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

FORM 10-Q

(Mark One)

_X_ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2003

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 of incorporation or organization)	(I.R.S. Employer Identification Number)

135 North Los Robles Avenue, Suite 250, Pasadena, California 91101
(Address of principal executive offices)

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

N/A
\- - - - - - - - - - - - - - - - - - - -
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No ________

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes __X__ No ________

As of May 13, 2003, 19,006,623 shares of common stock, par value $.01 per share, were outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS (UNAUDITED)

Alexandria Real Estate Equities, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets
(Unaudited)
(dollars in thousands)

	March 31, 2003	December 31, 2002
Assets		
Rental properties, net	$ 974,015	$ 976,422
Properties under development	118,584	68,386
Cash and cash equivalents	3,674	3,790
Tenant security deposits and other restricted cash	8,779	8,020
Tenant receivables	3,306	2,641
Deferred rent	28,029	26,063
Other assets	74,904	73,921
Total assets	$ 1,211,291	$ 1,159,243
Liabilities and Stockholders' Equity		
Secured notes payable	$ 312,405	$ 276,878
Unsecured line of credit	354,000	338,000
Accounts payable, accrued expenses and tenant security deposits	45,264	47,118
Dividends payable	11,930	11,394
Total liabilities	723,599	673,390
Stockholders' equity:		
Series A preferred stock	38,588	38,588
Series B preferred stock	57,500	57,500
Common stock	190	190
Additional paid-in capital	400,851	399,831
Deferred compensation	(764)	(1,432)
Retained earnings	-	-
Accumulated other comprehensive income	(8,673)	(8,824)
Total stockholders' equity	487,692	485,853
Total liabilities and stockholders' equity	$ 1,211,291	$ 1,159,243

See accompanying notes.

Alexandria Real Estate Equities, Inc. and Subsidiaries

Condensed Consolidated Income Statements
(Unaudited)
(dollars in thousands, except per share amounts)

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002
Revenues		
Rental	$ 31,646	$ 26,470
Tenant recoveries	8,623	6,719
Interest and other income	344	483
	40,613	33,672
Expenses		
Rental operations	8,786	6,658
General and administrative	3,549	3,473
Interest	6,871	6,359
Depreciation and amortization	9,461	7,994
	28,667	24,484
Income from continuing operations	11,946	9,188
Income from discontinued operations, net	203	415
Net income	$ 12,149	$ 9,603
Dividends on preferred stock	2,225	1,905
Net income available to common stockholders	$ 9,924	$ 7,698
Basic income per common share:		
Income from continuing operations	$ 0.63	$ 0.56
Income from discontinued operations	$ 0.01	$ 0.03
Net income	$ 0.64	$ 0.59
Net income available to common stockholders	$ 0.53	$ 0.47
Diluted income per common share:		
Income from continuing operations	$ 0.62	$ 0.55
Income from discontinued operations	$ 0.01	$ 0.02
Net income	$ 0.63	$ 0.57
Net income available to common stockholders	$ 0.52	$ 0.46
Weighted average shares of common stock outstanding:		
-Basic	18,895,821	16,409,258
-Diluted	19,136,372	16,720,857

See accompanying notes.

Alexandria Real Estate Equities, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows
(Unaudited)
(dollars in thousands)

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002
Operating Activities		
Net income	$ 12,149	$ 9,603
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on sale of property	455	-
Depreciation and amortization	9,461	8,237
Amortization of loan fees and costs	464	693
Amortization of premiums on secured notes	(100)	(83)
Stock compensation expense	955	952
Changes in operating assets and liabilties:		
Tenant security deposits and other restricted cash	(759)	2,130
Tenant receivables	(665)	259
Deferred rent	(1,966)	(1,413)
Other assets	(650)	(4,699)
Accounts payable, accrued expenses and tenant security deposits	(1,708)	(4,445)
Net cash provided by operating activities	17,636	11,234
Investing Activities		
Purchase of rental properties	(3,677)	-
Proceeds from sale of property	6,558	-
Additions to rental properties	(12,496)	(8,893)
Additions to properties under development	(43,531)	(12,204)
Additions to investments, net	(1,853)	(4,246)
Net cash used in investing activities	(54,999)	(25,343)
Financing Activities		
Proceeds from secured notes payable	34,000	2,913
Proceeds from exercise of stock options	720	1,694
Proceeds from issuance of common stock	-	16,168
Proceeds from issuance of preferred stock	-	55,129
Proceeds from repayment of note receivable	-	6,000
Net borrowings from (principal reductions to) unsecured line of credit	16,000	(55,000)
Principal reductions of secured notes payable	(1,757)	(1,719)
Dividends paid on common stock	(9,491)	(7,524)
Dividends paid on preferred stock	(2,225)	(916)
Net cash provided by financing activities	37,247	16,745
Net increase in cash and cash equivalents	(116)	2,636
Cash and cash equivalents at beginning of period	3,790	2,376
Cash and cash equivalents at end of period	$ 3,674	$ 5,012

See accompanying notes.

