \$36.9 million, net of underwriters' discounts and commissions and other offering costs. The dividends on our Series A preferred stock are cumulative and accrue from the date of original issuance. We pay dividends quarterly in arrears at an annual rate of \$2.375 per share. Our Series A preferred stock has no stated maturity, is not subject to any sinking fund or mandatory redemption and is not redeemable prior to June 11, 2004, except in order to preserve our status as a REIT. Investors in our Series A preferred stock generally have no voting rights. On or after June 11, 2004, we may, at our option, redeem our Series A preferred stock, in whole or in part, at any time for cash at a redemption price of \$25.00 per share, plus accrued and unpaid dividends.

9. PREFERRED STOCK AND EXCESS STOCK (CONTINUED)

PREFERRED STOCK AND EXCESS STOCK AUTHORIZATIONS

Our charter authorizes the issuance of up to 100,000,000 shares of preferred stock, of which 1,543,500 shares were issued and outstanding as of December 31, 1999. In addition, 200,000,000 shares of "excess stock" (as defined) are authorized, none of which was issued and outstanding at December 31, 1999.

10. COMMITMENTS AND CONTINGENCIES

POST-RETIREMENT BENEFIT

In 1997, in connection with the Offering, an officer of Alexandria retired. In connection with the officer's retirement, we agreed to pay a post-retirement benefit equal to \$150,000 for each of the first three years following the Offering, and \$90,000 per year (plus an annual increase of 2% per year) thereafter for the remainder of the longer of the executive's life and the life of the executive's spouse as of the date of the agreement. In 1997, a post-retirement expense associated with this agreement was recorded for past services equal to \$632,000. As of December 31, 1999 and 1998, the accrued liability for post-retirement benefit was \$1,184,000 and \$1,110,000, respectively. For the years ended December 31, 1999 and 1998, we paid \$150,000 in each year under the retirement agreement, of which \$58,000 and \$77,000, respectively, represented interest.

EMPLOYEE RETIREMENT SAVINGS PLAN

Effective January 1, 1997, we adopted a retirement savings plan pursuant to Section 401(k) of the Internal Revenue Code ("Code") whereby our employees may contribute a portion of their compensation to their respective retirement accounts, in an amount not to exceed the maximum allowed under the Code. The plan provides that we contribute a certain percentage of our employees' salary, which amounted to \$185,000, \$89,000 and \$36,000, respectively, for the years ended December 31, 1999, 1998 and 1997. Employees who participate in the plan are immediately vested in their contributions and in the contributions of the company.

CONCENTRATION OF CREDIT RISK

We maintain our cash and cash equivalents at insured financial institutions. The combined account balances at each institution periodically exceed FDIC insurance coverage, and, as a result, there is a concentration of credit risk related to amounts in excess of FDIC insurance coverage. We believe that the risk is not significant.

We are dependent on rental income from relatively few tenants in the life science industry. The inability of any single tenant to make its lease payments could adversely affect our operations. As of December 31, 1999, we had 169 leases with a total of 160 tenants, and 27 of our 58 properties were each leased to a single tenant. At December 31, 1999, our three largest tenants accounted for approximately 14.8% of our aggregate annualized base rent.

10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

CONCENTRATION OF CREDIT RISK (CONTINUED)

We generally do not require collateral or other security from our tenants, other than security deposits. As of December 31, 1999, we have \$6.2 million in irrevocable letters of credit available from certain tenants as security deposits for 16 leases.

COMMITMENTS

As of December 31, 1999, we were committed under the terms of certain leases to complete the construction of buildings and certain related improvements at a remaining aggregate cost of \$33.2 million.

As of December 31, 1999, we were also committed to fund approximately \$20.9 million for the construction of tenant improvements under the terms of various leases and for certain investments in limited partnerships.

11. STOCK OPTION PLANS AND STOCK GRANTS

1997 STOCK PLAN

In connection with the Offering, we adopted a stock option and incentive plan (the "1997 Stock Plan") for the purpose of attracting and retaining the highest quality personnel, providing for additional incentives, and promoting the success of the company by providing employees the opportunity to acquire common stock pursuant to (i) options to purchase common stock; and (ii) share awards. As of December 31, 1999, a total of 352,829 shares were reserved for the granting of future options and share awards under the 1997 Stock Plan.

Options under our plan have been granted at prices that are equal to the market value of the stock on the date of grant and expire ten years after the date of grant. Employee options vest ratably in three annual installments from the date of grant. Non-employee director options are exercisable immediately upon the date of grant. The options outstanding under the 1997 Stock Plan expire at various dates through October 2009.

In addition, the 1997 Stock Plan permits us to issue share awards to our employees and non-employee directors. A share award is an award of common stock which (i) may be fully vested upon issuance or (ii) may be subject to the risk of forfeiture under Section 83 of the Internal Revenue Code. For employees, these shares generally vest over a one-year period and the sale of the shares is restricted prior to the date of vesting. For non-employee directors, these shares are fully vested upon issuance and the sale of the shares is not restricted. During 1999, we awarded 105,800 shares of common stock. These shares were recorded at fair value with a corresponding charge to stockholders' equity. The unearned portion is being amortized as compensation expense on a straight-line basis over the vesting period.

11. STOCK OPTION PLANS AND STOCK GRANTS (CONTINUED)

1997 STOCK PLAN (CONTINUED)

We have elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related Interpretations in accounting for our employee and non-employee director stock options, stock grants and stock appreciation rights. Under APB 25, because the exercise price of the options we granted equals the market price of the underlying stock on the date of grant, no compensation expense has been recognized. Although we have elected to follow APB 25, pro forma information regarding net income and net income (loss) per share is required by Financial Accounting Standards Board Statement No. 123, "Accounting for Stock-Based Compensation." This information has been determined as if we had accounted for our stock options under the fair value method under Statement 123. The fair value of the options issued under the 1997 Stock Plan was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 1999 and 1998:

	1999	1998

Risk-free interest rate	6.48%	4.66%
Dividend yield	5.66%	5.20%
Volatility factor of the expected market price	24.6%	24.5%
Weighted average expected life of the options	5.8 YEARS	5.0 years

For purposes of the following pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting periods (in thousands, except per share information):

	FOR THE YEAR ENDED DECEMBER 31	
	1999	1998

Pro forma net income available to common stockholders	\$ 19,083	\$ 18,299
Pro forma net income per common share:		
- Basic	\$ 1.41	\$ 1.51
- Diluted	\$ 1.40	\$ 1.49

11. STOCK OPTION PLANS AND STOCK GRANTS (CONTINUED)

1997 STOCK PLAN (CONTINUED)

A summary of the stock option activity under our 1997 Stock Plan, and related information for the years ended December 31, 1999 and December 31, 1998 follows:

	1999		1998	
	STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding-beginning of year	821,500	\$ 24.49	701,000	\$ 20.80
Granted	70,500	29.56	290,500	31.00
Exercised	(75,000)	20.11	(57,333)	20.00
Forfeited	(32,000)	23.98	(112,667)	20.64
Outstanding-end of year	785,000	\$ 25.37	821,500	\$ 24.49
Exercisable at end of year	426,003	\$ 24.36	252,834	\$ 23.33
Weighted-average fair value of options granted		\$ 5.28		\$ 4.88

Exercise prices for options outstanding as of December 31, 1999 range from \$20.00 to \$32.94. The weighted average contractual life of options outstanding is 8 years.

PRIOR STOCK OPTION PLAN

Prior to the Offering, we had a ten-year incentive and nonqualified stock option plan for certain of our employees and non-employee directors.

Under this prior plan, holders of options to purchase common stock of Holdings granted under stock option plans of Holdings ("Holdings Stock Options") were eligible, under certain circumstances (including the Offering), to receive substitute stock options of Alexandria in substitution for previously granted Holdings Stock Options. As such, in connection with the Offering, our officers, directors and certain employees received substitute stock options to purchase 57,000 shares of our common stock under the prior plan. These substitute stock options were exercised in connection with the Offering at a nominal exercise price. No further stock options were issued under the prior plan. In connection with the issuance of the substitute stock options, we recognized \$1,187,000 of stock compensation expense in 1997.

STOCK GRANTS

In connection with the Offering, we granted our officers, directors and certain employees an aggregate of 152,615 shares of common stock. As a result of the grants, we recorded stock compensation expense of \$3,052,000 in 1997.

12. PURCHASE OF ACQUISITION LLC

During January 1997, we assigned our right to purchase three Life Science Facilities to an entity (the "Acquisition LLC") owned by affiliates of PaineWebber Incorporated ("PaineWebber"), the lead managing underwriter of the Offering. In January 1997, the Acquisition LLC acquired the three Life Science Facilities for \$51,871,000 from unaffiliated sellers. In connection with the Offering, we acquired 100% of the membership interests in the Acquisition LLC from the PaineWebber affiliates.

The purchase price we paid for the membership interests (\$58,844,000) exceeded the cost incurred by the Acquisition LLC to acquire the properties (\$51,871,000). The excess of this purchase price over the cost of the Acquisition LLC to acquire the properties (\$6,973,000) is included in non-recurring expenses associated with the Offering in 1997.

13. RELATED PARTY TRANSACTIONS

During 1999, 1998 and 1997, we were reimbursed \$166,000, \$270,000 and \$21,000, respectively, for payroll, accounting and office space incurred on behalf of Holdings.

14. QUARTERLY FINANCIAL DATA (UNAUDITED)

Following is a summary of consolidated financial information on a quarterly basis for 1999 and 1998:

	QUARTER			
	FIRST	SECOND	THIRD	FOURTH
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
1999				
Revenues	\$ 19,539	\$ 21,094	\$ 22,395	\$ 23,234
Net income available to common stockholders	\$ 5,298	\$ 5,613	\$ 4,933	\$ 4,173
Net income per common share:				
- Basic	\$ 0.41	\$ 0.41	\$ 0.36	\$ 0.30
- Diluted	\$ 0.40	\$ 0.41	\$ 0.36	\$ 0.30
1998				
Revenues	\$ 11,696	\$ 15,160	\$ 15,811	\$ 18,349
Net income	\$ 4,635	\$ 4,724	\$ 5,117	\$ 4,927
Net income per share:				
- Basic	\$ 0.41	\$ 0.40	\$ 0.41	\$ 0.39
- Diluted	\$ 0.40	\$ 0.39	\$ 0.40	\$ 0.39

15. NON-RECURRING EXPENSES ASSOCIATED WITH INITIAL PUBLIC OFFERING

In June 1997, we incurred the following non-recurring expenses associated with the Offering (in thousands):

Stock compensation expense (see note 11)	\$ 4,239
Post-retirement benefit (see note 10)	632
Special bonus	353
Acquisition LLC financing costs (see note 12)	6,973

	\$ 12,197
	=====

Alexandria Real Estate Equities, Inc. and Subsidiaries
Schedule III
Consolidated Financial Statement Schedule of Rental Properties
and Accumulated Depreciation
December 31, 1999
(IN THOUSANDS, EXCEPT SQUARE FOOT DATA)

PROPERTY NAME	SQUARE FOOTAGE	INITIAL COSTS		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION		
		LAND	BUILDINGS AND IMPROVEMENTS			
129/153/161 N. Hill Street	51,980	\$ 230	\$ 2,754	\$ 91		
10933 N. Torrey Pines Road	107,753	3,903	5,960	1,052		
11099 N. Torrey Pines Road	86,962	2,663	10,649	1,947		
3535 General Atomics Court	76,084	2,651	18,046	585		
3565 General Atomics Court	43,600	1,227	9,554	1		
11025 Roselle Street	18,173	463	1,840	765		
4757 Nexus Centre Drive	67,050	2,548	13,638	--		
3550 John Hopkins Court	55,000	1,683	--	5,287		
6166 Nancy Ridge Drive	29,333	733	2,273	1,836		
10505 Roselle Street	17,603	443	1,699	1,389		
3770 Tansy Street	15,410	650	1,375	752		
9363 Towne Centre Drive	45,030	275	8,621	10		
9373 Towne Centre Drive	53,688	320	10,070	67		
9393 Towne Centre Drive	41,794	258	8,170	9		
1311 Harbor Bay Parkway	27,745	775	1,917	380		
1401 Harbor Bay Parkway	47,777	1,200	3,880	36		
1431 Harbor Bay Parkway	68,711	1,800	9,731	87		
1201 Harbor Bay Parkway	61,015	1,507	5,357	2,023		
819/863 Mitten Road	153,584	4,751	12,612	269		
2625/2627/263 Hanover Street	32,074	--	6,628	14		
2425 Garcia Avenue & 2400/2425 Bayshore Parkway	98,964	--	21,323	22		
1102/1124 Columbia Street	209,828	6,566	23,528	8,458		
3005 First Avenue	70,647	2,119	11,275	3,135		
3000/3018 Western Avenue	47,746	1,432	7,497	1,996		
150/154 Technology Parkway	37,080	370	4,191	26		
100 Capitola Drive	65,114	334	5,795	74		
800/801 Capitola Drive	119,916	570	11,688	401		
5 Triangle Drive	32,120	161	3,410	31		
1413 Research Boulevard	105,000	2,317	9,611	480		
300 Professional Drive	47,558	871	5,362	1,843		
401 Professional Drive	62,739	1,129	6,940	20		
25/35/45 West Watkins Mill Road	138,938	3,281	14,416	127		
1550 East Guide Drive	44,500	775	4,122	164		
1330 Piccard Drive	131,511	2,800	11,533	197		
708 Quince Orchard Road	49,225	1,267	3,031	5,140		
940 Clopper Road	44,464	900	2,732	484		
1401 Research Boulevard	48,800	1,533	4,391	302		
TOTAL COSTS						
PROPERTY NAME	LAND	BUILDINGS AND IMPROVEMENTS	TOTAL	ACCUMULATED DEPRECIATION (1)	ENCUMBRANCES	YEAR BUILT/RENOVATED
129/153/161 N. Hill Street	\$ 230	\$ 2,845	\$ 3,075	\$ 6	\$ --	1940's/1950's/1960's
10933 N. Torrey Pines Road	3,903	7,012	10,916	1,541	--	1971/1994
11099 N. Torrey Pines Road	2,663	12,596	15,259	2,429	--	1986/1996
3535 General Atomics Court	2,651	18,631	21,283	3,210	11,219	1986/1991
3565 General Atomics Court	1,227	9,555	10,781	1,606	5,844	1991
11025 Roselle Street	463	2,605	3,068	297	--	1983
4757 Nexus Centre Drive	2,548	13,638	16,186	1,437	--	1989
3550 John Hopkins Court	1,683	5,287	6,970	92	--	1999
6166 Nancy Ridge Drive	733	4,109	4,842	293	--	1997
10505 Roselle Street	443	3,088	3,531	37	--	late 1970's/1999
3770 Tansy Street	650	2,127	2,777	17	--	1978/1999
9363 Towne Centre Drive	275	8,631	8,906	77	--	1987
9373 Towne Centre Drive	320	10,137	10,457	88	--	1987
9393 Towne Centre Drive	258	8,179	8,437	72	--	1987
1311 Harbor Bay Parkway	775	2,297	3,072	166	--	1984
1401 Harbor Bay Parkway	1,200	3,916	5,116	319	--	1986/1994
1431 Harbor Bay Parkway	1,800	9,818	11,618	787	7,146	1985/1994
1201 Harbor Bay Parkway	1,507	7,380	8,887	470	--	1983/1999
819/863 Mitten Road	4,751	12,881	17,632	698	--	1962/1997
2625/2627/263 Hanover Street	--	6,642	6,642	1,487	--	1968/1985
2425 Garcia Avenue & 2400/2425 Bayshore Parkway	--	21,345	21,345	775	--	1980
1102/1124 Columbia Street	6,566	31,986	38,552	2,780	20,148	1975/1997
3005 First Avenue	2,119	14,410	16,529	602	--	1980/1990
3000/3018 Western Avenue	1,432	9,493	10,925	683	35,995	1929/1990
150/154 Technology Parkway	370	4,217	4,587	198	--	1976/1985/1993
100 Capitola Drive	334	5,869	6,203	360	--	1986
800/801 Capitola Drive	570	12,089	12,659	667	12,435	1985

5 Triangle Drive	161	3,441	3,602	147	--	1981
1413 Research Boulevard	2,317	10,091	12,408	881	--	1967/1996
300 Professional Drive	871	7,205	8,075	460	--	1989
401 Professional Drive	1,129	6,960	8,089	608	--	1987
25/35/45 West Watkins Mill Road	3,281	14,543	17,824	1,224	--	1989/1997
1550 East Guide Drive	775	4,286	5,061	304	--	1981/1995
1330 Piccard Drive	2,800	11,730	14,530	794	--	1978/1994
708 Quince Orchard Road	1,267	8,171	9,438	1,028	--	1982/1997
940 Clopper Road	900	3,216	4,116	243	--	1989
1401 Research Boulevard	1,533	4,693	6,226	294	--	1966

Alexandria Real Estate Equities, Inc. and Subsidiaries
Schedule III (continued)
Consolidated Financial Statement Schedule of Rental Properties
and Accumulated Depreciation
December 31, 1999
(IN THOUSANDS, EXCEPT SQUARE FOOT DATA)

PROPERTY NAME	SQUARE FOOTAGE	INITIAL COSTS		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION
		LAND	BUILDINGS AND IMPROVEMENTS	
1500 East Gude Drive	45,989	748	3,609	1,058
8000/9000/10000 Virginia Manor Road	191,884	--	13,679	48
10150 Old Columbia Road	75,500	1,510	5,210	1,496
19 Firstfield Road	25,175	376	3,192	44
15020 Shady Grove Road	41,062	840	3,115	32
2001 Aliceanna Street	179,397	1,848	6,120	378
50 West Watkins Mill Road	57,410	859	4,149	63
14225 Newbrook Drive	248,186	4,800	27,639	366
5100/5110 Campus Drive	42,782	654	4,234	62
702 Electronic Drive	40,000	600	3,110	3,060
215 College Road	106,036	1,943	9,764	463
170 Williams Drive	37,000	740	4,506	45
100 Phillips Parkway	74,000	1,840	2,298	3,383
279 Princeton Road	42,600	1,075	1,438	1,858
79/96 Charlestown Navy Yard	24,940	--	6,247	13
280 Pond Street	24,867	622	3,053	38
60 Westview Street	32,000	960	3,032	31
One Innovation Drive	113,571	2,734	14,567	107
377 Plantation Street	92,711	2,352	14,173	141
620 Memorial Drive	96,500	2,440	37,754	62
	4,046,126	\$ 81,446	\$ 456,508	\$ 52,248

PROPERTY NAME	TOTAL COSTS			ACCUMULATED DEPRECIATION (1)	ENCUMBRANCES	YEAR BUILT
	LAND	BUILDINGS AND IMPROVEMENTS	TOTAL			
1500 East Gude Drive	748	4,667	5,415	289	--	1981/1986
8000/9000/10000 Virginia Manor Road	--	13,727	13,727	759	--	1990
10150 Old Columbia Road	1,510	6,706	8,216	398	--	1983/1997
19 Firstfield Road	376	3,236	3,612	146	--	1974
15020 Shady Grove Road	840	3,147	3,987	164	--	1987
2001 Aliceanna Street	1,848	6,498	8,346	255	--	early 1950's/1995
50 West Watkins Mill Road	859	4,212	5,071	154	--	1988
14225 Newbrook Drive	4,800	28,005	32,805	1,910	--	1992
5100/5110 Campus Drive	654	4,296	4,950	210	--	1989
702 Electronic Drive	600	6,170	6,770	592	--	1983/1998
215 College Road	1,943	10,227	12,170	533	--	1968/1974/1984
170 Williams Drive	740	4,551	5,291	196	--	1982/1994
100 Phillips Parkway	1,840	5,681	7,521	--	--	late 1960's
279 Princeton Road	1,075	3,296	4,371	129	--	1984
79/96 Charlestown Navy Yard	--	6,260	6,260	328	--	1880/1991
280 Pond Street	622	3,091	3,713	146	--	1960's
60 Westview Street	960	3,063	4,023	119	--	1975
One Innovation Drive	2,734	14,674	17,408	360	11,720	1991
377 Plantation Street	2,352	14,314	16,666	503	18,900	1993
620 Memorial Drive	2,440	37,816	40,256	1,128	19,842	1920's/1997
	\$ 81,446	\$ 508,756	\$ 590,202	\$ 35,496	\$ 143,250	

(1) The depreciable life for buildings and improvements ranges from 30 to 40 years, 20 years for land improvements, and the term of the respective lease for tenant improvement.

A summary of activity of consolidated rental properties and accumulated depreciation is as follows (in thousands):

	RENTAL PROPERTIES DECEMBER 31		
	1999	1998	1997
Balance at beginning of period	\$ 490,518	\$ 235,880	\$ 151,154
Improvements	16,807	21,218	3,566
Acquisition of land, building and improvements	82,877	233,420	81,160
Balance at end of period	\$ 590,202	\$ 490,518	\$ 235,880

	ACCUMULATED DEPRECIATION DECEMBER 31		
	1999	1998	1997
Balance at beginning of period	\$ 18,611	\$ 8,804	\$ 4,194
Depreciation expense	16,885	9,807	4,610
Balance at end of period	\$ 35,496	\$ 18,611	\$ 8,804

SECOND AMENDED AND RESTATED
REVOLVING LOAN AGREEMENT

Dated as of February 11, 2000

among

ALEXANDRIA REAL ESTATE EQUITIES, INC.
ALEXANDRIA REAL ESTATE EQUITIES, L.P.
ARE - QRS CORP.
ARE ACQUISITIONS, LLC
THE OTHER BORROWERS
NOW OR HEREAFTER A PARTY HERETO

THE BANKS HEREIN NAMED

THE OTHER BANKS WHICH MAY BECOME
PARTIES TO THIS AGREEMENT

BANKBOSTON, N.A., as Managing Agent

THE CHASE MANHATTAN BANK, as Syndication Agent

FIRST UNION NATIONAL BANK, as Documentation Agent

SOCIETE GENERALE SOUTHWEST AGENCY,
KEYBANK, NATIONAL ASSOCIATION
and DRESDNER BANK AG, NEW YORK and GRAND
CAYMAN BRANCHES, as Co-Agents

and

BANCOSTON ROBERTSON STEPHENS, INC. and
CHASE SECURITIES, INC., as Co-Arrangers

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SECOND AMENDED AND RESTATED
REVOLVING LOAN AGREEMENT

Dated as of February 11, 2000

This SECOND AMENDED AND RESTATED REVOLVING LOAN AGREEMENT ("Agreement") is entered into by and among Alexandria Real Estate Equities, Inc., a Maryland corporation ("Parent"), Alexandria Real Estate Equities, L.P., a Delaware limited partnership ("Operating Partnership"), ARE-QRS Corp., a Maryland corporation ("QRS"), ARE Acquisitions, LLC, a Delaware limited liability company ("ARE"), the other borrowers whose names are set forth on the signature pages of this Agreement, each other Wholly-Owned Subsidiary of Parent which may hereafter become a party to this Agreement as a borrower pursuant to Section 5.13 (collectively, with Parent, Operating Partnership, QRS and ARE, the "Borrowers", all on a joint and several basis); each bank whose name is set forth on the signature pages of this Agreement and each lender which may hereafter become a party to this Agreement pursuant to Section 11.8 (collectively, the "Banks" and individually, a "Bank"); BankBoston, N.A., as Managing Agent; The Chase Manhattan Bank, as Syndication Agent; First Union National Bank, as Documentation Agent; Societe Generale Southwest Agency, KeyBank National Association and Dresdner Bank AG, New York and Grand Cayman Branches, as Co-Agents; and BancBoston Robertson Stephens, Inc. and Chase Securities, Inc., as Co-Arrangers.

RECITALS

WHEREAS, Parent, QRS, ARE, Bank of America National Trust and Savings Association, individually and as managing agent, and certain other banks entered into that certain Revolving Loan Agreement dated as of June 2, 1997 (the "Original Credit Agreement"); and

WHEREAS, Bank of America National Trust and Savings Association has assigned its position as managing agent to the Managing Agent; and

WHEREAS, the Borrowers, Managing Agent and certain other banks entered into that certain First Amended and Restated Revolving Loan Agreement dated as of August 4, 1998, which amended and restated the Original Credit Agreement in its entirety (the "First Amended Credit Agreement"); and

WHEREAS, the Borrowers, Managing Agent and the other banks a party to the First Amended Credit Agreement entered into that certain First Amendment to First Amended and Restated Revolving Loan Agreement dated as of October 21, 1998 (the "First Amendment"); and

WHEREAS, Borrowers have requested that the Banks amend certain provisions of the First Amended Credit Agreement, as amended by the First Amendment; and

WHEREAS, Managing Agent, Borrowers and the Banks desire to amend and restate the First Amended Credit Agreement, as amended by the First Amendment, in its entirety;

NOW, THEREFORE, in consideration of the recitals herein and the mutual covenants contained herein, the parties hereto hereby amend and restate the First Amended Credit Agreement, as amended by the First Amendment, in its entirety as follows:

Article 1
DEFINITIONS AND ACCOUNTING TERMS

1.1 DEFINED TERMS. As used in this Agreement, the following terms shall have the meanings set forth below:

"ABSOLUTE RATE BID" means the bid defined in Section 2.4(b).

"ADJUSTED EBITDA" means with respect to any fiscal period, an amount equal to the sum of (a) EBITDA of Parent and its Subsidiaries for such period consolidated in accordance with Generally Accepted Accounting Principles MINUS (b) the Capital Improvement Reserve for the Real Property of Parent and its Subsidiaries.

"ADJUSTED NOI" means, with respect to any Revenue-Producing Property and for any fiscal period, (a) NOI of that Revenue-Producing Property MINUS (b) the Capital Improvements Reserve for such Revenue-Producing Property.

"ADJUSTED TANGIBLE ASSETS" means, as of any date of determination, without duplication, the SUM OF (a) Total Assets of Parent and its Subsidiaries as of that date, MINUS (b) Intangible Assets of Parent and its Subsidiaries as of that date MINUS (c) any Aminority interest@ held by third parties and included within Total Assets as of that date, determined on a consolidated basis in accordance with Generally Accepted Accounting Principles.

"ADVANCE" means any advance made or to be made by any Bank to Borrowers as provided in ARTICLE 2, and INCLUDES each Alternate Base Rate Advance and LIBOR Rate Advance.

"AFFILIATE" means, as to any Person, any other Person which directly or indirectly controls, or is under common control with, or is controlled by, such Person. As used in this definition, "control" (and the correlative terms, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise);

PROVIDED that, in any event, any Person that owns, directly or indirectly, 10% or more of the securities having ordinary voting power for the election of directors or other governing body of a corporation, or 10% or more of the partnership or other ownership interests of any other Person, will be deemed to be an Affiliate of such corporation, partnership or other Person.

"AGREEMENT" means this Second Amended and Restated Revolving Loan Agreement, either as originally executed or as it may from time to time be supplemented, modified, amended, restated or extended.

"AGREEMENT REGARDING FEES" means the Agreement Regarding Fees dated of even date herewith among the Borrowers and Managing Agent.

"ALTERNATE BASE RATE" means, as of any date of determination, the rate per annum equal to the HIGHER OF (a) the Reference Rate in effect on such date and (b) the Federal Funds Rate in effect on such date plus 1/2 of 1% (50 basis points) (rounded upwards, if necessary, to the next 1/100 of 1%).

"ALTERNATE BASE RATE ADVANCE" means an Advance made hereunder and specified to be an Alternate Base Rate Advance in accordance with ARTICLE 2.

"ALTERNATE BASE RATE LOAN" means a Loan made hereunder and specified to be an Alternate Base Rate Loan in accordance with ARTICLE 2.

"APPLICABLE ALTERNATE BASE RATE MARGIN" means, for each Pricing Period, the interest rate margin set forth below (expressed in basis points per annum) opposite the Applicable Pricing Level for that Pricing Period:

APPLICABLE PRICING LEVEL	MARGIN
I	0
II	0
III	0
IV	0
V	25
VI	25

"APPLICABLE LIBOR RATE MARGIN" means, for each Pricing Period, the interest rate margin set forth below (expressed in basis points per annum) opposite the Applicable Pricing Level for that Pricing Period:

APPLICABLE PRICING LEVEL	MARGIN
I	100.00
II	120.00
III	130.00
IV	150.00
V	162.50
VI	187.50

"APPLICABLE PRICING LEVEL" means (a) for any Pricing Period during which Parent holds a Credit Rating of BBB+/Baa1 (or its equivalent) or better, Pricing Level I, (b) for any Pricing Period during which Parent holds a Credit Rating of BBB/Baa2 (or its equivalent), Pricing Level II, (c) for any Pricing Period during which Parent holds a Credit Rating of BBB-/Baa3 (or its equivalent), Pricing Level III and (d) for any Pricing Period during which Parent does not hold a Credit Rating of BBB-/Baa3 (or its equivalent) or better, the pricing level set forth below opposite the Leverage Ratio as of the last day of the Fiscal Quarter most recently ended prior to the commencement of that Pricing Period:

PRICING LEVEL	LEVERAGE RATIO
IV	Less than .35 to 1.00
V	Equal to or greater than .35 to 1.00 but less than .50 to 1.00
VI	Equal to or greater than .50 to 1.00 but less than or equal to .55 to 1.00;

PROVIDED that (a) the Applicable Pricing Level for the initial Pricing Period shall (UNLESS Pricing Level I, Pricing Level II or Pricing Level III is then in effect) be PRICING LEVEL V, (b) in the event that Borrowers do not deliver a Pricing Certificate with respect to any Pricing Period prior to the commencement of such Pricing Period, then until (but only until) such Pricing Certificate is delivered the Applicable Pricing Level for that Pricing Period shall be Pricing Level VI and (c) if any Pricing Certificate is subsequently determined to be in error, then the resulting change in the Applicable Pricing Level shall be made retroactively to the beginning of the relevant Pricing Period.

"ASSET VALUE" means, as of any date of determination and with respect to any improved Real Property owned by a Person that is not under development for the purposes of Section 6.10, an amount equal to (a) the Adjusted NOI of such Person from such Real Property for the period covered by the previous four full consecutive Fiscal Quarters divided by (b) the Capitalization Rate. Prior to such time as a Borrower or any of its Subsidiaries has owned and operated any Real Property for four full Fiscal Quarters, the Adjusted NOI with respect to such Real Property for the

number of full Fiscal Quarters which the Borrower or any of its Subsidiaries has owned and operated such parcel of Real Property shall be adjusted by the applicable Borrower to an annual Adjusted NOI in a manner reasonably acceptable to the Managing Agent.

"BANK" means each bank whose name is set forth in the signature pages of this Agreement and each lender which may hereafter become a party to this Agreement pursuant to Section 11.8.

"BANKBOSTON" means BankBoston, N.A., a national banking association.

"BANKING DAY" means any Monday, Tuesday, Wednesday, Thursday or Friday, OTHER THAN a day on which banks are authorized or required to be closed in Massachusetts, New York or California.

"BORROWING BASE" means, as of any date of determination, the LESSER OF (a) the maximum amount which, when added to the total outstanding balance of all unsecured Indebtedness of Parent and its Subsidiaries (including the Loans), would not exceed fifty-five percent (55%) of the aggregate Asset Value of the Unencumbered Asset Pool as of such date, and (b) the maximum amount which, when added to the total outstanding balance of all unsecured Indebtedness of Parent and its Subsidiaries (including the Loans), would not cause the "Test Debt Service Coverage Amount" (as hereinafter defined) for the Unencumbered Asset Pool to be less than two (2). "TEST DEBT SERVICE COVERAGE AMOUNT" means at any time determined under this Agreement, an amount obtained by dividing (a) the sum of the aggregate Adjusted NOI from the Unencumbered Asset Pool for the preceding four (4) full Fiscal Quarters, by (b) the annual amount of principal and interest that would be payable on the total outstanding balance of all unsecured Indebtedness of the Parent and its Subsidiaries (including the Loans and any requested Loans) when bearing interest at a rate per annum equal to the then-current annual yield on ten (10) year obligations issued by the United States Treasury most recently prior to the date of determination plus two percent (2.0%) and payable based on a twenty-five year mortgage style amortization schedule (expressed as a mortgage constant percentage). The Test Debt Service Coverage Amount shall be determined by the Borrowers and shall be satisfactory to the Managing Agent, provided that in the event that, as of any date under this Agreement, the Test Debt Service Coverage Amount is required to be determined hereunder and such determination shall have not been made as provided above, then such amount shall be determined by the Managing Agent. An example of the calculation of the Test Debt Service Coverage Amount is set forth in SCHEDULE 1.2 attached hereto. In the event that a Borrower shall have owned a property within the Unencumbered Asset Pool for less than four (4) full consecutive Fiscal Quarters, then for the purposes of performing such calculation, the Adjusted NOI with respect to such property shall be annualized by the applicable Borrower in a manner reasonably acceptable to the Managing Agent.

"BORROWERS" means, collectively, (a) Parent, (b) Operating Partnership, (c) QRS, (d) ARE, (e) the other borrowers whose names are set forth on the signature pages of this Agreement and (f) any other Wholly-Owned Subsidiary of Parent that hereafter executes a Joinder Agreement pursuant to SECTION 5.13. Borrowers are jointly and severally obligated with respect to the Obligations.

"CAPITAL IMPROVEMENT RESERVE" means with respect to any Real Property now or hereafter owned by the Borrowers or their Subsidiaries, an annual capital replacement reserve in the amount of thirty cents (\$.30) multiplied by the Net Rentable Area contained therein.

"CAPITAL LEASE OBLIGATIONS" means all monetary obligations of a Person under any leasing or similar arrangement which, in accordance with Generally Accepted Accounting Principles, is classified as a capital lease.

"CAPITALIZATION RATE" means initially ten percent (10%), as such rate may be changed from time to time as provided in this definition. The Borrowers may request that the Banks modify the prevailing Capitalization Rate based upon information provided to the Borrowers and the Banks by an independent expert mutually acceptable to Parent and the Managing Agent concerning the prevailing capitalization rate used by sophisticated real estate industry professionals to value properties comparable to those in the Unencumbered Asset Pool for comparable purposes, provided that any change to the Capitalization Rate shall be subject to the prior written approval of the Requisite Banks.

"CASH" means, when used in connection with any Person, all monetary and non-monetary items owned by that Person that are treated as cash in accordance with Generally Accepted Accounting Principles, consistently applied.

"CASH INTEREST EXPENSE" means Interest Expense that is paid or currently payable in Cash.

"CERTIFICATE" means a certificate signed by a Senior Officer or Responsible Official (as applicable) of the Person providing the certificate.

"CHANGE IN CONTROL" means (a) any transaction or series of related transactions in which any Unrelated Person or two or more Unrelated Persons acting in concert acquire beneficial ownership (within the meaning of Rule 13d-3(a)(1) under the Securities Exchange Act of 1934, as amended), directly or indirectly, of 40% or more of the outstanding Common Stock, (b) Parent consolidates with or merges into another Person or conveys, transfers or leases its properties and assets substantially as an entirety to any Person or any Person consolidates with or merges into Parent, in either event pursuant to a transaction in which the outstanding Common Stock is changed into or exchanged for cash, securities or other property, with the effect that any

Unrelated Person becomes the beneficial owner, directly or indirectly, of 40% or more of Common Stock or that the Persons who were the holders of Common Stock immediately prior to the transaction hold less than 60% of the common stock of the surviving corporation after the transaction, (c) during any period of 24 consecutive months, individuals who at the beginning of such period constituted the board of directors of Parent (together with any new or replacement directors whose election by the board of directors, or whose nomination for election, was approved by a vote of at least a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for reelection was previously so approved) cease for any reason to constitute a majority of the directors then in office, or (d) a "change in control" as defined in any document governing Indebtedness of Parent in excess of \$25,000,000 which gives the holders of such Indebtedness the right to accelerate or otherwise require payment of such Indebtedness prior to the maturity date thereof. For purposes of the foregoing, the term "UNRELATED PERSON" means any Person OTHER THAN (i) a Subsidiary of Parent, (ii) an employee stock ownership plan or other employee benefit plan covering the employees of Parent and its Subsidiaries or (iii) any Person that held Common Stock on the day prior to the effective date of Parent's registration statement under the Securities Act of 1933 covering the initial public offering of Common Stock.

"CLOSING DATE" means the time and Banking Day on which the conditions set forth in Section 8.1 are satisfied or waived. The Managing Agent shall notify Borrowers and the Banks of the date that is the Closing Date.

"CODE" means the Internal Revenue Code of 1986, as amended or replaced and as in effect from time to time.

"COMMITMENTS" means the Line Commitment.

"COMMITMENTS ASSIGNMENT AND ACCEPTANCE" means a commitment assignment and acceptance substantially in the form of EXHIBIT A.

"COMMITTED ADVANCE" means an Advance made to Borrowers by any Bank in accordance with its Pro Rata Share of the Commitments pursuant to Section 2.1.

"COMMITTED LOANS" means Loans that are comprised of Committed Advances.

"COMMON STOCK" means the common stock of Parent or its successor.

"COMPETITIVE ADVANCE" means an Advance made to Borrowers by any Bank not determined by that Bank's Pro Rata Share of the Commitments pursuant to Section 2.4.

"COMPETITIVE ADVANCE NOTE" means the promissory note made by Borrowers in favor of a Bank to evidence the Competitive Advances made by that Bank, substantially in the form of EXHIBIT B, either as originally executed or as the same may from time to time be supplemented, modified, amended, renewed, extended or supplanted.

"COMPETITIVE BID" means a written bid to provide a Competitive Advance substantially in the form of EXHIBIT C, signed by a Responsible Official of a Bank and properly completed to provide all information required to be included therein.

"COMPETITIVE BID REQUEST" means a written request submitted by Borrowers to the Managing Agent to provide a Competitive Bid, substantially in the form of EXHIBIT D, signed by a Responsible Official of Borrowers and properly completed to provide all information required to be included therein.

"COMPLIANCE CERTIFICATE" means a certificate in the form of EXHIBIT E, properly completed and signed by a Senior Officer of Borrowers.

"CONTRACTUAL OBLIGATION" means, as to any Person, any provision of any outstanding security issued by that Person or of any material agreement, instrument or undertaking to which that Person is a party or by which it or any of its Property is bound.

"CONTROLLED ENTITY" means a Person (a) that is a Subsidiary of Parent, (b) that is a general partnership or a limited partnership in which a Wholly-Owned Subsidiary is the sole managing general partner and such managing general partner has the sole power to (i) sell all or substantially all of the assets of such Person, (ii) incur Indebtedness in the name of such Person, (iii) grant a Lien on all or any portion of the assets of such Person and (iv) otherwise generally manage the business and assets of such Person or (c) that is a limited liability company for which a Wholly-Owned Subsidiary is the sole manager and such manager has the sole power to do the acts described in subclauses (i) through (iv) of clause (b) above.

"CREDIT RATING" means, as of any date of determination, the higher of the credit ratings (or their equivalents) then assigned to Parent's long-term senior unsecured debt by either of the Rating Agencies; PROVIDED that any credit rating so assigned by a Rating Agency shall be deemed for this purpose to include all lower credit ratings of such Rating Agency. For purposes of the foregoing, "RATING AGENCIES" means (a) Standard & Poor's Rating Group (a division of McGraw Hill, Inc.) ("S&P") and its successors, and (b) Moody's Investor Services, Inc. ("Moody's") and its successors. A credit rating of BBB- from S&P is equivalent to a credit rating of Baa3 from Moody's and vice versa. A credit rating of BBB from S&P is equivalent to a credit rating of Baa2 from Moody's and vice versa. It is the intention of the parties that if Parent shall only obtain a credit rating from one of the Rating Agencies without seeking a credit

rating from the other of the Rating Agencies, the Borrowers shall be entitled to the benefit of the Pricing Level for such credit rating. If Parent shall have obtained a credit rating from both of the Rating Agencies, the higher of the two ratings shall control, provided that the lower rating is only one level below that of the higher rating. If the lower rating is more than one level below that of the higher credit rating, the lower credit rating shall control. In the event that Parent shall have obtained a credit rating from both of the Rating Agencies and shall thereafter lose such rating from one of the Rating Agencies, the Parent shall be deemed for the purposes hereof not to have a credit rating. If at any time either of the Rating Agencies shall no longer perform the functions of a securities rating agency, then the Borrowers and the Managing Agent shall promptly negotiate in good faith to agree upon a substitute rating agency or agencies (and to correlate the system of ratings of each substitute rating agency with that of the rating agency being replaced), and pending such amendment, the Credit Rating of the other of the Rating Agencies, if one has been provided, shall continue to apply.

"DEBT OFFERING" means the issuance and sale by any Borrower of any debt securities of such Borrower.

"DEBT SERVICE" means for any period, the sum of all Interest Charges and mandatory or regularly scheduled principal payments due and payable during such period excluding any balloon payments due upon maturity of any indebtedness. Debt Service shall include the portion of rent payable by a Person during such period under Capital Lease Obligations that should be treated as principal in accordance with Generally Accepted Accounting Principles.

"DEBT SERVICE COVERAGE" means, as of the last day of each Fiscal Quarter, the RATIO OF (a) Adjusted EBITDA for the fiscal period consisting of that Fiscal Quarter and the three immediately preceding Fiscal Quarters TO (b) Debt Service of the Parent and its Subsidiaries for that fiscal period.

"DEBTOR RELIEF LAWS" means the Bankruptcy Code of the United States of America, as amended from time to time, and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws from time to time in effect affecting the rights of creditors generally.

"DEFAULT" means any event that, with the giving of any applicable notice or passage of time specified in Section 9.1, or both, would be an Event of Default.

"DEFAULT RATE" means the interest rate prescribed in Section 3.9.

"DESIGNATED DEPOSIT ACCOUNT" means a deposit account to be maintained by Borrowers with BankBoston or one of its Affiliates, as from time to time designated by Borrowers by written notification to the Managing Agent.

"DEVELOPMENT INVESTMENTS" shall have the meaning contained in Section 6.10.

"DISQUALIFIED STOCK" means any capital stock, warrants, options or other rights to acquire capital stock (but excluding any debt security which is convertible, or exchangeable, for capital stock), which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the Maturity Date.

"DISTRIBUTION" means, with respect to any shares of capital stock or any warrant or option to purchase an equity security or other equity security or interest issued by a Person, (i) the retirement, redemption, purchase or other acquisition for Cash or for Property by such Person of any such security or interest, (ii) the declaration or (without duplication) payment by such Person of any dividend in Cash or in Property on or with respect to any such security or interest, (iii) any Investment by such Person in the holder of 5% or more of any such security or interest if a purpose of such Investment is to avoid characterization of the transaction as a Distribution and (iv) any other payment in Cash or Property by such Person constituting a distribution under applicable Laws with respect to such security or interest.

"DOLLARS" or "\$" means United States dollars.

"DOMESTIC REFERENCE BANK" means BankBoston or such other Bank as may be appointed by the Managing Agent with the approval of Parent (which shall not be unreasonably withheld).

"EBITDA" means, with respect to any Person (or any asset of a Person) for any fiscal period, the SUM OF (a) the Net Income of such Person (or attributable to such asset) for that period, PLUS (b) any non-operating non-recurring loss reflected in such Net Income, MINUS (c) any non-operating non-recurring gain reflected in such Net Income, PLUS (d) Interest Expense of such Person for that period, PLUS (e) the aggregate amount of federal and state taxes on or measured by income of such Person for that period (whether or not payable during that period), PLUS (f) depreciation, amortization and all other non-cash expenses (INCLUDING non-cash officer compensation) of such Person for that period, in each case as determined in accordance with Generally Accepted Accounting Principles.

"ELIGIBLE ASSIGNEE" means (a) another Bank, (b) with respect to any Bank, any Affiliate of that Bank, (c) any commercial bank having a combined capital and surplus

of \$100,000,000 or more, (d) any (i) savings bank, savings and loan association or similar financial institution or (ii) insurance company engaged in the business of writing insurance which, in either case (A) has a net worth of \$200,000,000 or more, (B) is engaged in the business of lending money and extending credit under credit facilities substantially similar to those extended under this Agreement and (C) is operationally and procedurally able to meet the obligations of a Bank hereunder to the same degree as a commercial bank and (e) any other financial institution (INCLUDING a mutual fund or other fund) having total assets of \$250,000,000 or more which meets the requirements set forth in subclauses (B) and (C) of clause (d) above; PROVIDED that each Eligible Assignee must either (a) be organized under the Laws of the United States of America, any State thereof or the District of Columbia or (b) be organized under the Laws of the Cayman Islands or any country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of such a country, and (i) act hereunder through a branch, agency or funding office located in the United States of America and (ii) be exempt from withholding of tax on interest and deliver the documents related thereto pursuant to Section 11.21.

"EMPLOYEE PLAN" means any (a) employee benefit plan (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) any plan (as defined in Section 4975(e)(1) of the Code) that is subject to Section 4975 of the Code, (c) any entity the underlying assets of which include plan assets (as defined in 29 C.F.R. Section 2510.3-101 or otherwise under ERISA) by reason of a plan's investment in such entity (INCLUDING an insurance company general account), or (d) a governmental plan (as defined in Section 3(32) of ERISA or Section 414(d) of the Code) organized in a jurisdiction within the United States of America having prohibitions on transactions with such governmental plan substantially similar to those contained in Section 406 of ERISA or Section 4975 of the Code.

"EQUITY OFFERING" means the issuance and sale by any Borrower of any equity securities of such Borrower.

"ERISA" means the Employee Retirement Income Security Act of 1974, and any regulations issued pursuant thereto, as amended or replaced and as in effect from time to time.

"ERISA AFFILIATE" means each Person (whether or not incorporated) which is required to be aggregated with Parent pursuant to Section 414 of the Code.

"EVENT OF DEFAULT" shall have the meaning provided in Section 9.1.

"FEDERAL FUNDS RATE" means, as of any date of determination, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds

brokers, as published for such day (or, if such day is not a Banking Day, for the next preceding Banking Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Banking Day, the average of the quotations for such day on such transactions received by the Managing Agent from three (3) Federal funds brokers of recognized standing selected by the Managing Agent. For purposes of this Agreement, any change in the Alternate Base Rate due to a change in the Federal Funds Rate shall be effective as of the opening of business on the effective date of such change.

"FISCAL QUARTER" means the fiscal quarter of Borrowers ending on each March 31, June 30, September 30 and December 31.

"FISCAL YEAR" means the fiscal year of Borrowers ending on each December 31.

"FIXED CHARGE COVERAGE" means, as of the last day of each Fiscal Quarter, the RATIO of (a) Adjusted EBITDA for the fiscal period consisting of that Fiscal Quarter and the three immediately preceding Fiscal Quarters TO (b) the SUM of (i) Debt Service of the Parent and its Subsidiaries for such fiscal period PLUS (ii) all Preferred Distributions of Parent and its Subsidiaries made during such fiscal period.

"FIXED RATE LOAN" means any Competitive Advance bearing interest on the basis of a fixed rate specified by the Bank making such Competitive Advance in response to a request for an Absolute Rate Bid.

"FUNDS AVAILABLE FOR DISTRIBUTION" means with respect to any fiscal period, an amount equal to Funds From Operations, MINUS Net Capital Expenditures of Parent and its Subsidiaries incurred during such fiscal period.