1. Background and Basis of Presentation

Background

Alexandria Real Estate Equities, Inc. is a real estate investment trust ("REIT") formed in 1994. We are engaged primarily in the ownership, operation, management, acquisition, expansion and selective redevelopment and development 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, life science product and service companies, not-for-profit scientific research institutions, universities and related government agencies. As of March 31, 2003, our portfolio consisted of 88 properties in nine states with approximately 5.7 million rentable square feet.

We have prepared the accompanying interim financial statements in accordance with accounting principles generally accepted in the United States and in conformity with the rules and regulations of the Securities and Exchange Commission. In our opinion, the interim financial statements presented herein reflect all adjustments, consisting solely of normal and recurring adjustments, which are necessary to fairly present the interim financial statements. The results of operations for the interim period are not necessarily indicative of the results that may be expected for the year ending December 31, 2003. These financial statements should be read in conjunction with the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2002.

Basis of Presentation and Significant Accounting Policies

The accompanying condensed consolidated financial statements include the accounts of Alexandria Real Estate Equities, Inc. and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

Reclassifications

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

1. Background and Basis of Presentation (continued)

Accumulated Other Comprehensive Income

Accumulated other comprehensive income consists of the following (in thousands):

	March 31, 2003	December 31, 2002
Unrealized gain on marketable securities	$ 219	$ 213
Unrealized loss on interest rate swap agreements	(8,892)	(9,037)
	$ (8,673)	$ (8,824)

The following table provides a reconciliation of comprehensive income (in thousands):

	Three Months Ended March 31,	
	2003	2002
Net income	$ 12,149	$ 9,603
Unrealized gain (loss) on marketable securities	6	(931)
Unrealized gain on interest rate swap agreements	145	1,723
Comprehensive income	$ 12,300	$ 10,395

Investments

We hold equity investments in certain publicly traded companies and privately held entities primarily involved in the life science industry. All of our investments in publicly traded companies are considered "available for sale" under the provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS 115"), and are recorded at fair value and included in other assets in the accompanying balance sheets. Fair value has been determined by the closing trading price at the balance sheet date, with unrealized gains and losses shown as a separate component of stockholders' equity. The classification of investments under SFAS 115 is determined at the time each investment is made, and such determination is reevaluated at each balance sheet date. The cost of investments sold is determined by the specific identification method, with realized gains and losses included in interest and other income.

Investments in privately held entities are included in other assets and accounted for under the provisions of Accounting Principles Board Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock" ("APB 18"). As we do not influence any of the investees' operating or financial policies, investments in privately held entities are accounted for under the cost method.

1. Background and Basis of Presentation (continued)

Investments in privately held entities as of March 31, 2003, totaled $39,413,000 and are included in other assets in the accompanying balance sheets.

For all of our investments, if a decline in the fair value of an investment below its carrying value is determined to be other than temporary, such investment is written down to its estimated fair value with a non-cash charge to current earnings.

The following table summarizes our available-for-sale securities (in thousands):

	March 31, 2003	December 31, 2002
Adjusted cost of available-for-sale securities	$ 1,876	$ 1,876
Gross unrealized gains	275	214
Gross unrealized losses	(56)	-
Fair value of available-for-sale securities	$ 2,095	$ 2,090

2. Rental Properties and Properties Under Development

Rental properties consist of the following (in thousands):

	March 31, 2003	December 31, 2002
Land	$ 149,948	$ 151,297
Buildings and improvements	831,094	829,739
Tenant and other improvements	114,058	108,863
	1,095,100	1,089,899
Less accumulated depreciation	(121,085)	(113,477)
	$ 974,015	$ 976,422

2. Rental Properties and Properties Under Development (continued)

In January 2003, we acquired a fully-leased property in the Eastern Massachusetts market containing approximately 51,000 rentable square feet from an unrelated third party for an aggregate purchase price (including closing and transaction costs) of approximately $7.1 million.

In February 2003, we sold a property for $6.8 million that was designated as "held for sale" as of December 31, 2002 (See Note 7).

In March 2003, we acquired for $34.7 million in cash, a property under development in Seattle, Washington. The property, upon completion, will contain approximately 165,000 square feet of office/laboratory space.

3. Unsecured Line of Credit

We have an unsecured line of credit that provides for borrowing of up to $425 million. The line of credit has a maturity date of July 2005, which may be extended at our sole option for an additional one-year period. Borrowings under our unsecured 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 a LIBOR period of one, two, three or six months.

Our 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. As of March 31, 2003, borrowings outstanding on the line of credit carried a weighted average interest rate of 2.91%.

Aggregate borrowings under the line of credit are limited to an amount based on the net operating income derived from a pool of unencumbered assets. As of March 31, 2003, the amount calculated under these provisions exceeded the maximum permitted borrowings of $425 million.

We utilize interest rate swap agreements to hedge certain of our exposure to variable interest rates associated with our unsecured line of credit. These agreements involve the exchange of fixed and floating interest payments without the exchange of the underlying principal amount (the "notional amount"). Interest received under all of our swap agreements is based on the one-month LIBOR rate. The net difference between the interest paid and interest received is reflected as an adjustment to interest expense.

3. Unsecured Line of Credit (continued)

The following table summarizes our interest rate swap agreements as of March 31, 2003 (dollars in thousands):

Transaction Dates	Effective Dates	Notional Amounts	Interest Pay Rates	Termination Dates	Fair Values
July 2000	May 31, 2001	$ 50,000	7.07%	May 31, 2003	$ (507)
March 2002	December 31, 2002	50,000	5.36%	December 31, 2004	(3,341)
July 2002	January 1, 2003	25,000	3.86%	June 30, 2005	(1,137)
July 2002	January 1, 2003	25,000	3.87%	June 30, 2005	(1,143)
December 2002	January 2, 2003	25,000	3.29%	June 30, 2006	(754)
December 2002	January 2, 2003	25,000	3.29%	June 30, 2006	(754)
November 2002	June 1, 2003	25,000	3.12%	December 31, 2005	(615)
November 2002	June 1, 2003	25,000	3.16%	December 31, 2005	(641)
Total					$ (8,892)

4. Stockholders' Equity

In March 2003, we declared a cash dividend on our common stock aggregating $10,073,000 ($ 0.53 per share) for the calendar quarter ended March 31, 2003. In March 2003, we declared a cash dividend on our Series A preferred stock aggregating $916,000 ($ 0.59375 per share) for the period from January 15, 2003 through April 14, 2003. In March 2003, we also declared a cash dividend on our Series B preferred stock aggregating $1,308,000 ($0.56875 per share) for the period January 15, 2003 through April 14, 2003. We paid these dividends on April 11, 2003.

5. Stock Option Plan

For 2002 and all prior years, we 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 had been recognized.

In December 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation–Transition and Disclosure" ("SFAS 148"), which addresses alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation. Effective January 1, 2003, we have adopted the fair value recognition provisions of Statement of Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), prospectively to all employee awards granted, modified or settled after January 1, 2003.

5. Stock Option Plan (continued)

The following table provides pro forma disclosures of the estimated fair value of the options amortized to expense over the options' vesting periods as if we had accounted for our stock options under the fair value method under SFAS 123 since the date they were granted (in thousands, except per share information):

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002
Net income available to common stockholders, as reported	$ 9,924	$ 7,698
Add: Stock-based employee compensation expense included in reported net income	-	-
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards	(335)	(223)
Pro forma net income available to common stockholders	$ 9,589	$ 7,475
Earnings per share:		
Basic - as reported	$ 0.53	$ 0.47
Basic - pro forma	$ 0.51	$ 0.46
Diluted - as reported	$ 0.52	$ 0.46
Diluted - pro forma	$ 0.50	$ 0.45

6. Net Income Per Share

The following table shows the computation of net income per share of our common stock outstanding (dollars in thousands, except per share amounts):

	Three Months Ended March 31,	
	2003	2002
Net income available to common stockholders	$ 9,924	$ 7,698
Weighted average shares of common stock outstanding - basic	18,895,821	16,409,258
Add: dilutive effect of stock options and stock grants	240,551	311,599
Weighted average shares of common stock outstanding - diluted	19,136,372	16,720,857
Net income per common share:		
- Basic	$ 0.53	$ 0.47
- Diluted	$ 0.52	$ 0.46
Common dividends declared per share	$ 0.53	$ 0.50

7. Discontinued Operations

On January 1, 2002, Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144") became effective. SFAS 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. Under SFAS 144, a property is classified as held for sale when all of the following criteria for a plan of sale have been met: 1) management, having the authority to approve the action, commits to a plan to sell the property, 2) the property is available for immediate sale in its present condition, subject only to the terms that are usual and customary, 3) an active program to locate a buyer, and other actions required to complete the plan to sell have been initiated, 4) the sale of the property is probable and is expected to be completed within one year, 5) the property is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and 6) actions necessary to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. When all of these criteria have been met, the property is classified as held for sale and its operations are classified as discontinued operations. Amounts from prior periods are reclassified from continuing operations to discontinued operations. A loss is recognized for any initial adjustment of the asset's carrying amount to fair value less costs to sell in the period the asset qualifies as held for sale. The accompanying statements have been presented in compliance with SFAS 144.

7. Discontinued Operations (continued)

As of March 31, 2003, we have one property that has been designated as “held for sale” under the provisions of SFAS 144. Interest expense included in discontinued operations represents interest related to a secured note payable which is expected to be either assumed by the buyer or repaid at the close of the anticipated sale. During the first quarter of 2003, we sold one property located in the San Francisco Bay market which could not be redeveloped pursuant to our original strategic objectives and that had been designated as "held for sale" during the fourth quarter 2002. The total sale price for the property was approximately $6.8 million. In connection with this sale, we recorded loss on sale of property of $455,000 during the three months ended March 31, 2003. This loss is included on the income statement in income from discontinued operations in 2003. Properties held for sale are included in rental properties in the consolidated balance sheets.