"FUNDS FROM OPERATIONS" means, with respect to any fiscal period, (a) the Net Income of Parent for that period, PLUS (b) any loss resulting from the restructuring of Indebtedness, sale of Property or other non-operating non-recurring cause during that period, MINUS (c) any gain resulting from the restructuring of Indebtedness, sale of Property or other non-operating non-recurring cause during that period, PLUS (d) depreciation and amortization of Revenue-Producing Properties (including with respect to trade fixtures and tenant improvements which are a part thereof and capitalized leasing expenses, such as leasing commissions and tenant improvement allowances), and ADJUSTED to take into account (i) the results of operations of any unconsolidated Related Ventures calculated on the same basis and (ii) any unusual and non-recurring expense which otherwise would materially distort a comparative evaluation of Funds From Operation for different fiscal periods.

"GENERALLY ACCEPTED ACCOUNTING PRINCIPLES" means, as of any date of determination, accounting principles (a) set forth as generally accepted in then currently effective Opinions of the Accounting Principles Board of the American

Institute of Certified Public Accountants, (b) set forth as generally accepted in then currently effective Statements of the Financial Accounting Standards Board or (c) that are then approved by such other entity as may be approved by a significant segment of the accounting profession in the United States of America. The term "CONSISTENTLY APPLIED," as used in connection therewith, means that the accounting principles applied are consistent in all material respects with those applied at prior dates or for prior periods.

"GOVERNMENTAL AGENCY" means (a) any international, foreign, federal, state, county or municipal government, or political subdivision thereof, (b) any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body or (c) any court or administrative tribunal of competent jurisdiction.

"GUARANTY OBLIGATION" means, as to any Person, any (a) guarantee by that Person of Indebtedness of, or other obligation performable by, any other Person or (b) assurance given by that Person to an obligee of any other Person with respect to the performance of an obligation by, or the financial condition of, such other Person, whether direct, indirect or contingent, INCLUDING any purchase or repurchase agreement covering such obligation or any collateral security therefor, any agreement to provide funds (by means of loans, capital contributions or otherwise) to such other Person, any agreement to support the solvency or level of any balance sheet item of such other Person or any "keep-well" or other arrangement of whatever nature given for the purpose of assuring or holding harmless such obligee against loss with respect to any obligation of such other Person; PROVIDED, HOWEVER, that the term Guaranty Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guaranty Obligation in respect of Indebtedness shall be deemed to be an amount equal to the stated or determinable amount of the related Indebtedness (unless the Guaranty Obligation is limited by its terms to a lesser amount, in which case to the extent of such amount) or, if not stated or determinable, the reasonably anticipated liability in respect thereof as determined by the Person in good faith pursuant to Generally Accepted Accounting Principles.

"HAZARDOUS MATERIALS" means substances defined as "hazardous substances" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601 et seq., or as "hazardous", "toxic" or "pollutant" substances or as "solid waste" pursuant to the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or as "friable asbestos" pursuant to the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq. or any other applicable Hazardous Materials Law, in each case as such Laws are amended from time to time.

"HAZARDOUS MATERIALS LAWS" means all Laws governing the treatment, transportation or disposal of Hazardous Materials applicable to any of the Real Property.

"INDEBTEDNESS" means, as to any Person (without duplication), (a) indebtedness of such Person for borrowed money or for the deferred purchase price of Property (EXCLUDING trade and other accounts payable in the ordinary course of business in accordance with ordinary trade terms), INCLUDING any Guaranty Obligation, (b) indebtedness of such Person of the nature described in clause (A) that is non-recourse to the credit of such Person but is secured by assets of such Person, to the extent of the fair market value of such assets as determined in good faith by such Person, (c) Capital Lease Obligations of such Person, (d) indebtedness of such Person arising under bankers' acceptance facilities or under facilities for the discount of accounts receivable of such Person, (e) the undrawn face amount of any letters of credit issued for the account of such Person, (f) any net obligations of such Person under Swap Agreements, (g) all liabilities secured by any mortgage, pledge, security interest, lien, charge or other encumbrance existing on property owned or acquired subject thereto, whether or not the liability secured thereby shall have been assumed, and (h) without duplication, a Person's pro rata share of any of the above-described obligations of its unconsolidated Affiliates. Indebtedness shall include all obligations, contingent and otherwise, that in accordance with Generally Accepted Accounting Principles should be classified upon the obligor's balance sheet as liabilities, including all of the foregoing whether or not so classified.

"INITIAL POOL PROPERTIES" means the Revenue-Producing Properties described in SCHEDULE 4.18.

"INTANGIBLE ASSETS" means assets that are considered intangible assets under Generally Accepted Accounting Principles, INCLUDING customer lists, goodwill, copyrights, trade names, trademarks and patents.

"INTEREST CHARGES" means, as of the last day of any fiscal period, the SUM OF (a) Cash Interest Expense of a Person PLUS (b) all interest currently payable by a Person in Cash incurred during that fiscal period which is capitalized under Generally Accepted

Accounting Principles PLUS (c) a Person's Proportional Share of the Cash Interest Expense and capitalized interest payable in Cash of Related Ventures during that fiscal period.

"INTEREST EXPENSE" means, with respect to any Person and as of the last day of any fiscal period, the SUM OF (a) all interest, fees, charges and related expenses paid or payable (without duplication) for that fiscal period by that Person to a lender in connection with borrowed money (INCLUDING any obligations for fees, charges and related expenses payable to the issuer of any letter of credit) or the deferred purchase price of assets that are considered "interest expense" under Generally Accepted Accounting Principles PLUS (b) the portion of rent paid or payable (without duplication) for that fiscal period by that Person under Capital Lease Obligations that should be treated as interest in accordance with Financial Accounting Standards Board Statement No. 13 MINUS (PLUS) (c) amounts received (paid) under Swap Agreements.

"INTEREST PERIOD" means, with respect to any LIBOR Rate Loan, the related LIBOR Period.

"INVESTMENT" means, when used in connection with any Person, any investment by or of that Person, whether by means of purchase or other acquisition of stock or other securities of any other Person or by means of a loan, advance creating a debt, capital contribution, guaranty or other debt or equity participation or interest in any other Person, INCLUDING any partnership and joint venture interests of such Person. The amount of any Investment shall be the amount actually invested (MINUS any return of capital with respect to such Investment which has actually been received in Cash or has been converted into Cash), without adjustment for subsequent increases or decreases in the value of such Investment.

"JOINDER AGREEMENT" means the joinder agreement with respect to this Agreement to be executed and delivered pursuant to Section 5.13 by any additional Borrower in the form of EXHIBIT F, either as originally executed or as it may from time to time be supplemented, modified, amended, extended or supplanted.

"LAWS" means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, regulations, ordinances, codes and administrative or judicial precedents.

"LETTER OF CREDIT" means a standby letter of credit which is payable upon presentation of a sight draft and other documents, as originally issued pursuant to this Agreement or as amended, modified, extended, renewed or supplemented thereafter.

"LETTER OF CREDIT EXPOSURE" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time PLUS (b) the aggregate amount of all unreimbursed drawings under Letters of Credit at such time.

"LETTER OF CREDIT REQUEST" means the request described in Section 2.6.

"LEVERAGE RATIO" means, as of the last day of each Fiscal Quarter, the RATIO OF (a) Total Liabilities of Parent and its Subsidiaries as of that date TO (b) Adjusted Tangible Assets as of that date.

"LIBOR BANKING DAY" means any Banking Day on which dealings in Dollar deposits are conducted by and among banks in the London interbank market.

"LIBOR LENDING OFFICE" means, as to each Bank, its office or branch so designated by written notice to Borrowers and the Managing Agent as its LIBOR Lending Office. If no LIBOR Lending Office is designated by a Bank, its LIBOR Lending Office shall be its office at its address for purposes of notices hereunder.

"LIBOR MARGIN BID" means the bid defined in Section 2.4(B).

"LIBOR OBLIGATIONS" means eurocurrency liabilities, as defined in Regulation D or any comparable regulation of any Governmental Agency having jurisdiction over any Bank.

"LIBOR PERIOD" means, as to each LIBOR Rate Loan, the period commencing on the date specified by Borrowers pursuant to Section 2.1(C) and ending 1, 2, 3 or 6 months (or, with the written consent of all of the Banks, any other period) thereafter, as specified by Borrowers in the applicable Request for Loan; PROVIDED that:

(a) The first day of any LIBOR Period shall be a LIBOR Banking Day;

(b) Any LIBOR Period that would otherwise end on a day that is not a LIBOR Banking Day shall be extended to the next succeeding LIBOR Banking Day unless such LIBOR Banking Day falls in another calendar month, in which case such LIBOR Period shall end on the next preceding LIBOR Banking Day; and

(c) No LIBOR Period shall extend beyond the Maturity Date.

"LIBOR RATE" means, with respect to any LIBOR Rate Loan, the interest rate per annum as determined by the LIBOR Reference Bank (rounded upward, if necessary, to the next 1/100 of 1%) at which deposits in Dollars are offered to prime banks by such banks in the London interbank market (based on Dow Jones Markets quotes, page 3750, or such other page as containing the same information as presently on page 3750, or if such information is not available, in such other manner as the LIBOR Reference Bank shall determine) at or about 11:00 a.m. local time in the London interbank market, two (2) LIBOR Banking Days before the first day of the applicable LIBOR Period for delivery on the first day of such LIBOR Period in an aggregate amount approximately equal to the amount of the Advance with respect to such LIBOR Rate Loan and for a period of time comparable to the number of days in the applicable LIBOR Period.

"LIBOR RATE ADVANCE" means an Advance made hereunder and specified to be a LIBOR Rate Advance in accordance with ARTICLE 2.

"LIBOR RATE LOAN" means a Loan made hereunder and specified to be a LIBOR Rate Loan in accordance with ARTICLE 2.

"LIBOR REFERENCE BANK" means BankBoston or such other Bank as may be appointed by the Managing Agent with the approval of Parent (which shall not be unreasonably withheld).

"LIEN" means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, lien or charge of any kind, whether voluntarily incurred or arising by operation of Law or otherwise, affecting any Property, INCLUDING any conditional sale or other title retention agreement, any lease in the nature of a security interest, and/or the filing of any financing statement (OTHER THAN a precautionary financing statement with respect to a lease that is not in the nature of a security interest) under the Uniform Commercial Code or comparable Law of any jurisdiction with respect to any Property.

"LINE COMMITMENT" means, subject to Sections 2.7, \$325,000,000. The respective Pro Rata Shares of the Banks with respect to the Line Commitment are set forth in SCHEDULE 1.1.

"LINE LOAN" means any Loan made under the Line Commitment.

"LINE NOTE" means any of the promissory notes made by Borrowers to a Bank evidencing Advances under that Bank's Pro Rata Share of the Line Commitment, substantially in the form of EXHIBIT G, either as originally executed or as the same may from time to time be supplemented, modified, amended, renewed, extended or supplanted. By delivery of the Line Notes, there shall not be deemed to have occurred, and there has not otherwise occurred, any payment, satisfaction or novation of the indebtedness evidenced by the "Notes" as defined in the First Amended Credit Agreement, which indebtedness is instead allocated among the Banks as of the date hereof and evidenced by the Line Notes in accordance with their respective Pro Rata Shares.

"LOAN" means the aggregate of the Advances made at any one time by the Banks pursuant to Section 2.1, Competitive Advances made pursuant to Section 2.4 and the Swing Loans made pursuant to Section 2.5.

"LOAN DOCUMENTS" means, collectively, this Agreement, the Notes, each Joinder Agreement and any other agreements of any type or nature hereafter executed and delivered by Borrowers to the Managing Agent or to any Bank in any way relating to or in furtherance of this Agreement, in each case either as originally executed or as the same may from time to time be supplemented, modified, amended, restated, extended or supplanted.

"MAJORITY BANKS" means (a) as of any date of determination if the Commitments are then in effect, Banks having in the aggregate more than 50% of the Commitments then in effect and (b) as of any date of determination if the Commitments have then been suspended or terminated and there is then any Indebtedness evidenced by the Notes, Banks holding Notes evidencing in the aggregate more than 50% of the aggregate Indebtedness then evidenced by the Notes.

"MANAGING AGENT" means BankBoston, when acting in its capacity as the Managing Agent under any of the Loan Documents, or any successor Managing Agent.

"MANAGING AGENT'S OFFICE" means the Managing Agent's address at 100 Federal Street, Boston, Massachusetts 02110, or such other address as the Managing Agent hereafter may designate by written notice to Borrowers and the Banks. With respect to notices to be sent to BankBoston as Managing Agent with respect to Requests for Loans, Letter of Credit Requests and any other requests, such notices shall be sent to the office of Managing Agent located in Atlanta, Georgia as specified in this Agreement, or at such other office as Managing Agent may designate by written notice to the Banks and the Borrowers.

"MARGIN STOCK" means "margin stock" as such term is defined in Regulation T, U or X.

"MATERIAL ADVERSE EFFECT" means any set of circumstances or events which (a) has had or could reasonably be expected to have any material adverse effect whatsoever upon the validity or enforceability of any Loan Document (OTHER THAN as a result of any action or inaction of the Managing Agent or any Bank), (b) has been or could reasonably be expected to be material and adverse to the business or condition (financial or otherwise) of Borrowers or (c) has materially impaired or could reasonably be expected to materially impair the ability of Borrowers to perform the Obligations.

"MATURITY DATE" means February 11, 2003, or if the Maturity Date has then been extended pursuant to Section 2.10, such extended Maturity Date.

"MAXIMUM COMPETITIVE ADVANCE" means, with respect to any Competitive Bid made by a Bank, the amount set forth therein as the maximum Competitive Advance which that Bank is willing to make in response to the related Competitive Bid Request.

"MONTHLY PAYMENT DATE" means the first day of each calendar month.

"MORTGAGEABLE GROUND LEASE" means any lease (a) which is a direct lease granted by the fee owner of real property, (b) which has a remaining term (calculated one time only from the later of the Closing Date or the date the property subject to such lease becomes part of the Qualified Unencumbered Asset Pool) of not less than

thirty (30) years, including extension options which are exercisable solely at the discretion of a Borrower, (c) under which no material default has occurred and is continuing, and (d) with respect to which a security interest may be granted without the consent of the lessor.

"MULTIEMPLOYER PLAN" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA to which Borrowers or any of their ERISA Affiliates contribute or are obligated to contribute.

"NEGATIVE PLEDGE" means a Contractual Obligation that contains a covenant binding on Borrowers that prohibits Liens on any of their Property, OTHER THAN (a) any such covenant contained in a Contractual Obligation granting or relating to a particular Lien which affects only the Property that is the subject of such Lien and (b) any such covenant that does not apply to Liens which may secure the Obligations now or in the future.

"NET CAPITAL EXPENDITURES" means with respect to any Person for any fiscal period, an amount equal to the sum of the amount of capital expenditures paid in cash by such Person in order to maintain the general condition and operation of its Real Property during such fiscal period, excluding any non-recurring capital expenditures made to update or enhance building infrastructure or building systems on such Real Property, PLUS the amount of leasing costs (including leasing commissions and standard tenant improvements) paid in cash by such Person with respect to its Real Property during such fiscal period.

"NET INCOME" means, with respect to any Person and with respect to any fiscal period, the net income of that Person for that period, determined in accordance with Generally Accepted Accounting Principles, consistently applied.

"NON-RECOURSE DEBT" means Indebtedness of Parent or any of its Subsidiaries for which the liability of Parent or such Subsidiary (EXCEPT with respect to fraud, Hazardous Materials Laws liability and other customary exceptions) either is contractually limited to collateral securing such Indebtedness or is so limited by operation of Law.

"NET RENTABLE AREA" means with respect to any Real Property, the floor area of any buildings, structures or improvements available for leasing to tenants (excluding storage lockers and parking spaces) determined in accordance with the Rent Roll for such Real Property, the manner of such determination to be consistent for all Real Property unless otherwise approved by the Managing Agent.

"NOI" means, with respect to any Revenue-Producing Property and with respect to any fiscal period, the SUM OF (a) the net income of that Revenue-Producing Property for that period, PLUS (b) Interest Expense of that Revenue-Producing Property for that period, PLUS (c) the aggregate amount of federal and state taxes on or measured

by income of that Revenue-Producing Property for that period (whether or not payable during that period), PLUS (d) depreciation, amortization and all other non-cash expenses of that Revenue-Producing Property for that period, in each case as determined in accordance with Generally Accepted Accounting Principles.

"NOTES" means the Line Notes, the Competitive Advance Notes and the Swing Loan Note.

"OBLIGATIONS" means all present and future obligations of every kind or nature of Borrowers at any time and from time to time owed to the Managing Agent or the Banks or any one or more of them, under any one or more of the Loan Documents, whether due or to become due, matured or unmatured, liquidated or unliquidated, or contingent or noncontingent, INCLUDING obligations of performance as well as obligations of payment, and INCLUDING interest that accrues after the commencement of any proceeding under any Debtor Relief Law by or against Borrowers.

"OPINIONS OF COUNSEL" means the favorable written legal opinions of (a) Ballard Spahr Andrews & Ingersoll, LLP, special Maryland counsel to Borrowers and (b) Skadden, Arps, Slate, Meagher & Flom, LLP, special counsel to Borrowers, substantially in the form of EXHIBITS I-1 AND I-2, respectively, together with copies of all factual certificates and legal opinions delivered to such counsel in connection with such opinion upon which such counsel has relied.

"PARENT'S PROPORTIONAL SHARE" means, with respect to any Related Venture, the percentage of the direct and indirect equity ownership interest of Parent in the Related Venture.

"PARTY" means any Person other than the Managing Agent and the Banks, which now or hereafter is a party to any of the Loan Documents.

"PBG" means the Pension Benefit Guaranty Corporation or any successor thereof established under ERISA.

"PENSION PLAN" means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), OTHER THAN a Multiemployer Plan, which is subject to Title IV of ERISA and is maintained by Borrowers or to which Borrowers contribute or have an obligation to contribute.

"PERMITTED ENCUMBRANCES" means:

(a) Inchoate Liens incident to construction on or maintenance of Property; or Liens incident to construction on or maintenance of Property now or hereafter filed of record for which adequate reserves have been set aside (or deposits made pursuant to applicable Law) and which are being contested in good faith by appropriate proceedings and have not proceeded to judgment,

PROVIDED that, by reason of nonpayment of the obligations secured by such Liens, no such Property is subject to a material impending risk of loss or forfeiture;

(b) Liens for taxes and assessments on Property which are not yet past due; or Liens for taxes and assessments on Property for which adequate reserves have been set aside and are being contested in good faith by appropriate proceedings and have not proceeded to judgment, PROVIDED that, by reason of nonpayment of the obligations secured by such Liens, no such Property is subject to a material impending risk of loss or forfeiture;

(c) defects and irregularities in title to any Property which in the aggregate do not materially impair the fair market value or use of the Property for the purposes for which it is or may reasonably be expected to be held;

(d) easements, exceptions, reservations, or other agreements for the purpose of pipelines, conduits, cables, wire communication lines, power lines and substations, streets, trails, walkways, drainage, irrigation, water, and sewerage purposes, dikes, canals, ditches, the removal of oil, gas, coal, or other minerals, and other like purposes affecting Property which in the aggregate do not materially burden or impair the fair market value or use of such Property for the purposes for which it is or may reasonably be expected to be held;

(e) easements, exceptions, reservations, or other agreements for the purpose of facilitating the joint or common use of Property in or adjacent to a shopping center or similar project affecting Property which in the aggregate do not materially burden or impair the fair market value or use of such Property for the purposes for which it is or may reasonably be expected to be held;

(f) rights reserved to or vested in any Governmental Agency to control or regulate, or obligations or duties to any Governmental Agency with respect to, the use of any Property;

(g) rights reserved to or vested in any Governmental Agency to control or regulate, or obligations or duties to any Governmental Agency with respect to, any right, power, franchise, grant, license, or permit;

(h) present or future zoning laws and ordinances or other laws and ordinances restricting the occupancy, use, or enjoyment of Property which in the aggregate do not materially burden or impair the fair market value or use of such Property for the purposes for which it is or may reasonably be expected to be held;

(i) statutory Liens, other than those described in clauses (A) or (B) above, arising in the ordinary course of business (but not in connection with

the incurrence of any Indebtedness) with respect to obligations which are not delinquent or are being contested in good faith, PROVIDED that, if delinquent, adequate reserves have been set aside with respect thereto and, by reason of nonpayment, no Property is subject to a material impending risk of loss or forfeiture;

(j) covenants, conditions, and restrictions affecting the use of Property which may not give rise to any Lien against such Property and which in the aggregate do not materially impair the fair market value or use of the Property for the purposes for which it is or may reasonably be expected to be held;

(k) rights of tenants as tenants only under leases and rental agreements covering Property entered into in the ordinary course of business of the Person owning such Property;

(l) Liens consisting of pledges or deposits to secure obligations under workers' compensation laws or similar legislation, including Liens of judgments thereunder which are not currently dischargeable;

(m) Liens consisting of pledges or deposits of Property to secure performance in connection with operating leases made in the ordinary course of business, PROVIDED the aggregate value of all such pledges and deposits in connection with any such lease does not at any time exceed 20% of the annual fixed rentals payable under such lease;

(n) Liens consisting of deposits of Property to secure bids made with respect to, or performance of, contracts (OTHER THAN contracts creating or evidencing an extension of credit to the depositor);

(o) Liens consisting of any right of offset, or statutory bankers' lien, on bank deposit accounts maintained in the ordinary course of business so long as such bank deposit accounts are not established or maintained for the purpose of providing such right of offset or bankers' lien;

(p) Liens consisting of deposits of Property to secure statutory obligations of Borrowers;

(q) Liens created by or resulting from any litigation or legal proceeding in the ordinary course of business which is currently being contested in good faith by appropriate proceedings, PROVIDED that, adequate reserves have been set aside and no material Property is subject to a material impending risk of loss or forfeiture; and

(r) other non-consensual Liens incurred in the ordinary course of business but not in connection with the incurrence of any Indebtedness, which do not individually involve amounts in excess of \$200,000.00 or in the aggregate involve amounts in excess of \$500,000.00.

"PERMITTED RIGHT OF OTHERS" means a Right of Others consisting of (a) an interest (OTHER THAN a legal or equitable co-ownership interest, an option or right to acquire a legal or equitable co-ownership interest and any interest of a ground lessor under a ground lease), that does not materially impair the fair market value or use of Property for the purposes for which it is or may reasonably be expected to be held, (b) an option or right to acquire a Lien that would be a Permitted Encumbrance, (c) the subordination of a lease or sublease in favor of a financing entity and (d) a license, or similar right, of or to Intangible Assets granted in the ordinary course of business.

"PERSON" means any individual or entity, INCLUDING a trustee, corporation, limited liability company, general partnership, limited partnership, joint stock company, trust, estate, unincorporated organization, business association, firm, joint venture, Governmental Agency, or other entity.

"PREFERRED DISTRIBUTIONS" means for any period, the amount of any and all Distributions due and payable to the holders of any form of preferred stock (whether perpetual, convertible or otherwise) or other ownership or beneficial interest in Parent or any of its Subsidiaries that entitles the holders thereof to preferential payment or distribution priority with respect to dividends, assets or other payments over the holders of any other stock or other ownership or beneficial interest in such Person.

"PRICING CERTIFICATE" means a certificate in the form of EXHIBIT J, properly completed and signed by a Senior Officer of Borrowers.

"PRICING PERIOD" means (a) the period commencing on the Closing Date and ending on June 1, 2000, (b) the period commencing on each June 2, and ending on the next following September 1, (c) the period commencing on each September 2, and ending on the next following December 1, (d) the period commencing on each December 2 and ending on the next following March 1, and (e) the period commencing on each March 2 and ending on the next following June 1.

"PROPERTY" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"PRO RATA SHARE" means, with respect to each Bank, the percentage of the Commitments set forth opposite the name of that Bank on SCHEDULE 1.1, as such percentage may be increased or decreased pursuant to a Commitments Assignment and Acceptance executed in accordance with Section 11.8.

"QUALIFIED UNENCUMBERED ASSET POOL PROPERTY" means a Revenue-Producing Property that (a) is wholly owned in fee simple absolute or a leasehold interest pursuant to a Mortgageable Ground Lease by Parent or any other Borrower that is a Wholly-Owned Subsidiary, (b) is occupied or available for occupancy, (c) to the best of Borrowers' knowledge and belief, does not have any title, survey, environmental or other defects that would give rise to a materially adverse effect as to the value, use of or ability to sell or refinance such property, (d) is Unencumbered, and (e) would not cause the Borrowers to be in violation of the covenant set forth in Section 5.17.

"QUARTERLY PAYMENT DATE" means each July 1, October 1, January 1 and April 1.

"REAL PROPERTY" means, as of any date of determination, all real property then or theretofore owned, leased or occupied by any of Borrowers.

"REFERENCE RATE" means the rate of interest announced from time to time by the Domestic Reference Bank in Boston, Massachusetts (or other headquarters city of the Domestic Reference Bank), as its "base rate." It is a rate set by the Domestic Reference Bank based upon various factors including the Domestic Reference Bank's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the Reference Rate announced by the Domestic Reference Bank shall take effect at the opening of business on the day on which such change in the base rate becomes effective.

"REGULATION D" means Regulation D, as at any time amended, of the Board of Governors of the Federal Reserve System, or any other regulation in substance substituted therefor.

"REGULATIONS T, U AND X" means Regulations T, U and X, as at any time amended, of the Board of Governors of the Federal Reserve System, or any other regulations in substance substituted therefor.

"RELATED VENTURE" means a corporation, limited liability company, partnership or other Person that owns one or more Revenue-Producing Properties and which is not a Wholly-Owned Subsidiary.

"RENT ROLL" means a report prepared by a Borrower showing for the Real Property owned by it, its occupancy, lease expiration dates, lease rent and other information in substantially the form presented to the Managing Agent prior to the date hereof or in such other form as may have been approved by the Managing Agent.

"REQUEST FOR LOAN" means a written request for a Loan substantially in the form of EXHIBIT K, signed by a Responsible Official of any of Borrowers, on behalf of Borrowers, and properly completed to provide all information required to be included therein.

"REQUIREMENT OF LAW" means, as to any Person, the articles or certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any Law, or judgment, award, decree, writ or determination of a Governmental Agency, in each case applicable to or binding upon such Person or any of its Property or to which such Person or any of its Property is subject.

"REQUISITE BANKS" means (a) as of any date of determination if the Commitments are then in effect, Banks having in the aggregate 67% or more of the Commitments then in effect and (b) as of any date of determination if the Commitments have then been suspended or terminated and there is then any Indebtedness evidenced by the Notes, Banks holding Notes evidencing in the aggregate 67% or more of the aggregate Indebtedness then evidenced by the Notes.

"RESPONSIBLE OFFICIAL" means (a) when used with reference to a Person other than an individual, any corporate officer of such Person, general partner or managing member of such Person, corporate officer of a corporate general partner or managing member of such Person, or corporate officer of a corporate general partner of a partnership that is a general partner of such Person or corporate managing member of a limited liability company that is a managing member of such Person, or any other responsible official thereof duly acting on behalf thereof, and (b) when used with reference to a Person who is an individual, such Person. The Banks shall be entitled to conclusively rely upon any document or certificate that is signed or executed by a Responsible Official of Parent or any of its Subsidiaries as having been authorized by all necessary corporate, partnership and/or other action on the part of Parent or such Subsidiary.

"REVENUE-PRODUCING PROPERTY" means an identifiable improved real estate property that is utilized principally for office, office/laboratory, research or manufacturing/warehouse purposes (INCLUDING the underlying real property and all appurtenant real property rights) or for such other purposes as the Requisite Banks may approve which produces revenue to a Borrower or its Subsidiary.

"RIGHT OF OTHERS" means, as to any Property in which a Person has an interest, any legal or equitable right, title or other interest (other than a Lien) held by any other Person in that Property, and any option or right held by any other Person to acquire any such right, title or other interest in that Property, INCLUDING any option or right to acquire a Lien; PROVIDED, however, that (a) no covenant restricting the use or disposition of Property of such Person contained in any Contractual Obligation of such Person and (b) no provision contained in a contract creating a right of payment or performance in favor of a Person that conditions, limits, restricts, diminishes, transfers or terminates such right shall be deemed to constitute a Right of Others.

"SECURED DEBT" means Indebtedness of Parent or any of its Subsidiaries (INCLUDING Indebtedness of a Related Venture which is the subject of a Guaranty Obligation of Parent or a Subsidiary of Parent or, if such Person is a partnership, of

which Parent or a Subsidiary of Parent is a general partner, Parent=s or such Subsidiaries= pro rata share of any such Indebtedness of unconsolidated Persons) that is secured by a Lien or is subject to a Negative Pledge.

"SENIOR OFFICER" means (a) the chief executive officer, (b) the chairman or (c) the chief financial officer, in each case of any of the Borrowers or of any of their corporate general partners or managing members, as applicable.

"SPECIAL LIBOR CIRCUMSTANCE" means the application or adoption after the Closing Date of any Law or interpretation, or any change therein or thereof, or any change in the interpretation or administration thereof by any Governmental Agency, central bank or comparable authority charged with the interpretation or administration thereof, or compliance by any Bank or its LIBOR Lending Office with any request or directive (whether or not having the force of Law) of any such Governmental Agency, central bank or comparable authority.

"STOCKHOLDERS' EQUITY" means, as of any date of determination, the Adjusted Tangible Assets of the Parent and its Subsidiaries as of that date MINUS Total Liabilities of Parent and its Subsidiaries as of such date.

"SUBSIDIARY" means, as of any date of determination and with respect to any Person, (a) any corporation, limited liability company, partnership or other Person (whether or not, in any case, characterized as such or as a "joint venture"), whether now existing or hereafter organized or acquired: (i) in the case of a corporation or limited liability company, of which a majority of the securities having ordinary voting power for the election of directors or other governing body (other than securities having such power only by reason of the happening of a contingency) are at the time beneficially owned by such Person and/or one or more Subsidiaries of such Person, or (ii) in the case of a partnership, of which a majority of the partnership or other ownership interests are at the time beneficially owned by such Person and/or one or more of its Subsidiaries; and (b) any other Person the accounts of which are consolidated with the accounts of the designated parent.

"SWAP AGREEMENT" means a written agreement between Borrowers and one or more financial institutions, including without limitation, BankBoston, providing for "swap", "cap", "collar" or other interest rate protection with respect to any Indebtedness.

"SWING LOANS" means the loans described in Section 2.5.

"SWING LOAN BANK" means, collectively, BankBoston, in its capacity as Swing Loan Bank and any other Bank who shall agree to make Swing Loans.

"SWING LOAN COMMITMENT" means the sum of \$10,000,000.00, as the same may be changed from time to time in accordance with the terms of this Agreement.

"SWING LOAN NOTE" means the note described in Section 2.5.

"TEST DEBT SERVICE COVERAGE AMOUNT" means the amount described in the definition of "Borrowing Base."

"TOTAL ASSETS" means all assets of a Person and its Subsidiaries determined on a consolidated basis in accordance with Generally Accepted Accounting Principles; provided that all Real Property owned by a Person that is improved and is not under development for the purposes of Section 6.10 shall be valued based on its Asset Value. In the event that a Person has an ownership or other equity interest in any other Person, which investment is not consolidated in accordance with Generally Accepted Accounting Principles (that is, such interest is a "minority interest"), then the assets of a Person and its Subsidiaries shall include such Person=s or its Subsidiaries= allocable share of all assets of such Person in which a minority interest is owned based on such Person=s respective ownership interest in such other Person.

"TOTAL LIABILITIES" means all liabilities of a Person and its Subsidiaries determined on a consolidated basis in accordance with Generally Accepted Accounting Principles and all Indebtedness and Guaranty Obligations of such Person and its Subsidiaries, whether or not so classified. In the event that a Person has an ownership or other equity interest in any other Person, which investment is not consolidated in accordance with Generally Accepted Accounting Principles (that is, such interest is a Aminority interest@), then the liabilities of a Person and its Subsidiaries shall include such Person=s or its Subsidiaries= allocable share of all indebtedness of such Person in which a minority interest is owned based on such Person=s respective ownership interest in such other Person.

"TO THE BEST KNOWLEDGE OF" means, when modifying a representation, warranty or other statement of any Person, that the fact or situation described therein is known by the Person (or, in the case of a Person other than a natural Person, known by a Responsible Official of that Person) making the representation, warranty or other statement, or with the exercise of reasonable due diligence under the circumstances (in accordance with the standard of what a reasonable Person in similar circumstances would have done) would have been known by the Person (or, in the case of a Person other than a natural Person, would have been known by a Responsible Official of that Person).

"TYPE", when used with respect to any Loan or Advance, means the designation of whether such Loan or Advance is an Alternate Base Rate Loan or Advance, or a LIBOR Rate Loan or Advance.

"UNENCUMBERED" means, with respect to any Revenue-Producing Property, that such Revenue-Producing Property (a) is not subject to any Lien OTHER THAN Permitted Encumbrances, (b) is not subject to any Negative Pledge and (c) is not held by a

Person any of whose equity interests are subject to a Lien or Negative Pledge in favor of any creditor of Parent or any of its Subsidiaries.

"UNENCUMBERED ASSET POOL" means, as of any date of determination, (a) the Initial Pool Properties, PLUS (b) each other Qualified Unencumbered Asset Pool Property which has been added to the Unencumbered Asset Pool pursuant to Section 2.11 as of such date, MINUS (c) any Revenue-Producing Property which has been removed from the Unencumbered Asset Pool pursuant to Section 2.11 as of such date.

"WHOLLY-OWNED SUBSIDIARY" means a Subsidiary of Parent, 100% of the capital stock or other equity interest of which is owned, directly or indirectly, by Parent, EXCEPT for director's qualifying shares required by applicable Laws.

1.2 USE OF DEFINED TERMS. Any defined term used in the plural shall refer to all members of the relevant class, and any defined term used in the singular shall refer to any one or more of the members of the relevant class.

1.3 ACCOUNTING TERMS. All accounting terms not specifically defined in this Agreement shall be construed in conformity with, and all financial data required to be submitted by this Agreement shall be prepared in conformity with, Generally Accepted Accounting Principles applied on a consistent basis, EXCEPT as otherwise specifically prescribed herein. In the event that Generally Accepted Accounting Principles change during the term of this Agreement such that the covenants contained in Sections 6.5 through 6.15, inclusive, would then be calculated in a different manner or with different components, (a) Borrowers and the Banks agree to amend this Agreement in such respects as are necessary to conform those covenants as criteria for evaluating Borrowers' financial condition to substantially the same criteria as were effective prior to such change in Generally Accepted Accounting Principles and (b) Borrowers shall be deemed to be in compliance with the covenants contained in the aforesaid Sections if and to the extent that Borrowers would have been in compliance therewith under Generally Accepted Accounting Principles as in effect immediately prior to such change, but shall have the obligation to deliver each of the materials described in ARTICLE 7 to the Managing Agent and the Banks, on the dates therein specified, with financial data presented in a manner which conforms with Generally Accepted Accounting Principles as in effect immediately prior to such change.

1.4 ROUNDING. Any financial ratios required to be maintained by Borrowers pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed in this Agreement and rounding the result up or down to the nearest number (with a round-up if there is no nearest number) to the number of places by which such ratio is expressed in this Agreement.

1.5 EXHIBITS AND SCHEDULES. All Exhibits and Schedules to this Agreement, either as originally existing or as the same may from time to time be supplemented, modified

or amended, are incorporated herein by this reference. A matter disclosed on any Schedule shall be deemed disclosed on all Schedules.

1.6 REFERENCES TO "BORROWERS AND THEIR SUBSIDIARIES". Any reference herein to "Borrowers and their Subsidiaries" or the like shall refer solely to Borrowers during such times, if any, as Borrowers shall have no Subsidiaries.

1.7 MISCELLANEOUS TERMS. The term "or" is disjunctive; the term "and" is conjunctive. The term "shall" is mandatory; the term "may" is permissive. Masculine terms also apply to females; feminine terms also apply to males. The term "including" is by way of example and not limitation.

Article 2
LOANS

2.1 COMMITTED LOANS-GENERAL.

(a) Subject to the terms and conditions set forth in this Agreement, at any time and from time to time from the Closing Date through the Maturity Date, each Bank shall, pro rata according to that Bank's Pro Rata Share of the then applicable Line Commitment, make Advances to Borrowers under the Line Commitment in such amounts as Borrowers may request that do not result in (i) the aggregate principal amount outstanding under the Line Notes (after giving effect to all amounts requested thereunder) PLUS the Letter of Credit Exposure PLUS the aggregate amount of Swing Loans outstanding being in excess of the Line Commitment, and (ii) the aggregate principal amount outstanding under the Notes (after giving effect to all amounts requested thereunder) PLUS the Letter of Credit Exposure being in excess of the LESSER OF (A) the Line Commitment or (B) the Borrowing Base; provided that in all events no Default or Event of Default shall have occurred and be continuing. Subject to the limitations set forth herein, Borrowers may borrow, repay and reborrow under the Line Commitment without premium or penalty.

(b) [INTENTIONALLY OMITTED].

(c) Subject to the next sentence, each Loan shall be made pursuant to a Request for Loan which shall specify the requested (i) date of such Loan, (ii) type of Loan, (iii) amount of such Loan, and (iv) in the case of a LIBOR Rate Loan, the Interest Period for such Loan. Unless the Managing Agent has notified, in its sole and absolute discretion, Borrowers to the contrary, a Loan may be requested by telephone by a Responsible Official of Borrowers, in which case Borrowers shall confirm such request by promptly delivering a Request for Loan in person or by telecopier conforming to the preceding sentence to the Managing Agent. Managing Agent shall incur no liability whatsoever hereunder in acting upon any telephonic request for Loan purportedly made by a Responsible Official of Borrowers, and Borrowers hereby agree

to indemnify the Managing Agent from any loss, cost, expense or liability as a result of so acting.

(d) Promptly following receipt of a Request for Loan, the Managing Agent shall notify each Bank by telephone or telecopier (and if by telephone, promptly confirmed by telecopier) of the date and type of the Loan, the applicable Interest Period, and that Bank's Pro Rata Share of the Loan. Not later than 2:00 p.m., Massachusetts time, on the date specified for any Loan (which must be a Banking Day), each Bank shall make its Pro Rata Share of the Loan in immediately available funds available to the Managing Agent at the Managing Agent's Office. Upon satisfaction or waiver of the applicable conditions set forth in ARTICLE 8, all Advances shall be credited on that date in immediately available funds to the Designated Deposit Account.

(e) Unless the Requisite Banks otherwise consent, each Alternate Base Rate Loan shall be not less than \$1,000,000, each LIBOR Rate Loan shall be not less than \$2,000,000 and all Loans shall be in an integral multiple of \$100,000.

(f) The Advances made by each Bank under the Line Commitment shall be evidenced by that Bank's Line Note.

(g) A Request for Loan shall be irrevocable upon the Managing Agent's first notification thereof.

(h) If no Request for Loan (or telephonic request for Loan referred to in the second sentence of Section 2.1(c), if applicable) has been made within the requisite notice periods set forth in Section 2.2 or 2.3 prior to the end of the Interest Period for any LIBOR Rate Loan, then on the last day of such Interest Period, such LIBOR Rate Loan shall be automatically converted into an Alternate Base Rate Loan in the same amount.

2.2 ALTERNATE BASE RATE LOANS. Each request by Borrowers for an Alternate Base Rate Loan shall be made pursuant to a Request for Loan (or telephonic or other request for loan referred to in the second sentence of Section 2.1(C), if applicable) received by the Managing Agent, at the Managing Agent's Office, not later than 2:00 p.m. Massachusetts time, on the date (which must be a Banking Day) prior to the date of the requested Alternate Base Rate Loan. All Loans shall constitute Alternate Base Rate Loans unless properly designated as a LIBOR Rate Loan pursuant to Section 2.3.

2.3 LIBOR RATE LOANS.

(a) Each request by Borrowers for a LIBOR Rate Loan shall be made pursuant to a Request for Loan (or telephonic or other request for Loan referred to in the second sentence of SECTION 2.1(C), if applicable) received by the Managing Agent, at the Managing Agent's Office, not later than 2:00 p.m., Massachusetts time, at

least three (3) LIBOR Banking Days before the first day of the applicable LIBOR Period.

(b) On the date which is two (2) LIBOR Banking Days before the first day of the applicable LIBOR Period, the Managing Agent shall confirm its determination of the applicable LIBOR Rate (which determination shall be conclusive in the absence of manifest error) and promptly shall give notice of the same to Borrowers and the Banks by telephone or telecopier (and if by telephone, promptly confirmed by telecopier).

(c) Unless the Managing Agent and the Requisite Banks otherwise consent, no more than fifteen (15) LIBOR Rate Loans shall be outstanding at any one time.

(d) No LIBOR Rate Loan may be requested or continued during the continuation of a Default or Event of Default.

(e) Nothing contained herein shall require any Bank to fund any LIBOR Rate Advance in the London interbank market.

2.4 COMPETITIVE ADVANCES.

(a) Subject to the terms and conditions hereof, at any time and from time to time from the Closing Date through the Maturity Date, each Bank may in its sole and absolute discretion make Competitive Advances to Borrowers in such principal amounts as Borrowers may request pursuant to a Competitive Bid Request that do not result in (i) the aggregate principal amount outstanding under the Competitive Advance Notes (after giving effect to all amounts requested thereunder) PLUS the Letter of Credit Exposure PLUS the aggregate amount of Swing Loans outstanding being in excess of the LESSER OF (A) \$75,000,000 or (B) an amount equal to 33-1/3% of the Line Commitment, and (ii) the aggregate principal amount outstanding under the Notes (after giving effect to all amounts requested thereunder) PLUS the Letter of Credit Exposure being in excess of the LESSER OF (A) the Line Commitment or (B) the available Borrowing Base. A Bank lending to the Borrowers pursuant to this Section 2.4 shall remain obligated to make Committed Loans in accordance with its Pro Rata Share as provided in Section 2.1.

(b) Borrowers shall request Competitive Advances by submitting a duly completed Competitive Bid Request to the Managing Agent, which Competitive Bid Request shall specify the relevant date, amount and maturity for the proposed Competitive Advance and shall state whether a Competitive Bid is requested on the basis of a fixed interest rate (an "Absolute Rate Bid") or on the basis of a margin over the LIBOR Rate (a "LIBOR Margin Bid") and which shall be accompanied by payment of a nonrefundable \$2500 competitive bid request fee for the account of the Managing Agent. If a LIBOR Margin Bid is requested, the maturity date shall be one

of the periods permitted for a LIBOR Period for LIBOR Rate Loans, and any such advance shall be a LIBOR Rate Loan. The proposed funding date shall be a Banking Day in the case of an Absolute Rate Bid or a LIBOR Banking Day in the case of a LIBOR Margin Bid. The Managing Agent shall incur no liability whatsoever hereunder in acting upon any Competitive Bid Request purportedly made by a Responsible Official of Borrowers, which hereby agrees to indemnify the Managing Agent from any loss, cost, expense or liability as a result of so acting. The Competitive Bid Request must be received by the Managing Agent not later than 12:00 noon Massachusetts time on a Banking Day that is at least five (5) Banking Days prior to the date of the proposed Competitive Advance.

(c) Unless the Managing Agent otherwise agrees, in its sole and absolute discretion, no Competitive Bid Request shall be made by Borrowers if Borrowers have within the current calendar month submitted five (5) or more Competitive Bid Requests.

(d) Each Competitive Bid Request must be made for a Competitive Advance of at least \$10,000,000 and shall be in an integral multiple of \$1,000,000.

(e) No Competitive Bid Request shall be made for a Competitive Advance with a maturity of less than 7 days or more than 180 days, or with a maturity date subsequent to the Maturity Date.

(f) The Managing Agent shall, promptly after receipt of a Competitive Bid Request, provide the Banks a copy thereof by telecopier. Any Bank may, by written notice to the Managing Agent, advise the Managing Agent that it elects not to be so notified of Competitive Bid Requests, in which case the Managing Agent shall not notify such Bank of the Competitive Bid Request.

(g) Each Bank receiving a Competitive Bid Request may, in its sole and absolute discretion, make or not make a Competitive Bid responsive to the Competitive Bid Request. Each Competitive Bid shall be submitted so as to be received by the Managing Agent not later than 12:00 noon (or, in the case of the Domestic Reference Bank, not later than 11:45 a.m.) Massachusetts time on the date which is four (4) Banking Days prior to the requested Competitive Advance. Any Competitive Bid received by the Managing Agent after 12:00 noon (or 11:45 a.m. in the case of the Domestic Reference Bank) on such date shall be disregarded for purposes of this Agreement. The Managing Agent shall incur no liability whatsoever hereunder in acting upon any Competitive Bid purportedly made by a Responsible Official of a Bank, each of which hereby agrees to indemnify the Managing Agent from any loss, cost, expense or liability as a result of so acting with respect to that Bank.

(h) Each Competitive Bid shall specify the fixed interest rate or the margin over the LIBOR Rate, as applicable, for the offered Maximum Competitive

Advance set forth in the Competitive Bid. The Maximum Competitive Advance offered by a Bank in a Competitive Bid shall not exceed the Competitive Advance requested and may be less than the Competitive Advance requested by Borrowers in the Competitive Bid Request, but shall be an integral multiple of \$1,000,000. Any Competitive Bid which offers an interest rate OTHER THAN a fixed interest rate or a margin over the LIBOR Rate, is in a form other than set forth in EXHIBIT C or which otherwise contains any term, condition, qualification or provision not contained in the Competitive Bid Request (including without limitation a requirement of a minimum advance) or is received after the time set forth in Section 2.4(g) shall be disregarded for purposes of this Agreement. A Competitive Bid once submitted to the Managing Agent shall, subject to the terms of Sections 3.8(c), 3.8(d) and Section 8.2, be irrevocable until 12:00 noon Massachusetts time on the date which is three (3) Banking Days prior to the requested Competitive Advance set forth in the related Competitive Bid Request, and shall expire by its terms at such time unless accepted by Borrowers prior thereto.

(i) Promptly after 12:00 noon Massachusetts time on the date which is four (4) Banking Days prior to the date of the proposed Competitive Advance, the Managing Agent shall notify Borrowers of the names of the Banks providing Competitive Bids to the Managing Agent at or before 12:00 noon on that date (or 11:45 a.m. in the case of the Domestic Reference Bank) and satisfying the conditions of this Section 2.4 and the Maximum Competitive Advance and fixed interest rate or margin over the LIBOR Rate set forth by each such Bank in its Competitive Bid.

(j) Borrowers may, in their sole and absolute discretion, reject any or all of the Competitive Bids. If Borrowers accept any Competitive Bid, the following shall apply: (i) Borrowers must accept all Absolute Rate Bids at all lower fixed interest rates before accepting any portion of an Absolute Rate Bid at a higher fixed interest rate, (ii) Borrowers must accept all LIBOR Margin Bids at all lower margins over the LIBOR Rate before accepting any portion of a LIBOR Margin Bid at a higher margin over the LIBOR Rate, (iii) if two or more Banks have submitted a Competitive Bid at the same fixed interest rate or margin, then Borrowers must accept either all of such Competitive Bids or accept such Competitive Bids in the same proportion as the Maximum Competitive Advance of each Bank bears to the aggregate Maximum Competitive Advances of all such Banks, (iv) Borrowers may not accept Competitive Bids for an aggregate amount in excess of the requested Competitive Advance set forth in the Competitive Bid Request, and (v) the principal amount of the Competitive Bids accepted must be at least \$10,000,000 and shall be in an integral multiple of \$1,000,000. Acceptance by Borrowers of a LIBOR Margin Bid or Absolute Rate Bid must be made prior to 12:00 noon Massachusetts time on the date which is three (3) Banking Days prior to the requested Competitive Advance. Acceptance of a Competitive Bid by Borrowers shall be accomplished by written notification thereof to the Managing Agent and shall be irrevocable upon such notification. The Managing Agent shall promptly notify each of the Banks whose

Competitive Bid has been accepted by Borrowers by telephone, which notification shall promptly be confirmed in writing delivered in person or by telecopier to such Banks. Any Competitive Bid not accepted or rejected by Borrowers by 12:00 noon Massachusetts time, on the date which is three (3) Banking Days prior to the proposed Competitive Advance, shall be deemed rejected.