The following is a summary of the properties designated as “held for sale” (in thousands):

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002
Revenue	$ 1,210	$ 1,255
Operating expenses	213	236
Revenue less operating expenses	997	1,019
Interest	339	361
Depreciation	-	243
Income before loss on sale of property	658	415
Loss on sale of property	455	-
Income from discontinued operations	$ 203	$ 415

	March 31, 2003	December 31, 2002
Properties held for sale, net	$ 36,394	$ 43,361
Cash and cash equivalents	4	3
Tenant security deposits and other restricted cash	287	115
Tenant receivables	5	(1)
Deferred rent	1,103	1,081
Other assets	69	97
Total assets	$ 37,862	$ 44,656
Secured note payable	18,665	18,777
Accounts payable, accrued expenses and tenant security deposits	1,273	1,112
Total liabilities	19,938	19,889
Net assets of discontinued operations	$ 17,924	$ 24,767

8. Non-Cash Transaction

In January 2003, we assumed a $3.4 million secured note payable in connection with the acquisition of a fully-leased property in the Eastern Massachusetts market containing approximately 51,000 rentable square feet. The total purchase price for the property, including closing and transaction costs, was approximately $7.1 million. The cash paid for the property was approximately $3.7 million.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain information and statements included in this Quarterly Report on Form 10-Q, including, without limitation, statements containing the words "believes," "expects", "may", "will", "should", "seeks", "approximately", "intends", "plans", "estimates" or "anticipates", or the negative of these words or similar words, constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements involve inherent risks and uncertainties regarding events, conditions and financial trends that may affect our future plans of operation, business strategy, results of operations and financial position. A number of important factors could cause actual results to differ materially from those included within or contemplated by the forward-looking statements, including, but not limited to, those described below in this report and under the headings "Business Risks" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2002. 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 contained in this or any other document, whether as a result of new information, future events or otherwise. Readers of this Form 10-Q should also read our Securities and Exchange Commission and other publicly filed documents for further discussion regarding such factors.

As used in this Form 10-Q, "we," "our," "ours" and "us" refer to Alexandria Real Estate Equities, Inc. and its subsidiaries.

The following discussion should be read in conjunction with the financial statements and notes appearing elsewhere in this report.

Overview

Since our formation in October 1994, we have devoted substantially all of our resources to the ownership, operation, management, acquisition, expansion and selective redevelopment and development of high quality, strategically located properties containing a combination of office and laboratory space leased principally to tenants in the life science industry. We refer to these properties as "life science facilities".

As of March 31, 2003, our portfolio consisted of 88 properties containing approximately 5.7 million rentable square feet of office/laboratory space. As of that date, our properties were approximately 96% leased, excluding those properties in our redevelopment program. Our primary source of revenue is rental income and tenant recoveries from leases at the properties we own. The comparability of financial data from period to period is affected by the timing of our property acquisition, development and redevelopment activities.

Results of Operations

Comparison of Three Months Ended March 31, 2003 ("First Quarter 2003") to Three Months Ended March 31, 2002 ("First Quarter 2002")

Rental revenue increased by $5.2 million, or 20%, to $31.6 million for First Quarter 2003 compared to $26.5 million for First Quarter 2002. The increase resulted primarily from rental revenue from properties acquired, placed in service or redeveloped after January 1, 2002. Rental revenue from the properties operating continuously since January 1, 2002 (the "First Quarter Same Properties") increased by $615,000, or 2.8%, primarily due to increases in rental rates. The occupancy level of the First Quarter 2003 Same Properties as of March 31, 2003 was 97.7%, compared to 97.5% as of March 31, 2002.

Tenant recoveries increased by $1.9 million, or 28%, to $8.6 million for First Quarter 2003 compared to $6.7 million for First Quarter 2002. The increase resulted primarily from tenant recoveries from properties acquired, placed in service or redeveloped after January 1, 2002. Tenant recoveries for the First Quarter Same Properties increased by $986,000, or 17.8%, primarily due to increases in certain recoverable operating expenses.

Interest and other income decreased by $139,000, or 29%, to $344,000 for First Quarter 2003 compared to $483,000 for First Quarter 2002. The decrease resulted primarily from a decrease in interest income from a secured note receivable that was paid off by the borrower in First Quarter 2002.

Rental operating expenses increased by $2.1 million, or 32%, to $8.8 million for First Quarter 2003 compared to $6.7 million for First Quarter 2002. The increase resulted partially from rental operating expenses from properties acquired, placed in service or redeveloped after January 1, 2002. Operating expenses for the First Quarter Same Properties increased by $1.0 million, or 18.9%, primarily due to increases in property taxes, utilities and snow removal, substantially all of which are recoverable from our tenants through tenant recoveries.