(k) In the case of a LIBOR Margin Bid, the Managing Agent shall determine the LIBOR Rate on the date which is two (2) LIBOR Banking Days prior to the date of the proposed Competitive Advance, and shall promptly thereafter notify Borrowers and the Banks whose LIBOR Margin Bids were accepted by Borrowers of such LIBOR Rate.

(l) A Bank whose Competitive Bid has been accepted by Borrowers shall make the Competitive Advance in accordance with the Competitive Bid Request and with its Competitive Bid, subject to the applicable conditions set forth in this Agreement, by making funds immediately available to the Managing Agent at the Managing Agent's Office in the amount of such Competitive Advance not later than 1:00 p.m., Massachusetts time, on the date set forth in the Competitive Bid Request. The Managing Agent shall then promptly make available to the Borrowers the aggregate amount of the Competitive Advances made available to the Managing Agent by crediting such amount in immediately available funds to the Designated Deposit Account.

(m) The Managing Agent shall notify Borrowers and the Banks promptly after any Competitive Advance is made of the amounts and maturity of such Competitive Advances and the identity of the Banks making such Competitive Advances.

(n) The Competitive Advances made by a Bank shall be evidenced by that Bank's Competitive Advance Note.

(o) No Competitive Advance may be prepaid without the prior written consent of the affected Bank.

(p) Notwithstanding anything in this Section 2.4 or this Agreement to the contrary, the provisions of this Section 2.4 shall not be effective and the Borrowers shall not be entitled to obtain Competitive Advances until Parent shall have delivered to Managing Agent evidence satisfactory to Managing Agent that Parent has subsequent to the Closing Date obtained a Credit Rating of at least BBB-/Baa3.

2.5 SWING LOAN COMMITMENTS.

(a) Subject to the terms and conditions set forth in this Agreement, Swing Loan Bank agrees to lend to the Borrowers (the "Swing Loans"), and the Borrowers may borrow (and repay and reborrow) from time to time between the Closing Date and the

date which is thirty (30) Banking Days prior to the Maturity Date upon notice by the Borrowers to the Swing Loan Bank given in accordance with this Section 2.5 such sums as are requested by the Borrower for the purposes set forth in Section 5.9 that do not result in (i) an aggregate principal amount at any one time outstanding being in excess of the Swing Loan Commitment, and (ii) the aggregate principal amount outstanding under the Notes (after giving effect to all amounts requested thereunder) PLUS the Letter of Credit Exposure being in excess of the LESSER OF (A) the Line Commitment or (B) the Borrowing Base. Swing Loans shall constitute "Loans" for all purposes hereunder, but shall not be considered the utilization of a Bank's Pro Rata Share of the Commitments. The funding of a Swing Loan hereunder shall constitute a representation and warranty by the Borrowers that all of the conditions set forth in ARTICLE 8 have been satisfied on the date of such funding (other than minimum Loan amount and advance notice requirements).

(b) The Swing Loans shall be evidenced by a separate promissory note of the Borrowers in substantially the form of EXHIBIT M hereto (the "Swing Loan Note"), dated the date of this Agreement and completed with appropriate insertions. The Swing Loan Note shall be payable to the order of the Swing Loan Bank in such amount as may be outstanding from time to time thereunder and shall be payable as set forth below. The Borrowers irrevocably authorize the Swing Loan Bank to make or cause to be made, at or about the time of the date of any Swing Loan or at the time of receipt of any payment of principal thereof, an appropriate notation on the Swing Loan Bank's record reflecting the making of such Swing Loan or (as the case may be) the receipt of such payment. The outstanding amount of the Swing Loans set forth on the Swing Loan Bank's record shall be PRIMA facie evidence of the principal amount thereof owing and unpaid to the Swing Loan Bank, but the failure to record, or any error in so recording, any such amount on the Swing Loan Bank's record shall not limit or otherwise affect the obligations of the Borrowers hereunder or under the Swing Loan Note to make payments of principal of or interest on any Swing Loan Note when due.

(c) Each borrowing of a Swing Loan shall be subject to the limits for Alternate Base Rate Loans and LIBOR Rate Loans set forth in this Agreement. The Borrowers shall request a Swing Loan by delivering to the Swing Loan Bank a Request for Loan no later than 2:00 p.m. (Massachusetts time) on the requested date specifying the amount of the requested Swing Loan. Each such Request for Loan shall be irrevocable and binding on the Borrowers and shall obligate the Borrowers to accept such Swing Loan on the requested date. Notwithstanding anything herein to the contrary, a Swing Loan shall either be an Alternate Base Rate Loan or a LIBOR Rate Loan having an Interest Period of one month, and in the event that the Borrowers fail to specify whether they have selected an Alternate Base Rate Loan or a LIBOR Rate Loan, the Borrowers shall be deemed conclusively to have selected a LIBOR Rate Loan with an Interest Period of one month. Notwithstanding the foregoing, upon the date that the Banks shall be required to fund the Loans pursuant to Section 2.5(D) to refund such Swing Loan, the interest rate shall be reset to a LIBOR Rate Loan with an Interest Period as specified in the Request for Loan given by the Borrowers to the Managing Agent in connection with such Swing Loan, or if no Interest Period is specified, then as an Alternate Base Rate Loan. The proceeds of the Swing Loan will be made available

by the Swing Loan Bank to the Borrowers at the Managing Agent's Office by crediting the account of the Borrowers at such office with such proceeds.

(d) The Swing Loan Bank shall within four (4) Banking Days after the date a Swing Loan is made, request each Bank, including the Swing Loan Bank, to make a Loan pursuant to Section 2.1 in an amount equal to such Bank's Pro Rata Share of the amount of the Swing Loan outstanding on the date such notice is given. The Borrowers hereby irrevocably authorize and direct the Swing Loan Bank to so act on their behalf, and agree that any amount advanced to the Managing Agent for the benefit of the Swing Loan Bank pursuant to this Section 2.5(D) shall be considered a Line Loan pursuant to Section 2.1. Unless any of the events described in Section 9.1(J) shall have occurred (in which event the procedures of Section 2.5(E) shall apply), each Bank shall make the proceeds of its Line Loan available to the Swing Loan Bank for the account of the Swing Loan Bank at the Managing Agent's Office prior to 2:00 p.m. (Boston time) in funds immediately available no later than the third (3rd) Banking Day after the date such notice is given just as if the Banks were funding directly to the Borrowers, so that thereafter such Obligations shall be evidenced by the Line Notes. The proceeds of such Line Loan shall be immediately applied to repay the Swing Loans.

(e) If prior to the making of a Line Loan pursuant to Section 2.5(D) by all of the Banks, one of the events described in Section 9.1(J) shall have occurred, each Bank will, on the date such Line Loan pursuant to Section 2.5(D) was to have been made, purchase an undivided participating interest in the Swing Loan in an amount equal to its Pro Rata Share of such Swing Loan. Each Bank will immediately transfer to the Swing Loan Bank in immediately available funds the amount of its participation and upon receipt thereof the Swing Loan Bank will deliver to such Bank a Swing Loan participation certificate dated the date of receipt of such funds and in such amount.

(f) Whenever at any time after the Swing Loan Bank has received from any Bank such Bank's participating interest in a Swing Loan, the Swing Loan Bank receives any payment on account thereof, the Swing Loan Bank will distribute to such Bank its participating interest in such amount (appropriately adjusted in the case of interest payments to reflect the period of time during which such Bank's participating interest was outstanding and funded); PROVIDED, HOWEVER, that in the event that such payment received by the Swing Loan Bank is required to be returned, such Bank will return to the Swing Loan Bank any portion thereof previously distributed by the Swing Loan Bank to it.

(g) Each Bank's obligation to fund a Line Loan as provided in Section 2.5(D) or to purchase participating interests pursuant to Section 2.5(E) shall be absolute and unconditional and shall not be affected by any circumstance (except only the failure of the Swing Loan Bank to make the request described in Section 2.5(D)), including, without limitation, (i) any setoff, counterclaim, recoupment, defense or other right which such Bank or the Borrowers may have against the Swing Loan Bank, the Borrowers or anyone else for any reason whatsoever; (ii) the occurrence or continuance of a Default or an Event of Default; (iii) any adverse change in the condition (financial or otherwise) of any of the Borrowers or any of their respective Subsidiaries; (iv) any breach of this Agreement or any of the other

Loan Documents by any of the Borrowers or any Bank; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. The provisions of Section 2.9 shall apply to any Bank which fails or refuses to make a Line Loan or fund its participation as provided herein. Each Swing Loan, once so converted, shall cease to be a Swing Loan for the purposes of this Agreement, but shall be a Line Loan made by each Bank under its Pro Rata Share of the Commitments.

2.6 LETTERS OF CREDIT.

(a) Subject to the terms and conditions set forth in this Agreement, at any time and from time to time from the Closing Date through the day that is thirty (30) Banking Days prior to the Maturity Date, the Managing Agent shall issue such Letters of Credit as the Borrowers may request, for the purposes provided in Section 5.9, upon the delivery of a written request in the form of EXHIBIT N hereto (a "Letter of Credit Request") to the Managing Agent, PROVIDED that (i) upon issuance of such Letter of Credit, the Letter of Credit Exposure shall not exceed Fifteen Million and No/100 Dollars (\$15,000,000.00), (ii) the aggregate principal amount outstanding under the Notes (after giving effect to all amounts requested thereunder) PLUS the Letter of Credit Exposure shall not exceed the LESSER OF (A) the Line Commitment or (B) the Borrowing Base, (iii) the conditions set forth in ARTICLE 8 shall have been satisfied, and (iv) in no event shall any amount drawn under a Letter of Credit be available for reinstatement or a subsequent drawing under such Letter of Credit. Unless the Managing Agent otherwise consents, the term of any Letter of Credit shall not exceed the lesser of twelve (12) months or a period of time commencing on the issuance of the Letter of Credit and ending on the date which is fifteen (15) days prior to the Maturity Date (but in any event the term shall not extend beyond the Maturity Date), and no Letter of Credit shall contain an automatic extension or renewal clause. The amount available to be drawn under any Letter of Credit shall reduce on a dollar for dollar basis the amount available to be drawn under the Commitments as a Loan.

(b) Each Letter of Credit Request shall be submitted to the Managing Agent at least five (5) Banking Days prior to the date upon which the requested Letter of Credit is to be issued. Following the receipt of a Letter of Credit Request, the Managing Agent shall promptly notify each of the Banks of the Letter of Credit Request. Each such Letter of Credit Request shall contain (i) a statement as to the purpose for which such Letter of Credit shall be used (which purpose shall be in accordance with the terms of Section 5.9), and (ii) a certification by a Responsible Official of the Borrowers that the Borrowers are and will be in compliance with all covenants under the Loan Documents after giving effect to the issuance of such Letter of Credit. The Borrowers shall further deliver to the Managing Agent such additional applications and documents as the Managing Agent may require, in conformity with the then standard practices of its letter of credit department in connection with the issuance of such Letter of Credit; provided that in the event of any conflict, the terms of this Agreement shall control.

(c) The Managing Agent shall, if it approves of the content of the Letter of Credit Request (which approval shall not be unreasonably withheld), and subject to the conditions set forth in this Agreement, issue the Letter of Credit. Each Letter of Credit shall be in form and substance satisfactory to the Managing Agent in its sole discretion. Upon issuance of a Letter of Credit, the Managing Agent shall provide copies of each Letter of Credit to any Bank which requests same.

(d) Upon the issuance of a Letter of Credit, each Bank shall be deemed to have purchased a participation therein from Managing Agent in an amount equal to its respective Pro Rata Share of the amount of such Letter of Credit, provided that no Bank shall be obligated to transfer funds in such amount to the Managing Agent at such time.

(e) Upon the issuance of each Letter of Credit, the Borrowers shall pay to the Managing Agent (i) for its own account, a set-up fee in the usual and customary amount charged by the Managing Agent's letter of credit department, and (ii) for the accounts of the Banks in accordance with their respective percentage shares of participation in such Letter of Credit, a Letter of Credit fee calculated at the rate of the then Applicable LIBOR Rate Margin per annum (which shall not be less than 162.50 basis points per annum in any event) on the amount available to be drawn under such Letter of Credit during the period from and including the issuance date of such Letter of Credit to its expiration or termination date. Such fees shall be computed on the basis of a year of 360 days and shall be payable in advance with respect to each Letter of Credit on the respective date of issuance of each.

(f) If and to the extent that any amounts are drawn upon any Letter of Credit, the amounts so drawn shall, from the date of payment thereof by the Managing Agent to either the date of reimbursement thereof by the Borrowers or repayment through a Line Loan as hereinafter provided, bear interest at the Alternate Base Rate. Upon the receipt by the Managing Agent of any draw or other presentation for payment of a Letter of Credit and the payment by the Managing Agent of any amount under a Letter of Credit which is not reimbursed by the Borrowers within twenty-four (24) hours of receipt of notice from the Managing Agent of such draw, the Managing Agent shall, without further notice to or the consent of the Borrowers, direct the Banks to fund to the Managing Agent in accordance with Section 2.9 on or before 2:00 p.m. (Boston time) on the next Banking Day following the Borrowers' failure to reimburse the Managing Agent, their respective Pro Rata Shares of the amount so paid by the Managing Agent as a Line Loan. The proceeds of such funding shall be paid to the Managing Agent to reimburse the Managing Agent for the payment made by it under the Letter of Credit and shall thereafter be evidenced by the Line Notes. The provisions of Section 2.9 shall apply to any Bank or Banks failing or refusing to fund its Pro Rata Share of any such draw. The Banks shall be required to make such Line Loans regardless of whether all of the conditions to disbursement set forth in ARTICLE 8 have been satisfied.

(g) If after the issuance of a Letter of Credit pursuant to Section 2.6(C) by the Managing Agent, but prior to any draw thereunder, one of the events described in Section 9.1(J) shall have occurred, each Bank will immediately transfer to the Managing Agent in immediately available funds the amount of its participation in such Letter of Credit

described in Section 2.6(D) above, and upon receipt thereof the Managing Agent will deliver to such Bank a Letter of Credit participation certificate dated the date of receipt of such funds and in such amount. The provisions of Section 2.9 shall apply to any Bank which fails or refuses to fund its participation as provided herein. Whenever at any time after the Managing Agent has received from any Bank such Bank's payment of funds for its participation in such Letter of Credit, such Letter of Credit expires pursuant to its terms or is otherwise surrendered by the holder thereof, the Managing Agent will distribute to each Bank its participating interest in the undrawn amount thereof.

(h) Whenever at any time after the Managing Agent has received from any Bank such Bank's payment of funds under a Letter of Credit, the Managing Agent receives any payment on account thereof, the Managing Agent will distribute to such Bank its participating interest in such amount (appropriately adjusted in the case of interest payments to reflect the period of time during which such Bank's participating interest was outstanding and funded); PROVIDED, HOWEVER, that in the event that such payment received by the Managing Agent is required to be returned, such Bank will return to the Managing Agent any portion thereof previously distributed by the Managing Agent to it.

(i) [INTENTIONALLY OMITTED].

(j) The issuance of any supplement, modification, amendment, renewal or extension to or of any Letter of Credit shall be treated in all respects the same as the issuance of a new Letter of Credit.

(k) The obligations of the Borrowers to the Banks to reimburse drawings under Letters of Credit under this Agreement shall be absolute, unconditional and irrevocable, and shall be paid and performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever and irrespective of any setoff, counterclaim or defense to payment which Borrowers may have or have had against Managing Agent or any of the Banks (except such as may arise out of Managing Agent's or any Bank's gross negligence or willful misconduct), including, without limitation, any setoff, counterclaim or defense based upon or arising out of the following circumstances: (i) any improper use which may be made of any Letter of Credit or any improper acts or omissions of any beneficiary or transferee of any Letter of Credit in connection therewith; (ii) the existence of any claim, set-off, defense or any right which the Borrowers may have at any time against any beneficiary or any transferee of any Letter of Credit (or persons or entities for whom any such beneficiary or any such transferee may be acting) or the Banks (other than the defense of payment to the Banks in accordance with the terms of this Agreement) or any other person, whether in connection with any Letter of Credit, this Agreement, any other Loan Document, or any unrelated transaction; (iii) any statement or any other documents presented under any Letter of Credit proving to be insufficient, forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect whatsoever; (iv) any breach of any agreement between any Borrower and any beneficiary or transferee of any Letter of Credit; (v) any irregularity in the transaction with respect to which any Letter of Credit is issued, including any fraud by the beneficiary or any transferee of such Letter of Credit; and (vi) payment by the

Managing Agent under any Letter of Credit against presentation of a sight draft or a certificate which does not comply with the terms of such Letter of Credit, provided that such payment shall not have constituted gross negligence or willful misconduct on the part of the Managing Agent.

2.7 VOLUNTARY REDUCTION OF COMMITMENTS. Borrowers shall have the right, at any time and from time to time, without penalty or charge, upon at least three (3) Banking Days' prior written notice by a Responsible Official of Borrowers to the Managing Agent, voluntarily to reduce, permanently and irrevocably, in aggregate principal amounts in an integral multiple of \$1,000,000 but not less than \$5,000,000, or to terminate, all or a portion of the then undisbursed portion of the Commitments; provided that in no event shall the Commitments be reduced to an amount less than \$150,000,000.00. The Managing Agent shall promptly notify the Banks of any reduction or termination of the Commitments under this Section. Any reduction of the Commitments shall be allocated PRO RATA among the Banks.

2.8 OPTIONAL TERMINATION OF COMMITMENTS. Following the occurrence of a Change in Control, the Requisite Banks may in their sole and absolute discretion elect, during the thirty (30) day period immediately subsequent to the LATER OF (a) such occurrence or (b) the EARLIER of (i) receipt of Borrowers' written notice to the Managing Agent of such occurrence or (ii) if no such notice has been received by the Managing Agent, the date upon which the Managing Agent has actual knowledge thereof, to terminate the Commitments, in which case the Commitments shall be terminated effective on the date which is thirty (30) days subsequent to written notice from the Managing Agent to Borrowers thereof.

2.9 MANAGING AGENT'S RIGHT TO ASSUME FUNDS AVAILABLE FOR ADVANCES. Unless the Managing Agent shall have been notified by any Bank no later than 10:00 a.m. Massachusetts time on the Banking Day of the proposed funding by the Managing Agent of any Loan that such Bank does not intend to make available to the Managing Agent such Bank's portion of the total amount of such Loan, the Managing Agent may assume that such Bank has made such amount available to the Managing Agent on the date of the Loan and the Managing Agent may, in reliance upon such assumption, make available to Borrowers a corresponding amount. If the Managing Agent has made funds available to Borrowers based on such assumption and such corresponding amount is not in fact made available to the Managing Agent by such Bank, the Managing Agent shall be entitled to recover such corresponding amount on demand from such Bank. If such Bank does not pay such corresponding amount forthwith upon the Managing Agent's demand therefor, the Managing Agent promptly shall notify Borrowers and Borrowers shall pay such corresponding amount to the Managing Agent. The Managing Agent also shall be entitled to recover from such Bank interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Managing Agent to Borrowers to the date such corresponding amount is recovered by the Managing Agent, at a rate per annum equal to the daily Federal Funds Rate. Nothing herein shall be deemed to relieve any Bank from its obligation to fulfill its share of the Commitments or to prejudice any rights which the Managing Agent or Borrowers may have against any Bank as a result of any default by such Bank hereunder.

2.10 EXTENSION OF MATURITY DATE.

(a) The Maturity Date may be extended for a one-year period at the request of Borrowers and with the written consent of all of the Banks (which may be withheld in the sole and absolute discretion of each Bank) pursuant to this Section. Not later than December 11, 2002, or by December 11 in the subsequent year as provided in Section 2.10(D), and provided that Borrowers are then in compliance with Section 7.1, Borrowers may deliver to the Managing Agent and the Banks a written request for a one year extension of the Maturity Date together with a Certificate of a Responsible Official signed by a Senior Officer on behalf of Borrowers stating that the representations and warranties contained in ARTICLE 4 (OTHER THAN (i) representations and warranties which expressly speak as of a particular date or are no longer true and correct as a result of a change which is not a violation of this Agreement and (ii) as otherwise disclosed by Borrowers and approved in writing by the Requisite Banks) will be true and correct in all material respects, both immediately before and after giving effect to such request, as though such representations and warranties were made on and as of that date. Each Bank shall, on or prior to the date that is thirty (30) days after receipt of such written request, notify in writing the Managing Agent whether (in its sole and absolute discretion) it consents to such request and the Managing Agent shall, after receiving the notifications from all of the Banks or the expiration of such period, whichever is earlier, notify Borrowers and the Banks of the results thereof. If all of the Banks have consented, then the Maturity Date shall be automatically extended for one year upon payment by Borrowers to the Managing Agent of the extension fee pursuant to Section 3.6.

(b) If Banks holding 80% or more of the Commitments (the "Approving Banks") consent to the request for extension, but one or more Banks (the "Disapproving Banks") notifies the Managing Agent that it will not consent to the request for extension (or fails to notify the Managing Agent in writing of its consent to the extension by the date that is thirty (30) days after receipt of such written request), Borrowers may at their option reduce the Commitments at the then scheduled Maturity Date by an amount equal to the amount thereof held by the Disapproving Banks (each of which shall be paid the aggregate outstanding principal amount under their respective Note and all accrued interest and fees and other amounts payable hereunder), adjust the Pro-Rata Shares (but not the amount) of the reduced Commitments of the Approving Banks to correspond with the reduced Commitments and, subject to the further written consent of all the Approving Banks, the Maturity Date shall automatically be extended for one year upon payment by Borrowers to the Managing Agent of the extension fee pursuant to Section 3.6. The Borrowers shall notify the Managing Agent of their intention to exercise their option pursuant to this Section 2.10(B) by delivery of written notice to the Managing Agent of their exercise of such option not less than fifteen (15) days prior to the then scheduled Maturity Date.

(c) If Banks holding 80% or more of the Commitments do not consent to the request for extension, Borrowers may, within the thirty (30) day period

following expiration of the aforesaid thirty (30) day period (but in any event prior to the then scheduled Maturity Date), cause the Disapproving Banks to assign their Pro Rata Shares of the Commitments to an Eligible Assignee acceptable to Borrowers and the Managing Agent pursuant to Section 11.24. The Managing Agent shall reserve the right to approve the allocation of Commitments; it being acknowledged that the Managing Agent shall not be required to approve an assignment which results in a Bank having a greater Pro Rata Share of the Commitments than that of the Managing Agent. Upon completion of such assignments, the request for extension shall be renewed and, subject to the written consent of all of the Banks (INCLUDING the new Banks), the Maturity Date shall automatically be extended for one year upon payment by Borrowers to the Managing Agent of the extension fee pursuant to Section 3.6.

(d) If a request for extension is approved as provided in this Section 2.10, the Borrowers shall retain the right to request one (1) additional one (1) year extension in the manner provided in this Section 2.10.

2.11 UNENCUMBERED ASSET POOL. Borrowers may at any time add a Qualified Unencumbered Asset Pool Property to the Unencumbered Asset Pool pursuant to this Section 2.11, which process shall be initiated by delivery by Borrowers to the Managing Agent (which the Managing Agent shall promptly distribute to the Banks) of a complete description of the Qualified Unencumbered Asset Pool Property, the most recent year operating income statement related thereto (to the extent available), cash flow projections for such property for at least the next twelve (12) months, a description of all tenants and leases with respect thereto, a certification of a Senior Officer of the Borrowers that Parent has obtained a current written report prepared by a qualified independent expert with respect to Hazardous Materials related thereto which discloses that such property would not be in violation of the representations and covenants of this Agreement and other written materials reasonably requested by any Bank. Borrowers may remove a Revenue-Producing Property from the Unencumbered Asset Pool by delivery to the Managing Agent (for distribution to the Banks) of a written notice to that effect, accompanied by a Certificate of a Senior Officer of Borrowers setting forth the revised Borrowing Base as of the most recently-ended Fiscal Quarter resulting from such removal, which removal shall be effective on the third (3rd) day after the date of such notice.

2.12 REPRESENTATIVE OF BORROWERS. Each of Borrowers hereby appoints Parent as its agent, attorney-in-fact and representative for the purpose of making Requests for Loans, Competitive Bid Requests, acceptance of Competitive Bids, Letter of Credit Requests, payment and prepayment of Loans and Competitive Advances, the giving and receipt of notices by and to Borrowers under this Agreement and all other purposes incidental to any of the foregoing. Each of Borrowers agrees that any action taken by Parent as the agent, attorney-in-fact and representative of such Borrowers shall be binding on such Borrowers to the same extent as if directly taken by such Borrower.

Article 3
PAYMENTS AND FEES

3.1 PRINCIPAL AND INTEREST.

(a) Interest shall be payable on the outstanding daily unpaid principal amount of each Advance from the date thereof until payment in full is made and shall accrue and be payable at the rates set forth or provided for herein before and after Default, before and after maturity, before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law, with interest on overdue interest at the Default Rate to the fullest extent permitted by applicable Laws.

(b) Interest accrued on each Alternate Base Rate Loan shall be due and payable on each Monthly Payment Date. EXCEPT as otherwise provided in Section 3.9, the unpaid principal amount of any Alternate Base Rate Loan shall bear interest at a fluctuating rate per annum equal to the Alternate Base Rate PLUS the Applicable Alternate Base Rate Margin. Each change in the interest rate under this Section 3.1(b) due to a change in the Alternate Base Rate shall take effect simultaneously with the corresponding change in the Alternate Base Rate.

(c) Interest accrued on each LIBOR Rate Loan shall be due and payable on each Monthly Payment Date. EXCEPT as otherwise provided in Section 3.9, the unpaid principal amount of any LIBOR Rate Loan shall bear interest at a rate per annum equal to the LIBOR Rate for that LIBOR Rate Loan PLUS the Applicable LIBOR Rate Margin.

(d) Interest accrued on each Fixed Rate Loan shall be due and payable on each Monthly Payment Date. EXCEPT as otherwise provided in Section 3.9, the unpaid principal amount of any Fixed Rate Loan shall bear interest at the rate per annum quoted by the Bank making such Loan in accordance with Section 2.4.

(e) In the event that any additional interest becomes due and payable for any period with respect to a Loan as a result of the Pricing Level being determined based on the Leverage Ratio or any change in the Leverage Ratio, and the interest for such period has previously been paid by the Borrowers, the Borrowers shall pay to the Managing Agent for the account of the Banks the amount of such increase within ten (10) days of demand.

(f) If not sooner paid, the principal Indebtedness evidenced by the Notes shall be payable as follows:

(i) the amount, if any, by which the principal Indebtedness evidenced by the Line Notes (after giving effect to all amounts requested thereunder) PLUS the Letter of Credit Exposure PLUS the aggregate amount of

Swing Loans outstanding, at any time exceeds the then applicable Line Commitment shall be payable immediately;

(ii) the amount, if any, by which the principal Indebtedness evidenced by the Notes (after giving effect to all amounts requested thereunder) PLUS the Letter of Credit Exposure PLUS the aggregate amount of Swing Loans outstanding, at any time exceeds the Line Commitment shall be payable immediately;

(iii) the amount, if any, by which the principal Indebtedness evidenced by the Notes (after giving effect to all amounts requested thereunder) PLUS the Letter of Credit Exposure PLUS the aggregate amount of Swing Loans outstanding, at any time exceeds the Borrowing Base shall be payable immediately;

(iv) the principal Indebtedness evidenced by each Competitive Advance Note shall be payable on the maturity date of each Competitive Advance in the amount of such Competitive Advance; and

(v) the principal Indebtedness evidenced by the Notes shall in any event be payable on the Maturity Date.

(g) Except as otherwise provided in Section 2.4(o), the Notes may, at any time and from time to time, voluntarily be paid or prepaid in whole or in part without premium or penalty, EXCEPT that with respect to any voluntary prepayment under this Section, (i) any partial prepayment shall be not less than \$1,000,000, (ii) the Managing Agent shall have received written notice of any prepayment by 12:00 noon Massachusetts time on the date of prepayment (which must be a Banking Day) in the case of an Alternate Base Rate Loan, and, in the case of a LIBOR Rate Loan, three (3) Banking Days before the date of prepayment, which notice shall identify the date and amount of the prepayment and the Loan(s) being prepaid, (iii) each prepayment of principal on any Loan shall be accompanied by payment of interest accrued to the date of payment on the amount of principal paid, (iv) any payment or prepayment of all or any part of any LIBOR Rate Loan on a day other than the last day of the applicable Interest Period shall be subject to Section 3.8(e) and (v) upon any partial prepayment of a LIBOR Rate Loan that reduces it below \$2,000,000, the remaining portion thereof shall automatically convert to an Alternate Base Rate Loan. Notwithstanding the foregoing, no prior notice shall be required for the prepayment of any Swing Loan.

(h) All of the Borrowers' interest in the gross proceeds of each and every sale or refinancing of real estate assets of the Borrowers and their respective Subsidiaries (whether held directly or indirectly) or of a sale of a Borrower as permitted by Section 6.18, less all reasonable costs, expenses and commissions paid to unrelated parties and less any Indebtedness (other than the Obligations) secured by such asset to be satisfied as a part of such sale or refinance, shall be promptly paid by

the Borrowers to the Managing Agent for the account of the Banks as a prepayment of the Loans to the extent of the outstanding balance of the Loans (provided that such amounts may be deposited with Managing Agent as security for the Obligations and applied against the Obligations upon the expiration of the next succeeding LIBOR Periods, if applicable, following the occurrence of such event requiring such prepayment, to minimize the payment of costs pursuant to Section 3.8(e)). The Borrowers shall upon the request of the Managing Agent enter into such further instruments (including financing statements) to further evidence or perfect such security interest. In the event any amounts are deposited pursuant to this paragraph, the Borrowers may upon the approval of the Managing Agent obtain a release of amounts from such collateral account for such purposes as proceeds of the Loans may be used hereunder provided that the Borrowers would otherwise be entitled to an Advance under this Agreement. The Banks may elect at any time to apply any such deposited amounts as a prepayment of the Loan, provided that in connection with such application no costs pursuant to Section 3.8(e) shall be charged to Borrowers.

(i) Unless otherwise approved by the Managing Agent, the Borrowers shall cause all gross proceeds of each and every Debt Offering and Equity Offering, less all reasonable costs, fees, expenses, underwriting commissions, fees and discounts incurred in connection therewith, to be paid by the Borrowers to the Managing Agent for the account of the Banks as a prepayment of the Loans within ten (10) days of the date of such offering to the extent of the outstanding balance of the Loans (provided that such amounts may be deposited with Managing Agent as security for the Obligations and applied against the Obligations upon the expiration of the next succeeding LIBOR Periods, if applicable, following the occurrence of such event requiring such prepayment, to minimize the payment of costs pursuant to Section 3.8(e)). The Borrowers shall upon the request of the Managing Agent enter into such further instruments (including financing statements) to further evidence or perfect such security interest. In the event any amounts are deposited pursuant to this paragraph, the Borrowers may upon the approval of the Managing Agent obtain a release of amounts from such collateral account for such purposes as proceeds of the Loans may be used hereunder provided that the Borrowers would otherwise be entitled to an Advance under this Agreement. The Banks may elect at any time to apply any such deposited amounts as a prepayment of the Loan, provided that in connection with such application no costs pursuant to Section 3.8(e) shall be charged to Borrowers.

3.2 CLOSING FEE. On the Closing Date, Borrowers shall pay to the Managing Agent the balance of the closing fee as heretofore agreed upon pursuant to the Agreement Regarding Fees between Borrowers and the Managing Agent. The closing fee paid to the Managing Agent is solely for its own account and is nonrefundable. Managing Agent shall pay to the other Banks on the Closing Date a closing fee in accordance with their separate written agreement.

3.3 [INTENTIONALLY OMITTED.]

3.4 COMMITMENT FEE. From the Closing Date through the Maturity Date, Borrowers shall pay to the Managing Agent, for the ratable accounts of the Banks pro rata according to their Pro Rata Share of the Commitments, a commitment fee equal to one fourth of one percent (0.25%) on the average daily amount by which the Line Commitment exceeds the aggregate daily principal Indebtedness evidenced by the Line Notes and the aggregate amount of outstanding Letters of Credit. The commitment fee shall be payable quarterly in arrears on each Quarterly Payment Date, on any earlier date on which the Line Commitment shall be reduced or shall terminate as provided in Section 2.7, and on the Maturity Date.

3.5 AGENCY FEE. Borrowers shall pay to the Managing Agent an agency fee in such amounts and at such times as heretofore agreed pursuant to the Agreement Regarding Fees between Borrowers and the Managing Agent. The agency fee paid to the Managing Agent is solely for its own account and is nonrefundable.

3.6 EXTENSION FEES. Borrowers shall pay to the Managing Agent for the account of the Banks an extension fee concurrently with each extension of the Maturity Date pursuant to Section 2.10 in an amount to be determined by the parties at the time each such extension is requested.

3.7 INCREASED COMMITMENT COSTS. If any Bank shall determine in good faith that the introduction after the Closing Date of any applicable law, rule, regulation or guideline regarding capital adequacy, or any change therein or any change in the interpretation or administration thereof by any central bank or other Governmental Agency charged with the interpretation or administration thereof, or compliance by such Bank (or its LIBOR Lending Office) or any corporation controlling such Bank, with any request, guideline or directive regarding capital adequacy (whether or not having the force of Law) of any such central bank or other authority not imposed as a result of such Bank's or such corporation's failure to comply with any other Laws, affects or would affect the amount of capital required or expected to be maintained by such Bank or any corporation controlling such Bank and (taking into consideration such Bank's or such corporation's policies with respect to capital adequacy and such Bank's desired return on capital) determines in good faith that the amount of such capital is increased, or the rate of return on capital is reduced, as a consequence of its obligations under this Agreement, then, within ten (10) Banking Days after demand of such Bank, Borrowers shall pay to such Bank, from time to time as specified in good faith by such Bank, additional amounts sufficient to compensate such Bank in light of such circumstances, to the extent reasonably allocable to such obligations under this Agreement, PROVIDED that Borrowers shall not be obligated to pay any such amount which arose prior to the date which is ninety (90) days preceding the date of such demand or is attributable to periods prior to the date which is ninety (90) days preceding the date of such demand. Each Bank's determination of such amounts shall be conclusive in the absence of manifest error.

3.8 LIBOR COSTS AND RELATED MATTERS.

(a) In the event that any Governmental Agency imposes on any Bank any reserve or comparable requirement (INCLUDING any emergency, supplemental

or other reserve) with respect to the LIBOR Obligations of that Bank, Borrowers shall pay that Bank within five (5) Banking Days after demand all amounts necessary to compensate such Bank (determined as though such Bank's LIBOR Lending Office had funded 100% of its LIBOR Rate Advance in the London interbank market) in respect of the imposition of such reserve requirements on each LIBOR Rate Advance made by such Bank (PROVIDED, that Borrowers shall not be obligated to pay any such amount which arose prior to the date which is ninety (90) days preceding the date of such demand or is attributable to periods prior to the date which is ninety (90) days preceding the date of such demand). The Bank's determination of such amount shall be conclusive in the absence of manifest error.

(b) If, after the date hereof, the existence or occurrence of any Special LIBOR Circumstance:

(1) shall subject any Bank or its LIBOR Lending Office to any tax, duty or other charge or cost with respect to any LIBOR Rate Advance, any of its Notes evidencing LIBOR Rate Loans or its obligation to make LIBOR Rate Advances, or shall change the basis of taxation of payments to any Bank attributable to the principal of or interest on any LIBOR Rate Advance or any other amounts due under this Agreement in respect of any LIBOR Rate Advance, any of its Notes evidencing LIBOR Rate Loans or its obligation to make LIBOR Rate Advances (PROVIDED, that Borrowers shall not be obligated to pay any such amount which arose prior to the date which is ninety (90) days preceding the date of such demand or is attributable to periods prior to the date which is ninety (90) days preceding the date of such demand), EXCLUDING (i) taxes imposed on or measured in whole or in part by its overall net income by (A) any jurisdiction (or political subdivision thereof) in which it is organized or maintains its principal office or LIBOR Lending Office or (B) any jurisdiction (or political subdivision thereof) in which it is "doing business" and (ii) any withholding taxes or other taxes based on gross income imposed by the United States of America for any period with respect to which it has failed to provide Borrowers with the appropriate form or forms required by Section 11.21, to the extent such forms are then required by applicable Laws;

(2) shall impose, modify or deem applicable any reserve not applicable or deemed applicable on the date hereof (INCLUDING any reserve imposed by the Board of Governors of the Federal Reserve System, special deposit, capital or similar requirements against assets of, deposits with or for the account of, or credit extended by, any Bank or its LIBOR Lending Office); or

(3) shall impose on any Bank or its LIBOR Lending Office or the London interbank market any other condition affecting any LIBOR Rate Advance, any of its Notes evidencing LIBOR Rate Loans, its obligation to

make LIBOR Rate Advances or this Agreement, or shall otherwise affect any of the same;

and the result of any of the foregoing, as determined in good faith by such Bank, increases the cost to such Bank or its LIBOR Lending Office of making or maintaining any LIBOR Rate Advance or in respect of any LIBOR Rate Advance, any of its Notes evidencing LIBOR Rate Loans or its obligation to make LIBOR Rate Advances or reduces the amount of any sum received or receivable by such Bank or its LIBOR Lending Office with respect to any LIBOR Rate Advance, any of its Notes evidencing LIBOR Rate Loans or its obligation to make LIBOR Rate Advances (assuming such Bank's LIBOR Lending Office had funded 100% of its LIBOR Rate Advance in the London interbank market), then, within five (5) Banking Days after demand by such Bank (with a copy to the Managing Agent), Borrowers shall pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction (determined as though such Bank's LIBOR Lending Office had funded 100% of its LIBOR Rate Advance in the London interbank market). A statement of any Bank claiming compensation under this subsection shall be conclusive in the absence of manifest error.

(c) If, after the date hereof, the existence or occurrence of any Special LIBOR Circumstance shall, in the good faith opinion of any Bank, make it unlawful or impossible for such Bank or its LIBOR Lending Office to make, maintain or fund its portion of any LIBOR Rate Loan, or materially restrict the authority of such Bank to purchase or sell, or to take deposits of, Dollars in the London interbank market, or to determine or charge interest rates based upon the LIBOR Rate, and such Bank shall so notify the Managing Agent, then such Bank's obligation to make LIBOR Rate Advances shall be suspended for the duration of such illegality or impossibility and the Managing Agent forthwith shall give notice thereof to the other Banks and Borrowers. Upon receipt of such notice, the outstanding principal amount of such Bank's LIBOR Rate Advances, together with accrued interest thereon, automatically shall be converted to Alternate Base Rate Advances on either (1) the last day of the LIBOR Period(s) applicable to such LIBOR Rate Advances if such Bank may lawfully continue to maintain and fund such LIBOR Rate Advances to such day(s) or (2) immediately if such Bank may not lawfully continue to fund and maintain such LIBOR Rate Advances to such day(s), PROVIDED that in such event the conversion shall not be subject to payment of a prepayment fee under Section 3.8(e). Each Bank agrees to endeavor promptly to notify Borrowers of any event of which it has actual knowledge, occurring after the Closing Date, which will cause that Bank to notify the Managing Agent under this Section, and agrees to designate a different LIBOR Lending Office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Bank, otherwise be materially disadvantageous to such Bank. In the event that any Bank is unable, for the reasons set forth above, to make, maintain or fund its portion of any LIBOR Rate Loan, such Bank shall fund such amount as an Alternate Base Rate Advance for the same period of time, and such amount shall be treated in all respects as an Alternate Base Rate Advance. Any Bank

whose obligation to make LIBOR Rate Advances has been suspended under this Section shall promptly notify the Managing Agent and Borrowers of the cessation of the Special LIBOR Circumstance which gave rise to such suspension.

(d) If, with respect to any proposed LIBOR Rate Loan:

(1) the Managing Agent reasonably determines that, by reason of circumstances affecting the London interbank market generally that are beyond the reasonable control of the Banks, deposits in Dollars (in the applicable amounts) are not being offered to any Bank in the London interbank market for the applicable LIBOR Period; or

(2) the Requisite Banks advise the Managing Agent that the LIBOR Rate as determined by the Managing Agent (i) does not represent the effective pricing to such Banks for deposits in Dollars in the London interbank market in the relevant amount for the applicable LIBOR Period, or (ii) will not adequately and fairly reflect the cost to such Banks of making the applicable LIBOR Rate Advances;

then the Managing Agent forthwith shall give notice thereof to Borrowers and the Banks, whereupon until the Managing Agent notifies Borrowers that the circumstances giving rise to such suspension no longer exist, the obligation of the Banks to make any future LIBOR Rate Advances shall be suspended.

(e) Upon payment or prepayment of any LIBOR Rate Advance (OTHER THAN as the result of a conversion required under Section 3.8(c) or as provided in the last sentence of each of Section 3.1(h) and 3.1(i) or as the result of a conversion of a Swing Loan to a Line Loan as provided in Section 2.5(d)) or a Fixed Rate Loan on a day other than the last day in the applicable LIBOR Period or the maturity of such Fixed Rate Loan, as applicable, (whether voluntarily, involuntarily, by reason of acceleration, or otherwise), or upon the failure of Borrowers (for a reason other than the breach by a Bank of its obligation pursuant to Section 2.1(a) to make an Advance) to borrow on the date or in the amount specified for a LIBOR Rate Loan in any Request for Loan or for a Fixed Rate Loan, Borrowers shall pay to the appropriate Bank within ten (10) Banking Days after demand a prepayment fee or failure to borrow fee, as the case may be (determined with respect to LIBOR Rate Loans as though 100% of the LIBOR Rate Advance had been funded in the London interbank market) equal to the SUM of:

(1) \$250; PLUS

(2) with respect to LIBOR Rate Loans, the amount, if any, by which (i) the additional interest that would have accrued on the amount prepaid or not borrowed at the LIBOR Rate PLUS the Applicable LIBOR Rate Margin if that amount had remained or been outstanding through the last day of

the applicable Interest Period EXCEEDS (ii) the interest that the Bank could recover by placing such amount on deposit in the London interbank market for a period beginning on the date of the prepayment or failure to borrow and ending on the last day of the applicable Interest Period (or, if no deposit rate quotation is available for such period, for the most comparable period for which a deposit rate quotation may be obtained); or with respect to Fixed Rate Loans, the amount, if any, by which (i) the additional interest that would have accrued on the amount prepaid or not borrowed at the rate applicable to such Fixed Rate Loan if that amount had remained or been outstanding through the last day of the applicable Advance EXCEEDS (ii) the yield that the Bank could recover by purchasing a debt security customarily issued by the Treasury of the United States of America having a maturity date ending on the last day of the term of such Fixed Rate Loan (or, if no such security is available for such period, for the most comparable period for which such security may be obtained); PLUS

(3) all out-of-pocket expenses incurred by the Bank reasonably attributable to such payment, prepayment or failure to borrow.

Each Bank's determination of the amount of any prepayment fee payable under this Section shall be conclusive in the absence of manifest error.

(f) Each Bank agrees to endeavor promptly to notify Borrowers of any event of which it has actual knowledge, occurring after the Closing Date, which will entitle such Bank to compensation pursuant to clause (a) or clause (b) of this Section 3.8, and agrees to designate a different LIBOR Lending Office if such designation will avoid the need for or reduce the amount of such compensation and will not, in the good faith judgment of such Bank, otherwise be materially disadvantageous to such Bank. Any request for compensation by a Bank under this Section 3.8 shall set forth the basis upon which it has been determined that such an amount is due from Borrowers, a calculation of the amount due, and a certification that the corresponding costs have been incurred by the Bank.

3.9 LATE PAYMENTS. If any installment of principal or interest or any fee or cost or other amount payable under any Loan Document to the Managing Agent or any Bank is not paid when due, it shall thereafter bear interest at a fluctuating interest rate per annum (the "Default Rate") at all times equal to the SUM OF the Alternate Base Rate PLUS the Applicable Alternate Base Rate Margin PLUS 2%, to the fullest extent permitted by applicable Laws. Accrued and unpaid interest on past due amounts (INCLUDING, without limitation, interest on past due interest) shall be compounded monthly, on the last day of each calendar month, to the fullest extent permitted by applicable Laws. In addition, the Borrowers shall pay a late charge equal to three percent (3%) of any amount of interest and/or principal payable on the Loans or any other amounts payable hereunder or under the other Loan Documents which is not paid within ten (10) days of the date when due.

3.10 COMPUTATION OF INTEREST AND FEES. Computation of interest and fees under this Agreement shall be calculated on the basis of a year of 360 days and the actual number of days elapsed. Interest shall accrue on each Loan for the day on which the Loan is made; interest shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid. Any Loan that is repaid on the same day on which it is made shall bear interest for one day. Notwithstanding anything in this Agreement to the contrary, interest in excess of the maximum amount permitted by applicable Laws shall not accrue or be payable hereunder or under the Notes, and any amount paid as interest hereunder or under the Notes which would otherwise be in excess of such maximum permitted amount shall instead be treated as a payment of principal.

3.11 NON-BANKING DAYS. If any payment to be made by Borrowers or any other Party under any Loan Document shall come due on a day other than a Banking Day, payment shall instead be considered due on the next succeeding Banking Day, unless, in the case of a payment relating to a LIBOR Rate Loan, such next succeeding Banking Day is in the next calendar month, in which case such payment shall be made on the next preceding Bank Day, and the extension of time shall be reflected in computing interest and fees.

3.12 MANNER AND TREATMENT OF PAYMENTS.

(a) Each payment hereunder (EXCEPT payments pursuant to Sections 3.7, 3.8, 11.3, 11.11 and 11.22) or on the Notes or under any other Loan Document shall be made to the Managing Agent at the Managing Agent's Office for the account of each of the Banks or the Managing Agent, as the case may be, in immediately available funds not later than 1:00 p.m. Massachusetts time, on the day of payment (which must be a Banking Day). All payments received after such time, on any Banking Day, shall be deemed received on the next succeeding Banking Day. The amount of all payments received by the Managing Agent for the account of each Bank shall be immediately paid by the Managing Agent to the applicable Bank in immediately available funds and, if such payment was received by the Managing Agent by 1:00 p.m., Massachusetts time, on a Banking Day and not so made available to the account of a Bank on that Banking Day, the Managing Agent shall reimburse that Bank for the cost to such Bank of funding the amount of such payment at the Federal Funds Rate. All payments shall be made in lawful money of the United States of America.

(b) Each payment or prepayment on account of any Loan shall be applied pro rata according to the outstanding Advances made by each Bank comprising such Loan.