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

	For the Three Months Ended March 31,		
	2003	**2002**	**Change**
GAAP BASIS (1):			
Revenue	$ 29,236	$ 27,838	5.0%
Operating expenses	6,318	5,313	18.9% (2)
Revenue less operating expenses	$ 22,918	$ 22,525	1.7%
CASH BASIS (1):			
Revenue	$ 28,555	$ 26,765	6.7%
Operating expenses	6,318	5,313	18.9% (2)
Revenue less operating expenses	$ 22,237	$ 21,452	3.7%

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(1) Revenue less operating expenses computed on a GAAP basis is total revenue associated with First Quarter Same Properties (excluding lease termination fees, if any) less property operating expenses. Under GAAP, rental revenue is recognized on a straight-line basis over the respective lease terms. Revenue less operating expenses on a cash basis is total revenue associated with the First Quarter Same Properties (excluding termination fees, if any) less property operating expenses, adjusted to exclude the effect of straight-line rent adjustments required by GAAP. Straight-line rent adjustments for the three months ended March 31, 2003 and 2002 for the First Quarter Same Properties were $681,000 and $1,073,000, respectively. We believe that revenue less operating expenses on a cash basis is helpful to investors as an additional measure of operating performance because it eliminates non-cash adjustments to rental revenue.

(2) Operating expenses for the First Quarter Same Properties increased by approximately $1.0 million or 18.9%, primarily due to increases in property taxes, utilities and snow removal expenses, substantially all of which are recoverable from our tenants through tenant recoveries. The increases in utilities and snow removal expenses are primarily due to the severe weather on the East Coast.

General and administrative expenses increased by $76,000, or 2%, to $3,549,000 for First Quarter 2003 compared to $3,473,000 for First Quarter 2002 primarily due to general increases in costs, primarily payroll and related expenses.

Interest expense increased by $512,000, or 8%, to $6.9 million for First Quarter 2003 compared to $6.4 million for First Quarter 2002. The increase resulted from indebtedness incurred to acquire two properties. The increase was slightly offset from a reduction in the floating interest rate on our unsecured line of credit. The weighted average interest rate on our borrowings (excluding the effect of swap agreements) decreased from 3.57% as of March 31, 2002 to 2.91% as of March 31, 2003.

Depreciation and amortization increased by $1.5 million, or 18%, to $9.5 million for First Quarter 2003 compared to $8.0 million for First Quarter 2002. The increase resulted primarily from depreciation associated with the properties acquired, placed in service or redeveloped after January 1, 2002.

Income from discontinued operations of $203,000 for First Quarter 2003 reflects the results of operations of two properties that have been designated as held for sale. In the first quarter 2003, we sold one property in the San Francisco Bay market that had been designated as "held for sale". In connection with this sale, we recorded a loss on sale of property of $455,000.

As a result of the foregoing, net income was $12.1 million for First Quarter 2003 compared to $9.6 million for First Quarter 2002.

Liquidity and Capital Resources

Cash flows

Net cash provided by operating activities for First Quarter 2003 increased by $6.4 million to $17.6 million compared to $11.2 million for First Quarter 2002. The increase resulted primarily from increases in cash flows from our portfolio of operating properties, offset by a decline in accounts payable, accrued expenses and tenant security deposits.

Net cash used in investing activities increased by $29.7 million to $55.0 million for First Quarter 2003 compared to $25.3 million for First Quarter 2002. This increase was primarily due to additions to properties under development partially offset by a sale of a property previously designated as "held for sale".

Net cash provided by financing activities increased by $20.5 million to $37.2 million for First Quarter 2003 compared to $16.7 million for First Quarter 2002. Cash provided by financing activities for First Quarter 2003 primarily consisted of net proceeds from our unsecured line of credit and secured debt, partially offset by distributions to stockholders.

Contractual obligations and commitments

Contractual obligations as of March 31, 2003, consists of the following (dollars in thousands):

		Payments by Period			
	Total	2003	2004-2005	2006-2007	Thereafter
Contractual Obligations					
Secured notes payable (1)	$ 310,753	$ 4,246	$ 36,727	$ 56,750	$ 213,030
Ground lease obligations	25,960	548	1,460	1,461	22,491
Other obligations	666	349	317	-	-
Total	$ 337,379	$ 5,143	$ 38,504	$ 58,211	$ 235,521

(1) Excludes unamortized premium of two secured notes payable.

Secured notes payable as of March 31, 2003 includes 16 notes secured by 37 properties.

Ground lease obligations as of March 31, 2003 includes leases at five of our properties and one land development parcel. These lease obligations have remaining lease terms of 14 to 53 years, exclusive of extension options.

In additions to the above, as of March 31, 2003, we were also committed under the terms of construction contracts and certain leases to complete the development of buildings and related improvements at a remaining aggregate cost of $15.6 million.