(c) Each Bank shall use its best efforts to keep a record (in writing or by an electronic data entry system) of Advances made by it and payments received by it with respect to each of its Notes and, subject to Section 10.6(g), such record shall, as against Borrowers, be presumptive evidence of the amounts owing. Notwithstanding the foregoing sentence, the failure by any Bank to keep such a record shall not affect Borrowers' obligation to pay the Obligations.

(d) Each payment of any amount payable by Borrowers or any other Party under this Agreement or any other Loan Document shall be made without setoff or counterclaim and free and clear of, and without reduction by reason of, any taxes, assessments or other charges imposed by any Governmental Agency, central bank or comparable authority, EXCLUDING (i) taxes imposed on or measured in whole or in part by any Bank's overall net income by (A) any jurisdiction (or political subdivision thereof) in which such Bank is organized or maintains its principal office or LIBOR Lending Office or (B) any jurisdiction (or political subdivision thereof) in which such Bank is "doing business" and (ii) any withholding taxes or other taxes based on gross income imposed by the United States of America for any period with respect to which any Bank has failed to provide Borrowers with the appropriate form or forms required by Section 11.21, to the extent such forms are then required by applicable Laws (all such non-excluded taxes, assessments or other charges being hereinafter referred to as "Taxes"). To the extent that Borrowers are obligated by applicable Laws to make any deduction or withholding on account of Taxes from any amount payable to any Bank under this Agreement, Borrowers shall (i) make such deduction or withholding and pay the same to the relevant Governmental Agency and (ii) pay such additional amount to that Bank as is necessary to result in that Bank's receiving a net after-Tax amount equal to the amount to which that Bank would have been entitled under this Agreement absent such deduction or withholding. If and when receipt of such payment results in an excess payment or credit to that Bank on account of such Taxes, that Bank shall promptly refund such excess to Borrowers.

3.13 FUNDING SOURCES. Nothing in this Agreement shall be deemed to obligate any Bank to obtain the funds for any Loan or Advance in any particular place or manner or to constitute a representation by any Bank that it has obtained or will obtain the funds for any Loan or Advance in any particular place or manner.

3.14 FAILURE TO CHARGE NOT SUBSEQUENT WAIVER. Any decision by the Managing Agent or any Bank not to require payment of any interest (INCLUDING interest arising under Section 3.9), fee, cost or other amount payable under any Loan Document, or to calculate any amount payable by a particular method, on any occasion shall in no way limit or be deemed a waiver of the Managing Agent's or such Bank's right to require full payment of any interest (INCLUDING interest arising under Section 3.9), fee, cost or other amount payable under any Loan Document, or to calculate an amount payable by another method that is not inconsistent with this Agreement, on any other or subsequent occasion.

3.15 MANAGING AGENT'S RIGHT TO ASSUME PAYMENTS WILL BE MADE BY BORROWERS. Unless the Managing Agent shall have been notified by Borrowers prior to the date on which any payment to be made by Borrowers hereunder is due that Borrowers do not intend to remit such payment, the Managing Agent may, in its discretion, assume that Borrowers have remitted such payment when so due and the Managing Agent may, in its discretion and in reliance upon such assumption, make available to each Bank on such payment date an amount equal to such Bank's share of such assumed payment. If Borrowers have not in fact remitted such payment to the Managing Agent, each Bank shall forthwith on demand repay to the Managing Agent the amount of such assumed payment made available to

such Bank, together with interest thereon in respect of each day from and including the date such amount was made available by the Managing Agent to such Bank to the date such amount is repaid to the Managing Agent at the Federal Funds Rate.

3.16 FEE DETERMINATION DETAIL. The Managing Agent, and any Bank, shall provide reasonable detail to Borrowers regarding the manner in which the amount of any payment to the Managing Agent and the Banks, or that Bank, under ARTICLE 3 has been determined, concurrently with demand for such payment.

3.17 SURVIVABILITY. All of Borrowers' obligations under Sections 3.7 and 3.8 shall survive for the ninety (90) day period following the date on which the Commitments are terminated and all Loans hereunder are fully paid, and Borrowers shall remain obligated thereunder for all claims under such Sections made by any Bank to Borrowers prior to the expiration of such period.

Article 4
REPRESENTATIONS AND WARRANTIES

Borrowers represent and warrant to the Banks that:

4.1 EXISTENCE AND QUALIFICATION; POWER; COMPLIANCE WITH LAWS.

Parent is a corporation duly formed, validly existing and in good standing under the Laws of Maryland and each other Borrower is a corporation, limited partnership or limited liability company duly formed, validly existing and in good standing under the Laws of its state of formation. Each of Borrowers is duly qualified or registered to transact business and is in good standing in each other jurisdiction in which the conduct of its business or the ownership or leasing of its Properties makes such qualification or registration necessary, EXCEPT where the failure so to qualify or register and to be in good standing would not constitute a Material Adverse Effect. Each of Borrowers has all requisite power and authority to conduct its business, to own and lease its Properties and to execute and deliver each Loan Document to which it is a Party and to perform its Obligations. All outstanding shares of capital stock of Parent are duly authorized, validly issued, fully paid and non-assessable, and no holder thereof has any enforceable right of rescission under any applicable state or federal securities Laws. Each of Borrowers is in compliance with all Laws and other legal requirements applicable to its business, has obtained all authorizations, consents, approvals, orders, licenses and permits from, and has accomplished all filings, registrations and qualifications with, or obtained exemptions from any of the foregoing from, any Governmental Agency that are necessary for the transaction of its business, EXCEPT where the failure so to comply, obtain authorizations, etc., file, register, qualify or obtain exemptions does not constitute a Material Adverse Effect. Parent is a "real estate investment trust" within the meaning of Section 856 of the Code, and is subject to federal income taxation as a real estate investment trust pursuant to Sections 856-860 of the Code.

4.2 AUTHORITY; COMPLIANCE WITH OTHER AGREEMENTS AND INSTRUMENTS AND GOVERNMENT REGULATIONS. The execution, delivery and performance by each of Borrowers of

the Loan Documents to which it is a Party have been duly authorized by all necessary corporate, partnership or limited liability company action, as applicable, and do not and will not:

(a) Require any consent or approval not heretofore obtained of any partner, director, stockholder, security holder or creditor of Borrowers;

(b) Violate or conflict with any provision of Borrowers' charter, articles of incorporation, bylaws or other organizational agreements, as applicable;

(c) Result in or require the creation or imposition of any Lien or Right of Others upon or with respect to any Property now owned or leased or hereafter acquired by Borrowers;

(d) Violate any Requirement of Law applicable to Borrowers;

(e) Result in a breach of or constitute a default under, or cause or permit the acceleration of any obligation owed under, any indenture or loan or credit agreement or any other Contractual Obligation to which Borrowers are a party or by which Borrowers or any of their Property is bound or affected;

and none of Borrowers is in violation of, or default under, any Requirement of Law or Contractual Obligation, or any indenture, loan or credit agreement described in Section 4.2(e), in any respect that constitutes a Material Adverse Effect.

4.3 NO GOVERNMENTAL APPROVALS REQUIRED. EXCEPT as previously obtained or made, no authorization, consent, approval, order, license or permit from, or filing, registration or qualification with, any Governmental Agency is or will be required to authorize or permit under applicable Laws the execution, delivery and performance by any of Borrowers of the Loan Documents to which it is a Party.

4.4 SUBSIDIARIES. SCHEDULE 4.4 hereto correctly sets forth the names, form of legal entity, number of shares of capital stock (or other applicable unit of equity interest) issued and outstanding, and the record owner thereof and jurisdictions of organization of all Subsidiaries of Parent. Unless otherwise indicated in SCHEDULE 4.4, all of the outstanding shares of capital stock, or all of the units of equity interest, as the case may be, of each such Subsidiary are owned of record and beneficially by Parent, there are no outstanding options, warrants or other rights to purchase capital stock of any such Subsidiary, and all such shares or equity interests so owned are duly authorized, validly issued, fully paid and non-assessable, and were issued in compliance with all applicable state and federal securities and other Laws, and are free and clear of all Liens and Rights of Others, EXCEPT for Permitted Encumbrances and Permitted Rights of Others.

4.5 FINANCIAL STATEMENTS. Borrowers have furnished to the Banks the audited consolidated financial statements of Parent and its Subsidiaries for the Fiscal Year ended

December 31, 1998 and the unaudited consolidated financial statements for the nine months ended September 30, 1999. The financial statements described above fairly present in all material respects the financial condition, results of operations and cash flows as of such date and for such period in conformity with Generally Accepted Accounting Principles consistently applied.

4.6 NO OTHER LIABILITIES; NO MATERIAL ADVERSE CHANGES. Borrowers do not have any material liability or material contingent liability required under Generally Accepted Accounting Principles to be reflected or disclosed, and not reflected or disclosed, in the balance sheets described in Section 4.5, OTHER THAN liabilities and contingent liabilities arising in the ordinary course of business since the date of such financial statements. As of the Closing Date, no circumstance or event has occurred that constitutes a Material Adverse Effect. As of any date subsequent to the Closing Date, no circumstance or event has occurred that constitutes a Material Adverse Effect since the Closing Date.

4.7 TITLE TO PROPERTY. Borrowers have valid title to the Property (OTHER THAN assets which are the subject of a Capital Lease Obligation) reflected in the balance sheet described in Section 4.5, OTHER THAN items of Property or exceptions to title which are in each case immaterial to Borrowers and Property subsequently sold or disposed of in the ordinary course of business. Such Property is free and clear of all Liens and Rights of Others, OTHER THAN Liens or Rights of Others described in SCHEDULE 4.7 and Permitted Encumbrances and Permitted Rights of Others.

4.8 INTANGIBLE ASSETS. Borrowers own, or possess the right to use to the extent necessary in their respective businesses, all material trademarks, trade names, copyrights, patents, patent rights, computer software, licenses and other Intangible Assets that are used in the conduct of their businesses as now operated, and no such Intangible Asset, to the best knowledge of Borrowers, conflicts with the valid trademark, trade name, copyright, patent, patent right or Intangible Asset of any other Person to the extent that such conflict constitutes a Material Adverse Effect.

4.9 PUBLIC UTILITY HOLDING COMPANY ACT. None of Borrowers is a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

4.10 LITIGATION. EXCEPT for (a) any matter fully covered as to subject matter and amount (subject to applicable deductibles and retentions) by insurance for which the insurance carrier has not asserted lack of subject matter coverage or reserved its right to do so, (b) any matter, or series of related matters, involving a claim against Parent or any of its Subsidiaries of less than \$1,000,000, (c) matters of an administrative nature not involving a claim or charge against Parent or any of its Subsidiaries and (d) matters set forth in SCHEDULE 4.10, there are no actions, suits, proceedings or investigations pending as to which Parent or any of its Subsidiaries have been served or have received notice or, to the best

knowledge of Borrowers, threatened against or affecting Parent or any of its Subsidiaries or any Property of any of them before any Governmental Agency, mediator or arbitrator.

4.11 BINDING OBLIGATIONS. Each of the Loan Documents to which Borrowers are a Party will, when executed and delivered by Borrowers, constitute the legal, valid and binding obligation of Borrowers, enforceable against Borrowers in accordance with its terms, EXCEPT as enforcement may be limited by Debtor Relief Laws or equitable principles relating to the granting of specific performance and other equitable remedies as a matter of judicial discretion.

4.12 NO DEFAULT. No event has occurred and is continuing that is a Default or Event of Default.

4.13 ERISA.

(a) With respect to each Pension Plan:

(i) such Pension Plan complies in all material respects with ERISA and any other applicable Laws to the extent that noncompliance could reasonably be expected to have a Material Adverse Effect;

(ii) such Pension Plan has not incurred any "accumulated funding deficiency" (as defined in Section 302 of ERISA) that could reasonably be expected to have a Material Adverse Effect;

(iii) no "reportable event" (as defined in Section 4043 of ERISA, but EXCLUDING such events as to which the PBGC has by regulation waived the requirement therein contained that it be notified within thirty days of the occurrence of such event) has occurred that could reasonably be expected to have a Material Adverse Effect; and

(iv) none of Parent nor any of its Subsidiaries has engaged in any non-exempt "prohibited transaction" (as defined in Section 4975 of the Code) that could reasonably be expected to have a Material Adverse Effect.

(b) None of Parent nor any of its Subsidiaries has incurred or expects to incur any withdrawal liability to any Multiemployer Plan that could reasonably be expected to have a Material Adverse Effect.

4.14 REGULATIONS T, U AND X; INVESTMENT COMPANY ACT. No part of the proceeds of any Loan hereunder will be used to purchase or carry, or to extend credit to others for the purpose of purchasing or carrying, any Margin Stock in violation of Regulations T, U and X. Neither Parent nor any of its Subsidiaries is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

4.15 DISCLOSURE. No written statement made by a Senior Officer to the Managing Agent or any Bank in connection with this Agreement, or in connection with any Loan, as of the date thereof contained any untrue statement of a material fact or omitted a material fact necessary to make the statement made not misleading in light of all the circumstances existing at the date the statement was made.

4.16 TAX LIABILITY. Parent and its Subsidiaries have filed all tax returns which are required to be filed, and have paid, or made provision for the payment of, all taxes with respect to the periods, Property or transactions covered by said returns, or pursuant to any assessment received by Parent or any of its Subsidiaries, EXCEPT (a) such taxes, if any, as are being contested in good faith by appropriate proceedings and as to which adequate reserves have been established and maintained and (b) immaterial taxes so long as no material Property of Parent or any of its Subsidiaries is at impending risk of being seized, levied upon or forfeited.

4.17 HAZARDOUS MATERIALS. Except as described in SCHEDULE 4.17, as of the Closing Date (a) none of Borrowers, nor to the best knowledge of Borrowers, any other Person at any time has disposed of, discharged, released or threatened the release of any Hazardous Materials on, from or under the Real Property in violation of any Hazardous Materials Law that would individually or in the aggregate constitute a Material Adverse Effect, (b) to the best knowledge of Borrowers, no condition exists that violates any Hazardous Material Law affecting any Real Property except for such violations that would not individually or in the aggregate constitute a Material Adverse Effect, (c) no Real Property or any portion thereof is or has been utilized by Borrowers nor, to the best knowledge of Borrowers, any other Person as a site for the manufacture of any Hazardous Materials, (d) to the extent that any Hazardous Materials are used, generated or stored by Borrowers or any other Person on any Real Property, or transported to or from such Real Property by Borrowers or any other Person, such use, generation, storage and transportation by Borrowers and, to the best knowledge of Borrowers, by any other Person are in compliance with all Hazardous Materials Laws except for such non-compliance that would not constitute a Material Adverse Effect or be materially adverse to the interests of the Banks, and (e) no Real Property is subject to any remediation, removal, containment or similar action conducted by or on behalf of any Borrower or any other Person, or with respect to any such Real Property listed on SCHEDULE 4.17 which is subject to any such action, the estimated costs for completing such action are as set forth on SCHEDULE 4.17.

4.18 INITIAL POOL PROPERTIES. The Initial Pool Properties described on SCHEDULE 4.18 are, as of the Closing Date, Qualified Unencumbered Asset Pool Properties and comprise the initial Unencumbered Asset Pool.

4.19 PROPERTY. All of the Borrowers' and their respective Subsidiaries' properties are in good repair and condition, subject to ordinary wear and tear, other than with respect to deferred maintenance existing as of the date of acquisition of such property as permitted in this Section 4.19 and except for such defects relating to properties other than properties in the Unencumbered Asset Pool which would not have a Material Adverse Effect.

The Borrowers further have completed or caused to be completed an appropriate investigation of the environmental condition of each such property as of the later of (a) the date of the Borrowers' or such Subsidiaries' purchase thereof or (b) the date upon which such property was last security for Indebtedness of such Borrower or such Subsidiary if such financing was not closed on or about the date of the acquisition of such property, including preparation of a "Phase I" report and, if appropriate, a "Phase II" report, in each case prepared by a recognized environmental consultant in accordance with customary standards which discloses that such property is not in violation of the representations and covenants set forth in this Agreement, unless such violation as to properties in the Unencumbered Asset Pool has been disclosed in writing to the Managing Agent and satisfactory remediation actions are being taken. There are no unpaid or outstanding real estate or other taxes or assessments on or against any property of any Borrower or any of their respective Subsidiaries which are payable by such Person (except only real estate or other taxes or assessments, that are not yet due and payable). There are no pending eminent domain proceedings against any property included within the Unencumbered Asset Pool, and, to the knowledge of the Borrowers, no such proceedings are presently threatened or contemplated by any taking authority which may individually or in the aggregate have a Material Adverse Effect. None of the property of Borrowers or their respective Subsidiaries is now damaged or injured as a result of any fire, explosion, accident, flood or other casualty in any manner which individually or in the aggregate would have a Material Adverse Effect. The Real Property owned by Parent, each of the other Borrowers and their respective Subsidiaries as of the date hereof is set forth on SCHEDULE 4.19 hereto.

4.20 BROKERS. None of the Borrowers nor any of their respective Subsidiaries has engaged or otherwise dealt with any broker, finder or similar entity in connection with this Agreement or the Loans contemplated hereunder.

4.21 OTHER DEBT. None of the Borrowers or any of their respective Subsidiaries is in default (after expiration of all applicable grace and cure periods) in the payment of any other Indebtedness or under any mortgage, deed of trust, security agreement, financing agreement or indenture involving Indebtedness of \$5,000,000.00 or more or under any other material agreement or lease to which any of them is a party. None of the Borrowers is a party to or bound by any agreement, instrument or indenture that may require the subordination in right or time of payment of any of the Obligations to any other indebtedness or obligation of such Borrower. SCHEDULE 4.21 hereto sets forth all of the Indebtedness of the type described in Sections 6.11 and 6.12 of the Borrowers and their respective Subsidiaries as of the date hereof.

4.22 SOLVENCY. As of the Closing Date and after giving effect to the transactions contemplated by this Agreement and the other Loan Documents, including all of the Loans made or to be made hereunder, none of the Borrowers is insolvent on a balance sheet basis such that the sum of such Person's assets exceeds the sum of such Person's liabilities, each Borrower is able to pay its debts as they become due, and each Borrower has sufficient capital to carry on its business.

4.23 NO FRAUDULENT INTENT. Neither the execution and delivery of this Agreement or any of the other Loan Documents nor the performance of any actions required hereunder or thereunder is being undertaken by any Borrower with or as a result of any actual intent by any of such Persons to hinder, delay or defraud any entity to which any of such Persons is now or will hereafter become indebted.

4.24 TRANSACTION IN BEST INTERESTS OF BORROWERS; CONSIDERATION. The transaction evidenced by this Agreement and the other Loan Documents is in the best interests of the Borrowers. The direct and indirect benefits to inure to the Borrowers pursuant to this Agreement and the other Loan Documents constitute substantially more than "reasonably equivalent value" (as such term is used in Section 548 of the Bankruptcy Code) and "valuable consideration," "fair value," and "fair consideration" (as such terms are used in any applicable state fraudulent conveyance law), in exchange for the benefits to be provided by the Borrowers pursuant to this Agreement and the other Loan Documents, and but for the willingness of the Borrowers to be jointly and severally liable as co-borrowers for the Loan, Borrowers would be unable to obtain the financing contemplated hereunder which financing will enable the Borrowers and their respective Subsidiaries to have available financing to conduct and expand their business.

4.25 NO BANKRUPTCY FILING. None of the Borrowers nor any of their respective Subsidiaries is contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency laws or the liquidation of its assets or property, and none of the Borrowers has any knowledge of any Person contemplating the filing of any such petition against it or any of such other Persons.

4.26 YEAR 2000 COMPLIANCE. The Borrowers have taken all action necessary to ensure that the Borrowers are "Year 2000 compliant" (as defined below) and that their business is not materially interrupted as a result of any "Year 2000 Problem". "Year 2000 compliant" means that material date-affected technology, including, without limitation, computers, hardware, imbedded microchips and software, used in the Borrowers' business operations or in the business operations of the Borrowers' key vendors, suppliers and customers, as the case may be, are able to correctly and effectively store, process and otherwise deal with date data from, into, between and otherwise concerning the twentieth and twenty-first centuries, and otherwise continue to function properly and unimpaired with respect to all calendar dates falling on or after January 1, 2000.

Article 5
AFFIRMATIVE COVENANTS
(OTHER THAN INFORMATION AND
REPORTING REQUIREMENTS)

So long as any Advance remains unpaid, or any Letter of Credit remains outstanding, or any other Obligation remains unpaid, or any portion of the Commitments

remains in force, Borrowers shall, unless the Managing Agent (with the written approval of the Requisite Banks) otherwise consents:

5.1 PAYMENT OF TAXES AND OTHER POTENTIAL LIENS. Pay and discharge promptly all taxes, assessments and governmental charges or levies imposed upon any of them, upon their respective Property or any part thereof and upon their respective income or profits or any part thereof, and all claims for labor, materials or supplies that if unpaid might by law become a lien or charge upon any of their respective Property, EXCEPT that Borrowers shall not be required to pay or cause to be paid (a) any tax, assessment, charge, levy or claim that is not yet past due, or is being contested in good faith by appropriate proceedings so long as the relevant entity has established and maintains adequate reserves for the payment of the same or (b) any immaterial tax or claim so long as no material Property of Borrowers is at impending risk of being seized, levied upon or forfeited.

5.2 PRESERVATION OF EXISTENCE. Preserve and maintain their respective existences in the jurisdiction of their formation and all material authorizations, rights, franchises, privileges, consents, approvals, orders, licenses, permits, or registrations from any Governmental Agency that are necessary for the transaction of their respective business and qualify and remain qualified to transact business in each jurisdiction in which such qualification is necessary in view of their respective business or the ownership or leasing of their respective Properties EXCEPT (a) as otherwise permitted by this Agreement and (b) where the failure to so qualify or remain qualified would not constitute a Material Adverse Effect.

5.3 MAINTENANCE OF PROPERTIES. Maintain, preserve and protect all of their respective Properties in good order and condition, subject to wear and tear in the ordinary course of business, and not permit any waste of their respective Properties, EXCEPT that the failure to maintain, preserve and protect a particular item of Property that is at the end of its useful life or that is not of significant value, either intrinsically or to the operations of Borrowers, shall not constitute a violation of this covenant.

5.4 MAINTENANCE OF INSURANCE. Maintain liability, casualty and other insurance (subject to customary deductibles and retentions) with responsible insurance companies in such amounts and against such risks as is carried by responsible companies engaged in similar businesses and owning similar assets in the general areas in which Borrowers operate.

5.5 COMPLIANCE WITH LAWS. Comply with all Requirements of Law noncompliance with which constitutes a Material Adverse Effect, EXCEPT that Borrowers need not comply with a Requirement of Law then being contested by any of them in good faith by appropriate proceedings.

5.6 INSPECTION RIGHTS. Upon reasonable notice, at any time during regular business hours and as often as reasonably requested (but not so as to materially interfere with the business of Parent or any of its Subsidiaries) permit the Managing Agent or any Bank, or any authorized employee, agent or representative thereof, to examine, audit and make copies and abstracts from the records and books of account of, and to visit and inspect the Properties

(subject to the rights of any tenants) of, Parent and its Subsidiaries and to discuss the affairs, finances and accounts of Parent and its Subsidiaries with any of their officers, key employees or accountants.

5.7 KEEPING OF RECORDS AND BOOKS OF ACCOUNT. Keep adequate records and books of account reflecting all financial transactions in conformity with Generally Accepted Accounting Principles, consistently applied, and in material conformity with all applicable requirements of any Governmental Agency having regulatory jurisdiction over Borrowers.

5.8 COMPLIANCE WITH AGREEMENTS. Promptly and fully comply with all Contractual Obligations to which any one or more of them is a party, EXCEPT for any such Contractual Obligations (a) the performance of which would cause a Default or (b) then being contested by any of them in good faith by appropriate proceedings or if the failure to comply with such agreements, indentures, leases or instruments does not constitute a Material Adverse Effect.

5.9 USE OF PROCEEDS. Use the proceeds of all Loans and issuances of Letters of Credit for working capital and general corporate purposes of Borrowers, INCLUDING the acquisition and/or improvement of Revenue-Producing Properties and land.

5.10 HAZARDOUS MATERIALS LAWS. Keep and maintain all Real Property and each portion thereof in compliance in all material respects with all applicable Hazardous Materials Laws and promptly notify the Managing Agent in writing (attaching a copy of any pertinent written material) of (a) any and all material enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened in writing by a Governmental Agency pursuant to any applicable Hazardous Materials Laws, (b) any and all material claims made or threatened in writing by any Person against Borrowers relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials and (c) discovery by any Senior Officer of any of Borrowers of any material occurrence or condition on any Real Property or on any real property adjoining or in the vicinity of such Real Property that could reasonably be expected to cause such Real Property or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of such Real Property under any applicable Hazardous Materials Laws.

5.11 UNENCUMBERED ASSET POOL. Cause each Revenue-Producing Property in the Unencumbered Asset Pool to remain a Qualified Unencumbered Asset Pool Property so long as it is in the Unencumbered Asset Pool; PROVIDED that nothing herein shall preclude the removal of any Revenue-Producing Property from the Unencumbered Asset Pool pursuant to Section 2.11.

5.12 REIT STATUS. Maintain the status of Parent as a "real estate investment trust" under Section 856 of the Code and comply with the dividend and other requirements applicable under Section 857(a) of the Code.

5.13 ADDITIONAL BORROWERS. Cause each Wholly-Owned Subsidiary of Parent which is not then a Borrower and which holds a Revenue-Producing Property that is or will become part of the Unencumbered Asset Pool to execute and deliver the Joinder Agreement concurrently with the addition of such Revenue-Producing Property to the Unencumbered Asset Pool.

5.14 INSPECTION OF PROPERTIES AND BOOKS. Permit the Banks, through the Managing Agent or any representative designated by the Managing Agent, at the Borrowers' expense, to visit and inspect any of the properties of the Borrowers or any of their respective Subsidiaries, to examine the books of account of the Borrowers and their respective Subsidiaries (and to make copies thereof and extracts therefrom) and to discuss the affairs, finances and accounts of the Borrowers and their respective Subsidiaries with, and to be advised as to the same by, its Senior Officers, all at such reasonable times (typically during normal business hours) and intervals as the Managing Agent or any Bank may reasonably request upon not less than four (4) Banking Days notice. The Banks shall use good faith efforts to coordinate such visits and inspections so as to minimize the interference with and disruption to the Borrowers' normal business operations. At least once annually, the Borrowers shall attend a meeting with the Banks and the Managing Agent to discuss the financial condition and affairs of the Borrowers and their respective Subsidiaries.

5.15 MORE RESTRICTIVE AGREEMENTS. Promptly notify the Managing Agent should any Borrower enter into or modify any agreements or documents pertaining to any existing or future Indebtedness, Debt Offering or Equity Offering, which agreements or documents include covenants, whether affirmative or negative, which are individually or in the aggregate more restrictive against any Borrower or their respective Subsidiaries than those set forth in Sections 5.17, 6.1, 6.5 through 6.13, inclusive, or 6.15 (or any other provision which may have the same practical effect as any of the foregoing) or which provide for a guaranty of the obligations thereunder by a Person that is not liable for the Obligations. If requested by the Requisite Banks, the Borrowers, the Managing Agent, and the Requisite Banks shall promptly amend this Agreement and the other Loan Documents to include some or all of such more restrictive provisions or provide for a guaranty of the Obligations by such Person as determined by the Requisite Banks in their sole discretion. Notwithstanding the foregoing, this Section 5.15 shall not apply to covenants contained in any agreements or documents that relate only to specific Real Property that is collateral for any existing or future Indebtedness of any of the Borrowers that is permitted by the terms of this Agreement.

5.16 DISTRIBUTIONS OF INCOME TO THE BORROWERS. Cause all of their respective Subsidiaries to promptly transfer to such Borrower (but not less frequently than once each fiscal quarter of such Borrower), whether in the form of dividends, distributions or otherwise, all profits, proceeds or other income relating to or arising from its Subsidiaries' use, operation, financing, refinancing, sale or other disposition of their respective assets and properties after (a) the payment by each Subsidiary of its Debt Service and operating expenses for such quarter and (b) the establishment of reasonable reserves for the payment of operating expenses not paid on at least a quarterly basis and capital improvements to be made to such Subsidiary's

assets and properties approved by such Subsidiary in the ordinary course of business consistent with its past practices.

5.17 UNENCUMBERED ASSET POOL.

(a) Cause each of the Revenue-Producing Properties in the Unencumbered Asset Pool to satisfy all of the following conditions:

(i) the Revenue-Producing Properties shall be owned by a Borrower or leased by a Borrower pursuant to a Mortgageable Ground Lease (subject to the terms of this Agreement);

(ii) no more than twenty-five percent (25%) of the Asset Value of the Revenue-Producing Properties in the Unencumbered Asset Pool may be leased by a Borrower pursuant to a Mortgageable Ground Lease;

(iii) the Revenue-Producing Properties in the Unencumbered Asset Pool shall consist solely of Revenue-Producing Properties which have an aggregate occupancy level (on a portfolio basis) of at least eighty-five percent (85%) as of the end of the previous four (4) fiscal quarters of the Borrowers based on bona fide arms-length tenant leases which are in full force and effect requiring current rental payments and which are in good standing; and

(iv) no more than thirty-three percent (33%) of the Asset Value of the Revenue-Producing Properties in the Unencumbered Asset Pool may be located in any one city or metropolitan area; provided that no more than fifty percent (50%) of the Asset Value of the Revenue-Producing Properties in the Unencumbered Asset Pool may be located in suburban Washington, D.C.

(b) Provide to the Managing Agent as of the Closing Date and concurrently with the delivery of the financial statements described in Section 7.1(c) as part of the Compliance Certificate required pursuant to Section 7.2 (i) a list of the Revenue-Producing Properties in the Unencumbered Asset Pool, (ii) the certification of a Senior Officer of the Borrowers of the Asset Values of such properties and that such properties are in compliance with Section 5.17(a), (iii) operating statements setting forth the NOI and Net Capital Expenditures for each of the Revenue-Producing Properties in the Unencumbered Asset Pool for the previous four (4) fiscal quarters (or such shorter period as the Revenue-Producing Property has been held by the Borrowers if such statements are not available to Borrowers) certified as true and correct by a Senior Officer of the Borrowers, and (iv) a certificate that the Revenue-Producing Properties in the Unencumbered Asset Pool comply with the terms of Sections 4.17 and 4.19. In the event that all or any material portion of a Revenue-Producing Property within the Unencumbered Asset Pool shall be damaged or taken by condemnation, then such property shall no longer be a part of the Unencumbered Asset Pool unless and until any damage to such Revenue-Producing Property is repaired or restored, such Revenue-Producing Property becomes fully operational and the Managing Agent shall

receive evidence satisfactory to the Managing Agent of the value and NOI of such Revenue-Producing Property following such repair or restoration.

Article 6
NEGATIVE COVENANTS

So long as any Advance remains unpaid, or any Letter of Credit remains outstanding, or any other Obligation remains unpaid, or any portion of the Commitments remains in force, Borrowers shall not, unless the Managing Agent (with the written approval of the Requisite Banks or, if required by Section 12.1, of all of the Banks) otherwise consents:

6.1 MERGERS. Merge or consolidate with or into any Person, EXCEPT a merger or consolidation of one or more Borrowers with and into another Borrower or a merger or consolidation where Parent or a Borrower is the surviving corporation that does not result in a Change in Control.

6.2 ERISA. (a) At any time, permit any Pension Plan to: (i) engage in any non-exempt "prohibited transaction" (as defined in Section 4975 of the Code) which could reasonably be expected to result in a Material Adverse Effect, (ii) fail to comply with ERISA which could reasonably be expected to result in a Material Adverse Effect, (iii) incur any material "accumulated funding deficiency" (as defined in Section 302 of ERISA) which could reasonably be expected to result in a Material Adverse Effect or (iv) terminate in any manner which could reasonably be expected to result in a Material Adverse Effect, or (b) withdraw, completely or partially, from any Multiemployer Plan if to do so could reasonably be expected to result in a Material Adverse Effect.

6.3 CHANGE IN NATURE OF BUSINESS. Make any material change in the principal nature of the business of Borrowers, such business being the acquisition, ownership and development of buildings for use as office or, with respect to the life science industry only, office/laboratory, research or manufacturing/warehouse properties.

6.4 TRANSACTIONS WITH AFFILIATES. Enter into any transaction of any kind with any Affiliate of Borrowers OTHER THAN (a) salary, bonus, employee stock option, relocation assistance and other compensation arrangements with directors or officers in the ordinary course of business, (b) transactions that are fully disclosed to the board of directors of Parent and expressly authorized by a resolution of the board of directors of Parent which is approved by a majority of the directors not having an interest in the transaction, (c) transactions expressly permitted by this Agreement, (d) transactions between one Borrower and another Borrower and (e) transactions on overall terms at least as favorable to Borrowers as would be the case in an arm's-length transaction between unrelated parties of equal bargaining power.

6.5 LEVERAGE RATIO. Permit the Leverage Ratio, as of the last day of any Fiscal Quarter, to be greater than .55 to 1.00.

6.6 DEBT SERVICE COVERAGE. Permit Debt Service Coverage, as of the last day of any Fiscal Quarter, to be less than 2.0 to 1.00.

6.7 FIXED CHARGE COVERAGE. Permit Fixed Charge Coverage, as of the last day of any Fiscal Quarter, to be less than 1.70 to 1.00.

6.8 DISTRIBUTIONS. Make any Distribution (a) with respect to any Fiscal Quarter or Fiscal Year in excess of (i) an amount equal to 90% of Funds From Operations of Parent and its Subsidiaries for that Fiscal Quarter or Fiscal Year or (ii) an amount equal to 100% of Funds Available for Distribution of Parent and its Subsidiaries for the four (4) consecutive Fiscal Quarters ending prior to the Fiscal Quarter in which such Distribution is paid (provided that Parent shall be permitted to pay the minimum Distribution required under the Code to maintain and preserve Parent's status as a real estate investment trust under the Code, as evidenced by a certification of a Senior Officer of Parent containing calculations in reasonable detail satisfactory in form and substance to the Managing Agent, if such Distribution is greater than the amount set forth in clause (a) (i) and (ii) above), or (b) during the continuance of an Event of Default, in excess of the minimum amount necessary to comply with Section 857(a) of the Code.

6.9 STOCKHOLDERS' EQUITY. Permit Stockholders' Equity, as of the last day of any Fiscal Quarter, to be less than the sum of (a) \$325,000,000 PLUS (b) ninety percent of the net proceeds from any Equity Offering of any Borrower made after the Closing Date.

6.10 DEVELOPMENT INVESTMENTS. Permit any Borrower or any Subsidiary or Affiliate thereof to engage, directly or indirectly, in the development of Real Property, except that a Borrower or a Subsidiary or Affiliate thereof may (a) hold direct and indirect interests in non-income producing land assets, provided that the book value of such interests does not exceed five percent (5%) of Adjusted Tangible Assets as of the most recently-ended Fiscal Quarter, and (b) develop for its own account properties to be used principally for office, office/laboratory, research or manufacturing/warehouse purposes, provided that such development shall be limited to such number of projects with respect to which the aggregate cost as of the date of computation of acquiring Real Property (including the non-income producing land assets described in (a) above) and developing, constructing, renovating, rehabilitating and leasing the improvements thereon (assuming the full cost of completion thereof) does not exceed twenty percent (20%) of Adjusted Tangible Assets as of the most recently-ended Fiscal Quarter (such projects are hereinafter referred to collectively as the "Development Investments"). A project shall be considered to be a Development Investment from the issuance of permits for construction until final certificates of occupancy or their equivalent have been issued for the entire project. For purposes of this Section 6.10, the term "development" shall include new construction or the substantial renovation of improvements to real property.

6.11 SECURED DEBT. Permit Secured Debt of Parent and its Subsidiaries to exceed an amount equal to 35% of Adjusted Tangible Assets as of the most recently-ended Fiscal Quarter.

6.12 RECOURSE DEBT. Permit recourse Indebtedness (whether secured or unsecured) of Parent and its Subsidiaries (excluding the Obligations) to exceed an amount equal to 20% of Adjusted Tangible Assets as of the most recently-ended Fiscal Quarter.

6.13 INVESTMENTS IN CERTAIN PERSONS. Make Investments in (a) any Person that is not a Wholly-Owned Subsidiary of Parent existing as of the date hereof or new Wholly-Owned Subsidiaries of Parent acquired or created after the date of this Agreement which become Borrowers except as permitted in Section 6.13(b), or (b) any Person (other than Investments by a Subsidiary of Parent in Parent), if the aggregate value of the Investments pursuant to this Section 6.13(b) shall exceed ten percent (10%) of the Adjusted Tangible Assets as of the most recently-ended Fiscal Quarter.

6.14 NEGATIVE PLEDGES. Grant to any Person a Negative Pledge on any Revenue-Producing Property of Parent and its Subsidiaries that, as of the LATER OF the "Closing Date" of the Original Credit Agreement or the date of its acquisition, is not subject to a Lien (OTHER THAN Permitted Encumbrances).

6.15 [INTENTIONALLY OMITTED].

6.16 LIMITING AGREEMENTS. Enter into any agreement, instrument or transaction which has or may have the effect of prohibiting or limiting such Borrower's ability to pledge to Managing Agent the Revenue-Producing Property within the Unencumbered Asset Pool. Borrowers shall take, and shall cause the their respective Subsidiaries to take, such actions as are necessary to preserve the right and ability of Borrowers to pledge those Revenue-Producing Properties without any such pledge after the date hereof causing or permitting the acceleration (after the giving of notice or the passage of time, or otherwise) of any other Indebtedness of Borrowers or any of their respective Subsidiaries. Borrowers shall, upon demand, provide to the Managing Agent such evidence as the Managing Agent may reasonably require to evidence compliance with this Section 6.16, which evidence shall include, without limitation, copies of any agreements or instruments which would in any way restrict or limit a Borrower's ability to pledge assets as security for Indebtedness, or which provide for the occurrence of a default (after the giving of notice or the passage of time, or otherwise) if assets are pledged in the future as security for Indebtedness of such Borrower or any of its Subsidiaries.

6.17 RESTRICTION ON PREPAYMENT OF INDEBTEDNESS. Prepay the principal amount, in whole or in part, of any Indebtedness other than the Obligations after the occurrence of any Event of Default of a monetary nature or consisting of a failure to comply with the covenants contained in Sections 6.5 and 6.6; provided, however, that this Section 6.17 shall not prohibit the prepayment of Indebtedness which is financed solely from the proceeds of a new loan which would otherwise be permitted by the terms of this Agreement.

6.18 RESTRICTIONS ON TRANSFER. Parent will not, directly or indirectly, make or permit to be made, by voluntary or involuntary means, any sale, assignment, transfer, disposition, mortgage, pledge, hypothecation or encumbrance of its direct or indirect interest

in Operating Partnership, ARE, QRS or any other Borrower (provided that the foregoing shall not prohibit transfers of Parent's interest in Operating Partnership, ARE, QRS or any other Borrower provided such Borrower remains a Wholly-Owned Subsidiary of Parent), or any dilution of its direct or indirect interest in Operating Partnership, ARE, QRS or any other Borrower. Parent shall not in any manner transfer, assign, diminish or otherwise restrict its direct or indirect right to vote or other rights with respect to Operating Partnership, ARE, QRS or any other Borrower. Notwithstanding the foregoing, Parent may sell, assign, transfer or dispose of its interest in another Borrower (other than Operating Partnership) that is a Subsidiary of Parent, provided that on or before the closing of such sale the Borrower shall have delivered to the Managing Agent a certification, together with such other evidence as Managing Agent may require, that the Borrowers will be in compliance with all covenants in this Agreement after giving effect to such sale, assignment, transfer or other disposition, and provided further that from and after any such sale, the assets of such Borrower shall no longer be included within the Unencumbered Asset Pool. In the event that the Borrower shall comply with the foregoing provisions, such Borrower shall be released from liability under this Agreement by the Managing Agent. The Managing Agent may also release a Borrower from liability if all of the Revenue Producing Properties of such Borrower are sold (subject to the requirement in Section 3.1(h) that the gross proceeds of any such sale be deposited with the Managing Agent) or all of the Revenue Producing Properties of such Borrower cease to be Unencumbered, provided that on or before the effective date of such release, the Borrowers shall have delivered to the Managing Agent a certification, together with such other evidence as the Managing Agent may require, that the Borrowers will be in compliance with all covenants in this Agreement after giving effect to such release.

Article 7
INFORMATION AND REPORTING REQUIREMENTS

7.1 FINANCIAL AND BUSINESS INFORMATION. So long as any Advance remains unpaid, or any Letter of Credit remains outstanding, or any other Obligation remains unpaid, or any portion of the Commitments remains in force, Borrowers shall, unless the Managing Agent (with the written approval of the Requisite Banks) otherwise consents, at Borrowers' sole expense, deliver to the Managing Agent for distribution by it to the Banks, a sufficient number of copies for all of the Banks of the following:

(a) As soon as practicable, and in any event within 60 days after the end of each Fiscal Quarter (OTHER THAN the fourth Fiscal Quarter in any Fiscal Year), the consolidated balance sheet of Parent and its Subsidiaries as at the end of such Fiscal Quarter and the consolidated statements of operations and cash flows for such Fiscal Quarter, and the portion of the Fiscal Year ended with such Fiscal Quarter, all in reasonable detail. Such financial statements shall be certified by a Senior Officer of Parent as fairly presenting the financial condition, results of operations and cash flows of Parent and its Subsidiaries in accordance with Generally Accepted Accounting Principles (other than footnote disclosures), consistently applied, as at such date and for such periods, subject only to normal year-end accruals and audit adjustments;

(b) As soon as practicable, and in any event within 60 days after the end of each Fiscal Quarter, a Pricing Certificate setting forth a calculation of the Leverage Ratio as of the last day of such Fiscal Quarter, and providing reasonable detail as to the calculation thereof, which calculations in the case of the fourth Fiscal Quarter in any Fiscal Year shall be based on the preliminary unaudited financial statements of Parent and its Subsidiaries for such Fiscal Quarter, and as soon as practicable thereafter, in the event of any material variance in the actual calculation of the Leverage Ratio from such preliminary calculation, a revised Pricing Certificate setting forth the actual calculation thereof;

(c) As soon as practicable, and in any event within 60 days after the end of each Fiscal Quarter, statements of operating income for such Fiscal Quarter and Fiscal Year to date for each of the Revenue-Producing Properties in the Unencumbered Asset Pool and a summary Rent Roll for each of the Revenue-Producing Properties in the Unencumbered Asset Pool, each in reasonable detail;

(d) As soon as practicable, and in any event within 60 days after the end of each Fiscal Quarter, supplemental disclosure information setting forth the effect on Net Income reflected in the financial statements for such Fiscal Quarter and Fiscal Year to date of any difference between the rents payable by tenants during the periods covered by such financial statements and the "straight line" rents payable over the terms of their respective leases, in reasonable detail;

(e) As soon as practicable, and in any event within 120 days after the end of each Fiscal Year, the consolidated balance sheet of Parent and its Subsidiaries as at the end of such Fiscal Year and the consolidated statements of operations, stockholders' equity and cash flows, in each case of Parent and its Subsidiaries for such Fiscal Year, all in reasonable detail. Such financial statements shall be prepared in accordance with Generally Accepted Accounting Principles, consistently applied, and shall be accompanied by a report of Ernst & Young LLP or other independent public accountants of recognized standing selected by Parent and reasonably satisfactory to the Requisite Banks, which report shall be prepared in accordance with generally accepted auditing standards as at such date, and shall not be subject to any qualifications or exceptions as to the scope of the audit nor to any other qualification or exception determined by the Requisite Banks in their good faith business judgment to be adverse to the interests of the Banks;

(f) As soon as practicable, and in any event before the commencement of each Fiscal Year, a budget and projection by Fiscal Quarter for that Fiscal Year and by Fiscal Year for the next two succeeding Fiscal Years, INCLUDING for the first such Fiscal Year, projected consolidated balance sheets, statements of operations and statements of cash flow and, for the second and third such Fiscal Years, projected consolidated condensed balance sheets and statements of operations and cash flows, of Parent and its Subsidiaries, all in reasonable detail;

(g) Promptly after request by the Managing Agent or any Bank, copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of Parent by independent accountants in connection with the accounts or books of Parent or any of its Subsidiaries, or any audit of any of them;

(h) Promptly after the same are available, and in any event within five (5) Banking Days after filing with the Securities and Exchange Commission, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of Parent, and copies of all annual, regular, periodic and special reports and registration statements which Parent may file or be required to file with the Securities and Exchange Commission under Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, and not otherwise required to be delivered to the Banks pursuant to other provisions of this Section 8.1;

(i) Promptly after request by the Managing Agent or any Bank, copies of any other report or other document that was filed by Borrowers with any Governmental Agency;

(j) Promptly upon a Senior Officer becoming aware, and in any event within five (5) Banking Days after becoming aware, of the occurrence of any (i) "reportable event" (as such term is defined in Section 4043 of ERISA, but EXCLUDING such events as to which the PBGC has by regulation waived the requirement therein contained that it be notified within thirty days of the occurrence of such event) or (ii) non-exempt "prohibited transaction" (as such term is defined in Section 406 of ERISA or Section 4975 of the Code) involving any Pension Plan or any trust created thereunder, telephonic notice specifying the nature thereof, and, no more than two (2) Banking Days after such telephonic notice, written notice again specifying the nature thereof and specifying what action Borrowers are taking or propose to take with respect thereto, and, when known, any action taken by the Internal Revenue Service with respect thereto;

(k) As soon as practicable, and in any event within two (2) Banking Days after a Senior Officer becomes aware of the existence of any condition or event which constitutes a Default or Event of Default, telephonic notice specifying the nature and period of existence thereof, and, no more than two (2) Banking Days after such telephonic notice, written notice again specifying the nature and period of existence thereof and specifying what action Borrowers are taking or propose to take with respect thereto;

(l) Promptly upon a Senior Officer becoming aware that (i) any Person has commenced a legal proceeding with respect to a claim against Borrowers that is \$1,000,000 or more in excess of the amount thereof that is fully covered by insurance, (ii) any creditor under a credit agreement involving Indebtedness of \$1,000,000 or more or any lessor under a lease involving aggregate rent of \$1,000,000

or more has asserted a default thereunder on the part of Borrowers or, (iii) any Person has commenced a legal proceeding with respect to a claim against Borrowers under a contract (that is not a credit agreement or material lease) in excess of \$1,000,000 or which otherwise may reasonably be expected to result in a Material Adverse Effect, a written notice describing the pertinent facts relating thereto and what action Borrowers are taking or propose to take with respect thereto;

(m) Promptly upon request after they are filed with the Internal Revenue Service, copies of all annual federal income tax returns and amendments thereto of each of the Borrowers;

(n) Not later than sixty (60) days after the end of each fiscal quarter of the Borrowers (including the fourth fiscal quarter in each year), a list (which may be included in the Compliance Certificates) setting forth the following information with respect to each new Subsidiary or Controlled Entity of any of the Borrowers: (i) the name, structure and ownership of the Subsidiary or Controlled Entity, (ii) a description of the property owned by such Subsidiary or Controlled Entity, and (iii) such other information as the Managing Agent may reasonably request;

(o) Simultaneously with the delivery of the financial statement referred to in Section 7.1(e) above (if such information is not otherwise included in the financial statement or other information presented to the Banks pursuant to this Section 7.1), a statement (which may be included in the Compliance Certificates) listing (i) the Real Property owned by Parent and its Subsidiaries (or in which Parent or its Subsidiaries owns an interest) and stating the location thereof, the date acquired and the acquisition cost, (ii) the Indebtedness of Parent and its Subsidiaries, which statement shall include, without limitation, a statement of the original principal amount of such Indebtedness and the current amount outstanding, the holder thereof, the maturity date and any extension options, the interest rate, the collateral provided for such Indebtedness and whether such Indebtedness is recourse or non-recourse, and (iii) the properties of Parent and its respective Subsidiaries which are under "development" (as used in Section 6.10) and providing a brief summary of the status of such development;

(p) Contemporaneously with the release thereof, copies of all press releases or other public announcements;

(q) Promptly upon a Senior Officer becoming aware of a change in the credit rating given by a Rating Agency to Parent's long-term senior unsecured debt or any announcement that any rating is "under review" or that such rating has been placed on a watch list or that any similar action has been taken by a Rating Agency, written notice of such change, announcement or action;

(r) When and as required by Section 2.11, the information regarding each Qualified Unencumbered Asset Pool Property, as more particularly described in Section 2.11;

(s) When and as required by Section 5.17(b), the information regarding the Unencumbered Asset Pool, as more particularly described in Section 5.17(b); and

(t) Such other data and information as from time to time may be reasonably requested by the Managing Agent, any Bank (through the Managing Agent) or the Requisite Banks.

7.2 COMPLIANCE CERTIFICATES. So long as any Advance remains unpaid, or any other Obligation remains unpaid or unperformed, or any portion of the Commitments remains outstanding, Borrowers shall, at Borrowers' sole expense, deliver to the Managing Agent for distribution by it to the Banks concurrently with the financial statements required pursuant to Sections 7.1(a), 7.1(c) and 7.1(e), Compliance Certificates signed by a Senior Officer.

Article 8 CONDITIONS

8.1 INITIAL ADVANCES. The obligation of each Bank to make the initial Advance to be made by it or of the Managing Agent to issue the initial Letter of Credit is subject to the following conditions precedent, each of which shall be satisfied prior to the making of the initial Advances (unless all of the Banks, in their sole and absolute discretion, shall agree otherwise):

(a) The Managing Agent shall have received all of the following, each of which shall be originals unless otherwise specified, each properly executed by a Responsible Official of each party thereto, each dated as of the Closing Date and each in form and substance satisfactory to the Managing Agent and its legal counsel (unless otherwise specified or, in the case of the date of any of the following, unless the Managing Agent otherwise agrees or directs):

(1) at least one (1) executed counterpart of this Agreement, together with arrangements satisfactory to the Managing Agent for additional executed counterparts, sufficient in number for distribution to the Banks and Borrowers;

(2) Line Notes executed by Borrowers in favor of each Bank, each in a principal amount equal to that Bank's Pro Rata Share of the Line Commitment;

(3) Competitive Advance Notes executed by Borrowers in favor of each Bank, each in the principal amount of \$75,000,000;

(4) Swing Loan Note executed by Borrowers in favor of the Swing Loan Bank in the principal amount of \$10,000,000;

(5) with respect to each of Borrowers, such documentation as the Managing Agent may require to establish the due organization, valid existence and good standing of each of Borrowers, its qualification to engage in business in each material jurisdiction in which it is engaged in business or required to be so qualified, its authority to execute, deliver and perform the Loan Documents to which it is a Party, the identity, authority and capacity of each Responsible Official thereof authorized to act on its behalf, INCLUDING certified copies of articles of incorporation and amendments thereto, bylaws and amendments thereto, certificates of good standing and/or qualification to engage in business, tax clearance certificates, certificates of corporate resolutions, incumbency certificates, Certificates of Responsible Officials, and the like;

(6) the Opinions of Counsel;

(7) such other assurances, certificates, documents, consents or opinions as the Managing Agent or the Requisite Banks reasonably may require.

(b) The closing fee payable pursuant to Section 3.2 shall have been paid.

(c) Any agency fees payable on the Closing Date pursuant to Section 3.5 shall have been paid.

(d) The reasonable costs and expenses of the Managing Agent in connection with the preparation of the Loan Documents payable pursuant to Section 11.3, and invoiced to Borrowers prior to the Closing Date, shall have been paid.

(e) The representations and warranties of Borrowers contained in ARTICLE 4 shall be true and correct in all material respects.

(f) Borrowers and any other Parties shall be in compliance with all the terms and provisions of the Loan Documents, and giving effect to the initial Advance no Default or Event of Default shall have occurred and be continuing.

(g) All legal matters relating to the Loan Documents shall be satisfactory to Long Aldridge & Norman, LLP, special counsel to the Managing Agent.

(h) The Managing Agent shall have received a Compliance Certificate dated as of the date of the Closing Date demonstrating compliance with each of the covenants calculated therein as of the most recent Fiscal Quarter end for which the Borrowers have provided financial statements under Section 7.1 adjusted in the best good faith estimate of the Borrowers dated as of the date of the Closing Date.

(i) The Managing Agent shall have reviewed such other documents, instruments, certificates, opinions, assurances, consents and approvals as the Managing Agent or the Managing Agent's special counsel may reasonably have requested.

8.2 ANY ADVANCE. The obligation of each Bank to make any Advance or of the Swing Loan Bank to make a Swing Loan or of the Managing Agent to issue a Letter of Credit is subject to the following conditions precedent (unless the Requisite Banks, in their sole and absolute discretion, shall agree otherwise):

(a) EXCEPT (i) for representations and warranties which expressly speak as of a particular date or are no longer true and correct as a result of a change which is permitted by this Agreement or (ii) as disclosed by Borrowers and approved in writing by the Requisite Banks, the representations and warranties contained in ARTICLE 4 (OTHER THAN Sections 4.4, 4.6 (first sentence), 4.10 and 4.18 to the extent such representations relate expressly to an earlier date) shall be true and correct in all material respects on and as of the date of the Advance as though made on that date;

(b) other than matters described in SCHEDULE 4.10 or not required as of the Closing Date to be therein described, there shall not be then pending or threatened any action, suit, proceeding or investigation against or affecting Parent or any of its Subsidiaries or any Property of any of them before any Governmental Agency that constitutes a Material Adverse Effect;

(c) the Managing Agent shall have timely received a Request for Loan, Competitive Bid Request or Letter of Credit Request in compliance with ARTICLE 2 (or telephonic or other request for Loan referred to in the second sentence of Section 2.1(C), if applicable), in compliance with ARTICLE 2;

(d) no Default or Event of Default shall have occurred and be continuing;

(e) the Managing Agent shall have received a current calculation of the Borrowing Base with such supporting information as the Managing Agent may require adjusted in the best good faith estimate of the Borrowers to the date of such certification; and

(f) the Managing Agent shall have received, in form and substance satisfactory to the Managing Agent, such other assurances, certificates, documents or consents related to the foregoing as the Managing Agent or Requisite Banks reasonably may require.

Article 9
EVENTS OF DEFAULT AND REMEDIES UPON EVENT OF DEFAULT

9.1 EVENTS OF DEFAULT. The existence or occurrence of any one or more of the following events, whatever the reason therefor and under any circumstances whatsoever, shall constitute an Event of Default:

(a) Borrowers fail to pay any principal on any of the Notes, or any portion thereof, on the date when due; or

(b) Borrowers fail to pay any interest on any of the Notes, or any fees under Sections 3.4 or 3.5, or any portion thereof, within five (5) Banking Days after the date when due; or fail to pay any other fee or amount payable to the Banks or the Managing Agent under any Loan Document, or any portion thereof, within five (5) Banking Days after demand therefor; or

(c) Borrowers fail to comply with any of the covenants contained in ARTICLE 6; or

(d) Borrowers fail to comply with Section 7.1(k) in any respect that is materially adverse to the interests of the Banks; or

(e) Any Borrower or any other Party fails to perform or observe any other covenant or agreement (not specified in clause (a), (b), (c) or (d) above) contained in any Loan Document on its part to be performed or observed within thirty (30) Banking Days after the giving of notice by the Managing Agent on behalf of the Requisite Banks of such Default or, if such Default is not reasonably susceptible of cure within such period, within such longer period as is reasonably necessary to effect a cure so long as such Borrower or such Party continues to diligently pursue cure of such Default but not in any event in excess of sixty (60) Banking Days; or

(f) Any representation or warranty of Borrowers made in any Loan Document, or in any certificate or other writing delivered by Borrowers pursuant to any Loan Document, proves to have been incorrect when made or reaffirmed in any respect that is materially adverse to the interests of the Banks; or

(g) Borrowers (i) fail to pay the principal, or any principal installment, of any present or future Indebtedness (OTHER THAN Non-Recourse Debt) of \$5,000,000 or more, or any guaranty of present or future Indebtedness (OTHER THAN Non-Recourse Debt) of \$5,000,000 or more, on its part to be paid, when due (or within

any stated grace period), whether at the stated maturity, upon acceleration, by reason of required prepayment or otherwise or (ii) fails to perform or observe any other term, covenant or agreement on its part to be performed or observed, or suffers any event of default to occur, in connection with any present or future Indebtedness (OTHER THAN Non-Recourse Debt) of \$5,000,000 or more, or of any guaranty of present or future Indebtedness (OTHER THAN Non-Recourse Debt) of \$5,000,000 or more, if as a result of such failure or sufferance any holder or holders thereof (or an agent or trustee on its or their behalf) has the right to declare such Indebtedness due before the date on which it otherwise would become due or the right to require Borrowers to redeem or purchase, or offer to redeem or purchase, all or any portion of such Indebtedness (PROVIDED, that for the purpose of this clause (G), the principal amount of Indebtedness consisting of a Swap Agreement shall be the amount which is then payable by the counterparty to close out the Swap Agreement); or

(h) Any Loan Document, at any time after its execution and delivery and for any reason OTHER THAN the agreement or action (or omission to act) of the Managing Agent or the Banks or satisfaction in full of all the Obligations ceases to be in full force and effect or is declared by a court of competent jurisdiction to be null and void, invalid or unenforceable in any respect which is materially adverse to the interests of the Banks; or any Party thereto denies in writing that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind same; or

(i) A final judgment against any of Borrowers is entered for the payment of money in excess of \$1,000,000 (not covered by insurance or for which an insurer has reserved its rights) and, absent procurement of a stay of execution, such judgment remains unsatisfied for thirty (30) calendar days after the date of entry of judgment, or in any event later than five (5) days prior to the date of any proposed sale thereunder; or any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the Property of any such Person and is not released, vacated or fully bonded within thirty (30) calendar days after its issue or levy; or

(j) Any of Borrowers institutes or consents to the institution of any proceeding under a Debtor Relief Law relating to it or to all or any material part of its Property, or is unable or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its Property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of that Person and the appointment continues undischarged or unstayed for sixty (60) calendar days; or any proceeding under a Debtor Relief Law relating to any such Person or to all or any part of its Property is instituted without the consent of that Person and continues undismissed or unstayed for sixty (60) calendar days or such Person consents thereto or acquiesces therein, or a

decree or order for relief is entered in respect of any such Person in such proceeding; or

(k) The occurrence of an Event of Default (as such term is or may hereafter be specifically defined in any other Loan Document) under any other Loan Document; or

(l) Any Pension Plan maintained by Borrowers is determined to have a material "accumulated funding deficiency" as that term is defined in Section 302 of ERISA in excess of an amount equal to 5% of the combined total assets of Borrowers as of the most-recently ended Fiscal Quarter; or

(m) During any twelve (12) consecutive month period, Joel S. Marcus shall cease to be the Chief Executive Officer of Parent, and either of the following two (2) persons (or any successor who was previously approved as provided herein) shall cease to occupy the following positions: Peter Nelson shall cease to be the Chief Financial Officer of Parent, and Jerry M. Sudarsky shall cease to be the Chairman of the Parent; provided that the foregoing shall not constitute an Event of Default if a competent and experienced successor for such Person shall be approved by the Requisite Banks within six (6) months of such event, such approval not to be unreasonably withheld.

9.2 REMEDIES UPON EVENT OF DEFAULT. Without limiting any other rights or remedies of the Managing Agent or the Banks provided for elsewhere in this Agreement, or the other Loan Documents, or by applicable Law, or in equity, or otherwise:

(a) Upon the occurrence, and during the continuance, of any Event of Default OTHER THAN an Event of Default described in Section 9.1(J):

(1) the Commitments to make Advances and Swing Loans and to issue Letters of Credit and all other obligations of the Managing Agent or the Banks and all rights of Borrowers and any other Parties under the Loan Documents shall be suspended without notice to or demand upon Borrowers, which are expressly waived by Borrowers, EXCEPT that all of the Banks or the Requisite Banks (as the case may be, in accordance with Section 12.1) may waive an Event of Default or, without waiving, determine, upon terms and conditions satisfactory to the Banks or Requisite Banks, as the case may be, to reinstate the Commitments and such other obligations and rights and make further Advances and Swing Loans and to issue Letters of Credit, which waiver or determination shall apply equally to, and shall be binding upon, all the Banks; and

(2) the Requisite Banks may request the Managing Agent to, and the Managing Agent thereupon shall, terminate the Commitments and/or declare all or any part of the unpaid principal of all Notes, all interest accrued

and unpaid thereon and all other amounts payable under the Loan Documents to be forthwith due and payable, whereupon the same shall become and be forthwith due and payable, without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which are expressly waived by Borrowers.

(b) Upon the occurrence of any Event of Default described in Section 9.1(j):

(1) the Commitments to make Advances and Swing Loans and to issue Letters of Credit and all other obligations of the Managing Agent or the Banks and all rights of Borrowers and any other Parties under the Loan Documents shall terminate without notice to or demand upon Borrowers, which are expressly waived by Borrowers, EXCEPT that all of the Banks or the Requisite Banks (as the case may be, in accordance with Section 12.1) may waive the Event of Default or, without waiving, determine, upon terms and conditions satisfactory to all the Banks, to reinstate the Commitments and such other obligations and rights and make further Advances and Swing Loans and to issue Letters of Credit, which determination shall apply equally to, and shall be binding upon, all the Banks; and

(2) the unpaid principal of all Notes, all interest accrued and unpaid thereon and all other amounts payable under the Loan Documents shall be forthwith due and payable, all without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which are expressly waived by Borrowers.

(c) Upon the occurrence of any Event of Default, the Banks and the Managing Agent, or any of them through the Managing Agent, without notice to (EXCEPT as expressly provided for in any Loan Document) or demand upon Borrowers, which are expressly waived by Borrowers (EXCEPT as to notices expressly provided for in any Loan Document), may proceed (but only with the consent of the Requisite Banks) to protect, exercise and enforce their rights and remedies under the Loan Documents against Borrowers and any other Party and such other rights and remedies as are provided by Law or equity.

(d) The order and manner in which the Banks' rights and remedies are to be exercised shall be determined by the Requisite Banks in their sole discretion, and all payments received by the Managing Agent and the Banks, or any of them, shall be applied first to the costs and expenses (including reasonable attorneys' fees and disbursements and the reasonably allocated costs of attorneys employed by the Managing Agent or by any Bank) of the Managing Agent and of the Banks, then to the repayment of Swing Loans, and thereafter paid pro rata to the Banks in the same proportions that the aggregate Obligations owed to each Bank under the Loan Documents bear to the aggregate Obligations owed under the Loan Documents to all the

Banks, without priority or preference among the Banks. Regardless of how each Bank may treat payments for the purpose of its own accounting, for the purpose of computing Borrowers' Obligations hereunder and under the Notes, payments shall be applied FIRST, to the costs and expenses of the Managing Agent and the Banks, as set forth above, SECOND, to the payment of interest and principal (in that order) due on Swing Loans, THIRD, to the payment of accrued and unpaid interest due under any Loan Documents to and including the date of such application (ratably, and without duplication, according to the accrued and unpaid interest due under each of the Loan Documents), FOURTH, to the payment of any termination payments due from the Borrowers in respect of Swap Agreements, and FIFTH, to the payment of all other amounts (including principal and fees) then owing to the Managing Agent or the Banks under the Loan Documents. No application of payments will cure any Event of Default, or prevent acceleration, or continued acceleration, of amounts payable under the Loan Documents, or prevent the exercise, or continued exercise, of rights or remedies of the Banks hereunder or thereunder or at Law or in equity.

(e) Upon the occurrence, and during the continuance, of any Event of Default, the Borrowers shall at such time deposit in a cash collateral account opened by the Managing Agent an amount equal to the Letter of Credit Exposure at such time. Each Borrower hereby grants to the Managing Agent, for the benefit of the Banks, a security interest in such cash collateral to secure all obligations of such Borrower in respect of such Letters of Credit under this Agreement and the other Loan Documents. The Borrowers shall execute and deliver to the Managing Agent, for the account of the Banks, such further documents and instruments as the Managing Agent may request to evidence the creation and perfection of such security interest in such cash collateral account. Amounts held in such cash collateral account shall be applied by the Managing Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other obligations of the Borrowers hereunder and under any Notes. After all such Letters of Credit shall have expired or been fully drawn upon, all obligations under the Letters of Credit shall have been satisfied and all other obligations of the Borrowers hereunder and under any Notes shall have been paid in full, the balance, if any, in such cash collateral account shall be returned to Borrowers.

Article 10
THE MANAGING AGENT

10.1 APPOINTMENT AND AUTHORIZATION. Subject to Section 10.8, each Bank hereby irrevocably appoints and authorizes the Managing Agent to take such action as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to the Managing Agent by the terms thereof or are reasonably incidental, as determined by the Managing Agent, thereto. This appointment and authorization is intended solely for the purpose of facilitating the servicing of the Loans and does not constitute appointment of the

Managing Agent as trustee for any Bank or as representative of any Bank for any other purpose and, the Managing Agent shall take such action and exercise such powers only in an administrative and ministerial capacity.

10.2 MANAGING AGENT AND AFFILIATES. BankBoston (and each successor Managing Agent in its individual capacity) has the same rights and powers under the Loan Documents as any other Bank and may exercise the same as though it were not the Managing Agent, and the term "Bank" or "Banks" includes BankBoston in its individual capacity. BankBoston (and each successor Managing Agent in its individual capacity) and its Affiliates may accept deposits from, lend money to and generally engage in any kind of banking, trust or other business with Borrowers, any Subsidiary thereof, or any Affiliate of Borrowers or any Subsidiary thereof, as if it were not the Managing Agent and without any duty to account therefor to the Banks. BankBoston (and each successor Managing Agent in its individual capacity) need not account to any other Bank for any monies received by it for reimbursement of its costs and expenses as Managing Agent hereunder, or for any monies received by it in its capacity as a Bank hereunder, other than as required of any Bank hereunder. The Managing Agent shall not be deemed to hold a fiduciary or agency relationship with any Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Managing Agent. The provisions of this Section 10.2 shall apply equally to any other agents named herein.

10.3 PROPORTIONATE INTEREST IN ANY COLLATERAL. The Managing Agent, on behalf of all the Banks, shall hold in accordance with the Loan Documents all items of any collateral or interests therein received or held by the Managing Agent. Subject to the Managing Agent's and the Banks' rights to reimbursement for their costs and expenses hereunder (INCLUDING reasonable attorneys' fees and disbursements and other professional services and the reasonably allocated costs of attorneys employed by the Managing Agent or a Bank) and subject to the application of payments in accordance with Section 9.2(d), each Bank shall have an interest in the Managing Agent's interest in such collateral or interests therein in the same proportions that the aggregate Obligations owed such Bank under the Loan Documents bear to the aggregate Obligations owed under the Loan Documents to all the Banks, without priority or preference among the Banks.

10.4 BANKS' CREDIT DECISIONS. Each Bank agrees that it has, independently and without reliance upon the Managing Agent, any other Bank or the directors, officers, agents, employees or attorneys of the Managing Agent or of any other Bank, and instead in reliance upon information supplied to it by or on behalf of Borrowers and upon such other information as it has deemed appropriate, made its own independent credit analysis and decision to enter into this Agreement. Each Bank also agrees that it shall, independently and without reliance upon the Managing Agent, any other Bank or the directors, officers, agents, employees or attorneys of the Managing Agent or of any other Bank, continue to make its own independent credit analyses and decisions in acting or not acting under the Loan Documents.

10.5 ACTION BY MANAGING AGENT.

(a) Absent actual knowledge of the Managing Agent of the existence of a Default, the Managing Agent may assume that no Default has occurred and is continuing, unless the Managing Agent has received notice from Borrowers stating the nature of the Default or has received notice from a Bank stating the nature of the Default and that such Bank considers the Default to have occurred and to be continuing.

(b) The Managing Agent has only those obligations under the Loan Documents as are expressly set forth therein.

(c) EXCEPT for any obligation expressly set forth in the Loan Documents and as long as the Managing Agent may assume that no Default has occurred and is continuing, the Managing Agent may, but shall not be required to, exercise its discretion to act or not act, EXCEPT that the Managing Agent shall be required to comply with the instructions of the Requisite Banks (or of all the Banks, to the extent required by Section 12.1) and those instructions shall be binding upon the Managing Agent and all the Banks, PROVIDED that the Managing Agent shall not be required to comply with such instructions if to do so would be contrary to any Loan Document or to applicable Law or would result, in the reasonable judgment of the Managing Agent, in substantial risk of liability to the Managing Agent.

(d) If the Managing Agent has received a notice specified in clause (a) or has actual knowledge of the existence of a Default, the Managing Agent shall immediately give notice thereof to the Banks and shall comply with the instructions of the Requisite Banks (or of all the Banks, to the extent required by Section 12.1), PROVIDED that the Managing Agent shall not be required to comply with such instructions if to do so would be contrary to any Loan Document or to applicable Law or would result, in the reasonable judgment of the Managing Agent, in substantial risk of liability to the Managing Agent, and EXCEPT that if the Requisite Banks (or all the Banks, if required under Section 12.1) fail, for five (5) Banking Days after the receipt of notice from the Managing Agent, to instruct the Managing Agent, then the Managing Agent, in its sole discretion, may act or not act as it deems advisable for the protection of the interests of the Banks.

10.6 LIABILITY OF MANAGING AGENT. Neither the Managing Agent nor any of its directors, officers, agents, employees or attorneys shall be liable for any action taken or not taken by them under or in connection with the Loan Documents, EXCEPT for their own gross negligence or willful misconduct. Without limitation on the foregoing, the Managing Agent and its directors, officers, agents, employees and attorneys:

(a) May treat the payee of any Note as the holder thereof until the Managing Agent receives notice of the assignment or transfer thereof, in form satisfactory to the Managing Agent, signed by the payee, and may treat each Bank as

the owner of that Bank's interest in the Obligations for all purposes of this Agreement until the Managing Agent receives notice of the assignment or transfer thereof, in form satisfactory to the Managing Agent, signed by that Bank;

(b) May consult with legal counsel (INCLUDING in-house legal counsel), accountants (INCLUDING in-house accountants) and other professionals or experts selected by it, or with legal counsel, accountants or other professionals or experts for Borrowers and/or their Subsidiaries or the Banks, and shall not be liable for any action taken or not taken by it in good faith in accordance with any advice of such legal counsel, accountants or other professionals or experts;

(c) Shall not be responsible to any Bank for any statement, warranty or representation made in any of the Loan Documents or in any notice, certificate, report, request or other statement (written or oral) given or made in connection with any of the Loan Documents;

(d) Shall have no duty to ask or inquire as to the performance or observance by Borrowers or its Subsidiaries of any of the terms, conditions or covenants of any of the Loan Documents or to inspect any collateral or any Property, books or records of Borrowers or their Subsidiaries;

(e) Will not be responsible to any Bank for the due execution, legality, validity, enforceability, genuineness, effectiveness, sufficiency or value of any Loan Document, any other instrument or writing furnished pursuant thereto or in connection therewith, or any collateral;

(f) Will not incur any liability by acting or not acting in reliance upon any Loan Document, notice, consent, certificate, statement, request or other instrument or writing believed in good faith by it to be genuine and signed or sent by the proper party or parties;

(g) Will not incur any liability for any arithmetical error in computing any amount paid or payable by the Borrowers or any Subsidiary or Affiliate thereof or paid or payable to or received or receivable from any Bank under any Loan Document, INCLUDING, without limitation, principal, interest, commitment fees, Advances and other amounts; PROVIDED that, promptly upon discovery of such an error in computation, the Managing Agent, the Banks and (to the extent applicable) Borrowers and/or their Subsidiaries or Affiliates shall make such adjustments as are necessary to correct such error and to restore the parties to the position that they would have occupied had the error not occurred; and

(h) Have not made nor do they now make any representations or warranties, express or implied, nor does it assume any liability to the Banks, with respect to the creditworthiness or financial condition of the Borrowers, their respective

partners or members or any of their respective Subsidiaries, the value of their respective assets or the collectability of the Loans.

10.7 INDEMNIFICATION. Each Bank shall, ratably in accordance with its Pro Rata Share of the Commitments (if the Commitments are then in effect) or in accordance with its proportion of the aggregate Indebtedness then evidenced by the Notes (if the Commitments have then been terminated), indemnify and hold the Managing Agent and its directors, officers, agents, employees and attorneys harmless against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (INCLUDING reasonable attorneys' fees and disbursements and allocated costs of attorneys employed by the Managing Agent) that may be imposed on, incurred by or asserted against it or them in any way relating to or arising out of the Loan Documents (other than losses incurred by reason of the failure of Borrowers to pay the Indebtedness represented by the Notes) or any action taken or not taken by it as Managing Agent thereunder, EXCEPT such as result from its own gross negligence or willful misconduct. Without limitation on the foregoing, each Bank shall reimburse the Managing Agent upon demand for that Bank's Pro Rata Share of any out-of-pocket cost or expense incurred by the Managing Agent in connection with the negotiation, preparation, execution, delivery, amendment, waiver, restructuring, reorganization (INCLUDING a bankruptcy reorganization), enforcement or attempted enforcement of the Loan Documents, to the extent that any Borrower or any other Party is required by Section 11.3 to pay that cost or expense but fails to do so upon demand. Nothing in this Section 10.7 shall entitle the Managing Agent or any indemnitee referred to above to recover any amount from the Banks if and to the extent that such amount has theretofore been recovered from Borrowers or any of their Subsidiaries. To the extent that the Managing Agent or any indemnitee referred to above is later reimbursed such amount by Borrowers or any of its Subsidiaries, it shall return the amounts paid to it by the Banks in respect of such amount.

10.8 SUCCESSOR MANAGING AGENT. The Managing Agent may, and at the request of the Requisite Banks shall, resign as Managing Agent upon reasonable notice to the Banks and Borrowers effective upon acceptance of appointment by a successor Managing Agent. If the Managing Agent shall resign as Managing Agent under this Agreement, the Requisite Banks shall appoint from among the Banks a successor Managing Agent for the Banks, which successor Managing Agent shall be approved by Borrowers so long as no Default or Event of Default has occurred and is continuing (and such approval shall not be unreasonably withheld or delayed). If no successor Managing Agent is appointed prior to the effective date of the resignation of the Managing Agent, the Managing Agent may appoint, after consulting with the Banks and, so long as no Default or Event of Default has occurred and is continuing the Borrowers, a successor Managing Agent from among the Banks. Upon the acceptance of its appointment as successor Managing Agent hereunder, such successor Managing Agent shall succeed to all the rights, powers and duties of the retiring Managing Agent and the term "Managing Agent" shall mean such successor Managing Agent and the retiring Managing Agent's appointment, powers and duties as Managing Agent shall be terminated. After any retiring Managing Agent's resignation hereunder as Managing Agent, the provisions of this ARTICLE 10, and Sections 11.3, 11.11 and 11.22, shall inure to its benefit

as to any actions taken or omitted to be taken by it while it was Managing Agent under this Agreement. Notwithstanding the foregoing, if (a) the Managing Agent has not been paid its agency fees under Section 3.5 or has not been reimbursed for any expense reimbursable to it under Section 11.3, in either case for a period of at least one (1) year and (b) no successor Managing Agent has accepted appointment as Managing Agent by the date which is thirty (30) days following a retiring Managing Agent's notice of resignation, the retiring Managing Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Managing Agent hereunder until such time, if any, as the Requisite Banks appoint a successor Managing Agent as provided for above.

10.9 NO OBLIGATIONS OF BORROWERS. Nothing contained in this Article 10 shall be deemed to impose upon Borrowers any obligation in respect of the due and punctual performance by the Managing Agent of its obligations to the Banks under any provision of this Agreement, and Borrowers shall have no liability to the Managing Agent or any of the Banks in respect of any failure by the Managing Agent or any Bank to perform any of its obligations to the Managing Agent or the Banks under this Agreement. Without limiting the generality of the foregoing, where any provision of this Agreement relating to the payment of any amounts due and owing under the Loan Documents provides that such payments shall be made by Borrowers to the Managing Agent for the account of the Banks, Borrowers' obligations to the Banks in respect of such payments shall be deemed to be satisfied upon the making of such payments to the Managing Agent in the manner provided by this Agreement.

Article 11
MISCELLANEOUS

11.1 CUMULATIVE REMEDIES; NO WAIVER. The rights, powers, privileges and remedies of the Managing Agent and the Banks provided herein or in any Note or other Loan Document are cumulative and not exclusive of any right, power, privilege or remedy provided by Law or equity. No failure or delay on the part of the Managing Agent or any Bank in exercising any right, power, privilege or remedy may be, or may be deemed to be, a waiver thereof; nor may any single or partial exercise of any right, power, privilege or remedy preclude any other or further exercise of the same or any other right, power, privilege or remedy. The terms and conditions of ARTICLE 8 hereof are inserted for the sole benefit of the Managing Agent and the Banks; the same may be waived in whole or in part, with or without terms or conditions, in respect of any Loan without prejudicing the Managing Agent's or the Banks' rights to assert them in whole or in part in respect of any other Loan.

11.2 [INTENTIONALLY OMITTED].

11.3 COSTS, EXPENSES AND TAXES. Borrowers shall pay within five (5) Banking Days after demand, accompanied by an invoice therefor, the reasonable costs and expenses of the Managing Agent in connection with the negotiation, preparation, syndication, execution, delivery and interpretation of the Loan Documents and any amendment thereto or waiver thereof. Borrowers shall also pay on demand, accompanied by an invoice therefor, the reasonable

costs and expenses of the Managing Agent and the Banks in connection with the refinancing, restructuring, reorganization (INCLUDING a bankruptcy reorganization) and enforcement or attempted enforcement of the Loan Documents, and any matter related thereto. The foregoing costs and expenses shall include filing fees, recording fees, title insurance fees, appraisal fees, search fees, and other out-of-pocket expenses and the reasonable fees and out-of-pocket expenses of any legal counsel (INCLUDING reasonably allocated costs of legal counsel employed by the Managing Agent or any Bank), independent public accountants and other outside experts retained by the Managing Agent or any Bank, whether or not such costs and expenses are incurred or suffered by the Managing Agent or any Bank in connection with or during the course of any bankruptcy or insolvency proceedings of any of Borrowers or any Subsidiary thereof. Borrowers shall pay any and all documentary and other taxes, EXCLUDING (i) taxes imposed on or measured in whole or in part by any Bank's overall net income imposed on such Bank by (A) any jurisdiction (or political subdivision thereof) in which such Bank is organized or maintains its principal office or LIBOR Lending Office or (B) any jurisdiction (or political subdivision thereof) in which such Bank is "doing business" or (ii) any withholding taxes or other taxes based on gross income imposed by the United States of America for any period with respect to which any Bank has failed to provide Borrowers with the appropriate form or forms required by Section 11.21, to the extent such forms are then required by applicable Laws, and all costs, expenses, fees and charges payable or determined to be payable in connection with the filing or recording of this Agreement, any other Loan Document or any other instrument or writing to be delivered hereunder or thereunder, or in connection with any transaction pursuant hereto or thereto, and shall reimburse, hold harmless and indemnify on the terms set forth in 11.11 the Managing Agent and the Banks from and against any and all loss, liability or legal or other expense with respect to or resulting from any delay in paying or failure to pay any such tax, cost, expense, fee or charge or that any of them may suffer or incur by reason of the failure of any Party to perform any of its Obligations. Any amount payable to the Managing Agent or any Bank under this Section 11.3 shall bear interest from the fifth Banking Day following the date of demand for payment at the Default Rate.

11.4 NATURE OF BANKS' OBLIGATIONS. The obligations of the Banks hereunder are several and not joint or joint and several. Nothing contained in this Agreement or any other Loan Document and no action taken by the Managing Agent or the Banks or any of them pursuant hereto or thereto may, or may be deemed to, make the Banks a partnership, an association, a joint venture or other entity, either among themselves or with the Borrowers or any Affiliate of any of Borrowers. A default by any Bank will not increase the Pro Rata Share of the Commitments attributable to any other Bank. Any Bank not in default may, if it desires, assume in such proportion as the nondefaulting Banks agree the obligations of any Bank in default, but is not obligated to do so. The Managing Agent agrees that it will use reasonable best efforts either to induce the other Banks to assume the obligations of a Bank in default or to obtain another Bank, reasonably satisfactory to Borrowers, to replace such a Bank in default. A defaulting Bank's right to participate in the administration of the Loan Documents, including, without limitation, any rights to consent to or direct any action or inaction of the Managing Agent or to vote on any matter presented to the Banks shall be suspended during the pendency of such Bank's default.

11.5 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All representations and warranties contained herein or in any other Loan Document, or in any certificate or other writing delivered by or on behalf of any one or more of the Parties to any Loan Document, will survive the making of the Loans hereunder and the execution and delivery of the Notes, and have been or will be relied upon by the Managing Agent and each Bank, notwithstanding any investigation made by the Managing Agent or any Bank or on their behalf.

11.6 NOTICES. EXCEPT as otherwise expressly provided in the Loan Documents, all notices, requests, demands, directions and other communications provided for hereunder or under any other Loan Document must be in writing and must be mailed, telegraphed, telecopied, dispatched by commercial courier or delivered to the appropriate party at the address set forth on the signature pages of this Agreement or other applicable Loan Document or, as to any party to any Loan Document, at any other address as may be designated by it in a written notice sent to all other parties to such Loan Document in accordance with this Section. EXCEPT as otherwise expressly provided in any Loan Document, if any notice, request, demand, direction or other communication required or permitted by any Loan Document is given by mail it will be effective on the earlier of receipt or the fourth Banking Day after deposit in the United States mail with first class or airmail postage prepaid; if given by telegraph or cable, when delivered to the telegraph company with charges prepaid; if given by telecopier, when sent; if dispatched by commercial courier, on the scheduled delivery date; or if given by personal delivery, when delivered.

11.7 EXECUTION OF LOAN DOCUMENTS. Unless the Managing Agent otherwise specifies with respect to any Loan Document, (a) this Agreement and any other Loan Document may be executed in any number of counterparts and any party hereto or thereto may execute any counterpart, each of which when executed and delivered will be deemed to be an original and all of which counterparts of this Agreement or any other Loan Document, as the case may be, when taken together will be deemed to be but one and the same instrument and (b) execution of any such counterpart may be evidenced by a telecopier transmission of the signature of such party. The execution of this Agreement or any other Loan Document by any party hereto or thereto will not become effective until counterparts hereof or thereof, as the case may be, have been executed by all the parties hereto or thereto.

11.8 BINDING EFFECT; ASSIGNMENT.

(a) This Agreement and the other Loan Documents to which Borrowers are a Party will be binding upon and inure to the benefit of Borrowers, the Managing Agent, each of the Banks, and their respective successors and assigns, EXCEPT that Borrowers may not assign their rights hereunder or thereunder or any interest herein or therein without the prior written consent of all the Banks. Each Bank represents that it is not acquiring its Note with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (subject to any requirement that disposition of such Note must be within the control of such Bank). Any Bank may at any time pledge its Note or any other instrument evidencing its rights as a Bank under this Agreement to a Federal Reserve Bank, but no such pledge shall release that Bank

from its obligations hereunder or grant to such Federal Reserve Bank the rights of a Bank hereunder absent foreclosure of such pledge.

(b) From time to time following the Closing Date, each Bank may assign to one or more Eligible Assignees all or any portion of its Pro Rata Share of the Commitments; PROVIDED that (i) such Eligible Assignee, if not then a Bank or an Affiliate of the assigning Bank, shall be approved by the Managing Agent and (if no Event of Default then exists) Borrowers (neither of which approvals shall be unreasonably withheld or delayed), (ii) such assignment shall be evidenced by a Commitments Assignment and Acceptance, a copy of which together with any Notes subject to such assignment shall be furnished to the Managing Agent as hereinbelow provided, (iii) EXCEPT in the case of an assignment to an Affiliate of the assigning Bank, to another Bank or of the entire remaining Commitments of the assigning Bank, the assignment shall not assign a Pro Rata Share of the Commitments that is equivalent to less than \$10,000,000, (iv) the assignment shall be of a constant, and not a varying, percentage of the Assignor's rights and obligations under this Agreement, and (v) the effective date of any such assignment shall be as specified in the Commitments Assignment and Acceptance, but not earlier than the date which is five (5) Banking Days after the date the Managing Agent has received the Commitments Assignment and Acceptance unless otherwise agreed by the Managing Agent. In connection with such assignment, the assignor may assign all or any portion of its Competitive Advance Note and the Competitive Advances at the time owing to it, which, if so assigned, shall be assigned in such proportion as the assignor and assignee agree, but in no event shall the assignee acquire an interest in the Competitive Advances of the assignor of less than \$5,000,000.00. Upon the effective date of such Commitments Assignment and Acceptance, the Eligible Assignee named therein shall be a Bank for all purposes of this Agreement, with the Pro Rata Share of the Commitments therein set forth and, to the extent of such Pro Rata Share, the assigning Bank shall be released from its further obligations under this Agreement. Borrowers agree that they shall execute and deliver (against delivery by the assigning Bank to Borrowers of its Note) to such assignee Bank, Notes evidencing that assignee Bank's Pro Rata Share of the Commitments, and to the assigning Bank, Notes evidencing the remaining balance Pro Rata Share retained by the assigning Bank. In the event that no portion of a Competitive Advance is assigned to such assignee, the Borrowers shall upon the request of such assignee execute and deliver to such assignee a Competitive Advance Note, dated the effective date of such assignment and which shall otherwise be in substantially the form of the Competitive Advance Notes.

(c) By executing and delivering a Commitments Assignment and Acceptance, the Eligible Assignee thereunder acknowledges and agrees that: (i) other than the representation and warranty of the assigning Bank that it is the legal and beneficial owner of the Pro Rata Share of the Commitments being assigned thereby free and clear of any adverse claim, neither the assigning Bank nor the Managing Agent has made any representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with

this Agreement or the execution, legality, validity, enforceability, genuineness or sufficiency of this Agreement or any other Loan Document; (ii) neither the assigning Bank nor the Managing Agent has made any representation or warranty and assumes no responsibility with respect to the financial condition of Borrowers or the performance by Borrowers of the Obligations; (iii) it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to Section 7.1 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Commitments Assignment and Acceptance; (iv) it will, independently and without reliance upon the Managing Agent or any Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) it appoints and authorizes the Managing Agent to take such action and to exercise such powers under this Agreement as are delegated to the Managing Agent by this Agreement; and (vi) it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Bank.

(d) The Managing Agent shall maintain at the Managing Agent's Office a copy of each Commitments Assignment and Acceptance delivered to it and a register (the "Register") of the names and address of each of the Banks and the Pro Rata Share of the Commitments held by each Bank, giving effect to each Commitments Assignment and Acceptance. The Register shall be available during normal business hours for inspection by Borrowers or any Bank upon reasonable prior notice to the Managing Agent. After receipt of a completed Commitments Assignment and Acceptance executed by any Bank and an Eligible Assignee and the Notes subject to such assignment, and receipt of an assignment fee of \$2,500 from such Bank or Eligible Assignee, the Managing Agent shall, promptly following the effective date thereof, provide to Borrowers and the Banks a revised SCHEDULE 1.1 giving effect thereto. Borrowers, the Managing Agent and the Banks shall deem and treat the Persons listed as Banks in the Register as the holders and owners of the Pro Rata Share of the Commitments listed therein for all purposes hereof, and no assignment or transfer of any such Pro Rata Share of the Commitments shall be effective, in each case unless and until a Commitments Assignment and Acceptance effecting the assignment or transfer thereof shall have been accepted by the Managing Agent and recorded in the Register as provided above. Prior to such recordation, all amounts owed with respect to the applicable Pro Rata Share of the Commitments shall be owed to the Bank listed in the Register as the owner thereof, and any request, authority or consent of any Person who, at the time of making such request or giving such authority or consent, is listed in the Register as a Bank shall be conclusive and binding on any subsequent holder, assignee or transferee of the corresponding Pro Rata Share of the Commitments.

(e) Each Bank may from time to time grant participations to one or more banks or other financial institutions (INCLUDING another Bank but EXCLUDING an Employee Plan) in a portion of its Pro Rata Share of the Commitments; PROVIDED,

HOWEVER, that (i) such Bank's obligations under this Agreement shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating banks or other financial institutions shall not be a Bank hereunder for any purpose EXCEPT, if the participation agreement so provides, for the purposes of Sections 3.7, 3.8, 11.11 and 11.22 but only to the extent that the cost of such benefits to Borrowers does not exceed the cost which Borrowers would have incurred in respect of such Bank absent the participation, (iv) Borrowers, the Managing Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement, (v) the participation interest shall be expressed as a percentage of the granting Bank's Pro Rata Share of the Commitments as it then exists and shall not afford such participant any rights or privileges under the Loan Documents except as provided in clause (iii) above.

11.9 RIGHT OF SETOFF. If an Event of Default has occurred and is continuing, the Managing Agent or any Bank (but in each case only with the consent of the Requisite Banks and subject to the provisions of Section 11.10) may exercise its rights under Article 9 of the Uniform Commercial Code and other applicable Laws and, to the extent permitted by applicable Laws, apply any funds in any deposit account maintained with it by Borrowers and/or any Property of Borrowers in its possession against the Obligations.

11.10 SHARING OF SETOFFS. Each Bank severally agrees that if it, through the exercise of any right of setoff, banker's lien or counterclaim against Borrowers, or otherwise, receives payment of the Obligations held by it that is ratably more than any other Bank, through any means, receives in payment of the Obligations held by that Bank, then, subject to applicable Laws: (a) the Bank exercising the right of setoff, banker's lien or counterclaim or otherwise receiving such payment shall purchase, and shall be deemed to have simultaneously purchased, from each of the other Banks a participation in the Obligations held by the other Banks and shall pay to the other Banks a purchase price in an amount so that the share of the Obligations held by each Bank after the exercise of the right of setoff, banker's lien or counterclaim or receipt of payment shall be in the same proportion that existed prior to the exercise of the right of setoff, banker's lien or counterclaim or receipt of payment; and (b) such other adjustments and purchases of participations shall be made from time to time as shall be equitable to ensure that all of the Banks share any payment obtained in respect of the Obligations ratably in accordance with each Bank's share of the Obligations immediately prior to, and without taking into account, the payment; PROVIDED that, if all or any portion of a disproportionate payment obtained as a result of the exercise of the right of setoff, banker's lien, counterclaim or otherwise is thereafter recovered from the purchasing Bank by Borrowers or any Person claiming through or succeeding to the rights of Borrowers, the purchase of a participation shall be rescinded and the purchase price thereof shall be restored to the extent of the recovery, but without interest (unless the Bank from which such payment is recovered is required to pay interest thereon, in which case each Bank returning funds to such Bank shall pay its pro rata share of such interest). Each Bank that purchases a participation in the Obligations pursuant to this Section 11.10 shall from and after the purchase have the right to give all notices, requests, demands, directions and other

communications under this Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Bank were the original owner of the Obligations purchased. Borrowers expressly consent to the foregoing arrangements and agree that any Bank holding a participation in an Obligation so purchased pursuant to this Section 11.10 may exercise any and all rights of setoff, banker's lien or counterclaim with respect to the participation as fully as if the Bank were the original owner of the Obligation purchased.

11.11 INDEMNITY BY BORROWERS. Borrowers agree to indemnify, save and hold harmless the Managing Agent and each Bank and their respective directors, officers, agents, attorneys and employees (collectively the "INDEMNITEES") from and against: (a) any and all claims, demands, actions or causes of action (EXCEPT a claim, demand, action, or cause of action for any amount excluded from the definition of "Taxes" in Section 3.12(d)) if the claim, demand, action or cause of action arises out of or relates to any act or omission (or alleged act or omission) of Borrowers, their Affiliates or any of their officers, directors or stockholders relating to the Commitments, the use or contemplated use of proceeds of any Loan or any Letter of Credit, or the relationship of Borrowers and the Banks under this Agreement; (b) any administrative or investigative proceeding by any Governmental Agency arising out of or related to a claim, demand, action or cause of action described in clause (a) above; and (c) any and all liabilities, losses, costs or expenses (INCLUDING reasonable attorneys' fees and the reasonably allocated costs of attorneys employed by any Indemnitee and disbursements of such attorneys and other professional services) that any Indemnitee suffers or incurs as a result of the assertion of any foregoing claim, demand, action or cause of action; PROVIDED that no Indemnitee shall be entitled to indemnification for any loss caused by its own gross negligence or willful misconduct or for any loss asserted against it by another Indemnitee. If any claim, demand, action or cause of action is asserted against any Indemnitee, such Indemnitee shall promptly notify Borrowers, but the failure to so promptly notify Borrowers shall not affect Borrowers' obligations under this Section unless such failure materially prejudices Borrowers' right to participate in the contest of such claim, demand, action or cause of action, as hereinafter provided. Such Indemnitee may (and shall, if requested by Borrowers in writing) contest the validity, applicability and amount of such claim, demand, action or cause of action and shall permit Borrowers to participate in such contest. Any Indemnitee that proposes to settle or compromise any claim or proceeding for which Borrowers may be liable for payment of indemnity hereunder shall give Borrowers written notice of the terms of such proposed settlement or compromise reasonably in advance of settling or compromising such claim or proceeding and shall obtain Borrowers' prior consent (which shall not be unreasonably withheld or delayed). In connection with any claim, demand, action or cause of action covered by this Section 11.11 against more than one Indemnitee, all such Indemnitees shall be represented by the same legal counsel (which may be a law firm engaged by the Indemnitees or attorneys employed by an Indemnitee or a combination of the foregoing) selected by the Indemnitees and reasonably acceptable to Borrowers; PROVIDED, that if such legal counsel determines in good faith that representing all such Indemnitees would or could result in a conflict of interest under Laws or ethical principles applicable to such legal counsel or that a defense or counterclaim is available to an Indemnitee that is not available to all such Indemnitees, then to the extent reasonably necessary to avoid such a conflict of interest or to

permit unqualified assertion of such a defense or counterclaim, each affected Indemnitee shall be entitled to separate representation by legal counsel selected by that Indemnitee and reasonably acceptable to Borrowers, with all such legal counsel using reasonable efforts to avoid unnecessary duplication of effort by counsel for all Indemnitees; and FURTHER PROVIDED that the Managing Agent (as an Indemnitee) shall at all times be entitled to representation by separate legal counsel (which may be a law firm or attorneys employed by the Managing Agent or a combination of the foregoing). Any obligation or liability of Borrowers to any Indemnitee under this Section 11.11 shall survive the expiration or termination of this Agreement and the repayment of all Loans and the payment and performance of all other Obligations owed to the Banks.