As of March 31, 2003, we were also committed to fund approximately $27.4 million for the construction of building infrastructure improvements and for certain investments.

Tenant security deposits and restricted cash

Tenant security deposits and restricted cash as of March 31, 2003 consists of the following (in thousands):

		Amount
Funds held in trust under the terms of certain secured notes payable	$	6,460
Security deposit funds based on the terms of certain lease agreements		1,957
Funds held in escrow to complete the development of an office/laboratory facility		362
	$	8,779

Secured debt

Secured debt as of March 31, 2003 consists of the following (dollars in thousands):

Location of Collateral	Balance at March 31, 2003	Stated Interest Rates	Maturity Dates
Lexington, MA	$ 3,373	8.45%	August 2004
San Francisco, CA (two properties)	21,853	LIBOR + 1.70%	January 2005 (1)
Worcester, MA (2)	10,152	8.75%	January 2006
Durham, NC (two properties)	11,999	8.68%	December 2006
Gaithersburg, MA (three properties)	9,779	8.25%	August 2007
Cambridge, MA (3)	18,665	9.125%	October 2007
Chantilly, VA and Seattle, WA	34,736	7.22%	May 2008
San Diego, CA (four properties)	41,007	6.95%	July 2009
Worcester, MA and San Diego, CA	18,501	8.71%	January 2010
Gaithersburg, MD (two properties)	24,273	8.33%	November 2010
San Diego, CA (six properties)	23,783	7.75%	July 2011
San Diego, CA	11,564	7.50%	August 2011
Gaithersburg, MD (three properties)	27,962	7.40%	January 2012
San Diego, CA (four properties)	34,000	6.21%	March 2013
Alameda, CA	2,841	7.165%	January 2014
Seattle, WA (two properties)	17,917	7.75%	June 2016
	$ 312,405		

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(1) The loan may be extended, at our option, for an additional year.
(2) The balance shown includes an unamortized premium of $344,000. The effective rate of the loan is 7.25%.
(3) The balance shown includes an unamortized premium of $1,308,000. The effective rate of the loan is 7.25%.

The following is a summary of the scheduled principal payments for our secured debt as of March 31, 2003 (in thousands):

Year		Amount
2003	$	4,246
2004		9,221
2005		27,506
2006		25,367
2007		31,383
Thereafter		213,030
Subtotal		310,753
Unamortized Premium		1,652
Total	$	312,405

Unsecured line of credit

We have an unsecured line of credit that provides for borrowing of up to $425 million. The line of credit has a maturity date of July 2005, which may be extended at our sole option for an additional one-year period. Borrowings under our unsecured 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 a LIBOR period of one, two, three or six months.

Our 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. As of March 31, 2003, borrowings outstanding on the line of credit carried a weighted average interest rate of 2.91%.

Aggregate borrowings under the line of credit are limited to an amount based on the net operating income derived from a pool of unencumbered assets. As of March 31, 2003, the amount calculated under these provisions exceeded the maximum permitted borrowings of $425 million.

We utilize interest rate swap agreements to hedge certain of our exposure to variable interest rates associated with our unsecured line of credit. These agreements involve the exchange of fixed and floating interest payments without the exchange of the underlying principal amount (the "notional amount"). Interest received under all of our swap agreements is based on the one-month LIBOR rate. The net difference between the interest paid and interest received is reflected as an adjustment to interest expense.

The following table summarizes our interest rate swap agreements as of March 31, 2003 (dollars in thousands):

Transaction Dates	Effective Dates	Notional Amounts	Interest Pay Rates	Termination Dates	Fair Values
July 2000	May 31, 2001	$ 50,000	7.07%	May 31, 2003	$ (507)
March 2002	December 31, 2002	50,000	5.36%	December 31, 2004	(3,341)
July 2002	January 1, 2003	25,000	3.86%	June 30, 2005	(1,137)
July 2002	January 1, 2003	25,000	3.87%	June 30, 2005	(1,143)
December 2002	January 2, 2003	25,000	3.29%	June 30, 2006	(754)
December 2002	January 2, 2003	25,000	3.29%	June 30, 2006	(754)
November 2002	June 1, 2003	25,000	3.12%	December 31, 2005	(615)
November 2002	June 1, 2003	25,000	3.16%	December 31, 2005	(641)
					$ (8,892)

We do not believe we are exposed to more than a nominal amount of credit risk in our interest rate swap agreements, as the counterparties are established, well-capitalized financial institutions.

Other resources and liquidity requirements

We expect to continue meeting our short-term liquidity and capital requirements generally by using our working capital and net cash provided by operating activities. We believe that net cash provided by operating activities will continue to be sufficient to make the distributions necessary to enable us to continue qualifying as a real estate investment trust. We also believe that net cash provided by operations will be sufficient to fund recurring capital expenditures and leasing commissions.