11.12 NONLIABILITY OF THE BANKS. Borrowers acknowledge and agree that:

(a) Any inspections of any Property of Borrowers made by or through the Managing Agent or the Banks are for purposes of administration of the Loan only and Borrowers are not entitled to rely upon the same (whether or not such inspections are at the expense of Borrowers);

(b) By accepting or approving anything required to be observed, performed, fulfilled or given to the Managing Agent or the Banks pursuant to the Loan Documents, neither the Managing Agent nor the Banks shall be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance or approval thereof shall not constitute a warranty or representation to anyone with respect thereto by the Managing Agent or the Banks;

(c) The relationship between Borrowers and the Managing Agent and the Banks is, and shall at all times remain, solely that of borrowers and lenders; neither the Managing Agent nor the Banks shall under any circumstance be construed to be partners or joint venturers of Borrowers or their Affiliates; neither the Managing Agent nor the Banks shall under any circumstance be deemed to be in a relationship of confidence or trust or a fiduciary relationship with Borrowers or their Affiliates, or to owe any fiduciary duty to Borrowers or their Affiliates; neither the Managing Agent nor the Banks undertake or assume any responsibility or duty to Borrowers or their Affiliates to select, review, inspect, supervise, pass judgment upon or inform Borrowers or their Affiliates of any matter in connection with their Property or the operations of Borrowers or their Affiliates; Borrowers and their Affiliates shall rely entirely upon their own judgment with respect to such matters; and any review, inspection, supervision, exercise of judgment or supply of information undertaken or assumed by the Managing Agent or the Banks in connection with such matters is solely for the protection of the Managing Agent and the Banks and neither Borrowers nor any other Person is entitled to rely thereon; and

(d) The Managing Agent and the Banks shall not be responsible or liable to any Person for any loss, damage, liability or claim of any kind relating to

injury or death to Persons or damage to Property caused by the actions, inaction or negligence of Borrowers and/or its Affiliates and Borrowers hereby indemnify and hold the Managing Agent and the Banks harmless on the terms set forth in Section 11.11 from any such loss, damage, liability or claim.

11.13 NO THIRD PARTIES BENEFITTED. This Agreement is made for the purpose of defining and setting forth certain obligations, rights and duties of Borrowers, the Managing Agent and the Banks in connection with the Loans, and is made for the sole benefit of Borrowers, the Managing Agent and the Banks, and the Managing Agent's and the Banks' successors and assigns. EXCEPT as provided in Sections 11.8 and 11.11, no other Person shall have any rights of any nature hereunder or by reason hereof.

11.14 CONFIDENTIALITY. Each Bank agrees to hold any confidential information that it may receive from Borrowers pursuant to this Agreement in confidence, EXCEPT for disclosure: (a) to other Banks; (b) to legal counsel and accountants for Borrowers or any Bank; (c) to other professional advisors to Borrowers or any Bank, provided that the recipient has accepted such information subject to a confidentiality agreement substantially similar to this Section 11.14; (d) to regulatory officials having jurisdiction over that Bank; (e) as required by Law or legal process, provided that each Bank agrees to notify Borrowers of any such disclosures unless prohibited by applicable Laws, or in connection with any legal proceeding to which that Bank and any of Borrowers are adverse parties; and (f) to another financial institution in connection with a disposition or proposed disposition to that financial institution of all or part of that Bank's interests hereunder or a participation interest in its Notes, provided that the recipient has accepted such information subject to a confidentiality agreement substantially similar to this Section 11.14. For purposes of the foregoing, "confidential information" shall mean any information respecting Parent or its Subsidiaries that when delivered to the Managing Agent or the Banks is clearly marked by Borrowers to be confidential, OTHER THAN (i) information previously filed with any Governmental Agency and available to the public, (ii) information previously published in any public medium from a source other than, directly or indirectly, that Bank, and (iii) information previously disclosed by Borrowers to any Person not associated with Borrowers which does not owe a professional duty of confidentiality to Borrowers or which has not executed an appropriate confidentiality agreement with Borrowers. Nothing in this Section shall be construed to create or give rise to any fiduciary duty on the part of the Managing Agent or the Banks to Borrowers.

11.15 FURTHER ASSURANCES. Borrowers shall, at their expense and without expense to the Banks or the Managing Agent, do, execute and deliver such further acts and documents as the Requisite Banks or the Managing Agent from time to time reasonably require for the assuring and confirming unto the Banks or the Managing Agent of the rights hereby created or intended now or hereafter so to be, or for carrying out the intention or facilitating the performance of the terms of any Loan Document.

11.16 INTEGRATION. This Agreement, together with the other Loan Documents and the letter agreement referred to in Section 11.3, comprises the complete and integrated agreement of the parties on the subject matter hereof and supersedes all prior agreements,

written or oral, on the subject matter hereof. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control and govern; PROVIDED that the inclusion of supplemental rights or remedies in favor of the Managing Agent or the Banks in any other Loan Document shall not be deemed a conflict with this Agreement. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

11.17 GOVERNING LAW. EXCEPT to the extent otherwise provided therein, each Loan Document shall be governed by, and construed and enforced in accordance with, the Laws of California applicable to contracts made and performed in California.

11.18 SEVERABILITY OF PROVISIONS. Any provision in any Loan Document that is held to be inoperative, unenforceable or invalid as to any party or in any jurisdiction shall, as to that party or jurisdiction, be inoperative, unenforceable or invalid without affecting the remaining provisions or the operation, enforceability or validity of that provision as to any other party or in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

11.19 HEADINGS. Article and Section headings in this Agreement and the other Loan Documents are included for convenience of reference only and are not part of this Agreement or the other Loan Documents for any other purpose.

11.20 TIME OF THE ESSENCE. Time is of the essence of the Loan Documents.

11.21 FOREIGN BANKS AND PARTICIPANTS. Each Bank that is incorporated or otherwise organized under the Laws of a jurisdiction other than the United States of America or any State thereof or the District of Columbia shall deliver to Borrowers (with a copy to the Managing Agent), on or before the Closing Date (or on or before accepting an assignment or receiving a participation interest herein pursuant to Section 11.8, if applicable) two duly completed copies, signed by a Responsible Official, of either Form 1098 W8-BEN (relating to such Bank and entitling it to a complete exemption from withholding on all payments to be made to such Bank by Borrowers pursuant to this Agreement) or Form 1098 W8-ECI (relating to all payments to be made to such Bank by the Borrowers pursuant to this Agreement) of the United States Internal Revenue Service or such other evidence (INCLUDING, if reasonably necessary, Form W-9) satisfactory to Borrowers and the Managing Agent that no withholding under the federal income tax laws is required with respect to such Bank. Thereafter and from time to time, each such Bank shall (a) promptly submit to Borrowers (with a copy to the Managing Agent), such additional duly completed and signed copies of one of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may then be available under then current United States laws and regulations to avoid, or such evidence as is satisfactory to Borrowers and the Managing Agent of any available exemption from, United States withholding taxes in respect of all payments to be made to such Bank by Borrowers pursuant to this Agreement and (b) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Bank, and as

may be reasonably necessary (including the re-designation of its LIBOR Lending Office, if any) to avoid any requirement of applicable Laws that Borrowers make any deduction or withholding for taxes from amounts payable to such Bank. In the event that Borrowers or the Managing Agent become aware that a participation has been granted pursuant to Section 11.8(e) to a financial institution that is incorporated or otherwise organized under the Laws of a jurisdiction other than the United States of America, any State thereof or the District of Columbia, then, upon request made by Borrowers or the Managing Agent to the Bank which granted such participation, such Bank shall cause such participant financial institution to deliver the same documents and information to Borrowers and the Managing Agent as would be required under this Section if such financial institution were a Bank.

11.22 HAZARDOUS MATERIAL INDEMNITY. Each of Borrowers hereby agrees to indemnify, hold harmless and defend (by counsel reasonably satisfactory to the Managing Agent) the Managing Agent and each of the Banks and their respective directors, officers, employees, agents, successors and assigns from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including but not limited to reasonable attorneys' fees and the reasonably allocated costs of attorneys employed by the Managing Agent or any Bank, and expenses to the extent that the defense of any such action has not been assumed by Borrowers), arising directly or indirectly out of (i) the presence on, in, under or about any Real Property of any Hazardous Materials, or any releases or discharges of any Hazardous Materials on, under or from any Real Property and (ii) any activity carried on or undertaken on or off any Real Property by Borrowers or any of its predecessors in title, whether prior to or during the term of this Agreement, and whether by Borrowers or any predecessor in title or any employees, agents, contractors or subcontractors of Borrowers or any predecessor in title, or any third persons at any time occupying or present on any Real Property, in connection with the handling, treatment, removal, storage, decontamination, clean-up, transport or disposal of any Hazardous Materials at any time located or present on, in, under or about any Real Property. The foregoing indemnity shall further apply to any residual contamination on, in, under or about any Real Property, or affecting any natural resources, and to any contamination of any Property or natural resources arising in connection with the generation, use, handling, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with applicable Laws, but the foregoing indemnity shall not apply to Hazardous Materials on any Real Property, the presence of which is caused by the Managing Agent or the Banks. Borrowers hereby acknowledge and agree that, notwithstanding any other provision of this Agreement or any of the other Loan Documents to the contrary, the obligations of Borrowers under this Section (and under Sections 4.17 and 5.10) shall be unlimited corporate obligations of Borrowers and shall NOT be secured by any Lien on any Real Property. Any obligation or liability of Borrowers to any Indemnitee under this Section 11.22 shall survive the expiration or termination of this Agreement and the repayment of all Loans and the payment and performance of all other Obligations owed to the Banks.

11.23 JOINT AND SEVERAL. Each of Borrowers shall be obligated for all of the Obligations on a joint and several basis, notwithstanding which of Borrowers may have directly received the proceeds of any particular Loan. Each of Borrowers acknowledges and agrees that, for purposes of the Loan Documents, Borrowers constitute a single integrated financial enterprise and that each receives a benefit from the availability of credit under this Agreement to all of Borrowers. Each of Borrowers waive all defenses arising under the Laws of suretyship, to the extent such Laws are applicable, in connection with its joint and several obligations under this Agreement. Without limiting the foregoing, each of Borrowers agrees to the Joint Borrower Provisions set forth in EXHIBIT L, incorporated by this reference.

11.24 REMOVAL OF A BANK. Borrowers shall have the right to remove a Bank as a party to this Agreement if such Bank refuses (under certain circumstances) to consent to an extension of the Maturity Date made pursuant to Section 2.10 or if such Bank is paid a material amount by Borrowers pursuant to Section 3.7 or Section 3.8. Upon notice from Borrowers, such Bank shall execute and deliver a Commitment Assignment and Acceptance covering that Bank's Pro Rata Share of the Commitments in favor of such Eligible Assignee as Borrowers may designate with the approval of the Managing Agent, subject to payment in full by such Eligible Assignee of all principal, interest and fees and any other amount owing to such Bank through the date of assignment. In addition, if Borrowers' right to remove the Bank arises under Section 2.10(b), Borrowers may reduce the Commitments pursuant to Section 2.7 (and, for this purpose, the numerical requirements of Section 2.7 shall not apply) by an amount equal to that Bank's Pro Rata Share of the Commitments, pay to such Bank all principal, interest and fees and any other amount owing to such Bank and release such Bank from its Pro Rata Share of the Commitments.

11.25 WAIVER OF RIGHT TO TRIAL BY JURY. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

11.26 PURPORTED ORAL AMENDMENTS. BORROWERS EXPRESSLY ACKNOWLEDGE THAT THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS MAY ONLY BE AMENDED OR MODIFIED, OR THE PROVISIONS HEREOF OR THEREOF WAIVED OR SUPPLEMENTED, BY AN INSTRUMENT IN WRITING THAT COMPLIES WITH SECTION 12.1. BORROWERS AGREE THAT THEY WILL NOT

RELY ON ANY COURSE OF DEALING, COURSE OF PERFORMANCE, OR ORAL OR WRITTEN STATEMENTS BY ANY REPRESENTATIVE OF THE MANAGING AGENT OR ANY BANK THAT DOES NOT COMPLY WITH SECTION 12.1 TO EFFECT AN AMENDMENT, MODIFICATION, WAIVER OR SUPPLEMENT TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS.

11.27 REPLACEMENT OF NOTES. Upon receipt of evidence reasonably satisfactory to the Borrowers of the loss, theft, destruction or mutilation of any Note, and in the case of any such loss, theft or destruction, upon delivery of an indemnity agreement reasonably satisfactory to the Borrowers or, in the case of any such mutilation, upon surrender and cancellation of the applicable Note, the Borrowers will execute and deliver, in lieu thereof, a replacement Note, identical in form and substance to the applicable Note and dated as of the date of the applicable Note and upon such execution and delivery all references in the Loan Documents to such Note shall be deemed to refer to such replacement Note.

Article 12
AMENDMENTS; CONSENTS

12.1 AMENDMENTS; CONSENTS. No amendment, modification, supplement, extension, termination or waiver of any provision of this Agreement or any other Loan Document, no approval or consent thereunder, and no consent to any departure by Borrowers or any other Party therefrom, may in any event be effective unless in writing signed by the Requisite Banks (and, in the case of any amendment, modification or supplement of or to any Loan Document to which any of Borrowers is a Party, signed by each such Party, and, in the case of any amendment, modification or supplement to Section 3.5 or ARTICLE 10, signed by the Managing Agent), and then only in the specific instance and for the specific purpose given; and, without the approval in writing of all the Banks, no amendment, modification, supplement, termination, waiver or consent may be effective:

(a) To amend, modify, forgive, reduce or waive the principal of, or the amount of principal, principal prepayments or the rate of interest payable on, any Note, or the amount of the Commitments or the Pro Rata Share of any Bank or the amount of any commitment fee payable to any Bank, or any other fee or amount payable to any Bank under the Loan Documents or to waive an Event of Default consisting of the failure of Borrowers to pay when due principal, interest or any fee;

(b) To postpone any date fixed for any payment of principal of, prepayment of principal of or any installment of interest on, any Note or any installment of any fee, or to extend the term of the Commitments;

(c) To amend the provisions of the definition of "REQUISITE BANKS" or "MATURITY DATE"; or

(d) To amend or waive ARTICLE 8 or this Section 12.1; or

(e) To amend any provision of this Agreement that expressly requires the consent or approval of all of the Banks to require a lesser number of Banks to approve such action; or

(f) To release any Borrower except as provided in Section 6.18; or

(g) To change the manner of distribution of any payments to the Banks or the Managing Agent; or

(h) To require a Bank to fund more than its Pro Rata Share of a Request for an Advance, a Swing Loan or a Letter of Credit.

Notwithstanding anything herein to the contrary, the Managing Agent may with the approval of the Majority Banks temporarily waive compliance by Borrowers with any condition, obligation or covenant contained in this Agreement or the Loan Documents (other than a failure to make a payment of any principal, interest or fee when due) for a period not to exceed ninety (90) days, provided, however, that any such condition, obligation or covenant so waived may not be consecutively waived after the expiration of such ninety (90) day period. There shall be no amendment, modification or waiver of any provisions in the Loan Documents with respect to Swing Loans or Competitive Advances without the consent of the Swing Loan Bank or any Bank then holding a Competitive Advance, respectively. Any amendment, modification, supplement, termination, waiver or consent pursuant to this SECTION 12.1 shall apply equally to, and shall be binding upon, all the Banks and the Managing Agent.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ALEXANDRIA REAL ESTATE EQUITIES, INC.

By: /s/ PETER J. NELSON

Its: PETER J. NELSON
 SENIOR VICE PRESIDENT &
 CHIEF FINANCIAL OFFICER

ALEXANDRIA REAL ESTATE EQUITIES, L.P.

By: ARE-QRS Corp., its general partner

By: /s/ PETER J. NELSON

Its: PETER J. NELSON
 SENIOR VICE PRESIDENT &
 CHIEF FINANCIAL OFFICER

ARE-QRS CORP.

By: /s/ PETER J. NELSON

Its: PETER J. NELSON
 SENIOR VICE PRESIDENT &
 CHIEF FINANCIAL OFFICER

ARE ACQUISITIONS, LLC
ARE-708 QUINCE ORCHARD, LLC
ARE-940 CLOPPER ROAD, LLC
ARE-1201 HARBOR BAY, LLC
ARE-1401 RESEARCH BOULEVARD, LLC
ARE-1500 EAST GUDE, LLC
ARE-JOHN HOPKINS COURT, LLC

By: ARE-QRS Corp., their managing member

By: /s/ PETER J. NELSON

Its: PETER J. NELSON
 SENIOR VICE PRESIDENT &
 CHIEF FINANCIAL OFFICER

ARE-4757 NEXUS CENTRE, LLC ARE-215
COLLEGE ROAD, LLC ARE-819/863 MITTEN
ROAD, LLC ARE-150/154 TECHNOLOGY
PARKWAY, LLC ARE-8000/9000/10000
VIRGINIA MANOR, LLC ARE-19
FIRSTFIELD ROAD, LLC ARE-10150 OLD
COLUMBIA, LLC ARE-11025 ROSELLE
STREET, LLC ARE-170 WILLIAMS DRIVE,
LLC ARE-3005 FIRST AVENUE, LLC
ARE-15020 SHADY GROVE, LLC ARE-5
TRIANGLE DRIVE, LLC ARE-50 WEST
WATKINS MILL, LLC ARE-100 PHILLIPS
PARKWAY, LLC ARE-279 PRINCETON ROAD,
LLC ARE-2001 ALICEANNA STREET, LLC
ARE-3770 TANSY STREET, LLC ARE-10505
ROSELLE STREET, LLC
ARE-9363/9373/9393 TOWN CENTRE, LLC
ARE-2425/2400/2450 GARCIA BAYSHORE,
LLC

By: Alexandria Real Estate Equities, L.P.,
their sole member

By: ARE-QRS Corp., its general
partner

By: /s/ PETER J. NELSON

Its: PETER J. NELSON
SENIOR VICE PRESIDENT &
CHIEF FINANCIAL OFFICER

ARE-79/96 CHARLESTOWN NAVY YARD, LLC
ARE-280 POND STREET, LLC
ARE-60 WESTVIEW, LLC

By: AREE-Holdings, L.P., their managing
member

By: ARE-GP Holdings QRS Corp.,
its general partner

By: /s/ PETER J. NELSON

Its: PETER J. NELSON
SENIOR VICE PRESIDENT &
CHIEF FINANCIAL OFFICER

ARE-5100/5110 CAMPUS DRIVE, L.P.
ARE-702 ELECTRONIC DRIVE, L.P.

By: AREE-Holdings, L.P., their general
partner

By: ARE-GP Holdings QRS Corp., its
general partner

By: /s/ PETER J. NELSON

Its: PETER J. NELSON
SENIOR VICE PRESIDENT &
CHIEF FINANCIAL OFFICER

ARE-10933 NORTH TORREY PINES, LLC
ARE-11099 NORTH TORREY PINES, LLC

By: Alexandria Real Estate Equities,
Inc., their sole member

By: /s/ PETER J. NELSON

Its: PETER J. NELSON
SENIOR VICE PRESIDENT &
CHIEF FINANCIAL OFFICER

Address for all the foregoing:

Alexandria Real Estate Equities, Inc.
135 N. Los Robles Avenue, Suite 250
Pasadena, California 91101

Attn: Mr. Joel S. Marcus, Chief Executive Officer
Telecopier: (626) 578-0770
Telephone: (626) 578-0777

BANKBOSTON, N.A., individually and
as Managing Agent

By: /s/ DANIEL P. STEGEMOELLER

Dan Stegemoeller,
Vice President

Address:

BANKBOSTON, N.A.
100 Federal Street
Boston, Massachusetts 02110
Attn: Real Estate Division

WITH A COPY TO:

BANKBOSTON, N.A.
115 Perimeter Center Place, N.E., Suite 500
Atlanta, Georgia 30346
Attn: Mr. Dan Stegemoeller, Vice President

Telecopier: (770) 390-8434
Telephone: (770) 390-6547

THE CHASE MANHATTAN BANK, individually and as
Syndication Agent

By: /s/ JOHN MIX

Its: Vice President

The Chase Manhattan Bank
Chase Real Estate Finance
270 Park Avenue, 31st Floor
New York, New York 10017-2014
Attn: Mr. John Mix, Vice President
Phone: (212) 270-9562
Facsimile: (212) 270-3513

FIRST UNION NATIONAL BANK,
individually and as Documentation Agent

By: /s/ CYNTHIA A. BEAN

Cynthia A. Bean, Vice President

First Union National Bank
One First Union Center
TW-6 NC-0166
301 S. College Street
Charlotte, NC 28288-0166
Attn: Ms. Cynthia A Bean, Vice President
Phone: (704) 383-7534
Facsimile: (704) 383-6205

SOCIETE GENERALE SOUTHWEST AGENCY,
Individually and as Co-Agent

By: /s/ SCOTT GOSSLEE

Scott Gosslee,
Vice President

Societe Generale Southwest Agency
2001 Ross Avenue
Suite 4900
Dallas, TX 75201
Attn: Mr. Scott Gosslee, Vice President
Phone: (214) 979-2779
Facsimile: (214) 979-2727

KEYBANK NATIONAL ASSOCIATION,
Individually and as Co-Agent

By: /s/ MICHAEL D. MITRO

Michael D. Mitro,
Senior Vice President

KeyBank National Association
127 Public Square, 6th Floor
MCOH-01-27-0603
Cleveland, OH 44114
Attn: Mr. John Scott, Relationship Officer
Phone: (216) 689-3512
Facsimile: (216) 689-4997

DRESDNER BANK AG, New York and Grand Cayman
Branches, Individually and as Co-Agent

By: /s/ JOHN R. MORRISON

JOHN R. MORRISON

Its: VICE PRESIDENT

By: /s/ JOHN W. SWEENEY

JOHN W. SWEENEY

Its: VICE PRESIDENT

Dresdner Bank AG, Los Angeles Agency
333 South Grand Avenue, Suite 1700
Los Angeles, CA 90071
Attn: Mr. John Cobus, Assistant Vice President
Phone: (213) 473-5431
Facsimile: (213) 473-5450

CRESTAR BANK

By: /s/ GREGORY T. HORSTMAN

Gregory T. Horstman,
Vice President

Crestar Bank
8245 Boone Boulevard
Suite 820
Vienna, VA 22182
Attn: Mr. Gregory T. Horstman
Phone: (703) 902-9384
Facsimile: (703) 902-9245

RIGGS BANK, N.A.

By: /s/ CRAIG HAVARD

Craig Havard,
Vice President

Riggs Bank, N.A.
Commercial Banking
808 17th Street, N.W.
7th Floor
Washington, D.C. 20006
Attn: Ms. Amanda Visser, Assistant Vice President
Phone: (202) 835-5062
Facsimile: (202) 835-5977

SUMMIT BANK

By: /s/ KELLIE ANDERSON

Kellie Anderson,
Vice President

Summit Bank
Commerce Center
1800 Chapel Avenue West
Cherry Hill, NJ 08002
Attn: Ms. Kellie Anderson, Vice President
Phone: (856) 486-3648
Facsimile: (856) 486-3717

SOVEREIGN BANK

By: /s/ THOMAS W. NADEAU

Thomas W. Nadeau,
Sr. Vice President

Sovereign Bank
50 Rowes Wharf
Suite 430
Boston, MA 02110
Attn: Mr. Thomas W. Nadeau, Vice President
Phone: (617) 478-6706
Facsimile: (617) 478-6799

THE INDUSTRIAL BANK OF JAPAN, LIMITED

By: /s/ TAKESHI KUBO

Takeshi Kubo,
Vice President

The Industrial Bank of Japan, Limited
350 South Grand Avenue
Suite 1500
Los Angeles, CA 90071
Attn: Mr. Takeshi Kubo, Vice President
Phone: (213) 893-6447
Facsimile: (213) 488-9840

CITIZENS BANK OF MASSACHUSETTS

BY: /s/ JAMES C. HAUGHT

James C. Haught,
Assistant Vice President

Citizens Bank of Massachusetts
One Citizens Plaza RC0440
Providence, Rhode Island 02903
Attn: Mr. Craig Schermerhorn, Vice President
Phone: (401) 455-5425
Facsimile (401) 282-4485

MANUFACTURERS BANK

BY: /s/ DANA MORKEN

Dana Morken,
Vice President

Manufacturers Bank
515 S. Figueroa Street
Suite 1230
Los Angeles, CA 90071
Attn: Mr. Dana Morken, Vice President
Phone: (213) 489-8841
Facsimile: (213) 489-6244

CHEVY CHASE BANK

BY: /s/ ERIC A. LAWRENCE

Eric A. Lawrence,
Vice President

Chevy Chase Bank
8401 Connecticut Avenue
Chevy Chase, Maryland 20815
Attn: Mr. Eric A. Lawrence, Vice President
Phone: (301) 986-7216
Facsimile: (301) 986-7516

EXHIBIT A

COMMITMENTS ASSIGNMENT AND ACCEPTANCE

THIS COMMITMENTS ASSIGNMENT AND ACCEPTANCE ("Agreement") dated as of _____, 200__ is made with reference to that certain Second Amended and Restated Revolving Loan Agreement dated as of February 11, 2000 (as amended, extended, renewed, supplemented or otherwise modified through the date hereof, the "Loan Agreement") by and among Alexandria Real Estate Equities, Inc., a Maryland corporation ("Parent"), Alexandria Real Estate Equities, L.P., a Delaware limited partnership (AOperating Partnership@), ARE-QRS Corp., a Maryland corporation ("QRS"), ARE Acquisitions, LLC, a Delaware limited liability company ("ARE"), the other borrowers whose names are set forth on the signature pages of the Loan Agreement, each other Wholly-Owned Subsidiary of Parent which may hereafter become a party to the Loan Agreement as a borrower (collectively, with Parent, Operating Partnership, QRS and ARE, the "Borrowers," all on a joint and several basis), each bank whose name is set forth on the signature pages of the Loan Agreement and each lender which thereafter may have become a party to the Loan Agreement (collectively, the "Banks" and individually, a "Bank"), and BankBoston, N.A., as Managing Agent, and is entered into between the "Assignor" described below, in its capacity as a Bank under the Loan Agreement, and the "Assignee" described below.

Assignor and Assignee hereby represent, warrant and agree as follows:

1. DEFINITIONS. Capitalized terms defined in the Loan Agreement are used herein with the meanings set forth for such terms in the Loan Agreement. As used in this Agreement, the following capitalized terms shall have the meanings set forth below:

"ASSIGNEE" means [INSERT NAME OF TRANSFEREE] .

"ASSIGNED PRO RATA SHARE" means _____% of the Commitments of the Banks under the Loan Agreement which equals \$_____.

"ASSIGNOR" means [INSERT NAME OF TRANSFEROR] .

"EFFECTIVE DATE" means _____, 200__, the effective date of this Agreement determined in accordance with Section 11.8 of the Loan Agreement.

2. REPRESENTATIONS AND WARRANTIES OF THE ASSIGNOR. The Assignor represents and warrants to the Assignee as follows:

- a. As of the date hereof, the Pro Rata Share of the Assignor is __% of the Commitments (without giving effect to assignments thereof which have not yet become effective). The Assignor is the legal and beneficial owner of the Assigned Pro Rata Share and the Assigned Pro Rata Share is free and clear of any adverse claim.

- b. As of the date hereof, the outstanding principal balance of Advances made by the Assignor under the Assignor's Line Note is \$ _____ and the Assignor's Competitive Advance Note is \$ _____. Unless otherwise agreed among Assignor and Assignee, amounts outstanding under Assignor's Competitive Advance Notes, if any, shall not be assigned.
- c. The Assignor has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and any and all other documents required or permitted to be executed or delivered by it in connection with this Agreement and to fulfill its obligations under, and to consummate the transactions contemplated by, this Agreement, and no governmental authorizations or other authorizations are required in connection therewith; and
- d. This Agreement constitutes the legal, valid and binding obligation of the Assignor.

Neither the Assignor nor the Managing Agent makes any representation or warranty and assumes no responsibility with respect to the financial condition of Borrowers or the performance by Borrowers of the Obligations, and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Agreement or the execution, legality, validity, enforceability, genuineness, or sufficiency of the Loan Agreement or any Loan Document other than as expressly set forth above.

3. REPRESENTATIONS AND WARRANTIES OF THE ASSIGNEE. The Assignee hereby represents and warrants to the Assignor as follows:

- i. The Assignee has full power and authority, and has taken all action necessary, to execute and deliver this Agreement, and any and all other documents required or permitted to be executed or delivered by it in connection with this Agreement and to fulfill its obligations under, and to consummate the transactions contemplated by, this Agreement, and no governmental authorizations or other authorizations are required in connection therewith;
- ii. This Agreement constitutes the legal, valid and binding obligation of the Assignee;
- iii. The Assignee has independently and without reliance upon the Managing Agent or Assignor and based on such documents and information as the Assignee has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. The Assignee will, independently and without reliance upon the Managing Agent or any Bank, and based upon such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Agreement;

- iv. The Assignee has received copies of such of the Loan Documents delivered pursuant to Section 8.1 of the Loan Agreement as it has requested, together with copies of the most recent financial statements delivered pursuant to Section 7.1 of the Loan Agreement;
- v. The Assignee will perform in accordance with their respective terms all of the obligations which by the terms of the Loan Agreement are required to be performed by it as a Bank;
- vi. The Assignee is an Eligible Assignee; and
- vii. The Assignee restates each and every warranty of Assignee set forth in Section 11.8 of the Loan Agreement.

4. ASSIGNMENT. On the terms set forth herein, the Assignor, as of the Effective Date, hereby irrevocably sells, assigns and transfers to the Assignee all of the rights and obligations of the Assignor under the Loan Agreement, the other Loan Documents and the Assignor's Line Notes to the extent of the Assigned Pro Rata Share and, unless otherwise agreed among Assignor and Assignee, amounts outstanding under Assignor's Competitive Advance Note to the extent of \$ _____, and the Assignee irrevocably accepts such assignment of rights and assumes such obligations from the Assignor on such terms and effective as of the Effective Date. As of the Effective Date, the Assignee shall have the rights and obligations of a "Bank" under the Loan Documents, except to the extent of any arrangements with respect to payments referred to in Section 5 hereof. Assignee hereby appoints and authorizes the Managing Agent, to take such action and to exercise such powers under the Loan Agreement as are delegated to the Managing Agent by the Loan Agreement.
5. PAYMENT. On the Effective Date, the Assignee shall pay to the Assignor, in immediately available funds, an amount equal to the purchase price of the Assigned Pro Rata Share and amounts acquired under the Assignor's Competitive Advance Note, if applicable, as agreed between the Assignor and the Assignee pursuant to a letter agreement of even date herewith. Assignee shall also pay to the Managing Agent, as a condition to the effectiveness of this Agreement, an assignment fee of \$2,500 in accordance with Section 11.8 of the Loan Agreement.
6. PRINCIPAL, INTEREST, FEES, ETC. From and after the Effective Date all payments in respect of the interests assigned hereunder accruing after the Effective Date (including payments of principal, interest, fees and other amounts) shall be payable to Assignee. All outstanding LIBOR Rate Loans shall continue in effect for the remainder of their applicable Interest Periods and Assignee shall accept the currently effective interest rates on its assigned interest of each LIBOR Rate Loan. The Assignor and the Assignee hereby agree that if either receives any payment of interest, principal, fees or any other amount under the Loan Agreement, their respective Notes or any other Loan Documents which is for the

account of the other, it shall hold the same in trust for such party to the extent of such party's interest therein and shall promptly pay the same to such party.

7. NOTES. The Assignor and the Assignee shall make appropriate arrangements with the Borrowers concurrently with the execution and delivery hereof so that replacement Notes are issued to the Assignor and new Notes, are issued to the Assignee in principal amounts reflecting their Pro Rata Shares of the Commitments and their outstanding Advances (as adjusted pursuant to this Agreement).
8. FURTHER ASSURANCES. The Assignor and the Assignee agree to execute and deliver such other instruments, and take such other action, as either party may reasonably request in connection with the transactions contemplated by this Agreement, and the Assignor specifically agrees to cause the delivery of two original counterparts of this Agreement to the Managing Agent for the purpose of registration of the Assignee as a "Bank" pursuant to Section 11.8 of the Loan Agreement.
9. GOVERNING LAW. THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACTUAL OBLIGATION UNDER, AND SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA.
10. NOTICES. All communications among the parties or notices in connection herewith shall be in writing, hand delivered or sent by U.S. registered mail, postage prepaid, or by telecopy, addressed to the appropriate party at its address set forth on the signature pages hereof. All such communications and notices shall be effective upon receipt.
11. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns; provided, however, that the Assignee shall not assign its rights or obligations without the prior written consent of the Assignor and any purported assignment, absent such consent, shall be void.
12. INTERPRETATION. The headings of the various sections hereof are for convenience of reference only and shall not affect the meaning or construction of any provision hereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective officials, officers or agents hereunto duly authorized as of the date first above written.

"Assignor"

By:

Printed Name and Title

Address:

Telephone

Telecopier

"Assignee"

By:

Printed Name and Title

Address:

Telephone

Telecopier

CONSENT OF MANAGING AGENT AND BORROWERS

[WHEN REQUIRED PURSUANT TO SECOND AMENDED AND RESTATED REVOLVING LOAN AGREEMENT]

TO: The Assignor and Assignee referred to in the Commitments Assignment and Acceptance to which this Consent is attached

When countersigned by Managing Agent and (when applicable) Borrowers below, this document shall certify that:

/ / [CHECK HERE IF BORROWERS' SIGNATURE IS REQUIRED PURSUANT TO SECTION 11.8(b) (i) OF THE SECOND AMENDED AND RESTATED REVOLVING LOAN AGREEMENT:]

1. Borrowers have consented, pursuant to the terms of the Loan Documents, to the assignment by the Assignor to the Assignee of the Assigned Pro Rata Share.
2. Managing Agent has registered the Assignee as a Bank under the Loan Agreement, effective as of the Effective Date described above, with a Pro Rata Share of the Commitments corresponding to the Assigned Pro Rata Share and has adjusted the registered Pro Rata Share of the Commitments of the Assignor to reflect the assignment of the Assigned Pro Rata Share and has adjusted its records concerning the assignment of any portion of the Competitive Advances.

Approved:

ALEXANDRIA REAL ESTATE EQUITIES, INC.

By: _____
Its:

ALEXANDRIA REAL ESTATE EQUITIES, L.P.

By: ARE-QRS Corp., its general partner

By: _____
Its:

ARE-QRS CORP.

By: _____
Its:

ARE ACQUISITIONS, LLC
ARE-708 QUINCE ORCHARD, LLC
ARE-940 CLOPPER ROAD, LLC
ARE-1201 HARBOR BAY, LLC
ARE-1401 RESEARCH BOULEVARD, LLC
ARE-1500 EAST GUDE, LLC
ARE-JOHN HOPKINS COURT, LLC

By: ARE-QRS Corp., their managing member

By: _____
Its:

ARE-4757 NEXUS CENTRE, LLC ARE-215
COLLEGE ROAD, LLC ARE-819/863 MITTEN
ROAD, LLC ARE-150/154 TECHNOLOGY
PARKWAY, LLC ARE-8000/9000/10000
VIRGINIA MANOR, LLC ARE-19
FIRSTFIELD ROAD, LLC ARE-10150 OLD
COLUMBIA, LLC ARE-11025 ROSELLE
STREET, LLC ARE-170 WILLIAMS DRIVE,
LLC ARE-3005 FIRST AVENUE, LLC
ARE-15020 SHADY GROVE, LLC ARE-5
TRIANGLE DRIVE, LLC ARE-50 WEST
WATKINS MILL, LLC ARE-100 PHILLIPS
PARKWAY, LLC ARE-279 PRINCETON ROAD,
LLC ARE-2001 ALICEANNA STREET, LLC
ARE-3770 TANSY STREET, LLC ARE-10505
ROSELLE STREET, LLC
ARE-9363/9373/9393 TOWN CENTRE, LLC
ARE-2425/2400/2450 GARCIA BAYSHORE, LLC

By: Alexandria Real Estate Equities, L.P.,
their sole member

By: ARE-QRS Corp., its general partner

By: _____
Its:

ARE-79/96 CHARLESTOWN NAVY YARD, LLC
ARE-280 POND STREET, LLC
ARE-60 WESTVIEW, LLC

By: AREE-Holdings, L.P., their managing member

By: ARE-GP Holdings QRS Corp.,
its general partner

By: _____
Its:

ARE-5100/5110 CAMPUS DRIVE, L.P.
ARE-702 ELECTRONIC DRIVE, L.P.

By: AREE-Holdings, L.P.,
their general partner

By: ARE-GP Holdings QRS Corp.,
its general partner

By: _____
Its:

ARE-10933 NORTH TORREY PINES, LLC
ARE-11099 NORTH TORREY PINES, LLC

By: Alexandria Real Estate Equities, Inc.,
their sole member

By: _____
Its:

Address for all the foregoing:

Alexandria Real Estate Equities, Inc.
135 N. Los Robles Avenue, Suite 250
Pasadena, California 91101
Attn: Joel S. Marcus, Chief Executive Officer
Telecopier: (626) 578-0770
Telephone: (626) 578-0777

BANKBOSTON, N.A., individually and
as Managing Agent

By: _____
Its:

Address:

BANKBOSTON, N.A.
100 Federal Street
Boston, Massachusetts 02110
Attn: Real Estate Division

WITH A COPY TO:

BANKBOSTON, N.A.
115 Perimeter Center Place, N.E., Suite 500
Atlanta, Georgia 30346
Attn: Dan Stegemoeller

Telecopier: (770) 390-8434
Telephone: (770) 390-6547

EXHIBIT B

COMPETITIVE ADVANCE NOTE

\$ _____

as of _____, 200__
Los Angeles, California

FOR VALUE RECEIVED, the undersigned jointly and severally promise to pay to the order of (the "Bank"), the principal amount of _____ DOLLARS (\$ _____) or such lesser aggregate amounts as may be made as Competitive Advances hereunder pursuant to the Loan Agreement referred to below, payable as hereinafter set forth. The undersigned jointly and severally promise to pay interest on the principal amount hereof remaining unpaid from time to time from the date hereon until the date of payment in full, payable as hereinafter set forth.

Reference is made to the Second Amended and Restated Revolving Loan Agreement dated as of February 11, 2000 (the "Loan Agreement"), by and among Alexandria Real Estate Equities, Inc., a Maryland corporation ("Parent"), Alexandria Real Estate Equities, L.P., a Delaware limited partnership ("Operating Partnership"), ARE-QRS Corp., a Maryland corporation ("QRS"), ARE Acquisitions, LLC, a Delaware limited liability company ("ARE"), the other borrowers whose names are set forth on the signature pages of the Loan Agreement, each other Wholly-Owned Subsidiary of Parent which may hereafter become a party to the Loan Agreement as a borrower (collectively, with Parent, Operating Partnership, QRS and ARE, the "Borrowers", all on a joint and several basis), each lender whose name is set forth on the signature pages of the Loan Agreement and each lender which may have become a party to the Loan Agreement (collectively, the "Banks" and individually, a "Bank"), and BankBoston, N.A., as Managing Agent. Terms defined in the Loan Agreement and not otherwise defined herein are used herein with the meanings given those terms in the Loan Agreement. This is one of the Competitive Advance Notes referred to in the Loan Agreement, and any holder hereof is entitled to all of the rights, remedies, benefits and privileges provided for in the Loan Agreement as originally executed or as it may from time to time be supplemented, modified or amended. The Loan Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events upon the terms and conditions therein specified.

The principal indebtedness of each Competitive Advance evidenced by this Competitive Advance Note shall be payable on the maturity date specified in the Competitive Bid relating to such Competitive Advance and in any event on the Maturity Date.

Interest shall be payable on the outstanding daily unpaid principal amount of each Competitive Advance hereunder from the date thereof until payment in full and shall accrue and be payable at the rates and on the dates set forth in the Competitive Bid relating to such Competitive Advance and as provided in the Loan Agreement, both before and after default and before and after maturity and judgment, with interest on overdue principal and interest to bear

interest at the rate set forth in Section 3.9 of the Loan Agreement, to the fullest extent permitted by applicable Law.

The amount of each payment hereunder shall be made to the Managing Agent at the Managing Agent's Office for the account of the Bank or the Managing Agent, as the case may be, in immediately available funds not later than 1:00 p.m. (Boston, Massachusetts time) on the day of payment (which must be a Banking Day). All payments received after such time on any Banking Day shall be deemed received on the next succeeding Banking Day. All payments shall be made in lawful money of the United States of America. The Bank shall use its best efforts to keep a record of Competitive Advances made by it and payments of principal received by it with respect to this Competitive Advance Note, and such record shall be presumptive evidence of the amounts owing under this Competitive Advance Note. Notwithstanding the foregoing, the failure by the Bank to keep such a record shall not affect the undersigned's obligation to pay the indebtedness evidenced hereby.

The undersigned hereby promise to pay all costs and expenses of any rightful holder hereof incurred in collecting the undersigned's obligations hereunder or in enforcing or attempting to enforce any of such holder's rights hereunder, including reasonable attorneys' fees and disbursements (including reasonably allocated costs of legal counsel employed by the Managing Agent or the holder), whether or not an action is filed in connection therewith.

The undersigned hereby waive presentment, demand for payment, dishonor, notice of dishonor, protest, notice of protest and any other notice or formality, to the fullest extent permitted by applicable Laws.

The undersigned agree that their liability hereunder is joint and several, absolute and unconditional without regard to the liability of any other party. All provisions of this Competitive Advance Note shall apply to each of the undersigned.

THIS COMPETITIVE ADVANCE NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA.

ALEXANDRIA REAL ESTATE EQUITIES, INC.

By: _____
Its:

ALEXANDRIA REAL ESTATE EQUITIES, L.P.

By: ARE-QRS Corp., its general partner

By: _____
Its:

ARE-QRS CORP.

By: _____
Its:

ARE ACQUISITIONS, LLC
ARE-708 QUINCE ORCHARD, LLC
ARE-940 CLOPPER ROAD, LLC
ARE-1201 HARBOR BAY, LLC
ARE-1401 RESEARCH BOULEVARD, LLC
ARE-1500 EAST GUDE, LLC
ARE-JOHN HOPKINS COURT, LLC

By: ARE-QRS Corp., their managing member

By: _____
Its:

ARE-4757 NEXUS CENTRE, LLC
ARE-215 COLLEGE ROAD, LLC
ARE-819/863 MITTEN ROAD, LLC
ARE-150/154 TECHNOLOGY PARKWAY, LLC
ARE-8000/9000/10000 VIRGINIA MANOR, LLC
ARE-19 FIRSTFIELD ROAD, LLC
ARE-10150 OLD COLUMBIA, LLC
ARE-11025 ROSELLE STREET, LLC
ARE-170 WILLIAMS DRIVE, LLC
ARE-3005 FIRST AVENUE, LLC
ARE-15020 SHADY GROVE, LLC
ARE-5 TRIANGLE DRIVE, LLC
ARE-50 WEST WATKINS MILL, LLC
ARE-100 PHILLIPS PARKWAY, LLC
ARE-279 PRINCETON ROAD, LLC
ARE-2001 ALICEANNA STREET, LLC
ARE-3770 TANSY STREET, LLC
ARE-10505 ROSELLE STREET, LLC
ARE-9363/9373/9393 TOWN CENTRE, LLC
ARE-2425/2400/2450 GARCIA BAYSHORE, LLC

By: Alexandria Real Estate Equities,
L.P., their sole member

By: ARE-QRS Corp., its general
partner

By: _____
Its:

ARE-79/96 CHARLESTOWN NAVY YARD, LLC
ARE-280 POND STREET, LLC
ARE-60 WESTVIEW, LLC

By: AREE-Holdings, L.P., their managing
member

By: ARE-GP Holdings QRS Corp., its
general partner

By: _____
Its:

ARE-5100/5110 CAMPUS DRIVE, L.P.
ARE-702 ELECTRONIC DRIVE, L.P.

By: AREE-Holdings, L.P., their
general partner

By: ARE-GP Holdings QRS Corp.,
its general partner

By: _____
Its:

ARE-10933 NORTH TORREY PINES, LLC
ARE-11099 NORTH TORREY PINES, LLC

By: Alexandria Real Estate Equities,
Inc., their sole member

By: _____
Its:

Address for all the foregoing:

Alexandria Real Estate Equities, Inc.
135 N. Los Robles Avenue, Suite 250
Pasadena, California 91101
Attn: Joel S. Marcus, Chief Executive Officer
Telecopier: (626) 578-0770
Telephone: (626) 578-0777

EXHIBIT C

FORM OF COMPETITIVE BID

BankBoston, N.A., as Managing Agent
115 Perimeter Center Place, N.E.
Suite 500
Atlanta, Georgia 30346
Attn: Dan Stegemoeller

Re: Competitive Bid Rate Loan Quote for Alexandria Real Estate
Equities, Inc., Alexandria Real Estate Equities, L.P., ARE-QRS
Corp., ARE Acquisitions, LLC and the other Borrowers

Dear Ladies and Gentlemen:

Reference is made to the Second Amended and Restated Revolving Loan Agreement dated as of February 11, 2000, as from time to time in effect (the "Loan Agreement"), by and among Alexandria Real Estate Equities, Inc., Alexandria Real Estate Equities, L.P., ARE-QRS Corp., ARE Acquisitions, LLC, the other borrowers whose names are set forth on the signature pages of the Loan Agreement and the other Persons which may become borrowers under the Loan Agreement (collectively, the "Borrowers", all on a joint and several basis), BankBoston, N.A., for itself and as Managing Agent and the other Banks from time to time party thereto. Terms defined in the Loan Agreement and not otherwise defined herein are used herein as defined in the Loan Agreement.

In response to the Competitive Bid Request from Borrowers dated _____, _____, we hereby make the following Competitive Bid on the following terms:

1. Quoting Bank:

2. Person to contact at Quoting Bank and telephone number:
Name: _____
Telephone Number: _____

3. Borrowing date of proposed Competitive Advance:

_____ (1)

4. We hereby offer to make Competitive Advances in the following principal amounts, for the following durations and at the following rates [insert only one applicable rate on each line below]:

PRINCIPAL AMOUNT (2)	DURATION OF COMPETITIVE ADVANCE (3)	ABSOLUTE RATE BID (4)	LIBOR Margin BID (5)
\$ _____	_____	_____ %	_____ %
\$ _____	_____	_____ %	_____ %
\$ _____	_____	_____ %	_____ %

PROVIDED that the aggregate Maximum Competitive Advance for which this offer may be accepted shall not exceed \$ _____. (6)

We understand and agree that the offer(s) set forth above, subject to the satisfaction of the applicable conditions set forth in the Loan Agreement, irrevocably obligate(s) us to make the Competitive Advance(s) for which any offer(s) is (are) accepted, in whole or in part.

Very truly yours,

[Name of Bank]
By _____
Name: _____
Title: _____

Date: _____

- (1) As specified in the related Competitive Bid Request.
- (2) Offers must be integral multiples of \$1,000,000.
- (3) As specified in the related Competitive Bid Request.
- (4) As defined in the Loan Agreement.
- (5) As defined in the Loan Agreement.
- (6) Specify aggregate limitation if the sum of the individual offers exceeds the aggregate amount the Quoting Bank is willing to lend.

EXHIBIT D

FORM OF COMPETITIVE BID REQUEST

BankBoston, N.A., as Managing Agent
115 Perimeter Center Place, N.E.
Suite 500
Atlanta, Georgia 30346
Attn: Dan Stegemoeeller

Ladies and Gentlemen:

Reference is made to the Second Amended and Restated Revolving Loan Agreement dated as of February 11, 2000, as from time to time in effect (the "Loan Agreement"), by and among Alexandria Real Estate Equities, Inc., Alexandria Real Estate Equities, L.P., ARE-QRS Corp., ARE Acquisitions, LLC, the other borrowers whose names are set forth on the signature pages of the Loan Agreement, and the other Persons which may become borrowers under the Loan Agreement (collectively, the "Borrowers", all on a joint and several basis), BankBoston, N.A., for itself and as Managing Agent, and the other Banks from time to time party thereto. Terms defined in the Loan Agreement and not otherwise defined herein are used herein as defined in the Loan Agreement.

The undersigned officers of the Borrowers hereby give notice pursuant to Section 2.4(b) of the Loan Agreement that they request Competitive Bids pursuant to Section 2.4(b) of the Loan Agreement for the following proposed Competitive Advances:

Proposed date of Competitive Advance: _____

PRINCIPAL AMOUNT (1)	DURATION OF COMPETITIVE ADVANCE (2)	BASIS FOR INTEREST RATE CALCULATION (3)
-----	-----	-----
\$ _____	_____	_____
\$ _____	_____	_____
\$ _____	_____	_____

-
- (1) Each amount must be \$10,000,000.00 or larger integral multiple of \$1,000,000.00.
 - (2) Duration must be a period of not less than 7 nor more than 180 days. No Requested Competitive Advance shall have a maturity date which exceeds the Maturity Date or is on a date other than a Banking Day.
 - (3) Specify whether interest rate bids are to be quoted as "Absolute Rate Bid" or "LIBOR Margin Bid."

In connection with the request, the undersigned officers of the Borrowers certify that:

1. USE OF PROCEEDS. Such Competitive Advance shall be used for the following purposes permitted by Section 5.9 of the Loan Agreement:

[Describe]

2. NO DEFAULT. The undersigned chief financial or chief accounting officer of each Borrower certifies that Borrowers are and will be in compliance with all covenants under the Loan Documents after giving effect to the making of the Competitive Advance requested hereby. Attached hereto is a current calculation of the Borrowing Base adjusted in the best good faith estimate of the Borrower to the date hereof.

3. REPRESENTATIONS TRUE. In connection with the request, the Borrowers certify:

a. As to any Advance, now and as of the date of the requested Advance, EXCEPT (i) for representations and warranties which expressly speak as of a particular date or which are no longer true and correct as a result of a change permitted by the Agreement or (ii) as disclosed by Borrowers and approved in writing by the Requisite Banks, each representation and warranty made by Borrowers in ARTICLE 4 of the Agreement (OTHER THAN Sections 4.4, 4.6 (first sentence), 4.10 and 4.18 to the extent such representations relate expressly to an earlier date) will be true and correct in all material respects, both immediately before and after giving effect to such Advance, as though such representations and warranties were made on and as of that date; and

b. As to any Advance, OTHER THAN matters described in SCHEDULE 4.10 to the Loan Agreement or required as of the Closing Date to be therein described, there is no action, suit, proceeding or investigation pending or threatened against or affecting Parent or any of its Subsidiaries or any Property of any of them before any Governmental Agency that constitutes a Material Adverse Effect.

4. MAXIMUM AMOUNT. After giving effect to the requested Competitive Advance, (a) the aggregate principal amount outstanding under the Competitive Advance Notes (after giving effect to all amounts requested thereunder) PLUS the Letter of Credit Exposure PLUS the aggregate amount of Swing Loans outstanding will not exceed the LESSER OF (i) \$75,000,000.00 or (ii) an amount equal to 33 1/3% of the Commitments, and (b) the aggregate principal amount outstanding under the Notes (after giving effect to all amounts requested thereunder) PLUS the Letter of Credit Exposure will not exceed the lesser of (A) the Line Commitments or (B) the available Borrowing Base.

This Competitive Bid Request is executed on _____, ____ by an officer of each Borrower. The undersigned, in such capacity, hereby certify each and every matter contained herein to be true and correct.

IN WITNESS WHEREOF, we have hereunto set our hands this ____ day of
____, 200__.

ALEXANDRIA REAL ESTATE EQUITIES, INC.

By: _____
Its:

ALEXANDRIA REAL ESTATE EQUITIES, L.P.

By: ARE-QRS Corp., its general partner

By: _____
Its:

ARE-QRS CORP.

By: _____
Its:

ARE ACQUISITIONS, LLC
ARE-708 QUINCE ORCHARD, LLC
ARE-940 CLOPPER ROAD, LLC
ARE-1201 HARBOR BAY, LLC
ARE-1401 RESEARCH BOULEVARD, LLC
ARE-1500 EAST GUDE, LLC
ARE-JOHN HOPKINS COURT, LLC

By: ARE-QRS Corp., their managing member

By: _____
Its:

ARE-4757 NEXUS CENTRE, LLC ARE-215
COLLEGE ROAD, LLC ARE-819/863 MITTEN
ROAD, LLC ARE-150/154 TECHNOLOGY
PARKWAY, LLC ARE-8000/9000/10000
VIRGINIA MANOR, LLC ARE-19
FIRSTFIELD ROAD, LLC ARE-10150 OLD
COLUMBIA, LLC ARE-11025 ROSELLE
STREET, LLC ARE-170 WILLIAMS DRIVE,
LLC ARE-3005 FIRST AVENUE, LLC
ARE-15020 SHADY GROVE, LLC ARE-5
TRIANGLE DRIVE, LLC ARE-50 WEST
WATKINS MILL, LLC ARE-100 PHILLIPS
PARKWAY, LLC ARE-279 PRINCETON ROAD,
LLC ARE-2001 ALICEANNA STREET, LLC
ARE-3770 TANSY STREET, LLC ARE-10505
ROSELLE STREET, LLC
ARE-9363/9373/9393 TOWN CENTRE, LLC
ARE-2425/2400/2450 GARCIA BAYSHORE,
LLC

By: Alexandria Real Estate Equities, L.P.,
their sole member

By: ARE-QRS Corp., its general
partner

By: _____
Its:

ARE-79/96 CHARLESTOWN NAVY YARD, LLC
ARE-280 POND STREET, LLC
ARE-60 WESTVIEW, LLC

By: AREE-Holdings, L.P., their managing
member

By: ARE-GP Holdings QRS Corp., its
general partner

By: _____
Its:

ARE-5100/5110 CAMPUS DRIVE, L.P.
ARE-702 ELECTRONIC DRIVE, L.P.

By: AREE-Holdings, L.P., their general
partner

By: ARE-GP Holdings QRS Corp., its
general partner

By: _____
Its:

ARE-10933 NORTH TORREY PINES, LLC
ARE-11099 NORTH TORREY PINES, LLC

By: Alexandria Real Estate Equities, Inc.,
their sole member

By: _____
Its:

Address for all the foregoing:

Alexandria Real Estate Equities, Inc.
135 N. Los Robles Avenue, Suite 250
Pasadena, California 91101
Attn: Joel S. Marcus, Chief Executive Officer
Telecopier: (626) 578-0770
Telephone: (626) 578-0777

EXHIBIT E
FORM OF
COMPLIANCE CERTIFICATE

BankBoston, N.A.,
for itself and as Managing Agent
115 Perimeter Center Place, N.E.
Suite 500
Atlanta, Georgia 30346
Attn: Dan Stegemoeller

[INSERT NAMES AND ADDRESSES
OF OTHER BANKS]

Ladies and Gentlemen:

Reference is made to the Second Amended and Restated Revolving Loan Agreement dated as of February 11, 2000, as from time to time in effect (the "Loan Agreement") by and among Alexandria Real Estate Equities, Inc., Alexandria Real Estate Equities, L.P., ARE-QRS Corp., ARE Acquisitions, LLC, the other borrowers whose names are set forth on the signature pages of the Loan Agreement and the other Persons which may become borrowers under the Loan Agreement (collectively, the "Borrowers", all on a joint and several basis), BankBoston, N.A., for itself and as Managing Agent, and the other Banks from time to time party thereto. Terms defined in the Loan Agreement and not otherwise defined herein are used herein as defined in the Loan Agreement.

Pursuant to the Loan Agreement, the Borrowers are furnishing to you herewith (or have most recently furnished to you) the financial statements of the Borrowers and their respective Subsidiaries for the fiscal period ended _____ (the "Balance Sheet Date"). Such financial statements have been prepared in accordance with Generally Accepted Accounting Principles and present fairly the financial position of Borrowers and the Subsidiaries covered thereby at the date thereof and the results of their operations for the periods covered thereby, subject in the case of interim statements only to normal year-end audit adjustments.

This certificate is submitted in compliance with requirements of Section 7.2 and Section 8.1(h) of the Loan Agreement. If this certificate is provided under a provision other than Section 7.2, the calculations provided below are made using the financial statements of the Borrowers and their respective Subsidiaries as of the most recent Fiscal Quarter end adjusted in the best good-faith estimate of the Borrowers to give effect to the making of a Loan, extension of the Maturity Date, acquisition or disposition of property or other event that occasions the preparation of this certificate; and the nature of such event and the Borrowers' estimate of its effects are set

forth in reasonable detail in an attachment hereto. The undersigned officers are the chief financial or chief accounting officers of the Borrowers

The undersigned officers have caused the provisions of the Loan Agreement to be reviewed and have no knowledge of any Default or Event of Default. (Note: If the signers do have knowledge of any Default or Event of Default, the form of certificate should be revised to specify the Default or Event of Default, the nature thereof and the actions taken, being taken or proposed to be taken by the Borrowers with respect thereto.)

The Borrowers are providing the information set forth in SCHEDULE I attached hereto to demonstrate compliance as of the date hereof with the covenants described therein.

Pursuant to Section 5.17(b)(i) and (ii) of the Loan Agreement, the Borrowers are hereby delivering to the Managing Agent and the Banks a list of the Revenue-Producing Properties in the Unencumbered Asset Pool and a statement of the Asset Values of such Revenue-Producing Properties as shown on SCHEDULE II attached hereto. The undersigned hereby certifies that (i) the Revenue-Producing Properties in the Unencumbered Asset Pool are in compliance with Section 5.17(a) of the Loan Agreement; (ii) the statement of Asset Values is true and correct; and (iii) the Revenue-Producing Properties in the Unencumbered Asset Pool comply with the terms of Sections 4.17 and 4.19 of the Loan Agreement.

Pursuant to Section 5.17(b)(iii) of the Loan Agreement, the Borrowers are hereby delivering to the Managing Agent operating statements setting forth the NOI and Net Capital Expenditures for each of the Revenue-Producing Properties in the Unencumbered Asset Pool for the previous four (4) fiscal quarters (or such shorter period that such statements are available for). The undersigned hereby certifies that such operating statements are true and correct.

Pursuant to Section 7.1(n) of the Loan Agreement, the Borrowers are hereby delivering to the Managing Agent and the Banks information regarding new Subsidiaries and/or Controlled Entities of the Borrowers as set forth on SCHEDULE III attached hereto.

Pursuant to Section 7.1(o) of the Loan Agreement, the Borrowers are hereby delivering to the Managing Agent and the Banks the information required thereby as set forth on SCHEDULE IV attached hereto.

The undersigned officers have caused the provisions of Section 5.10 of the Loan Agreement regarding Hazardous Materials Laws to be reviewed and have no knowledge of any events described therein. (Note: If the signers do have knowledge of any such events, the form of certificate should be revised to specify such event and any pertinent written material should be attached, all as required by Section 5.10).

IN WITNESS WHEREOF, we have hereunto set our hands this ___ day of _____, 200__.

ALEXANDRIA REAL ESTATE EQUITIES, INC.

By: _____
Its:

ALEXANDRIA REAL ESTATE EQUITIES, L.P.

By: ARE-QRS Corp., its general partner

By: _____
Its:

ARE-QRS CORP.

By: _____
Its:

ARE ACQUISITIONS, LLC
ARE-708 QUINCE ORCHARD, LLC
ARE-940 CLOPPER ROAD, LLC
ARE-1201 HARBOR BAY, LLC
ARE-1401 RESEARCH BOULEVARD, LLC
ARE-1500 EAST GUDE, LLC
ARE-JOHN HOPKINS COURT, LLC

By: ARE-QRS Corp., their managing member

By: _____
Its:

ARE-4757 NEXUS CENTRE, LLC ARE-215
COLLEGE ROAD, LLC ARE-819/863 MITTEN
ROAD, LLC ARE-150/154 TECHNOLOGY
PARKWAY, LLC ARE-8000/9000/10000
VIRGINIA MANOR, LLC ARE-19
FIRSTFIELD ROAD, LLC ARE-10150 OLD
COLUMBIA, LLC ARE-11025 ROSELLE
STREET, LLC ARE-170 WILLIAMS DRIVE,
LLC ARE-3005 FIRST AVENUE, LLC
ARE-15020 SHADY GROVE, LLC ARE-5
TRIANGLE DRIVE, LLC ARE-50 WEST
WATKINS MILL, LLC ARE-100 PHILLIPS
PARKWAY, LLC ARE-279 PRINCETON ROAD,
LLC ARE-2001 ALICEANNA STREET, LLC
ARE-3770 TANSY STREET, LLC ARE-10505
ROSELLE STREET, LLC
ARE-9363/9373/9393 TOWN CENTRE, LLC
ARE-2425/2400/2450 GARCIA BAYSHORE,
LLC

By: Alexandria Real Estate Equities, L.P.,
their sole member

By: ARE-QRS Corp., its general
partner

By: _____
Its:

ARE-79/96 CHARLESTOWN NAVY YARD, LLC
ARE-280 POND STREET, LLC
ARE-60 WESTVIEW, LLC

By: AREE-Holdings, L.P., their managing
member

By: ARE-GP Holdings QRS Corp., its
general partner

By: _____
Its:

ARE-5100/5110 CAMPUS DRIVE, L.P.
ARE-702 ELECTRONIC DRIVE, L.P.

By: AREE-Holdings, L.P., their general
partner

By: ARE-GP Holdings QRS Corp., its
general partner

By: _____
Its:

ARE-10933 NORTH TORREY PINES, LLC
ARE-11099 NORTH TORREY PINES, LLC

By: Alexandria Real Estate Equities, Inc.,
their sole member

By: _____
Its:

Address for all the foregoing:

Alexandria Real Estate Equities, Inc.
135 N. Los Robles Avenue, Suite 250
Pasadena, California 91101
Attn: Joel S. Marcus, Chief Executive Officer
Telecopier: (626) 578-0770
Telephone: (626) 578-0777

SCHEDULE I
(TO EXHIBIT E)

COVENANT COMPLIANCE CALCULATIONS

SCHEDULE II
(TO EXHIBIT E)

INFORMATION REGARDING REVENUE-PRODUCING PROPERTIES
REQUIRED BY SECTION 5.17(B) OF LOAN AGREEMENT

SCHEDULE III
(TO EXHIBIT E)

INFORMATION REGARDING NEW SUBSIDIARIES AND/OR CONTROLLED
ENTITIES REQUIRED BY SECTION 7.1(N) OF LOAN AGREEMENT

SCHEDULE IV
(TO EXHIBIT E)

INFORMATION REQUIRED BY SECTION 7.1(O) OF LOAN AGREEMENT

EXHIBIT F

FORM OF JOINDER AGREEMENT

THIS JOINDER AGREEMENT ("Joinder Agreement") is executed as of _____, 200__, by _____, a _____ corporation ("Joining Party"), and delivered to BankBoston, N.A., as Managing Agent, pursuant to Section 5.13 of the Second Amended and Restated Revolving Loan Agreement dated as of February 11, 2000, as from time to time in effect (the "Loan Agreement"), by and among Alexandria Real Estate Equities, Inc., Alexandria Real Estate Equities, L.P., ARE-QRS Corp., ARE Acquisitions, LLC, the other borrowers whose names are set forth on the signature pages of the Loan Agreement, and the other Persons which may become borrowers under the Loan Agreement (collectively, the "Borrowers", all on a joint and several basis), BankBoston, N.A., for itself and as Managing Agent, and the other Banks from time to time party thereto. Terms used but not defined in this Joinder Agreement shall have the meanings defined for those terms in the Loan Agreement.

RECITALS

A. Joining Party is required, pursuant to Section 5.13 of the Loan Agreement, to become an additional Borrower under the Loan Agreement and a party to all the other Loan Documents to which the existing Borrowers are a party.

B. Joining Party expects to realize direct and indirect benefits as a result of the availability to Borrowers of the credit facilities under the Loan Agreement.

NOW, THEREFORE, Joining Party agrees as follows:

AGREEMENT

1. JOINDER. By this Joinder Agreement, Joining Party hereby becomes a "Borrower" under the Loan Agreement with respect to all the Obligations of a Borrower now or hereafter incurred under the Loan Agreement and the other Loan Documents. Joining Party agrees that Joining Party is and shall be bound by, and hereby assumes, all representations, warranties, covenants, terms, conditions, duties and waivers applicable to a Borrower under the Loan Agreement and the other Loan Documents.

2. REPRESENTATIONS AND WARRANTIES OF JOINING PARTY. Joining Party represents and warrants to Managing Agent that, as of the Effective Date, except as disclosed in writing by Joining Party to Managing Agent on or prior to the date hereof (which disclosures shall be deemed to amend the Schedules and other disclosures delivered as contemplated in ARTICLE 4 of the Loan Agreement), the representations and warranties contained in ARTICLE 4 of the Loan Agreement (other than representations and warranties which expressly speak as of a particular date or are no longer true and correct as a result of a change which is permitted by the Loan Agreement) are true and correct in all material respects as applied to Joining Party as a Borrower

on and as of the Effective Date as though made on that date. All covenants and agreements in the Loan Documents of the Borrowers and their Subsidiaries are true and correct with respect to Joining Party and no Default or Event of Default shall exist or might exist upon the Effective Date in the event that Joining Party becomes a Borrower.

3. PROMISSORY NOTES. Joining Party hereby agrees that, as of the Effective Date, each Note heretofore delivered to the Banks shall be a joint and several obligation of Joining Party to the same extent as if executed and delivered by Joining Party, and upon request by any Bank, will promptly endorse such Bank=s Notes to confirm such obligation.

4. FURTHER ASSURANCES. Joining Party agrees to execute and deliver such other instruments and documents and take such other action, as the Managing Agent may reasonably request, in connection with the transactions contemplated by this Joinder Agreement.

5. GOVERNING LAW. THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACTUAL OBLIGATION UNDER, AND SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS EXECUTED AND PERFORMED IN THE STATE OF CALIFORNIA.

6. The effective date (the "Effective Date") of this Joinder Agreement is _____, 200__.

"Joining Party"

a _____ corporation

By: _____

Its: _____
[Printed Name and Title]

[CORPORATE SEAL]

ACKNOWLEDGED:

BANKBOSTON, N.A., as Managing Agent

By: _____

Its: _____
[Printed Name and Title]

EXHIBIT G

LINE NOTE

\$ _____, 200____
Los Angeles, California

FOR VALUE RECEIVED, the undersigned jointly and severally promise to pay to the order of _____ (the "Bank"), the principal amount of _____ DOLLARS (\$ _____) or such lesser aggregate amounts as may be made as Advances under the Line Commitment pursuant to the Loan Agreement referred to below (but excluding Competitive Advances made pursuant to Section 2.4 of the Loan Agreement and Swing Loans made pursuant to Section 2.5 of the Loan Agreement), payable as hereinafter set forth. The undersigned jointly and severally promise to pay interest on the principal amount hereof remaining unpaid from time to time from the date hereon until the date of payment in full, payable as hereinafter set forth.

Reference is made to the Second Amended and Restated Revolving Loan Agreement dated as of February 11, 2000 (the "Loan Agreement"), by and among Alexandria Real Estate Equities, Inc., a Maryland corporation ("Parent"), Alexandria Real Estate Equities, L.P., a Delaware limited partnership ("Operating Partnership"), ARE-QRS Corp., a Maryland corporation ("QRS"), ARE Acquisitions, LLC, a Delaware limited liability company ("ARE"), the other borrowers whose names are set forth on the signature pages of the Loan Agreement, each other Wholly-Owned Subsidiary of Parent which may hereafter become a party to the Loan Agreement as a borrower (collectively, with Parent, Operating Partnership, QRS and ARE, the "Borrowers", all on a joint and several basis), each bank whose name is set forth on the signature pages of the Loan Agreement and each lender which may have become a party to the Loan Agreement (collectively, the "Banks" and individually, a "Bank"), and BankBoston, N.A., as Managing Agent. Terms defined in the Loan Agreement and not otherwise defined herein are used herein with the meanings given those terms in the Loan Agreement. This is one of the Line Notes referred to in the Loan Agreement, and any holder hereof is entitled to all of the rights, remedies, benefits and privileges provided for in the Loan Agreement as originally executed or as it may from time to time be supplemented, modified or amended. The Loan Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events upon the terms and conditions therein specified.

The principal indebtedness evidenced by this Line Note shall be payable as provided in the Loan Agreement and in any event on the Maturity Date.

Interest shall be payable on the outstanding daily unpaid principal amount of each Advance hereunder from the date thereof until payment in full and shall accrue and be payable at the rates and on the dates set forth in the Loan Agreement, both before and after default and

before and after maturity and judgment, with interest on overdue principal and interest to bear interest at the rate set forth in Section 3.9 of the Loan Agreement, to the fullest extent permitted by applicable Law.

The amount of each payment hereunder shall be made to the Managing Agent at the Managing Agent's Office for the account of the Bank in immediately available funds not later than 1:00 p.m. (Boston, Massachusetts time) on the day of payment (which must be a Banking Day). All payments received after 1:00 p.m. (Boston, Massachusetts time) on any particular Banking Day shall be deemed received on the next succeeding Banking Day. All payments shall be made in lawful money of the United States of America.

The Bank shall use its best efforts to keep a record of Advances made by it and payments of principal received by it with respect to this Line Note, and such record shall be presumptive evidence of the amounts owing under this Line Note. Notwithstanding the foregoing, the failure by the Bank to keep such a record shall not affect the undersigned's obligation to pay the indebtedness evidenced hereby.

The undersigned hereby promise to pay all costs and expenses of any rightful holder hereof incurred in collecting the undersigned's obligations hereunder or in enforcing or attempting to enforce any of such holder's rights hereunder, including reasonable attorneys' fees and disbursements (including reasonably allocated costs of legal counsel employed by the Managing Agent or the holder), whether or not an action is filed in connection therewith.

The undersigned hereby waive presentment, demand for payment, dishonor, notice of dishonor, protest, notice of protest and any other notice or formality, to the fullest extent permitted by applicable Laws.

The undersigned agree that their liability hereunder is joint and several, absolute and unconditional without regard to the liability of any other party. All provisions of this Line Note shall apply to each of the undersigned.

THIS LINE NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THE STATE OF CALIFORNIA.

ALEXANDRIA REAL ESTATE EQUITIES, INC.

By: _____
Its:

ALEXANDRIA REAL ESTATE EQUITIES, L.P.

By: ARE-QRS Corp., its general partner

By: _____
Its:

ARE-QRS CORP.

By: _____
Its:

ARE ACQUISITIONS, LLC
ARE-708 QUINCE ORCHARD, LLC
ARE-940 CLOPPER ROAD, LLC
ARE-1201 HARBOR BAY, LLC
ARE-1401 RESEARCH BOULEVARD, LLC
ARE-1500 EAST GUDE, LLC
ARE-JOHN HOPKINS COURT, LLC

By: ARE-QRS Corp., their managing member

By: _____
Its:

ARE-4757 NEXUS CENTRE, LLC ARE-215
COLLEGE ROAD, LLC ARE-819/863 MITTEN
ROAD, LLC ARE-150/154 TECHNOLOGY
PARKWAY, LLC ARE-8000/9000/10000
VIRGINIA MANOR, LLC ARE-19
FIRSTFIELD ROAD, LLC ARE-10150 OLD
COLUMBIA, LLC ARE-11025 ROSELLE
STREET, LLC ARE-170 WILLIAMS DRIVE,
LLC ARE-3005 FIRST AVENUE, LLC
ARE-15020 SHADY GROVE, LLC ARE-5
TRIANGLE DRIVE, LLC ARE-50 WEST
WATKINS MILL, LLC ARE-100 PHILLIPS
PARKWAY, LLC ARE-279 PRINCETON ROAD,
LLC ARE-2001 ALICEANNA STREET, LLC
ARE-3770 TANSY STREET, LLC ARE-10505
ROSELLE STREET, LLC
ARE-9363/9373/9393 TOWN CENTRE, LLC
ARE-2425/2400/2450 GARCIA BAYSHORE, LLC

By: Alexandria Real Estate
Equities, L.P., their sole
member

By: ARE-QRS Corp., its general
partner

By: _____
Its:

ARE-79/96 CHARLESTOWN NAVY YARD, LLC
ARE-280 POND STREET, LLC
ARE-60 WESTVIEW, LLC

By: AREE-Holdings, L.P., their managing
member

By: ARE-GP Holdings QRS Corp.,
its general partner

By: _____
Its:

ARE-5100/5110 CAMPUS DRIVE, L.P.
ARE-702 ELECTRONIC DRIVE, L.P.

By: AREE-Holdings, L.P., their
general partner

By: ARE-GP Holdings QRS Corp.,
its general partner

By: _____
Its:

ARE-10933 NORTH TORREY PINES, LLC
ARE-11099 NORTH TORREY PINES, LLC

By: Alexandria Real Estate Equities, Inc.,
their sole member

By: _____
Its:

Address for all the foregoing:

Alexandria Real Estate Equities, Inc.
135 N. Los Robles Avenue, Suite 250
Pasadena, California 91101
Attn: Joel S. Marcus, Chief Executive Officer
Telecopier: (626) 578-0770
Telephone: (626) 578-0777

EXHIBIT J

PRICING CERTIFICATE
ALEXANDRIA REAL ESTATE EQUITIES, INC.
ALEXANDRIA REAL ESTATE EQUITIES, L.P.
ARE-QRS CORP.
ARE ACQUISITIONS, LLC
AND OTHER BORROWERS

TO: BANKBOSTON, N.A., AS MANAGING AGENT

Reference is made to the Second Amended and Restated Revolving Loan Agreement dated as of February 11, 2000 (the "Loan Agreement"), by and among Alexandria Real Estate Equities, Inc., a Maryland corporation ("Parent"), Alexandria Real Estate Equities, L.P., a Delaware limited partnership ("Operating Partnership"), ARE-QRS Corp., a Maryland corporation ("QRS"), ARE Acquisitions, LLC, a Delaware limited liability company ("ARE"), the other borrowers whose names are set forth on the signature pages of the Loan Agreement, each other Wholly-Owned Subsidiary of Parent which may hereafter become a party to the Loan Agreement as a borrower (collectively, with Parent, Operating Partnership, QRS and ARE, the "Borrowers", all on a joint and several basis), each bank whose name is set forth on the signature pages of the Loan Agreement and each lender which may have become a party to the Loan Agreement (collectively, the "Banks" and individually, a "Bank"), and BankBoston, N.A., as Managing Agent.

I, _____, hereby certify that I am the _____ of Parent, the _____ of Operating Partnership, the _____ of QRS, and the _____ of ARE, and the _____ of the other Borrowers and that:

I. APPLICABLE PRICING LEVEL. As of the Pricing Period commencing on _____, the Applicable Pricing Level was level _____.(1)

The Applicable Pricing Level set forth above was determined on the basis of the following:

PARENT'S CREDIT RATING. The Credit Rating of Parent was:

LEVERAGE RATIO. For any date during a Pricing Period on which Parent does not hold a credit rating of BBB - (or its equivalent) or better (subject to the terms of the Loan Agreement),

- - - - -

(1) Insert Level I, II, III, IV, V or VI in accordance with the terms of the Loan Agreement based upon determination of the Parent's Credit Rating or Leverage Ratio.

the pricing level is determined using the Leverage Ratio as of the last day of the Fiscal Quarter most recently ended prior to the commencement of that Pricing Period. As of the last day of the Fiscal Quarter most recently ended prior to the Pricing Period referred to above (the "Determination Date"), the RATIO OF Total Liabilities as of that date TO Adjusted Tangible Assets as of that date was _____:1.00.

The schedule attached hereto is provided to demonstrate the calculation of the Leverage Ratio as of the last day of the Fiscal Quarter most recently ended.

II. I further certify that the calculations made and the information contained herein are derived from the books and records of Borrowers and their Subsidiaries, as applicable, and that each and every matter correctly reflects those books and records.

IN WITNESS WHEREOF, I have signed this Certificate on this ____ day of _____, 200__.

EXHIBIT K

FORM OF REQUEST FOR LOAN

BankBoston, N.A., as Managing Agent
115 Perimeter Center Place, N.E.
Suite 500
Atlanta, Georgia 30346
Attn: Dan Stegemoeeller

Ladies and Gentlemen:

Pursuant to the provisions of Section 2.1 of the Second Amended and Restated Revolving Loan Agreement dated as of February 11, 2000, as from time to time in effect (the "Loan Agreement"), among Alexandria Real Estate Equities, Inc., Alexandria Real Estate Equities, L.P., ARE-QRS Corp., ARE Acquisitions, LLC, the other borrowers whose names are set forth on the signature pages of the Loan Agreement and the other Persons which may hereafter become borrowers under the Loan Agreement (collectively, the "Borrowers", all on a joint and several basis), BankBoston, N.A., for itself and as Managing Agent, and the other Banks from time to time party thereto, the Borrowers hereby request and certify as follows:

1. LOAN. The Borrowers hereby request a Committed Loan under Section 2.1 of the Loan Agreement:

Principal Amount: \$

LIBOR Rate or Alternate Base Rate:

Drawdown Date: , 200__

Interest Period:

by credit to the general account of the Borrowers with the Managing Agent at the Managing Agent's Office.

[IF THE REQUESTED LOAN IS A SWING LOAN AND THE BORROWERS DESIRE FOR SUCH LOAN TO BE A LIBOR RATE LOAN FOLLOWING ITS CONVERSION AS PROVIDED IN SECTION 2.5(D), SPECIFY THE INTEREST PERIOD FOLLOWING CONVERSION:
_____].

2. USE OF PROCEEDS. Such Committed Loan shall be used for the following purposes permitted by Section 5.9 of the Loan Agreement:

[Describe]

3. NO DEFAULT. The undersigned chief financial or chief accounting officer of each Borrower certifies that Borrowers are and will be in compliance with all covenants under the Loan Documents after giving effect to the making of the Committed Loan requested hereby.

4. REPRESENTATIONS TRUE. In connection with the request, the Borrowers certify:

a. As to any Advance, now and as of the date of the requested Advance, EXCEPT (i) for representations and warranties which expressly speak as of a particular date or which are no longer true and correct as a result of a change permitted by the Agreement or (ii) as disclosed by Borrowers and approved in writing by the Requisite Banks, each representation and warranty made by Borrowers in ARTICLE 4 of the Agreement (OTHER THAN Sections 4.4, 4.6 (first sentence), 4.10 and 4.18 to the extent such representations relate expressly to an earlier date) will be true and correct in all material respects, both immediately before and after giving effect to such Advance, as though such representations and warranties were made on and as of that date; and

b. As to any Advance, OTHER THAN matters described in SCHEDULE 4.10 to the Loan Agreement or required as of the Closing Date to be therein described, there is no action, suit, proceeding or investigation pending or threatened against or affecting Parent or any of its Subsidiaries or any Property of any of them before any Governmental Agency that constitutes a Material Adverse Effect.

5. BORROWING BASE. Attached hereto is a current calculation of the Borrowing Base adjusted in the best good faith estimate of the Borrower to the date hereof.

6. OTHER CONDITIONS. All other conditions to the making of the Committed Loan requested hereby set forth in Article 8 of the Loan Agreement have been satisfied.

7. DATE COMMITTED LOAN IS MADE. Except to the extent, if any, specified by notice actually received by the Managing Agent prior to the date the Committed Loan is made, the foregoing representations and warranties shall be deemed to have been made by the Borrowers on and as of such date.

8. DEFINITIONS. Terms defined in the Loan Agreement are used herein with the meanings so defined.

IN WITNESS WHEREOF, we have hereunto set our hands this ____ day of _____, 200__.

ALEXANDRIA REAL ESTATE EQUITIES, INC.

By: _____
Its:

ALEXANDRIA REAL ESTATE EQUITIES, L.P.

By: ARE-QRS Corp., its general partner

By: _____
Its:

ARE-QRS CORP.

By: _____
Its:

ARE ACQUISITIONS, LLC
ARE-708 QUINCE ORCHARD, LLC
ARE-940 CLOPPER ROAD, LLC
ARE-1201 HARBOR BAY, LLC
ARE-1401 RESEARCH BOULEVARD, LLC
ARE-1500 EAST GUDE, LLC
ARE-JOHN HOPKINS COURT, LLC

By: ARE-QRS Corp., their managing member

By: _____
Its:

ARE-4757 NEXUS CENTRE, LLC ARE-215
COLLEGE ROAD, LLC ARE-819/863 MITTEN
ROAD, LLC ARE-150/154 TECHNOLOGY
PARKWAY, LLC ARE-8000/9000/10000
VIRGINIA MANOR, LLC ARE-19
FIRSTFIELD ROAD, LLC ARE-10150 OLD
COLUMBIA, LLC ARE-11025 ROSELLE
STREET, LLC ARE-170 WILLIAMS DRIVE,
LLC ARE-3005 FIRST AVENUE, LLC
ARE-15020 SHADY GROVE, LLC ARE-5
TRIANGLE DRIVE, LLC ARE-50 WEST
WATKINS MILL, LLC ARE-100 PHILLIPS
PARKWAY, LLC ARE-279 PRINCETON ROAD,
LLC ARE-2001 ALICEANNA STREET, LLC
ARE-3770 TANSY STREET, LLC ARE-10505
ROSELLE STREET, LLC
ARE-9363/9373/9393 TOWN CENTRE, LLC
ARE-2425/2400/2450 GARCIA BAYSHORE,
LLC

By: Alexandria Real Estate
Equities, L.P., their sole
member

By: ARE-QRS Corp., its general
partner

By: _____
Its:

ARE-79/96 CHARLESTOWN NAVY YARD, LLC
ARE-280 POND STREET, LLC
ARE-60 WESTVIEW, LLC

By: AREE-Holdings, L.P., their
managing member

By: ARE-GP Holdings QRS Corp.,
its general partner

By: _____
Its:

ARE-5100/5110 CAMPUS DRIVE, L.P.
ARE-702 ELECTRONIC DRIVE, L.P.

By: AREE-Holdings, L.P., their general partner

By: ARE-GP Holdings QRS Corp., its general partner

By: _____
Its:

ARE-10933 NORTH TORREY PINES, LLC
ARE-11099 NORTH TORREY PINES, LLC

By: Alexandria Real Estate Equities, Inc., their sole member

By: _____
Its:

Address for all the foregoing:

Alexandria Real Estate Equities, Inc.
135 N. Los Robles Avenue, Suite 250
Pasadena, California 91101
Attn: Joel S. Marcus, Chief Executive Officer
Telecopier: (626) 578-0770
Telephone: (626) 578-0777

EXHIBIT L

JOINT BORROWER PROVISIONS

1. ATTORNEY-IN-FACT. For the purpose of implementing the joint borrower provisions of the Loan Documents, Borrowers hereby irrevocably appoint each other as their agent and attorney-in-fact for all purposes of the Loan Documents, INCLUDING the giving and receiving of notices and other communications.

2. ACCOMMODATION. It is understood and agreed that the handling of this credit facility on a joint borrowing basis as set forth in this Agreement is solely as an accommodation to the Borrowers and at their request. Accordingly, the Managing Agent and the Banks are entitled to rely, and shall be exonerated from any liability for relying upon, any Loan Request or Competitive Bid Request made by a purported officer of any Borrower without the need for any consent or other authorization of any other Borrower and upon any information or certificate provided on behalf of any Borrower by a purported officer of such Borrower.

3. RIGHTS OF MANAGING AGENT AND THE BANKS. Each Borrower acknowledges that, except to the extent of the borrowings made by it and the proceeds received by it, the Obligations undertaken by it under the Loan Documents will or may guarantee Obligations of other Borrowers (the "Guaranteed Obligations") and, in full recognition of that fact, each Borrower consents and agrees that the Managing Agent for the benefit of the Banks may, at any time and from time to time, agree with any one Borrower to, without notice or demand to the other Borrowers, and without affecting the enforceability of the Obligations under any Loan Document:

- a. supplement, modify, amend, extend, renew, or otherwise change the time for payment or the terms of the Guaranteed Obligations or any part thereof, including any increase or decrease of the rate(s) of interest thereon;
- b. supplement, modify, amend or waive, or enter into or give any agreement, approval or consent with respect to, the Guaranteed Obligations or any part thereof or any of the Loan Documents or any security or guaranties, or any condition, covenant, default, remedy, right, representation or term thereof or thereunder;
- c. accept new or additional instruments, documents or agreements relative to any of the Loan Documents or the Guaranteed Obligations or any part thereof;
- d. accept partial payments on the Guaranteed Obligations;
- e. receive and hold additional security or guaranties for the Guaranteed Obligations or any part thereof;

f. release, reconvey, terminate, waive, abandon, subordinate, exchange, substitute, transfer and enforce any security or guaranties for the Guaranteed Obligations, and apply any security and direct the order or manner of sale thereof as the Managing Agent, on behalf of the Banks, in its sole and absolute discretion may determine;

g. release any Person or any guarantor from any personal liability with respect to the Guaranteed Obligations or any part thereof;

h. settle, release on terms satisfactory to the Managing Agent and the Banks or by operation of applicable laws or otherwise liquidate or enforce any Guaranteed Obligations and any security or guaranty therefor in any manner, consent to the transfer of any security and bid and purchase at any sale; and

i. consent to the merger, change or any other restructuring or termination of the existence of any Borrower or any other Person, and correspondingly restructure the Guaranteed Obligations, and any such merger, change, restructuring or termination shall not affect the liability of the other Borrowers or the continuing existence of any Lien securing the Guaranteed Obligations under any Loan Document to which such Borrowers are party or the enforceability hereof or thereof with respect to all or any part of the Guaranteed Obligations.

Upon the occurrence of and during the continuance of any Event of Default, the Managing Agent and the Banks may enforce each Loan Document independently as to each Borrower and independently of any other remedy or security the Managing Agent and the Banks at any time may have or hold in connection with the Guaranteed Obligations, and it shall not be necessary for the Managing Agent and the Banks to marshal assets in favor of any of the Borrowers or any other Person or to proceed upon or against and/or exhaust any other security or remedy before proceeding to enforce such Loan Document. Each of the Borrowers expressly waives the benefit of all appraisement, valuation, stay, extension, homestead, exemption or redemption laws which such Person may claim or seek to take advantage of in order to prevent or hinder the enforcement of any of the Loan Documents or the exercise by the Banks or the Managing Agent of any of their respective remedies under the Loan Documents, and the Borrowers further expressly waive any right to require the Managing Agent or any Bank to marshal assets in favor of any Borrower or any other Person or to proceed against any other Person or any collateral provided by any other Person, and agrees that the Managing Agent and the Banks may proceed against any Persons and/or collateral in such order as they shall determine in their sole and absolute discretion. The Managing Agent and the Banks may file a separate action or actions against any Borrower, whether action is brought or prosecuted with respect to any other security or against any other Person, or whether any other Person is joined in any such action or actions. Each of the Borrowers expressly waives the benefit of any statute(s) of limitations affecting its liability under the Loan Documents or the enforcement of the Guaranteed Obligations or any Liens created or granted by any Loan Document. The rights of the Managing Agent and the Banks hereunder and under the Loan Documents shall be reinstated and revived, and the enforceability of this Agreement shall continue, with respect to any amount at any time paid on account of the Obligations which thereafter shall be required to be restored or returned by the Managing Agent or any Bank upon the bankruptcy, insolvency or reorganization

of any Borrower or any other Person, or otherwise, all as though such amount had not been paid. The enforceability of the Loan Documents at all times shall remain effective as to each Borrower as to the Guaranteed Obligations of such Borrower even though such Guaranteed Obligations, INCLUDING any part thereof may be or hereafter may become invalid or otherwise unenforceable as against any other Borrowers or any other Person and whether or not any of the other Borrowers or any other Person shall have any personal liability with respect thereto. Each of the Borrowers expressly waives in respect of the Guaranteed Obligations any and all defenses now or hereafter arising or asserted by reason of (a) any disability or other defense of any of the other Borrowers or any other Person with respect to the Guaranteed Obligations, (b) the unenforceability or invalidity of any security or guaranty for the Guaranteed Obligations or the lack of perfection or continuing perfection or failure of priority of any security for the Guaranteed Obligations, (c) the cessation for any cause whatsoever of the liability of any other Borrower or any other Person (OTHER THAN by reason of the full payment and performance of all Obligations), (d) any failure of the Managing Agent or any Bank to marshal assets in favor of any of the other Borrowers or any other Person, (e) except as otherwise required by law or as provided in any Loan Document, any failure of the Managing Agent or any Bank to give notice of sale or other disposition of collateral to any of the other Borrowers or any other Person or any defect in any notice that may be given in connection with any sale or disposition of collateral, (f) except as otherwise required by law or as provided in any Loan Document, any failure of the Managing Agent or any Bank to comply with applicable laws in connection with the sale or other disposition of any collateral or other security for any Obligation, including without limitation, any failure of Managing Agent or any Bank to conduct a commercially reasonable sale or other disposition of any collateral or other security for any Guaranteed Obligation, (g) any incapacity, lack of authority, death or disability of the other Borrowers or any other Person, (h) any failure of the Banks or Managing Agent to give notice of the existence, creation or incurring of any new or additional indebtedness or other obligation or of any action or nonaction on the part of any other Person in connection with the Loan Documents, including the waiver of any conditions to the making of any advance of proceeds of any Loan, (i) any failure on the part of the Banks or Managing Agent to ascertain the extent or nature of any assets of any Person or any insurance or other rights with respect thereto, or the liability of any party liable for the Loan Documents or the obligations evidenced or secured thereby, (j) except as specifically required in the Loan Documents, any notice of intention to accelerate any of the Obligations or any notice of acceleration of the Obligations, (k) any lack of acceptance or notice of acceptance of this Agreement by Banks or Managing Agent, (l) any lack of presentment, demand, protest, or notice of dishonor, demand, protest or nonpayment with respect to any indebtedness or obligations under any of the Loan Documents, (m) except as specifically required in the Loan Documents, any lack of other notices to which the Borrowers, or any of them, might otherwise be entitled, (n) any invalidity or irregularity, in whole or in part, of any one or more of the Loan Documents, (o) the inaccuracy of any representation or other provision contained in any Loan Document, (p) any sale or assignment of the Loan Documents, in whole or in part, (q) any sale or assignment by any of the Borrowers of any assets of such Person, or any portion thereof, whether or not consented to by the Banks or Managing Agent, (r) the dissolution or termination of existence of any Borrower or any other Person, (s) the voluntary or involuntary liquidation, sale or other disposition of all or substantially all of the assets of any Borrower, (t) any failure or delay of Managing Agent or the Banks to commence an action against Borrowers, to assert or enforce any remedies against Borrowers under the Notes or the

Loan Documents, or to realize upon any security, (u) the compromise, settlement, release or termination of any or all of the obligations of a Borrower under the Notes or the Loan Documents, (v) any act or omission of the Managing Agent or any Bank or others that directly or indirectly results in or aids the discharge or release of any other Borrower or any other Person or any other security or guaranty for the Guaranteed Obligations by operation of law or otherwise, (w) any law which provides that the obligation of a surety or guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal or which reduces a surety's or guarantor's obligation in proportion to the principal obligation, (x) any failure of the Managing Agent or any Bank to file or enforce a claim in any bankruptcy or other proceeding with respect to any Person, (y) the election by the Managing Agent or any Bank, in any bankruptcy proceeding of any Person, of the application or non-application of Section 1111(b)(2) of the United States Bankruptcy Code, (z) any extension of credit or the grant of any lien under Section 364 of the United States Bankruptcy Code, (aa) any use of cash collateral under Section 363 of the United States Bankruptcy Code, (bb) any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any Person, (cc) the avoidance of any Lien in favor of the Managing Agent or the Banks for any reason, (dd) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Person, including any discharge of, or bar or stay against collecting, all or any of the Guaranteed Obligations (or any interest thereon) in or as a result of any such proceeding, (ee) to the extent permitted, the benefits of any form of one-action rule, or (ff) to the fullest extent permitted by law, any other legal, equitable or surety defenses whatsoever to which a Borrower might otherwise be entitled with respect to the Guaranteed Obligations.

4. FINANCIAL INFORMATION. Each of the Borrowers represents and warrants to the Managing Agent and the Banks that such Borrower has established adequate means of obtaining from the other Borrowers, on a continuing basis, financial and other information pertaining to the businesses, operations and condition (financial and otherwise) of the other Borrowers and their respective assets, and each of the Borrowers now is and hereafter will be completely familiar with the businesses, operations and condition (financial and otherwise) of the other Borrowers and their respective assets. Each of the Borrowers hereby expressly waives and relinquishes any duty on the part of the Managing Agent and the Banks to disclose to such Borrower any matter, fact or thing related to the businesses, operations or condition (financial or otherwise) of any other Borrower or such other Borrower's assets, whether now known or hereafter known by the Managing Agent and the Banks during the life of this Agreement, whether such matter, fact or thing materially increases the risks to such Borrower or not.

5. WAIVERS CONCERNING LIENS. In the event that all or any part of the Guaranteed Obligations at any time are secured by any one or more deeds of trust, security deeds or mortgages creating or granting Liens on any interests in Real Property, each of the Borrowers authorizes the Managing Agent and the Banks, upon the occurrence of and during the continuance of any Event of Default, at their sole option, without notice or demand and without affecting any Obligations, the enforceability of the Guaranteed Obligations under this Agreement, or the validity or enforceability of any Liens of the Managing Agent and the Banks on any collateral securing the Guaranteed Obligations, to foreclose any or all of such deeds of

trust, security deeds or mortgages by judicial or nonjudicial sale. Insofar as the Liens created by the Loan Documents secure the Guaranteed Obligations of other Persons (a) each of the Borrowers expressly waives any defenses to the enforcement of this Agreement or the other Loan Documents or any Liens created or granted hereby or by the other Loan Documents or to the recovery by the Managing Agent and the Banks against any other Borrower or any other Person liable therefor of any deficiency after a judicial or nonjudicial foreclosure or sale, even though such a foreclosure or sale may impair the subrogation rights of such Borrower and may preclude any of them from obtaining reimbursement or contribution from any other Person and (b) each of the Borrowers expressly waives any defenses or benefits that may be derived from California Code of Civil Procedure Sections 580a, 580b, 580d or 726, or comparable provisions of the laws of any other jurisdiction and all other suretyship defenses it otherwise might or would have under California law or other applicable law.