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

Capital Expenditures and Leasing Costs

The following provides additional information with respect to capital expenditures and leasing costs incurred during the three months ended March 31, 2003 (dollars in thousands):

Property-related capital expenditures (1)	$ 370
Leasing costs (2)	$ 90
Property-related redevelopment costs	$ 13,127
Property-related development costs	$ 7,199
Purchase of property under development	$ 36,332
Purchase of rental property	$ 3,677

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(1) Property-related capital expenditures include all capital expenditures except capital expenditures that are recoverable from tenants, revenue-enhancing capital expenditures or costs related to the redevelopment of a property. Capital expenditures fluctuate in any given period due to the nature, extent or timing of improvements required and the extent to which they are recoverable from tenants. Approximately 89% of our leases (based on rentable square feet) provide for the recapture of certain capital expenditures (such as HVAC systems maintenance and/or replacement, roof replacement and parking lot resurfacing). In addition, we implement an active preventative maintenance program at each of our properties to minimize capital expenditures.

(2) Leasing costs consist of tenant improvements and leasing commissions related to leasing of acquired vacant space and second generation space. Leasing costs exclude tenant improvements that are revenue-enhancing.

Inflation

Approximately 87% of our leases (on a square footage basis) are triple net leases that require tenants to pay substantially all real estate taxes and insurance, and common area and other operating expenses, including increases therein. In addition, approximately 8% of our leases (on a square footage basis) require the tenants to pay a majority of operating expenses. Approximately 92% of our leases (on a square footage basis) contain effective annual rent escalations that are either fixed (generally ranging from 3% to 4%) or indexed based on a CPI index. Accordingly, we do not believe that our earnings or cash flow are subject to significant risk from inflation. An increase in inflation, however, could result in an increase in the cost of our variable borrowings, including our unsecured line of credit.

Funds from Operations

GAAP basis accounting for real estate assets utilizes historical cost accounting and assumes real estate values diminish over time. In an effort to overcome the mis-correlation between real estate values and historical cost accounting for real estate assets, the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT") established the measurement tool of funds from operations ("FFO"). Since its introduction, FFO has become a widely used non-GAAP financial measure by REITs. We believe that FFO is helpful to investors as an additional measure of the performance of an equity REIT. We compute FFO in accordance with standards established by the Board of Governors of NAREIT in its April 2002 White Paper (the "White Paper"), which may differ from the methodology for calculating FFO utilized by other equity REITs, and, accordingly, may not be comparable to such other REITs. The White Paper defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from assets, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. While FFO is a relevant and widely used measure of operating performance of REITs, it 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. We believe that net income is the most directly comparable GAAP financial measure to FFO.

The following table presents our FFO for the three months ended March 31, 2003 and 2002 (in thousands):

	For the Three Months Ended March 31, 2003	2002
Net income	$ 12,149	$ 9,603
Add		
Depreciation and amortization (1)	9,461	8,237
Loss on sale of property (2)	455	-
Subtract		
Dividends on preferred stock	(2,225)	(1,905)
Funds from operations (FFO)	$ 19,840	$ $15,935

(1) Includes depreciation and amortization on assets held for sale reflected as discontinued operations.
(2) Loss on sale of property consists of a $455,000 loss related to the sale of one property in the San Francisco Bay market that had been designated as "held for sale".

Property and Lease Information

The following table is a summary of our property portfolio as of March 31, 2003 (dollars in thousands):

	Number of Properties	Rentable Square Feet	Annualized Base Rent	Occupancy Percentages	
Markets					
California - Pasadena	1	31,343	602	95.7%	
California - San Diego	20	845,548	23,503	94.5%	
California - San Francisco Bay	10	614,490	19,564	100.0%	
Eastern Massachusetts	11	746,734	24,682	91.0%	(1)
New Jersey/Suburban Philadelphia	6	346,919	6,251	100.0%	
Southeast	5	259,414	4,281	85.1%	(2)
Suburban Washington D.C.	20	1,675,934	27,306	97.1%	
Washington - Seattle	5	440,284	16,074	100.0%	
Subtotal	78	4,960,666	122,263	95.9%	
Redevelopment properties	10	766,516	9,381	50.0%	
Total	88	5,727,182	$ 131,644	89.8%	

(1) Substantially all of the vacant space in Eastern Massachusetts (64,010 square feet of the 67,463 vacant square feet) is located in Worcester and Randolph, which submarkets have exhibited significant weakness.

(2) All, or substantially all, of the vacant space is office or warehouse space.

The following table provides information with respect to the lease expirations at our properties as of March 31, 2003:

Year of Lease Expiration	Number of Expiring Leases	Square Footage of Expiring Leases	Percentage of Aggregate Portfolio Leased Square Footage	Annualized Base Rent of Expiring Leases (per square foot)
2003 (1)	50	519,614	10.1%	$23.16
2004	39	536,792	10.4%	$20.57
2005	19	278,405	5.4%	$27.96
2006	32	775,641	15.1%	$23.50
2007	15	332,085	6.5%	$24.13
Thereafter	51	2,697,974	52.5%	$27.63

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(1) Includes 14 month-to-month leases and leases expiring between April 1, 2003 and December 31, 2003.