6. CONTRIBUTION. Notwithstanding anything to the contrary elsewhere contained herein or in any other Loan Document to which any Borrower is a party, each of the Borrowers hereby waives with respect to each other Borrower and its respective successors and assigns (including any surety) and any other party any and all rights at or in equity, to subrogation, to reimbursement, to exoneration, to contribution, to indemnity, to setoff or to any other rights that could accrue to a surety against a principal, to a guarantor against a maker or obligor, to an accommodation party against the party accommodated, or to a holder or transferee against a maker and which each of the Borrowers may have or hereafter acquire against any other Borrower or any other party in connection with or as a result of any Borrower's execution, delivery and/or performance of this Agreement or any other Loan Document to which any such Borrower is a party. In connection with the foregoing, each of the Borrowers expressly waives any and all rights of subrogation to the Banks or Managing Agent against the other of the Borrowers, and each of the Borrowers hereby waives any rights to enforce any remedy which the Banks or Managing Agent may have against the other of the Borrowers and any rights to participate in any collateral or any other assets of the other Borrowers. Each of the Borrowers agrees that it shall not have or assert any such rights against any other Borrower or any such Borrower's successors and assigns or any other Person (INCLUDING any surety, Managing Agent or any Bank), either directly or as an attempted setoff to any action commenced against such Borrower by the other such Borrower (as borrower or in any other capacity) or any other Person. Each of the Borrowers hereby acknowledges and agrees that this waiver is intended to benefit the Managing Agent and the Banks and shall not limit or otherwise affect any of the Borrowers' liability hereunder, under any other Loan Document to which any Borrower is a party, or the enforceability hereof or thereof. Without limiting the generality of the foregoing and to the extent otherwise applicable, each of the Borrowers hereby waives discharge by waiving all defenses based on suretyship or impairment of collateral securing the Guaranteed Obligations.

7. RELIANCE BY BANKS AND MANAGING AGENT. Each of the Borrowers warrants and agrees that each of the waivers and consents set forth herein is made with full knowledge of its significance and consequences, with the understanding that events giving rise to any defense waived may diminish, destroy or otherwise adversely affect rights which each of the Borrowers otherwise may have against the other Borrowers, the Managing Agent, the Banks, or others, or against any collateral securing the Guaranteed Obligations. If any of the waivers or consents

herein are determined to be contrary to any applicable law or public policy, such waivers and consents shall be effective to the maximum extent permitted by law.

8. APPLICABILITY. For purposes of this Agreement, the provisions of Paragraphs 5 and 6 above shall apply and be effective only to the extent that any court, tribunal or other governmental agency shall have deemed Borrowers to be sureties of one another rather than co-borrowers.

9. WAIVER OF AUTOMATIC OR SUPPLEMENTAL STAY. Each of the Borrowers represents, warrants and covenants to the Banks and Managing Agent that in the event of the filing of any voluntary or involuntary petition in bankruptcy by or against any Borrower at any time following the execution and delivery of this Agreement, none of the other Borrowers shall seek a supplemental stay or any other relief, whether injunctive or otherwise, pursuant to Section 105 of the United States Bankruptcy Code or any other provision of the United States Bankruptcy Code, to stay, interdict, condition, reduce or inhibit the ability of the Banks or Managing Agent to enforce any rights it has by virtue of this Agreement, the Loan Documents, or at law or in equity, or any other rights the Banks or Managing Agent has, whether now or hereafter acquired, against any other Borrower or against any property owned by any other Borrower.

10. SUBORDINATION. In addition to and without in any way limiting the foregoing, each of the Borrowers hereby subordinates any and all indebtedness it may now or hereafter owe to such other Borrower to all indebtedness of the Borrowers to the Banks and Managing Agent, and agrees with the Banks and Managing Agent that neither of the Borrowers shall claim any offset or other reduction of such Borrower's obligations hereunder because of any such indebtedness and shall not take any action to obtain any collateral or any other assets of the other Borrower.

EXHIBIT M

FORM OF SWING LOAN NOTE

\$ _____, Los Angeles, California _____, 2000

FOR VALUE RECEIVED, the undersigned jointly and severally promise to pay to _____ or order, in accordance with the terms of that certain Second Amended and Restated Revolving Loan Agreement dated as of February 11, 2000 (the "Loan Agreement"), as from time to time in effect, among the undersigned, BankBoston, N.A., for itself and as Managing Agent, and such other Banks as may be from time to time named therein, to the extent not sooner paid, on or before the Maturity Date the principal sum of _____ and No/100 Dollars (\$ _____), or such amount as may be advanced by the payee hereof under the Loan Agreement as Swing Loans with daily interest from the date hereof, computed as provided in the Loan Agreement, on the principal amount hereof from time to time unpaid, at a rate per annum on each portion of the principal amount which shall at all times be equal to the rate of interest applicable to such portion in accordance with the Loan Agreement, and with interest on overdue principal and, to the extent permitted by applicable law, on overdue installments of interest and late charges at the rates provided in the Loan Agreement. Interest shall be payable on the dates specified in the Loan Agreement, except that all accrued interest shall be paid at the stated or accelerated maturity hereof or upon the prepayment in full hereof. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Loan Agreement.

This is the "Swing Loan Note" referred to in the Loan Agreement, and any holder hereof is entitled to all of the rights, remedies, benefits and privileges provided for in the Loan Agreement as originally executed or as it may from time to time be supplemented, modified or amended. The Loan Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events upon the terms and conditions therein specified.

The principal indebtedness evidenced by this Swing Loan Note shall be payable as provided in the Loan Agreement and in any event on the Maturity Date.

Interest shall be payable on the outstanding daily unpaid principal amount of each Swing Loan made hereunder from the date thereof until payment in full and shall accrue and be payable at the rates and on the dates set forth in the Loan Agreement, both before and after default and before and after maturity and judgment, with interest on overdue principal and interest to bear interest at the rate set forth in Section 3.9 of the Loan Agreement, to the fullest extent permitted by applicable Law.

The amount of each payment hereunder shall be made to the Managing Agent at the Managing Agent's Office for the account of the Swing Loan Bank in immediately available funds not later than 1:00 p.m. (Boston, Massachusetts time) on the day of payment (which must be a

Banking Day). All payments received after 1:00 p.m. (Boston, Massachusetts time) on any particular Banking Day shall be deemed received on the next succeeding Banking Day. All payments shall be made in lawful money of the United States of America.

The Swing Loan Bank shall use its best efforts to keep a record of Swing Loans made by it and payments of principal received by it with respect to this Swing Loan Note, and such record shall be presumptive evidence of the amounts owing under this Swing Loan Note. Notwithstanding the foregoing, the failure by the Swing Loan Bank to keep such a record shall not affect the undersigned's obligation to pay the indebtedness evidenced hereby.

The undersigned hereby promise to pay all costs and expenses of any rightful holder hereof incurred in collecting the undersigned's obligations hereunder or in enforcing or attempting to enforce any of such holder's rights hereunder, including reasonable attorneys' fees and disbursements (including reasonably allocated costs of legal counsel employed by the Managing Agent or the holder), whether or not an action is filed in connection therewith.

The undersigned hereby waive presentment, demand for payment, dishonor, notice of dishonor, protest, notice of protest and any other notice or formality, to the fullest extent permitted by applicable Laws.

The undersigned agree that their liability hereunder is joint and several, absolute and unconditional without regard to the liability of any other party. All provisions of this Swing Loan Note shall apply to each of the undersigned.

THIS SWING LOAN NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THE STATE OF CALIFORNIA.

ALEXANDRIA REAL ESTATE EQUITIES, INC.

By: _____
Its:

ALEXANDRIA REAL ESTATE EQUITIES, L.P.

By: ARE-QRS Corp., its general partner

By: _____
Its:

ARE-QRS CORP.

By: _____
Its:

ARE ACQUISITIONS, LLC
ARE-708 QUINCE ORCHARD, LLC
ARE-940 CLOPPER ROAD, LLC
ARE-1201 HARBOR BAY, LLC
ARE-1401 RESEARCH BOULEVARD, LLC
ARE-1500 EAST GUDE, LLC
ARE-JOHN HOPKINS COURT, LLC

By: ARE-QRS Corp., their managing member

By: _____
Its:

ARE-4757 NEXUS CENTRE, LLC ARE-215
COLLEGE ROAD, LLC ARE-819/863 MITTEN
ROAD, LLC ARE-150/154 TECHNOLOGY
PARKWAY, LLC ARE-8000/9000/10000
VIRGINIA MANOR, LLC ARE-19
FIRSTFIELD ROAD, LLC ARE-10150 OLD
COLUMBIA, LLC ARE-11025 ROSELLE
STREET, LLC ARE-170 WILLIAMS DRIVE,
LLC ARE-3005 FIRST AVENUE, LLC
ARE-15020 SHADY GROVE, LLC ARE-5
TRIANGLE DRIVE, LLC ARE-50 WEST
WATKINS MILL, LLC ARE-100 PHILLIPS
PARKWAY, LLC ARE-279 PRINCETON ROAD,
LLC ARE-2001 ALICEANNA STREET, LLC
ARE-3770 TANSY STREET, LLC ARE-10505
ROSELLE STREET, LLC
ARE-9363/9373/9393 TOWN CENTRE, LLC
ARE-2425/2400/2450 GARCIA BAYSHORE,
LLC

By: Alexandria Real Estate
Equities, L.P., their sole
member

By: ARE-QRS Corp., its
general partner

By: _____
Its:

ARE-79/96 CHARLESTOWN NAVY YARD, LLC
ARE-280 POND STREET, LLC
ARE-60 WESTVIEW, LLC

By: AREE-Holdings, L.P., their
managing member

By: ARE-GP Holdings QRS
Corp., its general
partner

By: _____
Its:

ARE-5100/5110 CAMPUS DRIVE, L.P.
ARE-702 ELECTRONIC DRIVE, L.P.

By: AREE-Holdings, L.P., their
general partner

By: ARE-GP Holdings QRS
Corp., its general
partner

By: _____
Its:

ARE-10933 NORTH TORREY PINES, LLC
ARE-11099 NORTH TORREY PINES, LLC

By: Alexandria Real Estate
Equities, Inc., their sole
member

By: _____
Its:

Address for all the foregoing:

Alexandria Real Estate Equities, Inc.
135 N. Los Robles Avenue, Suite 250
Pasadena, California 91101
Attn: Joel S. Marcus, Chief Executive Officer
Telecopier: (626) 578-0770
Telephone: (626) 578-0777

EXHIBIT N

FORM OF LETTER OF CREDIT REQUEST

BankBoston, N.A., for itself and as Agent
115 Perimeter Center Place, Suite 500
Atlanta, Georgia 30346
Attn: Dan Stegemoeller
(770) 390-8434 (FAX)

Ladies and Gentlemen:

Pursuant to the provisions of Section 2.6 of the Second Amended and Restated Revolving Loan Agreement dated as of February 11, 2000, as from time to time in effect (the "Loan Agreement"), among the undersigned (the "Borrowers"), BankBoston, N.A., for itself and as Managing Agent and the other Banks from time to time party thereto, the Borrowers hereby request and certify as follows:

1. LETTER OF CREDIT. The Borrowers hereby request a Letter of Credit to be issued under Section 2.6 of the Loan Agreement:

Date: _____.

Principal Amount: \$_____.

Beneficiary: _____.

Expiration Date: _____.

2. USE OF PROCEEDS. Such Letter of Credit shall be used for the purposes permitted by Section 5.9 of the Loan Agreement.

3. NO DEFAULT. The undersigned Responsible Official of the Borrowers certifies that the Borrowers are and will be in compliance with all covenants under the Loan Documents after giving effect to the issuance of the Letter of Credit requested hereby.

4. REPRESENTATIONS TRUE. In connection with the request, the Borrowers certify:

a. As to the Letter of Credit, now and as of the date of the requested Letter of Credit, EXCEPT (i) for representations and warranties which expressly speak as of a particular date or which are no longer true and correct as a result of a change permitted by the Agreement or (ii) as disclosed by Borrowers and approved in writing by the Requisite Banks, each representation and warranty made by Borrowers in ARTICLE 4 of the Agreement (OTHER THAN Sections 4.4, 4.6 (first sentence), 4.10 and 4.18 to the extent such representations relate expressly

to an earlier date) will be true and correct in all material respects, both immediately before and after giving effect to such Letter of Credit, as though such representations and warranties were made on and as of that date; and

b. As to the Letter of Credit, OTHER THAN matters described in SCHEDULE 4.10 to the Loan Agreement or required as of the Closing Date to be therein described, there is no action, suit, proceeding or investigation pending or threatened against or affecting Parent or any of its Subsidiaries or any Property of any of them before any Governmental Agency that constitutes a Material Adverse Effect.

5. OTHER CONDITIONS. All other conditions to the issuance of the Letter of Credit requested hereby set forth in Section 2.6 and ARTICLE 8 of the Loan Agreement have been satisfied.

6. ISSUANCE DATE. Except to the extent, if any, specified by notice actually received by the Managing Agent prior to the issuance date specified above, the foregoing representations and warranties shall be deemed to have been made by the Borrowers on and as of such issuance date.

7. DEFINITIONS. Terms defined in the Loan Agreement are used herein with the meanings so defined.

IN WITNESS WHEREOF, the undersigned have by their duly authorized officers executed this request as of the ___ day of _____, 200__.

ALEXANDRIA REAL ESTATE EQUITIES, INC.

By: _____
Its:

ALEXANDRIA REAL ESTATE EQUITIES, L.P.

By: ARE-QRS Corp., its general partner

By: _____
Its:

ARE-QRS CORP.

By: _____
Its:

ARE ACQUISITIONS, LLC
ARE-708 QUINCE ORCHARD, LLC
ARE-940 CLOPPER ROAD, LLC
ARE-1201 HARBOR BAY, LLC
ARE-1401 RESEARCH BOULEVARD, LLC
ARE-1500 EAST GUDE, LLC
ARE-JOHN HOPKINS COURT, LLC

By: ARE-QRS Corp., their managing member

By: _____
Its:

ARE-4757 NEXUS CENTRE, LLC ARE-215
COLLEGE ROAD, LLC ARE-819/863 MITTEN
ROAD, LLC ARE-150/154 TECHNOLOGY
PARKWAY, LLC ARE-8000/9000/10000
VIRGINIA MANOR, LLC ARE-19
FIRSTFIELD ROAD, LLC ARE-10150 OLD
COLUMBIA, LLC ARE-11025 ROSELLE
STREET, LLC ARE-170 WILLIAMS DRIVE,
LLC ARE-3005 FIRST AVENUE, LLC
ARE-15020 SHADY GROVE, LLC ARE-5
TRIANGLE DRIVE, LLC ARE-50 WEST
WATKINS MILL, LLC ARE-100 PHILLIPS
PARKWAY, LLC ARE-279 PRINCETON ROAD,
LLC ARE-2001 ALICEANNA STREET, LLC
ARE-3770 TANSY STREET, LLC ARE-10505
ROSELLE STREET, LLC
ARE-9363/9373/9393 TOWN CENTRE, LLC
ARE-2425/2400/2450 GARCIA BAYSHORE,
LLC

By: Alexandria Real Estate Equities, L.P.,
their sole member

By: ARE-QRS Corp., its general
partner

By: _____
Its:

ARE-79/96 CHARLESTOWN NAVY YARD, LLC
ARE-280 POND STREET, LLC
ARE-60 WESTVIEW, LLC

By: AREE-Holdings, L.P., their managing
member

By: ARE-GP Holdings QRS Corp., its
general partner

By: _____
Its:

ARE-5100/5110 CAMPUS DRIVE, L.P.
ARE-702 ELECTRONIC DRIVE, L.P.

By: AREE-Holdings, L.P., their general partner

By: ARE-GP Holdings QRS Corp., its
general partner

By: _____
Its:

ARE-10933 NORTH TORREY PINES, LLC
ARE-11099 NORTH TORREY PINES, LLC

By: Alexandria Real Estate Equities, Inc.,
their sole member

By: _____
Its:

Address for all the foregoing:

Alexandria Real Estate Equities, Inc.
135 N. Los Robles Avenue, Suite 250
Pasadena, California 91101
Attn: Joel S. Marcus, Chief Executive Officer
Telecopier: (626) 578-0770
Telephone: (626) 578-0777

SCHEDULE 1.1

BANKS AND COMMITMENTS

NAME AND ADDRESS	COMMITMENT	PRO RATA SHARE
BankBoston, N.A. 100 Federal Street Boston, Massachusetts 02110 Attn: Real Estate Division	\$55,000,000.00	16.9230769%
Eurodollar Lending Office same as above		
The Chase Manhattan Bank Chase Real Estate Finance 270 Park Avenue, 31st Floor New York, New York 10017-2014 Attn: Mr. John Mix	\$35,000,000.00	10.7692308%
Eurodollar Lending Office same as above		
First Union National Bank One First Union Center TW-6 NC-0166 301 S. College Street Charlotte, NC 28288-0166 Attn: Ms. Cynthia A. Bean	\$35,000,000.00	10.7692308%
Eurodollar Lending Office same as above		
Societe Generale, Southwest Agency 2001 Ross Avenue Suite 4900 Dallas, Texas 75201 Attn: Mr. Scott Gosslee	\$35,000,000.00	10.7692308%
Eurodollar Lending Office same as above		

Dresdner Bank AG, New York and Grand Cayman Branches 333 South Grand Avenue. Suite 1700 Los Angeles, California 90071 Attn: Mr. John Cobus	\$32,000,000.00	9.8461538%
Eurodollar Lending Office same as above		
KeyBank National Association 127 Public Square MCOH-01-27-0603 Cleveland, Ohio 44114 Attn: Mr. John Scott	\$25,000,000.00	7.6923077%
Eurodollar Lending Office Same as above		
Riggs Bank, N.A. Commercial Banking 808 17th Street, N.W., 7th Floor Washington, D.C. 20006 Attn: Ms. Amanda Visser	\$15,000,000.00	4.6153846%
Eurodollar Lending Office same as above		
Chevy Chase Bank 8401 Connecticut Avenue Chevy Chase, Maryland 20815 Attn: Mr. Eric A. Lawrence	\$15,000,000.00	4.6153846%
Eurodollar Lending Office same as above		
Citizens Bank of Massachusetts One Citizens Plaza RC0440 Providence, Rhode Island 02903 Attn: Mr. Craig Schermerhorn	\$15,000,000.00	4.6153846%
Eurodollar Lending Office same as above		

Summit Bank Commerce Center 1800 Chapel Avenue West Cherry Hills, New Jersey 08002 Attn: Ms. Kellie Anderson	\$15,000,000.00	4.6153846%
Eurodollar Lending Office same as above		
Crestar Bank 8245 Boone Boulevard Suite 820 Vienna, Virginia 22182 Attn: Mr. Gregory Horstman Eurodollar Lending Office same as above	\$15,000,000.00	4.6153846%
Sovereign Bank 50 Rowes Wharf Suite 430 Boston, Massachusetts 02110 Attn: Mr. Thomas W. Nadeau Eurodollar Lending Office same as above	\$15,000,000.00	4.6153846%
Manufacturers Bank 515 S. Figueroa Street Suite 1230 Los Angeles, CA 90071 Attn: Mr. Dana Morken Eurodollar Lending Office same as above	\$10,000,000.00	3.0769231%

The Industrial Bank of Japan, Limited
350 South Grand Avenue
Suite 1500
Los Angeles, California 90071
Attn: Mr. Takeshi Kubo
Eurodollar Lending Office
same as above

\$ 8,000,000.00

2.4615385%

\$325,000,000.00

100.0%

Percentages may not equal 100% due to rounding.

SCHEDULE 1.2

TEST DEBT SERVICE COVERAGE AMOUNT CALCULATION

EXAMPLE ONLY

BORROWING BASE - DEBT SERVICE COVERAGE LIMIT:

Adjusted NOI from Unencumbered Asset Pool for most recent four quarters	\$ 47,944,000
Test Debt Service Coverage Amount:	
Total Unsecured Indebtedness	\$ 205,000,000
Treasury Base Rate plus 2%	8.10%
Test Debt Service Coverage Amount*	\$ 19,149,929
 Coverage of Test Debt Service Coverage Amount	 2.5x

* Test Debt Service Coverage amount based upon the Treasury rate + 2% on a
25 year amortization schedule

Schedule 4.4 to
Second Amended and Restated Revolving Loan Agreement

SUBSIDIARIES

ENTITY NAME	PROPERTY OWNED	STATE OF FORMATION	DATE FORMED	STATE(S) QUALIFIED	OWNERS/INTERESTS
Alexandria Real Estate Equities, Inc.	1102 & 1124 Columbia St., Seattle, WA	MD	10/27/94	CA WA	publicly traded NYSE
Alexandria Real Estate Equities, L.P.	None	DE	12/10/97		1% GP: ARE-QRS Corp. 1% LP ARE-QRS Corp. 98% LP: AREE
ARE Acquisitions, LLC Formerly PW Acquisitions I, LLC	1330 Piccard Dr., Rockville, MD 1550 E. Gude Dr., Rockville, MD	DE	12/20/96	MD	1% managing: ARE-QRS 99% nonmanaging: AREE
AREE-HOLDINGS, L.P.	None	DE	12/23/97		1% GP: ARE-GP 99% LP: ARE, LP
AREE-HOLDINGS II, L.P.	None	DE	5/8/98		1% GP: ARE-GP/II 99% LP: ARE, LP
ARE-GP HOLDINGS QRS CORP.	None	DE	12/19/97		100% AREE
ARE-GP/II HOLDINGS QRS CORP.	None	DE	5/8/98		100% AREE
ARE-GP/III HOLDINGS QRS	None	DE	10/20/98		100% AREE

ENTITY NAME	PROPERTY OWNED	STATE OF FORMATION	DATE FORMED	STATE (S) QUALIFIED	OWNERS/INTERESTS
ARE-QRS Corp.	25,35 & 45 W. Watkins Mill Rd., Gaithersburg, MD 300 & 401 Professional Dr., Gaithersburg, MD 1311&1401 Harbor Bay Parkway, Alameda, CA 1413 Research Blvd., Rockville, MD	MD	9/9/96	CA WA	100% AREE
ARE-John Hopkins Court, LLC	3530 & 3550 John Hopkins Court, San Diego, CA	DE	7/2/97	CA	1% managing: ARE-QRS 99% nonmanaging: AREE
ARE-Metropolitan Grove I, LLC	1201 Clopper Road, Gaithersburg, MD	DE	12/19/97	MD	100% ARE, LP
ARE-Nexus Centre II, LLC	vacant parcel adjoining 4757 Nexus Centre Dr., San Diego CA	DE	3/17/98	CA	100% ARE, LP
ARE-One Innovation Drive, LLC	One Innovation Drive, Worcester, MA (aka 3 Biotech)	DE	9/3/98	MA	1% managing: HOLDINGS 99% nonmanaging: ARE, LP
ARE-Western Newbrook, LLC (formerly known as ARE-3000/3018 Western, LLC)	3000 & 3018 Western, Seattle, WA 14225 Newbrook Dr., Chantilly, VA	DE	name changed 5/11/98	WA VA	1% managing: HOLDINGS II 99% nonmanaging: ARE, LP
ARE-Five Biotech, LLC	381 Plantation Street, Worcester, MA	DE	9/3/98	MA	1% managing: HOLDINGS 99% nonmanaging: ARE, LP
ARE-5 Triangle Drive, LLC	5 Triangle Drive, Research Triangle Park, NC	DE	7/9/98	NC	100% ARE, LP
ARE-19 Firstfield Road, LLC	19 Firstfield Road Gaithersburg, MD	DE	4/20/98	MD	100% ARE, LP

ENTITY NAME	PROPERTY OWNED	STATE OF FORMATION	DATE FORMED	STATE (S) QUALIFIED	OWNERS/INTERESTS
ARE-50 West Watkins Mill, LLC	50 West Watkins Mill Road, Gaithersburg, MD	DE	8/27/98	MD	100% ARE, LP
ARE-60 Westview, LLC	60 Westview Street, Lexington, MA	DE	8/11/98	MA	1% managing: HOLDINGS, LP 99% nonmanaging: ARE, LP
ARE-79/96 Charlestown Navy Yard, LLC	Building 79 Building 96 Charlestown Navy Yard, Charlestown, MA	DE	12/31/97	MA	1% managing: HOLDINGS, LP 99% nonmanaging: ARE, LP
ARE-100 Phillips Parkway, LLC	100 Phillips Parkway, Montvale, NJ	DE	9/23/98	NJ	100% ARE, LP
ARE-100/800/801 Capitola, LLC	100, 800 & 801 Capitola Drive, Durham, NC	DE	12/16/97	NC	100% ARE, LP
ARE-104 Alexander Road, LLC	104 Alexander, Research Triangle Park, NC	DE	5/5/98	NC	100% ARE, LP
ARE-129/153/161 Hill Street, LLC	129/153/161 North Hill Street, Pasadena CA	DE	11/23/99	CA	100% ARE, LP
ARE-150/154 Technology Parkway, LLC	150 & 154 Technology Parkway, Norcross, GA	DE	4/15/98	GA	100% ARE, LP
ARE-170 Williams Drive, LLC	170 Williams Drive Ramsey, NJ	DE	5/18/98	NJ	100% ARE, LP
ARE-215 College Road, LLC	215 College Road, Paramus, NJ	DE	12/19/97	NJ	100% ARE, LP
ARE-279 Princeton Road, LLC	279 Princeton Road, Princeton, NJ	DE	8/27/98	NJ	100% ARE, LP
ARE-280 Pond Street, LLC	280 Pond Street Randolph, MA	DE	4/13/98	MA	1% managing: HOLDINGS 99% nonmanaging: ARE, LP

ENTITY NAME	PROPERTY OWNED	STATE OF FORMATION	DATE FORMED	STATE (S) QUALIFIED	OWNERS/INTERESTS
ARE-377 Plantation Street, LLC	377 Plantation Street, Worcester, MA	DE	9/3/98	MA	1% managing: HOLDINGS 99% nonmanaging: ARE, LP
ARE-620 Memorial Drive, LLC	620 Memorial Drive, Cambridge, MA	DE	10/23/98	MA	1% managing: HOLDINGS 99% nonmanaging: ARE, LP
ARE-702 Electronic Drive, L.P.	702 Electronic Drive Horsham, PA	DE	3/24/98	PA	1% general partner: HOLDINGS 99% limited partner: ARE, LP
ARE-708 Quince Orchard, LLC	708 Quince Orchard Road, Gaithersburg, MD	DE	8/14/97	MD	1% managing: ARE-QRS 99% nonmanaging: AREE
ARE-819/863 Mitten Road, LLC	819-863 Mitten Road, Burlingame, CA	DE	12/19/97	CA	100% ARE, LP
ARE-940 Clopper Road, LLC	940 Clopper Road, Gaithersburg, MD	DE	8/20/97	MD	1% managing: ARE-QRS 99% nonmanaging: AREE
ARE-1201 Harbor Bay, LLC	1201 Harbor Bay Parkway, Alameda, CA	DE	11/17/97	CA	1% managing: ARE-QRS 99% nonmanaging: AREE
ARE-1201 Clopper Loan, LLC	1201 Clopper Road, Gaithersburg, MD	DE	9/17/99	MD	100% ARE-METROPOLITAN GROVE I, LLC
ARE-1401 Research Boulevard, LLC	1401 Research Blvd., Gaithersburg, MD	DE	8/28/97	MD	1% managing: ARE-QRS 99% nonmanaging: AREE

ENTITY NAME	PROPERTY OWNED	STATE OF FORMATION	DATE FORMED	STATE (S) QUALIFIED	OWNERS/INTERESTS
ARE-1431 Harbor Bay, LLC	1431 Harbor Bay Parkway, Alameda, CA	DE	5/20/97	CA	1% managing: ARE-QRS 99% nonmanaging: AREE
ARE-1500 East Gude, LLC	1500 East Gude Dr., 3 Taft Ct., & 32 Taft Ct., Rockville, MD	DE	11/5/97	MD	1% managing: ARE-QRS 99% nonmanaging: AREE
ARE-2001 Aliceanna Street, LLC	1935/2001/2023-2039 Aliceanna Street, Baltimore, MD	DE	6/30/98	MD	100% ARE, LP
ARE-2425/2400/2450 Garcia Bayshore, LLC	2425 Garcia Avenue & 2400/2450 Bayshore Parkway, Mountain View, CA	DE	7/27/99	CA	100% ARE, LP
ARE-2625/2627/2631 Hanover, LLC	2625/2627/2631 Hanover Street, Palo Alto, CA	DE	3/23/99	CA	100% ARE, LP
ARE-9363/9373/9393 Towne Centre, LLC	9363/9373/9393 Towne Centre Drive, Mountain View, CA	DE	8/18/99	CA	100% ARE, LP
ARE-3005 First Avenue, LLC	3005 1st Avenue, Seattle, WA	DE	5/8/98	WA	100% ARE, LP
ARE-3535/3565 General Atomics Court, LLC	3535 & 3565 General Atomics Ct., San Diego, CA	DE	12/19/97	CA	100% AREE
ARE-3770 Tansy Street, LLC	3770 Tansy Street, San Diego, CA	DE	8/11/98	CA	100% ARE, LP
ARE-4757 Nexus Centre, LLC	4757 Nexus Centre Dr., San Diego CA	DE	3/13/98	CA	100% ARE, LP
ARE-5100/5110 Campus Drive, L.P.	5100 & 5110 Campus Dr., Philadelphia, PA	DE	3/24/98	PA	1% general partner: HOLDINGS 99% limited partner: ARE, LP
ARE-6166 Nancy Ridge, LLC	6166 Nancy Ridge Dr., San Diego, CA	DE	3/20/98	CA	100% ARE, LP

ENTITY NAME	PROPERTY OWNED	STATE OF FORMATION	DATE FORMED	STATE (S) QUALIFIED	OWNERS/INTERESTS
ARE-8000/9000/10000 Virginia Manor, LLC	8000, 9000, 10000 Virginia Manor Road, Beltsville, MD	DE	12/31/97	MD	100% ARE, LP
ARE-10150 Old Columbia, LLC	10150 Old Columbia Road, Columbia, Maryland	DE	12/19/97	MD	100% ARE, LP
ARE-10505 Roselle Street, LLC	10505 Roselle Street, San Diego, CA	DE	7/27/98	CA	100% ARE, LP
ARE-10933 North Torrey Pines, LLC	10933 N. Torrey Pines Rd., San Diego, CA	DE	12/19/97	CA	100% AREE
ARE-11025 Roselle Street, LLC	11025 Roselle Street, San Diego, CA	DE	12/2/97	CA	100% ARE, LP
ARE-11099 North Torrey Pines, LLC	11099 N. Torrey Pines Rd., San Diego, CA	DE	12/19/97	CA	100% AREE
ARE-15020 Shady Grove, LLC	15020 Shady Grove, Rockville, MD	DE	6/5/98	MD	100% ARE, LP

Schedule 4.7 to
SECOND AMENDED AND RESTATED REVOLVING LOAN AGREEMENT

EXISTING LIENS, NEGATIVE PLEDGES AND RIGHTS OF OTHERS

As of the Closing Date, the Borrowers will have outstanding mortgage indebtedness as follows:

NAME OF PROPERTY -----	MATURITY DATE OF LOAN -----
3535/3565 General Atomics Court San Diego, CA	December 2014
1102/1124 Columbia Street Seattle, WA	May 2016
100/800/801 Capitola Drive Durham, NC	December 2006
1431 Harbor Bay Parkway Alameda, CA	January 2016
14225 Newbrook Drive, Chantilly VA & 3000/3018 Western Newbrook, Seattle WA	May 2008
620 Memorial Drive Cambridge, MA	October 2007
One Innovation Drive Worcester, MA	January 2006
377 Plantation Street, Worcester MA & 6166 Nancy Ridge, San Diego CA	January 2010
381 Plantation Street Worcester, MA	June 2000
1201 Clopper Road Gaithersburg, MD	October 2001

Schedule 4.7 to
SECOND AMENDED AND RESTATED REVOLVING LOAN AGREEMENT

EXISTING LIENS, NEGATIVE PLEDGES AND RIGHTS OF OTHERS

As of the Closing Date, the following properties are on ground leases:

NAME OF PROPERTY -----	TERM OF LEASE -----
Buildings 79 and 96 Charlestown Navy Yard Charlestown, Massachusetts	September 2053/May 2055
8000/9000/10000 Virginia Manor Road Beltsville, Maryland	July 2047
2425 Garcia Avenue & 2400/2450 Bayshore Parkway Mountain View, California	September 2053

Schedule 4.10 to
SECOND AMENDED AND RESTATED REVOLVING LOAN AGREEMENT

MATERIAL LITIGATION

None.

Schedule 4.17 to
SECOND AMENDED AND RESTATED REVOLVING LOAN AGREEMENT

HAZARDOUS MATERIALS

None.

Schedule 4.18 to
SECOND AMENDED AND RESTATED REVOLVING LOAN AGREEMENT

INITIAL POOL PROPERTIES

The properties at the addresses set forth below are the Qualified Unencumbered Asset Pool Properties comprising the initial Unencumbered Asset Pool:

1.	10933 North Torrey Pines Road	San Diego, California
2.	11099 North Torrey Pines Road	San Diego, California
3.	11025 Roselle Street	San Diego, California
4.	4757 Nexus Center Drive	San Diego, California
5.	10505 Roselle Street	San Diego, California
6.	3770 Tansy Street	San Diego, California
7.	3530 John Hopkins Court	San Diego, California
8.	3550 John Hopkins Court	San Diego, California
9.	9363 Towne Centre Drive	San Diego, California
10.	9373 Towne Centre Drive	San Diego, California
11.	9393 Towne Centre Drive	San Diego, California
12.	1311 Harbor Bay Parkway	Alameda, California
13.	1401 Harbor Bay Parkway	Alameda, California
14.	1201 Harbor Bay Parkway	Alameda, California
15.	819-849 Mitten Road	Burlingame, California
16.	863 Mitten Road/866 Malcolm Road	Burlingame, California
17.	2425 Garcia 2400/2450 Bayshore	Mountain View, California
18.	150/154 Technology Parkway	Norcross, Georgia
19.	2001 Aliceanna Street	Baltimore, Maryland
20.	8000/9000/10000 Virginia Manor Road	Beltsville, Maryland
21.	10150 Old Columbia Road	Columbia, Maryland
22.	300 Professional Drive	Gaithersburg, Maryland
23.	401 Professional Drive	Gaithersburg, Maryland
24.	25/35/45 West Watkins Mill Road	Gaithersburg, Maryland
25.	708 Quince Orchard Road	Gaithersburg, Maryland
26.	940 Clopper Road	Gaithersburg, Maryland
27.	19 Firstfield Road	Gaithersburg, Maryland
28.	15020 Shady Grove Road	Gaithersburg, Maryland
29.	50 W. Watkins Mill Road	Gaithersburg, Maryland
30.	1330 Piccard Drive	Rockville, Maryland
31.	1401 Research Boulevard	Rockville, Maryland
32.	1413 Research Boulevard	Rockville, Maryland
33.	1500 East Gude Drive	Rockville, Maryland
34.	1550 East Gude Drive	Rockville, Maryland
35.	Buildings 79 and 96 Charlestown Navy Yard	Charlestown, Massachusetts
36.	60 Westview Street	Lexington, Massachusetts
37.	280 Pond Street	Randolph, Massachusetts
38.	100 Phillips Parkway	Montvale, New Jersey
39.	215 College Road	Paramus, New Jersey
40.	5100/5110 Campus Drive	Philadelphia, Pennsylvania
41.	279 Princeton Parkway	Princeton, New Jersey
42.	170 Williams Drive	Ramsey, New Jersey
43.	5 Triangle Drive	Research Triangle Park, North Carolina
44.	702 Electronic Drive	Horsham, Pennsylvania
45.	3005 First Avenue	Seattle, Washington

Schedule 4.19 to
SECOND AMENDED AND RESTATED REVOLVING LOAN AGREEMENT

REAL PROPERTY

After the Closing Date, the properties owned by the Borrowers and their Subsidiaries are as follows:

1.	10933 North Torrey Pines Road	San Diego, California
2.	3010 Science Park Road	San Diego, California
3.	11099 North Torrey Pines Road	San Diego, California
4.	3535 General Atomics Court	San Diego, California
5.	3565 General Atomics Court	San Diego, California
6.	11025 Roselle Street	San Diego, California
7.	4757 Nexus Center Drive	San Diego, California
8.	6166 Nancy Ridge Drive	San Diego, California
9.	10505 Roselle Street	San Diego, California
10.	3770 Tansy Street	San Diego, California
11.	3530 John Hopkins Court	San Diego, California
12.	3550 John Hopkins Court	San Diego, California
13.	9363 Towne Centre Drive	San Diego, California
14.	9373 Towne Centre Drive	San Diego, California
15.	9393 Towne Centre Drive	San Diego, California
16.	129/153/161 North Hill Street	Pasadena, California
17.	1311 Harbor Bay Parkway	Alameda, California
18.	1401 Harbor Bay Parkway	Alameda, California
19.	1431 Harbor Bay Parkway	Alameda, California
20.	1201 Harbor Bay Parkway	Alameda, California
21.	819-849 Mitten Road	Burlingame, California
22.	863 Mitten Road/866 Malcolm Road	Burlingame, California
23.	2625/2627/2631 Hanover Street	Palo Alto, California
24.	2425 Garcia 2400/2450 Bayshore	Mountain View, California
25.	150/154 Technology Parkway	Norcross, Georgia
26.	2001 Aliceanna Street	Baltimore, Maryland
27.	8000/9000/10000 Virginia Manor Road	Beltsville, Maryland
28.	10150 Old Columbia Road	Columbia, Maryland
29.	300 Professional Drive	Gaithersburg, Maryland
30.	401 Professional Drive	Gaithersburg, Maryland
31.	25/35/45 West Watkins Mill Road	Gaithersburg, Maryland
32.	708 Quince Orchard Road	Gaithersburg, Maryland
33.	940 Clopper Road	Gaithersburg, Maryland
34.	1201 Clopper Road	Gaithersburg, Maryland
35.	19 Firstfield Road	Gaithersburg, Maryland
36.	15020 Shady Grove Road	Gaithersburg, Maryland
37.	50 W. Watkins Mill Road	Gaithersburg, Maryland
38.	1330 Piccard Drive	Rockville, Maryland
39.	1401 Research Boulevard	Rockville, Maryland
40.	1413 Research Boulevard	Rockville, Maryland
41.	1500 East Gude Drive	Rockville, Maryland
42.	1550 East Gude Drive	Rockville, Maryland
43.	620 Memorial Drive	Cambridge, Massachusetts
44.	Buildings 79 and 96 Charlestown Navy Yard	Charlestown, Massachusetts
45.	60 Westview Street	Lexington, Massachusetts
46.	280 Pond Street	Randolph, Massachusetts
47.	377 Plantation Street	Worcester, Massachusetts
48.	One Innovation Drive	Worcester, Massachusetts
49.	381 Plantation Street	Worcester, Massachusetts
50.	100 Phillips Parkway	Montvale, New Jersey
51.	215 College Road	Paramus, New Jersey

52.	5100/5110 Campus Drive	Philadelphia, Pennsylvania
53.	279 Princeton Parkway	Princeton, New Jersey
54.	170 Williams Drive	Ramsey, New Jersey
55.	100 Capitola Drive	Durham, North Carolina
56.	800/801 Capitola Drive	Durham, North Carolina
57.	5 Triangle Drive	Research Triangle Park, North Carolina
58.	702 Electronic Drive	Horsham, Pennsylvania
59.	14225 Newbrook Drive	Chantilly, Virginia
60.	1102/1124 Columbia Street	Seattle, Washington
61.	3000/3018 Western Avenue	Seattle, Washington
62.	3005 First Avenue	Seattle, Washington

After the Closing Date, the parcels of land owned by the Borrowers and their Subsidiaries are as follows:

1.	4757 Nexus Centre Drive II	San Diego, California
2.	Capitola Land	Durham, North Carolina
3.	104 Alexander Road	Research Triangle Park, North Carolina

Schedule 4.21 to
SECOND AMENDED AND RESTATED REVOLVING LOAN AGREEMENT

INDEBTEDNESS

After the Closing Date, the Borrowers and their Subsidiaries will have outstanding indebtedness as described in Sections 6.11 and 6.12 as follows:

LENDER -----	PROPERTY SECURED -----	Amount Outstanding AS OF DECEMBER 31, 1999 -----
Aid Association for Lutherans	3535/3565 General Atomics Court	\$ 17,063,000
Aid Association for Lutherans	1102/1124 Columbia Street	\$ 20,148,000
United States Trust Company of New York	1431 Harbor Bay Parkway	\$ 7,145,000
LaSalle National Bank	100/800/801 Capitola Drive	\$ 12,436,000
State Street Bank and Trust	14225 Newbrook Drive & 3000/3018 Western Avenue	\$ 35,995,000
LaSalle National Bank	620 Memorial Drive	\$ 17,780,000
Teachers Insurance and Annuity Association of America	One Innovation Drive	\$ 10,995,000
Credit Suisse First Boston Mortgage Capital LLC	377 Plantation Street & 6166 Nancy Ridge Road	\$ 18,900,000
Worcester Business Development Corporation	381 Plantation Street (Development project)	\$ 2,625,000
Keybank National Association	1201 Clopper Road (Development project)	\$ 12,638,000

ALEXANDRIA REAL ESTATE EQUITIES, INC.

COMPUTATION OF CONSOLIDATED RATIO OF EARNINGS TO COMBINED FIXED
CHARGES AND PREFERRED STOCK DIVIDENDS
(in thousands, except ratios)

	Year Ended December 31,				
	1999	1998	1997	1996	1995
Earnings (Loss):	\$22,053	\$19,403	\$(2,797)	\$2,175	\$ 866
Add Back:					
Interest Expense.....	19,697	14,033	7,043	6,327	3,553
Write-off of Unamortized Loan Costs.....	--	--	2,295	--	--
Acquisition LLC Financing Costs.....	--	--	6,973	--	--
Earnings Available for Fixed Charges....	41,750	33,436	\$13,514	\$8,502	\$4,419
Combined Fixed Charges:					
Interest Incurred.....	23,792	16,264	\$ 7,139	\$6,327	\$3,553
Write-off of Unamortized Loan Costs(a)....	--	--	2,295	--	--
Acquisition LLC Financing Costs(b).....	--	--	6,973	--	--
Preferred Dividends.....	2,036	--	3,038	1,590	--
Fixed Charges.....	25,828	16,264	\$19,445	\$7,917	\$3,553
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends(c).....	1.62	2.06	0.69	1.07	1.24
Excess of Fixed Charges Over Earnings.....	\$ --	\$ --	\$ --	\$ --	\$ --

(a) This amount represents unamortized loan costs associated with debt retired in connection with the IPO.

(b) This amount represents the portion of the purchase price of the membership interests in ARE Acquisitions, LLC (the "Acquisition LLC") paid by the Company in excess of the cost incurred by the Acquisition LLC to acquire the three Life Science Facilities owned by it.

(c) For purposes of calculating the consolidated ratio of earnings to combined fixed charges and preferred stock dividends, earnings consist of earnings before income taxes and fixed charges. Fixed charges consist of interest incurred (including amortization of deferred financing costs and capitalized interest), write-off of unamortized loan costs, Acquisition LLC Financing Costs (see Note (b)), and preferred stock dividends.

LIST OF SUBSIDIARIES OF ALEXANDRIA REAL ESTATE EQUITIES, INC.

Alexandria Real Estate Equities, L.P.	ARE-280 Pond Street, LLC
ARE Acquisitions, LLC	ARE-377 Plantation Street, LLC
AREE-HOLDINGS, L.P.	ARE-620 Memorial Drive, LLC
AREE-HOLDINGS II, L.P.	ARE-702 Electronic Drive, L.P.
ARE-GP HOLDINGS QRS CORP.	ARE-708 Quince Orchard, LLC
ARE-GP/II HOLDINGS QRS CORP.	ARE-819/863 Mitten Road, LLC
ARE-GP/III HOLDINGS QRS CORP.	ARE-940 Clopper Road, LLC
ARE-GP/IV HOLDINGS QRS CORP.	ARE-1201 Harbor Bay, LLC
ARE-GP/V HOLDINGS QRS CORP.	ARE-1201 Clopper Loan, LLC
ARE-QRS Corp.	ARE-1401 Research Boulevard, LLC
ARE-Five Biotech, LLC	ARE-1431 Harbor Bay, LLC
ARE-John Hopkins Court, LLC	ARE-1500 East Gude, LLC
ARE-Metropolitan Grove I, LLC	ARE-2001 Aliceanna Street, LLC
ARE-Nexus Centre II, LLC	ARE-2425/2400/2450 Garcia Bayshore, LLC
ARE-One Innovation Drive, LLC	ARE-2625/2627/2631 Hanover, LLC
ARE-Technology Parkway SSF, LLC	ARE-3005 First Avenue, LLC
ARE-Western Newbrook, LLC	ARE-3535/3565 General Atomics Court, LLC
ARE-5 Triangle Drive, LLC	ARE-3770 Tansy Street, LLC
ARE-19 Firstfield Road, LLC	ARE-4757 Nexus Centre, LLC
ARE-50 West Watkins Mill, LLC	ARE-5100/5110 Campus Drive, L.P.
ARE-60 Westview Street, LLC	ARE-6166 Nancy Ridge, LLC
ARE-79/96 Charlestown Navy Yard, LLC	ARE-8000/9000/10000 Virginia Manor, LLC
ARE-100 Phillips Parkway, LLC	ARE-9363/9373/9393 Towne Centre, LLC
ARE-100/800/801 Capitola, LLC	ARE-10150 Old Columbia, LLC
ARE-104 Alexander Road, LLC	ARE-10505 Roselle Street, LLC
ARE-129/153/161 Hill Street, LLC	ARE-10933 North Torrey Pines, LLC
ARE-150/154 Technology Parkway, LLC	ARE-11025 Roselle Street, LLC
ARE-170 Williams Drive, LLC	ARE-11099 North Torrey Pines, LLC
ARE-215 College Road, LLC	ARE-15020 Shady Grove, LLC
ARE-279 Princeton Road, LLC	

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-34223 and Form S-8 No. 333-60075) pertaining to the Amended and Restated 1997 Stock Award and Incentive Plan of Alexandria Real Estate Equities, Inc., the Amended Registration Statement (Form S-3/A No. 333-56449) of Alexandria Real Estate Equities, Inc. and in the related Prospectus, and the Amended Registration Statement (Form S-3/A No. 333-56451) of Alexandria Real Estate Equities, Inc. and in the related Prospectus, and the Amended Registration Statement (Form S-3/A No. 333-81985) of Alexandria Real Estate Equities, Inc. and in the related Prospectus, of our report dated January 24, 2000, with respect to the consolidated financial statements and schedules of Alexandria Real Estate Equities, Inc. and subsidiaries included in this Annual Report (Form 10-K) for the year ended December 31, 1999.

/s/ Ernst & Young LLP

Los Angeles, California
March 28, 2000

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONDENSED CONSOLIDATED BALANCE SHEETS AND CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS FOUND IN THE COMPANY'S FORM 10-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

12-MOS		
	DEC-31-1999	
	JAN-01-1999	
	DEC-31-1999	
		8,127,000
		0
		9,432,000
		0
		0
		634,323,000
		35,496,000
		643,118,000
30,023,000		
		350,512,000
		0
		38,588,000
		137,000
		223,858,000
643,118,000		
		0
		86,262,000
		0
		19,003,000
		25,509,000
		0
		19,697,000
		22,053,000
		0
22,053,000		
		0
		0
		0
		22,053,000
		1.48
		1.46