The following table is a summary of our lease activity for the three months ended March 31, 2003 computed on a GAAP Basis and on a Cash Basis:

	Number of Leases	Square Footage	Expiring Rates	New Rates	Rental Rate Changes		TI's/Lease Commissions Per Foot	Average Lease Terms
Lease Activity - Expired Leases								
Lease Expirations								
Cash Basis	29	215,979	$25.34	--	--		--	--
GAAP Basis	29	215,979	$25.40	--	--		--	--
Renewed / Released Space								
Cash Basis	11	139,562	$27.52	$23.51	-14.6%	(1)	$1.99	2.1 Years
GAAP Basis	11	139,562	$27.73	$25.18	-9.2%	(1)	$1.99	2.1 Years
Month-to-Month Leases								
Cash Basis	14	47,296	$17.26	$17.22	-0.2%		--	--
GAAP Basis	14	47,296	$17.17	$17.22	0.3%		--	--
Total Leasing - Expired Leases								
Cash Basis	25	186,858	$24.92	$21.92	-12.0%	(2)	--	--
GAAP Basis	25	186,858	$25.06	$23.17	-7.5%	(2)	--	--
Redeveloped/Developed/ Vacant Space Leased								
Cash Basis	11	50,289	--	$29.78	--		$1.63	2.5 Years
GAAP Basis	11	50,289	--	$30.23	--		$1.63	2.5 Years
All Lease Activity								
Cash Basis	36	237,147	--	$23.59	--		--	--
GAAP Basis	36	237,147	--	$24.67	--		--	--

(1) Excluding a lease for 21,316 square feet in the San Francisco Bay market, rental rates for renewed or released space were on average 0.2% higher than expiring rates on a Cash Basis and 1.1% higher than expiring rates on a GAAP Basis.

(2) Excluding a lease for 21,316 square feet in the San Francisco Bay market, rental rates for all lease activity for expired leases were on average 0.1% higher than expiring rates on a Cash Basis and 0.9% higher than expiring rates on a GAAP Basis.

Item 3. 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 may result from 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 rate characteristics of our outstanding debt and to limit the effects of interest rate risks 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 the 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, our interest rate swap agreements are intended to reduce the effects of interest rate changes. Based on interest rates at, and our swap agreements in effect on, March 31, 2003, we estimate that a 1% increase in interest rates on our line of credit, after considering the effect of our interest rate swap agreements, would decrease annual future earnings and cash flows by approximately $1.5 million. We further estimate that a 1% decrease in interest rates on our line of credit, after considering the effect of our interest rate swap agreements in effect on March 31, 2003, would increase annual future earnings and cash flows by approximately $1.5 million. A 1% increase in interest rates on our secured debt and interest rate swap agreements would decrease their aggregate fair value by approximately $19.8 million. A 1% decrease in interest rates on our secured debt and interest rate swap agreements would increase their aggregate fair value by approximately $20.9 million.

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 March 31, 2003. 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.

We have exposure to equity price market risk because of our equity investments in certain publicly traded companies and privately held entities. We classify investments in publicly traded companies as available-for-sale and, consequently, record them on our balance sheet at fair value with unrealized gains or losses reported as a component of comprehensive income or loss. Investments in privately held entities are generally accounted for under the cost method, as we do not influence any of the investees' operating or financial policies. For all investments, we recognize other than temporary declines in value against earnings in the same period the decline in value was deemed to have occurred. There is no assurance that future declines in values will not have a material adverse impact on our future results of operations. By way of example, a 10% decrease in the fair value of our equity investments would decrease their fair value by approximately $4.2 million.

Item 4. CONTROLS AND PROCEDURES

As of March 31, 2003, we performed an evaluation, under the supervision of our chief executive officer ("CEO") and chief financial officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as of March 31, 2003. There have been no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to March 31, 2003.

PART II – OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

12.1 Computation of Consolidated Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends

99.1 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K.

None.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on May 15, 2003.

ALEXANDRIA REAL ESTATE EQUITIES, INC.

/s/ Joel S. Marcus

Joel S. Marcus
Chief Executive Officer
(Principal Executive Officer)

/s/ Peter J. Nelson

Peter J. Nelson
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

I, Joel S. Marcus, Chief Executive Officer and Principal Executive Officer of Alexandria Real Estate Equities, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Alexandria Real Estate Equities, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
   (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Joel S. Marcus

Joel S. Marcus
Chief Executive Officer
Principal Executive Officer

I, Peter J. Nelson, Chief Financial Officer and Principal Financial and Accounting Officer of Alexandria Real Estate Equities, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Alexandria Real Estate Equities, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
   (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Peter J. Nelson

Peter J. Nelson
Chief Financial Officer
Principal Financial and Accounting Officer